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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 9 of 19 – Pages 2664 to 3063 of 6477**

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GORIA, WEBER & JARVIS  
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San Diego, California 92108  
(619) 692-3555 Telephone  
(619) 296-5508 Facsimile

*Attorney for Appellants,  
Chris Hakim, Mira Este Properties, LLC  
and Roselle Properties, LLC*

\*DANIEL T. WATTS, ESQ. (277861)  
LOUIS A. GALUPPO, ESQ. (143266)  
G10 GALUPPO LAW, APLC  
2792 Gateway Road, Suite 102  
Carlsbad, California 92009  
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*Attorneys for Appellants,  
Ninus Malan, San Diego United Holdings Group, LLC,  
Flip Management, LLC, Balboa Ave Cooperative,  
California Cannabis Group and Devilish Delights, Inc.*



# EXHIBIT D

2665

# Business Search - Entity Detail

The California Business Search is updated daily and reflects work processed through Monday, September 3, 2018. Please refer to document **Processing Times** for the received dates of filings currently being processed. The data provided is not a complete or certified record of an entity. Not all images are available online.

## 201410510348 AMERICAN LENDING AND HOLDINGS, LLC

<b>Registration Date:</b>	04/11/2014
<b>Jurisdiction:</b>	CALIFORNIA
<b>Entity Type:</b>	DOMESTIC
<b>Status:</b>	ACTIVE
<b>Agent for Service of Process:</b>	NINUS MALAN 5065 LOGAN AVE STE 101 SAN DIEGO CA 92113
<b>Entity Address:</b>	5065 LOGAN AVE STE 101 SAN DIEGO CA 92113
<b>Entity Mailing Address:</b>	5065 LOGAN AVE STE 101 SAN DIEGO CA 92113
<b>LLC Management</b>	Managers

A Statement of Information is due EVERY EVEN-NUMBERED year beginning five months before and through the end of April.

Document Type	↑↓ File Date	↓↑ PDF
SI-COMPLETE	12/03/2015	
REGISTRATION	04/11/2014	

\* Indicates the information is not contained in the California Secretary of State's database.

**Note:** If the agent for service of process is a corporation, the address of the agent may be requested by ordering a status report.

- For information on checking or reserving a name, refer to **Name Availability**.
- If the image is not available online, for information on ordering a copy refer to **Information Requests**.
- For information on ordering certificates, status reports, certified copies of documents and copies of documents not currently available in the Business Search or to request a more extensive search for records, refer to **Information Requests**.
- For help with searching an entity name, refer to **Search Tips**.
- For descriptions of the various fields and status types, refer to **Frequently Asked Questions**.

[Modify Search](#)

[New Search](#)

[Back to Search Results](#)

LLC-1

Articles of Organization of a Limited Liability Company (LLC)

To form a limited liability company in California, you can fill out this form, and submit for filing along with:

- A \$70 filing fee.
- A separate, non-refundable \$15 service fee also must be included, if you drop off the completed form.

Important! LLCs in California may have to pay a minimum \$800 yearly tax to the California Franchise Tax Board. For more information, go to https://www.ftb.ca.gov.

LLCs may not provide "professional services," as defined by California Corporations Code sections 13401(a) and 13401.3.

Note: Before submitting the completed form, you should consult with a private attorney for advice about your specific business needs.

FILED Secretary of State State of California APR 11 2014

IPC

This Space For Office Use Only

For questions about this form, go to www.sos.ca.gov/business/be/filing-tips.htm.

LLC Name (List the proposed LLC name exactly as it is to appear on the records of the California Secretary of State.)

American Lending and Holdings, LLC

Proposed LLC Name

The name must include: LLC, L.L.C., Limited Liability Company, Limited Liability Co., Ltd. Liability Co. or Ltd. Liability Company; and may not include: bank, trust, trustee, incorporated, inc., corporation, or corp., insurer, or insurance company. For general entity name requirements and restrictions, go to www.sos.ca.gov/business/be/name-availability.htm.

Purpose

The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

LLC Addresses

7977 Broadway Lemon Grove CA 91945
Initial Street Address of Designated Office in CA - Do not list a P.O. Box City (no abbreviations) State Zip

Initial Mailing Address of LLC, if different from 3a City (no abbreviations) State Zip

Service of Process (List a California resident or a California registered corporate agent that agrees to be your initial agent to accept service of process in case your LLC is sued. You may list any adult who lives in California. You may not list an LLC as the agent. Do not list an address if the agent is a California registered corporate agent as the address for service of process is already on file.)

Ninus Malan
Agent's Name

7977 Broadway Lemon Grove CA 91945
Agent's Street Address (if agent is not a corporation) - Do not list a P.O. Box City (no abbreviations) State Zip

Management (Check only one.)

- The LLC will be managed by:
One Manager
More Than One Manager
All Limited Liability Company Member(s)

This form must be signed by each organizer. If you need more space, attach extra pages that are 1-sided and on standard letter-sized paper (8 1/2" x 11"). All attachments are made part of these articles of organization.

Organizer - Sign here

Ninus Malan
Print your name here

Make check/money order payable to: Secretary of State
Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee.

By Mail
Secretary of State
Business Entities, P.O. Box 944228
Sacramento, CA 94244-2280

Drop-Off
Secretary of State
1500 11th Street, 3rd Floor
Sacramento, CA 95814



State of California Secretary of State

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126

STATEMENT OF INFORMATION (Limited Liability Company)

Filing Fee \$20.00. If this is an amendment, see instructions.

IMPORTANT - READ INSTRUCTIONS BEFORE COMPLETING THIS FORM

FILED Secretary of State State of California DEC 03 2015

1. LIMITED LIABILITY COMPANY NAME

American Lending and Holdings, LLC

This Space For Filing Use Only

File Number and State or Place of Organization

2. SECRETARY OF STATE FILE NUMBER 201410510348

3. STATE OR PLACE OF ORGANIZATION (if formed outside of California)

No Change Statement

4. If there have been any changes to the information contained in the last Statement of Information filed with the California Secretary of State, or no Statement of Information has been previously filed, this form must be completed in its entirety.

checkbox If there has been no change in any of the information contained in the last Statement of Information filed with the California Secretary of State, check the box and proceed to Item 15.

Complete Addresses for the Following (Do not abbreviate the name of the city. Items 5 and 7 cannot be P.O. Boxes.)

5. STREET ADDRESS OF PRINCIPAL OFFICE CITY STATE ZIP CODE 5065 Logan Ave, Suite 101 San Diego CA 92113

6. MAILING ADDRESS OF LLC, IF DIFFERENT THAN ITEM 5 CITY STATE ZIP CODE

7. STREET ADDRESS OF CALIFORNIA OFFICE CITY STATE ZIP CODE 5065 Logan Ave, Suite 101 San Diego CA 92113

Name and Complete Address of the Chief Executive Officer, if Any

8. NAME ADDRESS CITY STATE ZIP CODE Ninus Malan 5065 Logan Ave, Suite 101 San Diego CA 92113

Name and Complete Address of Any Manager or Managers, or if None Have Been Appointed or Elected, Provide the Name and Address of Each Member (Attach additional pages, if necessary.)

9. NAME ADDRESS CITY STATE ZIP CODE Ninus Malan 5065 Logan Ave, Suite 101 San Diego CA 92113

10. NAME ADDRESS CITY STATE ZIP CODE

11. NAME ADDRESS CITY STATE ZIP CODE

Agent for Service of Process If the agent is an individual, the agent must reside in California and Item 13 must be completed with a California address, a P.O. Box is not acceptable. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and Item 13 must be left blank.

12. NAME OF AGENT FOR SERVICE OF PROCESS Ninus Malan

13. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL CITY STATE ZIP CODE 5065 Logan Ave, Suite 101 San Diego CA 92113

Type of Business

14. DESCRIBE THE TYPE OF BUSINESS OF THE LIMITED LIABILITY COMPANY

Real Estate Lending and Investment Company

15. THE INFORMATION CONTAINED HEREIN, INCLUDING ANY ATTACHMENTS, IS TRUE AND CORRECT.

11/19/2015 Ninus Malan Manager DATE TYPE OR PRINT NAME OF PERSON COMPLETING THE FORM TITLE SIGNATURE

# EXHIBIT E

FILED CIVIL BUSINESS OFFICE  
Clerk of the Superior Court CENTRAL DIVISION  
JUL 01 2016 7:16 JUL -1 AM 9:44  
CLERK SUPERIOR COURT  
SAN DIEGO COUNTY, CA

1 DOUGLAS JAFFE, ESQ. Bar No. 170354  
2 LAW OFFICES OF DOUGLAS JAFFE  
3 501 West Broadway, Suite 800  
4 San Diego, California 92101  
5 Telephone: (619) 400-4945  
6 Facsimile: (619) 400-4947

Attorneys for Plaintiff

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

11 AMERICAN LENDING AND HOLDINGS,  
12 LLC,

13 Plaintiff,

14 vs.

15 DENNISE GURFINKIEL individually and  
16 d/b/a Starting Point Realty, and d/b/a SLS  
17 Management Services; EDGARDO  
18 MASANES, individually and d/b/a Starting  
19 Point Realty; JOEY SORIANO individually  
and d/b/a Starting Point Realty; and DOES 1  
through 10, inclusive,

20 Defendants.

Case No.: 37-2016-00022168-CU-BC-CTL

COMPLAINT

- 1) BREACH OF CONTRACT
- 2) BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING
- 3) FRAUD
- 4) NEGLIGENT MISREPRESENTATION
- 5) BREACH OF FIDUCIARY DUTY
- 6) NEGLIGENCE

UNLIMITED CIVIL JURISDICTION

22 COMES NOW American Lending and Holdings, LLC ("Plaintiff" or "ALH") and alleges  
23 as follows:  
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GENERAL ALLEGATIONS

2. Plaintiff is informed and believes, and thereupon alleges, that Defendant Dennis Gurfinkiel, individually and d/b/a Starting Point Realty, and d/b/a SLS Management Services, ("Gurfinkiel") is an individual doing business within the County of San Diego, State of California.

3. Plaintiff is informed and believes, and thereupon alleges, that Defendant Edgardo Masanes, individually and d/b/a Starting Point Realty ("Masanes") is an individual doing business within the County of San Diego, State of California.

4. Plaintiff is informed and believes, and thereupon alleges, that Defendant Joey Soriano, individually and d/b/a Starting Point Realty ("Soriano") is an individual doing business within the County of San Diego, State of California.

5. The true names and capacities, whether individual, corporate, associate or otherwise, of Defendants Does 1 through 10 are unknown to Plaintiff who therefore sues said Defendants by such fictitious names. Plaintiff will amend this complaint to show their true names and capacities when they have been ascertained. Plaintiff alleges that each of the fictitiously named Defendants engaged in the actions and omissions hereinafter alleged and that each is fully liable for all the damages requested herein.

6. This Court has personal and subject matter jurisdiction over this action and venue is properly placed in this Court.

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SUMMARY OF THE ACTION

6. Gurfinkiel represented that she, along with Joey Soriano, Edgardo Masanes, and Starting Point Realty, would: 1) Acquire real estate properties below market value; 2) Remodel and complete work on the real estate properties; 3) List and sell the properties; and 4) Produce a profit from the sale of the properties.

7. The properties at issue are: 1843 J Avenue, National City, CA 91950; 1415 Eckman Avenue, Chula Vista, CA 91911; 1077 Laguna Seca Loop, Chula Vista CA 91915; 14515 Arroyo Hondo, San Diego, CA 92127; 2912 Pine Grove Ct, Spring Valley CA 91978;



1 1137 Naranca Avenue, El Cajon CA 92021; 3029 Broadway, San Diego CA 92102; 13034 Old  
2 Borona Rd, Lakeside CA 92040 and 2437 Camino de las Palmas, Lemon Grove CA 91945.

3 8. Defendants have failed to timely and properly perform their work and services.

4 9. Furthermore, ALH has discovered that Gurfinkiel and Soriano have not been  
5 properly licensed, and Starting Point Realty has not been listed with the California Department  
6 of Real Estate as affiliated with any person or entity which is properly licensed. The records of  
7 the San Diego Clerk and Recorder indicate that Arlene Masanes filed a fictitious business  
8 statement in 2012 regarding Starting Point Realty, although Arlene Masanes was not, and is not,  
9 licensed according to the records of the California Department of Real Estate.

10 10. Defendants have engaged in a conspiracy to defraud money from ALH. Their  
11 conduct was illegal. Defendants had and have an agreement to commit a wrongful act to harm  
12 ALH. Defendants were and are aware that they planned to commit the wrongful acts to harm  
13 ALH, and Defendants agreed and intended that the wrongful acts be committed to harm ALH.

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16 **FIRST CAUSE OF ACTION**  
17 **(Breach Of Contract)**

18 11. Plaintiff incorporates by this reference each of the previous paragraphs.

19 12. Defendants have materially breached their agreements with ALH.

20 13. ALH did all, or substantially all, of the significant things that the agreements  
21 required them to do, or ALH was excused from doing those things.

22 14. All conditions required by the agreements for Defendants' performance have  
23 occurred.

24 15. As a direct and proximate result of the foregoing, ALH has sustained damages in  
25 an amount to be determined at trial, plus interest, costs and attorneys' fees.

1 SECOND CAUSE OF ACTION  
2 (Breach Of Implied Covenant Of Good Faith And Fair Dealing)

3 16. Plaintiff incorporates by this reference each of the previous paragraphs.

4 17. In the agreements between the parties there were implied promises of good faith  
5 and fair dealing.

6 18. The parties entered into the agreements.

7 19. ALH did all, or substantially all of the significant things that the agreements  
8 required it to do or it was excused from having to do those things.

9 20. All conditions required for Defendants' performance occurred.

10 21. Defendants have unfairly interfered with ALH's right to receive the benefits of  
11 the agreements.

12 22. ALH has been harmed by Defendants' conduct, and continues to be harmed by  
13 Defendants' conduct

14 23. As a direct and proximate result of the foregoing, ALH has sustained damages in  
15 an amount to be determined at trial, plus interest, costs and attorneys' fees.  
16

17 THIRD CAUSE OF ACTION  
18 (Fraud)

19 24. Plaintiff incorporates by this reference each of the previous paragraphs.

20 25. Defendants made material misrepresentations and concealed information in order  
21 to induce ALH to enter into the agreements.

22 26. Defendants made representations of material fact which were in fact false.

23 27. When Defendants made the representations, Defendants knew they were false or  
24 had no reasonable ground for believing the representations were true.

25 28. Defendants made the representations with the intent to defraud and induce ALH  
26 to enter into the agreements. ALH acted in justifiable reliance upon the truth of the  
27 representations.  
28

1 29. Defendants concealed or suppressed material facts Defendants were duty bound to  
2 disclose.

3 30. Defendants concealed or suppressed material facts by telling ALH other facts to  
4 mislead ALH and prevent ALH from discovering the concealed or suppressed facts.

5 31. Defendants concealed or suppressed facts with the intent to defraud and induce  
6 ALH to enter into the Agreement. At the time ALH entered into the agreements, ALH was  
7 unaware of the concealed or suppressed facts and would not have taken the actions if it had  
8 known the facts.

9 32. As a direct and proximate result of the foregoing, ALH has sustained damages in  
10 an amount to be determined at trial, together with interest and costs.

11 33. In committing the aforementioned acts and omissions, Defendants are guilty of  
12 fraud, oppression or malice, for which Defendants should be punished with the imposition of  
13 punitive damages.

14  
15 FIFTH CAUSE OF ACTION  
16 (Negligent Misrepresentation)

17 34. Plaintiffs incorporate by this reference the foregoing paragraphs.

18 35. The misrepresentations made by Defendants as set forth in the facts herein were  
19 made by Defendants without reasonable grounds for Defendants to believe the  
20 misrepresentations were true.

21 36. ALH acted in justifiable reliance on the representations of Defendants.

22 37. As a direct and proximate result of the foregoing, ALH has sustained damages in  
23 an amount to be determined at trial, together with interest and costs.  
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SIXTH CAUSE OF ACTION  
(Breach Of Fiduciary Duty)

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3 38. Plaintiff incorporates by this reference the foregoing paragraphs.

4 39. Defendants had fiduciary duties to ALH.

5 40. Defendants were duty bound to act with the utmost good faith for the benefit of  
6 ALH.

7 41. By reason of the foregoing, Defendants failed to act with the utmost good faith for  
8 the benefit of ALH.

9 42. As a direct and proximate result of the foregoing, ALH has sustained damages in  
10 an amount to be determined at trial, together with interest and costs.

11 43. In committing the aforementioned acts and omissions, Defendants are guilty of  
12 fraud, oppression or malice, for which Defendants should be punished with the imposition of  
13 punitive damages.

14  
15 SEVENTH CAUSE OF ACTION  
(Negligence)

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17 44. Plaintiffs incorporate by this reference each of the previous paragraphs.

18 45. Defendants owed duties to ALH to act reasonably.

19 46. Defendants breached their duties to ALH.

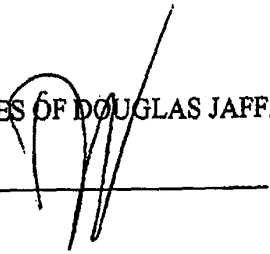
20 47. As a direct and proximate result of the foregoing, ALH has sustained damages in  
21 an amount to be determined at trial, together with interest and costs.

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WHEREFORE, Plaintiff prays as follows:

- a) For damages in an amount to be determined at trial;
- b) For interest according to proof;
- c) For costs, disbursements and reasonable attorneys' fees as provided in any agreement between the parties, any statute or otherwise;
- d) For punitive damages;
- e) For injunctive relief; and
- f) For such other and further relief as the Court deems just and proper.

LAW OFFICES OF DOUGLAS JAFFE

  
\_\_\_\_\_  
Douglas Jaffe

# EXHIBIT F

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): <b>Douglas Jaffe, Esq. #170354</b> 501 West Broadway, Suite 800 San Diego, CA 92101  TELEPHONE NO.: 619-400-4945      FAX NO. (Optional): 619-400-4947  ATTORNEY FOR (Name): Plaintiff	FOR COURT USE ONLY  <b>ELECTRONICALLY FILED</b> Superior Court of California, County of San Diego  <b>07/14/2016 at 03:31:00 PM</b> Clerk of the Superior Court By Jacqueline J. Walters, Deputy Clerk
<b>SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO</b> <input checked="" type="checkbox"/> CENTRAL DIVISION, HALL OF JUSTICE, 330 W. BROADWAY, SAN DIEGO, CA 92101 <input type="checkbox"/> EAST COUNTY DIVISION, 250 E. MAIN ST., EL CAJON, CA 92020 <input type="checkbox"/> NORTH COUNTY DIVISION, 325 S. MELROSE DR., SUITE 1000, VISTA, CA 92081 <input type="checkbox"/> SOUTH COUNTY DIVISION, 500 3RD AVE., CHULA VISTA, CA 91910	
PLAINTIFF(S) <b>American Lending and Holdings, LLC</b>	JUDGE <b>Joel R. Wohlfeil</b>
DEFENDANT(S) <b>Dennise Gurfinkiel, et. al.</b>	DEPT <b>73</b>
<b>AMENDMENT TO COMPLAINT</b>	CASE NUMBER <b>37-2016-00022168-CU-BC-CTL</b>

Under Code Civ. Proc. § 474:  
 FICTITIOUS NAME (Court order required once case is at issue)

Plaintiff(s), being ignorant of the true name of a defendant when the complaint in the above-named case was filed, and having designated defendant in the complaint by the fictitious name of

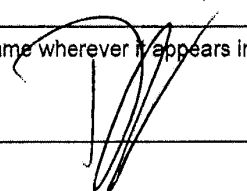
Doe 1

and having discovered the true name of defendant to be

D'Kiel Group, LLC

amends the complaint by inserting such true name in place of such fictitious name wherever it appears in the complaint.

Date: 7/14/16

Signature 

Under Code Civ. Proc. § 473:  
 NAME - Add or Correct (Court order required)

Plaintiff(s), having designated  defendant  plaintiff in the complaint by the name of

and having discovered  name to be incorrect and the correct name is  defendant also uses the name of

amends the complaint by  substituting  adding such name(s) wherever the name of

appears in the complaint.

Date: \_\_\_\_\_

Signature \_\_\_\_\_

**ORDER**

The above amendment to the complaint is allowed.

Date: \_\_\_\_\_

\_\_\_\_\_  
 Judge/Commissioner of the Superior Court

# EXHIBIT G



## Business Search - Entity Detail

The California Business Search is updated daily and reflects work processed through Tuesday, June 12, 2018. Please refer to document **Processing Times** for the received dates of filings currently being processed. The data provided is not a complete or certified record of an entity. Not all images are available online.

201633710126 SAN DIEGO PRIVATE INVESTMENTS, LLC

**Registration Date:** 11/22/2016  
**Jurisdiction:** CALIFORNIA  
**Entity Type:** DOMESTIC  
**Status:** ACTIVE  
**Agent for Service of Process:** SALAM RAZUKI  
7977 BROADWAY  
LEMON GROVE CA 91945

**Entity Address:** 7977 BROADWAY  
LEMON GROVE CA 91945

**Entity Mailing Address:** 7977 BROADWAY  
LEMON GROVE CA 91945

**LLC Management:** One Manager

A Statement of Information is due EVERY EVEN-NUMBERED year beginning five months before and through the end of November.

Document Type	File Date	PDF
SI-COMPLETE	12/12/2016	
REGISTRATION	11/22/2016	

\* Indicates the information is not contained in the California Secretary of State's database.

**Note:** If the agent for service of process is a corporation, the address of the agent may be requested by ordering a status report.

- For information on checking or reserving a name, refer to **Name Availability**.
- If the image is not available online, for information on ordering a copy refer to **Information Requests**.
- For information on ordering certificates, status reports, certified copies of documents and copies of documents not currently available in the Business Search or to request a more extensive search for records, refer to **Information Requests**.

• Help with searching an entity name, refer to [Search Tips](#).

• For descriptions of the various fields and status types, refer to [Frequently Asked Questions](#).

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Secretary of State  
Articles of Organization  
Limited Liability Company (LLC)

LLC-1

201633710126

**IMPORTANT** — Read Instructions before completing this form.

Filing Fee - \$70.00

Copy Fees - First plain copy free; Additional copies: First page \$1.00 & .50 for each attachment page; Certification Fee - \$5.00

**Important!** LLCs may have to pay an annual minimum \$800 tax to the California Franchise Tax Board. For more information, go to <https://www.ftb.ca.gov>.

**FILED**  
Secretary of State  
State of California

NOV 22 2016

This Space For Office Use Only

**1. Limited Liability Company Name** (See Instructions – Must contain an LLC ending such as LLC or L.L.C. "LLC" will be added, if not included.)

San Diego Private Investments, LLC

**2. Business Addresses**

a. Initial Street Address of Designated Office in California - Do not list a P.O. Box	City (no abbreviations)	State	Zip Code
7977 Broadway	Lemon Grove	CA	91945
b. Initial Mailing Address of LLC, if different than item 2a	City (no abbreviations)	State	Zip Code

**3. Agent for Service of Process**

**Item 3a and 3b:** If naming an individual, the agent must reside in California and Item 3a and 3b must be completed with the agent's name and complete California street address.

**Item 3c:** If naming a California Registered Corporate Agent, a current agent registration certificate must be on file with the California Secretary of State and Item 3c must be completed (leave Item 3a-3b blank).

a. California Agent's First Name (if agent is not a corporation)	Middle Name	Last Name	Suffix
Salam		Razuki	
b. Street Address (if agent is not a corporation) - Do not list a P.O. Box	City (no abbreviations)	State	Zip Code
7977 Broadway	Lemon Grove	CA	92123
c. California Registered Corporate Agent's Name (if agent is a corporation) – Do not complete Item 3a or 3b			

**4. Management** (Select only one box)

The LLC will be managed by:



One Manager



More than One Manager



All LLC Member(s)

**5. Purpose Statement** (Do not alter Purpose Statement)

The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

6. The information contained herein, including in any attachments, is true and correct.

Organizer sign here

Thomas C. Nelson

Print your name here



**State of California**  
**Secretary of State**

L

**STATEMENT OF INFORMATION**  
(Limited Liability Company)

47

Filing Fee \$20.00. If this is an amendment, see instructions.

**FILED**  
Secretary of State  
State of California  
**DEC 12 2016**

**IMPORTANT — READ INSTRUCTIONS BEFORE COMPLETING THIS FORM**

1. LIMITED LIABILITY COMPANY NAME

San Diego Private Investments, LLC

2/20/16  
This Space For Filing Use Only

**File Number and State or Place of Organization**

2. SECRETARY OF STATE FILE NUMBER **201633710126** 3. STATE OR PLACE OF ORGANIZATION (If formed outside of California)

**No Change Statement**

4. If there have been any changes to the information contained in the last Statement of Information filed with the California Secretary of State, or no Statement of Information has been previously filed, this form must be completed in its entirety.  
 If there has been no change in any of the information contained in the last Statement of Information filed with the California Secretary of State, check the box and proceed to Item 15.

**Complete Addresses for the Following** (Do not abbreviate the name of the city. Items 5 and 7 cannot be P.O. Boxes.)

5. STREET ADDRESS OF PRINCIPAL OFFICE	CITY	STATE	ZIP CODE
7977 Broadway	Lemon Grove	CA	91945
6. MAILING ADDRESS OF LLC, IF DIFFERENT THAN ITEM 5	CITY	STATE	ZIP CODE
7. STREET ADDRESS OF CALIFORNIA OFFICE	CITY	STATE	ZIP CODE
7977 Broadway	Lemon Grove	CA	91945

**Name and Complete Address of the Chief Executive Officer, if Any**

8. NAME	ADDRESS	CITY	STATE	ZIP CODE
Salam Razuki	7977 Broadway	Lemon Grove,	CA	91945

**Name and Complete Address of Any Manager or Managers, or if None Have Been Appointed or Elected, Provide the Name and Address of Each Member** (Attach additional pages, if necessary.)

9. NAME	ADDRESS	CITY	STATE	ZIP CODE
Salam Razuki	7977 Broadway	Lemon Grove	CA	91945
10. NAME	ADDRESS	CITY	STATE	ZIP CODE
11. NAME	ADDRESS	CITY	STATE	ZIP CODE

**Agent for Service of Process** If the agent is an individual, the agent must reside in California and Item 13 must be completed with a California address, a P.O. Box is not acceptable. If the agent is a corporation, the agent must have on file with the California Secretary of State a certificate pursuant to California Corporations Code section 1505 and Item 13 must be left blank.

12. NAME OF AGENT FOR SERVICE OF PROCESS	
Salam Razuki	
13. STREET ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL	CITY STATE ZIP CODE
7977 Broadway	Lemon Grove CA 91945

**Type of Business**

14. DESCRIBE THE TYPE OF BUSINESS OF THE LIMITED LIABILITY COMPANY  
Real Estate Lending and Investment Company

15. THE INFORMATION CONTAINED HEREIN, INCLUDING ANY ATTACHMENTS, IS TRUE AND CORRECT.

12/9/2016	Salam Razuki	Manager	
DATE	TYPE OR PRINT NAME OF PERSON COMPLETING THE FORM	TITLE	SIGNATURE

# EXHIBIT H

2684

2016 DEC 12 AM 8:37

CLERK-SUPERIOR COURT  
SAN DIEGO COUNTY, CA

1 DOUGLAS JAFFE, ESQ. Bar No. 170354  
2 LAW OFFICES OF DOUGLAS JAFFE  
3 501 West Broadway, Suite 800  
4 San Diego, California 92101  
5 Telephone: (619) 400-4945  
6 Facsimile: (619) 400-4947

7 Attorneys for Plaintiff

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

10 SAN DIEGO PRIVATE INVESTEMENTS,  
11 LLC,

12 Plaintiff,

13 vs.

14 D'KIEL GROUP, LLC; ALISON  
15 MCCLOSKEY ESCROW COMPANY; DEL  
16 TORO LOAN SERVICING, INC.;  
17 SEQUOIAN INVESTMENTS, INC.;  
18 DENNISE GURFINKIEL; and DOES 1-10,

19 Defendants.

Case No.: 37-2016-00043277-CU-OR-CTL

COMPLAINT

- 1) QUIET TITLE
- 2) WRONGFUL FORECLOSURE
- 3) FRAUDULENT CONVEYANCE
- 4) DECLARATORY RELIEF
- 5) BREACH OF FIDUCIARY DUTY

20  
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23  
24 COMES NOW San Diego Private Investments, LLC ("SDPI" or "Plaintiff") and alleges  
25 as follows:  
26  
27  
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GENERAL ALLEGATIONS

1. On information and belief, defendant D’Kiel Group, LLC is a limited liability company doing business in the county of San Diego, California (“D’Kiel”).
2. On information and belief, defendant Alison McCloskey Escrow Company is a corporation doing business in the county of San Diego, California (“McCloskey”).
3. On information and belief, defendant Del Toro Loan Servicing, Inc. is a corporation doing business in the county of San Diego, California (“Del Toro”).
4. On information and belief, defendant Sequoian Investments, Inc. is a corporation doing business in the county of San Diego, California (“Sequoian”).
5. On information and belief, defendant Dennise Gurfinkiel is an individual residing in the county of San Diego, California (“Gurfinkiel”).
6. The true names and capacities, whether individual, corporate, associate or otherwise, of defendants Does 1 through 10 are unknown to Plaintiff who therefore sues said defendants by such fictitious names. Plaintiff will amend this complaint to show their true names and capacities when they have been ascertained. Plaintiff alleges that each of the fictitiously named defendants engaged in the actions and omissions hereinafter alleged and that each is fully liable for all the damages requested herein.
7. This Court has personal and subject matter jurisdiction over this action and venue is properly placed in this Court.

FIRST CAUSE OF ACTION  
(Quiet Title)  
(As Against All Defendants)

8. Plaintiff incorporates by this reference the foregoing paragraphs.
9. Plaintiff is the owner of the following properties:
  - (a) 2602-2604 Newton Avenue, San Diego, CA 92113 (the “Newton Property”);
  - (b) 1778 Bramblewood Court, Chula Vista, CA 91913 (the “Bramblewood Property”); and

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(c) 6780 Friars Road, #133, San Diego, CA 92108 (the "Friars Road Property")(collectively the "Properties").

10. Grant deeds for the transfer of ownership of the Properties from D’Kiel to Plaintiff have been deposited in escrow with McCloskey.

11. D’Kiel and McCloskey are wrongfully refusing to recognize and comply with the escrow instructions and record the deeds of trust for the Properties.

12. Plaintiff is the owner of Properties and is entitled to possession of the Properties.

13. Defendants claim an interest in the Properties adverse to Plaintiff.

14. Plaintiff seeks a declaration that the title to the Properties is vested in Plaintiff.

15. Gurfinkiel fraudulently submitted documents to Defendants wrongfully indicating that she had power and authority to act on behalf of D’Kiel, and fraudulently submitted documents to Defendants indicating they were signed by Salam Razuki when they were not.

16. As a direct and proximate result of the foregoing, Plaintiff is entitled to an order compelling Defendants to transfer legal title and possession of the Properties to Plaintiff; For a declaration and determination that Plaintiff is the rightful holder of title to the Properties; For a temporary restraining order and/or injunction; and For a judgment that Plaintiff is the rightful holder of title to the Properties; together with damages in an amount to be determined at trial, interest, costs and attorneys’ fees.

SECOND CAUSE OF ACTION  
(Wrongful Foreclosure)  
(As Against D’Kiel, Del Toro, and Sequoian”)

17. Plaintiff incorporates by this reference each of the previous paragraphs.

18. There is an ongoing illegal, fraudulent or willfully oppressive attempt to sell the Properties when Defendants have no ability to sell the Properties.

19. Defendants have failed to comply with all legal requirements to conduct a foreclosure sale of the Properties.











# EXHIBIT I

PLEASE COMPLETE THIS INFORMATION.

RECORDING REQUESTED BY:

N.M Investment corp

AND WHEN RECORDED MAIL TO:

N.M Investment corp

5085 Logon Ave #1

San Diego CA 92113

DOC# 2016-0719759



Dec 30, 2016 03:59 PM

OFFICIAL RECORDS

Ernest J. Dronenburg, Jr.,

SAN DIEGO COUNTY RECORDER

FEES: \$42.00

PCOR: N/A

PAGES: 4

THIS SPACE FOR RECORDER'S USE ONLY

Deed of Trust with assignment of rents

(Please fill in document title(s) on this line)

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION  
(Additional recording fee applies)

9/95  
Rec. Form #R25

2693

WHEN RECORDED MAIL TO:  
 NM Investment Corp  
 5065 Logan Ave # 101  
 San Diego CA 92113

APN: 538-751-15-00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST WITH ASSIGNMENT OF RENTS**  
 (SHORT FORM)

This DEED OF TRUST, made December 30, 2016, between San Diego Private Investments LLC, herein called TRUSTOR, First American Title Insurance Company, a corporation, herein called TRUSTEE, and NM Investment Corp, Client Trust Account, as the disclosed agent of an undisclosed principal herein called BENEFICIARY, 5065 Logan Ave Unit 101, San Diego CA 92113

Trustor grants to Trustee in trust, with power of sale, that property in the City of San Diego, County of San Diego, State of California, commonly known as 6780 Friars Rd Unit 133, San Diego CA 92108 and more particularly described as:

See attached Exhibit one

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of Sixty Eight Thousand Eight Hundred Thirty Five Dollars and Ninety Three Cents (\$68,835.93) with interest thereon according to the terms of a promissory note of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, (2) the performance of each agreement of Trustor incorporated by reference or contained herein and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in San Diego County on August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Mono	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego					

SERIES 5 Book 1964, Page 149774

(CONTINUED ON NEXT PAGE)

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

By: [Signature]  
Salam Razbki - President  
San Diego Private Investments LLC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which the certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of San Diego )

On December 30, 2016, before me, Yancy Diandra Fuentes, a Notary Public in and for said State, personally appeared Salam Razbki, 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 on 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 is true and correct.

WITNESS my hand and official seal

Signature: Yancy Diandra Fuentes  
Expiration Date: July 31, 2020



(This area for official notarial seal)

(CONTINUED ON NEXT PAGE)



**EXHIBIT ONE**

**A CONDOMINIUM COMPRISED OF:**

**PARCEL 1:**

**AN UNDIVIDED 1/193 INTEREST IN AND TO LOT 1 OF FRIARS ESTATES, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 6786, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, NOVEMBER 19, 1970.**

**EXCEPTING THEREFROM LIVING UNITS 101 TO 117, INCLUSIVE, 119 TO 124, INCLUSIVE, 126 TO 135, INCLUSIVE, 143 TO 149, INCLUSIVE, 151 TO 157, INCLUSIVE, 201 TO 273, INCLUSIVE, AND 301 TO 373, INCLUSIVE, AS SHOWN ON THAT CERTAIN CONDOMINIUM PLAN ENTITLED "THE FRANCISCAN" RECORDED AUGUST 3, 1978 AS FILE NO. 78-329080 OF OFFICIAL RECORDS, AND DEFINED IN THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED AUGUST 3, 1978 AS FILE NO. 78-329081 OF OFFICIAL RECORDS AND ANY AMENDMENTS THERETO.**

**ALSO EXCEPTING THEREFROM THE EXCLUSIVE RIGHT TO USE ALL BALCONIES, TERRACES AND PARKING SPACES AS SHOWN ON SAID CONDOMINIUM PLAN.**

**PARCEL 2:**

**UNIT 133 AS SHOWN ON THAT CERTAIN CONDOMINIUM PLAN REFERRED TO IN PARCEL 1 ABOVE.**

**PARCEL 3:**

**THE EXCLUSIVE RIGHT TO USE THE CORRESPONDINGLY NUMBERED BALCONIES OR TERRACES APPURTENANT TO PARCEL 2 AS SET FORTH ON THAT CERTAIN CONDOMINIUM PLAN REFERRED TO IN PARCEL 1 ABOVE.**

**PARCEL 4:**

**THE EXCLUSIVE RIGHT TO USE PARKING SPACE P-159 AS SET FORTH ON THAT CERTAIN CONDOMINIUM PLAN REFERRED TO IN PARCEL 1 ABOVE.**

---

# EXHIBIT J

PLEASE COMPLETE THIS INFORMATION.

RECORDING REQUESTED BY:

NM Investment Corp

AND WHEN RECORDED MAIL TO:

N M Investment Corp  
5065 Logan Ave #101  
San Diego CA 92113

DOC# 2016-0719758



Dec 30, 2016 03:59 PM

OFFICIAL RECORDS

Ernest J. Dronenburg, Jr.,  
SAN DIEGO COUNTY RECORDER

FEES: \$39.00

PCOR: N/A

PAGES: 3

THIS SPACE FOR RECORDER'S USE ONLY

Deed of trust with ASSIGNMENT OF RENTS

(Please fill in document title(s) on this line)

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION  
(Additional recording fee applies)

WHEN RECORDED MAIL TO:

N M Investment Corp  
5065 Logan Ave suite 101  
San Diego CA 92113

APN: 538-751-15-00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST WITH ASSIGNMENT OF RENTS  
(SHORT FORM)**

This DEED OF TRUST, made December 30th, 2016, between San Diego Private Investments LLC, herein called TRUSTOR,  
First American Title Insurance Company, a corporation, herein called TRUSTEE, and  
NM Investment Corp, 5065 Logan Ave Suite 101, San Diego CA 92113 herein called BENEFICIARY,

Trustor grants to Trustee in trust, with power of sale, that property in the City of San Diego, County of San Diego, State of California, commonly known as 2602-2604 Newton Ave, San Diego, CA 92113 and more particularly described as:

The following described real property in the County of San Diego, State of California:

The Southerly 96 feet of Lots 25 and 26 in Block 12 of Reed and Hubbells Addition, in the City of San Diego, County of San Diego, State of California, according to Map thereof no. 327, filed in the office of the County Recorder of San Diego County, June 30. 1886.

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of Sixty Eight Thousand Eight Hundred Thirty Five Dollars and Ninety Three Cents (\$68,835.93) with interest thereon according to the terms of a promissory note of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, (2) the performance of each agreement of Trustor incorporated by reference or contained herein and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in San Diego County on August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Kings	858	713	Placer	1028	379	Sierra	38	187
Alpine	3	130-31	Lake	437	110	Plumas	166	1307	Siskiyou	506	762
Amador	133	438	Lassen	192	367	Riverside	3778	347	Solano	1287	621
Butte	1330	513	Los Angeles	T-3878	874	Sacramento	5039	124	Sonoma	2067	427
Calaveras	185	338	Madera	911	136	San Benito	300	405	Stanislaus	1970	56
Colusa	323	391	Marin	1849	122	San Bernardino	6213	768	Sutter	655	585
Contra Costa	4684	1	Mariposa	90	453	San Francisco	A-804	596	Tehama	457	183
Del Norte	101	549	Mendocino	667	99	San Joaquin	2855	283	Trinity	108	595
El Dorado	704	635	Merced	1660	753	San Luis Obispo	1311	137	Tulare	2530	108
Fresno	5052	623	Modoc	191	93	San Mateo	4778	175	Tuolumne	177	160
Glenn	469	76	Monro	69	302	Santa Barbara	2065	881	Ventura	2607	237
Humboldt	801	83	Monterey	357	239	Santa Clara	6626	664	Yolo	769	16
Imperial	1189	701	Napa	704	742	Santa Cruz	1638	607	Yuba	398	693
Inyo	165	672	Nevada	363	94	Shasta	800	633			
Kern	3756	690	Orange	7182	18	San Diego					

SERIES 5 Book 1964, Page 149774

(CONTINUED ON NEXT PAGE)

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

By: [Signature]  
Salam Razuki - President  
San Diego Private Investments LLC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which the certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of San Diego )

On December 30, 2016, before me, Yancy Diandra Fuentes, a Notary Public in and for said State, personally appeared Salam Razuki, 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 on 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 is true and correct.

WITNESS my hand and official seal

Signature: [Signature]  
Expiration Date: July 31, 2020



(This area for official notarial seal)

(CONTINUED ON NEXT PAGE)

# EXHIBIT K

2701

1 DOUGLAS JAFFE, ESQ. Bar No. 170354  
2 LAW OFFICES OF DOUGLAS JAFFE  
3 501 West Broadway, Suite 800  
4 San Diego, California 92101  
5 Telephone: (619) 400-4945  
6 Facsimile: (619) 400-4947

7 Attorneys for Plaintiff

**FILED**  
Clerk of the Superior Court

JAN 12 2017

By: J. CERDA

103-2016-00022168-CU-BC-CTL

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA

9 FOR THE COUNTY OF SAN DIEGO – CENTRAL

10 AMERICAN LENDING AND HOLDINGS, )  
11 LLC,

12 Plaintiff,

13 vs.

14 DENNISE GURFINKIEL individually and  
15 d/b/a Starting Point Realty, and d/b/a SLS  
16 Management Services; EDGARDO  
17 MASANES, individually and d/b/a Starting  
18 Point Realty; JOEY SORIANO individually  
19 and d/b/a Starting Point Realty; D'KIEL  
20 GROUP, LLC; SANCHEZ IMPORTS AND  
21 EXPORTS, LLC; and DOES 4 through 10,  
22 inclusive,

23 Defendants.

Case No.: 37-2016-00022168-CU-BC-CTL

**STIPULATION FOR ENTRY OF  
JUDGMENT AGAINST D'KIEL GROUP,  
LLC**

24 Plaintiff American Lending & Holdings, LLC (“ALH”) and Defendant D’Kiel Group,  
25 LLC (“D’Kiel”) enter into the following Stipulation For Entry of Judgment (the “Stipulated  
26 Judgment”) and agree that a judgment may be so entered:

27 1. Plaintiff American Lending & Holdings, LLC and Defendant D’Kiel Group, LLC  
28 are parties to this action. Ninus Malan is an authorized representative of ALH and Salam Razuki  
is an authorized representative of D’Kiel.

1           2.     The parties wish to avoid the burden and expense of further litigation and  
2 accordingly have determined to compromise and settle their differences in accordance with the  
3 provisions of this Stipulated Judgment.

4           3.     D’Kiel acknowledges and agrees that ALH had and continues to have a real  
5 property interest in the real properties known as 2602 Newton Avenue, #4, San Diego, CA 92113  
6 (the “Newton Avenue Property”); and 1778 Bramblewood Court, Chula Vista, CA 91913 (the  
7 “Bramblewood Property”).

8           4.     D’Kiel acknowledges and agrees that the Newton Avenue Property and the  
9 Bramblewood Property were fraudulently transferred to D’Kiel from Defendant Dennise  
10 Gurfinkiel (“Gurfinkiel”), a member of D’Kiel. The parties acknowledge and agree that  
11 Gurfinkiel’s actions and omissions in this action were taken without the knowledge of any other  
12 member of D’Kiel.

13           5.     D’Kiel acknowledges and agrees that the amount owed as damages in this action  
14 by D’Kiel to ALH regarding the Newton Property is Two Hundred Eighty One Thousand Dollars  
15 (\$281,000).

16           6.     D’Kiel acknowledges and agrees that the amount owed as damages in this action  
17 by D’Kiel to ALH regarding the Bramblewood Property is Three Hundred Ninety Four  
18 Thousand Dollars (\$394,000).

19           7.     The parties to this Stipulated Judgment hereby acknowledge and agree that  
20 judgment shall be entered against Defendant D’Kiel Group, LLC and in favor of American  
21 Lending and Holdings, LLC in the amount of Six Hundred Seventy Five Thousand Dollars  
22 (\$675,000).

23           8.     The full amount owed by Defendant D’Kiel Group, LLC in this action in the  
24 amount of Six Hundred Seventy Five Thousand Dollars (\$675,000) is immediately due and  
25 payable, and Plaintiff American Lending and Holdings, LLC shall be entitled to pursue any and  
26 all remedies provided by law for the enforcement of this Stipulated Judgment. The amount of  
27 this Stipulated Judgment shall bear interest at the prevailing legal rate from the date of entry of  
28 this Stipulated Judgment until paid in full.



1           9.     The parties to this Stipulated Judgment hereby acknowledge and agree that the  
2 Court shall enter judgment pursuant to, without limitation, CCP section 664.6 which states, "If  
3 parties to pending litigation stipulate, in a writing signed by the parties outside the presence of  
4 the court or orally before the court, for settlement of the case, or part thereof, the court, upon  
5 motion, may enter judgment pursuant to the terms of the settlement. If requested by the parties,  
6 the court may retain jurisdiction over the parties to enforce the settlement until performance in  
7 full of the terms of the settlement."

8           10.    Plaintiff American Lending and Holdings, LLC shall be entitled to its reasonable  
9 attorneys' fees and costs incurred in enforcing this Stipulated Judgment.

10          11.    The clerk of the Court is ordered to immediately enter this Stipulated Judgment.

11  
12 **IT IS SO STIPULATED.**

13  
14 Dated: January 11, 2017

AMERICAN LENDING AND HOLDINGS, LLC

15  
16 By: 

Ninus Malan

17 Managing Member

18 Title

19  
20 Dated: January 11, 2017

D'KIEL GROUP, LLC

21  
22 By: 

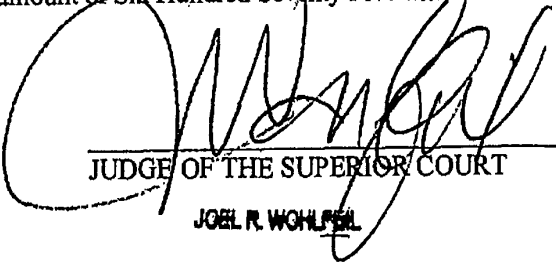
23 Managing Member

24 Title

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Pursuant to the stipulation of the parties hereto and their agreement to entry of this  
Stipulated Judgment, and good cause appearing therefore, IT IS SO ORDERED, ADJUDGED  
AND DECREED that Judgment is entered in favor of Plaintiff American Lending and Holdings,  
LLC and against D'Kiel Group, LLC in the amount of Six Hundred Seventy Five Thousand  
Dollars (\$675,000).

Dated: 1-12-17

  
\_\_\_\_\_  
JUDGE OF THE SUPERIOR COURT  
JOEL R. WOHLFIEL

1 PROOF OF SERVICE

2 I am over the age of 18 years and not a party to or interested in the within entitled action.  
3 My business address is 501 West Broadway, Suite 800, San Diego, California 92101.

4 On January 11, 2017, I served the foregoing

5 **STIPULATION OF ENTRY OF JUDGMENT**

6 by placing true copies in a sealed envelope, postage fully prepaid, with the United States Postal  
7 Service, addressed as follows:

8 Danny McDonald, Esq.  
9 4725 Mercury Street, Suite 210  
10 San Diego, CA 92111

11 Edgardo Masanes  
12 1328 N. Paradise Ridge Way  
13 Chula Vista, CA 91915

14 Dennise Gurfinkiel  
15 9175 Judicial Drive, #6419  
16 San Diego, CA 92122

17 I am readily familiar with the firm's practice of collection and processing for mailing. It  
18 is deposited with the U.S. Postal Service, postage prepaid on the same day in the ordinary course  
19 of business.

20 I declare under penalty of perjury under the laws of the State of California that the  
21 foregoing is true and correct. Executed on January 11, 2017 at San Diego, California.

22   
23 \_\_\_\_\_  
24 Douglas Jaffe  
25  
26  
27  
28

# EXHIBIT L

2707

1 DAVID A. ORTIZ, ATTORNEY #167587  
2 LESLIE A. SKORHEIM, ATTORNEY #293596  
3 UNITED STATES DEPARTMENT OF JUSTICE  
4 OFFICE OF THE UNITED STATES TRUSTEE  
5 402 West Broadway, Suite 600  
6 San Diego, CA 92101  
7 (619) 557-5013

8 Attorneys for  
9 TIFFANY L. CARROLL  
10 ACTING UNITED STATES TRUSTEE

11 UNITED STATES BANKRUPTCY COURT  
12 SOUTHERN DISTRICT OF CALIFORNIA

<p>13 In re:</p> <p>14</p> <p>15 RODRIGO MARQUEZ,</p> <p>16</p> <p>17 Debtor.</p>	<p>) Case No.: 16-07541-LT13</p> <p>) UNITED STATES TRUSTEE'S</p> <p>) MOTION FOR SANCTIONS</p> <p>) AGAINST GEORGE PANAGIOTOU</p> <p>) AND THE COSTA LAW GROUP</p> <p>) PURSUANT TO FEDERAL RULE OF</p> <p>) BANKRUPTCY PROCEDURE 9011;</p> <p>) REQUEST FOR REFERRAL TO THE</p> <p>) DISCIPLINARY COMMITTEE OF</p> <p>) THE UNITED STATES DISTRICT</p> <p>) COURT</p> <p>) Date: May 11, 2017</p> <p>) Time: 10:00 a.m.</p> <p>) Dept: Three (3)</p> <p>) Room: 129</p> <p>) Judge: Hon. Laura S. Taylor</p>
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22 **INTRODUCTION**

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24 The Acting United States Trustee ("UST"), by and through counsel, files this  
25 motion for sanctions against George Panagiotou and The Costa Law Group  
26 pursuant to Federal Rule of Bankruptcy Procedure ("Rule") 9011 ("Motion"). The  
27 basis of this Motion is that George Panagiotou ("Counsel") and The Costa Law  
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MARQUEZ 16-07541-LT13  
UST's MOTION FOR SANCTIONS

1 Group (the "Firm") violated Federal Rule of Bankruptcy Procedure ("Rule")  
2 9011(b) and California Rules of Professional Conduct 3-200(B) and 5-200(B) by  
3 filing a chapter 13 petition under the name of Rodrigo Marquez ("Mr. Marquez")  
4 without his knowledge, consent, and/or authorization. See the Declaration of  
5 Rodrigo Marquez ("Marquez Decl."), ¶¶ 11-12.  
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8 Filing the chapter 13 petition was frivolous, legally unreasonable, and  
9 without evidentiary support. As a result, the UST requests the Court impose  
10 appropriate sanctions upon Counsel and the Firm (jointly and severally), including  
11 but not limited to: (1) a monetary civil penalty payable to the Court designed to  
12 deter similar future conduct, (2) compensatory sanctions in the form of attorneys'  
13 fees and costs, payable to the UST as the moving party, which are the direct result  
14 of Counsel's violations of Rule 9011; (3) additional CLE requirements and ethical  
15 training in the area of professional responsibility; (4) suspension of Counsel's  
16 CM/ECF<sup>1</sup> filing privileges for a defined minimum period, until such time Counsel  
17 has completed all CLE and CM/ECF recertification requirements imposed upon  
18 Counsel by the Court; (5) require Counsel file a Disclosure of Compensation of  
19 Attorney for Debtor (Form CSD 2030) in this case, as required by Rule 2016(b);  
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25 (6) to the extent Counsel's CM/ECF filing privileges are restored, require Counsel

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27 <sup>1</sup> CM/ECF is an acronym for Case Management/Electronic Case Files. It is a system being used  
28 by the bankruptcy court of the Southern District of California to provide filers certified in this  
district the option to electronically file case documents online. See  
[http://www.casb.uscourts.gov/html/cmecf/cmecf\\_test.html](http://www.casb.uscourts.gov/html/cmecf/cmecf_test.html)

1 to prospectively file a declaration in every bankruptcy case affirming that he  
2 personally met with the petitioner, he verified the petitioner's identification, and  
3 the petitioner signed the petition and/or the Declaration Re: Electronic Filing (CSD  
4 Form 1801); (7) refer Counsel to the Disciplinary Committee of the United States  
5 District Court for further proceedings, and (8) a finding that the chapter 13  
6 bankruptcy case was filed without the knowledge and/or consent of Mr. Marquez.  
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9 **FACTS**

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11 1. On December 14, 2016, a voluntary chapter 13 petition was filed  
12 under the name of Mr. Marquez, initiating case number 16-07541-LT13  
13 ("Petition"). *See generally* the Docket.<sup>2</sup>  
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15 2. The Petition falsely lists Mr. Marquez's residential living address as  
16 6780 Friars Road, #133, San Diego, California 92108 (the "Property"). *See*  
17 Petition, Docket Entry #1.<sup>3</sup> The Petition further contains the statement that Mr.  
18 Marquez received "a briefing from an approved credit counseling agency within  
19 180 days before [he] filed this bankruptcy petition, but [he does] not have a  
20 certificate of completion." *Id.* at 5.  
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23 3. The docket reflects that Counsel failed to file the "Disclosure of  
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26 <sup>2</sup> *See* Docket of this case. The United States Trustee requests that the Court take judicial notice of the Docket and pleadings filed in this case pursuant to Federal Rule of Evidence 201.

27 <sup>3</sup> The United States Trustee requests that the Court take judicial notice of the Petition for Relief, docket item #1 (and the contents thereof), filed in this case pursuant to Federal Rule of Evidence  
28 201.

1 Compensation of Attorney for Debtor” (CSD Form 2030) as required by Rule  
2 2016(b) and 11 U.S.C. § 329 (hereinafter, “Rule 2016(b) Statement”). *See*  
3 *generally* the Docket.<sup>4</sup>  
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5 4. Mr. Marquez states he was the victim of a fraud relating to the  
6 purchase of the Property, perpetrated by Denise Gurfinkiel (“Ms. Gurfinkiel”).  
7  
8 Marquez Decl., ¶10.

9 5. Through a mutual acquaintance, Mr. Marquez was introduced to Ms.  
10 Gurfinkiel to invest in real estate in San Diego. Based on this introduction, Mr.  
11 Marquez invested in the Property around February of 2016 with the understanding  
12 that he would receive a substantial profit by “flipping” the Property. Mr. Marquez  
13 would provide the funds necessary to acquire the property; Ms. Gurfinkiel would  
14 provide the expertise and services necessary to remodel and repair the property, as  
15 well as arrange for its sale. Marquez Decl., ¶¶ 3-6.  
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19 6. As part of his arrangement with Ms. Gurfinkiel, Mr. Marquez signed a  
20 listing agreement with Starting Point Realty in March 2016. In or around  
21 September or October of 2016, Mr. Marquez was informed by Ms. Gurfinkiel that  
22 the Property had been sold for approximately \$255,000. Mr. Marquez received  
23 three checks from Ms. Gurfinkiel, totaling \$35,703.29, which he believed to be the  
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27 <sup>4</sup> *See* Docket of this case. The United States Trustee requests that the Court take judicial notice  
28 of the Docket and the absence of a Rule 2016(b) Statement filed in this case pursuant to Federal  
Rule of Evidence 201.



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surplus sale proceeds from the sale of the Property. Marquez Decl., ¶¶ 7-8.

7. On or around January 10, 2017, Mr. Marquez learned of the above-captioned bankruptcy filing through his Wells Fargo Theft Protection Account (“WF Account”), which showed that a chapter 13 bankruptcy case was filed under his name on December 14, 2016. Marquez Decl., ¶9.

8. The filing date of the Petition coincided with the date of a scheduled foreclosure sale of the Property. Marquez Decl., ¶13. Mr. Marquez only learned of the recorded Notice of Default and Notice of Trustee’s Sale after investigating the status of the Property when he learned about the bankruptcy case through his WF Account. *Id.*

9. The above-captioned bankruptcy case was filed by Counsel as attorney for the debtor, allegedly Mr. Marquez. *See* Petition. Counsel electronically filed the Petition with the Bankruptcy Court for the Southern District of California, using Counsel’s CM/ECF log-in and password. *See* Petition, Docket Entry #1; *see generally* the Docket.

10. The Petition contains an electronic “/s/” signature for both Counsel and Mr. Marquez. *See* Petition for Relief, Docket Entry #1.

11. The docket reflects that a “Declaration Re: Electronic Filing of Petition, Schedules, & Statements” (CSD Form 1801) (hereinafter, “Declaration Re: Electronic Filing”) was never filed with the Court as required by Local

1 Bankruptcy Rules for the Southern District of California (“LBR”) 1007-2 and  
2 5005-4(c). *See generally* the Docket.

3 12. According to Mr. Marquez, he never discussed and/or met with any  
4 attorney regarding filing for bankruptcy. He does not know and has never met  
5 Counsel. He has never heard of or visited the offices of the Firm. He neither saw  
6 nor signed the Petition or any other documents associated with the above-captioned  
7 bankruptcy case, either before or after such documents were filed. Marquez Decl.,  
8 ¶¶ 9-12.

9 13. The above-captioned chapter 13 bankruptcy case was subsequently  
10 dismissed by the order entered on January 3, 2017 for failure to file schedules  
11 and/or statements, certificate of credit counseling, declaration re: electronic filing,  
12 and/or a chapter 13 plan.<sup>5</sup> *See* Order Dismissing Case, Docket Entry #7.<sup>6</sup>

13 14. On or around January 13, 2017, after receiving the foregoing  
14 information about this bankruptcy case, Mr. Marquez contacted the Office of the  
15 United States Trustee to report the unauthorized bankruptcy filing. Marquez Decl.,  
16 ¶10.

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24 <sup>5</sup> The UST notes that Counsel also filed a bankruptcy case for Denise Gurfinkiel on December  
25 13, 2016, case no. 16-07535-LA13. The United States Trustee requests that the Court take  
26 judicial notice of the filing of that petition for relief, docket item #1 (and the contents thereof), in  
27 case no. 16-07535-LA13, pursuant to Federal Rule of Evidence 201. That case was similarly a  
28 “bare bones” case, and was likewise dismissed for failure to file schedules, statements and a  
chapter 13 plan.

<sup>6</sup> The United States Trustee requests that the Court take judicial notice of the Order Dismissing  
Case, docket item #7, filed in this case pursuant to Federal Rule of Evidence 201.

ARGUMENT

**1. Notice of Basis for Sanction and Sanctionable Conduct**

After notice and a reasonable opportunity to respond, the court may impose appropriate sanctions if it determines that Rule 9011(b) has been violated. FED. R. BANKR. P. 9011(c). Here, Counsel and the Firm have been properly and timely served the Motion and Notice of Hearing in accordance with Rule 7004. FED. R. BANKR. P. 9011(c)(1)(A); FED. R. BANKR. P. 7004.

A motion for sanctions must also describe the specific conduct alleged to violate subdivision (b). FED. R. BANKR. P. 9011(c)(1)(A). As discussed more fully below, Counsel and the Firm conducted no inquiry, or a grossly inadequate inquiry, prior to filing the chapter 13 Petition under Mr. Marquez’s name. Mr. Marquez did not consent to and/or authorize the filing of the chapter 13 Petition and, in fact, never signed the Petition or any other document associated with the above-captioned bankruptcy case. Marquez Decl., ¶12. Counsel’s conduct was in direct violation of Rule 9011(b).

The safe harbor provision of Rule 9011(c) is inapplicable here. Rule 9011(c) provides, “motion[s] for sanctions may not be filed with or presented to the court unless, within 21 days after service of the motion, ... the challenged paper ... is not withdrawn or appropriately corrected, *except that this limitation shall not apply if the conduct alleged is the filing of a petition ...*” FED. R. BANKR. P.

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Under Ninth Circuit precedent, the reasonableness of an attorney's inquiry as to facts contained in signed documents submitted to a court is based on an objective standard. *Orton v. Hoffman (In re Kayne)*, 453 B.R. 372, 382 (9th Cir. BAP 2011) (the trial court must measure the attorney's conduct "objectively against a reasonableness standard, which consists of a competent attorney admitted to practice before the involved court"); see also *Valley Nat'l Bank v. Needler (In re Grantham Bros.)*, 922 F.2d 1438, 1441 (9th Cir.1991).

Of particular relevance to the case at bar are Rule 9011(b)(1) and (3), which state:

(b) By presenting to the court (whether by signing, filing, submitting, or later advocating) a petition, pleading, written motion, or other paper, an attorney or unrepresented party is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances,—

(1) it is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation;

...

(3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and

FED. R. BANKR. P. 9011(b).

Rule 9011(b)(1) "provides for the imposition of sanctions when a filing is frivolous, legally unreasonable, or without factual foundation, or is brought for an

1 improper purpose.” *In re Sandford*, 403 B.R. 831, 841 (Bankr. D. Nev. 2009)  
2 (*citing Simpson v. Lear Astronics Corp.*, 77 F.3d 1170, 1177 (9th Cir.1996). In the  
3 Ninth Circuit, the bankruptcy court “must consider both frivolousness and  
4 improper purpose on a sliding scale, where the more compelling the showing as to  
5 one element, the less decisive need be the showing as to the other.” *Dressler v. The*  
6 *Seeley Co. (In re Silberkraus)*, 336 F.3d 864, 870 (9th Cir. 2003)(*citing Marsch v.*  
7 *Marsch (In re Marsch)*, 36 F.3d 825, 830 (9th Cir.1994)). Likewise, under Rule  
8 9011(b)(3), an attorney is certifying that to the best of his knowledge, information  
9 and belief all “allegations and other factual contentions have evidentiary support.”  
10 *See In re Brown*, 328 B.R. 556, 556 (Bankr.N.D.Cal. 2005); FED. R. BANKR. P.  
11 9011(b)(3).

12  
13 Here, Counsel’s conduct fails to meet the “objectively reasonable” standard  
14 and is sanctionable under Rule 9011 for several reasons. First, the facts show that  
15 Counsel conducted no inquiry, or a grossly inadequate inquiry, as to the identity of  
16 Mr. Marquez before filing the Petition as Mr. Marquez never met Counsel, did not  
17 know Counsel at the time, did not engage Counsel in any capacity, and had no  
18 knowledge of the bankruptcy filing. Marquez Decl., ¶¶ 11-12. Consequently,  
19 Counsel made no inquiry, or a grossly inadequate inquiry, into the identification of  
20 the person on whose behalf he was filing the Petition.  
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1 Second, pursuant to 11 U.S.C. §§ 109 and 521, a debtor is required to  
2 receive credit counseling within 180 days before filing bankruptcy and must file a  
3 certificate from the credit counseling agency contemporaneously with the Petition.  
4  
5 In the Petition, Counsel checked the box indicating that Mr. Marquez “received a  
6 briefing from an approved credit counseling agency within 180 days before [he]  
7 filed this bankruptcy petition, but [he does] not have a certificate of completion.”  
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9 *See* Petition, Docket Entry #1, pg. 5. However, this assertion is false and  
10 unsupported by any evidence. Marquez Decl., ¶12. Mr. Marquez did not, and  
11 could not, verify, affirm, or inform Counsel that he in fact received the required  
12 credit counseling because, again, Mr. Marquez never met Counsel at the time this  
13 representation was made by Counsel when the Petition was filed.  
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16 Based upon the foregoing, the filing of the Petition, and the assertions made  
17 therein, were legally baseless and without evidentiary support. Thus, Counsel and  
18 the Firm clearly violated Rule 9011(b)(1) and (3) by filing the chapter 13 petition  
19 without any evidentiary support, for an improper purpose, and without conducting  
20 a reasonable and competent inquiry.  
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23 Related to Rule 9011(b) is Rule 1008, which also requires that “[a]ll  
24 petitions, lists, schedules, statements and amendments thereto shall be  
25 verified....” FED. R. BANKR. P. 1008. In other words, debtors “must sign the  
26 petition ... as a means of not only authorizing the filing of these documents,  
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1 but of verifying, under penalty of perjury, that they have reviewed the  
2 information contained therein and that it is true and correct to the best of  
3 their knowledge, information, and belief.” *In re Stomberg*, 487 B.R. 775,  
4 807 (Bankr. S.D. Tex. 2013) (citing *In re Phillips*, 317 B.R. 518, 523-24  
5 (8th Cir. BAP 2004)(upholding sanctions award where counsel violated  
6 9011(b) by forging debtor's electronic signature on bankruptcy petition)).  
7

8 But again, because Mr. Marquez never saw or signed the petition or any  
9 other document related to above-captioned case, he could not (and did not)  
10 verify the accuracy of the information contained therein. Marquez Decl.,  
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12 ¶12. Counsel’s filing a document with the Court that Counsel represented  
13 as having been verified by the debtor (pursuant to Rule 1008), likewise  
14 violates Rule 9011(b).  
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16 Since the document at issue was filed electronically with the Court,  
17 additional rules regarding verification apply. Rule 5005(a)(2) allows a court, by  
18 local rule, to permit documents to be filed, signed, and verified *electronically*.  
19 FED. R. BANKR. P. 5005(a)(2) (emphasis added). Pursuant to LBR 1007-2,  
20 documents requiring original signatures may be filed electronically as long as the  
21 filer fully complies with LBR 5005. *See* LBR 1007-2. LBR 5005-4(a) provides  
22 that a user’s CM/ECF login and password “serve as the signature for the purposes  
23 of FRBP 9011, the Local Bankruptcy Rules, the Administrative Procedures, and  
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1 any other purpose for which a signature is required in connection with proceedings  
2 before the Court.” See LBR 5005-4(a).

3 Pursuant to LBR 5005-4(c), the “signature of the debtor ... authorizing the  
4 electronic filing of the bankruptcy case must be accomplished by the electronic  
5 filing of an executed Local Form CSD 1801 on the Petition Date.” See LBR 5005-  
6 4(c). LBR 5005-8 also requires the Registered User to “maintain ... any document  
7 that is filed using their login and password that contains an original signature, other  
8 than that of the registered user... until 5 years after the case is closed...” See LBR  
9 5005-8.  
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13 Since the Petition was filed electronically, Counsel also violated Rule  
14 9011(b)(3) by filing the Petition without a Declaration re: Electronic Filing on  
15 CSD Form 1801. Counsel used his CM/ECF log-in and password to electronically  
16 file the petition. By doing so, Counsel certified to the Court that he made a  
17 reasonable inquiry, and to the best of his knowledge, information and belief, the  
18 factual contentions contained in the Petition were supported by evidence. He also  
19 certified that he possessed the appropriate document (CSD Form 1801) bearing the  
20 debtor’s original “wet” signature.  
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24 However, as noted above, Mr. Marquez never met Counsel, did not  
25 authorize the bankruptcy filing, and never saw, let alone signed, the petition.  
26 Marquez Decl., ¶¶ 11-12. A reasonable attorney would have ensured the debtor  
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1 had an opportunity to review and verify the accuracy of statements made in the  
2 petition. See FED. R. BANKR. P. 1008. A reasonable attorney would have ensured  
3 that the petition was executed in accordance with the Rules and LBRs. Counsel  
4 did neither.  
5

6 Rather, Counsel presented the Petition to the Court before making an  
7 adequate inquiry that it contained evidentiary support, i.e., he falsely certified that  
8 he possessed the petition and/or other documents bearing Mr. Marquez’s original  
9 “wet” signature. This constitutes a violation of LBR 5005-4 and Rule 9011(b).  
10 See *In re Kayne*, 453 B.R. at 382 (debtor's attorney may be sanctioned under FRBP  
11 9011 for failing to conduct reasonable inquiry into facts underlying schedules and  
12 statement of financial affairs); *In re Stomberg*, 487 B.R. 775 (Bankr. S.D. Tex.  
13 2013) (“electronically filing a document that purports to have the debtor’s  
14 signature but which was not, in fact, signed by the debtor, is no different than  
15 physically forging the debtor’s signature on a paper document”).  
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20 Based on the foregoing, Counsel and the Firm violated Rule 9011(b) by  
21 filing a frivolous, legally unreasonable, and unsupported chapter 13 petition under  
22 the name of Mr. Marquez without his knowledge, consent, or authorization.  
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25 **3. Sanctions under Rule 9011(c)(2)**

26 While subdivision (b) of Rule 9011 provides the required standard,  
27 subdivision (c) governs the nature of sanctions the bankruptcy court may impose.  
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1 See FED. R. BANKR. P. 9011(c). "A sanction imposed for violation of [Rule 9011]  
2 ... shall be limited to what is sufficient to deter repetition of such conduct or  
3 comparable conduct by others similarly situated." FED. R. BANKR. P. 9011(c)(2).  
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5 The sanction "may consist of, or include, directives of a nonmonetary  
6 nature, an order to pay a penalty into the court, or ... an order directing payment to  
7 the movant of some or all of the reasonable attorneys' fees and other expenses  
8 incurred as a direct result of the violation." *Id.* As discussed below, the UST  
9 requests the court to impose monetary and non-monetary sanctions against Counsel  
10 and the Firm for violating Rule 9011(b).  
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13 (a) *Monetary Sanctions*  
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15 An attorney who violates Rule 9011(b) may be sanctioned pursuant to Rule  
16 9011(c), which includes, *inter alia*, the payment of a penalty into the court and/or  
17 the payment of attorneys' fees of the moving party that result from the violation of  
18 the Rule. FED. R. BANKR. P. 9011(c)(2); *see also In re Kayne*, 453 B.R. at 386  
19 (The bankruptcy court has "wide discretion in determining the amount of a  
20 sanctions award"). The Ninth Circuit Court of Appeals has also held that  
21 bankruptcy courts have broad and inherent authority to deny attorney fees if the  
22 attorney fails to meet the Bankruptcy Code's requirements as set forth in §§ 327,  
23 329, 330, and 331. *Law Office of Nicholas A. Franke v. Tiffany, U.S. Trustee (In*  
24 *re Lewis)*, 113 F.3d 1040, 1045 (9th Cir. 1997). "A bankruptcy court may examine  
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1 the reasonableness of a debtor's attorney fees" and order disgorgement of  
2 compensation that exceeds the reasonable value of services. *Hale v. United States*  
3 *Trustee*, 509 F.3d 1139, 1147 (9th Cir. 2007); 11 U.S.C. §329(b).  
4

5 Here, Counsel and the Firm filed the Petition with the Court and presented it  
6 as factually supported. In doing so, Counsel and the Firm falsely attested that Mr.  
7 Marquez both verified the accuracy of, and signed, the Petition when that was not  
8 the case. Rather, the document was filed without conducting a reasonable and  
9 competent inquiry into the identity of the individual in whose name the case was  
10 filed and/or the factual circumstances surrounding the filing.  
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12 Given the serious nature of the conduct at issue, the monetary sanctions  
13 requested by the UST are proportional to the violation and consistent with the  
14 goals of the Rule -- to insure that all submissions to a bankruptcy court are truthful  
15 and proper. Consequently, the UST requests the Court order monetary sanctions as  
16 follows: (1) a civil penalty designed to deter similar future conduct, and (2)  
17 compensatory sanctions in the form of attorneys' fees and costs, payable to UST as  
18 the moving party, which are the direct result of Counsel's violations of Rule 9011.  
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23 (i) *Civil Penalty*  
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25 The UST requests the Court to impose a monetary civil penalty against  
26 Counsel and the Firm (jointly and severally) in an amount of one thousand dollars  
27 (\$1,000), plus the dollar value of any fees or compensation received by Counsel in  
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1 this case. A monetary civil penalty is permissible under Rule 9011(c) and should  
2 be payable to the Court. See FED. R. BANKR. P. 9011(c)(2); see also *In re DeVille*,  
3 361 F.3d at 551 (the Ninth Circuit Court of Appeals noted that Rule 9011(c)(2)  
4 expressly contemplates “an order to pay a penalty into the court” as a form of  
5 sanction and held that such penalty need not be awarded through criminal  
6 contempt proceedings). The conduct at issue is significant and requires an equally  
7 significant sanction necessary to deter repetition of Counsel’s conduct and prevent  
8 Counsel and the Firm from profiting from their inappropriate and improper  
9 conduct.  
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13 (ii) *Attorneys’ Fees Resulting from the Violation.*

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15 The UST also requests that Counsel and the Firm pay reasonable attorneys’  
16 fees and costs incurred by the Office of the United States Trustee which are the  
17 direct result of Counsel and the Firm’s filing of the Petition for Relief in violation  
18 of Rule 9011. See FED. R. BANKR. P. 9011(c)(2); see also *In re Kayne*, 453 B.R. at  
19 386 (“Although the court may award all reasonable fees and costs claimed by  
20 Trustee [under Rule 9011(c)(2)], it also has the discretion to set the sanction at a  
21 lower amount where sufficient to get the offender's attention and deter future  
22 abuses”). As discussed above, the sanctionable conduct by Counsel and the Firm  
23 more than adequately justifies a fee shifting sanction. A competent attorney  
24 admitted before this Court would have inquired as to the identity of the debtor and  
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1 ensured that the petition was properly executed in accordance with the Rules and  
2 LBRs. Counsel did neither. As for the reasonableness of the amount of fees and  
3 costs incurred, the UST is filing concurrently with this Motion, declarations in  
4 support of this request.  
5

6 (b) *Non-Monetary Sanctions*  
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8 Rule 9011(c)(2) also permits sanctions in the form of directives of a  
9 nonmonetary nature. FED. R. BANKR. P. 9011(c)(2). As the Court deems  
10 appropriate, the UST requests that the Court impose CLE/training requirements  
11 upon Counsel. The facts of the case show Counsel failed to adequately perform his  
12 professional duties as a licensed attorney. As such, Counsel should be required to  
13 complete at least ten (10) hours, or as the Court deems appropriate, of ethical  
14 training in the area of professional responsibility.  
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17 The facts further show that Counsel failed to follow the requirements for  
18 electronic filing of documents and bankruptcy cases, as set forth in the LBRs.  
19 Therefore, the UST also requests that the Court suspend Counsel's CM/ECF filing  
20 privileges until such time as Counsel provides evidence of completion the CLE  
21 requirements noted above as well as any additional educational requirements  
22 imposed by the Court to obtain recertification to file using CM/ECF. This  
23 nonmonetary directive should require Counsel to complete additional CM/ECF  
24 training regarding the obligations of Counsel when electronically filing documents  
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1 and/or bankruptcy cases.

2 To assist the Court and UST with monitoring Counsel's compliance with the  
3 CLE/training requirements to be imposed by the Court, the UST submits that  
4 Counsel should file within a time prescribed by the Court, a declaration outlining  
5 which courses Counsel has identified that comply with the CLE/training  
6 requirements of the Court's order. The UST further submits that upon completion  
7 of said courses, Counsel be required to file verified proof of said completion.  
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10 Second, in addition to the training noted above, the Court should order  
11 Counsel to file a Rule 2016(b) Statement in this case and fully disclose the amount  
12 of compensation received. *See* FED. R. BANKR. P. 2016(b); 11 U.S.C. § 329.  
13 Without such disclosure, it cannot be determined what compensation was received  
14 by Counsel and the Firm; this information is necessary to assist the Court with  
15 arriving at the appropriate deterrent sanction. As noted above, Counsel and the  
16 Firm should not profit from inappropriate and improper conduct.  
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20 Third, as required by the LBRs, a Declaration Re: Electronic Filing must be  
21 filed for every bankruptcy case that is electronically filed through CM/ECF. *See*  
22 LBR 5005-4(c). This declaration is important as it declares, under penalty of  
23 perjury, that the petitioner consents to the filing and that all the information  
24 electronically filed is true and correct. Here, Counsel failed to file a Declaration  
25 Re: Electronic Filing. Consequently, and to the extent Counsel's CM/ECF filing  
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1 privileges are restored, the UST requests that the Court order Counsel to  
2 prospectively file a declaration in every case affirming that: (1) he personally met  
3 with the petitioner, (2) he verified the petitioner's identification, and (3) the  
4 petitioner signed the petition and/or the Declaration re: Electronic Filing.  
5

6 Lastly, the UST requests that the Court refer Counsel and the Firm to the  
7 Disciplinary Committee of the United States District Court for the Southern  
8 District of California. *See In re Schivo*, 461 B.R. 765, 781-82 (Bankr. D. Nev.  
9 2011) (as sanctions for violating Rule 9011(b), the bankruptcy court referred the  
10 matter to the State Bar of Nevada to determine if further disciplinary proceedings  
11 were warranted). Civil Local Rule 83.4 of the United States District Court for the  
12 Southern District of California incorporates the California Rules of Professional  
13 Conduct as the standards of conduct for both the District Court and this Court. *See*  
14 Civil Local Rule 83.4.<sup>8</sup> Civil Local Rules 83.5(a), (c), and (e) provide that when  
15 an attorney engages in conduct which may warrant discipline or other sanctions,  
16 this Court can refer said conduct to the Disciplinary Committee. The Disciplinary  
17 Committee can then determine (through its adjudicative process) whether  
18 additional sanctions are warranted, such as requiring supplemental ethics training  
19 or temporary suspension until counsel completes any such training, or any other  
20 relief that the Committee may deem appropriate.  
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28 <sup>8</sup> LBR 1001-5 adopts both Civil Local Rules 83.4 and 83.5 as rules of the Bankruptcy Court.

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The UST submits that the conduct undertaken by Counsel in this case warrants referral to the Disciplinary Committee. California Rule of Professional Conduct 3-200(B) provides that an attorney shall not accept or continue employment if he knows or should know that the objective of such employment is “to present a claim or defense in litigation that is not warranted under existing law...” CAL. R. PROF. 3-200(B). Furthermore, California Rule of Professional Conduct 5-200(B) prohibits an attorney from misleading the judge, judicial officer, or jury “by an artifice or false statement of fact or law.” CAL. R. PROF. 5-200(B).

Without the consent, knowledge, or authorization of Mr. Marquez, the filing of the above-captioned chapter 13 petition was not warranted under existing law or fact. Counsel and the Firm further misled the bankruptcy court by filing the petition with Mr. Marquez’s electronic signature when Mr. Marquez neither saw nor signed the petition. Therefore, Counsel and the Firm should be referred to the Disciplinary Committee for additional disciplinary proceedings as set forth above.

In addition to the monetary and non-monetary sanctions requested above, the UST also requests the Court to make a finding that the above-captioned chapter 13 bankruptcy case was filed without the knowledge and/or consent of Mr. Marquez. Mr. Marquez was harmed as to both his credit score and reputation. A finding that this case was filed without his knowledge and/or consent will assist Mr. Marquez in reviving his credit with the various credit agencies, restoring his reputation, and



1 alleviating any emotional distress the bankruptcy filing may have caused.

2 **CONCLUSION**

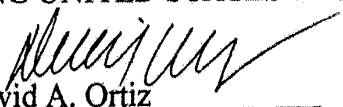
3  
4 For all of the above reasons, the UST respectfully requests that the Court  
5 sanction Counsel and the Firm, jointly and severally, pursuant to Rule 9011 for  
6 filing the above-captioned chapter 13 case without conducting a reasonable and  
7 competent inquiry. Filing the chapter 13 Petition was frivolous, legally  
8 unreasonable, and without evidentiary support. As it deems appropriate, the UST  
9 requests that the Court impose any, or all, of the foregoing sanctions against  
10 Counsel and the Firm: (1) a monetary civil penalty payable to the Court designed  
11 to deter similar future conduct, (2) compensatory sanctions in the form of  
12 attorneys' fees and costs, payable to the UST as the moving party, which are the  
13 direct result of Counsel's violations of Rule 9011; (3) additional CLE requirements  
14 and ethical training in the area of professional responsibility; (4) suspension of  
15 Counsel's CM/ECF filing privileges for defined minimum period of time, requiring  
16 completion of CLE and other educational requirements for recertification said  
17 CM/ECF privileges; (5) compel the filing of the Disclosure of Compensation of  
18 Attorney for Debtor (Form CSD 2030) as required by Rule 2016(b); (6) require  
19 Counsel to file a declaration in every bankruptcy case filed by Counsel and/or the  
20 Firm affirming that he personally met with the petitioner, he verified the petitioner's  
21 identification, and the petitioner signed the petition and/or the Declaration Re:  
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Electronic Filing (CSD Form 1801); (7) referral to the Disciplinary Committee of the United States District Court for further proceedings, and (8) a finding that the chapter 13 bankruptcy case was filed without the knowledge and/or consent of Mr. Marquez.

Respectfully submitted,

TIFFANY L. CARROLL  
ACTING UNITED STATES TRUSTEE



Dated: April 4, 2017

By: /s/ David A. Ortiz  
David A. Ortiz, Esq.  
Attorney for the  
Acting United States Trustee

# EXHIBIT M

22

Recorded Requested By  
First American Title  
San Diego

DOC# 2017-0224563



May 18, 2017 03:54 PM

OFFICIAL RECORDS  
Ernest J. Dronenburg, Jr.,  
SAN DIEGO COUNTY RECORDER

FEES: \$15.00  
PCOR: YES

PAGES: 1

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO:

Name  
Street Address  
City State Zip  
San Diego Private Investments, LLC  
Attn: Salam Razuki  
7977 Broadway  
Lemon Grove, CA 91945

RECORDERS USE ONLY

ORDER NO. 53414579  
ESCROW NO. 146530S-W-CG

GRANT DEED

TAX PARCEL NO. 586-120-11-00

The undersigned grantor declares that the documentary transfer tax is \$0.00 *wholly owned* and is *change*  
X computed on the full value of the interest of the property conveyed, or is  
computed on the full value less the value of liens or encumbrances remaining thereon at the time of sale.

The land, tenements or realty is located in  
unincorporated area X city San Diego and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
**American Lending and Holdings, LLC, a California Limited Liability Company**

hereby GRANT(S) to  
**San Diego Private Investments, LLC, a California Limited Liability Company**

The following described real property in the City of San Diego, County of San Diego, State of California:  
LOT 1292 OF HERITAGE ADDITION UNIT NO. 9, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO,  
STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 4913, FILED IN THE OFFICE OF THE COUNTY  
RECORDER OF SAN DIEGO COUNTY, FEBRUARY 9, 1962.

Dated 04/06/2017

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 April 06, 2017 before me,  
Claudia Garcia, Notary Public  
personally appeared Ninus Malan

American Lending and Holdings, LLC, a  
California Limited Liability Company  
By: Ninus Malan  
Ninus Malan, Managing Member

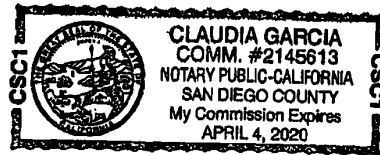
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~ ~~she~~ ~~they~~ executed the same in ~~his~~ ~~her~~ ~~their~~ authorized capacity(ies), and that by ~~his~~ ~~her~~ ~~their~~ signature(s) 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 Claudia Garcia, Notary Public

(Notary Seal)



MAIL TAX STATEMENTS TO PARTY SHOWN BELOW: IF NO PARTY SO SHOWN, MAIL AS DIRECTED ABOVE.

Name Street Address City & State

# EXHIBIT N

2732

14

Recorded Requested By  
First American Title  
San Diego

DOC# 2017-0224555



May 18, 2017 03:54 PM

OFFICIAL RECORDS  
Ernest J. Dronenburg, Jr.,  
SAN DIEGO COUNTY RECORDER

FEES: \$15.00  
PCOR: YES

PAGES: 1

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO:

Name  
Street Address  
City State Zip  
San Diego Private Investments, LLC  
Attn: Salam Razuki  
7977 Broadway  
Lemon Grove, CA 91945

RECORDERS USE ONLY

ORDER NO. 53414379  
ESCROW NO. 146530S-P-CG

GRANT DEED

TAX PARCEL NO. 168-600-20-00

The undersigned grantor declares that the documentary transfer tax is \$0.00 *Wholly owned name change* and is X computed on the full value of the interest of the property conveyed, or is \_\_\_\_\_ computed on the full value less the value of liens or encumbrances remaining thereon at the time of sale.

The land, tenements or realty is located in \_\_\_\_\_ unincorporated area X city La Mesa \_\_\_\_\_ and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
**American Lending and Holdings, LLC, a California Limited Liability Company**

hereby GRANT(S) to  
**San Diego Private Investments, LLC, a California Limited Liability Company**

The following described real property in the City of La Mesa, County of San Diego, State of California:  
SUB LOT 20 OF LA MESA TOWNHOUSE, IN THE CITY OF LA MESA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO THE MAP THEREOF NO. 5519, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY ON JANUARY 25, 1965.

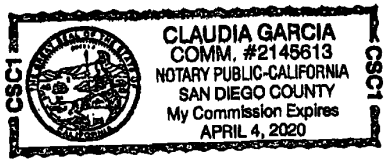
Dated 04/06/2017

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 April 6, 2017 before me,  
Claudia Garcia, Notary Public  
personally appeared Ninus Malan

American Lending and Holdings, LLC, a  
California Limited Liability Company  
By: [Signature]  
Ninus Malan, Managing Member

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], Notary Public (Notary Seal)

MAIL TAX STATEMENTS TO PARTY SHOWN BELOW: IF NO PARTY SO SHOWN, MAIL AS DIRECTED ABOVE.

Name Street Address City & State

# EXHIBIT O

2734

17

Recorded Requested By  
First American Title  
San Diego

DOC# 2017-0224558



May 18, 2017 03:54 PM

OFFICIAL RECORDS  
Ernest J. Dronenburg, Jr.,  
SAN DIEGO COUNTY RECORDER

FEES: \$24.00  
PCOR: YES

PAGES: 4

AND WHEN RECORDED MAIL THIS DEED AND, UNLESS OTHERWISE SHOWN BELOW, MAIL TAX STATEMENTS TO:

Name San Diego Private Investments, LLC  
Street Attn: Salam Razuki  
Address 7977 Broadway  
City Lemon Grove, CA 91945  
State  
Zip

RECORDERS USE ONLY

ORDER NO. 5341457-9  
ESCROW NO. 146530S-R-CG

GRANT DEED

TAX PARCEL NO. 185-273-11-00

The undersigned grantor declares that the documentary transfer tax is \$0.00 *wholly owned name change* and is X computed on the full value of the interest of the property conveyed, or is \_\_\_\_\_ computed on the full value less the value of liens or encumbrances remaining thereon at the time of sale.

The land, tenements or realty is located in \_\_\_\_\_ unincorporated area X city Valley Center and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
**American Lending and Holdings, LLC, a California Limited Liability Company**

hereby GRANT(S) to  
**San Diego Private Investments, LLC, a California Limited Liability Company**

The following described real property in the City of Valley Center, County of San Diego, State of California:  
PARCEL A: PARCEL 1, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA AS SHOWN AT PAGE 12269 OF PARCEL MPS, FILED IN THE OFFICER OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 12, 1982. AS MORE COMPLETELY DESCRIBED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

Dated 04/06/2017

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 April 06, 2017 before me,  
Claudia Garcia, Notary Public  
personally appeared Ninus Malan

American Lending and Holdings, LLC, a  
California Limited Liability Company

By: [Signature]  
Ninus Malan, Managing Member

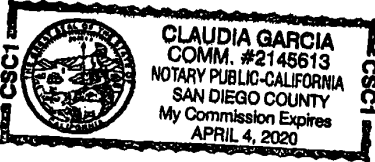
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ subscribed to the within instrument and acknowledged to me that ~~he~~ they executed the same in ~~his~~ their authorized capacity(ies), and that by ~~his~~ their signature(s) on the instrument the person(s), 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], Notary Public

(Notary Seal)



MAIL TAX STATEMENTS TO PARTY SHOWN BELOW: IF NO PARTY SO SHOWN, MAIL AS DIRECTED ABOVE.

Name Street Address City & State



EXHIBIT "A"

PARCEL J: (APN: 185-273-11-00)

**Exhibit A**

PARCEL 1 OF PARCEL MAP NO. 12269, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 12, 1982 AS INSTRUMENT NO. 82-249865 OF OFFICIAL RECORDS.

PARCEL J1:

AN EASEMENT FOR WATER PIPE LINES, PUBLIC UTILITY AND INGRESS AND EGRESS FOR ROAD PURPOSES OVER, UNDER, ALONG AND ACROSS A STRIP OF LAND 40.00 FEET IN WIDTH LYING WITHIN THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 11 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT THEREOF, THE CENTER LINE OF SAID 40.00 FOOT STRIP BEING DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTH LINE OF THE NORTH 7.00 FEET OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 11, WITH THE WEST LINE OF SAID NORTHWEST QUARTER OF NORTHEAST QUARTER; THENCE ALONG THE SOUTH LINE OF THE NORTH 7.00 FEET OF THE NORTHWEST QUARTER OF SAID SECTION 11, NORTH 88° 11' 15" WEST, 694.70 FEET; THENCE SOUTH 01° 48' 45" WEST, 188.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 01° 48' 45" WEST, 60.95 FEET TO THE BEGINNING OF A TANGENT 400.00 FOOT RADIUS CURVE, CONCAVE WESTERLY; THENCE SOUTHERLY ALONG SAID CURVE THROUGH AN ANGLE OF 18° 00' 00", A DISTANCE OF 125.66 FEET; THENCE TANGENT TO SAID CURVE, SOUTH 19° 46' 45" WEST, 229.85 FEET TO THE BEGINNING OF A TANGENT 400.00 FOOT RADIUS CURVE, CONCAVE EASTERLY; THENCE SOUTHERLY ALONG SAID CURVE THROUGH AN ANGLE OF 19° 40' 00" A DISTANCE OF 137.30 FEET; THENCE TANGENT TO SAID CURVE, SOUTH 00° 08' 45" WEST, 272.32 FEET TO THE BEGINNING OF A TANGENT 500.00 FOOT RADIUS CURVE, CONCAVE WESTERLY; THENCE SOUTHERLY ALONG SAID CURVE THROUGH AN ANGLE OF 14° 00' 00" A DISTANCE OF 122.17 FEET; THENCE TANGENT TO SAID CURVE, SOUTH 14° 08' 45" WEST, 710.28 FEET TO THE BEGINNING OF A TANGENT 1000.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY; THENCE SOUTHWESTERLY ALONG SAID CURVE THROUGH AN ANGLE OF 06° 20' 00" A DISTANCE OF 110.54 FEET; THENCE TANGENT TO SAID CURVE, SOUTH 20° 28' 45" WEST, 507.95 FEET; THENCE SOUTH 22° 28' 45" WEST, 376.84 FEET, MORE OR LESS, TO THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 11.

THE SIDE LINE OF SAID 40.00 FOOT STRIP ARE TO BE PROLONGED SO AS TO TERMINATE ON THE SOUTH AT THE SOUTH LINE OF SAID NORTHWEST QUARTER. ALSO THAT PORTION OF THE SOUTH 40.00 FEET OF

THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 11, LYING WESTERLY OF THE WESTERLY SIDE LINE OF THE ABOVE 40.00 FOOT DESCRIBED STRIP OF LAND.

PARCEL J2:

AN EASEMENT AND RIGHT OF WAY FOR ROAD AND PUBLIC UTILITY PURPOSES, OVER, UNDER, ALONG A STRIP OF LAND 40.00 FEET WIDE WITHIN THE NORTH HALF OF THE NORTH HALF OF SECTION 11, TOWNSHIP 11 SOUTH, RANGE 2 WEST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO OFFICIAL PLAT THEREOF, LYING SOUTHERLY AND EASTERLY OF THE FOLLOWING DESCRIBED LINE.

BEGINNING AT THE INTERSECTION OF THE CENTERLINE OF LILAC ROAD (R. S. 940) WITH THE NORTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 11; THENCE NORTH 89° 20' 51" WEST, 1139.41 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 11; THENCE ALONG THE NORTHERLY LINE OF THE NORTHWEST QUARTER OF SAID SECTION 11, NORTH 88° 11' 31" WEST, 471.63 FEET TO THE NORTHEAST CORNER OF THAT LAND GRANTED TO VALLEY CENTER MUNICIPAL WATER DISTRICT, RECORDED MAY 22, 1974 AS INSTRUMENT NO. 74-134095 OF OFFICIAL RECORDS; THENCE ALONG THE EASTERLY LINE OF SAID LAND AND ITS SOUTHERLY PROLONGATION SOUTH 01° 48' 29" WEST, 202.53 FEET; THENCE SOUTH 89° 29' 20" WEST, 209.30 FEET TO AN ANGLE POINT IN THE NORTHERLY LINE OF THAT 30.00 FOOT EASEMENT GRANTED TO VALLEY CENTER MUNICIPAL WATER DISTRICT, RECORDED MAY 22, 1974 AS INSTRUMENT NO. 74-134096 OF OFFICIAL RECORDS; THENCE ALONG THE NORTHERLY LINE OF SAID EASEMENT, SOUTH 89° 29' 20" WEST, 64.36 FEET TO THE BEGINNING OF A TANGENT 707.00 FOOT RADIUS CURVE, CONCAVE SOUTHERLY; THENCE WESTERLY ALONG SAID CURVE THROUGH AN ANGLE OF 22° 35' 00" A DISTANCE OF 278.67 FEET; THENCE TANGENT TO SAID CURVE, SOUTH 66° 54' 20" WEST, 329.47 FEET; THENCE SOUTH 65° 40' 50" WEST, 49.19 FEET TO THE EASTERLY LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 11. THE SOUTHERLY LINE OF SAID 40.00 FOOT STRIP IS TO BE PROLONGED OR SHORTENED SO AS TO TERMINATE ON THE EASTERLY LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 11.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN LILAC ROAD (R. S. 940) AND WESTERLY OF THE WESTERLY LINE OF THE ABOVE DESCRIBED PARCEL J1.

PARCEL J3:

AN EASEMENT AND RIGHT OF WAY FOR ROAD AND PUBLIC UTILITY PURPOSES, OVER, UNDER, ALONG AND ACROSS THE NORTHERLY 40.00 FEET OF PARCEL 4, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA AS SHOWN AT PAGE 5724 OF PARCEL MAPS, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MARCH 24, 1977.

PARCEL J4:

AN EASEMENT AND RIGHT OF WAY FOR ROAD AND PUBLIC UTILITY PURPOSES, OVER, UNDER, ALONG AND ACROSS THE EASTERLY 30.00 FEET OF PARCEL 4, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AS SHOWN AT PAGE 5724 OF PARCEL MAPS, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, MARCH 24, 1977.

PARCEL J5:

AN EASEMENT AND RIGHT OF WAY FOR ROAD AND PUBLIC UTILITY PURPOSES, OVER, UNDER, ALONG AND ACROSS THE WESTERLY 30.00 FEET OF PARCELS 3 AND 4, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AS SHOWN AT PAGE 9548, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JANUARY 3, 1980.

PARCEL J6:

AN EASEMENT AND RIGHT OF WAY FOR ROAD AND PUBLIC UTILITY PURPOSES OVER, UNDER, ALONG AND ACROSS THE WESTERLY 30.00 FEET OF PARCEL 2 IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AS SHOWN AT PAGE 12269 OF PARCEL MAPS, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO, AUGUST 12, 1982.

# EXHIBIT P



Jun 16, 2017 09:58 AM

OFFICIAL RECORDS  
Ernest J. Dronenburg, Jr.,  
SAN DIEGO COUNTY RECORDER  
FEES: \$21.00  
PCOR: YES  
PAGES: 3

RECORDING REQUESTED BY:

Foundation Escrow North County

*Lawyers Title*

*Mail tax statements to /*  
When Recorded Mail Document To:

Wafa Katto  
1581 Dumar Avenue  
El Cajon, CA 92019

Escrow No.: N10314-AS

Title No.:

APN: 538-340-26-00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

GRANT DEED

The undersigned grantor(s) declare(s) *Documentary Transfer Tax B P - NO CONSIDERATION GIFT*  
 computed on full value of property conveyed, or  
 computed on full value less value of liens or encumbrances remaining at time of sale,  
 The property is located in the City of San Diego

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

Wafa Katto, a Single Woman

hereby GRANT(S) to

Wafa Katto, a Single Woman, and Ninus Malan, an unmarried man, as Joint Tenants

the following described real property:

The land hereinafter referred to is situated in the City of San Diego, County of San Diego, State of CA, and is described as follows:

Lots 43 and 44 in Block 240 of San Diego Land and Town Company's Addition, in the City of San Diego, County of San Diego, State of California, according to map thereof No. 379 filed in the office of the County Recorder of San Diego County, October 30, 1886.

Dated:

Wafa Katto

This document filed for record by LAWYERS TITLE as an accommodation only. It has not been examined as to its execution or as to its effect upon title.

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.

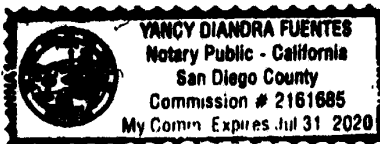
State of California  
County of San Diego  
On June 14, 2017 before me,  
Yancy Diandra Fuentes, Notary Public,  
personally appeared Wafa Katto

Wafa Katto 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 Yancy Fuentes (Seal)



This document filed for record by LAWYERS TITLE as an accommodation only. It has not been examined as to its execution or as to its effect upon title.

GOVERNMENT CODE 27361.7

I CERTIFY UNDER PENALTY OF PERJURY THAT THE NOTARY SEAL ON THE DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS FOLLOWS:

Name of the Notary: *Yancy Diandra Fuentes*

Commission Number: *2161685* Date Commission Expires: *7-31-2020*

County where Bond is filed: *San Diego*

Vendor/Manufacturer No: *N/A*

Place of Execution: *San Diego* Date: *6-14-2017*

Signature: \_\_\_\_\_  
*LM Burr*  
Lawyers Title San Diego

# EXHIBIT Q



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  
San Diego United Holdings Group, LLC, Ninus Malan  
7 And Balboa Ave Cooperative

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

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

11  
12 MONTGOMERY FIELD BUSINESS  
CONDOMINIUMS ASSOCIATION, a  
13 California Nonprofit Mutual Benefit  
Corporation,  
14 Plaintiff,  
15 vs.  
16 BALBOA AVE COOPERATIVE, a  
17 California corporation; SAN DIEGO  
UNITED HOLDINGS GROUPS, LLC, a  
18 California limited liability company;  
NINUS MALAN, an individual; RAZUKI  
19 INVESTMENTS, LLC, a California  
limited liability company; SALAM  
20 RAZUKI, an individual; and DOES 1  
through 25, inclusive;  
21 Defendants.

CASE NO. 37-2017-00019384-CU-CO-CTL  
Assigned to Judge: Honorable Ronald L. Styn

**DECLARATION OF SALAM RAZUKI IN  
SUPPORT OF DEFENDANTS BALBOA  
AVE COOPERATIVE, SAN DIEGO  
UNITED HOLDINGS GROUP, LLC, AND  
NINUS MALAN'S OPPOSITION TO  
PLAINTIFF'S MOTION FOR  
PRELIMINARY INJUNCTION**

[IMAGED FILE]

DATE: September 8, 2017  
TIME: 11:00 a.m.  
DEPT: C-62

22  
23 I, Salam Razuki, declare:

24 1. I am over the age of 18 and am a party to this action. I have personal knowledge  
25 of the facts stated in this declaration. If called as a witness, I would testify competently thereto. I  
26 provide this supplemental declaration in support of defendants San Diego United Holdings  
27 Group, LLC, Balboa Ave Cooperative, and Ninus Malan's opposition to plaintiff Montgomery  
28

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

1 Field Business Condominiums Association's ("Association" or "Plaintiff") request for preliminary  
2 injunction ("Plaintiff's Motion").

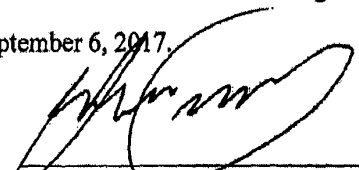
3 2. I am the former owner of 8863 Balboa Ave Unit E, San Diego CA 92123 and  
4 because of my ownership, a former member of the Montgomery Field Business Condominiums  
5 Association (the "Association").

6 3. In 2016, I met with Peter Michelet and he told me that he was the Association  
7 Secretary and had been since 2010. He also stated that the only other board members were Daniel  
8 Burakowski and Glenn Strand. He said that no one else wanted to be on the board because Mr.  
9 Burakowski operated everything by himself. When I inquired about Ed Quinn's role with the  
10 Association, he said Mr. Quinn was only an owner and the reason why he was always present at  
11 meetings was because they were often held at his office because it was the nicest.

12 4. In early 2017, I met with Ed Quinn in his office and he told me that he had never  
13 been the Association's Secretary or an officer; and that there was never anything in writing  
14 indicating that he was the Secretary or an officer of the Association. He indicated that his office  
15 was used for Association meetings.

16 5. I showed Mr. Quinn the 2015 Amendment to the Association's CC&Rs that  
17 contained his signature and he stated that it was his signature, but he did not know why Mr.  
18 Burakowski asked him to sign it. He said he was bothered by the fact that Mr. Burakowski had  
19 him sign it when he was never on the Board of Directors or the Association's Secretary.

20 I declare under penalty of perjury under California state law that the foregoing is true and  
21 correct. Executed in San Diego, California, on September 6, 2017.

  
Salam Razuki

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# EXHIBIT R

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

ORIGINAL

NINUS MALAN,

)  
) Case No.  
) 37-2016-00006980  
) CU-BC-CTL

Plaintiff,

v.

HANK SYBRANDY; GARY KENT;  
SOLYMAR REAL ESTATE; KELLER  
WILLIAMS LA JOLLA; and  
DOES 1 through 50, inclusive,

Defendants.

DEPOSITION OF SALAM RAZUKI  
San Diego, California  
Monday, March 26, 2018  
VOLUME II

Reported by:  
ANELA SHERADIN, CSR NO. 9128

JOB NO. 2854718

PAGES 329 - 400

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

NINUS MALAN, )  
 ) Case No.  
Plaintiff, ) 37-2016-00006980  
 ) CU-BC-CTL  
v. )  
 )  
HANK SYBRANDY; GARY KENT; )  
SOLYMAR REAL ESTATE; KELLER )  
WILLIAMS LA JOLLA; and )  
DOES 1 through 50, inclusive, )  
 )  
 )  
Defendants. )  
 )

Deposition of SALAM RAZUKI, VOLUME II, taken  
on behalf of Defendants, at 110 West A Street, Suite  
625, San Diego, California, beginning at 10:00 a.m. and  
ending at 11:52 p.m. on Monday, March 26, 2018, before  
ANELA SHERADIN, Certified Shorthand Reporter No. 9128.

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APPEARANCES:

For Plaintiff:

BY: DOUGLAS JAFFE, ESQ.  
501 West Broadway, Suite 800  
San Diego, California 92101  
619.400-4945  
douglasjaffe@aol.com

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For Defendants Hank Sybrandy and Solymar Real Estate:

LAW OFFICES OF ROBERT E. MUIR  
BY: ROBERT E. MUIR, ESQ.  
110 West A Street, Suite 625  
San Diego, California 92101-3703  
619.231.6500  
rm@muirlaw.com

Also Present:

NINUS MALAN

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WITNESS EXAMINATION  
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VOLUME II

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San Diego, California, Monday, March 26, 2018

10:00 a.m.

ooOoo

SALAM RAZUKI,

having been first administered an oath, was examined and testified as follows:

FURTHER EXAMINATION

BY MR. BARTSCH:

Q Mr. Razuki, thank you for coming here today. I have a new trial subpoena I want to give you. I gave you one last time but that court date got continued.

MR. BARTSCH: So we are going to call this 12?

THE REPORTER: Yes.

(Exhibit 12 was marked for identification

by the court reporter and is attached hereto.)

BY MR. BARTSCH:

Q So this is a copy. I keep the original.

And I previously gave you a witness fee and an on-call letter. If you choose to sign it, that's great.

I am going to ask about 12 questions that the Court authorized me to ask and then I have a couple of other topics to talk about, so let's get started.

I have given a copy of the transcript to your counsel that I am going to be reading from for the



1           A    It could be my assistant, it could be in the  
2 computer, it could be at escrow, it could be at the  
3 broker, it could be at an attorney. It could be  
4 anywhere when transaction happened, sir.

5           Q    Page 187, line 10 -- well, this is kind of the  
6 exact same question. So I am going to read the whole  
7 thing because it's all one long question with  
8 objections.

9                    "So just so I am clear, your joint represented  
10 party, Ninus Malan, is suing my client for, like, I  
11 don't know, 500,000 -- 1,500,000 because he claims that  
12 he did so much business with you and now he doesn't do  
13 business with you anymore."

14                   Let me stop there. You do currently do  
15 business with Ninus Malan; right?

16                   MR. JAFFE; objection vague as to do business.

17 BY MR. BARTSCH:

18           Q    Ninus Malan currently represents you in real  
19 estate transactions; is that correct?

20           A    No, this is not correct, sir. When you say  
21 represent to me or a real estate transaction, that's not  
22 correct.

23           Q    I am going to step a little out of order here.  
24 Let's take a look at a LoopNet listing. You -- well,  
25 let's ask something else. You are engaged in a

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1 marijuana dispensary with Ninus Malan; is that correct?

2 MR. JAFFE: Objection; vague as to engaged.

3 THE WITNESS: This is incorrect, too, when you  
4 say engaged with marijuana business. So I hope, I hope,  
5 next time, just to be very, very clear how you say  
6 engage with marijuana business, I am not a drug dealer  
7 or anything like that.

8 BY MR. BARTSCH:

9 Q Well, you are currently involved in a lawsuit  
10 in San Diego County with a Bradford Harcourt who is  
11 suing both you and Ninus Malan for a -- Bradford  
12 Harcourt claims you took over his marijuana dispensary  
13 without paying him. So are you involved in any business  
14 with Ninus Malan?

15 MR. JAFFE: Objection; vague and ambiguous as  
16 to involved.

17 You can answer.

18 THE WITNESS: Yes, I -- I hope, if you can be  
19 very clear on the question and tell me exactly what you  
20 mean by that, yes, I had -- I have a lawsuit right now  
21 pending and with these people.

22 I purchased a property from them. I think  
23 Ninus, he is the person that I sell him that property.  
24 But I say engaged with business with Mr. Malan? That's  
25 incorrect, sir.

Page 345

1 BY MR. BARTSCH:

2 Q And I have read the Complaint of the lawsuit  
3 you are talking about and I have looked at the public  
4 records. You had transferred the conditional use permit  
5 to Ninus Malan, didn't you, for the use of the marijuana  
6 dispensary?

7 MR. JAFFE: Objection. It calls for a legal  
8 conclusion regarding transfers of conditional use  
9 permits.

10 THE WITNESS: Yeah, that's -- that's incorrect,  
11 too. There is a document and we went through an escrow.  
12 And I hope you went through all the paperwork when  
13 escrow was open and when I was a seller and Ninus Malan  
14 was a buyer and it was completely two different escrows  
15 and I did not transfer any conditional use permit to  
16 Mr. Malan.

17 MR. JAFFE: Were those companies or you both  
18 individually?

19 THE WITNESS: No, that was companies. It  
20 wasn't me individually or anything like that.

21 BY MR. BARTSCH:

22 Q And do you know that Ninus Malan took a listing  
23 for -- do you know that Ninus Malan took a listing in  
24 the last several months for your Euclid Plaza property  
25 for \$7.495 million?

Page 346

1 they have been talking about listing the property, so  
2 it's not surprise me that the property, it's on the  
3 market.

4 Q So when you say the company, who would that be?

5 A Razuki Investments, LLC.

6 Q And who is Razuki Investments, LLC? Isn't that  
7 you?

8 A That --

9 MR. JAFFE: Objection. It's vague.

10 BY MR. BARTSCH:

11 Q Who makes up Razuki Investments, LLC?

12 A Say again.

13 Q Who makes up Razuki Investments, LLC?

14 A Who --

15 MR. JAFFE: Objection; vague.

16 THE WITNESS: Who makes it?

17 BY MR. BARTSCH:

18 Q Who are the members?

19 A It's me and my brother.

20 Q Just the two of you?

21 A Yes.

22 Q And would you be upset to learn that your  
23 brother had retained Ninus Malan to list the Euclid  
24 Plaza property?

25 A As I said, without even going back and see if

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1 A Say again.

2 Q Do you know that Ninus Malan also lists as a  
3 branch office one of his real estate addresses or,  
4 excuse me, do you know that Ninus Malan lists as a  
5 branch office an office space that is one of the  
6 properties you own?

7 A Which property, sir?

8 Q Logan Avenue. I am not certain of the address.

9 A Logan Avenue, the only thing I have with one of  
10 the corporation belong to Mr. Malan, it's the Mexican  
11 taco shop.

12 Q And are you aware that that address is also  
13 used as -- from the BRE, Bureau of Real Estate website  
14 as a -- what's it called? I forgot the name -- as a  
15 branch office?

16 A I don't know.

17 Q So let's take a look at this. And I don't have  
18 any copies of this, so we will have to use this as  
19 the -- we will have to use this as the official  
20 document. I think this is 14.

21 (Exhibit 14 was marked for identification  
22 by the court reporter and is attached hereto.)

23 BY MR. BARTSCH:

24 Q Take a look at this, please. This appears to  
25 be a Grant Deed dated March 20th, 2017. One of your

Page 353

1 companies is San Diego United Holdings Group, LLC;  
2 correct?

3 A Correct.

4 Q And the Grant Deed is to be sent to Ninus  
5 Malan. If you can take a look at that, please.

6 MR. JAFFE: Let's take a break.

7 MR. BARTSCH: Hold it. Why are we taking a  
8 break?

9 MR. MUIR: He didn't ask for a break.

10 MR. BARTSCH: Typically you don't take a break  
11 when there's a question pending.

12 MR. JAFFE: Was there a question?

13 MR. BARTSCH: Yes.

14 Q Why did you have the Grant Deed sent to Ninus  
15 Malan in 2017?

16 A It say here that it was sent to 7977 Broadway  
17 Avenue, sir. I don't know why you say that is sent to  
18 Ninus Malan.

19 Q Look at the bottom.

20 MR. JAFFE: That's his answer. Let's take a  
21 break.

22 (Recess.)

23 BY MR. BARTSCH:

24 Q All right. So you have had a chance to speak  
25 with your attorney. We are back on the record. Why was

Page 354

1 that document to be sent to Ninus Malan?

2 A Well, this is -- this is saying here United  
3 Holding Group, LLC and I thought it's San Diego Private  
4 Investment, because I have San Diego Private Investment;  
5 so by mistake I thought you were talking about San Diego  
6 Private Investment, not San Diego United because I own  
7 San Diego Private Investment.

8 So let me -- let me correct my answer and say I  
9 thought that you say San Diego Private Investment. My  
10 apology. I just try to be fast and just not pay any  
11 attention because I --

12 Q So you are stating that this has nothing to do  
13 with you; is that correct?

14 A San Diego United Holding Group, LLC, I don't  
15 have nothing to do with that.

16 Q And that address, 7977 Broadway Avenue, Lemon  
17 Grove, California, that's the address that shows up all  
18 over your various companies. That has nothing to do  
19 with you?

20 MR. JAFFE: Objection; argumentative.

21 THE WITNESS: Okay. Okay. I am sorry. What  
22 are you say?

23 BY MR. BARTSCH:

24 Q That 7977 Lemon Grove property address, that's  
25 a property address you own; correct?

Page 355

1 signed on Salam Razuki as a member on behalf of Razuki  
2 Investments, LLC.

3 Q Yes.

4 A That's how she notarized my signature. That  
5 mean Salam Razuki or Razuki Investments, LLC. That's  
6 only involvement that I have here in the bottom, Razuki  
7 Investments and Salam Razuki.

8 Q Right. I don't understand the point. The  
9 point is this document is being sent to Ninus Malan.  
10 May I see it again?

11 A Sure.

12 Q You are saying that San Diego United Holdings  
13 Group, LLC is a company that you have no business with;  
14 is that correct?

15 A That's correct, sir.

16 MR. JAFFE: Objection; vague as to no business  
17 with. There's a sale transaction that's represented by  
18 that document.

19 THE WITNESS: Correct, Mr. Jaffe. But let me  
20 make it clear. Razuki Investments, LLC, when I sold  
21 that property, there was a conditional use permit  
22 attached to that property; and when I sell the property,  
23 that CUP would go with the properties.

24 Does that make it clear? So that's the  
25 involvement that I have only as me, Salam Razuki, or

Page 357



1 Razuki Investments, LLC.

2 I don't have any interest, as I say, in any  
3 San Diego United Holding. So if you will try to ask me  
4 a question that I don't understand it or whatever to  
5 make me say that I have anything to do with San Diego  
6 United Holding, I am saying I don't have a direct  
7 interest in San Diego United Holding.

8 BY MR. BARTSCH:

9 Q So you signed that transfer from -- excuse me.  
10 You signed the transfer from Razuki Investments, LLC to  
11 San Diego United Holdings Group, LLC?

12 A This is not correct, sir.

13 Q It's notarized and signed by you. It's  
14 notarized by your employee.

15 A Correct, sir. But don't try to -- to make me  
16 answer a question that I don't understand. When I  
17 signed this Grant Deed, the Grant Deed is under Razuki  
18 Investments, LLC, not to San Diego.

19 So that Grant Deed, when I purchased that  
20 property under Razuki Investments, I sign it, I notarize  
21 it -- without even having here San Diego United or  
22 anything on it and I signed the Grant Deed as Razuki  
23 Investments own the property and me as Salam Razuki or  
24 whatever. Whatever entity he want that property to be  
25 grant deeded to, that's what he create.

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1 Q Who is he?  
2 A Ninus Malan. He is the one that -- he have an  
3 interest on San Diego United Holding.  
4 Q So you are transferring a Grant Deed to Ninus  
5 Malan?  
6 A It's not personally to Ninus Malan, to the  
7 entities that Ninus Malan have an interest in.  
8 Q Other than Ninus Malan, who else has an  
9 interest in San Diego United Holdings Group, LLC?  
10 MR. JAFFE: Objection; vague.  
11 THE WITNESS: No, I don't -- I don't know.  
12 BY MR. BARTSCH:  
13 Q And you testified that you transferred the  
14 Grant Deed and a conditional use permit on this Grant  
15 Deed; is that correct?  
16 MR. JAFFE: Objection. It calls for a legal  
17 conclusion.  
18 But you can answer.  
19 THE WITNESS: Yeah. Well, from my  
20 understanding, I transferred the Grant Deed on the  
21 property and the CUP that's attached to that property.  
22 BY MR. BARTSCH:  
23 Q And what consideration did Ninus Malan pay you  
24 for that transfer?  
25 A Well, there is an escrow paper. It show there

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I, SALAM RAZUKI, do hereby declare under penalty of perjury that I have read the foregoing transcript; that I have made such corrections as noted herein, in ink, initialed by me, or attached hereto; that my testimony as contained herein, as corrected, is true and correct.

EXECUTED this \_\_\_\_ day of \_\_\_\_\_,  
2018, at \_\_\_\_\_, \_\_\_\_\_.  
(City) (State)

\_\_\_\_\_  
SALAM RAZUKI  
VOLUME II

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I, the undersigned, a Certified Shorthand Reporter of the State of California, do hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth; that any witnesses in the foregoing proceedings, prior to testifying, were duly sworn; that a record of the proceedings was made by me using machine shorthand which was thereafter transcribed under my direction; that the foregoing transcript is a true record of the testimony given.

Further, that if the foregoing pertains to the original transcript of a deposition in a Federal Case, before completion of the proceedings, review of the transcript [ X ] was [ ] was not requested.

I further certify I am neither financially interested in the action nor a relative or employee of any attorney or party to this action.

IN WITNESS WHEREOF, I have this date subscribed my name.

Dated: 04/09/2018



ANELA SHERADIN

CSR NO. 9128

# EXHIBIT S

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Attorneys for Plaintiff

FILED  
CLERK'S BUSINESS OFFICE 9  
CENTRAL DIVISION  
2018 JUN 13 A 11:57  
CLERK SUPERIOR COURT  
SAN DIEGO COUNTY, CA

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

SAN DIEGO PRIVATE INVESTMENTS,  
LLC,

Plaintiff,

vs.

ALLISON-MCCLOSKEY ESCROW  
COMPANY; and DOES 1-10, inclusive,

Defendants.

Case No.: 37-2018-00029303-CU-BT-CTL

**COMPLAINT**

- 1) BREACH OF FIDUCIARY DUTY
- 2) NEGLIGENCE
- 3) BREACH OF CONTRACT

COMES NOW San Diego Private Investments, LLC ("SDPI" or "Plaintiff") and alleges  
as follows:

GENERAL ALLEGATIONS

1  
2 1. On information and belief, defendant Allison-McCloskey Escrow Company is a  
3 corporation doing business in the county of San Diego, California ("McCloskey").

4 2. The true names and capacities, whether individual, corporate, associate or  
5 otherwise, of defendants Does 1 through 10 are unknown to Plaintiff who therefore sues said  
6 defendants by such fictitious names. Plaintiff will amend this complaint to show their true  
7 names and capacities when they have been ascertained. Plaintiff alleges that each of the  
8 fictitiously named defendants engaged in the actions and omissions hereinafter alleged and that  
9 each is fully liable for all the damages requested herein.

10 3. This Court has personal and subject matter jurisdiction over this action and venue  
11 is properly placed in this Court.

12  
13 FIRST CAUSE OF ACTION  
14 (Breach Of Fiduciary Duty)

15 4. Plaintiff incorporates by this reference each of the previous paragraphs.

16 5. McCloskey agreed to act as the escrow holder for Plaintiff in the escrow for the  
17 property at 1778 Bramblewood Court, Chula Vista, CA 91913 known as Escrow No. 145644S-  
18 CG.

19 6. The escrow instruction signed by SDPI and D'Kiel Group, LLC ("D'Kiel")  
20 authorized and directed McCloskey to record the deeds McCloskey was holding. That escrow  
21 instruction is dated November 18, 2016. McCloskey has no explanation for why the deeds were  
22 not immediately recorded pursuant to the escrow instruction, and McCloskey breached its  
23 fiduciary duties in this matter by failing to immediately record the deeds.

24 7. As a direct and proximate result of McCloskey's failure to record the deeds, the  
25 Bramblewood property was sold without the consent of SDPI and without compensation to  
26 SDPI.  
27  
28

1 8. D'Kiel did not allege that SDPI has breached any agreement or term of the  
2 existing agreed upon escrow. McCloskey wrongfully favored D'Kiel by refusing to record the  
3 deeds.

4 9. Demand was made to McCloskey by SDPI for the deeds to be immediately  
5 recorded as set forth in the escrow instruction. McCloskey wrongfully failed and refused to  
6 record the deeds.

7 10. As the escrow holder for Plaintiff, McCloskey owed fiduciary duties to Plaintiff.

8 11. Escrow holders have a fiduciary duty to the parties in escrow to comply strictly  
9 with the parties' written instructions and to exercise reasonable skill and diligence in carrying out  
10 the escrow instructions.

11 12. McCloskey materially breached its fiduciary duties to Plaintiff.

12 13. As a direct and proximate result of the foregoing, Plaintiff has sustained damages  
13 in an amount to be determined at trial, plus interest, attorneys' fees and costs.

14 14. In committing the aforementioned acts and omissions, JLC is guilty of fraud,  
15 oppression or malice, for which JLC should be punished with the imposition of punitive  
16 damages.

17  
18 SECOND CAUSE OF ACTION  
19 (Negligence)

20 15. Plaintiff incorporates by this reference each of the previous paragraphs.

21 16. McCloskey agreed to act as the escrow officer for Plaintiff in the escrow for the  
22 property at 1778 Bramblewood Court, Chula Vista, CA 91913 known as Escrow No. 145644S-  
23 CG.

24 17. The escrow instruction signed by SDPI and D'Kiel authorized and directed  
25 McCloskey to record the deeds McCloskey was holding. That escrow instruction is dated  
26 November 18, 2016. McCloskey has no explanation for why the deeds were not immediately  
27 recorded pursuant to the escrow instruction, and McCloskey acted negligently in this matter by  
28 failing to immediately record the deeds.



1 18. As a direct and proximate result of McCloskey's failure to record the deeds, the  
2 Bramblewood property was sold without the consent of SDPI and without compensation to  
3 SDPI.

4 19. D'Kiel did not allege that SDPI has breached any agreement or term of the  
5 existing agreed upon escrow. McCloskey wrongfully favored D'Kiel by refusing to record the  
6 deeds.

7 20. Demand was made McCloskey by SDPI for the deeds to be immediately recorded  
8 as set forth in the escrow instruction. McCloskey wrongfully failed and refused to record the  
9 deeds.

10 21. McCloskey had a duty to reasonably and properly perform its escrow work.

11 22. McCloskey had a duty to exercise reasonable skill and diligence in this matter.

12 23. McCloskey failed to reasonably and properly perform its escrow work.

13 24. McCloskey failed to exercise reasonable skill and diligence in this matter.

14 25. McCloskey breached its duties to SDPI.

15 26. As a direct and proximate result of the foregoing, Plaintiff has sustained damages  
16 in an amount to be determined at trial, plus interest, attorneys' fees and costs.

17  
18 THIRD CAUSE OF ACTION  
19 (Breach of Contract)

20 27. Plaintiff incorporates by this reference each of the previous paragraphs.

21 28. SDPI and McCloskey entered into an escrow agreement.

22 29. McCloskey materially breached the escrow agreement.

23 30. SDPI did all, or substantially all, of the significant things that the escrow  
24 agreement required it to do or it was excused from having to do those things.

25 31. All conditions required for McCloskey's performance occurred.

26 32. As a direct and proximate result of the foregoing, Plaintiff has sustained damages  
27 in an amount to be determined at trial, plus interest, attorneys' fees and costs.

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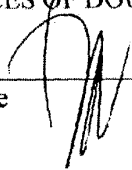
WHEREFORE, Plaintiff prays as follows:

- a) For damages according to proof;
- b) For interest according to proof;
- c) For costs and reasonable attorneys' fees as provided in any agreement between the parties, any statute or otherwise;
- d) For punitive damages; and
- e) For such other and further relief as the Court deems just and proper.

Dated: June 4, 2018

LAW OFFICES OF DOUGLAS JAFFE

Douglas Jaffe



# EXHIBIT T

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

**ELECTRONICALLY FILED**  
Superior Court of California,  
County of San Diego  
**06/27/2018** at 04:33:00 PM  
Clerk of the Superior Court  
By Erika Engel, Deputy Clerk

6 Attorneys for Cross-complainant  
San Diego United Holdings Group, LLC  
7

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

11 AVAIL SHIPPING, INC., a California  
12 corporation,

13 Plaintiff,

14 vs.

15 RAZUKI INVESTMENTS, L.L.C., a  
California limited liability company,  
16 SALAM RAZUKI, an individual, NINUS  
MALAN, an individual, MARVIN  
17 RAZUKI, an individual, AMERICAN  
LENDING AND HOLDINGS, LLC a  
18 California limited liability company, SAN  
DIEGO PRIVATE INVESTMENTS, LLC  
19 a California limited liability company; SH  
WESTPOINT GROUP, LLC, a California  
20 limited liability company, SAN DIEGO  
UNITED HOLDINGS GROUP, LLC, a  
21 California limited liability company; and  
DOES 1 through 100, inclusive;

22 Defendants.

23 **SAN DIEGO UNITED HOLDINGS**  
24 **GROUP, LLC, a California limited liability**  
company;

25 Cross-complainant,

26 vs.

27 **RAZUKI INVESTMENTS, LLC, a**  
28 **California limited liability company;**

**CASE NO. 37-2018-00022710-CU-FR-CTL**

**SAN DIEGO UNITED HOLDING**  
**GROUP'S VERIFIED CROSS-**  
**COMPLAINT FOR:**

**(1) QUIET TITLE;**  
**(2) DECLARATORY RELIEF**

[IMAGED FILE]

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

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

1 SALAM RAZUKI, an individual; All  
2 persons unknown, claiming any legal or  
3 equitable right, title, estate, lien or interest  
4 in the properties described in the Cross-  
5 complaint adverse to Cross-complainant's  
6 title thereto; and ROES 1-15, inclusive.

Cross-defendants.

6 Cross-complainant San Diego United Holdings Group, LLC alleges as follows:

7 **PARTIES**

8 1. Cross-complainant San Diego United Holdings Group, LLC ("Cross-complainant"  
9 or "SDUHG") is, and at all times relevant to this action was, a California limited liability  
10 company with its principal place of business in San Diego County, California.

11 2. Cross-defendant Razuki Investments, LLC is, and at all times relevant to this  
12 action was, a California limited liability company with its principal place of business in San  
13 Diego County, California.

14 3. Cross-defendant Salam Razuki is, and at all times relevant to this action was, an  
15 individual residing in San Diego County, California.

16 4. Collectively Razuki Investments and Salam Razuki ("Cross-defendants").

17 5. SDUHG owns a 100% interest in real property located at 8861 Balboa Ave, Suite  
18 B, San Diego, California 92123 (APN 369-150-13-23) ("8861 Balboa").

19 6. SDUHG owns a 100% interest in real property located at 8863 Balboa Ave, Suite  
20 E, San Diego, California 92123 (APN 369-150-13-15) ("8863 Balboa").

21 7. 8861 Balboa and 8863 Balboa are collectively referred to as the "Properties." A  
22 complete legal description of the Properties is attached as Exhibit A and incorporated by  
23 reference.

24 8. Cross-complainant does not know the true names of Cross-defendants All Persons  
25 Unknown, Claiming Any Legal or Equitable Right, Title, Estate, Lien, or Interest in the  
26 Properties Described in the Cross-complaint adverse to Cross-complainant's title or any cloud on  
27 Cross-complainant's title thereto and ROES 1-15 inclusive, and therefore sues them by those  
28 fictitious names. Cross-complainant will amend this Cross-complaint to allege their true names

1 and capacities when ascertained. Cross-complainant is informed and believes, and thereon  
2 alleges that at all relevant times mentioned in this Cross-complaint, each of the fictitiously named  
3 Cross-defendants are responsible in some manner for the injuries and damages to Cross-  
4 complainant so alleged and that such injuries and damages were proximately caused by Cross-  
5 defendants, and each of them. Cross-complainant is informed and believes that each of the ROE  
6 defendants claims, or may claim, some interest in the real properties described in this Cross-  
7 complaint.

8 9. Cross-complainant is informed and believes and thereon alleges that at all times  
9 herein mentioned, each of the Cross-defendants were the agents, employees, servants and/or the  
10 joint-venturers of the remaining Cross-defendants, and each of them, and in doing the things  
11 alleged herein below, were acting within the course and scope of such agency, employment  
12 and/or joint venture.

13 **JURISDICTION**

14 10. The transaction and events which are the subject matter of this Cross-complaint all  
15 occurred in San Diego County, California.

16 11. 8861 Balboa and 8863 Balboa are located in San Diego County, California.

17 **STATEMENT OF FACTS**

18 12. In or about July 2015, the City of San Diego ("City") Planning Commission  
19 approved a Conditional Use Permit for a medical marijuana consumer cooperative ("MMCC  
20 CUP") at 8863 Balboa. At that time, 8863 Balboa was owned by a California limited liability  
21 company named Leading Edge Real Estate.

22 13. On July 29, 2015, the MMCC CUP was recorded with the San Diego County  
23 Recorded as a covenant running with the land as to 8863 Balboa.

24 14. Cross-complainant is informed and believes that between July 29, 2015 and  
25 August 2016, a California limited liability company named High Sierra Equity ("High Sierra")  
26 acquired title to 8863 Balboa and 8861 Balboa was owned by a trust named The Melograno Trust.

27 15. Cross-complainant is informed and believes that by August 2016, The Melograno  
28 Trust and High Sierra simultaneously offered 8861 and 8863 Balboa for sale and that Cross-

1 defendants learned the Properties were for sale.

2 16. Cross-complainant is informed and believes that on or about August 22, 2016,  
3 Razuki Investments offered to purchase 8863 Balboa from High Sierra for \$375,000 and 8861  
4 Balboa from The Melograno Trust for \$375,000. No steps had been taken to open the marijuana  
5 dispensary at 8863 Balboa e.g. no tenant improvements had been done and no steps had been  
6 taken to have a certificate of occupancy issued by the City.

7 17. Cross-complainant is further informed and believes that Cross-defendants learned  
8 the Properties were part of commercial homeowners' association named Montgomery Field  
9 Business Condominiums Association ("HOA") and that the HOA adamantly opposed the MMCC  
10 and had threatened to sue the property owner and the MMCC operator when it opened.

11 18. On or about October 4, 2016, Razuki Investments purchased 8861 and 8863  
12 Balboa for \$750,000. Cross-complainant is informed and believes that Razuki Investments  
13 and/or Salam Razuki borrowed money to acquire the Properties and that Razuki Investments  
14 and/or Salam Razuki borrowed money from TGP Opportunity Fund I, LLC and that TGP  
15 Opportunity Fund I, LLC secured the note through a Deed of Trust.

16 19. On or about October 4, 2016, a Deed of Trust was recorded in the Properties'  
17 chain of title; Razuki Investments as Trustor granted a Deed of Trust for the benefit of a limited  
18 liability company named TGP Opportunity Fund I, LLC and named a California corporation  
19 named FCI Lender Services, Inc. as the trustee ("TGP Deed of Trust").

20 20. Between October 4, 2016 and March 20, 2017, Cross-defendants made no attempt  
21 to open the MMCC and did nothing to improve the Properties. Cross-complainant is informed  
22 and believes that Cross-defendants decided they did not want to battle the HOA and did not want  
23 to pay for and manage the tenant improvements and conditions required by the MMCC CUP.

24 21. On or about March 20, 2017, Cross-complainant purchased 8861 Balboa and 8863  
25 Balboa from Razuki Investments for \$750,000. Cross-complainant purchased the Properties  
26 subject to the TGP Deed of Trust, in the amount of \$475,000 at closing, and knew that it would  
27 be imminently required to borrow money to pay off the TGP Mortgage to allow for a  
28 reconveyance of the TGP Deed of Trust.

1           22.    On or about March 20, 2017, a Deed of Trust was recorded in the Properties' chain  
2 of title; Cross-complainant as Trustor granted a Deed of Trust for the benefit of Razuki  
3 Investments and named a California corporation named Allison-McCloskey Escrow Company as  
4 the trustee ("Razuki Deed of Trust").

5           23.    On or about May 11, 2017, to pay off the TGP Deed of Trust and to relieve Razuki  
6 Investments of its obligation on the TGP Note and TGP Deed of Trust, Cross-complainant  
7 borrowed money, as evidenced by a note and a Deed of Trust.

8           24.    On May 15, 2017, a Substitution of Trustee and Deed of Reconveyance for the  
9 Razuki Deed of Trust ("Razuki Deed of Reconveyance") was recorded with the San Diego  
10 County recorder. The Razuki Deed of Reconveyance reconveyed to person or persons legally  
11 entitled the estate held under the Razuki Deed of Trust. At the time the Razuki Deed of  
12 Reconveyance was recorded, Cross-complainant and TGP became the "persons" legally entitled  
13 to all estate, title, and interest in the Properties.

14           25.    On or about May 15, 2017, a Deed of Trust was recorded in the Properties' chain  
15 of title; San Diego United Holdings Group, LLC as Trustor of the Properties granted a Deed of  
16 Trust for the benefit of Michael J. Hall and Linda D. Hall, Trustees of the Hall Family Trust dated  
17 June 14, 1989 and named a California corporation named Statewide Reconveyance Group, Inc.  
18 dba Statewide Foreclosure Services as the trustee ("Hall Deed of Trust").

19           26.    On or about May 31, 2017, a Deed of Reconveyance for the TGP Deed of Trust  
20 ("TGP Deed of Reconveyance") was recorded with the San Diego County recorder. The TGP  
21 Deed of Reconveyance reconveyed to person or persons legally entitled the estate, title and  
22 interest held by the TGP Deed of Trust with respect to the Properties. At the time the TGP Deed  
23 of Reconveyance was recorded, Cross-complainant and the Hall Family Trust became the  
24 "persons" legally entitled to all estate, title, and interest in the Properties.

25           27.    In or about May 2017, the MMCC opened at 8863 Balboa. SDUHG paid all  
26 expenses related to the MMCC CUP and through the date of this Cross-complaint has paid all  
27 expenses related to the Properties including property taxes, HOA fees and assessments, the  
28 mortgage, and CUP related expenses.



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28. In or about June 2018, Cross-complainant learned that Cross-defendants had informed a third party that one or both had some interest in the Properties. Cross-complainant became extremely concerned by this statement and this Cross-complaint ensued.

29. Cross-defendants cannot show proper receipt, possession, transfer, negotiations, assignment or ownership of the Properties, the Note or Deed of Trust, resulting in no interest or claim to the Properties.

30. Cross-complainant has perfected title and therefore Cross-defendants cannot establish that they legally or properly hold any interest in the Properties.

**FIRST CAUSE OF ACTION**  
**QUIET TITLE**  
**(Against All Cross-defendants)**

31. Cross-complainant re-alleges and incorporates by reference all preceding paragraphs as though fully set forth herein.

32. Cross-complainant is the fee owner of the Properties and Cross-complainant's title to the Properties is derived from its March 22, 2017 purchase from Razuki Investments for \$750,000, which is secured by a note and the Hall Deed of Trust.

33. All Cross-defendants named herein claim an interest and estate in the property adverse to Cross-complainant in that Cross-defendants assert they are an owner or have an interest in the Properties by a debt instrument.

34. Cross-defendants claims are without any right whatsoever and Cross-defendants have no right, estate, title, lien or interest in or to the Properties or any part of the Properties.

35. Cross-defendants claims, and each of them, claim some estate, right, title, lien or interest in or to the Properties adverse to Cross-complainant's title and these claims constitute a cloud on Cross-complainant's title to the Properties.

36. Cross-complainant requests a determination of its fee simple title as of the date it purchased the Properties from Razuki Investments.

///

///

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3990 Old Town Ave, Ste A-112  
San Diego, CA 92110

1 **SECOND CAUSE OF ACTION**

2 **DECLARATORY RELIEF**

3 **(Against All Cross-defendants)**

4 37. Cross-complainant re-alleges and incorporates by reference all preceding  
5 paragraphs as though fully set forth herein.

6 38. An actual controversy has arisen and now exists between Cross-complainant and  
7 Cross-defendants regarding their respective rights and duties to include Cross-complainants  
8 purchase of the Properties and the Razuki Deed of Reconveyance.

9 39. Cross-complainant contends that Cross-defendants, and each of them, do not have  
10 any right or title to the Properties and cannot prove to the court that they have a valid interest.  
11 Cross-complainant further contends it is not indebted to Cross-defendants for any debt related to  
12 the Properties, whether secured or unsecured.

13 40. Cross-complainant is informed and believes that Cross-defendants dispute Cross-  
14 complainant's contention and instead contend that they have an interest in the Properties and that  
15 Cross-complainant owes Cross-defendants money, whether secured or unsecured, related to the  
16 Properties.

17 41. Cross-complainant requests a judicial determination of the rights, obligations and  
18 interest of the parties with respect to the Properties, and such determination is necessary and  
19 appropriate at this time, and under the circumstances, so that all parties may ascertain and know  
20 their rights, obligations and interest with respect to the Properties.

21 42. Cross-complainant requests a determination that the its purchase, the Hall Deed of  
22 Trust and the Razuki Deed of Reconveyance are valid and that Cross-defendants have no rights  
23 under, at a minimum, the Razuki Deed of Trust. Cross-complainant also requests a determination  
24 that it is not indebted to Cross-defendants for any debt related to the Properties, whether secured  
25 or unsecured.

26 43. Cross-complainant requests all adverse claims to the Properties be determined by a  
27 decree of this Court.

28 ///

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

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44. Cross-complainant requests the decree declare and adjudge that Cross-complainant is entitled to exclusive possession of the Properties subject to the Hall Deed of Trust.

45. Cross-complainant requests the decree declare and adjudge that Cross-complainant owns in fee simple and is entitled to the quiet and peaceful possession of the Properties subject to the Hall Deed of Trust.

46. Cross-complainant requests the decree declare and adjudge that Cross-defendants, and each of them, and all persons claiming under them, have no estate, right, title, lien, or interest in or to the Properties or any part of the Properties.

**PRAYER FOR RELIEF**

WHEREFORE, Cross-complainant prays for the following:

1. For judgment quieting Cross-complainant's fee simple title to the Properties, and that Cross-defendants have no right, title, or interest in or to the Properties;
2. For Declaratory Relief, including, but not limited to the following:
  - a. Cross-complainant is the prevailing party;
  - b. Cross-defendants have no enforceable secured or unsecured claim against the Properties;
  - c. Cross-complainant is entitled to exclusive possession of the Properties;
  - d. Cross-complainant owns in fee simple, and is entitled to the quiet and peaceful possession of the Properties;
  - e. Cross-defendants and all persons claiming any right or title to the Properties have no estate, right, title, lien, or interest in or to the Properties or any part of the Properties.
  - f. Cross-complainant is not indebted to Cross-defendants for any debt related to the Properties, whether secured or unsecured.
3. For attorneys' fees and costs as permitted by law;

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4. For any other and further relief the Court deems proper.

Dated: June 26, 2018

AUSTIN LEGAL GROUP, APC

*Tamara M. Leatham*

By: Gina M. Austin/Tamara M. Leatham  
Attorneys for Cross-complainant San Diego  
United Holdings Group, LLC

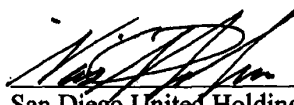
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**VERIFICATION**

I am the manager and sole member for Cross-complainant in this action. I have read the foregoing Cross-complaint for Quiet Title and Declaratory Relief and know its contents. The matters stated in the Cross-complaint are true based on my own knowledge, except as to those matters stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under California state law that the foregoing is true and correct. Executed June 26, 2018 in San Diego, California.



San Diego United Holdings Group, LLC  
By: Ninus Malan  
Its: Sole member and manager

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

# **Exhibit A**

**EXHIBIT A**

**Legal Description**

**8863 Balboa Ave, Suite E, San Diego 92123**

The land hereinafter referred to is situated in the City of San Diego, County of San Diego, State of CA, and is described as follows:

A Condominium comprised of:

Parcel 1:

An undivided 1/46th interest in and to the Southwesterly 219.55 feet of the Northeasterly 413.55 feet of Lot 9 of the City of San Diego Industrial Park Unit No. 2, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 4113, Filed in the Office of the County recorder of San Diego County, March 12, 1959.

Excepting therefrom all office units and industrial units as shown upon that certain Condominium Plan recorded July 31, 1981 as File/Page No. 81-242888 of official records.

Also excepting therefrom the exclusive right to use and possession of all those exclusive use areas designated as parking spaces as shown upon the Condominium Plan above referred to.

Parcel 2:

Unit No. 8863E as shown on the Condominium Plan referred to in Parcel 1 above.

Parcel 3:

The exclusive right to use and possession of those portions of said land described in Parcel 1 above, designated as Parking Space Nos. E-32 and E-31.

APN: 369-150-13-23

**EXHIBIT A**

**Legal Description**

**8861 Balboa Ave, Suite B, San Diego 92123**

The land hereinafter referred to is situated in the City of San Diego, County of San Diego, State of CA, and is described as follows:

A Condominium comprised of:

Parcel 1:

An undivided 1/46th interest in and to the Southwesterly 219.55 feet of the Northeasterly 413.55 feet of Lot 9 of the City of San Diego Industrial Park Unit No. 2, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 4113, Filed in the Office of the County recorder of San Diego County, March 12, 1959.

Excepting therefrom all office units and industrial units as shown upon that certain Condominium Plan recorded July 31, 1981 as File/Page No. 81-242888 of official records.

Also excepting therefrom the exclusive right to use and possession of all those exclusive use areas designated as parking spaces as shown upon the Condominium Plan above referred to.

Parcel 2:

Unit No. 8861B as shown on the Condominium Plan referred to in Parcel 1 above.

Parcel 3:

The exclusive right to use and possession of those portions of said land described in Parcel 1 above, designated as Parking Space Nos. B-48, B-47 and Airplane Parking Space No. (None).

APN: 369-150-13-15



# EXHIBIT U

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

SALAM RAZUKI, an  
individual,

Plaintiff,

vs.

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

Defendants.

Hon. Eddie C. Sturgeon

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

Hearing

---

TRANSCRIPT OF PROCEEDINGS

August 14, 2018

8:28 a.m.

330 West Broadway, Dept. 67

San Diego, California

REPORTED BY:

Leyla S. Jones

CSR No. 12750

## 1 APPEARANCES:

2 For Plaintiff, Salam Razuki:

3 LAW OFFICES OF STEVEN A. ELIA  
4 STEVEN A. ELIA, ESQ.  
5 MAURA GRIFFIN, ESQ.  
6 JAMES JOSEPH, ESQ.  
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9 619.444.2244  
10 steve@elialaw.com  
11 mg@mauragriffinlaw.com  
12 james@elialaw.com

13 For Defendant Ninus Malan:

14 AUSTIN LEGAL GROUP  
15 GINA M. AUSTIN, ESQ.  
16 TAMARA M. LEETHAM, ESQ.  
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19 619.924.9600  
20 gaustin@austinlegalgroup.com  
21 tamara@austinlegalgroup.com

22 -AND-

23 GALUPPO & BLAKE  
24 DANIEL T. WATTS, ESQ.  
25 2792 Gateway Road, Suite 102  
26 Carlsbad, California 92009  
27 760.431.4575  
28 dwatts@galuppolaw.com

29 For Defendants Chris Hakim, Mira Este  
30 Properties, and Roselle Properties:

31 GORIA, WEBER & JARVIS  
32 CHARLES F. GORIA, ESQ.  
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34 San Diego, California 92108  
35 619.692.3555  
36 chasgoria@gmail.com

37 For Defendants SoCal Building Ventures, LLC,  
38 and San Diego Building Ventures, LLC:

39 NELSON HARDIMAN  
40 SALVATORE J. ZIMMITTI, ESQ.  
41 11835 West Olympic Boulevard, Suite 900  
42 Los Angeles, California 90064  
43 310.203.2800  
44 szimmitti@nelsonhardiman.com

1 APPEARANCES (CONTINUED):

2 For Receiver, Michael Essary:

3 GRISWOLD LAW  
4 RICHARDSON C. GRISWOLD, ESQ.  
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6 Solana Beach, California 92075  
7 858.481.1300  
8 rgriswold@griswoldlawsandiego.com

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1 SAN DIEGO, CALIFORNIA;  
2 TUESDAY, AUGUST 14, 2018; 8:28 A.M.

3  
4 THE COURT: Everybody come down on Razuki.  
5 It's probably the whole courtroom, so come on down.  
6 Okay. We do have a whole courtroom. How exciting  
7 is this. All right. Let's go on the record. This  
8 hearing will take no more than ten minutes. You'll  
9 see why. But first of all, let's get the name of  
10 the case. So this is -- is it Razuki? Who  
11 represents Razuki?

12 MR. ELIA: I do, Your Honor.

13 THE COURT: Am I pronouncing it correctly?

14 MR. ELIA: Yes, you are.

15 THE COURT: Versus -- and is it Malan?

16 MS. LEETHAM: Malan. Malan, Your Honor.

17 THE COURT: Thank you. Let's get that.

18 So let's have -- I want to know who  
19 everybody else represents. So go slow so I can put  
20 faces with names. Let's go.

21 MR. JOSEPH: Good morning, Your Honor.

22 James Joseph on behalf of the plaintiff, Salam  
23 Razuki.

24 THE COURT: Razuki.

25 MS. GRIFFIN: Maura Griffin on behalf of  
26 Plaintiff, Salam Razuki.

27 THE COURT: Razuki.

28 MR. ZIMMITTI: Good morning, Your Honor.

1 Salvatore Zimmitti on behalf of SoCal Building  
2 Ventures, LLC, and San Diego Building Ventures, LLC.

3 THE COURT: Have you intervened or is that  
4 still a decision to be made by the Court?

5 MR. ZIMMITTI: Yeah, we have intervened,  
6 Your Honor.

7 THE COURT: So you're in the lawsuit?

8 MR. ZIMMITTI: We're in the lawsuit.

9 THE COURT: SoCal's in?

10 MR. ZIMMITTI: Correct.

11 MR. ELIA: Steve Elia on behalf of the  
12 plaintiff, Salam Razuki.

13 MR. GRISWOLD: Richardson Griswold for  
14 Receiver, Michael Essary.

15 MR. WATTS: Daniel Watts for Defendant  
16 Ninus Malan.

17 THE COURT: Malan.

18 MS. LEETHAM: Tamara Leetham for Ninus  
19 Malan. Mr. Malan is present before the Court.

20 THE COURT: I always appreciate parties  
21 here. It's very important. I like people to know  
22 who, get a sense of who I am.

23 So hold on. Malan, Malan.

24 MS. AUSTIN: Gina Austin on behalf of Ninus  
25 Malan.

26 THE COURT: Malan.

27 MR. GORIA: Charles Goria on behalf of  
28 Chris Hakim, Mira Este Properties, and Roselle

1 Properties.

2 MS. LEETHAM: And a point of clarification,  
3 Your Honor, just so the record is clear, San Diego  
4 Building is not a party to this lawsuit, although  
5 Mr. Zimmitti does represent them transactionally.

6 MR. ZIMMITTI: That's incorrect,  
7 Your Honor. We did intervene with both of the  
8 plaintiffs in the intervening case.

9 THE COURT: I'll sort that out.

10 Who represents Balboa? I see Balboa is a  
11 defendant.

12 MS. LEETHAM: I do, Your Honor, but we have  
13 not appeared yet, because we just have been served.  
14 So we're here only for Ninus Malan. I can specially  
15 appear for Balboa and San Diego United.

16 THE COURT: Thank you. We'll come back to  
17 you. We'll talk about that.

18 And who represents California Cannabis  
19 Group?

20 MS. LEETHAM: I do too, as well,  
21 Your Honor.

22 THE COURT: Okay. Let me keep going. I  
23 think I get a pattern here. Devilish Delights?

24 MS. LEETHAM: I mean, theoretically, that  
25 would either be myself or Mr. Goria. I don't think  
26 we've made a determination on that entity yet,  
27 although it's related.

28 THE COURT: And then is it Mira Este -- am

1 I pronouncing that correctly?

2 MR. GORIA: Yes, Your Honor.

3 THE COURT: -- Properties? Who represents  
4 them?

5 MR. GORIA: I'm appearing for them,  
6 Your Honor.

7 THE COURT: Who represents Roselle Prop --  
8 Roselle -- am I pronouncing that -- Properties?

9 MR. GORIA: Correct. Yes, Your Honor. I'm  
10 also appearing for them.

11 THE COURT: That's that lawsuit. Okay.  
12 And then who represents Flip Management?

13 MS. LEETHAM: Again, that's somebody at  
14 this table. I can specially appear on behalf of  
15 Flip this morning.

16 THE COURT: Here's -- first of all, someone  
17 said, "Judge, this is a rehearing." There will be  
18 no rehearing today. It's not going to happen.  
19 Here's what I want to get settled first, and I say  
20 this so respectfully.

21 I want everybody, everybody -- and that  
22 includes the people that haven't appeared. I'd like  
23 you to make formal appearances. I'd like to do this  
24 case Monday at 1:30. We'll take all afternoon with  
25 it. But hold on. No. Go ahead you can write that  
26 down. I said, "Hold on."

27 What I don't want to happen is for me to  
28 spend all my time -- and I say this so respectfully,



1 Counsel. Most of you know me. I don't want to  
2 spend all my time on this and then walk in and  
3 somebody filed a motion.

4 And you know what motion I'm talking about,  
5 don't you? You've gone through two judges already.  
6 So if somebody wants to file it, file it now. And  
7 boom, I'll send it to another judge in a heartbeat.  
8 But otherwise, you're stuck, because I may make an  
9 order today. So I guess -- no, I'm not going to  
10 make an order today because there's parties that  
11 haven't appeared. So I want everybody to appear.

12 Can we do this informally? Can we have an  
13 agreement -- I'm talking to this side of the  
14 table -- now that you'll work out the appearances so  
15 I don't have to worry about a 176?

16 MS. LEETHAM: Your Honor, we will not  
17 exercise a peremptory challenge. And yes, we will  
18 work those out.

19 MR. GORIA: That's fine.

20 THE COURT: Then would you all feel  
21 comfortable if I make an order today?

22 MS. LEETHAM: As long as it's in my favor.

23 THE COURT: Well said. It will be a pretty  
24 broad order. I'm not going to make any order as to  
25 the receivership. We're going to have a full two-  
26 to three-hour hearing on that, Counsel. I will tell  
27 you that. I have a few questions today.

28 So can I assume there's going to be no 176

1 by anybody in the courtroom and all of the  
2 defendants and plaintiffs? Is that a fair  
3 statement?

4 MR. ELIA: Yes, Your Honor. And it's our  
5 position that each side has already exercised one.

6 THE COURT: Yeah, but that's each side.  
7 You got -- there are other defendants, right?

8 MR. ELIA: There are, Your Honor, but  
9 they're -- they have to be -- the law is that they  
10 have to be substantially adverse, and we believe  
11 that they're sharing attorneys. And if they're  
12 not -- so --

13 THE COURT: That's one opinion.

14 MS. LEETHAM: I actually think I might  
15 agree with him on that point, and we do not intend  
16 on exercising --

17 THE COURT: Okay. So let's go.

18 MS. LEETHAM: -- challenge.

19 THE COURT: Here we go. Here's what we're  
20 going to do: Full hearing this Monday. Just real  
21 quick, I have about five or six questions that I'm  
22 going to ask everybody here. And if you just say,  
23 "Judge, I don't want to go there. You'll hear this  
24 on -- on Monday" --

25 Real quick. Receiver, I've been -- I have  
26 read a lot of this. Somebody says there was  
27 \$170,000 in your account, true or false?

28 MR. GRISWOLD: Yes, true.

1 THE COURT: Did you pay the mortgage  
2 payments?

3 MR. GRISWOLD: No.

4 THE COURT: With 170K and the mortgage  
5 payments were about 50 grand? Did I read that  
6 right?

7 MR. GRISWOLD: I think the mortgage  
8 payments that were communicated by counsel for  
9 Mr. Hakim were approximately 30,000.

10 THE COURT: Why weren't they paid?

11 MR. GRISWOLD: Well, in the interim report,  
12 the receivers laid out the accounting of what was  
13 paid.

14 THE COURT: Okay. So did that go to the  
15 licensing? Is that where it went?

16 MS. LEETHAM: They paid insiders,  
17 Your Honor, almost \$100,000 the day we gave ex parte  
18 notice.

19 THE COURT: And here we go. Here we go.

20 MS. LEETHAM: I --

21 THE COURT: We'll get to it. I just --  
22 these are broad questions. Thank you. Stop right  
23 there.

24 MS. LEETHAM: Okay.

25 THE COURT: I see there's a disagreement.

26 MR. GRISWOLD: Yes.

27 THE COURT: Number 2, can I assume that  
28 when Judge Strauss made his order, he made an order

1 to have a final order prepared, yes or no?

2 MR. ZIMMITTI: Yes.

3 MS. LEETHAM: No. Our position is that's  
4 an order on the receivership, that the order we were  
5 preparing is on how to do the accounting piece of  
6 it.

7 THE COURT: Again, I haven't -- I didn't  
8 see a thing. If -- did Judge Strauss order a final  
9 order on the vacating of the receivership order?  
10 Did he order that.

11 MS. LEETHAM: Yes, he did order it. Yes,  
12 Your Honor.

13 MR. GORIA: I have a --

14 MR. ELIA: Your Honor --

15 THE COURT: Okay. Answer my question.

16 MR. ELIA: Disputed.

17 THE COURT: You'll be able to argue that.  
18 Synergy. Is Synergy here? Anyone represent  
19 Synergy? Nobody?

20 MS. AUSTIN: No, Your Honor.

21 THE COURT: Mr. -- who prepared Mr. -- is  
22 it Hakim? Who prepared that declaration?

23 MR. GORIA: I did, Your Honor.

24 THE COURT: Counsel, you indicated that on  
25 8/3 \$200,000 was collected? It was. That's in the  
26 declaration.

27 MR. GORIA: Okay. Yes --

28 THE COURT: From --

1 MR. GORIA: -- from Synergy.

2 THE COURT: Yeah. Where's that money?

3 MR. GORIA: It's in Synergy's account.

4 There's a blocked account that requires the  
5 signatures of both Synergy and Mira Este and it's in  
6 that account.

7 THE COURT: Okay. You'll see what I'm  
8 going to order. Okay?

9 Then real quick, let me just see if I can  
10 figure this out. And these are just yes-or-no  
11 questions.

12 Does anyone here own 100 percent of  
13 Mira Este Properties, LLC? Obviously not. I know  
14 the answer to my own question.

15 But is there anyone outside of the parties  
16 here that has an interest in Mira Este Properties,  
17 LLC? Do you understand the question?

18 MS. LEETHAM: Yes, Your Honor. RM Holdings  
19 is not a party to this litigation. It would be,  
20 according to Plaintiff's theory, the entity to which  
21 ownership is entitled.

22 THE COURT: And I understand exactly what  
23 you said, Counsel. Would that same argument apply  
24 to Roselle Properties?

25 MS. LEETHAM: Yes, Your Honor.

26 THE COURT: Would that same property -- is  
27 Balboa in or out?

28 MS. LEETHAM: Balboa is in. It's the

1 operator. It's the consumer cooperative.

2 THE COURT: Okay. And then Sunrise  
3 Property, in or out?

4 MS. LEETHAM: They're not in the  
5 litigation, and they should be.

6 THE COURT: We got work to do. Okay. Then  
7 who -- who's Attorney Ford (phonetic)?

8 MR. JOSEPH: He's not here, Your Honor.  
9 We're the same firm.

10 THE COURT: Let's talk about SoCal, just  
11 for a moment. You put in 2.8 million in this  
12 project, right?

13 MR. JOSEPH: Actually, it was 2.73.

14 MS. LEETHAM: Disputed.

15 THE COURT: Fair enough. Okay. Counsel  
16 used some very strong language. When you accuse an  
17 attorney of stealing, that's strong language,  
18 Counsel?

19 MR. JOSEPH: It is, Your Honor.

20 THE COURT: Okay. That -- I just -- who  
21 are you accusing? Okay. Don't say a word. I'm  
22 just telling you, when I read this, I get real  
23 serious. That's -- I'll stop right there. Strong  
24 language. I read it.

25 Okay. SoCal, you say that you have  
26 \$410,000 worth of equipment that's being held  
27 hostage by Mira Mesa -- at the Mira Mesa facility,  
28 right?

1 MR. JOSEPH: That's correct, Your Honor.

2 THE COURT: Tell me who you think -- who's  
3 holding it on this side of the table?

4 MR. JOSEPH: I think it's defendants. I'm  
5 not sure of their associations with each other.  
6 They're -- you know, as far as we're concerned,  
7 they're all working in concert. Actually, they have  
8 done us a favor, Your Honor, and they have actually  
9 posted pictures of our equipment in their  
10 declaration.

11 THE COURT: Thank you. Stop right there.  
12 And I don't want mean to be rude. I just --

13 MR. JOSEPH: That's fine, Your Honor. I'm  
14 happy to answer your questions.

15 THE COURT: I appreciate that.

16 Does anyone dispute that they own that  
17 property?

18 MS. LEETHAM: I think we're just trying to  
19 figure it out, Your Honor. What happened is the  
20 police were called, and we agreed on a stand-down,  
21 essentially, to figure out title.

22 THE COURT: All right. Anybody else --  
23 You've answered all my questions. Thank  
24 you very much. I'm prepared to make an order, and  
25 I'm making an order right now on everybody. So,  
26 therefore, when I make a judicial order, this is --  
27 there will be no 176. It's done. Do you all want  
28 to take a minute and think about it, that you're

1 going to be stuck with me? Okay. Here's my court  
2 order:

3 Mr. Griswold, I want you here. I don't  
4 know what I'm going to do. I'll be quite honest.  
5 I'm going to look at this case fresh, and I'm going  
6 to make a determination whether there were --  
7 Monday, 1:30, whether there will be a receiver or  
8 not. That's going to be the goal. And you're going  
9 to have all afternoon. We'll flesh it out  
10 thoroughly. Okay? Here's the order right now for  
11 all parties:

12 I don't want any money exchanged, none.  
13 All bank accounts are frozen, and I mean frozen even  
14 for an electric bill for the next six, seven days.  
15 No property will be sold, none.

16 Two, I read something that they're trying  
17 to sell -- when I said "property," I also mean real  
18 property. I don't want any real property sold.  
19 That's under the -- of this Court. So that would be  
20 S -- Mira Mesa, Roselle, Balboa.

21 Am I right there? Do I have -- am not  
22 saying --

23 MS. AUSTIN: Mira Este.

24 (Crosstalk.)

25 THE REPORTER: I'm sorry. I didn't --

26 MS. LEETHAM: As a point of clarification,  
27 are you ordering the dispensary to shut down?

28 THE COURT: No, I'm not. Absolutely not.



1 But I don't any money flowing any way for the next  
2 six days. I'm sure that can happen.

3 MS. LEETHAM: And I only say that because  
4 the dispensary keeps very detailed logs of its -- so  
5 they can continue to run and manage --

6 THE COURT: I hope they make money.

7 MS. LEETHAM: Me too.

8 THE COURT: I think we all do.

9 MR. GORIA: Just on that point, Your Honor,  
10 are you talking about no exchange of money other  
11 than in the regular course of business or nothing?

12 THE COURT: I want nothing. I don't even  
13 want an electric bill paid. Nothing. In six days,  
14 the world won't end, until I can find out.

15 Counsel, speak. You give me that look.

16 MS. AUSTIN: I'm sorry, Your Honor.  
17 Because the dispensary runs on a limited amount of  
18 product in store for safety reasons, and so they  
19 regularly purchase product to put it in the store to  
20 sell. Over a weekend, that's a lot of -- could be  
21 a lot of product.

22 THE COURT: Give me an idea.

23 MS. AUSTIN: Hundred thousand dollars.

24 THE COURT: Jeez. Seriously?

25 MS. AUSTIN: Yes, Your Honor.

26 THE COURT: I'm new to the business,  
27 Counsel. They sell \$100,000 worth --

28 MS. AUSTIN: They could. It's a weekend,

1 so you never know on a weekend.

2 THE COURT: Seriously? I may change my  
3 order a little bit. They need product, this side of  
4 the table.

5 MS. LEETHAM: Well, and that's the problem  
6 with the dispensary is keeping some cohesiveness to  
7 it. It's been up. It's been down.

8 THE COURT: Okay. Where does the hundred  
9 thousand dollars come from?

10 MS. LEETHAM: The dispensary. It's all  
11 internal. So it's at this point, I think, starting  
12 to sustain itself now that we have the new operators  
13 in. So it's coming internally. It's accounted for  
14 too.

15 MS. AUSTIN: It would be money they  
16 received from sales that would go back towards  
17 product. We could cap it -- I'd have to verify with  
18 our client, but I'm sure we could cap it a little  
19 bit lower if we had to.

20 THE COURT: Give me a suggestion.

21 MS. LEETHAM: I'd be more than happy to  
22 provide accounting for the limited number of days.

23 THE COURT: I know, but I want to set a  
24 cap. See what she says. Give me a number.

25 MS. LEETHAM: 80,000.

26 THE COURT: Done. And, Counsel, so they  
27 can have \$80,000 for the next eight days.  
28 Obviously, the business is booming, I sense, here.

1 MS. AUSTIN: It's expensive product,  
2 Your Honor.

3 THE COURT: Okay. If you say so. I'll  
4 learn a lot.

5 MR. GORIA: So, Your Honor, just so I'm  
6 clear on that, because it's going to apply also to  
7 Mira Este, which is operational now. The 80,000,  
8 that's the amount that can be spent in the regular  
9 course of business?

10 THE COURT: For product.

11 MS. LEETHAM: For Balboa only. I mean, the  
12 businesses have to be discretely managed. They  
13 can't be meshed together the way the accounting has  
14 it. They're licensed and accountable by location,  
15 if that makes sense.

16 THE COURT: It does. So this 80,000 is for  
17 Balboa?

18 MS. LEETHAM: For the dispensary.

19 THE COURT: Okay. Is that --

20 MS. LEETHAM: And that's Balboa.

21 THE COURT: Are there any other  
22 dispensaries?

23 MS. LEETHAM: There's not. There's  
24 manufacturing.

25 MR. GORIA: Mira Este, which, as we put in  
26 our declaration, generated 200,000 in a week. So  
27 we're going to need some kind of similar arrangement  
28 for replenishment of product.

1 THE COURT: 80,000 enough?

2 MR. GORIA: I believe so.

3 THE COURT: Give me an accounting, both of  
4 you. Okay?

5 MS. AUSTIN: Yes, Your Honor.

6 THE COURT: So this will be for six days  
7 only, and then we'll really get into it on Monday.  
8 Everybody can be here Monday at 1:30?

9 MR. ELIA: Yes, Your Honor.

10 MR. GRISWOLD: Yes, Your Honor.

11 THE COURT: Okay.

12 MS. LEETHAM: Can --

13 THE COURT: That's a court order. I'm  
14 putting it in the minute order right now. There  
15 will be no final order. You're all in front of me.  
16 You heard it. You're charged with it.

17 Counsel, go ahead.

18 MS. LEETHAM: Sorry.

19 THE COURT: You don't have to be sorry.

20 MS. LEETHAM: I'm just chomping at the bit  
21 here.

22 THE COURT: Go.

23 MS. LEETHAM: Because we have multiple  
24 entities that haven't appeared and there's volumes  
25 of paper, I -- can we submit supplemental briefing,  
26 and when would you want it? because I -- there's a  
27 lot of information I need to respond to.

28 THE COURT: Well, that's -- here's the good

1 news: We've got plenty of time. Ready?

2 Anybody that wants to file anything, have  
3 it done by Monday -- no, no, no, not by Monday -- by  
4 Friday at noon. I will read it all this weekend,  
5 anybody who wants to file any supplement. Though,  
6 this isn't enough? Seriously? No. Happy to do it,  
7 and we'll get through this. I promise you that. So  
8 everybody's going to be here?

9 MR. ELIA: Yes, Your Honor.

10 MR. GRISWOLD: Yes, Your Honor.

11 MS. LEETHAM: Yes, Your Honor.

12 THE COURT: I want everybody here, and  
13 we've got the whole afternoon.

14 MR. ELIA: Thank you, Your Honor.

15 THE COURT: We can sort it out.

16 MS. LEETHAM: Thank you, Your Honor.

17 THE COURT: Hold on. I've got an  
18 appointment. We will start at 2 o'clock, 2:00 to  
19 5:00. Okay. Now, if somebody has to make an  
20 appearance, hopefully, you'll make it by being a  
21 little bit late. Thank you for your patience with  
22 this Court.

23 (The proceedings concluded at 8:44 a.m.)

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1 STATE OF CALIFORNIA )  
2 COUNTY OF SAN DIEGO )

3

4 I, Leyla S. Jones, a Certified Shorthand  
5 Reporter, do hereby certify:

6 That prior to being examined, the witness  
7 in the foregoing proceedings was by me duly sworn to  
8 testify to the truth, the whole truth, and nothing  
9 but the truth;

10 That said proceedings were taken before me  
11 at the time and place therein set forth and were  
12 taken down by me in shorthand and thereafter  
13 transcribed into typewriting under my direction and  
14 supervision;

15 I further certify that I am neither counsel  
16 for, nor related to, any party to said proceedings,  
17 nor in any way interested in the outcome thereof.

18 In witness whereof, I have hereunto  
19 subscribed my name.

20

21 Dated: August 17, 2018

22

23 Leyla S. Jones  
24 Leyla S. Jones  
CSR No. 12750

25

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# EXHIBIT V

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

SALAM RAZUKI, an  
individual,

Plaintiff,

vs.

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

Defendants.

Hon. Eddie C. Sturgeon

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

Hearing

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TRANSCRIPT OF PROCEEDINGS

August 20, 2018

2:03 p.m.

330 West Broadway, Dept. 67

San Diego, California

REPORTED BY:

Leyla S. Jones

CSR No. 12750



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12 Also present: Michael Essary  
13 Ninus Malan  
14 Chris Berman  
15 Daniel Spillane  
16 Michael Hickman  
17 Doug Jaffe  
18 Sylvia Gonzales  
19 Chris Hakim  
20 Salam Razuki

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SAN DIEGO, CALIFORNIA;  
MONDAY, AUGUST 20, 2018; 2:03 P.M.

THE COURT: Okay. Let's do some work.  
First, I read all of it. I read it, so I kind of  
know who every party is. Most of you were --  
there's a lot of LLCs. People are here and there's,  
like, ten of them. There's LLCs here or there.

So what I'd like to do first, so I can kind  
of get everybody's name and who you represent,  
because there's a lot of parties here, and then I'm  
going to ask to make sure one of the -- so here we  
go.

Thank you for bringing a court reporter.  
Very important on a case like this. Let's just  
start at that end of the table, then I'll go across,  
and then we'll go to the back.

MR. LACHANT: Aaron Lachant from Nelson  
Hardiman for SoCal Building Ventures and San Diego  
Building Ventures.

MR. ZIMMITTI: Good afternoon, Your Honor.  
Salvatore Zimmitti for Plaintiffs in intervention,  
SoCal Building Ventures and San Diego Building  
Ventures, LLCs.

THE COURT: There's two.

MR. JOSEPH: Good afternoon, Your Honor.  
James Joseph on behalf of the plaintiff Salam  
Razuki.

1 THE COURT: One second. Thank you.

2 MS. GRIFFIN: Maura Griffin on behalf of

3 Plaintiff Salam Razuki.

4 THE COURT: Razuki. Got it.

5 MR. ELIA: Steven Elia on behalf of

6 Plaintiff Salam Razuki, who's present in the

7 courtroom.

8 THE COURT: Yeah. We're going to go

9 through everybody in the courtroom so I know who

10 everybody is.

11 MR. WATTS: Daniel Watts for Defendant

12 Ninus Malan.

13 THE COURT: Malan.

14 MS. LEETHAM: Tamara Leetham and Gina

15 Austin for Ninus Malan, who's present before the

16 Court, as well as -- I have a lot of them,

17 Your Honor. San --

18 THE COURT: Okay. Hold on.

19 MS. LEETHAM: I have a lot of the entities.

20 San Diego United Holdings Group.

21 THE COURT: SD United. Go.

22 MS. LEETHAM: California Cannabis.

23 THE COURT: Cannabis.

24 MS. LEETHAM: Balboa Avenue -- Ave

25 Cooperative.

26 THE COURT: Say that one again.

27 MS. LEETHAM: Balboa Ave Cooperative.

28 THE COURT: I know who that is.

1 THE COURT: Yeah, those two. And that is  
2 on a residence someplace down south, correct?

3 MR. ELIA: Correct.

4 THE COURT: And that is for a TRO to stop a  
5 foreclosure, correct?

6 MR. ELIA: Yes, Your Honor.

7 THE COURT: Okay. Let's just make sure --  
8 let's start with this. Let's start on the main  
9 case.

10 MS. LEETHAM: Your Honor?

11 THE COURT: Yes, ma'am.

12 MS. LEETHAM: Just to make a clear record,  
13 there's also a low number matter you have in a third  
14 case --

15 THE COURT: Didn't know -- okay.

16 MS. LEETHAM: -- a related case.

17 THE COURT: Thank you.

18 MS. LEETHAM: There's a hearing tomorrow  
19 morning. I have the case number if you would like  
20 it.

21 THE COURT: I would.

22 MS. LEETHAM: It's 37-2018-00022710. Do  
23 you want the letters?

24 THE COURT: Just tell me the case name.

25 MS. LEETHAM: It's Avail Shipping vs.  
26 Razuki Investments, et al. On June 27th, I actually  
27 filed a cross-complaint for quiet title on the  
28 Balboa Avenue Properties.

1 THE COURT: Is that case pending?

2 MS. LEETHAM: We have an ex parte tomorrow  
3 morning.

4 THE COURT: But is it pending?

5 MS. LEETHAM: Yes, Your Honor.

6 THE COURT: And has everybody been served?

7 MS. LEETHAM: You would have to ask the  
8 plaintiff. I'm the cross-complainant, so yes.

9 THE COURT: We'll find out. Does anyone  
10 represent -- is it Avail Shipping? I think I read  
11 something about that.

12 MS. LEETHAM: The law firm is Hickman &  
13 Robinson.

14 THE COURT: And I assume they're not here.

15 MS. LEETHAM: They are not. They have the  
16 papers and they called me today.

17 THE COURT: You know what? I'll be here at  
18 8:30 tomorrow morning.

19 All right. I want to know who everybody is  
20 in the courtroom. So let's start on this side. If  
21 you're the public, you're welcome. But if you're an  
22 entity -- oh, no. We have to finish. Keep going.

23 MR. ESSARY: Good afternoon, Your Honor.  
24 Michael Essary, receiver.

25 THE COURT: Okay.

26 MR. GRISWOLD: Good afternoon, Your Honor.  
27 Richardson Griswold, counsel for receiver.

28 THE COURT: I don't want to know who the

1 public is. But if I have litigants here, I would  
2 like to know who they are, and if they could stand.

3 MR. BERMAN: Chris Berman from SoCal  
4 Building Ventures.

5 THE COURT: SoCal.

6 MR. SPILLANE: Dan Spillane, SoCal.

7 THE COURT: SoCal.

8 MR. HICKMAN: Good afternoon, Your Honor.  
9 Michael Hickman, not related to the other Hickman  
10 she just mentioned. I'm here, although we're not a  
11 party, on behalf of RM Property Holdings.

12 THE COURT: I know who that is. Thank you.

13 MR. JAFFE: Doug Jaffe, Your Honor. I'm an  
14 attorney on the Avail Shipping case that you're  
15 dealing with tomorrow.

16 THE COURT: Welcome.

17 MS. GONZALES: Sylvia Gonzales, broker  
18 compliance officer for Mr. Razuki.

19 THE COURT: And that's Mr. -- and, ma'am --  
20 okay. That's Mr. -- and who are you again?

21 MS. GONZALES: I'm a broker and I've been  
22 helping him out with property management.

23 THE COURT: Got it. And what --  
24 Did you get her name, Ms. Reporter?

25 THE REPORTER: Yes.

26 THE COURT: Thank you. Okay.

27 MR. HAKIM: Hi. I'm Chris Hakim, here for  
28 Mira Este Properties and Roselle.

1 THE COURT: Welcome.

2 MR. MALAN: Ninus Malan, Your Honor.

3 THE COURT: Thank you. And you're the  
4 public?

5 MR. RAZUKI: You could say that.

6 THE COURT: Have a seat.

7 MR. RAZUKI: Thank you.

8 THE COURT: I appreciate it. Here we go.  
9 That's Mr. Hakim -- I mean, that's Mr. Razuki,  
10 right?

11 MR. RAZUKI: Salam Razuki, yes, Your Honor.

12 THE COURT: Okay. Let's talk about 170.6s  
13 first. So the case of -- who's S&H? Is S&H here?

14 MR. ELIA: Yes, Your Honor. I'm counsel  
15 for S&H.

16 THE COURT: Okay. That case has been  
17 transferred down. You both got notice, hopefully.  
18 Did you know that this case was being -- that that  
19 case was coming from Judge Taylor's department to my  
20 department?

21 MR. ELIA: Yes.

22 THE COURT: And then who represents Mr. --

23 MR. WATTS: Ninus Malan and American  
24 Holdings -- American Lending and Holding.

25 THE COURT: Any challenges to the current  
26 Court?

27 MR. WATTS: No, Your Honor.

28 MR. ELIA: No, Your Honor.



1           THE COURT: Welcome. Let's talk about now  
2 how I'm going to treat this hearing. Obviously, I  
3 have read many variations of what happened in  
4 department -- Judge Medel's department and Judge  
5 Strauss' department, whether it's been rescinded,  
6 whether it hasn't.

7           My thought process is this -- because I  
8 don't want to get into an argument, was there a  
9 valid order. No. I don't want to do that. We're  
10 starting fresh today. Today. So I don't want to  
11 rehash old history. There may be a couple of points  
12 you want to bring up in old history, but I'm not --  
13 we're not going to do that. I don't have that much  
14 time. Okay? So that would be the first thing I  
15 think we should do.

16           For the parties, I like it when you come to  
17 court. I'm going to make a decision today that's  
18 going to impact all of you, and I think it's a good  
19 idea having who the judge is -- you know, who's this  
20 person in the black robe that's going to make a very  
21 important decision that may have a great effect on  
22 your lives.

23           So I always invite you to do that, because  
24 you get a sense of who I am, what I am, and I'll try  
25 to give you my thought process as I go along. Okay.  
26 So welcome, and I really mean that. You ought to  
27 come to every hearing that you can, based on  
28 everything that I've read, because there is a lot to

1 cover today.

2 Okay. Shall we start with this: Your --  
3 who's the moving party that wants a TRO?

4 That ain't you, is it?

5 MR. ELIA: Good morning, Your Honor. We  
6 wanted -- we requested our receiver and a TRO.

7 THE COURT: Yeah. Who's the moving party?

8 MR. ELIA: Mr. Razuki is.

9 THE COURT: Then whoever it is, let's go.

10 MR. ELIA: I'll start. May I sit,  
11 Your Honor?

12 THE COURT: You may.

13 MR. ELIA: Okay. Your Honor, there's a ton  
14 of information on this case. So what I'd like to do  
15 is just kind of give you a -- background  
16 information, because I think that will help you not  
17 only in this case, but also in the foreclosure case.

18 THE COURT: We're going to do that second.  
19 I just want to focus -- understand. Different  
20 hearing. Go.

21 MR. ELIA: And Mr. Razuki met Mr. Malan  
22 sometime in 2014. Mr. Razuki is a -- owned  
23 substantial assets. He's got many shopping centers,  
24 gas stations, real estate. Suffice it to say, he's  
25 a wealthy individual. His net worth is anywhere  
26 from 15 to \$20 million.

27 He met Mr. Malan, who is a real estate  
28 agent, sometime in 2014. And Mr. Malan went to work

1 for him and assisted him in managing properties and  
2 things of that nature.

3 Now, in -- you'll see, Your Honor, you've  
4 got a stack of paperwork in front of you. We've  
5 submitted a tremendous amount of paperwork  
6 evidencing Mr. Razuki's contributions. And you'll  
7 see that Mr. Malan -- there's not one document that  
8 evidences any cash that he put in himself.

9 Now, we're requesting the receiver because  
10 my client has a property interest in the  
11 three dispense -- the two dispensaries that are  
12 operating now and the one that isn't operating.

13 In the Balboa location, my client has put  
14 in \$920,000 in cash and obtained financing for  
15 2.2 million. We have a declaration from Mr. Salas  
16 (phonetic), who's a hard money lender, that says,  
17 For the last 15 years, I've known Mr. Razuki and the  
18 only reason I funded this loan is because of  
19 Mr. Razuki's credit.

20 And I just want to note for the record that  
21 Mr. Hakim, who's also here, has acknowledged that he  
22 doesn't have a property interest in the Balboa  
23 operations.

24 As far as the Mira Este location, my  
25 client, Mr. Razuki, put in \$750,000 in cash -- and  
26 we produced documents -- and also obtained financing  
27 from the loan company, along with Mr. Hakim, for  
28 \$3.3 million.

1           My client not only pledged three properties  
2           to secure that note, but also an LLC that he owns  
3           called San Diego Private Investments Group, which  
4           owns 22 properties and there's a value of about  
5           \$8 million.

6           So my client has secured this loan by --  
7           with 25 properties. Mr. Hakim has secured it with  
8           one property. And Mr. Malan has given no collateral  
9           whatsoever.

10           THE COURT: Let's talk about the -- may I  
11           interrupt for a second?

12           MR. ELIA: Yes.

13           THE COURT: Let's talk about the three  
14           properties for a bit. Let's talk about grant deeds.  
15           Okay?

16           MR. ELIA: Okay.

17           THE COURT: Who is the grant deed owner on  
18           9212 Mira Este Court?

19           MR. ELIA: I believe that's Mira Este, LLC.

20           THE COURT: And who's -- that's the way I  
21           look at it. Who's part of that LLC?

22           MR. ELIA: Mr. Hakim owns 50 percent.  
23           Mr. Malan, on paper, owns the remaining -- other  
24           50 percent, which we contend we own 75 percent of  
25           that 50 percent.

26           THE COURT: So are there legal documents  
27           that support that?

28           MR. ELIA: Yes, Your Honor. There's a

1 fully executed eight-page settlement agreement with  
2 two pages of recitals that --

3 THE COURT: Oh, I've read that. I got the  
4 settlement agreement. I want to know if there is a  
5 separate document that shows that the LLC owns that  
6 property -- no, who the owners of the LLC are, not  
7 the settlement document.

8 Is there a separate LLC document that  
9 actually says who the owners are?

10 MR. ELIA: It's my understanding that the  
11 operating agreement would have Mr. Malan as a  
12 50 percent owner and Mr. Hakim as the other  
13 50 percent owner.

14 THE COURT: So then let's just look at that  
15 for a moment. So then the analysis is, as far as so  
16 far legally, on the grant deed is MEP, correct?

17 MR. ELIA: Correct.

18 THE COURT: The owners of MEP are Mr. Hakim  
19 and Mr. Malan, correct?

20 MR. ELIA: Only on paper, Your Honor, on  
21 the operating agreement.

22 THE COURT: Only on paper?

23 MR. ELIA: Right.

24 THE COURT: Okay. Paper -- sometimes paper  
25 means a lot, Counsel. But then we have this other  
26 agreement, right?

27 MR. ELIA: Correct.

28 THE COURT: Called the settlement

1 agreement, where somebody's going to put some  
2 property into this other entity, correct?

3 MR. ELIA: RM.

4 THE COURT: Let me just ask one question.  
5 Did anybody put any property into RM?

6 MR. ELIA: No.

7 THE COURT: I know the answer, Counsel.

8 MR. ELIA: The answer is no.

9 THE COURT: Yeah. So here -- people are  
10 claiming ownership into an entity. Well, Judge --  
11 did we do it?

12 No, we didn't do anything.

13 Okay. I got questions on both sides, but I  
14 just want to make sure I understand the facts.

15 Okay. Real quick -- so that takes care of  
16 Mira Mesa [sic].

17 Who's the owner of Roselle?

18 MR. ELIA: Roselle, similarly, is --  
19 Mr. Hakim owns 50 percent.

20 THE COURT: All right.

21 MR. ELIA: And the owner would be Roselle,  
22 I believe, the LLC.

23 THE COURT: Correct. It's Roselle  
24 Properties, LLC.

25 MR. ELIA: That's the one, yeah.

26 THE COURT: And if you look at title, or  
27 however you want to say it, under the LLC, parties  
28 in the LLC are?

1 MR. ELIA: I believe title is vested in the  
2 LLC, and I think the operating agreement says that  
3 Mr. Malan is 50 percent owner and Mr. Hakim is the  
4 other 50 percent owner.

5 THE COURT: Correct again, based on what  
6 I've read. Does your client assert any interest  
7 into Roselle?

8 MR. ELIA: Yes, Your Honor. He asserts  
9 75 percent interest in Mr. Malan's 50 percent  
10 interest.

11 THE COURT: And again, that would be under  
12 the settlement agreement, correct?

13 MR. ELIA: Yes, Your Honor, and all the  
14 funding evidences that as well. And under the --

15 THE COURT: We'll get to that in just a  
16 minute. You -- and then -- and then who owns  
17 Balboa?

18 MR. ELIA: Balboa is SD United Holdings.  
19 Mr. Malan is -- on the operating agreement owns  
20 100 percent of that, and title is vested in that  
21 LLC. We contend that we own 75 percent of that.

22 THE COURT: And again, I assume that  
23 analysis is done under the settlement agreement to  
24 get to that 75 percent, correct?

25 MR. ELIA: Correct, and the oral agreement  
26 that is evidenced by the settlement agreement.

27 THE COURT: Let me interrupt one more time.  
28 Do we have anyone representing Far West

1 Your Honor.

2 THE COURT: There you go.

3 MR. ELIA: Okay. I think -- Your Honor, we  
4 think that this settlement agreement -- we think we  
5 win on this because we think it sets forth the  
6 intent. And it's got two pages of recitals that  
7 describe in intricate detail what the partnership  
8 assets are, and those are the SD United that owns  
9 Balboa. It's the Mira Este property. It's -- and  
10 it's also the Roselle property.

11 So it's got two full pages of recitals, and  
12 Section 1.2 is the most important. It says Razuki  
13 and Malan have an understanding. It says that  
14 regardless of which party --

15 THE REPORTER: Can you slow down a little  
16 bit when you read, please.

17 MR. ELIA: Sorry. I do that in a lot of  
18 hearings. I apologize.

19 THE COURT: Uh-huh.

20 MR. ELIA: It says Razuki and Malan have an  
21 understanding such that regardless of which party or  
22 entity holds title and ownership to the partnership  
23 assets, Razuki is entitled to a 75 percent interest  
24 in the capital, profits, and losses of each  
25 partnership asset, and Malan is entitled to  
26 25 percent interest. And no party is entitled to  
27 receive any profits whatsoever until and unless the  
28 parties have first been repaid their investment in



1 full, hereinafter, the partnership assets -- that's  
2 a defined term. It refers to the -- all the parties  
3 that are in dispute today.

4 Now, Your Honor, they contend that these  
5 recitals are incorporated into the agreement in a  
6 different section. The signatories to this  
7 agreement are two people, Mr. Razuki and Mr. Malan.  
8 They contend that my client doesn't have a property  
9 interest, that he shouldn't be here, that he doesn't  
10 have rights.

11 Well, there's, again, only two individuals.  
12 RM is not an actual party to this agreement, so  
13 we've sued to enforce this agreement. And we think  
14 we win on this, but let's set it aside for argument  
15 purposes and let's say this is void.

16 Even if this is void, it sets forth and is  
17 evidence of the oral partnership agreement that they  
18 had, which is further evidenced by the millions and  
19 millions of dollars that my client put in, while  
20 Mr. Malan put in virtually no money at all.

21 Sometime in -- I believe it was May,  
22 Your Honor, my client started to get suspicious of  
23 what was going on with the dispensaries. He was  
24 being told they weren't really making any money. So  
25 he contacted SoCal, had a meeting with SoCal, and  
26 that was the first time that SoCal learned that my  
27 client had a 75 percent interest.

28 So SoCal sent a letter dated May 24th to

1 Mr. Malan and Mr. Hakim, and they said, Hey, what  
2 the heck's going on? We have somebody that says he  
3 owns 75 percent of this and it was not disclosed.  
4 Please produce all the paperwork that shows who the  
5 true ownership is. And they didn't.

6 So what happened was -- everything was  
7 fine. SoCal started operating in October until  
8 June -- or I believe it was July 10th that they  
9 locked them out. So for ten months, there was no  
10 complaint whatsoever about SoCal, that they smoked  
11 weed or that they did this or that they had a felon  
12 working for them. No complaints whatsoever. It's  
13 when SoCal stopped paying because of what was going  
14 on that they were locked out.

15 THE COURT: What did they pay?

16 MR. ELIA: I'm sorry?

17 THE COURT: What did they pay?

18 MR. ELIA: I believe it was --

19 MR. ZIMMITTI: Your Honor --

20 MR. ELIA: -- \$50,000 just on the Balboa  
21 property, Your Honor.

22 THE COURT: Who said "Your Honor"?

23 MR. ZIMMITTI: Your Honor, Salvatore  
24 Zimmitti for SoCal. Your Honor, we -- if I may just  
25 sort of jump in on sort of the SoCal piece of this.  
26 We do support Mr. Razuki's request for a receiver.  
27 Basically, you know, there's a lot going on here,  
28 and I appreciate the complexity the Court has to

22

1 face.

2 THE COURT: That's okay.

3 MR. ZIMMITTI: From SoCal's point of view,  
4 I think I can sort of just take a high level  
5 approach of how we fit into things.

6 THE COURT: Can you hold on that --

7 MR. ZIMMITTI: Sure.

8 THE COURT: -- and let him finish?  
9 Two questions. Did you make a monthly  
10 payment for consulting fees?

11 MR. ZIMMITTI: We made -- we made monthly  
12 payments under the agreements. As far as I know, we  
13 made all the required payments. You know, your  
14 monthly guarantee --

15 THE COURT: It's a very specific question.  
16 Maybe you can do a little research.

17 MR. ZIMMITTI: Okay.

18 THE COURT: I want to know if you made  
19 specific payments monthly for consulting fees that  
20 went to an LLC -- that's what I read, correct -- or  
21 did it not?

22 Number 2, did you pay management fees above  
23 and beyond -- besides SoCal, who to and how much  
24 monthly?

25 If you could kind of research that if you  
26 could while he works. You got two attorneys there.  
27 One can do that and the other one can listen. Fair  
28 enough?

1 Do you have any idea what I'm talking  
2 about, Counsel, when I say that?

3 MR. ZIMMITTI: Your Honor --

4 THE COURT: If you don't, it's okay.

5 MR. ZIMMITTI: Well, I -- there's a lot  
6 of -- a lot of money being paid. I have a -- I have  
7 a register of what we paid, and I have --

8 THE COURT: I'm looking at a fee of \$50,000  
9 a month. Does that ring a bell?

10 MR. ZIMMITTI: Yes.

11 THE COURT: Does \$60,000 ring a bell?

12 MR. ZIMMITTI: I'll get you all the numbers  
13 you'd like, Your Honor.

14 THE COURT: And I want to know what they  
15 did to earn that fee.

16 I digress. Go, Counsel.

17 MR. ELIA: So, Your Honor, under -- under  
18 this management agreement that they entered into  
19 without my client's consent -- when I say "they," I  
20 refer to Mr. Hakim and Mr. Malan.

21 Now, again, Your Honor, Mr. Hakim has no  
22 interest in the -- Balboa, yet under this settlement  
23 agreement, under Section 2.2.8, there's \$35,000 a  
24 month that goes to Monarch, an entity that is owned  
25 by Mr. Hakim and Mr. Malan. And to date, they have  
26 not provided an explanation as to why in the world  
27 money is going to Monarch when it should be going to  
28 Flip.

1 THE COURT: Because it's a management  
2 consulting LLC, isn't it? That's what I'm talking  
3 about, Counsel. Go ahead.

4 MR. ELIA: The understanding, Your Honor,  
5 was that Flip Management was supposed to get that  
6 money, not Monarch.

7 THE COURT: That's one theory.

8 MR. ELIA: Let me tell Your Honor why we're  
9 asking for the receiver right now.

10 THE COURT: Okay.

11 MR. ELIA: We contend that we funded these  
12 properties, that we have an ownership interest,  
13 75 percent. These two individuals already entered  
14 into an agreement where they transferred and gave  
15 options and were paid a substantial amount of money  
16 to provide options for real estate properties in  
17 which they don't own. That's Number 1.

18 Number 2 --

19 THE COURT: Let me interrupt again.

20 SoCal, do you claim that you have an option  
21 to purchase in these -- these business entities?

22 MR. ZIMMITTI: Yes, Your Honor, we do.

23 THE COURT: Does anyone here assert that  
24 Far West company may also have options to  
25 participate? Anyone want to comment on that?

26 MR. ELIA: I do, Your Honor.

27 THE COURT: Yeah.

28 MR. ELIA: The day that they locked them

1 out, that was 7/10. The receiver took over on 7/17.  
2 We found an agreement to Far West that had a clause  
3 in there, Section 1.7, that said "long-term  
4 agreement."

5 Now, what happens if they enter into a deal  
6 with Far West at the same time they have put  
7 \$2.8 million in? And they're not just going to let  
8 that 2.8 million go with property rights, so it  
9 creates a situation -- and it's clear that their  
10 intent is to enter into these agreements. And it  
11 creates a situation where there's going to be a  
12 multiplicity of lawsuits.

13 And what even is even scarier is that they  
14 have just entered into an agreement with Synergy  
15 with the same exact 1.7 section. And in addition to  
16 that, what they did was they gave rights of  
17 royalties in perpetuity in that agreement. And I  
18 can read that to Your Honor.

19 THE COURT: Is that Synergy?

20 MR. ELIA: Yes. There's -- and I can read  
21 that section for Your Honor.

22 THE COURT: As you're doing that, is Far  
23 West managing anything now?

24 MR. ELIA: The Balboa operations.

25 THE COURT: Okay.

26 MR. ELIA: Section -- Article 3, Section B,  
27 for the Synergy agreement says that following  
28 termination -- so even if this agreement is

1 terminated -- manager will be entitled to  
2 receive 2 1/2 -- and then it says "5" in  
3 parentheses -- of the net profits of the facility  
4 generated by the manager's contracts every month.

5 So this goes into perpetuity on assets they  
6 don't own. So now we've got Synergy, we've got  
7 SoCal, and we've got Far West. And this is going to  
8 lead to a big lawsuit, and it subjects the  
9 partnership assets to liability of millions of  
10 dollars. And that's why we asked for the receiver  
11 to step in so that there's no waste.

12 In addition to that, what we're concerned  
13 about is Mr. Malan currently owns the assets in his  
14 name. He can sell those. In the other case, he  
15 sold one property, which we'll get to later on.

16 THE COURT: When you say "assets," be more  
17 specific. What are you talking --

18 MR. ELIA: San Diego --

19 THE COURT: The equipment?

20 MR. ELIA: No, Your Honor. I'm talking  
21 about SD United. I'm talking about the real  
22 property. I'm talking about the Mira Este real  
23 property. I'm talking about the Roselle real  
24 property. And those are in his name, and we just  
25 simply have zero trust. And the fact that he's  
26 already sold a property for half of what the value  
27 is in the other case, which we'll get to later, is  
28 an issue.

1                   The loan for the -- Mira Este of  
2     3.3 million is in default. Their -- the monthly  
3     payments are current, but there was a \$200,000  
4     payout that hasn't been made. And what happens is  
5     my client secured that loan with 25 properties. And  
6     that's in default and that's an issue that terrifies  
7     us, frankly.

8                   The reason we cannot trust Mr. Malan or  
9     Mr. Hakim is because Mr. Malan has violated two  
10    court orders, Your Honor. The last time we were  
11    here, you mentioned on two occasions -- you said, I  
12    want the bank accounts frozen and I mean frozen and  
13    that not even a bill was to be paid.

14                  And that same day, Your Honor, as he sat in  
15    this courtroom, Mr. Malan contacted BBVA Compass and  
16    sent Judge Strauss' order vacating the receiver to  
17    that bank and asked them to unfreeze the account.  
18    That's the -- that's one blatant violation of a  
19    court order.

20                  The second one occurred on the day the  
21    receiver took over when I argued before Judge Medel.  
22    I was in his courtroom. Ms. Austin was there. He  
23    granted the receiver. Two hours later, Ms. Austin  
24    spoke to the receiver and told them, I'm not going  
25    to -- I'm not going to follow the order, and I'm  
26    going to instruct my clients not to follow the  
27    order, and I'm not -- I'm going to further instruct  
28    them not to cooperate with the receiver.



1                   And what happened after there [sic],  
2   Your Honor, was caught on video and I brought it  
3   with me. And it's only 28 seconds, and I'd ask that  
4   Your Honor take a look at the video.

5                   THE COURT: Is that the backdoor situation?

6                   MR. ELIA: Yes, Your Honor. Suffice it to  
7   say --

8                   THE COURT: I don't need it right now.

9                   MR. ELIA: Okay. All right. And so --

10                  THE COURT: You'll get your chance. I  
11   promise.

12                  MR. ELIA: We got -- we have no confidence  
13   that they'll ever provide truthful numbers. This is  
14   an all-cash business, and we need some form of  
15   internal controls.

16                  And you got a sense of the gravity of the  
17   sales and the money that this -- these locations  
18   generate in a weekend. I think they said \$200,000  
19   on Mira Este in a weekend, and I think it was  
20   100,000 at Balboa. It's a tremendous amount of  
21   money. It's cash.

22                  And what they want to do is they want to  
23   pretend that we have an imaginary interest, although  
24   we funded millions and millions of dollars and put  
25   up 25 properties. Mr. Malan and even Mr. Hakim in  
26   his declaration says that my client did fund it, and  
27   he didn't want to be on the paperwork.

28                  The only person in this courtroom that says

1 that we have an imaginary interest is Mr. Malan, and  
2 that's after we put in millions of dollars. We  
3 encumbered 25 properties, and he's put in  
4 virtually -- not one piece of paper that shows that  
5 he put in any cash whatsoever. He wants to take all  
6 that from us and then SoCal's \$2.8 million and  
7 pretend that we have no interest whatsoever.

8 So we have irreparable harm because of the  
9 multiplicity of lawsuits and then giving options on  
10 properties they don't own and royalty agreements in  
11 perpetuity and things of this nature, and we need  
12 internal controls.

13 Two things I want to say about Judge  
14 Strauss and Judge Medel's order, and I'll make it  
15 very, very brief, Your Honor. There was a discovery  
16 hearing in a related case. And coincidentally, that  
17 case was before Judge Medel, and that was four days  
18 after the receiver was appointed. Ms. Leetham  
19 appeared. Ms. Austin appeared at that hearing. It  
20 was a discovery hearing. It was on the San Diego  
21 Patients case versus some of the same parties here.

22 They appeared. And in that case, Mr. Jaffe  
23 is counsel and he doesn't know anything about this  
24 case. I wasn't there. And they made a complaint  
25 that everything was in, you know, ruins and there's  
26 all these problems and issues, and they spoke for 17  
27 pages about how the receiver was creating a problem.

28 So Judge Medel, understandably, said -- and

1 he didn't hear from me, because I wasn't there. But  
2 he said, You know what? I have some anxiety and I  
3 want to revisit the issue.

4 They took that statement and they argued to  
5 Judge Strauss that he was going to sua sponte vacate  
6 the order. Judge Strauss never read my 19-page  
7 ex parte application. He never read my 91 pages of  
8 exhibits, and the reason he didn't is because that  
9 ex parte was filed in Judge Medel's hearing, not  
10 Judge Strauss.

11 He didn't read my paperwork. He read their  
12 paperwork. And that's on the record, and we got the  
13 transcript. And they went into court and they said  
14 that I misled Judge Medel. And I didn't have the  
15 transcript in Judge Strauss' hearing, but I have it  
16 today and I highlighted it and I cited it in our  
17 brief.

18 What we asked Judge Medel is we wanted to  
19 preserve the status quo for the last ten months,  
20 which was when SoCal was in operations. SoCal was  
21 at that hearing. They had an ex parte to intervene  
22 into that hearing and they spoke in that hearing.

23 I did not mislead any judge, Your Honor. I  
24 don't mislead judges, and I certainly don't drive  
25 getaway cars either. But I just wanted to note that  
26 for the record. And I think had Judge Strauss read  
27 my ex parte application and had I been present at  
28 the discovery hearing with Judge Medel and he would

1 have heard our side, as he did in the first ex parte  
2 when I argued it and he granted it, I think there  
3 would have been a different outcome before Judge  
4 Strauss.

5 Thank you, Your Honor.

6 THE COURT: No. For my mindset, your -- I  
7 want to hear -- who's counsel for Malan? That's who  
8 I want.

9 And then, SoCal, you'll be next.

10 And then you're --

11 MR. GORIA: Hakim.

12 THE COURT: You'll be after that.

13 MR. GORIA: Okay.

14 THE COURT: And then you'll be last. Or  
15 who else? All right. Let's go. Here we go.  
16 Let's -- talk to me about Mr. Malan.

17 MR. WATTS: All right. Can I address the  
18 court orders that -- the last couple things he said?

19 THE COURT: The court orders?

20 MR. WATTS: Yeah, the way that we responded  
21 to court orders.

22 THE COURT: If you want it for the record,  
23 of course. I'm treating this as a brand-new  
24 hearing. So whatever happened in Judge Medel's  
25 department, Judge Strauss' department --

26 MR. WATTS: This is just a couple days ago  
27 when our client contacted BBVA. He wanted to get  
28 copies of the checks that the receiver had written.

1 He asked them for access to the account, not to  
2 spend money. Access. He didn't ask them to  
3 unfreeze the account. He said, "Look, there's no  
4 receiver in place. I should be able to look at the  
5 account." That's what we asked for.

6 On the --

7 THE COURT: Did you do that or did your  
8 client do it?

9 MR. WATTS: Our -- the client did that.

10 THE COURT: He called. Okay. Did he fax  
11 them Judge Strauss' order?

12 MR. WATTS: I think it was attached to the  
13 e-mail. I didn't see his original e-mail. I got it  
14 forwarded afterwards. Judge Medel said that -- he  
15 used the words "sua sponte" in the -- in the hearing  
16 when he said that he would take another look at  
17 that.

18 MS. LEETHAM: Can I address that? I was  
19 the one there, Your Honor. And I actually take  
20 issue. I try to be as genuine to the Court as I  
21 can.

22 I appeared at that hearing to let Judge  
23 Medel know that our interpretation of that  
24 receivership order precluded me from representing my  
25 clients in that litigation. It had divested me of  
26 my ability to oppose a motion to compel, and I  
27 explained to him it came from his ruling. So there  
28 was some back-and-forth about the implications of my

1 standing in court when, arguably, Mr. Essary had  
2 that choice on who to allow to retain. As the Court  
3 knows, we have four pieces of ongoing litigation.

4 And so I was in a very awkward position,  
5 and I let him know I felt deeply uncomfortable  
6 advocating for my client at that hearing, which is  
7 when he said he had considered sua sponte relief,  
8 because there was (inaudible) --

9 THE REPORTER: Because there was what  
10 issue?

11 MS. LEETHAM: Sua.

12 THE REPORTER: I got that, "sua sponte  
13 relief because there was" -- and you trailed off.

14 MS. AUSTIN: Notice.

15 MS. LEETHAM: Notice.

16 Thank you.

17 THE COURT: Thank you.

18 MR. WATTS: So on the merits of this for  
19 the receivership, the contract under which they're  
20 claiming that their client has a property interest,  
21 we argued in the paperwork that it is invalid.  
22 That's the source of their property interest.

23 He's now brought in the fact -- his  
24 allegation that he's made -- taken out loans  
25 involving the properties, that he's invested  
26 millions of dollars in it.

27 An investment in something isn't an  
28 ownership of it. It means that you invested money

1 in it. But on paper, if he doesn't have anything to  
2 evidence that he was given ownership in response or  
3 in exchange for that, then he doesn't have an  
4 ownership interest in that property.

5 The settlement contract is illegal because  
6 at the time that it was made, as we argued in our  
7 brief, it dealt with the revenues from -- from  
8 businesses that are operating in a way that's  
9 illegal under federal law. And the public policy in  
10 California we cited in a published appellate  
11 decision is that --

12 THE COURT: When you said "illegal,"  
13 explain that to me.

14 MR. WATTS: This  
15 sale/manufacture/distribution of marijuana. And it  
16 was clear in the settlement agreement. It said that  
17 marijuana was -- that that's the purpose of these  
18 businesses. So this contract at the time -- now,  
19 it's different today.

20 THE COURT: It's the time. I got it,  
21 Counsel.

22 MR. WATTS: Okay. And even if -- even if  
23 the contract -- even if that weren't a problem, you  
24 can still enforce the contract. We have the problem  
25 that the business was never capitalized. It wasn't  
26 capitalized at the time that the lawsuit was filed.

27 The operating agreement for RM Holdings  
28 says that unless these partners make these initial

1 capital contributions, none of them have membership  
2 interests in it. No one owns that company.

3 Those initial capital contributions were  
4 \$750 [sic] from their client, 250 from ours. Those  
5 were not made. Our client's declaration says that  
6 they were not made. They have not produced  
7 membership certificates showing that they own  
8 RM Holdings, LLC.

9 Until that is made -- until those capital  
10 contributions are made, these people aren't members.  
11 Until an accounting is performed -- that's another  
12 thing that the settlement agreement says. Until an  
13 accounting is performed with the partners'  
14 respective investments in these properties, the  
15 partners aren't entitled to derive profits, losses,  
16 or capital from the properties.

17 No accounting was made. They don't claim  
18 that an accounting was made. They claim that the  
19 settlement agreement says the parties were supposed  
20 to work together within the first 30 days to try to  
21 finish an accounting, but they didn't do that.

22 And also, a -- it's not just our client's  
23 responsibility to contribute things to the  
24 settlement agreement. As you mentioned, Super 5  
25 Consulting Group and also Sunrise, which his client  
26 owns -- he was supposed to contribute those to the  
27 group.

28 Now, a -- the parties' material breach of



1 the agreement excuses the other parties' future  
2 performance of the agreement. He admits his client  
3 has not contributed those LLC percentages to the  
4 agreement, and so he doesn't have an ob -- the right  
5 to force our client to perform his obligations under  
6 the agreement.

7           Neither of these guys performed their  
8 obligations under the agreement, and the reason is  
9 that they rescinded the agreement in February of  
10 this year. As our client explains in his  
11 declaration, the two parties came together and  
12 said -- as he said, they had an oral agreement that  
13 talked about many other properties that they had  
14 worked on over the years. They were going to put  
15 many properties into this holding group.

16           But when my client went into Mr. Razuki's  
17 lawyer's office and was presented with this and told  
18 that he needs to sign this today, pressured by  
19 attorneys, without his counsel present, he signed  
20 the agreement, and then later discussed with Razuki,  
21 well, what about the other agree -- what about the  
22 other properties? Why aren't -- why aren't they in  
23 here? And he said, Oh, those will be put in later.

24           And "later" became later and later. And  
25 eventually, our client asked Mr. Razuki, finally,  
26 Put the -- we need to put this in here; otherwise,  
27 we're not going do this.

28           And Mr. Razuki said, Fine. You keep what

1 you have in your name, and I'll keep what I have in  
2 my name.

3 All this is in our client's latest  
4 declaration that we filed in support.

5 THE COURT: Which I did read.

6 MR. WATTS: Which you read. So the --  
7 RM Holdings wasn't capitalized, so nobody owns it.  
8 The settlement agreement -- these preconditions  
9 weren't complied with. Neither party contributed  
10 their money. His client didn't contribute this  
11 capital. Nobody has membership shares, and they  
12 haven't done an accounting yet. And so they're not  
13 entitled to any -- any profits from the companies  
14 that are supposed to be put in the agreement.

15 Even if they were -- let's say everything  
16 was in RM Holdings, that money -- he's not entitled  
17 to ownership of the group's control of the  
18 businesses. He's not entitled to prevent them  
19 from -- the business managers from signing options  
20 and things like that. There's nothing about that in  
21 the settlement agreement.

22 As for SoCal, now, SoCal makes claims too  
23 in this. They claim that their management agreement  
24 gives them the option to buy the properties. It  
25 did. That option expired at the end of June of this  
26 year for Balboa, which was the only one of the three  
27 management agreements where they actually paid the  
28 \$75,000 that was necessary to buy that option. The

1 other two management agreements, they didn't pay.  
2 So they never had those options to begin with.

3 And the Balboa agreement expired at the end  
4 of June. They asked to extend it. They asked to  
5 extend it because of this -- this conflict between  
6 Mr. Razuki and Mr. Malan about who allegedly owns  
7 the Balboa properties. And Mr. Malan said, No, I'm  
8 not going to extend it. The agreement is what it  
9 is. Also, here's 25 days' notice that you're in  
10 default of making your payments under the agreement.

11 So their option agreement has expired.  
12 They no longer have a property interest in there.  
13 They were fired with 25 days' notice, as required  
14 under the management agreement.

15 Now, these -- when it's his turn to argue,  
16 he's going to argue that he is entitled to manage  
17 that agreement for -- or manage that property until  
18 the end of time and that the only way that he can be  
19 fired is if we go through mediation and then  
20 arbitration, and then he can be fired.

21 But there's a Thirteenth Amendment in this  
22 country and -- the slavery one, and we're allowed to  
23 breach -- we're allowed to terminate people and fire  
24 them. Mr. Malan can say, "You no longer work here."  
25 He can give 25 days' notice and then cancel the  
26 agreement, because that's what the agreement says in  
27 Section 6.2. What he's referring to is an  
28 arbitration clause.

1           Now, I've been on a cruise ship and bought  
 2 a ticket, and it says that I have to solve all the  
 3 disputes in arbitration. But that doesn't mean that  
 4 they can't kick me off the ship if I'm, you know,  
 5 smoking weed and drinking on the -- when I'm there.  
 6 They can kick me off. And then if they decide to  
 7 sue me, then we go to arbitration.

8           So what SoCal is describing -- it says that  
 9 any disputes have to be resolved in arbitration.  
 10 That doesn't mean that they can't be fired. That  
 11 means that if they want to sue us, as they did in  
 12 this case, they should have done it in arbitration.  
 13 They should have done it in mediation. That's what  
 14 an arbitration clause is. That's what it means when  
 15 it talks about disputes, because Section 6.2 says  
 16 that you give 25 days' notice that you're failing to  
 17 make payments. If you don't cure, you're fired.

18           And they proved that they failed to make  
 19 payments. The interim report from the receiver says  
 20 that they made a payment to the receiver of money  
 21 owed -- it was in the receiver's report -- of over  
 22 \$100,000, \$120,000, something like that.

23           Incidentally, the day that we gave ex parte  
 24 notice that we were dissolving the receivership, the  
 25 receiver spent \$100,000, 17,000 on himself, 7,000 to  
 26 his attorneys, paid an LLC that one of the partners  
 27 at Nelson Hardiman is in charge of, more than  
 28 \$10,000 into that. And you know the other facts on

1 that.

2 So the -- putting the receiver in place --  
3 frankly, the companies can't afford the receiver.  
4 They -- the receiver spent \$100,000 in a day. He  
5 was in there for two weeks, and he spent \$30,000  
6 paying himself and on all these other insiders.

7 It's an obscene amount of money, and it's  
8 all the money -- practically all the money that was  
9 in the bank account at the time after SoCal made  
10 their payments that they owed.

11 Do you have anything to add?

12 MS. LEETHAM: We have different spheres of  
13 knowledge, so --

14 THE COURT: And you represent Malan,  
15 though, don't you?

16 MS. LEETHAM: Malan and all the entities,  
17 so we have a slightly different thing. So I thought  
18 a lot of cliches when I was sitting there trying to  
19 figure out how to wrap this all together.

20 Where's the beef? We have millions of  
21 dollars in contributions, and we don't have  
22 evidentiary support for it. We have loans where  
23 Mr. Malan is actually obligated on those same loans.  
24 He's an guarantor. He's an obligor. So if we're  
25 talking about a commitment to a loan as being an  
26 investment of a million dollars, my client owns just  
27 as much as Mr. Razuki does.

28 I've also thought of the pot calling the

1 kettle black, maybe talking out both sides of your  
2 mouth to where you're coming into court -- I made  
3 the argument in my paper -- with unclean hands.

4 So you're saying, "I want the benefit of  
5 everything that you have, even though I can't show  
6 anything on paper that says I get it, but I don't  
7 want to give you anything I have," which is why  
8 Super 5 isn't here. It's why Sunrise isn't here.  
9 It's why RM Property Holdings isn't here.

10 So even if we were to step back and say,  
11 "Can the Court fashion relief today?" the answer is,  
12 unequivocally, no, because the Court does not have  
13 the ability to take those nonparty entities and  
14 require them to do the same thing that all our  
15 defendants are required to do, which is account.

16 I would also say that we've asked the Court  
17 in our papers to see these as discrete issues. The  
18 plaintiff has put them all together. We have -- we  
19 have SoCal in bed with Razuki.

20 And really, until May 24th, when SoCal  
21 hired a private investigator to go find  
22 Mr. Razuki -- they met, they colluded, and here we  
23 are. Not once did they come to my client and say,  
24 "Hey, what's going on with Mr. Razuki?" No. We hit  
25 red zone ten. And on June -- July 17th, we got  
26 ambushed with a receiver, which leads me to the  
27 purpose of the receiver and the harm.

28 It is a drastic remedy. The case laws talk

1 about it. The impact of what happened in the two  
2 weeks the receiver was in possession of the  
3 properties was significant.

4 First of all, Mr. Gorla will talk about  
5 Mira Este and Roselle. Those entities are in the  
6 red. They were not functioning. There was nothing  
7 to speak of in terms of revenues.

8 With respect to Balboa, the Court has  
9 numerous examples in our pleadings of malfeasance,  
10 and I actually thought maybe the best way to do that  
11 would be to run through the management services  
12 agreement for Balboa and talk about the breaches.  
13 And I highlighted them all in green. If the Court  
14 wants me to go through that, I can.

15 They did not -- well, actually, let's talk  
16 about the money.

17 THE COURT: That's number one on my list.

18 MS. LEETHAM: Let's talk about the money.  
19 Section 1.6 of the Balboa management agreement talks  
20 about initial contributions. It is the  
21 consideration for SoCal's right to come in and run  
22 that dispensary.

23 They were required to pay 125,000 for  
24 FF&E -- which I always forget -- furniture,  
25 fixtures, and equipment. I believe they did, but  
26 they had to. It was part of their consideration.

27 They paid 44,000, which is said it will  
28 serve as a credit against the purchase price if --

1 if the manager exercises its option under Section 8  
2 below. That's the 125-.

3 It then goes on to say, Managers shall  
4 lend -- not invest -- lend the company an additional  
5 44,000, which was interlineated from an original  
6 83,000, reimbursement for old inventory, which sat  
7 in the dispensary because we were shut down by  
8 Judge Styn. So there's been some talk about waste.

9 THE COURT: Styn?

10 MS. LEETHAM: Yes. The homeowners  
11 association litigation was in Judge Styn's --

12 THE COURT: There we go.

13 MS. LEETHAM: And so there was some talk  
14 about waste and sales, right. So they were  
15 reimbursed for old inventory they could not sell.  
16 That was a lend too. They were to be repaid.

17 If you go on, it also says, Manager shall  
18 pay the old operators, Mr. Hakim and Mr. Malan, for  
19 reimbursement of legal and mitigation costs 66,000.  
20 Except for the 15,000 monthly payments which  
21 Your Honor referenced earlier, those were all loans.  
22 Those didn't give them an equity or any right to  
23 anything. That's what they had to pay.

24 If you go on and you look at their  
25 accounting, there's a sheet that has accounting  
26 today, which I don't remember whose declaration it  
27 was attached to. Maybe Jim Townsend's.

28 MR. ZIMMITTI: Yes.



1 MS. LEETHAM: It breaks down an itemization  
2 of expenses. Now, if you look at the Balboa  
3 accounting, there's a minimum guarantee of 35,000,  
4 and there is a -- rent of 15,000 that were to be  
5 paid by SoCal.

6 SoCal paid my client out of the  
7 dispensary's own sales. So my client was paying my  
8 client, if that makes sense. SoCal didn't make  
9 those payments. My client paid himself.

10 So when you go and you do the accounting,  
11 you're going to find that, in fact, SoCal owes my --  
12 Balboa about \$180,000 for the minimum guarantee and  
13 the Balboa rent that they should not have paid  
14 themselves.

15 Trying not to go through all my green  
16 lines, Your Honor. Just give me a moment.

17 THE COURT: The money that SoCal  
18 invested --

19 MS. LEETHAM: Right.

20 THE COURT: And maybe that's a word we need  
21 to look at. They said they put in 936,000 to Balboa  
22 and about 1.7 -- almost 1.8 to Mira Este. How do  
23 you -- is that a loan? Is that a capital con --  
24 what is that, Counsel?

25 MS. LEETHAM: Well, first of all, that  
26 figure is disputed. Our math shows -- I have notes  
27 on my sheet of 466,000.

28 THE COURT: So there was no one point -- go

1 ahead. I interrupted you.

2 MS. LEETHAM: No. I mean, I don't know if  
3 they're aggregating their numbers or what they're  
4 doing with them. We asked for evidence of it. So  
5 if you take out the 180-, they were required to pay  
6 some of it, which was a loan. The only arguable  
7 equitable contribution would be the 125-, which was  
8 intended to go toward the FF&E.

9 THE COURT: So this is about -- that leaves  
10 about 2.4 million. I'm ballparking. That's what  
11 they said was paid. You have no idea where that  
12 money came from?

13 MS. LEETHAM: Balboa is fairly  
14 self-sustaining, and we had -- it was entitled. The  
15 tenant improvements were done. It was open but for  
16 the ongoing HOA litigation with Judge Styn. So when  
17 SoCal came in, they paid the 125-. They loaned the  
18 66,000 and 44,000, nonrefundable. That's a loan.  
19 And then I don't know what they did. There's money  
20 in here that --

21 THE COURT: So that's about 180,000.

22 MS. LEETHAM: I will make it -- they did  
23 pay the 75,000 for the option?

24 THE COURT: All right. That's 275- --  
25 250-.

26 MS. LEETHAM: That's about where we end up.

27 THE COURT: Did I read that wrong? Is  
28 it -- SoCal, are you claiming that you invested -- I

1 want to say 2.6?

2 MR. ZIMMITTI: Yes, Your Honor.

3 THE COURT: And they're claiming you put in  
4 250-.

5 MR. ZIMMITTI: Your Honor, that's just  
6 grotesquely inaccurate.

7 THE COURT: I assume we have checks.  
8 Somebody has some checks, right?

9 MR. ZIMMITTI: Your Honor, yes.

10 THE COURT: Okay. All right.

11 What do you say -- that 2.5 million before  
12 me, what was that? Is that all equipment?

13 MR. ZIMMITTI: No, Your Honor. No,  
14 Your Honor. Equipment we've -- as I said, we have  
15 about 410- currently locked up and some more --

16 THE COURT: I'll come back to that. I'm  
17 going to let her finish, Counsel. I want to know  
18 where the 2.4 million went.

19 MS. LEETHAM: I don't think it went into  
20 Balboa. I don't know if that's an aggregate or what  
21 that is.

22 THE COURT: No. They break it down. It's  
23 900,000.

24 MS. LEETHAM: They're saying that  
25 approximately 751,000 went to Balboa.

26 THE COURT: That's not what I wrote down,  
27 but close enough. They show \$936,245 by my notes.

28 MS. LEETHAM: Oh, they have another -- they

1 have another line item with 180-.

2 THE COURT: Okay.

3 MS. LEETHAM: We're at opposite ends of the  
4 spectrum, which leads me back to why we're here.  
5 There is no urgency to this. This is an accounting  
6 issue. These claims are compensable at law. If the  
7 parties dispute it, at the end of the day, there's a  
8 fact finder that's going to say, You paid or you  
9 didn't pay.

10 And there's a judgment and there's a way to  
11 get their money. There's nothing that needs to  
12 happen today, which leads me back to the harm my  
13 clients went through with the receiver. And this is  
14 an awkward situation, but, you know, we've detailed  
15 it in our papers that some questionable decisions  
16 were made during that time frame. I think we've  
17 outlined it enough that, unless the Court has  
18 questions for me, I don't know that I need to go  
19 into it.

20 Suffice it to say, he emptied the bank  
21 account on July 30th and left the clients insolvent.  
22 So there's lesser remedies. Even if the Court is  
23 contemplating something --

24 THE COURT: What bank account was emptied?

25 MS. LEETHAM: I'm talking about the  
26 receiver's accounting. So I know he closed the  
27 San Diego United account.

28 THE COURT: Okay.

1 MS. LEETHAM: He, I believe, had closed the  
2 Mira Este and Roselle account.

3 THE COURT: What were the total of those  
4 amounts that he took?

5 MS. LEETHAM: So the two San Diego United  
6 accounts had \$17,765. SoCal infused 170,000 in. So  
7 they basically put money in, and then they shuffled  
8 it right back out to themselves in insider payments.

9 THE COURT: It's my understanding to run  
10 these businesses, it takes \$100,000 a week, correct?

11 MS. LEETHAM: It takes a competent  
12 management team, I suppose.

13 THE COURT: You know, that's a good answer  
14 too, Counsel.

15 MS. LEETHAM: Which we have in there now,  
16 Your Honor.

17 THE COURT: Who is it? And that is?

18 MS. LEETHAM: That would be Far West.

19 THE COURT: Well, we're going to talk about  
20 that too. I'm concerned -- well, I agree, Counsel.  
21 I don't -- not sure I have all the indispensable  
22 parties here, which is a concern.

23 Let me just ask. Is it your client's  
24 position that Far West, LLC -- I'll just -- LLC. Do  
25 they have options in all this?

26 MS. LEETHAM: I do not believe so. They're  
27 just a management company.

28 THE COURT: So in their contract, there's

1 no provision for options?

2 MS. LEETHAM: It's a short-term contract,  
3 and I don't --

4 THE COURT: I'll take that as a no then.

5 MS. LEETHAM: No. It's a no.

6 MR. GORIA: Your Honor, that's the same  
7 thing with Synergy. Synergy has no options in  
8 Mira Este.

9 MS. LEETHAM: One thing I can represent to  
10 the Court about Far West is they're a local  
11 dispensary. They've been licensed here. They were  
12 one of the first in District 2, since 2015  
13 operating, and they understand San Diego. They  
14 understand land use. They know what's going on.  
15 And again, in our declarations we've given to the  
16 Court, they're fine.

17 And the other thing I will add is that the  
18 Court saw that the homeowners association has now  
19 given us a notice of default. And all of those  
20 things happened during SoCal's watch, and that,  
21 Your Honor, is the irreparable harm. My client is  
22 the one that's about to be irreparably harmed. It's  
23 compensable law. Thank you.

24 THE COURT: Just a yes or no. I've read in  
25 some declaration there were hundreds -- okay. Not  
26 hundreds. Fifty. Somebody alleged that Far West  
27 had options. Who was that?

28 Is that you?

1           MR. ELIA: No. They had an intent to do,  
2 you know -- I read it into the record. Let me tell  
3 you what it was. It was paragraph 1.7 in the  
4 agreement that said --

5           THE COURT: That's the interest, Counsel.

6           MR. ELIA: That's the long-term agreement.  
7 That showed their intent to enter it, but they don't  
8 have options. Now, the other one --

9           THE COURT: You're good.

10          MR. ELIA: Okay.

11          THE COURT: Okay.

12          MS. LEETHAM: And just one last thing. We  
13 have no problem telling the Court that we won't sell  
14 assets or sell the businesses. If the Court read  
15 the HOA settlement agreement, we can't.

16          THE COURT: Thank you. One last --

17          MS. LEETHAM: I'll try to use a yes or no.  
18 It's very hard for me.

19          THE COURT: Counsel, you don't have to.  
20 It's my -- first of all, Roselle is not being  
21 operated, right?

22          MS. LEETHAM: Correct.

23          MR. GORIA: Correct.

24          THE COURT: It's been leased to a third  
25 party, correct?

26          MS. LEETHAM: Correct.

27          THE COURT: And can you ballpark? What's  
28 the lease for?

1 MR. GORIA: It's 4700 per month, and the  
2 debt service is 6600 per month.

3 THE COURT: Okay. And, Counsel, who  
4 collects that? Is it your client?

5 MR. GORIA: Yes, Mr. Hakim.

6 THE COURT: Okay. And that -- is there any  
7 anticipation it's going to become a dispensary?

8 MR. GORIA: There's a hope.

9 THE COURT: Down the road?

10 MR. GORIA: Down the road, right.

11 THE COURT: All right. Thank you.

12 Now we're going to go to SoCal. Your turn.

13 MR. ZIMMITTI: Thank you, Your Honor. And  
14 I'll just sort of pick up on the theme where  
15 counsel -- defense counsel left off. We were not  
16 just a management company, and I want to stress  
17 that.

18 So -- and we set forth, you know, the  
19 chronology of events. But basically, we got into  
20 this deal under some letters of intent that  
21 ultimately turned out -- there turned out to be  
22 fraudulent representations in those. I don't want  
23 to get down that rabbit hole right now.

24 But suffice it to say, we started funding  
25 these projects in October 2017. Again, here in  
26 Exhibit B, the Jim Townsend's declaration, we have  
27 an itemization. We dispute that these were loans or  
28 anything like that. Okay. We started paying.



1 Okay. Nine months go by. Everything is great.

2 All is --

3 THE COURT: Let me interrupt. So what were  
4 they? What was the --

5 MR. ZIMMITTI: They're payments -- they're  
6 payments for -- to -- under the agreement as  
7 required, in which --

8 THE COURT: Which agreement?

9 MR. ZIMMITTI: The management agreements  
10 with the rights -- the option rights within them.  
11 There are three agreements. So --

12 THE COURT: Option to do what?

13 MR. ZIMMITTI: Option to buy 50 percent of  
14 the facilities, including the real property.

15 THE COURT: Who was that agreement made  
16 with?

17 MR. ZIMMITTI: It -- they -- it was  
18 slightly different with every agreement.

19 THE COURT: Give me Balboa.

20 MR. ZIMMITTI: So Balboa would be -- Balboa  
21 Ave Cooperative, San Diego United Holdings, Monarch  
22 Managing [sic] Consulting, Inc., Chris Hakim, Ninus  
23 Malan, and SoCal, and then -- with the other party.

24 THE COURT: Refresh my mind. Is that in  
25 writing?

26 MR. ZIMMITTI: It is. The agreement is in  
27 writing, sir.

28 THE COURT: Go.

1           MR. ZIMMITTI: Okay. So we operate -- we  
2 entered into three agreements, okay, after getting  
3 in the -- you know, setting forth the letter of  
4 intent. One of the agreement -- one of the  
5 facilities -- there are four we contemplated  
6 purchasing. One of them fell out because it turns  
7 out Mr. Malan and Mr. Hakim misrepresented that they  
8 owned any interest in those facilities.

9           THE COURT: Which one fell out?

10          MR. ZIMMITTI: Sunrise facility. They  
11 represented in writing -- okay. Fine. So in other  
12 words, so we ended up entering into three  
13 agreements, one for Mira Este, one for Balboa, and  
14 one for Roselle. Each one of them had options to  
15 buy 50 percent of the facilities, including the real  
16 property. It's all in writing. It's all there.  
17 Even before those agreements --

18          THE COURT: Go ahead.

19          MR. ZIMMITTI: Even before those agreements  
20 were executed, we had started funding the  
21 properties. And again, Mr. Townsend's accounting  
22 shows payments starting as of 10 -- October 2017.

23          THE COURT: And when you say "they,"  
24 Counsel -- when you say "funded the properties,"  
25 what do you mean?

26          MR. ZIMMITTI: I mean putting in rent --  
27 you know, so for Balboa, we paid the option --  
28 minimum guarantees, tenant improvements. You know,

1 we pay for legal fees, Gina Austin's legal fees.  
2 You know, it's all right here and I can read it. I  
3 don't see -- I looked for consulting fees. I don't  
4 see those.

5 THE COURT: But you wouldn't categorize  
6 that as a purchase of the property?

7 MR. ZIMMITTI: Let me back up, Your Honor.  
8 So under this agreement, basically all the net  
9 income -- so under 5.1 of the agreement, all net  
10 income, revenue, cash flow, and other distributions  
11 from operations will be held by manager as a  
12 management fee.

13 So -- so that was -- we're getting paid to  
14 manage on the one hand, but we also are putting  
15 money that's ours into these properties. So we're  
16 putting it back into these properties as well.

17 THE COURT: And the theory is to be a  
18 50 percent owner, correct?

19 MR. ZIMMITTI: Correct, Your Honor.

20 THE COURT: Go.

21 MR. ZIMMITTI: Okay. So again, we're  
22 making these payments from -- starting from October.  
23 Things are going well. In fact, we basically  
24 improved Balboa, which was the only operating  
25 dispensary. You know, a great turnaround in that  
26 where our management was great.

27 Nothing -- no sign of any problems  
28 whatsoever, Your Honor, until May. We -- we were

1 approached by Mr. Razuki, who apparently noticed  
2 that we were doing a great job on Balboa, because  
3 there's a common CPA, Mr. Yeager, John Yeager.

4 THE COURT: And is that O'Brian? How do  
5 you pronounce that?

6 MR. ZIMMITTI: I'm sorry?

7 THE COURT: What's his company's name?

8 MR. ZIMMITTI: YH or --

9 THE COURT: No. H --

10 MR. ZIMMITTI: JYH. I think so. I got it.  
11 So ultimately, you know, we -- Mr. Razuki found out  
12 about us based on our performance at Balboa. We  
13 meet in May, late May.

14 And essentially, we find out from  
15 Mr. Razuki that he has this -- interests in these  
16 properties, all the properties, by virtue of the  
17 agreements you heard today and those interests.

18 And then we also found out -- also found  
19 out that there was another case in which Mr. Malan  
20 and Razuki were parties that had claim to the Balboa  
21 property. And again, you know, this caused us  
22 alarm, because we have reps and warranties that very  
23 plainly say, you know, you -- you know, you  
24 represent there's no pending or threatening  
25 litigation that would impact any facilities. So  
26 right there -- you know, we found out in May, after  
27 being, you know, deep into this deal, that there are  
28 these competing interests.

1           So what happened is that we basically  
2           approached defendants with a letter May 24, Hey,  
3           give us the full story on this thing. You know, we  
4           heard some alarming stuff. Please provide us  
5           information.

6           As soon as the defendants were outed -- so  
7           I almost feel like this is a situation where, you  
8           know, a guy is hitting on two girls. The two girls  
9           meet and they're like, "Oh, who's your boyfriend?"  
10          Oh, that's -- it's the same guy.

11          So, you know, Mr. Razuki and our client  
12          basically realized they were both getting duped. My  
13          client goes and says, What's the deal here? What's  
14          up with this? We have these reps and warranties.

15          And all of a sudden, we -- they --  
16          Defendants go into, like, warp speed trying to  
17          manufacture some grounds for termination.

18          And then the very first thing in writing --  
19          now, you must have 1,000 pages of documents before  
20          you, Your Honor. And I'll tell you what. The  
21          first -- the first hint of anything in writing where  
22          my clients were accused of anything that resembles a  
23          default is a June 1 letter from the Gorla law firm.

24          Jim Townsend, in his supplemental  
25          declaration, discredits all that sort of -- the  
26          vague, "You didn't pay us this." For example,  
27          bouncing a check that we cured by wire the next day.  
28          Defendants don't want to mention that. They can't

1 be honest enough to just admit, you know, you  
2 bounced a check and paid it the next day.

3 At any rate, June 1, Your Honor -- so we  
4 have -- we have, like, a nine-month stretch where  
5 everything is hunky-dory. And then all of a sudden,  
6 they get outed and they go -- again, they're frantic  
7 to set up some termination.

8 And let's talk about -- let's talk about  
9 that for a second, and let's talk about our  
10 agreements and our options, which you heard  
11 Mr. Watts stand up there proudly and say that our  
12 option has expired under Balboa.

13 This is totally incorrect, Your Honor. And  
14 you know what? You don't have to listen to me.  
15 Listen to defendant Ninus Malan. So again -- and I  
16 want to stress --

17 THE COURT: Well, hold on. When you say  
18 that, are you -- are you predicating that these  
19 options are alive because of some alleged statement  
20 that Mr. Malan made, or is it in writing, Counsel?

21 MR. ZIMMITTI: It's in writing, Your Honor.  
22 If you'll let me get to that, I --

23 THE COURT: I keep interrupting. Go on. I  
24 apologize.

25 MR. ZIMMITTI: You really do, but that's  
26 okay. They're good interruptions.

27 So, Your Honor, basically -- so we learn  
28 about -- again, in May now -- May and June we know

1 about these -- this case is pending. It had been  
2 filed a year earlier. Okay? A year earlier. No  
3 reason it shouldn't have been mentioned. Plenty of  
4 time.

5 In fact -- and Mr. Malan and defendants to  
6 this day never explained why they didn't mention it  
7 to us, why they violated reps and warranties. At  
8 any rate, we don't have to worry about the option on  
9 that -- on that Balboa facility expiring. And it  
10 is -- under the agreement, I believe it might have  
11 had a June 1 -- 1st date.

12 However, what Mr. -- Mr. Watts fails to  
13 mention completely and disregards is Mr. Malan's  
14 letter to SoCal dated June 19 in which he admits to  
15 the existence of this litigation, never says, "You  
16 know what? Oops. I had a good reason for not  
17 mentioning that. You know, we have litigation.  
18 Gee, I should have brought that up. It slipped my  
19 mind," nothing like that.

20 What we have is a letter saying, "As you  
21 know, SoCal Building Ventures was granted an option  
22 to purchase a 50 percent ownership in the facility,  
23 as defined by the management services agreement  
24 option dated January 2nd."

25 Okay. "Pursuant to 8.2, the final option  
26 exercise date is June 30, 2018," which is correct.  
27 However, he goes on. "As we discussed today, over  
28 the last couple weeks, there is pending litigation

1 at San Diego County that involves the facility. The  
2 case name is San Diego Patients Cooperative --  
3 Cooperation, et al., Razuki Investments," and I'll  
4 stop there. "The litigation involves Balboa Ave  
5 Cooperative and San Diego United Holdings Group."

6 And here's where it gets more interesting,  
7 Your Honor. "This letter memorializes San Diego  
8 United Holding Group's agreement to extend manager's  
9 option on the facility pursuant to 8.2.  
10 Specifically, San Diego United Holding Group agrees  
11 that the option will be extended to 15 calendar days  
12 following written notice to manager that the  
13 litigation has been privately settled or there's a  
14 decision after trial."

15 So in writing -- and it's signed by, "Very  
16 truly yours, Ninus Malan, president." So he  
17 basically tolled the agreement pending the outcome  
18 of that San Diego case.

19 So to stand up here, not mention this  
20 letter, and purport to tell your -- the Court that  
21 our option expired is emblematic of the failure to  
22 tell the truth in this case. This is classic.

23 And let's talk about the options on the  
24 other two agreements, Your Honor. Let's talk about  
25 those. Okay. Each one of them -- each one of them  
26 has a contingent -- a cont -- a condition precedent,  
27 and that is the grant of a CUP. So let me just read  
28 it to you.



1           Okay. It's at 8.6, for example, of  
 2 Mira Este. They're jumping up and down. They  
 3 didn't pay -- they didn't pay the option. They  
 4 didn't do the -- okay. Let's read that.

5           8.6: Notwithstanding anything else  
 6 contained in this agreement, no obligation, passage  
 7 of time, or other matter with respect to options  
 8 shall become effective until the City of San -- City  
 9 of San Diego has granted the facility a conditional  
 10 use permit permitting company's operation to the  
 11 satisfaction -- a satisfaction clause no less. In  
 12 that regard, each of the dates set forth in 8.2  
 13 above are tolled until the 30th, 90th, and 50th day,  
 14 respectively.

15           Okay. So, Your Honor, basically, those  
 16 don't even go into effect until we have a COP [sic].  
 17 Okay. So to stand up here and say all our options  
 18 are gone, again, it's just ignoring the agreement  
 19 and ignoring their own correspondence on Balboa  
 20 tolling agreement.

21           So what happened here is basically that we  
 22 got taken to the cleaners. We were treated like an  
 23 ATM for nine months. And then as soon as they got  
 24 wind that we understood that we were being ripped  
 25 off and we were being cheated, they set up a  
 26 termination.

27           And again, the termination -- you know, we  
 28 can have another hearing about this, but the bottom

1 line is none of it -- none of it's true. Okay. We  
2 have paid under the agreement. There are -- as I  
3 said, we have bounced checks. We -- I submitted a  
4 declaration that clears that confusion up.

5 THE COURT: I read it, Counsel.

6 MR. ZIMMITTI: So, you know, what we have  
7 here is essentially our -- my client being  
8 essentially kicked out of the premises. Okay. We  
9 have an exclusive right to manage these companies,  
10 and we have an option. We sunk lots of money. We  
11 poured our heart and soul into this thing, and we  
12 did a good job, notwithstanding what they're telling  
13 now, which is conveniently incorrect.

14 And so we have a case of a new manager  
15 coming in -- just -- I'm going to quote -- just a  
16 management company, managing properties that we have  
17 options on, and they're breaching the agreements,  
18 Your Honor.

19 And also, you know, we just scratched the  
20 surface on some more theft. I mean, we've already  
21 pointed out some theft. And I don't want to go over  
22 this if Your Honor doesn't want to, but there's also  
23 money in bank accounts that disappeared. There's  
24 a lot going on. And it's happening so quickly,  
25 Your Honor, that we can't get our hands around it.

26 And so, you know -- and then in terms of  
27 our equipment -- so again, I think this is, you  
28 know, just -- you know, par for the course with

1 defendants is that they are just looking for every  
2 opportunity to, you know, take whatever they can.

3 This equipment -- there's been -- there's  
4 no basis to hold onto this equipment, especially if  
5 they're saying that we're out of there. Okay.  
6 There is -- this is the equipment we've put in. So  
7 this -- we're talking -- there's equipment in  
8 Balboa, but the bulk of it that we're aware of right  
9 now that we have an inventory of is in Mira Este.

10 And it's expensive, delicate equipment used  
11 to manufacture cannabis products, you know,  
12 freezers, cryofreezers, ovens, all these things, lab  
13 equipment. We brought that in there. We purchased  
14 it. We submitted proof, and they're essentially  
15 just holding it from us.

16 And, you know, Your Honor, you're fine --  
17 we're fine to contin -- we want to continue working  
18 and we're happy to use our own equipment for our  
19 purposes, but it is absurd and there's no basis to  
20 contend that the equipment that we're using to carry  
21 out our duties and obligations is -- is their  
22 property suddenly just because it's on their site.

23 There's nothing in the agreement that gives  
24 them that right, and it's just -- it's just a  
25 facially absurd interpretation of any -- anything in  
26 the agreement.

27 So, you know, the way -- we've been  
28 essentially just hung out to dry here, Your Honor.

1 And we performed our duties. We stand ready to  
2 perform our duties. We sunk a lot of money.

3 I don't have an accountant with me today.  
4 I'd love to put John Yeager up on the stand. He can  
5 tell you everything about this money. But the  
6 difference is -- is that right now we're in a  
7 situation where the theft is occurring so quickly,  
8 the waste is occurring so quickly.

9 Mr. Hakim has already explained he's got a  
10 manager in Mira Este. First -- first -- the  
11 contention in the first declaration is that they  
12 made \$200 of revenue -- no, 200,000 of revenue.  
13 Then it's 200,000 in orders.

14 And so, you know, it's hard to keep track  
15 of -- you know, their lies just seem to sort of  
16 morph. And so all I -- all we know is my clients  
17 are basically getting taken to the cleaners. They  
18 have sunk a lot of money. They're not just  
19 managers. And they just want to press pause on this  
20 thing, Your Honor.

21 Now let me --

22 THE COURT: Wrap it up.

23 MR. ZIMMITTI: -- just finish up with to  
24 the extent there's a breach. Okay. So we do have a  
25 dispute resolution clause. And essentially, it  
26 is -- is -- does not just limit itself to, you know,  
27 whatever they think -- whatever they think applies.

28 It applies to anytime there's an alleged

1 breach or default, whether or not one is current,  
2 period. And this makes sense because we -- again,  
3 we sunk a lot of money into this property as a  
4 long-term investment. It's a long-term  
5 relationship.

6 So to say that they could merely claim a  
7 breach and kick us out and then we sue for damages  
8 is ridiculous, because we all know when it comes to  
9 property, okay, it is presumed that a breach of an  
10 agreement to transfer real property cannot be  
11 adequately relieved by pecuniary compensation.

12 So the remedy at law is presumptively no  
13 good here, Your Honor. We have no other remedy.  
14 It's loud and clear defendants will charge ahead.  
15 They're going to get new managers. They're going to  
16 sell off or give them residuals for life or  
17 whatever. This is our only hope at stopping and  
18 getting us a chance at our 50 percent ownership, for  
19 which we upheld our end of the bargain.

20 THE COURT: Thank you.

21 Counsel?

22 MR. GORIA: Thank you, Your Honor. I don't  
23 know quite where to start. There were a lot of  
24 misstatements there. But let's just start, first of  
25 all, with the options. I'm not sure if that's of  
26 concern to the Court.

27 THE COURT: It is.

28 MR. GORIA: And keep in mind that I'm just

1 speaking in terms of Mira Este and Roselle, because  
2 that side of this table here represents the Balboa  
3 interests.

4 THE COURT: Right.

5 MR. GORIA: Okay. So first of all, let's  
6 go back to that provision that counsel referenced  
7 and actually read to the Court, 8.6. And this is --  
8 this is a provision. I believe it's an identical  
9 contract in that respect for both Roselle and  
10 Mira Este.

11 Now, actually, I should ask the Court to  
12 turn back a page to 8.1, and that's the grant of the  
13 option. The grant of the option is distinguished  
14 from the exercise of the option, of course. The  
15 grant of the option requires that the manager pay  
16 \$75,000 -- regardless of the CUP, pay \$75,000 by  
17 March 15, 2018. That was for both Roselle and  
18 Mira Este. That wasn't done. They lost any right  
19 to acquire the option. Forget about exercise. They  
20 lost the right to acquire.

21 Okay. 8.6 just allows for the extension  
22 pending the grant of the CUP for the exercise of the  
23 option. In other words, the date given for the  
24 exercise of the option is extended if the CUP is  
25 delayed, not for the actual purchase of the option.  
26 I'm hoping the Court can follow me on that one.

27 THE COURT: I understand.

28 MR. GORIA: Okay. So there is a

1 distinction. They never paid the 75,000. They did  
2 for Balboa, but they never paid 75- for Roselle,  
3 never paid 75- for Mira Este. We contend that they  
4 lost their right to acquire the option.

5 Now, if we get into a contract dispute as  
6 to the interpretation of 8.6, that's certainly not  
7 something that could be decided on an ex parte  
8 application for a receiver.

9 As I think Tamara said, SoCal, at most,  
10 would have a claim for damages for breach of  
11 contract that could be handled at a later date.  
12 They're not under any kind of urgency or they're not  
13 facing any irreparable harm for the current manager,  
14 which is Synergy, to be left in place.

15 They can -- Synergy is the current manager  
16 of Mira Este. They were hired recently, and they  
17 were the ones that generated \$200,000 in orders.  
18 And Mira Este is now operating. Mira Este is  
19 operating.

20 THE COURT: So Far West is suing Balboa?

21 MS. LEETHAM: Correct, Your Honor.

22 MR. GORIA: For a different manager,  
23 different manager.

24 THE COURT: Yeah. That's Far West.

25 MS. LEETHAM: Yes.

26 THE COURT: So I've got Synergy and --

27 MR. GORIA: Yeah. Okay. Now, of course my  
28 client doesn't have any dog in the fight between

1 Mr. Razuki and Mr. Malan. Nobody disputes the fact  
2 that my client is a 50 percent owner of the Roselle  
3 facility and a 50 percent owner of the Mira Este  
4 facility. And there is absolutely no reason to put  
5 a receiver over his interests in those facilities,  
6 which is what would happen.

7 If a receiver were appointed, his interests  
8 would be affected. His right to distributions would  
9 be impaired. And we, of course, adamantly oppose  
10 any appointment of a receiver. As Tamara indicated,  
11 the appointment of a receiver in itself is a very  
12 drastic remedy. And the appointment of a receiver  
13 should not occur where you have other alternative  
14 measures to protect the rights of the plaintiff in  
15 this case or SoCal, plaintiff in intervention.

16 And the Court certainly has ample powers to  
17 impose preliminary injunctive orders to protect  
18 whatever property interests are at stake here. And  
19 we have no problem with an order that prevents the  
20 sale or encumbrancing or transferring of any of the  
21 assets in Mira Este or Roselle. We just don't want  
22 my client's interests in the distributions to be  
23 impaired, because nobody disputes -- there is no  
24 dispute that my client is entitled to those  
25 distributions.

26 Now, in terms of SoCal, I was kind of  
27 biting my lip on where the money went that SoCal  
28 paid. You have to understand, basically, how the



1 management agreement with SoCal worked, at least as  
2 far as Mira Este goes. Nothing happened as far as  
3 Roselle goes. They haven't paid any money in terms  
4 of Roselle. They have paid money towards Mira Este.

5 And Mr. Townsend has prepared an accounting  
6 which is erroneous. There's several points that --  
7 several payments that he says were made that were  
8 not made. But be that as it may -- be that as it  
9 may be, the payments made in connection with Roselle  
10 were for the management agreement, management fee,  
11 and the minimum guarantee. Those two fees -- those  
12 two amounts totaled over \$100,000.

13 Now, why in the world would SoCal be paying  
14 \$100,000 for this? They are receiving 100 percent  
15 of the net profits after that. Okay. Pretty sweet  
16 deal. I mean, they're getting everything after they  
17 pay the minimum guarantee and the -- and the  
18 management fees.

19 THE COURT: How much was the minimum  
20 guaranteed? A hundred thousand?

21 MR. ZIMMITTI: From Mira Este?

22 MR. GORIA: I believe the minimum  
23 guaranteed was, I believe 50,000, and the other was  
24 60,300.

25 THE COURT: Who does that go to?

26 MR. GORIA: Mira Este Properties.

27 THE COURT: And who owns it?

28 MR. GORIA: Mr. Malan and Mr. Hakim.

1 THE COURT: What did they're do to do  
2 that -- to -- their management, what did they do for  
3 \$110,000?

4 MR. GORIA: They said, Come in. Come in.  
5 You can operate this facility. You can pocket  
6 100 percent of the net profits and operate this as a  
7 marijuana facility.

8 THE COURT: And so --

9 MR. GORIA: They gave them that right.  
10 It's a contract right that they gave them.

11 THE COURT: And so for ten months they  
12 collected \$110,000 per month, correct?

13 MR. GORIA: No.

14 THE COURT: How many months?

15 MR. GORIA: They collected probably about  
16 five months. And starting in -- and we have  
17 detailed this in Mr. Hakim's supplemental  
18 declaration. Failure to pay the June 2018  
19 management fee of 60,300. May, failure to pay the  
20 minimum guarantee of 50,000. July, failure to pay  
21 the July '18 management fee of 60,300.

22 And then in fail -- another payment due in  
23 June of the minimum guarantee payment of 50,000,  
24 failure to pay that. Failure to pay utilities in  
25 the amount of 12,000. Again, since SoCal was  
26 getting 100 percent of the net profits, they had the  
27 obligation to pay the expenses.

28 THE COURT: What were the net profits?

1 MR. GORIA: They didn't open. They delayed  
2 the opening of Mira Este. They never opened it.

3 THE COURT: So there were no net profits?

4 MR. GORIA: No. There was no profits or no  
5 revenues, no revenues at all, because they delayed  
6 the opening of it. Synergy came into the picture.  
7 They opened it right away.

8 THE COURT: Okay.

9 MR. GORIA: And they -- let's see. There  
10 were other failures to pay. Total -- the total that  
11 we came up with was 450,000 -- 451,000 as of  
12 June 10, 2018, when Tamara sent the termination  
13 letter. So it's a total falsehood that they were  
14 current.

15 Now, they make the argument, Well, we were  
16 kind of worried about Mr. Razuki's position in all  
17 of this. But their management agreement wasn't with  
18 Mr. Razuki or RM Holdings or Mr. Malan. It was with  
19 Mira Este Properties. They -- that's who they owed  
20 the obligation to, and they didn't make -- they  
21 didn't fulfill that obligation.

22 Now, in that respect, they're claiming  
23 that, well, there was a breach of the  
24 representations and warranties. Not so. On the  
25 litigation warranty -- it's 4.3.7 and he didn't read  
26 that. I note that.

27 But he says the warrant -- the  
28 representation says there's no litigation or

1 proceeding pending or threatened against company,  
 2 not against Mr. Malan, not against Mr. Hakim, not  
 3 against anybody other than Mira Este Properties.  
 4 And, of course, this was signed in January. So at  
 5 that time, that warranty was absolutely 100 percent  
 6 true.

7 As far as the equipment issue goes,  
 8 Section 4 -- this is another rep and warranty. But  
 9 Section 4.3.6 says, Company is the sole owner of the  
 10 real property on which the facility is located and  
 11 is the sole owner of the improvements comprising the  
 12 facility and all real and personal property located  
 13 therein.

14 So based on that, there's at least an  
 15 argument to be made that SoCal doesn't own all this  
 16 equipment or doesn't have a complete ownership  
 17 interest in it. We're not going to do anything with  
 18 the equipment. We're not going to sell it. We  
 19 wouldn't sell it even without a court order  
 20 preventing us from selling it, but we're not going  
 21 to sell it.

22 But we have a claim. We have a colorable  
 23 claim to that equipment. And it's not something,  
 24 again, that can be decided on an ex parte  
 25 application for a receivership.

26 Finally, just -- finally, if I may, the  
 27 agreement with Synergy -- the agreement with Synergy  
 28 requires Synergy to pay rent in the amount of

1     \$35,000. There was no such requirement on the part  
2     of the SoCal agreement.

3             Well, rent in the amount of 35,000 is --  
4     would be enough to cover the debt service on the  
5     Mira Este facility of 25,000, not including taxes  
6     and insurance, and the debt service on the Roselle  
7     property, because that's running on a negative, 4700  
8     rent, 6600 debt service. So we need that Synergy  
9     monthly payment of rent to maintain the Roselle and  
10    Mira Este loans, to keep them current.

11            So again, to undo that -- to undo the  
12    management agreement with Synergy I think would  
13    be -- it would actually be detrimental to  
14    Mr. Razuki's position as well, because these loans  
15    could be foreclosed on. And then the facilities  
16    would be lost, and he'd lose his argument.

17            Thank you, Your Honor.

18            THE COURT: Thank you, Counsel.

19            Mr. Essary, what do you got? Or  
20    Mr. Griswold. Who's going to speak?

21            MR. GRISWOLD: I'll speak, Your Honor.  
22    First, I don't think it's any surprise to anyone  
23    that my client was thrown into a true hornet's nest  
24    on July 17th. Now, that's -- he's not asking for  
25    sympathy. That's what he does. He's been doing it  
26    for decades here in this county and lots of the  
27    courts.

28            But I make that point to -- if the Court

1 needs any explanation or wants explanation regarding  
2 his -- you know, the duties he took that were court  
3 ordered. I remind the Court that any payments that  
4 he made that, again, ordered by the Court while he  
5 was the receiver during that brief two-week period  
6 was to run those operations.

7 Of course, the normal course of a  
8 receiver's business is to pay all invoices that are  
9 owed to consultants, accountants, security services,  
10 security technology and video equipment, payroll for  
11 folks that are actually working 9:00-to-5:00s at  
12 these dispensaries, and all those payments were  
13 made.

14 We hastily put together an interim  
15 accounting report for informational purposes for all  
16 of the parties to look at. We expected a thorough  
17 examination and comment, and we certainly got that  
18 today.

19 But I would remind the Court that  
20 Mr. Essary -- again, being in that hornet's nest, I  
21 can only imagine the arguments that could have been  
22 made if Mr. Essary didn't pay certain unpaid  
23 invoices to certain consultants that were owed even  
24 prior to Mr. Essary being appointed.

25 And if after July 31st, when the  
26 receivership was vacated and the receiver walked out  
27 of that receivership with a bunch of unpaid bills,  
28 there's also the counterargument that would have

1 been made today that he walked in, didn't pay any  
2 bills, and so he's no use to any of the parties or  
3 the businesses involved.

4 I also would point out that some of these  
5 folks that were paid as vendors and professionals,  
6 such as accountants like Mr. Yeager, payments to  
7 payroll for folks that work at SoCal, has been  
8 discussed for the last hour and a half, these were  
9 all folks that were trusted, hired, paid for several  
10 months.

11 Now, we all know everything exploded, and  
12 that's why Mr. Essary was brought in as a receiver  
13 initially. But to flip the argument now and point  
14 to Mr. Essary for paying what I think are called  
15 insiders who are somehow, I guess, in collusion with  
16 the Court's officer, Mr. Essary, I certainly want to  
17 get on the record that, as Mr. Essary's counsel, I  
18 take exception to that.

19 He was simply doing his court-ordered  
20 duties for a two-week period before another  
21 explosive hearing, and then some gray area as to  
22 what bills he should be paying or what duties he  
23 should be fulfilling until we're here today.

24 And I give you -- one more example is that  
25 it was certainly argued by many of the parties at  
26 counsel table that after July 31st, of course,  
27 Mr. Essary was out of the picture. No more  
28 receivership. Receiver is dismissed.

1           At the same time we have parties that  
 2 August 2nd, 3rd, and 4th demanding that the receiver  
 3 take responsibility for certain payments, important  
 4 payments, such as mortgage payments on properties.  
 5 Totally understandable that somebody needs to get  
 6 that paid.

7           But I think some mention of folks arguing  
 8 out both sides of their mouths -- we had situations  
 9 where when it suited some parties' interests, it  
 10 was, "Step down, receiver. You're out," while at  
 11 the same time, maybe later that afternoon, "Hey,  
 12 receiver. Do your job. Get these invoices paid in  
 13 this pile."

14           So as stated in the interim receiver's  
 15 report, the receiver stands ready to follow these  
 16 Court's orders, if there are any that involve him.  
 17 He's ready to do so. Not going to shy away from  
 18 this group or this complicated situation and is  
 19 ready to take these court orders. That's all,  
 20 unless the Court had anything particular.

21           THE COURT: Where's \$68,000?

22           MR. GRISWOLD: Say again.

23           THE COURT: Where is \$68,000?

24           MR. GRISWOLD: Sixty-eight thousand  
 25 dollars?

26           THE COURT: Went out, allegedly, in a trash  
 27 bag. Am I making sense?

28           MR. GRISWOLD: Yes, Your Honor. It --



1 THE COURT: Mr. Essary, you can speak.

2 MR. ESSARY: There was allusion to a video  
3 that was taken on the Balboa dispensary's cameras,  
4 which I did get ahold of after I took possession  
5 against the will, if you will -- without the  
6 cooperation of the defendants.

7 On that video, there were people locked in  
8 the back room, where there are four or five safes,  
9 which when we did take possession and get back  
10 there, the back door had been left open. That's how  
11 we got in. Those safes were empty.

12 THE COURT: Every one of them?

13 MR. ESSARY: Well, we found about \$1200 a  
14 couple days later jammed into one of the slots. We  
15 found about 4,000 out of the ATM in 20s.

16 MR. WATTS: Your Honor, I object and ask  
17 that he be put under oath if he's testifying. He's  
18 not an attorney.

19 THE COURT: No. I'm not going to do that.  
20 There's a court reporter right there. That's why I  
21 had him brought in. I'm not going to put him under  
22 oath, at least at this stage.

23 MR. ESSARY: I did not know the amounts of  
24 money or what the items were exactly that were  
25 removed, but the employees there did put things in  
26 bags and containers and go out the back door, and  
27 they were picked up by Ms. Austin. I saw her. She  
28 drove around and we have it on camera. So that's

1 what happened to the 68,000. Somebody else took  
2 account of that. I don't --

3 THE COURT: So you don't know if it was  
4 68,000?

5 MR. ESSARY: I do not know the amount,  
6 Your Honor, exactly, but it was -- there were bags  
7 and containers that -- I saw them on video, and we  
8 do have that video.

9 THE COURT: Tell me what you would do in  
10 this situation.

11 MR. ESSARY: There seems to be a lot of  
12 energy and effort from one side to maintain control  
13 over things that the other side didn't even know  
14 existed or what the amounts were or -- again, you  
15 know, I don't -- I'm not part of the action. I'm  
16 just there a -- a function of what you need me to do  
17 to control assets. I believe there are assets that  
18 need to be controlled.

19 THE COURT: Such as?

20 MR. ESSARY: The dispensary --

21 THE COURT: Both of them?

22 MR. ESSARY: They generate a lot of money.

23 THE COURT: Both of them?

24 MR. ESSARY: The other one was not  
25 operational. Sorry. That was a production site.  
26 There are rents also.

27 There's also five other units that are  
28 owned by San Diego United in that same building. I

1 did meet with the gentleman who sold them to the  
2 defendants, and he collects rent from the other four  
3 tenants and pays it to them. It's about 5,000 a  
4 month. I was just getting ready to start collecting  
5 that until the 31st hearing, which I backed out of  
6 it.

7 So there's rents from Roselle also. I  
8 believe there's a lot of -- a potential for a lot of  
9 money, and I just question who deserves to get that  
10 money. And that's --

11 THE COURT: I keep hearing about money, but  
12 I don't seem to be seeing it. Maybe that's not your  
13 fault.

14 Let me just -- and don't -- everyone, just  
15 calm down. I'm going to say something, and you're  
16 all going to go (gasping sound). So take a breath.  
17 What if I kick everybody out, bring in a whole new  
18 team? Talk to me about that.

19 MR. ESSARY: A whole new team with --

20 THE COURT: To manage --

21 MR. ESSARY: -- to manage and operate  
22 everything?

23 THE COURT: Yeah. Just -- I assume there's  
24 someone in San Diego that can operate a marijuana  
25 dispensary, correct?

26 MR. ESSARY: Contrary to some of the  
27 declarations made by the defendants, I -- even  
28 though I don't have any previous experience, as

1 Your Honor knows, I run a lot of business that I  
2 don't actually run in my past, but I have people  
3 that I can use, consultants. I can take it over.

4 We were in the process of making sure we  
5 were above the line on everything, including CUP  
6 process, licenses and applications, conformity to  
7 all the local rules. We got a B rating from a --  
8 from an inspection in our dispensary after only  
9 being open for, like, 12 days. It was -- we were  
10 running it properly, and I believe that other people  
11 could run it properly too.

12 You all -- you do know that the reason I  
13 chose -- not because I knew anything about the  
14 objection to SoCal, is because the original order  
15 issued appointing me mentioned to put -- redo the  
16 contract or re-recognize the contract with SoCal,  
17 which seemed logical since they'd been running it  
18 for nine months before.

19 THE COURT: What do you know about Synergy?

20 MR. ESSARY: I know nothing about them  
21 directly.

22 THE COURT: What do you know about  
23 Far West?

24 MR. ESSARY: I believe that's the Greens  
25 company. They call it California Greens. Is that  
26 the one? They were operating it before when I came  
27 in and took over. They don't listen to court  
28 orders. They didn't turn over possession.

1           But other than that -- I don't know about  
2           their operations, but I do agree with you there are  
3           multiple options for running these types of  
4           operations both in San Diego County and in  
5           Los Angeles County, which is very common too.

6           THE COURT: Thank you.

7           MR. ESSARY: You're welcome.

8           THE COURT: Mr. Griswold, another question  
9           for you. I read some -- I think it was in the  
10          defendant's moving papers that there's a question of  
11          whether the receiver is appropriate or legal to do  
12          it.

13          I think I've read that -- there was a  
14          supplemental declaration that I think you say you  
15          feel now that under the law, there's an exception  
16          for the Court to appoint a receiver and not have to  
17          go through the licensing. Did I read that right?

18          MR. GRISWOLD: You did, Your Honor, and it  
19          cites to -- I have it here. This is the Bureau of  
20          Cannabis Control, Section 5024, which contemplates  
21          the incapacity of the licensee to operate the  
22          business. And it specifically cites to when a  
23          receiver would be appointed, and then it calls for a  
24          notice to be provided by that receiver to the Bureau  
25          of Cannabis Control, which was done within ten days  
26          of the appointment by Mr. Essary.

27          THE COURT: So it's your position he can  
28          continue?

1 MR. GRISWOLD: Yes.

2 THE COURT: Legally?

3 MR. GRISWOLD: Yes.

4 THE COURT: Do we know what happened at the  
5 C -- I think I read this too. On August the 15th,  
6 it passed, right? So we're good to go?

7 MS. LEETHAM: At the hearing officer level.  
8 But there's an appeal process where it could end up  
9 before the planning commission, and Ms. Austin  
10 attended that.

11 THE COURT: So who appeals it or is it  
12 automatic?

13 MS. AUSTIN: Oh, this would be the  
14 conditional use permit for Mira Este, and that would  
15 be appealed by any interested party. Anybody in the  
16 public could choose to --

17 THE COURT: Like another competitor?

18 MR. JOSEPH: Right, exactly. So within ten  
19 business days, they have the right to appeal. Since  
20 the City's only issuing 40 of them, it is very  
21 likely that there will be an appeal.

22 THE COURT: Are you both experts in this  
23 field? Did I read that right?

24 MS. AUSTIN: I am.

25 THE COURT: Obviously, a concern for the  
26 Court, no matter what I do, is that these remain  
27 viable businesses. What I wouldn't want to do as a  
28 Court is blow it up. Maybe that's not the proper

1 word, but have everybody -- okay, you all lose.

2 I think there's money to be made here, and  
3 my sense -- we'll find all this out on who owns what  
4 and stuff like that, but I guess my concern is not  
5 to blow it all up. Can you give me a little insight  
6 into that, if you could?

7 MS. AUSTIN: Yeah. Actually, I can. I  
8 would -- Mr. Griswold is correct that Mr. Essary  
9 took the first step in managing it by noticing the  
10 Bureau, but there are two or three more steps that  
11 5024 contemplates, which includes having an  
12 application in your own name.

13 The Bureau's concept in this, if you looked  
14 at the draft of regulations as they were promulgated  
15 over time, was that, well, what happens, because the  
16 license is not transferable. It can't go to  
17 somebody else, because you have to have background  
18 checks and all of this. This is at the state level,  
19 different than the city level.

20 And so the Bureau contemplates yes, if you  
21 give us notice, you can do that, but it's at the  
22 Bureau's discretion. And you must also file  
23 these -- you must file an application in your own  
24 name. You must continue to move forward, and then  
25 the Bureau will -- to make that determination.

26 Those subsequent steps have not occurred.  
27 Does that mean the Bureau would shut them down  
28 immediately? I don't know. They haven't come out

1 and said one way or the other. There was an  
2 investigation during -- there was some report -- and  
3 I believe it might have been from the City, but I  
4 don't know who made a report to the Bureau stating  
5 that the Balboa dispensary during the time of  
6 Mr. Essary's control was operating improperly with  
7 improper guards.

8 So I got an e-mail from the Bureau this  
9 morning asking me to clarify, provide them  
10 information. And I said, I'll let you know after  
11 this hearing today what else I can provide you.

12 But it is a -- an on -- a very complex  
13 process, and that's the state level. There's a  
14 separate process at the city level.

15 THE COURT: Have you worked with Synergy  
16 before?

17 MS. AUSTIN: I have worked with some of the  
18 principals of Synergy.

19 THE COURT: Have you worked with Synergy  
20 before?

21 MS. AUSTIN: No. I think it's a brand-new  
22 corporation.

23 THE COURT: Have you worked with Far West  
24 before?

25 MS. AUSTIN: Yes, Your Honor.

26 THE COURT: These are all new. Tell me  
27 about it.

28 MS. AUSTIN: Far West Management is a



1 management company that also operates Golden State  
2 Greens on Hancock Street.

3 THE COURT: That means nothing to me.

4 MS. LEETHAM: Point Loma.

5 MS. AUSTIN: Well, Point Loma. So it's a  
6 Point Loma dispensary. It was one of the first  
7 entitled here in San Diego.

8 THE COURT: Okay.

9 MS. AUSTIN: They also have entitlements in  
10 Santa Barbara and several others. They're  
11 experienced operators with dispensaries.

12 THE COURT: Can I assume Synergy has  
13 nothing to do with these parties? I mean, I have a  
14 management fee signed by one of the defendants,  
15 correct?

16 MS. AUSTIN: Right.

17 THE COURT: But other than that, they don't  
18 have any interest? There's no alleged --

19 MS. AUSTIN: Not a --

20 THE COURT: -- options, nothing like that,  
21 right?

22 MS. AUSTIN: I don't know of any options,  
23 Your Honor, but I do believe that there are members  
24 of Synergy that are also members in this dispute.

25 THE COURT: Like who?

26 MS. AUSTIN: Is that correct?

27 MR. GORIA: Not that I know of, no.

28 THE COURT: So Mr. Hakim, Mr. --

1 MS. LEETHAM: Malan.

2 THE COURT: -- Malan, they're not members  
3 of Synergy?

4 MS. AUSTIN: I don't know. Like I said,  
5 I --

6 THE COURT: Turn around and ask them.

7 UNIDENTIFIED SPEAKER IN THE AUDIENCE: No.

8 MS. AUSTIN: No, they're not members.

9 THE COURT: Good answer. How about  
10 Far West?

11 MS. AUSTIN: They're not.

12 MR. ZIMMITTI: Your Honor, if I may?

13 THE COURT: Yeah. And then I'm getting  
14 there, people. I'll tell you that right now.

15 MR. ZIMMITTI: Actually, Mr. Lachant with  
16 me is also a cannabis regulatory expert, and I'll  
17 let him jump in in a second.

18 THE COURT: Well, you talk to me then.

19 MR. ZIMMITTI: But can I -- can I just --  
20 can I just insert this issue?

21 THE COURT: Counsel, of course you can.

22 MR. ZIMMITTI: Thank you, Your Honor. On  
23 the -- on the -- again, the equipment, so again, I  
24 want to stress on Mira Este, which we all heard  
25 makes no profit, yet we sunk a lot of money in this  
26 facility, this equipment is very, very expensive,  
27 very -- easily broken, and there is no basis to be  
28 holding onto it.

1                   And you heard Mr. Gorla mention this  
 2                   provision in the agreement. And I just -- you know,  
 3                   Your Honor can read it himself. However, basically,  
 4                   this is among the reps and warranties, so this is  
 5                   right above the section about no litigation. It's  
 6                   essentially the company just warranting it's a sole  
 7                   owner of the real property, the personal property in  
 8                   the facility at the time.

9                   So it's not con -- it's not -- this  
 10                  equipment came afterwards. So all it's saying is,  
 11                  you know, if I have a refrigerator in there when you  
 12                  come in and look at the facility, I own this  
 13                  refrigerator. This says nothing about all this  
 14                  expensive equipment necessary to run this facility.  
 15                  It's ours.

16                  So, Your Honor, if -- to the extent someone  
 17                  else is running this facility, we are not  
 18                  comfortable with them using it, breaking it, selling  
 19                  it, whatever.

20                  THE COURT: No one is going to be  
 21                  comfortable with what I do today. All of you are  
 22                  going to be unhappy with me today. Well -- no, none  
 23                  of you will be happy. And I say that respectfully,  
 24                  Counsel. I think I'm getting to where I want to be.

25                  But I would assume, SoCal, that, Judge, if  
 26                  we really have an interest in here, we want that  
 27                  business making some money, even if they're using  
 28                  our equipment, as long as they don't destroy it,

1       encumber it, or sell it, correct, SoCal?

2               MR. ZIMMITTI:   Correct, Your Honor.   We're  
3       committed to making this work if at all possible.

4               THE COURT:    Thank you.   I understand that.

5               MR. WATTS:    Your Honor, there is a comment  
6       that he made earlier about the option and whether it  
7       was still alive, and he alleged that our client had  
8       agreed to extend the option.

9               THE COURT:    He did in a letter.

10              MR. WATTS:    Yeah, in the letter.   So the  
11       letter he read to the Court was Exhibit D to  
12       Mr. Bornstein's declaration.   That's a letter from  
13       his client to my client rejecting my client's offer  
14       to extend the option for 15 days.

15              THE COURT:    Don't mind me.

16              MR. WATTS:    He wrote that one sentence he  
17       read that said, We received your letter dated  
18       June 19th, 2018, wherein you, et cetera -- you agree  
19       to offer to extend the deadline.   He said, We  
20       received your letter.   And then the very next  
21       sentence says, While we appreciate the  
22       accommodation, that lawsuit's but one of many.  
23       Instead, I propose the following.   And then on the  
24       second page of this letter, it says, To preserve  
25       these options, to preserve the possibility, we are  
26       asking you to sign the tolling agreement that  
27       suspends the option deadline on each property  
28       pending resolution of all pending issues regarding

1 the litigation. Our client never responded to that,  
2 so that tolling agreement was never signed.

3 THE COURT: I got it.

4 MR. ZIMMITTI: Your Honor, one last thing,  
5 one last thing.

6 THE COURT: And this is it, people.

7 MR. ZIMMITTI: I'm sorry, Your Honor.

8 THE COURT: You're both making good  
9 arguments. I got it. Go.

10 MR. LACHANT: Your Honor, if I -- I'm going  
11 to jump in for Mr. Zimmitti. I was working with the  
12 receiver with respect to notifying state agencies --

13 THE COURT: Good.

14 MR. LACHANT: -- about the appointment of  
15 the receivership. I was -- there's been a lot of  
16 rhetoric thrown around that the receiver doesn't  
17 have authority to operate these businesses, that  
18 it's illegal.

19 As soon as I was introduced to the  
20 receiver, I reached out to the BCC, the Bureau of  
21 Cannabis Control. They made it very clear that they  
22 didn't ask him to submit a second application. They  
23 instructed me that all he had to do was provide  
24 the -- what was required in the regulatory notice,  
25 the proof of receivership, as well as the receiver's  
26 information. And then any additional steps that  
27 would be necessary, they would contact the receiver  
28 directly and tell him what to do.

1           The reason it's important is because  
2           there's been several allegations against the  
3           receiver for mismanagement. I went to the Balboa  
4           facility. I've been to probably 100 retailers --  
5           cannabis retailers in the state, and I found it to  
6           be a well-run facility. They were doing as good as  
7           anyone was in transitioning to these new  
8           regulations. They had a caring management team in  
9           place who were trying to follow the rules in a  
10          meaningful way. Like everyone, there's areas where  
11          they could improve, but it wasn't a disastrous  
12          operation by any means.

13                 And SoCal, to the extent the Court's going  
14          to make its ruling on Mira Este -- I just spoke with  
15          a gentleman from SoCal. If the Court's not going to  
16          allow SoCal to operate Mira Este, they have this  
17          equipment that they want to use at a licensed  
18          location in Los Angeles. So I think that's really  
19          important that they get this equipment that they  
20          paid for and it's their equipment.

21                 THE COURT: Well said. Okay. Let me just  
22          ask -- and I forget everybody's name. I apologize.  
23          I'm going to call you SoCal. I'm going to call you  
24          Malan.

25                 Are we satisfied that Synergy is legally,  
26          according to the State of California, operating  
27          this? I don't care how they're doing it. Actually,  
28          I do care. But are they legal? Do you understand

1 my question?

2 MS. AUSTIN: Yes, I do.

3 THE COURT: And the answer is?

4 MS. AUSTIN: Yes.

5 THE COURT: Thank you.

6 Your answer

7 MR. LACHANT: Your Honor, I don't know  
8 anything about Synergy, so I --

9 THE COURT: Fair answer.

10 MR. LACHANT: -- can't comment.

11 THE COURT: There's one answer.

12 The other one is Far West. Are they legal  
13 in the state of California, so they have met the  
14 licensing and all that stuff?

15 MS. AUSTIN: Yes, Your Honor.

16 THE COURT: Thank you, Counsel.

17 MR. LACHANT: Again, I -- when you say, Are  
18 they legal, have they met the licensing, I don't  
19 know if they have been disclosed to the State. I  
20 don't know if they have been disclosed as a  
21 financially interested party to the State.

22 THE COURT: Do your homework. Do your  
23 homework.

24 Because I -- first of all, you are all  
25 officers of the court, and I take that real  
26 seriously. Counsel, she's an officer of the court,  
27 and you're saying, Judge, they're licensed. And  
28 you're the expert.

1 MS. AUSTIN: That's correct.

2 THE COURT: I take her word for it, but do  
3 your homework. Okay?

4 MR. LACHANT: Sure.

5 THE COURT: Okay. I think I know where I'm  
6 going, so bear with the Court, because -- and let's  
7 just talk about it. This is going to get real  
8 expensive, people. I'm talking to you and you.  
9 Real expensive. And you're going to see how. Okay?

10 And I mean, this is a TRO. No matter what  
11 I do here, we're going to revisit this in 21 days,  
12 to which if I grant a TO, there's going to be a  
13 bond. One wonders how big that might be if I am --  
14 and I grant the TRO.

15 One last issue I want to talk about to your  
16 client.

17 I hate to point, Mr. Gorla.

18 Tell me why I should include Roselle in  
19 this. Roselle, they're in the property for three  
20 years. He can do an accounting. Do we need Roselle  
21 if I do it?

22 Mr. Essary, yes or no?

23 MR. ESSARY: On the basis of the complexity  
24 of the other two operations, I did not serve  
25 Roselle, because I was told by Mr. Yeager that it  
26 merely was a rents and profits with minimal income.  
27 So therefore, they're not aware of the receivership.

28 THE COURT: And they're in the lawsuit,



1 right? Right?

2 MR. ELIA: Yes.

3 THE COURT: But do I need to have them if I  
4 do grant a receiver? Do I?

5 MR. GORIA: We certainly don't think  
6 Roselle --

7 THE COURT: I don't think so either.

8 MR. GORIA: -- should be included.

9 THE COURT: Should I? Tell me. Let him  
10 finish.

11 MR. ELIA: The only concern I have is as  
12 Mira Este just started, Roselle will eventually  
13 start.

14 THE COURT: Eventually. Let me know what  
15 it happens.

16 MR. ELIA: Okay.

17 MR. ZIMMITTI: Your Honor, our concern,  
18 obviously, is before, you know, we can get things to  
19 be moving forward, it will be sold or encumbered or  
20 further, you know, displaced from us, so --

21 THE COURT: I'll make an order not to sell  
22 it, but I'm going to let him do the work. Who's  
23 him? Mr. Hakim.

24 MR. HAKIM: Yes, sir.

25 THE COURT: Talk to your client. I think  
26 I'm cutting them out. Not cutting them out, but I  
27 don't want him to sell it. But he's got to do the  
28 rent and all that stuff. Make sure he's comfortable

1 with that.

2 MR. GORIA: Will do, Your Honor.

3 MR. ELIA: Your Honor, if I may, just real  
4 quick?

5 THE COURT: And then I'm going to order.  
6 Here we go. Go.

7 MR. ELIA: If I may, if Roselle is going to  
8 enter into some agreement, we would just ask that we  
9 review it first before they do that.

10 THE COURT: Just collect the rent. Don't  
11 sell it. Don't encumber it. Don't lease it. Well,  
12 it's leased for three years. Did I read that right?

13 MR. GORIA: Yes, Your Honor.

14 THE COURT: Two years?

15 MR. GORIA: Yes.

16 THE COURT: So just -- who knows if this  
17 litigation will be done by then, but let's hope.  
18 Okay?

19 MS. AUSTIN: Jesus.

20 THE COURT: Welcome to --

21 MR. GORIA: Your Honor, in that regard --

22 THE COURT: -- civil.

23 MR. GORIA: -- the tenant has indicated a  
24 willingness to sell the balance of his term in order  
25 to facilitate --

26 THE COURT: Get out of here. Go ahead.  
27 Here it is. Ready? Don't sell or encumber it, sell  
28 it, lease it. If you want to sell it, bring it to

1 the Court.

2 MR. GORIA: All right.

3 THE COURT: I can make that decision.

4 MR. ZIMMITTI: So, Your Honor, are the  
5 status of our agreements under -- do they pertain to  
6 Roselle?

7 THE COURT: He's not going to sell it.  
8 That's still going to be litigated. He's just going  
9 to do the accounting, Counsel. Do you understand?  
10 It's okay if you don't agree, but do you understand  
11 what I'm doing, sir?

12 MR. ZIMMITTI: Yes, Your Honor.

13 THE COURT: Appreciate that. Thank you.  
14 Okay. Here we go. Listen up. Let the record  
15 reflect the Court has considered everything. As you  
16 know, I have to make a determination at this stage,  
17 Number 1, of whether there is a likelihood that the  
18 plaintiff will prevail on the case. I'm making that  
19 likelihood, as he looks at the plaintiff.

20 Second thing I got to do is determine  
21 whether there is imminent harm, irreparable harm.  
22 The Court's made that finding based on the amount of  
23 money that allegedly have been put into this case.

24 This case will be reviewed in -- I got to  
25 set it within 15 to 20 days. I'll put it on a  
26 Friday afternoon. Twenty-one days. How about the  
27 7th, 1:30, this department?

28 MS. AUSTIN: September 7th?

1 THE COURT: Yes, Counsel, September 7th.

2 MS. AUSTIN: Sorry.

3 MR. ELIA: That's fine with me, Your Honor.

4 THE COURT: Mr. Essary?

5 MR. ESSARY: Yes, sir, Your Honor.

6 THE COURT: Here's my thoughts. You're  
7 appointed now. I don't know if I'm going to appoint  
8 you in 21 days. Do your work, and it better be  
9 unencumbered. I want to make sure they really  
10 understood what I said there. He better be given  
11 access. He better be allowed to do his job, period.  
12 I can't stress it too much.

13 I'm going to tell you I want Synergy in. I  
14 want Far West in. See if they're competent. I  
15 don't know. Do your job.

16 MR. ESSARY: Under -- with SoCal, I had a  
17 management agreement to operate, under which it  
18 dictated payment of --

19 THE COURT: That's suspended right now --

20 MR. ESSARY: I understand.

21 THE COURT: -- by the Court.

22 MR. ESSARY: Do I have that same document  
23 or those guidelines so I know what to expect for my  
24 contractors?

25 THE COURT: Explain that to me.

26 MR. ESSARY: You have two different  
27 entities --

28 THE COURT: Right.

1 MR. ESSARY: -- running two different  
2 facilities under a management agreement, which I've  
3 been told is similar to what SoCal had. It has  
4 probably fixed payments. It has -- they have made  
5 profits. There's probably a percentage of profits  
6 that goes back. I would need those for --

7 THE COURT: For the next 21 days, the  
8 answer is yes.

9 MR. ESSARY: Okay.

10 THE COURT: So let's be real clear. So am  
11 I going to make the management payment if the money  
12 is there? Am I going to make the -- help me -- rent  
13 payment?

14 MS. LEETHAM: Minimum guarantee.

15 THE COURT: Minimum guarantee. Pay those  
16 if the money is there. I want this -- it's only for  
17 21 days.

18 MR. ESSARY: But I was really talking about  
19 what the vendors would be paying to the entities,  
20 which would be me, the receiver. So I need to know  
21 what I'm expected to collect from them. It was very  
22 easy with SoCal because I had their agreement.

23 THE COURT: Well, I'm sure they'll tell you  
24 what. If they're running it, they should know what  
25 they're making. Look at their P&L. I assume these  
26 people have a P&L.

27 MS. LEETHAM: They have an accountant,  
28 Your Honor.

1 THE COURT: Perfect.

2 MS. LEETHAM: Clarification. So we have  
3 a lot of litigation.

4 THE COURT: You think?

5 MS. LEETHAM: A lot. And I feel extremely  
6 uncomfortable that the receiver gets to make a  
7 decision on who represents my clients when I don't  
8 know that. So where does that leave our litigation?  
9 I need to appear tomorrow before Your Honor on  
10 behalf of the entity that the receiver -- do you  
11 understand what I'm saying? Am I allowed to do  
12 that?

13 THE COURT: So who do you want to appear  
14 for tomorrow?

15 MS. LEETHAM: I need to appear for  
16 San Diego United. I have a discover -- I have an  
17 ex parte in the San Diego Patients case tomorrow. I  
18 have all this litigation.

19 THE COURT: Why couldn't you appear for  
20 them?

21 MR. GRISWOLD: Your Honor, I have the same  
22 question. The receiver's in control of the  
23 marijuana operations that we've been talking about  
24 for the last two hours.

25 THE COURT: Right.

26 MR. GRISWOLD: There is other litigation  
27 about -- I don't even know how many other issues.  
28 All of those entities have counsel of record, which

1 I understand is counsel sitting at the table.  
2 There's no obstruction or requesting that they don't  
3 represent the interests of their clients in those  
4 issues, be it discovery disputes or --

5 MS. LEETHAM: The first order was just so  
6 broad that I felt extremely uncomfortable. But as  
7 long as --

8 MS. AUSTIN: I --

9 THE COURT: Here's my thought. No, no.  
10 Hold on. Shh. I don't mean to interrupt. You have  
11 a good point, Counsel. Right now I don't see any  
12 red flags. If I do, I'll let you know. That's a  
13 very ethical thing to do, by the way, Counsel.

14 MS. LEETHAM: Thank you.

15 THE COURT: I appreciate that.

16 MS. LEETHAM: Thank you.

17 MS. AUSTIN: Your Honor, if I could  
18 dovetail on that, I have a hearing before the  
19 planning group this evening on one of the  
20 entitlements for this same process for the Mira Este  
21 property. I have multiple balls in the air  
22 regarding the state entitlements and local  
23 entitlements. Am I allowed to continue to move  
24 forward with those?

25 THE COURT: Absolutely. I would expect  
26 that.

27 MS. AUSTIN: Okay.

28 THE COURT: And hold on. Let's make it

1 clear what I'm doing right now.

2 Mr. Essary, you heard what I just said?

3 MR. ESSARY: Yes.

4 THE COURT: So I assume when counsel is  
5 saying, Judge, I still got to work on the C -- CUP,  
6 et cetera, for Mira --

7 MS. AUSTIN: I've got a CUP for Mira Este  
8 and the appeal hearing that is likely to occur on  
9 Balboa Avenue, the state applications for  
10 distribution, manufacturing, and retail for all  
11 three entities.

12 THE COURT: Keep working. Court order.

13 MR. GRISWOLD: Can I add? I completely  
14 support that and I would just ask maybe that we  
15 encourage that we work together and keep -- that the  
16 receiver is informed and updated regarding the  
17 hopeful great progress that's made there, and we  
18 support that. We just want to make sure that we're  
19 working together and not shifting blame. So  
20 we're happy to --

21 THE COURT: I'm sure counsel will.

22 MS. LEETHAM: Mr. Griswold is very easy to  
23 work with. I have no problem doing that.

24 MS. AUSTIN: We would like one more -- I'm  
25 sorry to be so difficult. There's so many --

26 THE COURT: You're not doing --

27 MS. AUSTIN: -- agencies that I'm working  
28 with. The dispensary, Balboa, is currently



1     undergoing an audit by MGO to provide the financial  
2     data for the period of time that SoCal was in there  
3     from January 1 to April for the first quarter of  
4     this year.

5             They're require -- requesting all of the  
6     data on the accounting, which was in the software  
7     database called Trees, which we don't have access  
8     to. But in order to give us access, they wanted  
9     to -- "they" being -- Mr. Griswold's proposal, which  
10    I think was a good proposal, but it's going to end  
11    up costing us more money, was to freeze the data in  
12    time because there's no way to -- if they gave us  
13    access today -- if Trees was to allow me to have  
14    access today, then, theoretically, my client could  
15    manipulate the data. So they had to freeze it in a  
16    certain time. That was going to cost a certain  
17    amount of money. We just need access to it because  
18    we need to give it to the State.

19            MR. GRISWOLD: Your Honor, I'll take that.  
20    So Trees is a -- I guess a software -- kind of  
21    revenue generation software to run the business.  
22    When I said -- again, as you can imagine, a lot of  
23    competing arguments and claims by e-mail by all the  
24    parties as to how this should work.

25            What I proposed -- all it was was a  
26    proposal -- was that Mr. Malan and whoever else he  
27    designated as his agents and vendors certainly  
28    getting -- I think it was maybe a license or user

1 name issued so they could use this software to track  
2 the business.

3 What I also said, because there was lots of  
4 swirling claims, not made by the receiver, by some  
5 of the parties, that there would be some sort of  
6 manipulation of historical data on the revenue. So  
7 what I proposed and asked the software provider was,  
8 Can we make it, like, a digital copy, just a -- of  
9 those records?

10 THE COURT: Hold on. Stop. I want to make  
11 sure counsel listens.

12 MS. LEETHAM: I'm listening.

13 THE COURT: Go ahead.

14 MR. GRISWOLD: I propose that the software  
15 rep make a digital copy of whatever those records  
16 were at that time. I just -- "archive" was the word  
17 that the software guy used. I said, That sounds  
18 like a great idea. How much would that cost? He  
19 said it would be \$1,000 per month. So I said, Let's  
20 do that. I proposed that to them. They had some  
21 reservations. I think we under -- we liked the idea  
22 of giving Mr. Malan access. There was the thousand  
23 dollars a month that became the hiccup. I still  
24 believe it's a good proposal.

25 MS. AUSTIN: I don't -- I was -- when I  
26 turned around -- I don't know whether we need access  
27 to Trees on an ongoing basis or we just needed data  
28 dump.

1 UNIDENTIFIED SPEAKER IN THE AUDIENCE: Data  
2 dump.

3 MS. AUSTIN: Just the data dump. So if we  
4 can just get a data dump, then we're done.

5 THE COURT: How much will that cost?

6 MR. GRISWOLD: I don't --

7 MS. AUSTIN: That should be part of our  
8 subscription. We just need to get in, get the data,  
9 and then --

10 MR. GRISWOLD: It seems like something easy  
11 to do.

12 MS. AUSTIN: I think we can resolve it.

13 THE COURT: Make sure it's a copy.

14 MS. AUSTIN: Yeah, a copy.

15 MR. GRISWOLD: Yes.

16 THE COURT: I hope you're writing all this  
17 down, because this is going to be a court order, as  
18 best you can.

19 MR. GRISWOLD: Working on it.

20 MR. ZIMMITTI: Your Honor --

21 THE COURT: Hold on. Let me think of one  
22 more thing.

23 Mr. Essary?

24 MR. ESSARY: Yes, Your Honor.

25 THE COURT: I want to know how much --  
26 everyone keeps telling me there's a lot of money.  
27 Give me a -- can you -- I want to know how much  
28 money is coming into these businesses.

1 MR. ESSARY: Could I ask the defendants a  
2 question?

3 THE COURT: You may.

4 MR. ESSARY: Do you all have any opposition  
5 to retaining Mr. Yeager, since he seemed to have  
6 been involved --

7 MS. LEETHAM: Absolutely.

8 MS. AUSTIN: Absolutely.

9 THE COURT: You didn't read their  
10 declaration. They're going to have --

11 MR. ESSARY: I guess I missed that one  
12 then.

13 THE COURT: They're going to have a big  
14 opposition.

15 MS. LEETHAM: Just a point of clarification  
16 on the cash --

17 THE COURT: Let me finish. Let me -- hold  
18 on.

19 I just want -- I want to know how much  
20 money comes in. I'll take care of how it goes out.  
21 I'm hearing some huge numbers, and yet I don't see  
22 enough money. I'll be quite honest. I hear all  
23 these numbers, and yet we can't pay our rent?  
24 Hello? That's beyond me. I'm talking about there's  
25 a hundred thousand -- each weekend, a hundred  
26 thousand. Where's the money? Mr. Essary, find out  
27 for me.

28 MR. ESSARY: My issue is that it is --

1 there -- as the defendants have said and the  
2 plaintiffs, it's a very complex -- as Your Honor  
3 said, there's many entities. There's money in bank  
4 accounts going every which way.

5 My reason for using Mr. Yeager previously  
6 is that he was working for the defendants and  
7 working for the plaintiffs --

8 THE COURT: Okay.

9 MR. ESSARY: -- both of them. So I felt  
10 that was a nice compromise. I still feel that  
11 there's a rapport that I have with him and I do  
12 trust him because he's given me good advice what  
13 they didn't do and should have done and what they  
14 did and shouldn't have done. I've gotten really  
15 good feedback from him. I'm uncomfortable using an  
16 accountant that they have chosen merely for their  
17 own operation only because I don't have that same  
18 rapport.

19 MS. LEETHAM: Your Honor, Justus Henkes  
20 (phonetic), we hired. He is reputable and he worked  
21 for some big companies in accounting. He's been  
22 Far West management's accountant for years. He's  
23 independent. He's extremely professional, and  
24 there's -- he does Golden State Greens' books.  
25 There's no reason why he's not capable of doing it,  
26 and I think the receiver will find he will be  
27 extremely professional with him. We absolutely  
28 object to John Yeager. We fired him.

1 MR. ESSARY: I can make things work. It's  
2 just I'll spend -- I think I'll spend less money and  
3 less time if I'm able to use Mr. Yeager. I'll leave  
4 it up to the Court.

5 THE COURT: I want somebody new.

6 MR. ESSARY: Okay.

7 THE COURT: Yeager's out. And I know you  
8 want him. I --

9 MR. ESSARY: No, I know. But do I --

10 THE COURT: This is a decision by the  
11 Court. I'm going to live with it. Yeager is out.

12 MR. ESSARY: Do I --

13 THE COURT: And he may have done a great  
14 job. I'm not disparaging him. I read their dec. I  
15 want somebody that -- hold on.

16 So who is this? Did you say Justus? He's  
17 a former judge?

18 MS. LEETHAM: No. His name is Justus,  
19 J-u-s-t-u-s, Henkes, H-e-n-k-e-s.

20 THE COURT: Ready?

21 MR. ESSARY: Yes, sir.

22 THE COURT: You'll see how expensive this  
23 is going to get.

24 MR. ZIMMITTI: Your Honor, can I -- sorry.

25 THE COURT: Go.

26 MR. ZIMMITTI: Your Honor, we haven't  
27 talked again about the equipment.

28 THE COURT: I'll get there.

1 MR. ZIMMITTI: You know, we put a lot of  
2 effort in it -- in Mira Este, and we're not -- we  
3 would object to --

4 THE COURT: You want to pull it.

5 MR. ZIMMITTI: -- another operator using  
6 it, another operator basically benefiting from our  
7 equipment.

8 THE COURT: I got it.

9 MR. ELIA: May I quickly just make a quick  
10 comment, real quickly, Your Honor?

11 THE COURT: All right.

12 MR. ELIA: Your Honor, the only concern I  
13 have is I ask that if you're going to appoint  
14 someone, it would be someone that they don't know  
15 and that we don't know, because, frankly, we don't  
16 trust their side.

17 THE COURT: I know. I got it.

18 So, Mr. Essary, here's your deal. Here it  
19 is.

20 Who is it that's doing their books, Far  
21 West?

22 MS. LEETHAM: His name is Justus Henkes.  
23 He has no dog in the fight, Your Honor.

24 THE COURT: I got it. Check him out. See  
25 if he's good. But I also want him to do Mira Este.  
26 Now, let's say it goes south. You ever heard of  
27 Reagan & Associates (phonetic)?

28 MR. ESSARY: Yes.

1 THE COURT: Yeah, well known in San Diego.  
2 Extremely expensive, but they are the best in  
3 San Diego. Use them.

4 MR. ESSARY: I will interview their  
5 accountant and --

6 THE COURT: If you're not satisfied, go to  
7 Reagan & Associates. Tell them how I want it. They  
8 have been in my courtroom 20 years, and they're the  
9 best in San Diego.

10 MR. GORIA: Your Honor, just a quick point  
11 here for the receiver. There are three separate  
12 properties, three separate ownerships. We would  
13 prefer -- or we would ask the Court to require the  
14 accountant not to be spending income or revenue for  
15 Mira Este on Balboa or vice versa.

16 But we're concerned that he's going to  
17 intermingle or commingle the funds, because Synergy  
18 pays approximately -- their situation is different.  
19 They don't pay as much as SoCal does. And the money  
20 that Synergy pays is going to have to be used to pay  
21 the mortgage payments on Mira Este. Otherwise, the  
22 loan's going to go into default. Loan payments are  
23 due on the 5th of each month.

24 MR. ESSARY: I was -- it was early in the  
25 game. I opened up a central account, which I will  
26 be able to open up individual accounts. As  
27 Your Honor knows, opening up bank accounts is not  
28 always an easy thing to do when you're dealing with



1 cannabis operations. I'm able to with your court  
2 order allowing me -- authorizing me to open them. I  
3 do it in my own name personally so that there's no  
4 relationship to the cannabis, but I put the name of  
5 the entity along with it. And so I can open up two  
6 different accounts.

7 THE COURT: Sounds very reasonable.

8 MR. GORIA: Sounds fine.

9 MS. AUSTIN: I would ask if the accounts  
10 can't be used by the defendants or anybody, why do  
11 they need to open up new accounts?

12 THE COURT: Because I want it in his name.

13 MR. ESSARY: I actually do have control  
14 over two accounts that have less than \$3,000 at  
15 Torrey Pines Bank. I believe one of those -- that's  
16 Roselle and Mira Este. It's not the Balboa. Those  
17 were all shut down by B of A. They didn't give me a  
18 choice to keep them open.

19 THE COURT: Well, there's been a lot out  
20 about how much money these entities bring in. I  
21 want to see it.

22 MR. WATTS: Sunrise and Super 5 aren't  
23 included in this, I assume?

24 THE COURT: They are not.

25 MR. WATTS: And which LLCs exactly are  
26 included in it?

27 THE COURT: All the ones that have an  
28 ownership or partial ownership in those two

1 properties. That's pretty broad, isn't it, Counsel?

2 MS. GRIFFIN: Your Honor, to clarify, the  
3 cooperatives are, I think, a primary issue in terms  
4 of they're necessary to operate the storefronts.

5 THE COURT: Explain that to me.

6 MR. JOSEPH: Your Honor, to explain, Balboa  
7 Avenue Cooperative, Devilish Delights, California  
8 Cannabis Groups, they're the State license holders.  
9 They don't have an ownership in the land, the dirt,  
10 or anything like, but they are necessary to run the  
11 dispensary and they're necessary to run Mira Este.  
12 So I just want to clarify. Would your order include  
13 the receiver having power over those cooperatives as  
14 well?

15 THE COURT: My gut reaction is yeah. But  
16 he's going to have them continue to run it, right?  
17 The answer is yes, he has power.

18 MR. JOSEPH: So just to clarify --

19 THE COURT: Well, hold on. They're named  
20 defendants. They're under my order. Counsel,  
21 they're named defendants.

22 MR. JOSEPH: Yes.

23 THE COURT: They're included.

24 MR. JOSEPH: Okay. You just clarified  
25 that, Your Honor.

26 THE COURT: Yeah. It's okay. And no  
27 disposal of any personal property, period,  
28 especially the property on what address, Counsel?

1 MR. ZIMMITTI: Mira Este.

2 THE COURT: Mira Este. No destroy, no  
3 waste, no nothing.

4 MS. AUSTIN: Are we going to send you more  
5 trees before this next hearing or are we done?

6 THE COURT: Well, hold on. You know, I  
7 think I got it. I got the whole gist here, Counsel.  
8 What I need is Mr. Essary. Unless you all want --  
9 you want to do supplemental briefing? I'll let you  
10 do it. Do you want to spend more attorney fees?  
11 I'll allow it. I'll happily do that down the road.

12 Okay. Let's do this. Mr. Essary, just get  
13 your report. Can you do it two days before the  
14 hearing so they have a chance to digest it?

15 MR. ESSARY: Yes, Your Honor.

16 THE COURT: Thank you. This is for the  
17 parties' sake again. Counsel has been very polite  
18 today, and I really appreciate this. I hope you get  
19 a sense. Literally, this could take two years and  
20 cost a couple hundred thousand just in attorney  
21 fees. I've done these -- well, not exactly, but  
22 I've done big partnerships. You'll spend \$100,000  
23 on accountants. I'm just -- be prepared for what --  
24 the path that you all -- I'm not talking to the  
25 counsel here. I'm talking to your parties.

26 Listen, be prepared to go that distance if  
27 that's what you really want to do. That's all I'm  
28 telling you. Because you're going to spend a whole

1 bunch of money. And maybe it's the right thing to  
2 do. I don't know. But you know what? Eventually  
3 the truth comes out. I promise you that. The truth  
4 does come out. I've done this -- I've been on the  
5 bench 30 years. Been there, done that. I'll just  
6 tell you that. It does come out. You've all been  
7 polite.

8 Mr. Griswold, I want you to make me a court  
9 order that this order goes into effect right now.  
10 The Court -- all the parties have been in front of  
11 me. The attorneys have been in front of me. This  
12 order goes in effect forthwith, period. Anything  
13 else?

14 MS. LEETHAM: The bond.

15 THE COURT: Ah, that will be at the next  
16 hearing. Absolutely, Counsel. And let me tell you.  
17 I look over on this side of the -- it ain't going to  
18 be the minimum bond.

19 MS. AUSTIN: We would like to brief that,  
20 Your Honor.

21 THE COURT: Huh?

22 MS. AUSTIN: We would like to brief that.

23 THE COURT: You don't have to. But here's  
24 what you should brief, the amount.

25 MS. AUSTIN: That's what I'm referring to.

26 THE COURT: Absolutely. Oh, absolutely,  
27 both sides of the table. And I'm already kind of  
28 giving a heads-up here. It ain't going to be

1 \$10,000. "Ain't" is a bad word. It isn't going to  
2 be \$10,000. I will tell you that.

3 Let's see. I think I'm only going to be  
4 down to two parties now. So again, you've all been  
5 very polite. I do what I think is best. We're just  
6 beginning. Next big hearing is the 21st to see if  
7 I'm going to leave this order in effect. And I tell  
8 you, I don't know. His report is going to have a  
9 big deal and, of course, the arguments of counsel.

10 So thank you for your -- still one hand.

11 MR. JOSEPH: Very minor issue. Briefing  
12 schedule, Your Honor, for the bond amount?

13 THE COURT: Four days before the hearing.  
14 That takes me two minutes.

15 MR. ZIMMITTI: So, Your Honor, your order  
16 as to SoCal is we leave the equipment? Everything  
17 stays in Mira Este?

18 THE COURT: Everything is a status quo.

19 MR. ZIMMITTI: Okay. And then our  
20 contracts, our obligations, and everything under  
21 those are suspended?

22 THE COURT: Stayed. Better word.  
23 "Suspended" is not the right word. It could be  
24 interpreted wrong. Stayed. And, SoCal, I got your  
25 position. Trust me. I got it. But I'm trying to  
26 keep a semi-status quo here, and let's see what  
27 happens in 21 days. And then after that, you're  
28 stuck for a year, year and a half, as you know.

1                   Okay. You've been --

2                   Well, you're a nonparty. I don't mean to

3 be rude.

4                   MR. HICKMAN: I just want --

5                   THE REPORTER: I don't know who this is,

6 Your Honor.

7                   MR. HICKMAN: It's Michael Hickman for

8 (inaudible) --

9                   THE REPORTER: Can you please stand up at

10 least or maybe come up to counsel table so I can

11 hear you.

12                   MR. HICKMAN: Sure. Four days before the

13 7th is Labor Day, so --

14                   THE COURT: I'm working. Hold on. Does

15 anyone -- I think what he's saying is can everybody

16 be here that day?

17                   MR. HICKMAN: Well, no. What I'm saying is

18 you set a briefing for that.

19                   THE COURT: Okay. Three days. Thank you.

20                   MR. HICKMAN: That's my one contribution.

21                   THE COURT: Three days. All right. Now, I

22 need -- so everybody, thank you for coming, except

23 S&H -- what is it?

24                   MR. ELIA: S&H West Point.

25                   THE COURT: West Point and?

26                   MR. WATTS: Ninus Malan and American

27 Lending & Holding.

28                   THE COURT: Bingo. We're going to take a

1 five-minute recess.

2 (Whereupon the proceedings concluded at 4:16 p.m.)

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1 STATE OF CALIFORNIA )  
2 COUNTY OF SAN DIEGO )

3

4 I, Leyla S. Jones, a Certified Shorthand  
5 Reporter, do hereby certify:

6 That prior to being examined, the witness  
7 in the foregoing proceedings was by me duly sworn to  
8 testify to the truth, the whole truth, and nothing  
9 but the truth;

10 That said proceedings were taken before me  
11 at the time and place therein set forth and were  
12 taken down by me in shorthand and thereafter  
13 transcribed into typewriting under my direction and  
14 supervision;

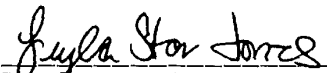
15 I further certify that I am neither counsel  
16 for, nor related to, any party to said proceedings,  
17 nor in any way interested in the outcome thereof.

18 In witness whereof, I have hereunto  
19 subscribed my name.

20

21 Dated: August 23, 2018

22

23   
24 \_\_\_\_\_  
Leyla S. Jones  
CSR No. 12750

25

26

27

28



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United Holdings Group, LLC, Flip Management, LLC,  
13 Balboa Ave Cooperative, California Cannabis Group, and  
Devilish Delights, Inc.

14 SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO  
15  
16 CENTRAL DIVISION

17 SALAM RAZUKI, an individual,  
18 Plaintiff,  
19 vs.  
20 NINUS MALAN, an individual; MONARCH  
MANAGEMENT CONSULTING, INC., a  
21 California corporation; SAN DIEGO UNITED  
HOLDING GROUP, LLC, a California limited  
22 liability company; MIRA ESTE  
23 PROPERTIES, LLC, a California limited  
liability company; ROSELLE PROPERTIES,  
24 LLC, a California limited liability company;  
and DOES 1-100, inclusive,  
25 Defendants.  
26

Case No.: 37-2018-00034229-CU-BC-CTL  
**THIRD SUPPLEMENTAL  
DECLARATION OF NINUS MALAN IN  
SUPPORT OF SEPTEMBER 7, 2018  
HEARING AND DEFENDANTS NINUS  
MALAN, SAN DIEGO UNITED  
HOLDINGS GROUP, BALBOA AVE  
COOPERATIVE, CALIFORNIA  
CANNABIS GROUP, AND FLIP  
MANAGEMENTS REQUEST TO  
VACATE RECEIVERSHIP ORDER**  
Date: September 7, 2018  
Time: 1:30 p.m.  
Judge: Hon. Eddie C. Sturgeon  
Dept.: C-67

1 I, Ninus Malan, declare the following:

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

3 2. I have personal knowledge of the facts stated in this declaration, and if called  
4 upon to testify to these facts, I could and would do so competently. I am the custodian of records  
5 for each of the companies for which I am an owner or manager, as described in this declaration,  
6 and I have the authority to state facts on their behalf.

7 3. I am working with my attorneys to finalize a Verified Cross-complaint, which we  
8 will be filing prior to Friday's hearing. The Cross-complaint details the far more expansive  
9 business relationship I had with Salam Razuki, details which have not been shared by Mr.  
10 Razuki.

11 4. I have attached voluminous exhibits to my declaration. At the two prior hearings  
12 in this Department, the Court has asked about the financial information. I was blindsided by the  
13 receiver and my defense up to this point has been focused on trying to save my livelihood by  
14 keeping the receiver out (as an unnecessary and unaffordable expense) and providing the Court  
15 with information that demonstrates SoCal's severe mismanagement of the dispensary operating  
16 at 8861 Suite B and 8863 Suite E Balboa Ave ("Balboa Dispensary"). In this third supplemental  
17 declaration, I have attempted to go beyond the issues with SoCal and focus on the broader issue  
18 with Salam Razuki.

19 5. By way of summary, none of the business thrown into the receivership, and by  
20 this I mean the Balboa Dispensary, the manufacturing facility at 8859 Balboa Suites A-E  
21 ("Balboa Manufacturing"), the manufacturing and distribution facility at Mira Este ("Mira  
22 Este"), and the cultivation facility at Roselle ("Roselle") are operating in a manner that can  
23 support a receivership. As you will see by the exhibits identified below, the Balboa Dispensary  
24 owes approximately \$175,000 in taxes to the state of California (money SoCal was obligated to  
25 save and pay) and recently I have made personal loans to San Diego United Holdings Group to  
26 sustain the operating costs. When Mr. Essary was in between July 17 and July 31, he did not  
27 pay any of these bills. Instead, without questions, he paid all of the invoices SoCal requested he

Third Supplemental Decl. of Ninus Malan For September 7, 2018 Hearing

1 pay. Balboa Manufacturing's CUP was approved last week and to date. It is not operational  
2 and has not generated any revenue. Roselle is currently tenant occupied. Mira Este has been  
3 operating in a deficit due to SoCal's inability to get the manufacturing space up and running in  
4 over seven months. Mr. Hakim and I have had to make personal loans to Mira Este to pay its  
5 bills.

6 6. These businesses were thrown into receivership when Salam Razuki stated he was  
7 losing millions of dollars. I have gone through the hundreds of pages of exhibits and Mr.  
8 Rauzki has submitted nothing to show his contributions except loan guarantees where I am a co-  
9 guarantor. Mr. Razuki is also not losing millions of dollars and there is no money to be lost,  
10 only money to be paid.

11 7. Ironically, it is his ally SoCal and the receiver that have financially imperiled the  
12 businesses. If Mr. Razuki truly wants what he claims entitlement to- a financially viable  
13 marijuana operations, then it is counter-intuitive that he wants the receiver as the businesses will  
14 almost certainly go under.

15 8. Mr. Razuki, as shown through the exhibits in this declaration and the other  
16 exhibits being filed for this hearing, uses the court system and lies for his own gain. He does not  
17 care who he destroys, or how he does it, provided he keeps the things he wants and feels he is  
18 entitled to.

19 9. Finally, before going into the detail below, by Mr. Razuki's theory of liability, I  
20 am entitled to the Sunrise Dispensary. Mr. Razuki was required to submit an accounting for all  
21 of this, including Sunrise, and through the date of my declaration, he has not done so. I have no  
22 information on how much money he has made or what Sunrise is worth. I have information that  
23 leads me to believe Sunrise is making \$1 million of more **per month** yet the dialogue on this  
24 litigation has been glaringly silent on Sunrise.

25 10. This information is critical to Mr. Razuki showing he can prevail on the merits  
26 and it is also critical to this Court in making a determination not only on this motion, but also on  
27 the merits.

1           11. I have been a licensed realtor since 2004. I met Salam Razuki in 2005. He was the  
2 owner of the building I was working at. I left that job in 2006.

3           12. Around 2009 I was driving on 3rd Avenue in Chula Vista and noticed the building  
4 that Salam Razuki owned where I used to work. It was completely run down and not as I  
5 remembered it in 2005. I reached out to Salam Razuki and asked about his property and why it  
6 was in the condition it was in. Mr Razuki told me that he got hit hard by the recession in the  
7 housing market and he had lost \$6 million dollars. I asked him if he needed any help with  
8 assisting him with his real estate needs. Mr Razuki told me that he did need my help and could  
9 use me.

10          13. I initially started helping him with the property on 45 3rd Avenue, Chula Vista,  
11 California 91910. I helped Mr Razuki with giving notices, collecting rents, finding tenants to rent  
12 spaces to bring more income because Razuki was losing money and doing property maintenance  
13 by hiring painters, construction workers and landscapers. I initially did this work for Razuki as  
14 trade for an office space in his building. After the first month it took so much time from my real  
15 estate work that I asked Razuki to pay me. Razuki offered me \$400 a month to assist him with  
16 the 15 Unit 10,000 Square Foot Office building in Chula Vista.

17          14. After about one month, Razuki was impressed with my progress and he asked if I  
18 could help him with another property he owned in the Lincoln Park on Logan Avenue. I met  
19 Razuki at the Logan Ave shopping center in 2009. It had around 40 Units and over 33,000 square  
20 feet of rentable space. It was in a rough neighborhood and had very few tenants. I was a little  
21 afraid of the neighborhood, but I took on the challenge. After several years working with Razuki,  
22 I was able to help revitalize the Logan Ave shopping center and helped Razuki maintain 90% of  
23 his business affairs. I also helped Razuki with the financing of his real estate properties, purchase  
24 new properties and maintain his business affairs. Razuki was dependent on my skills and  
25 services to help him with maintaining business his affairs. He paid me \$1,400 a month to manage  
26 his business and property interests.

27

Third Supplemental Decl. of Ninus Malan For September 7, 2018 Hearing

1           15.     In 2014 after helping Mr Razuki recover from the real estate market crash, Razuki  
2 and I started a real property business venture to purchase properties and businesses at a 75/25  
3 split. Razuki and I purchased approximately 50 properties, a gas station and 2 marijauan  
4 dispensaries. We borrowed tens of millions of dollars together where I procured financing for us  
5 and built relationships with lenders and property owners to acquire these properties. The plan  
6 was to sell these properties or rent them for a profit.

7           16.     We started running into problems after Razuki refused to sell any properties or  
8 share any of the rent profits with me. A majority of the properties were titled in Razuki  
9 controlled entities and the properties titled under my entities Razuki had me transfer over to his  
10 entities stating that he needed to refinance them to get lower interest rates.

11          17.     In 2014 my mother passed away from breast cancer. I leaned on Razuki as a  
12 mentor in business and trusted him with all decisions while I dealt with the emotional fallout  
13 from her passing. Unfortunately, Razuki preyed upon my grief and my trust and I came to find  
14 out that Razuki could not be trusted as he kept the properties we purchased and never shared the  
15 rents with me.

16          18.     In November 9 2017, I signed a settlement agreement with Razuki with the  
17 understanding that **all of the properties** and businesses would be transferred to the RM Property  
18 Holdings LLC and I felt I was tricked into signing that agreement when I never had a my  
19 attorneys look at it.

20          19.     In early February 2018, Razuki and I had a meeting in regards to the transfer of  
21 all properties and businesses to RM Property Holdings and Razuki and we orally agreed that he  
22 would keep all he had in his control and I would keep what I had.

23          20.     At that time, I had the Balboa Dispensary, Balboa Manufacturing, Mira Este  
24 interest, and Roselle interest as well as some interests in certain pieces of real property.

25          21.     Attached to the NOL as **Exhibit W** to my declaration are true and correct copies  
26 of payments made by me personally and San Diego United Holdings Group for expenses related  
27 to the Balboa Dispensary and Balboa Manufacturing as well as Roselle and Mira Este.

Third Supplemental Decl. of Ninus Malan For September 7, 2018 Hearing

1 Mr. Razuki never made a mortgage payment, never made a contribution toward expenses  
2 incurred pursuing the land use entitlements (Conditional Use Permit and state application) and  
3 has never made any payment toward the HOA Settlement Agreement.

4 22. August 3, 2015: Attached to the NOL as **Exhibit X** is a true and correct copy of a  
5 UCC Financing Statement filed by The Loan Company of San Diego against debtor American  
6 Lending and Holdings. I am the sole member and owner of American Lending and Holdings.  
7 American Lending and Holdings was promised ownership of real property and the business (a  
8 liquor store named the Main Street Liquor Store) 110-120-130 South Mollison Avenue, El  
9 Cajon and therefore agreed to become a co-borrower with Salam Razuki. The Loan Company  
10 originated the loan and required the UCC Financing Statement to secure the debt.

11 23. April 25, 2016: Attached to the NOL as **Exhibits Y and Z** are true and correct  
12 copies of the business tax certificate (BTC) which California Cannabis Group uses to operate at  
13 Mira Este and payment I made for the application. I applied for the license, my name is on the  
14 license, and I paid all fees associate with the BTC. Salam Razuki did not play any part in  
15 securing the Mira Este BTC.

16 24. May 12 and 13, 2016: Attached to the NOL as **Exhibits AA and BB and FF** are  
17 a true and correct copies of a Borrowers Closing Statement for American Lending and Holdings,  
18 Buyers Borrowers Settlement Statement, and an e-mail from escrow about Salam Razuki's  
19 bounced check. Salam Razuki had submitted a \$70,000 check he wrote out to escrow for Mira  
20 Este. He did not have the funds to cover the check and it bounced. American Lending and  
21 Holdings thereafter took out a \$75,000 loan which then was wired to Razuki Investments to use  
22 as a deposit on Mira Este. Exhibit FF shows that Razuki Investments paid \$70,000 to close  
23 escrow. In reality American Lending and Holdings gave Razuki Investments this money. In  
24 addition, the line below which states "Commission Credit to Buyer from Big Block Realty, Inc."  
25 is commission I made as the buyer's agent (I found this property, procured the agreement, etc)  
26 that I used to contribute toward the Mira Este purchase. I paid \$135,490 toward the purchase of  
27 Mira Este, not Salam Razuki.

Third Supplemental Decl. of Ninus Malan For September 7, 2018 Hearing

1           25.    June 6, 2016: attorney Douglas Jaffe has represented American Lending and  
2 Holdings. He also represented San Diego Private Investments, Razuki Investments, and Salam  
3 Razuki. Attached to the NOL as **Exhibit CC** is a true and correct copy of correspondence Mr.  
4 Jaffe sent on behalf of my entity, American Lending and Holdings to various individuals  
5 regarding claims against them held by American Lending and Holdings. This letter is important  
6 because later, Mr. Jaffe filed a lawsuit on behalf of American Lending and Holdings against  
7 these individuals and an entity named D’Kiel. I will finish the story as it comes up below.

8           26.    August 23, 2016: Attached to the NOL as **Exhibit DD** is a true and correct copy  
9 of a \$25,000 wire I made out of my personal account to High Sierra Equity, LLC. High Sierra  
10 Equity LLC was the original seller of 8863 Balboa, Suite E and Razuki Investments purchased  
11 8863 Balboa Suite E from High Sierra. I paid the deposit because Salam Razuki did not have  
12 the money and I wanted to be part of the deal. Because we had purchased so many properties  
13 and Razuki refused to sell any of them, he had no liquidity, he was overly encumbered and  
14 cross-collateralized and I put up the cash whenever I could as I did not want to lose out on any  
15 opportunity. I believe without this wire, Razuki Investments would have never purchased 8863  
16 Balboa Suite E.

17           27.    August 23, 2016: Attached to the NOL as **Exhibit EE** is a true and correct copy  
18 of a \$25,000 wire I made out of my personal account to Richard Melograno. Richard  
19 Melograno was the original seller of 8861 Balboa, Suite B and Razuki Investments purchased  
20 8861 Balboa Suite B from The Melograno Trust/Richard Melograno. I paid the deposit because  
21 Salam Razuki did not have the money and I wanted to be part of the deal. Because we had  
22 purchased so many properties and Razuki refused to sell any of them, he had no liquidity, he  
23 was overly encumbered and cross-collateralized and I put up the cash whenever I could as I did  
24 not want to lose out on any opportunity. I believe without this wire, Razuki Investments would  
25 have never purchased 8861 Balboa Suite B.

26 ///

27 ///

1           28.    September 13, 2016: Attached to the NOL as **Exhibit GG** is a true and correct  
2 copy of an e-mail with escrow related to Razuki Investments purchase of 8861 Suite B and 8863  
3 Suite E Balboa. This e-mail is important because it confirms that the two \$25,000 wires for  
4 Razuki Investments deposit came from me.

5           29.    October 11, 2016: Attached to the NOL as **Exhibit HH** are the Articles of  
6 Organization for San Diego United Holdings Group, LLC. I was the organizer and sole member  
7 and have always been the sole member. Salam Razuki has never been part of San Diego United  
8 Holdings Group.

9           30.    October 17, 2016: Attached to the NOL as **Exhibit II** is a true and correct copy of  
10 the Estimated Borrower's Statement for Roselle. Chris Hakim contributed \$100,000 toward the  
11 purchase of Roselle (see \$25,000, \$50,000, and \$25,000) and I contributed my commission  
12 which was \$45,000. Razuki did not pay any money to acquire Roselle, he is not on the loan, he  
13 never paid any money toward Roselle.

14           31.    October 27, 2016: Attached to the NOL as **Exhibit JJ** is a true and correct copy  
15 of the EIN number assigned for San Diego United Holdings Group. Of note, "Ninus Malan" is  
16 identified as the sole member.

17           32.    November 18, 2016: Attached to the NOL as **Exhibit KK** is a true and correct  
18 copy of a document that relates to paragraph 15 where Salam Razuki signs on behalf of D'Kiel,  
19 right next to Dennise Gurfinkiel. This document goes toward a larger fraud in this real estate  
20 transaction where Razuki as the manager of San Diego Private Investments, signs as D'Kiel, and  
21 then later signs on behalf of D'Kiel as the managing partner. San Diego Private Investments  
22 also sued D'Kiel for, ironically, fraud. D'Kiel owes American Lending \$675,000.

23           33.    December 2, 2016: Attached to the NOL as **Exhibit LL** is a true and correct copy  
24 of a letter from American Lending and Holdings attorney Doug Jaffe but it was sent by Mr.  
25 Jaffe on behalf of San Diego Private Investments to demand Allison McCloskey mishandled a  
26 D'Kiel/San Diego Private Investments escrow and demanded immediate release of two pieces of  
27



1 real property that were at issue (Newton and Friars). This paragraph relates to paragraphs 15  
2 and 22.

3 34. December 14, 2016: Attached to the NOL as **Exhibit MM** is a true and correct  
4 copy of an e-mail Salam Razuki forwarded to me from an attorney that goes by the name  
5 “George Costa.” At the time I received this, I did not know what was going on with Mr. Costa.  
6 I later learned that Mr. Costa filed an alleged fraudulent bankruptcy to stop foreclosure  
7 proceedings for properties that were related to D’Kiel. The unauthorized bankruptcy was filed  
8 by Mr. Costa for a man named Rodrigo Marquez. This continues to show that Razuki  
9 manipulates the justice system and his “business partners” to achieve his own financial goals.

10 35. January 12, 2017: Attached to the NOL as **Exhibit NN** is a true and correct copy  
11 of the live scan fees I paid to get my live scan and fingerprint for the marijuana permits. Salam  
12 Razuki did not do this for Balboa Dispensary, Balboa Manufacturing, Mira Este, or Roselle.

13 36. January 20, 2017: Attached to the NOL as **Exhibit OO** is a true and correct copy  
14 of the \$52.00 bill I paid for the Balboa Ave Cooperative business tax certificate. This is when I  
15 originally formed and opened Balboa without Salam Razuki’s help or assistance.

16 37. March 1, 2017: Attached to the NOL as **Exhibit PP** is a true and correct copy of  
17 the grant deed that shows Razuki Investments sold 8861 Suite B and 8863 Suite E to San Diego  
18 United Holdings Group.

19 38. March 9, 2017: Attached to the NOL as **Exhibit QQ** is a true and correct copy of  
20 a loan that American Lending and Holdings made to SH Property Investments, which is a  
21 company affiliated with the Sunrise Dispensary that Razuki states he is a part of.

22 39. March 10, 2017: Attached to the NOL as **Exhibit RR** is a true and correct copy of  
23 the Estimated Borrower’s Closing Statement where it states that Balboa Ave Cooperative  
24 purchased the (non-operational) Balboa Dispensary for \$1.5 million.

25 40. March 14, 2017: Attached to the NOL as **Exhibit SS** is a true and correct copy of  
26 the Third Party Deposit Instructions that show I made the deposit and paid the fees for Balboa  
27 Ave Cooperative to purchase the Balboa Dispensary. The fees are referred to in Exhibit RR.

1           41.    March 14, 2017: Attached to the NOL as **Exhibit TT** is a true and correct copy of  
2 the wire that shows I paid the fees referred to in Exhibits RR and SS.

3           42.    March 15, 2017: Attached to the NOL as **Exhibit UU** is a true and correct copy of  
4 an advertising and sponsorship agreement with the Reader for the Balboa Dispensary. I paid it  
5 personally and signed it to get the Balboa Dispensary up and running. Razuki had not part in  
6 advertising or any Balboa Dispensary activities or management.

7           43.    March 16, 2017: Attached to the NOL as **Exhibits VV and WW** are true and  
8 correct copies of the establishment of Flip Management and the invoice and payment that I paid  
9 personally. Salam Razuki had no part of this.

10          44.    March 20, 2017: Attached to the NOL as **Exhibit XX** is a true and correct copy of  
11 a sponsorship with the Association of Cannabis professionals with the Earth Day event. I  
12 personally paid \$5,000 to get a platinum sponsored booth in order to market the Balboa  
13 Dispensary – to provide market awareness. Razuki had no part in this.

14          45.    March 21, 2017: Attached to the NOL as **Exhibit YY** is a true and correct copy of  
15 the Buyer's Closing Statement for San Diego United Holdings Group purchase of 8863 Suite E  
16 and 8861 Suite B. I had already paid \$50,000 toward these properties on behalf of Razuki  
17 Investments and then purchased without any credit for the initial \$50,000.

18          46.    March 22, 2017: Attached to the NOL as **Exhibit ZZ** is a true and correct copy of  
19 the Estimated Closing Statement that shows the San Diego United purchased the Balboa  
20 Dispensary property and that there was a second trust deed at that time in favor of Razuki  
21 Investments.

22          47.    March 22, 2017: Attached to the NOL as **Exhibit AAA** is a true and correct copy  
23 of business insurance that I procured for the Balboa Dispensary that I paid for using my personal  
24 funds. Razuki made no contribution and did not help procure insurance nor did he help pay for  
25 it.

1           48.    March 24, 2017: Attached to the NOL as **Exhibit BBB** is a true and correct copy  
2 of monthly payment insurance that I procured for the Balboa Dispensary for product insurance.  
3 Razuki did not help procure this insurance nor did he help pay for it.

4           49.    April 12, 2017: Attached to the NOL as **Exhibit CCC** is a true and correct copy  
5 of a payment that I gave to the partner of Sunrise. Razuki told me to make this loan on the  
6 representation that it was one of my investments into Sunrise.

7           50.    May 2017: Attached to the NOL as **Exhibit DDD** are true and correct copies of  
8 electricity payments paid for the Balboa Dispensary. Razuki did not help make any of these  
9 payments.

10          51.    May 15, 2017: Attached to the NOL as **Exhibit EEE** is a true and correct copy of  
11 of a Substitution of Trustee and Deed of Reconveyance for 8861 Balboa Suite B and 8863  
12 Balboa Suite E where Razuki signed a reconveyance for the second trust deed thereby  
13 eliminating Razuki Investments debt interest in the Balboa Dispensary.

14          52.    May 16, 2017: Attached to the NOL as **Exhibit FFF** is a true and correct copy of  
15 a Salas Financial Escrow Closing Statement for the refinance of 8861 Suite B and 8863 Suite E.  
16 The statement shows I paid the deposit out of my personal funds.

17          53.    May 18, 2017: Attached to the NOL as **Exhibit GGG** is a true and correct copy  
18 of an Amended Payoff Statement for American Lending and Holdings of 4570<sup>th</sup> Street Unit 20.  
19 This was a property we purchased together as part of a real estate business venture. Razuki  
20 Investments was paid \$204,000 out of the sale. Razuki then used this money to wire the  
21 \$200,000 for 8859 Balboa Suites A-E.

22          54.    May 31, 2017: Attached to the NOL as **Exhibit HHH** is a true and correct copy  
23 of a Deed of Reconveyance for the original loan held by TGP. This document is TGP's  
24 reconveyance of the properties used as collateral for the Razuki Investments original purchase  
25 (which I co-signed).

26 ///

27 ///

1           55.    June 5, 2017: Attached to the NOL as **Exhibit III** is a true and correct copy of the  
2 closing statement for 8859 Balboa that shows Ninus Malan on behalf of San Diego United  
3 Holdings Group. It also shows 1<sup>st</sup> trust deed in favor of Salas Financial which San Diego United  
4 Holdings Group is the sole borrower and solely responsible. I am a personal guarantor on this  
5 loan.

6           56.    June 9, 2017: Attached to the NOL as **Exhibit JJJ** is a true and correct copy of  
7 the same closing statement as Exhibit III as well as the loan signed by San Diego United  
8 Holdings Group. The Salas Financial letter is addressed to “Ninus.” The Deed of Trust is also  
9 part of this exhibit.

10          57.    August 8, 2017: Attached to the NOL as **Exhibit KKK** is a true and correct copy  
11 of the bond and the cashier’s check that San Diego United Holdings Group had to post in the  
12 HOA Litigation when we successfully dissolved the preliminary injunction. Salam Razuki was  
13 notably absent during this entire debacle although he says he was there by virtue of being named  
14 as a defendant. He played no active role in defending the litigation and he played no role in  
15 procuring the bond and opening the Balboa Dispensary.

16          58.    August 14, 2017: Attached to the NOL as **Exhibit LLL** is a true and correct copy  
17 of the invoice for work that was required on 8861 Suite B to enlarge a door in order to meet  
18 CUP conditions. Salam Razuki did not contribute to this cost nor did he participate in the  
19 construction.

20          59.    October 2017: Attached to the NOL as **Exhibit MMM** is a true and correct copy  
21 of the agreement for the Balboa Manufacturing CUP. I entered into the contract on behalf of  
22 San Diego United Holdings Group, I was the sole coordinator with Techne, and paid all the  
23 invoices. Salam Razuki played no part in this and did not financially contribute.

24          60.    November 2017: Attached to the NOL as **Exhibit NNN** is a true and correct copy  
25 of a bank statement for RM Property Holdings that was opened in November 2017. I put the  
26 \$100 in the account. Salam Razuki contributed nothing. The balance was not increased beyond  
27 the \$100.

Third Supplemental Decl. of Ninus Malan For September 7, 2018 Hearing

1           61.    December 2017: Attached to the NOL as **Exhibit OOO** is a true and correct copy  
2 of the RM Property Holdings December 2017 statement. Opening balance shows \$100.00 and a  
3 \$10.00 debit for a closing balance of \$90.00.

4           62.    January 2018: Attached to the NOL as **Exhibit PPP** is a true and correct copy of  
5 the RM Property Holdings January 2018 statement. Opening balance shows \$90.00. There was  
6 a \$40.00 monthly service fee leaving a balance of \$50.00. This was the third month of no  
7 activity because we had decided orally to terminate the settlement agreement and to not  
8 capitalize RM Property Holdings.

9           63.    February 2018: Attached to the NOL as **Exhibit QQQ** is a true and correct copy  
10 of the RM Property Holdings February 2018 Statement. Opening balance is \$50.00. There is a  
11 deposit made for \$5,200 for a real property loan.

12           64.    March 20, 2018: Attached to the NOL as **Exhibit RRR** is a true and correct copy  
13 of the Notice of Deposition of Salam Razuki in the bankruptcy matter that was referenced in  
14 paragraphs 22 and 23. Salam Razuki informed me that this was regarding the unauthorized  
15 bankruptcy filing and that he was being deposed for his role in the filing. He was never deposed  
16 because he said that the attorney had come to a settlement agreement with the United States  
17 Trustee.

18           65.    March 2018: Attached to the NOL as **Exhibit SSS** is a true and correct copy of  
19 the RM Property Holdings March bank statement. Opening balance is \$123.00 minus to NSF  
20 fees at \$35.00 each and monthly service fee of \$40.00 leaving a balance of \$13.33.

21           66.    April 2018: Attached to the NOL as **Exhibit TTT** is a true and correct copy of  
22 the City of San Diego's Development Services Invoice sent to Ninus Malan. This is an invoice  
23 for permit costs related to the Balboa Manufacturing CUP. I paid these invoices. Salam Razuki  
24 did not contribute to them.

25           67.    April 2018: Attached to the NOL as **Exhibit UUU** is a true and correct copy of  
26 the RM Property Holdings April bank statement. Opening balance is \$13.33. There were no  
27

1 deposits and a \$40 monthly service fee leaving a balance of -\$26.67. All the Sunrise income  
2 should have been deposited into this account.

3 68. May 2, 2018: Attached to the NOL as **Exhibit VVV** is a true and correct copy of  
4 an invoice from Bartell & Associates for consulting fees related to Balboa, Mira Este, and  
5 Roselle. These invoices were paid by the relevant entities. Salam Razuki made no monetary  
6 contribution to pay these invoices.

7 69. May 22, 2018: Attached to the NOL as **Exhibit WWW** is a true and correct copy  
8 of a letter from the Loan Company. American Lending and Holdings had a loan with the Loan  
9 Company for \$950,000. American Lending and Holdings used this money to purchase  
10 properties with Razuki. These properties were refinanced and this loan has now been paid off.

11 70. May 2018: Attached to the NOL as **Exhibit XXX** is a true and correct copy of the  
12 RM Property Holdings May bank statement. Opening balance is -\$26.67. There was a \$400.00  
13 deposit made. I have no recollection of who made this deposit. There is a \$35.00 NSF fee for  
14 the RM Property Holdings loan and a \$40.00 monthly service fee leaving a balance of \$75.00.

15 71. June 12, 2018: Attached to the NOL as **Exhibit YYY** is a true and correct copy of  
16 an invoice from the City of San Diego Development Services Department to pay for the electric  
17 permit for the electric sign that SoCal installed and that constituted a code violation.

18 72. June 11, 2018: Attached to the NOL as **Exhibit ZZZ** is a true and correct copy of  
19 a notice of delinquent taxes from Salas Financial. There is no reference to Salam Razuki and it  
20 is addressed to me personally. I paid the property taxes and the property taxes are now current  
21 on all properties. Salam Razuki has never paid any taxes or fees.

22 73. June 15, 2018: Attached to the NOL as **Exhibit AAAA** is a true and correct copy  
23 of a notice from the attorney for Cal Private Bank who is the lender for San Diego Private  
24 Investments for a default on a 21 property blanket loan. This letter demands Razuki's entity San  
25 Diego Private Investments to provide financial information based upon the final award in the  
26 Avail Shipping arbitration. San Diego Private Investments owed at that time almost \$4 million  
27 dollars. Some, if not all, of the properties listed as collateral were part of our business venture.

Third Supplemental Decl. of Ninus Malan For September 7, 2018 Hearing

1           74.    June 2018: Attached to the NOL as **Exhibit BBBB** is a true and correct copy of  
2 the RM Property Holdings June 2018 bank statement. There is very little activity and multiple  
3 NSF fees, Razuki made a deposit to make a payment on the RM Property Holdings loan.

4           75.    July 9, 2018: Attached to the NOL as **Exhibit CCCC** is a true and correct copy of  
5 a payment to the HOA Settlement required to keep the Balboa Dispensary and Balboa  
6 Manufacturing use variance.

7           76.    July 9, 2018: Attached to the NOL as **Exhibit DDDD** is a true and correct copy of  
8 a cashier's check made out to Salam Razuki. After months of essentially no activity in the RM  
9 Property Holdings bank account, Razuki deposited approximately \$22,500. As we had already  
10 terminated our RM Property agreement and I was still on this account, I closed the account and  
11 had the balance of \$24,028.93 made payable to Salam Razuki. Razuki has accused me of  
12 stealing this money. I did not steal it. I gave it to my attorney, who had it served on Doug Jaffe  
13 along with some additional legal documents.

14           77.    July 9, 2018: Attached to the NOL as **Exhibit EEEE** is a true and correct copy of  
15 closing the RM Property Holdings account.

16           78.    August 6, 2018: Attached to the NOL as **Exhibit FFFF** is a true and correct copy  
17 of minutes of the HOA meeting of its board of directors for review and approval of a letter to the  
18 City Hearing officer recommending approval of the Balboa Manufacturing CUP.

19           79.    August 9, 2018: Attached to the NOL as **Exhibit GGGG** is a true and correct  
20 copy of a returned check that resulted from the disarray with the receivership orders.

21           80.    August 22, 2018: Attached to the NOL as **Exhibit HHHH** is a true and correct  
22 copy of an invoice from Techne. The invoice is unpaid and is for CUP services for the Balboa  
23 Manufacturing CUP. I forwarded this invoice to the receiver but it has gone unpaid even though  
24 he paid all of SoCal's invoices without question.

25           81.    August 22, 2018: Attached to the NOL as **Exhibit IIII** is a true and correct copy  
26 of an invoice from Five Alarm Security for outstanding bills SoCal never paid including a  
27 demand for immediate payment.

1           82.    August 24, 2018: Attached to the NOL as **Exhibit KKKK** is a true and correct  
2 copy of a letter from CPA Richard Alvarez stating that Ninus Malan is the president and owner  
3 of American Lending and Holdings and has been doing the tax returns since 2014. He states  
4 that Mr. Malan is entitled to 100% profit.

5           83.    August 27, 2018: Attached to the NOL as **Exhibit LLLL** is a true and correct  
6 copy of an e-mail from escrow showing that the \$70,000 deposit from American Lending and  
7 Holdings was wired at the close of escrow for Mira Este deposit. This shows that Razuki did  
8 not make this payment. E-mail from escrow showing that American Lending and Holdings  
9 wired \$70,000 to Razuki Investments so Razuki Investment could deposit the \$70,000 to the  
10 Mira Este escrow because he had bounced the check.

11           84.    August 28, 2018: Attached to the NOL as **Exhibit MMMM** is a true and correct  
12 copy of an e-mail from accountant Justus Henkes to Michael Essary inquiring after the \$40,000  
13 tax payment that was not made yet originally shown on the receiver's interim report. I still do  
14 not know why he stopped that tax payment. It would have reduced the tax liability from  
15 approximately \$175,000 to \$135,000.

16           85.    August 29, 2018: Attached to the NOL as **Exhibit NNNN** is a true and correct  
17 copy of Far West Management's invoice for running the Balboa Dispensary. This is an example  
18 of proper accounting that SoCal should have been keeping but did not.

19           86.    On August 27, 2018, I met with Mr. Essary. Justus "Judd" Henkes was present as  
20 well. After our meeting concluded, not only was I deeply disappointed, but also fearful that Mr.  
21 Essary would cause me to lose the business for the following reasons.

22                   (1) Mr. Essary is leaving to Germany at the end of September for 3 weeks;

23                   (2) Mr. Essary unequivocally stated he wants to use our ex-accountant John Yaeger  
24 even though Mr. Yaeger was filed, never produced a financial document, failed to produce  
25 accurate tax information to the City, and also failed to appropriately and adequately manage the  
26 state tax payment. Not only did Mr. Essary pay Mr. Yaeger \$30,000 on July 31, he stated that  
27 he will continue to pay Mr. Yaeger for accounting services. In Court on August 20, 2018, the



1 Court specifically informed Mr. Essary NOT to use Mr. Yaeger and yet a week later, he was  
2 stating that he would in fact continue to use him. While I was sitting in this meeting, John  
3 Yaeger called Mr. Essary. Mr. Essary declined to take the call in front of me even though this  
4 directly impacts the businesses.

5 (3) Mr. Essary stated that he would eventually end up selling the properties and  
6 businesses. I informed him that I believed that the Court told him the businesses were not to be  
7 sold. Mr. Essary responded by stating that he has sold a lot of businesses and properties and  
8 would most likely sell ours. According to his fee arrangement, Mr. Essary will make a  
9 commission on the sales.

10 (4) Mr. Essary also stated that he controls the money and I would not receive  
11 anything for a long time. As Mr. Razuki knows, this is my livelihood. This is how I feed my  
12 family and take care of my personal bills and needs.

13 (5) Mr. Essary stated that he wanted to rewrite and/or change the terms of the Far  
14 West Management contract. I do not know why as the contract is fair and Far West  
15 Management has smoothly and professionally managed the Balboa Dispensary.

16 (6) Mr. Essary stated he does not have enough time to help manage the businesses  
17 and finances by the time the Court asks for a report from him so he just going to ask to be  
18 allowed to stay even though he will not be in the country, even though it is crystal clear that the  
19 businesses cannot sustain his full-time billing. When we fired SoCal, and in the brief period  
20 before Mr. Essary was allowed back in, we were just starting to get things back on track and I  
21 was hopeful that within the next few months, things would be looking good for all the  
22 businesses. Mr. Essary's statement is extremely discouraging because I do not believe he is  
23 unbiased or that he wants to actually run the businesses.

24 (7) Mr. Essary said he would evenly split the bill for Mira Este and Balboa evenly no  
25 matter how many hours he spends on each operation. This is inappropriate as Balboa should not  
26 be forced to pay for Mira Este and Mira Este should not be forced to pay for Balboa. Mr.  
27 Essary should bill the hours he is working to the appropriate entities.

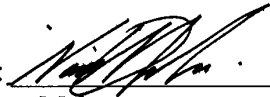
1 (8) I was most troubled that Mr. Essary spent the entire meeting looking at his  
2 Facebook. I felt that the meeting was a “check in the box” and that he was disinterested in any  
3 of it which is why he wants to sell. On a side note, the HOA Settlement Agreement precludes  
4 new ownership or a new operating company and such a move will revoke the use variance by  
5 which the Balboa Dispensary and Balboa Manufacturing are operating.

6 87. On August 28, 2018, I notified Mr. Essary that we received another demand for  
7 payment related to the Sales and Use Tax owed by the Balboa Dispensary. In his August 14,  
8 2018 accounting report to the Court, Mr. Essary had identified a \$40,000 payment that I believe  
9 was intended to go toward the considerable tax liability SoCal had allowed to accrue.  
10 Thereafter, Mr. Essary stated he cancelled the tax payment. I do not know why that was done  
11 but the tax issue is of the utmost importance.

12 I declare under penalty of perjury under the laws of the State of California that the  
13 foregoing is true and correct. Executed in San Diego, CA.

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DATE: September 4, 2018

BY:   
Ninus Malan,  
Defendant

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

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5 Facsimile: (619) 881-0045

6 Attorneys for Defendant  
7 Ninus Malan

8 **SUPERIOR COURT OF CALIFORNIA**  
**COUNTY OF SAN DIEGO, CENTRAL DIVISION**

9 SALAM RAZUKI, an individual,

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

10  
11 Plaintiff,

**PROOF OF SERVICE**

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

Defendants.

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*Salam Razuki v. Ninus Malan*  
Case No. 37-2018-00034229-CU0BC-CTL  
**PROOF OF SERVICE**  
(Code Civ. Proc., §§ 1013a, 2015)  
**SERVICE LIST**

I, Richard L. Andrews, Jr., declare that I am over the age of 18 years and am not a party to the case; I am employed in San Diego County, California, where the service occurs; and my business address is Austin Legal Group, APC, 3990 Old Town Ave, Ste A-112, San Diego, California, 92110. On September 4, 2018, I served the following on the interested parties in this action as stated below:

**SUPPLEMENTAL DECLARATION OF GINA M. AUSTIN FOR SEPTEMBER 7, 2018 HEARING**

**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**

**THIRD SUPPLEMENTAL DECLARATION OF NINUS MALAN 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**

**BY MAIL:** as follows: (SEE ATTACHED SERVICE LIST)

By Placing a copy thereof in a sealed envelope addressed as follows:

I am readily familiar with the business' practice for collection and processing of correspondence for mailing with the United States Postal Service; and that the correspondence shall be deposited with the United States Postal Service via First Class Mail on that same day in the ordinary course of business.

**BY PERSONAL SERVICE:** as follows:

By personally delivering a copy thereof addressed as follows:

**VIA E-SERVICE – ONE LEGAL ATTORNEY SERVICE TO THE FOLLOWING:**

I caused such document(s) to be served on the following person via email through One Legal. See attached service list

**BY ELECTRONIC MAIL:** pursuant to agreement of the parties

**BY FACSIMILE TRANSMISSION:** The counsel or authorized party authorized to accept service was also forwarded a copy of the above-referenced document(s) by facsimile transmission at the telefax number corresponding with his/her/its/name. The facsimile machine I used complied with CRC Rule 2003(3) and no error was reported by the machine. Pursuant to CRC Rule 2005(i), I caused the machine to print<sup>2</sup> a transmission record of the transmission, a copy

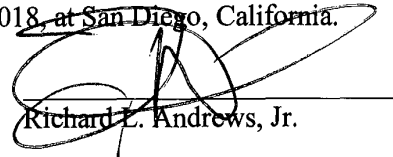
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of which is attached to this declaration.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on September 4, 2018, at San Diego, California.



Richard L. Andrews, Jr.

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

Salam Razuki v. Ninus Malan.  
Case No. 37-2018-00034229-CU-BC-CTL  
**PROOF OF SERVICE**  
(Code Civ. Proc., §§ 1013a, 2015)  
**SERVICE LIST**

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5 Phone: (858) 481-1300  
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7 Attorney For  
8 **Court-Appointed Receiver Michael Essary**

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

11 SALAM RAZUKI, an individual,  
12 Plaintiff,

13 v.

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

Defendants.

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

**RECEIVER MICHAEL ESSARY'S FIRST  
RECEIVER'S REPORT**

Judge: Hon. Eddie C. Sturgeon  
Dept: C-67  
Date: September 7, 2018  
Time: 1:30 p.m.

**FIRST RECEIVER'S REPORT**

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

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

3 2. Per the Court's Appointment Order, I was directed to ensure the Marijuana Operations  
4 remain operating at status quo until the upcoming September 7, 2018 hearing in this matter.

5 3. This Court directed me to review and report on the past, current and projected financial  
6 standing of the Marijuana Operations. I now submit to this Court a summary of the status and  
7 accounting of the Marijuana Operations.

8 **BALBOA DISPENSARY & STORAGE UNIT**

9 4. San Diego United Holdings Group, LLC is the owner of 8863 Balboa Ave., Suite E,  
10 San Diego, California 92123. This is the physical location of the retail cannabis dispensary that is  
11 operating under the license held by Balboa Avenue Cooperative and managed by Far West  
12 Management, LLC. A true and correct copy of the Far West management services contract, provided  
13 to me by Defendants, is attached hereto as **Exhibit A**. San Diego United Holdings Group, LLC also  
14 owns 8861 Balboa Ave. Suite B, San Diego, California 92123, which is used for storage by the  
15 dispensary operation.

16 5. I interviewed certified public accountant Justus Henkus IV. Mr. Henkus was recently  
17 retained by Defendants to serve as the accountant for the Balboa Ave operations. Further, I  
18 understand Mr. Henkus was also recently retained by Defendants to handle the accounting duties for  
19 the Mira Este operations. As of now, I am working with Mr. Henkus during this period before the  
20 September 7, 2018 hearing.

21 6. Upon initial takeover in July 2018 pursuant to the original appointment order in this  
22 matter, I seized \$4,511.69 in cash from the facility and another \$1,259.38 was located in a cash safe  
23 chute. All of these funds were deposited into my receiver trust account I established at Wells Fargo  
24 Bank. I also seized two bank accounts at Bank of America related to the Balboa Ave dispensary. The  
25 balance in those accounts totaled \$17,765.01 and were also deposited into my receiver trust account.

26  
27 <sup>1</sup> Defendant Roselle Properties, LLC is not subject to the receivership. I tendered the balance of the Roselle bank account  
28 (\$1,149.77), that had previously been subject to receivership control, to counsel for Roselle Properties, LLC following  
the August 20, 2018 hearing.



1           7.       I attempted to seize the Flip Management, LLC bank account at BBVA Compass by  
2 serving my initial order. The account was eventually frozen with a balance of \$26,457.09. I recently  
3 contacted BBVA Compass and provided a copy of the August 20, 2018 Appointment Order. Further,  
4 I instructed BBVA Compass to add Defendant Ninus Malan to the account as a “signer” and to  
5 provide Marijuana Operations accountant Mr. Henkus with viewing authority. The purpose of this  
6 was so that they may use these funds for the ongoing operations at Balboa Dispensary. I have retained  
7 signature authority over this account.

8           8.       On August 22, 2018, Defendant Malan sent me an email outlining a list of unpaid bills  
9 that total \$258,125.87. In addition, Mr. Malan states in his email that “[t]here are more remaining.”  
10 I responded to his email and asked how these expenses were typically paid within the Marijuana  
11 Operations. As seen in Mr. Malan’s response, he points to some apparent confusion with the previous  
12 operations arrangement. A true and correct copy of Mr. Malan’s August 22, 2018 email and follow  
13 up response emails is attached hereto as **Exhibit B**.

14           9.       I coordinated a meeting with Mr. Malan and Mr. Henkus. I implemented a procedure  
15 with Mr. Malan and Mr. Henkus whereby they submit invoices they would like to pay and I  
16 review/comment and approve/disapprove prior to payment. I have approved bills submitted to me  
17 on two occasions since the August 20, 2018 hearing.

18           10.      At my meeting with Mr. Malan and Mr. Henkus, I was provided a listing of deposits  
19 made from the dispensary ATM machine into a Bank of America account re-established by Mr.  
20 Malan. A true and correct copy of a partial bank statement for that account that was provided to me  
21 is attached hereto as **Exhibit C**. I am in the process of getting myself added to that account.

22           11.      Further, I have requested financials, budgets and bank statements from Mr. Malan and  
23 Mr. Henkus. As of drafting this Report, I am still waiting to receive those documents.

24           12.      I was provided with Balboa Ave financials for the period of January 2018 through  
25 May 2018 by JHY Partners (former accounting company). Attached hereto as **Exhibit D** are true and  
26 correct copies of those financials.

27           13.      During the previous management and my initial appointment as receiver in July 2018,  
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1 the Balboa Ave dispensary was using the point-of-sale vendor Treez. I was added to that account  
2 after the initial appointment order. I have since enabled access to the reports on this system to  
3 Defendants and their counsel for the purpose of reporting to various local and state agencies. I believe  
4 that the new management company (Far West) is using a different point-of-sale vendor. I have  
5 requested confirmation and addition to this vendor account.

6 14. One of the largest outstanding bills for the Balboa Ave operation is the State of  
7 California sales taxes that were due on June 30, 2018. A true and correct copy of that tax bill, as  
8 provided to me by Defendants, is attached hereto as **Exhibit E**. The outstanding amount owed is  
9 \$173,772.86 and the period covered by this tax bill is from July 1, 2017 through June 30, 2018.  
10 During my initial appointment in July 2018, I was working with JHY Partners to make a partial  
11 payment and establish a payment plan with the State of California. When the receivership was  
12 vacated, I ceased those discussions with the State of California.

13 15. I requested a summary and proof of insurance coverage for the Balboa Ave dispensary  
14 location. In response on August 22, 2018, Mr. Malan emailed me a copy of a notice of cancellation  
15 for the insurance policy in place for the Balboa Ave dispensary. A true and correct copy of that email  
16 and notice are attached hereto as **Exhibit F**. Since that email, Mr. Malan and Mr. Henkus have  
17 informed me that the bill was paid and this policy was reinstated. However, I have not received  
18 documentation summarizing the policy coverage.

19 16. After my initial appointment, and again after my recent August 20, 2018 appointment,  
20 I have contacted the appropriate State of California authority with notice of my appointment and a  
21 copy of this Court's Appointment Order. A true and correct copy of the most recent notice, dated  
22 August 31, 2018, is attached hereto as **Exhibit G**.

23 17. As of the date of drafting this report, I have not received direct documentation related  
24 to Balboa Ave bills or invoices due for mortgages, the HOA, or any other fixed obligations of the  
25 Balboa Ave dispensary. Some isolated payments were approved by me for payment by Mr. Malan to  
26 the HOA with a demand letter as supporting back-up documentation.

27 18. On August 30, 2018, my attorney sent an email to all parties in this matter reminding  
28

1 them of their obligations pursuant to this Court's Appointment Order to provide all pertinent  
2 documents and information related to the Marijuana Operations within 48 hours of the entry of the  
3 Appointment Order. My attorney sent a follow-up email demand on September 3, 2018 providing  
4 further detail regarding the documents and information necessary for me to provide a comprehensive  
5 Report in advance of the September 7, 2018 hearing. True and correct copies of my attorney  
6 Richardson Griswold's August 30, 2018 and September 3, 2018 emails are attached hereto as **Exhibit**  
7 **H**. As summarized in this Report, I am still attempting to obtain a substantial amount of documents  
8 and reports to adequately report on the status (particularly, the financial status) of the Marijuana  
9 Operations.

10 **BALBOA RENTALS**

11 19. One of the other properties owned by the San Diego United Holdings Group, LLC is  
12 adjacent to, and in the same development as, the Balboa Ave dispensary. The address is 8859 Balboa  
13 Avenue, Suites A-E, San Diego, California 92123. It was purchased by San Diego United Holdings  
14 Group, LLC and I have been informed it is a potential future cannabis location. The original  
15 owner/seller Mr. Peter Michelet remains as a tenant with no rent obligation and Mr. Michelet collects  
16 rents from the other three tenants and turns over the income to San Diego United Holdings Group,  
17 LLC. Mr. Michelet stated that the rents total \$5,500.00 per month.

18 20. I previously served Mr. Michelet with my initial appointment order in July 2018 and  
19 was in the process of coordinating to take control of rent collection. However, I rescinded my request  
20 after that initial appointment order was vacated. I recently contacted Mr. Michelet regarding my  
21 appointment and discussed the possibility that I would be collecting rent from the tenants. However,  
22 I will wait until I receive further information and clarification at the September 7, 2018 hearing.

23 **MIRA ESTE PRODUCTION SITE**

24 21. Defendant Mira Este Properties, LLC is the owner of property located at 9212 Mira  
25 Este Court, San Diego, California 92126. The Mira Este property is a cannabis production/extraction  
26 site that was not operational at the time I was initially appointed in July 2018. Since then, it has begun  
27 operating and is managed by Synergy Management Partners LLC. A true and correct copy of the  
28

1 management services contract, provided to me by Defendants, is attached hereto as **Exhibit I**. As  
2 stated above, I was recently informed that certified public accountant Justus Henkus IV has been  
3 retained to provide accounting services for the Mira Este operations as of August 28, 2018. I was not  
4 consulted before he was retained.

5 22. Upon initial takeover in July 2018 pursuant to the original appointment order in this  
6 matter, I seized only one bank account for this entity. It was a Torrey Pines Bank account with a  
7 balance of \$667.14. There has been no activity on this account during my tenure. The bank provided  
8 copies of bank statements for this account for the period of November 30, 2017 through June 30,  
9 2018. Attached hereto as **Exhibit J** are true and correct copies of those bank statements.

10 23. As of the date of drafting this Report, I have not been provided with any accounting  
11 reports or lists of outstanding invoices for the Mira Este operations. As reported in my Interim  
12 Receiver's Report, filed in advance of the August 20, 2018 hearing, I approved and processed  
13 payments on certain outstanding invoices submitted by the previous management company SoCal  
14 Building Ventures, LLC. I was previously informed by counsel for Chris Hakim that there are two  
15 mortgage obligations related to Mira Este property. The mortgage obligations are \$13,250.00 for the  
16 first deed of trust and \$10,590.00 for the second deed of trust.

17 24. I have requested financials, budgets and bank statements from Mr. Henkus related to  
18 the Mira Este operations. As of drafting this Report, I have not received any responsive documents.  
19 During a recent telephone call with Mr. Henkus, he indicated that Mira Este Properties, LLC had  
20 "leased" space to another 3<sup>rd</sup> party cannabis producer, Edipure, at the Mira Este property. Apparently,  
21 Epidure paid \$30,000.00 in pre-paid rent in cash. As of the date of drafting this Report, I do not have  
22 any documentation related to the payment and/or receipt of the lease funds, nor do I have any  
23 documentation regarding the apparent lease arrangement between Mira Este Properties, LLC and  
24 Epidure.

25 25. I have not received a summary of the insurance coverage in place at the Mira Este  
26 property. I have received insurance documentation from SoCal Building Ventures, LLC as it relates  
27 to the Mira Este property. True and correct copies of the insurance documentation are attached hereto  
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1 as **Exhibit K**.

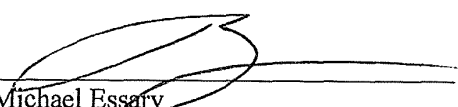
2           26. After my initial appointment, and again after my recent August 20, 2018 appointment,  
3 I have contacted the appropriate State of California authority with notice of my appointment and a  
4 copy of this Court's Appointment Order. A true and correct copy of the most recent notice, dated  
5 August 29, 2018, is attached hereto as **Exhibit L**.

6 **GENERAL RECEIVERSHIP ACCOUNTING SUMMARY**

7           27. Attached hereto as **Exhibit M** is a true and correct copy of an updated Cash Ledger  
8 reflecting activity and the balance of \$25,597.23 in my Wells Fargo receivership account. Also  
9 included within Exhibit M are true and correct copies of the latest Receiver billings and billings from  
10 my counsel, Richardson Griswold.

11  
12 Dated: September 5, 2018

Respectfully Submitted,

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15 Michael Essary  
16 Court Appointed Receiver  
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# EXHIBIT A

**MANAGEMENT SERVICES AGREEMENT**

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

**RECITALS**

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

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

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

**AGREEMENT**

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

**ARTICLE 1.**

**DUTIES AND RESPONSIBILITIES**

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

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



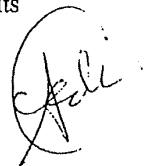
- d. Keep all records required by and in accordance with applicable law.
- e. Generate customary reports for the Cooperative, including sales reports, inventory lists, profits and loss statements, which will be provided no less frequently than each month.
- f. Procure all inventory needed for the Dispensary.
- g. Collect, report and remit all taxes required on behalf of the Dispensary.
- h. Pay all expenses of the Dispensary on the Cooperative's behalf.
- i. Maintain proper insurance for the Dispensary on the Cooperative's behalf.
- j. Ensure compliance with all conditions and requirements for the CUP and State License.
- k. Establish and operate a delivery system and division for the Dispensary.
- l. Create an operational budget for the Dispensary.
- m. Assist design and maintain a website for the Dispensary.
- n. Provide such additional Services as reasonably requested by the Cooperative.

**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 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 dispensary 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 Cooperative agrees to faithfully observe and comply with all federal State, and local laws, ordinances and regulations, applicable to its operation of the Dispensary and business and shall obtain any permits or licenses required.

*NM.*





The Parties shall comply with all federal laws applicable to them as a result of this Agreement or operation of the Dispensary; 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 Licensed Facility or otherwise, it shall inform the other party and either party may terminate this Agreement by written notice to the other Party. The Cooperative agrees to faithfully observe and comply with all federal 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.

**Section 1.5: Exclusive Provider of Services.** The Cooperative 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 shall be leased to the Cooperative by Manager in accordance with the provisions of this Section 1.6 and listed in Exhibit A hereto, which may be amended by the Parties from time to time.

a. Manager will use commercially reasonable efforts to supply to the Cooperative the services of the persons identified on Exhibit A hereto, incorporated herein by reference ("Assigned Personnel"). 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 Cooperative 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 Cooperative'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 Cooperative unless specifically agreed by Manager and the Cooperative. 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 Cooperative immediately upon the release, termination or cessation of employment of any Assigned Personnel. The Cooperative 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

*NM.*

*AKL*

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 Cooperative 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 Cooperative.

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

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

d. The Cooperative may retain such sufficient direction and control over the Assigned Personnel as is necessary to conduct the Cooperative's business and without which the Cooperative 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 Cooperative.

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.

**Section 1.7: Long-Term Agreement.** The Parties acknowledge and agree that it is the



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

## ARTICLE 2.

### TERM OF AGREEMENT; TERMINATION

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

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

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

## ARTICLE 3.

### COMPENSATION AND EXPENSES

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

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

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

c. After payment of the Retention Amount to the Cooperative, all remaining monthly profits from operation of the Dispensary will be split between the Cooperative and Manager as follows: (i) 30% to the Cooperative and 70% to the Manager if the Parties do not reach the long-term agreement contemplated by Section 1.7 of this Agreement, or (ii) 50%/50% if the Parties enter into the long-term agreement contemplated by Section 1.7 of this Agreement.



d. All fees due Manager hereunder will be payable in arrears on the fifteenth (15<sup>th</sup>) day of the month, beginning the month following the Effective Date.

**Section 3.2: Reimbursement.** In connection with the Services, the Cooperative shall reimburse Manager for any expenses or costs actually and reasonably incurred and paid by Manager on behalf of the Cooperative.

**Section 3.3: Expenses.** The Cooperative shall be responsible for all costs and expenses of operating its Dispensary, including but not limited to, payment of taxes, costs associated with the Assigned Personnel, marketing, compliance, insurance, inventory, and rent, whether or not such costs and expenses are to be paid by Manager on the Cooperative'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 Cooperative is entitled to receive \$8,500 per month during the Term of this Agreement, which shall be treated as an expense of the Dispensary prior to payment of any fee to Manager and will not be counted towards the Cooperative's Minimum Payment.

**Section 3.4: Dedicated Account.** The Cooperative 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 Dispensary shall be deposited into the Dedicated Account and all expenses relating to the Dispensary shall be paid from the Dedicated Account. 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 Cooperative. The Cooperative shall have the authority to remove the Manager's signatory from the Dedicated Account upon termination of this Agreement.

#### 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 Cooperative, and that Manager is not and should not be considered an agent or employee of the Cooperative 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 acting as an employee of Cooperative, 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 Cooperative has no obligation under the state or federal laws regarding employee liability, and that Cooperative'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 Cooperative, 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 Cooperative.



ARTICLE 5.

INDEMNIFICATION

**Section 5.1: Cooperative Indemnification.** The Cooperative 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 Cooperative 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 Cooperative's conduct or Manager's provision of Services in accordance with this Agreement.

**Section 5.2: Willful Misconduct.** Cooperative will not relieve or indemnify Manager from liability caused by the willful misconduct or negligence of Manager, its offices, agents, or servants.

**Section 5.3: Manager Indemnification.** The Manager agrees to indemnify and hold harmless the Cooperative and its subsidiaries, partners, affiliates, principals, directors or agents ("Cooperative Indemnified Parties") from and against and in respect of any and all liabilities, obligations, assessments, suits, actions, proceedings, claims, or demands asserted against Cooperative and/or Manager or any Cooperative 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 Cooperative Indemnified Parties as a result of the Manager's willful misconduct, negligence or material breach of this Agreement.

ARTICLE 6.

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,

*MM*

*Ad*

between Manager and Cooperative with respect to the engagement of Manager by Cooperative 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 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:

**If to Manager:**

**If to Cooperative:**

**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 fulfil 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 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 Cooperative 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 Cooperative 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.

*MM*

*Atk*

**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: Liability Limitation.** IN NO EVENT WILL ANY PARTY BE LIABLE FOR ANY LOSS OR DAMAGE TO REVENUES, PROFITS, OTHER ECONOMIC LOSS OR GOODWILL OR COSTS OF REPLACEMENT GOODS OR SERVICES OR ANY OTHER SPECIAL, INCIDENTAL, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE LICENSED PRODUCTS, HOWEVER CAUSED AND WHETHER BASED IN BREACH OF CONTRACT, BREACH OF WARRANTY, TORT (INCLUDING NEGLIGENCE) OR ANY OTHER THEORY OF LIABILITY. THE FOREGOING LIMITATIONS SHALL APPLY EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY STATED HEREIN.

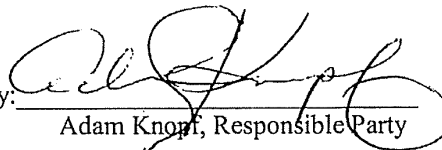
**Section 6.16: Non-Circumvention.** The Parties hereby acknowledge that the Manager will be introducing the Cooperative to certain Assigned Personnel. In consideration of the foregoing, the Cooperative hereby agrees and warrants that it shall not, directly or indirectly, interfere with, circumvent, 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.

**MANAGER:**

**Far West Management, LLC:**

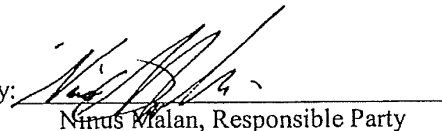
Dated: 7/10/18

By:   
Adam Knorr, Responsible Party

**COOPERATIVE:**

**Balboa Ave. Cooperative**

Dated: 7/10/18

By:   
Ninus Malan, Responsible Party



**EXHIBIT A**  
**Assigned Personnel**

# EXHIBIT B

Subject: **Current Outstanding Debts**

Date: 8/22/2018 11:43:01 AM Pacific Standard Time

From: ninusmalan@yahoo.com

To: calsur@aol.com

Cc: rgriswold@griswoldlawsandiego.com, tamara@austinlegalgroup.com, gaustin@austinlegalgroup.com, symbolicrealestate@gmail.com, chasgoria@gmail.com, juddthetaxman@gmail.com, dwatts@galuppolaw.com

Mike,

I hope your doing well. Below is a list of expenses that are outstanding and needing to be paid. There are more remaining and I will send another email with those breakdowns. Please feel free to contact me with any questions or help I may assist you with.

1. Techne for Balboa 5 Units CUP - \$19,493.25
2. San Diego Reader Outstanding Balance \$1,550.00
3. Inzone Insurance for Balboa Ave Cooperative \$679.18
4. Lions and Coventry Insurance for California Cannabis Group \$302.45
5. Liberty Mutual Insurance for San Diego United Holdings Group \$457.80
6. CDTFA Tax \$173,702.86
7. Loan from Ninus Malan Personal for August 2018 Balboa 5 Units Mortgage - \$9,952.36
8. Loan from Ninus Malan Personal for August 2018 Balboa 2 Units Mortgage - \$4,573.70
9. Loan from Ninus Malan Personal for August 2018 Mira Este 1st Mortgage - \$6,625.00
10. Loan from Ninus Malan Personal for August 2018 Roselle Mortgage - \$3,300.00
11. Loan from Ninus Malan Personal for August 2018 Mira Este 2nd Mortgage - \$4,915.75
12. Loan from Chris Hakim Personal for August 2018 Mira Este 1st Mortgage - \$6,625.00
13. Loan from Chris Hakim Personal for August 2018 Mira Este 2nd Mortgage - \$4,915.75
14. Loan from Chris Hakim Personal for August 2018 Roselle St Mortgage - \$3,300.00
15. Epsten, Grinnel and Howell for HOA Settlement Payment - \$6,171.47
16. July 2018 HOA Insurance Payment - \$3,520.65
17. August 2018 HOA Insurance Payment - \$3,520.65
18. Balboa Ave 5 Units HOA monthly standard fee July 2018 - \$900.00
19. Balboa Ave 5 Units HOA monthly standard fee August 2018 - \$900.00
20. Balboa Ave 2 Units HOA monthly standard fee July 2018 - \$360.00
21. Balboa Ave 2 Units HOA monthly standard fee August 2018 - \$360.00
22. Balboa Race Car Advertising Sponsorship - \$2,000.00

Best regards,

Ninus Malan

Subject: **Re: Current Outstanding Debts**

Date: 8/22/2018 12:57:43 PM Pacific Standard Time

From: ninusmalan@yahoo.com

To: calsur@aol.com

Cc: rgriswold@griswoldlawsandiego.com, tamara@austinlegalgroup.com, gaustin@austinlegalgroup.com, symbolicrealestate@gmail.com, chasgoria@gmail.com, juddthetaxman@gmail.com, dwatts@galuppolaw.com

Mike,

Very good point. SoCal was responsible for paying the day to day bills and the taxes and we still have not seen the accounting from SoCal or John Yaeger from Jan 2018 through current, so I am assuming that they were paying the bills out of the shop's sales. I believe they were also paying the contractual payments under the management agreement from the shop sales, although the management agreement payments were supposed to come from their own funds. This could explain why there is a large Tax Debt of \$173,702.86 outstanding. I started paying Balboa's bills with my personal funds when I felt it was absolutely necessary to avoid injury. For example, I paid the HOA settlement payments, the HOA insurance payments, The HOA Sewer Line Replacement and property taxes.

With respect to Mira Este, we would normally pay the bills from the management fee SoCal was required to pay but since SoCal stopped paying that money sometime ago, we were forced to pay Mira Este's bills with our personal funds. Chris Hakim and I have been personally paying the Mortgages, Property Taxes, Property Insurance and State Licensing fee's all on our own to keep things afloat with no income from SoCal. It made it very hard on Chris and I for SoCal to fall behind on their payments and the fact that so much precious time has gone by with SoCal never starting operations or producing any income from production.

I will work with you diligently to help you account for everything and show how we have managed to keep up on payments to the HOA, Lenders, State Licensing, City Fees, Property Taxes and Property Insurance.

Best regards,

Ninus Malan

---

From: "calsur@aol.com" <calsur@aol.com>

To: ninusmalan@yahoo.com

Cc: rgriswold@griswoldlawsandiego.com; tamara@austinlegalgroup.com; gaustin@austinlegalgroup.com; symbolicrealestate@gmail.com; chasgoria@gmail.com; juddthetaxman@gmail.com; dwatts@galuppolaw.com

Sent: Wednesday, August 22, 2018 12:14 PM

Subject: Re: Current Outstanding Debts

Thank you for the information Ninus. How would the 2 entities have paid these bills - and are you saying that the entities have no funds? I have about \$49,000 in my account after canceling the state tax check for \$40,000 (based on Sturgeon's initial order to not spend any more money). Also, I will have access to the Flip account with about \$26,000 in it - after I have my order. But I'm confused about where you would normally expect to get funds for obligations of the entities? I assume from the management companies? Hoping to meet with Judd soon to discuss cash flow issues and my questions.

Mike

In a message dated 8/22/2018 11:43:01 AM Pacific Standard Time, [ninusmalan@yahoo.com](mailto:ninusmalan@yahoo.com) writes:

Mike,

I hope your doing well. Below is a list of expenses that are outstanding and needing to be paid. There are more remaining and I will send another email with those breakdowns. Please feel free to contact me with any questions or

help I may assist you with.

1. Techne for Balboa 5 Units CUP - \$19,493.25
2. San Diego Reader Outstanding Balance \$1,550.00
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20. Balboa Ave 2 Units HOA monthly standard fee July 2018 - \$360.00
21. Balboa Ave 2 Units HOA monthly standard fee August 2018 - \$360.00
22. Balboa Race Car Advertising Sponsorship - \$2,000.00

Best regards,

Ninus Malan

# EXHIBIT C



**Business Fundamentals Chk - 1268: Account Activity**

*ATM Depository*

Balance Summary: \$28,580.00 (available as of today 08/27/2018)  
View: today 08/27/2018

**All Transactions**

Date	Description	Status	Amount	Available Balance
<b>Amount included in Available Balance</b>				
Processing	ACH CREDIT SWITCH COMMERCE FUND ON 08/27	P	1,520.00	28,580.00
Processing	ACH CREDIT SWITCH COMMERCE FUND ON 08/27	P	3,420.00	27,060.00
Processing	ACH CREDIT SWITCH COMMERCE FUND ON 08/27	P	3,560.00	23,640.00
08/24/2018	SWITCH COMMERCE DES:0823 FUND ID:101150 INDN:SAN DIEGO UNITED HOLDI CO...	C	2,340.00	20,080.00
08/23/2018	SWITCH COMMERCE DES:0822 FUND ID:101150 INDN:SAN DIEGO UNITED HOLDI CO...	C	2,720.00	17,740.00
08/22/2018	SWITCH COMMERCE DES:0821 FUND ID:101150 INDN:SAN DIEGO UNITED HOLDI CO...	C	2,380.00	15,020.00
08/21/2018	SWITCH COMMERCE DES:0820 FUND ID:101150 INDN:SAN DIEGO UNITED HOLDI CO...	C	440.00	12,640.00
08/20/2018	SWITCH COMMERCE DES:0817 FUND ID:101150 INDN:SAN DIEGO UNITED HOLDI CO...	C	2,100.00	12,200.00
08/20/2018	SWITCH COMMERCE DES:0819 FUND ID:101150 INDN:SAN DIEGO UNITED HOLDI CO...	C	2,940.00	10,100.00
08/20/2018	SWITCH COMMERCE DES:0818 FUND ID:101150 INDN:SAN DIEGO UNITED HOLDI CO...	C	3,720.00	7,160.00
08/17/2018	SWITCH COMMERCE DES:0816 FUND ID:101150 INDN:SAN DIEGO UNITED HOLDI CO...	C	1,880.00	3,440.00
08/16/2018	SWITCH COMMERCE DES:0815 FUND ID:101150 INDN:SAN DIEGO UNITED HOLDI CO...	C	1,460.00	1,560.00
08/14/2018	Online Banking transfer from CHK 5306 Confirmation# 5524841282	C	100.00	100.00

**Statement as of 08/01/2018**

07/24/2018	Legal Order, LTS D071918001100	C	-1.01	0.00
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*San Diego United Bank Detail*

# EXHIBIT D



Balboa

May 31, 18

ASSETS

Current Assets

Checking/Savings

Cash - Other 44,148.20

Cash - ATM Machine 4,764.43

Cash - On-Site Safe Deposit 24,023.29

Total Checking/Savings 72,935.92

Total Current Assets 72,935.92

Fixed Assets

Intangible Assets - Licensing 20,000.00

Property Plant and Equipment 208,000.00

Total Fixed Assets 228,000.00

Other Assets

Security Deposits Asset 1,500.00

A/R - SoCal Rents 45,000.00

Total Other Assets 46,500.00

TOTAL ASSETS 347,435.92

LIABILITIES & EQUITY F19

Liabilities

Current Liabilities

Other Current Liabilities

Due to ABP Consulting 130,000.00

Due from - ABP -20,000.00

Due to Ninus Malan 514,416.00

Due from - Monarch Ma -356,200.00

Due to SoCal Building 635,245.00

Due from - SoCal Buildin -16,318.00

Total Other Current Liabiliti 887,143.00

Total Current Liabilities 887,143.00

Total Liabilities 887,143.00

Equity

Retained Earnings -652,816.46

Net Income 113,109.38

Total Equity -539,707.08

TOTAL LIABILITIES & EQUITY 347,435.92

Balboa

Jan 1 - May 31, 18

Ordinary Income/Expense	
Income	
Merchandise Sales	<u>1,353,396.92</u>
Total Income	<u>1,353,396.92</u>
Gross Profit	1,353,396.92
Expense	
Advertising and Promotion	58,603.33
Bank Service Charges	15.00
Cable & Internet	2,566.50
Cannabis Merchandise	G11 675,165.88
Computer and Internet Expense	8,278.60
Franchise Tax	800.00
Insurance Expense	28,529.55
Janitorial Expense	925.00
Local Cannabis Tax	33,455.54
Meals and Entertainment	140.00
Non Cannabis Merchandise	3,156.97
Office Supplies	7,253.58
Packaging Supplies	2,230.21
Payroll Expenses	
Payroll Taxes	30,421.66
Salary	73,164.75
Payroll Expenses - Other	<u>11,201.44</u>
Total Payroll Expenses	114,787.85
Professional Fees	
Accounting	17,500.00
Legal Fees	18,245.00
Professional Fees - Other	<u>7,500.00</u>
Total Professional Fees	43,245.00
Rent	
HOA	6,200.00
Rent - Other	<u>85,020.39</u>
Total Rent	91,220.39
Repairs and Maintenance	1,989.54
Security Expense	63,173.94
Telephone Expense	395.00
Travel Expense	
Hotel/Lodging/Accommodati	<u>761.84</u>
Total Travel Expense	761.84
Utilities	<u>3,593.82</u>
Total Expense	<u>1,140,287.54</u>
Net Ordinary Income	213,109.38

Balboa

Other Income/Expense	
Other Expense	
Ask My Accountant	<u>100,000.00</u>
Total Other Expense	<u>100,000.00</u>
Net Other Income	<u>-100,000.00</u>
Net Income	<u><u>113,109.38</u></u>

# EXHIBIT E



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.cdfta.ca.gov

EDMUND G. BROWN JR.  
Governor  
MARYBEL BATJER  
Secretary, Government Operations Agency  
NICOLAS MADUROS  
Director

NINUS MALAM  
BALBOA AVE COOPERATIVE  
8863 BALBOA AVE STE E  
SAN DIEGO CA 92123-1547

Letter Date: August 22, 2018  
Letter ID: L0001157171

### Statement of Account

**Why we are contacting you:**

The California Department of Tax and Fee Administration (CDTFA) records show that you have an outstanding balance for the account(s) and reporting period(s) shown below.

This is a summary of tax/fee/surcharge/assessment, interest, and penalties. A detailed listing of amounts due is included with this letter. Payment is due immediately for any amount not under appeal or protection of the bankruptcy court. These liabilities may have been previously assessed against you. This statement is not an assessment of tax/fee/surcharge/assessment, penalties, or interest that you can appeal.

**PAYMENT OPTIONS**

Payments can be made online at [www.cdfta.ca.gov](http://www.cdfta.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 voucher with your payment. Keep the original notice 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 ACTION**

Collection action may be taken. To help you understand CDTFA collection procedures, please visit [www.cdfta.ca.gov](http://www.cdfta.ca.gov) and download publication 54, *Collection Procedures*.



*✂* Please cut along the line and return the bottom portion with your payment.

CDTFA-1210-STA (5-18)  
CDTFA-5000 (8-17)

**PAYMENT VOUCHER**



**Account Type:** Sales and Use Tax  
**Voucher Number:** 297980318

L0001157171

CDTFA USE ONLY

<b>Amount Due Upon Receipt:</b>	<b>\$173,772.86</b>
---------------------------------	---------------------

Make check payable and send with the voucher to:  
California Department of Tax and Fee Administration  
PO Box 942879  
Sacramento CA 94279-3535  
or visit [www.cdfta.ca.gov](http://www.cdfta.ca.gov) to pay right now.

Enter amount paid  
\$ .

NINUS MALAM  
BALBOA AVE COOPERATIVE  
8863 BALBOA AVE STE E  
SAN DIEGO CA 92123-1547

Please write your Account number and tax period end date on your check.



0001157171 01

Front



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.gov](http://www.cdtfa.ca.gov)

EDMUND G. BROWN JR.  
 Governor  
 MARYBEL BATJER  
 Secretary, Government Operations Agency

NICOLAS MADUROS  
 Director

NINUS MALAM  
 BALBOA AVE COOPERATIVE  
 8863 BALBOA AVE STE E  
 SAN DIEGO CA 92123-1547

Letter 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.



0001157171 02



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.gov

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Director

NINUS MALAM  
BALBOA AVE COOPERATIVE  
8863 BALBOA AVE STE E  
SAN DIEGO CA 92123-1547

Letter Date: July 31, 2018  
Letter ID: L0000782439  
Case ID: 527059  
Account Type: Sales and Use Tax  
Account Number: 103-009445  
Limited Access Code: t514132m

Dear BALBOA AVE COOPERATIVE:

The California Department of Tax and Fee Administration (CDTFA) received a request from MR. JOHN YAEGER to gain third party online access to the account listed above. Business owner(s) can approve or deny the request by logging on the CDTFA Online Services. Business owner(s) may also provide the security code below to MR. JOHN YAEGER to expedite the approval process.

**Instructions to Approve or Deny request**

To approve or deny the request for third party access, please follow the instructions below:

1. Log into your Online Services profile by visiting the CDTFA website at <https://onlineservices.cdtfa.ca.gov>.
2. Navigate to BALBOA AVE COOPERATIVE under *Customer Information*.
3. Select *Respond to Third Party Access Request* from the *I Want To* section.
4. You will need the following information to approve or deny the request:
  - Security code: nnsptphq
  - Account number: 103-009445

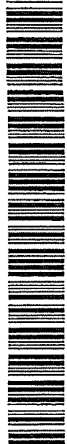
**Instructions on Providing the Security Code**

To expedite the approval process, please follow the instructions below:

1. Provide the security code: nnsptphq to MR. JOHN YAEGER.
2. MR. JOHN YAEGER will need to log into their online services profile by visiting the CDTFA website at <https://onlineservices.cdtfa.ca.gov>.
3. MR. JOHN YAEGER will then need to select *Request Access to an Account* to gain access.
4. MR. JOHN YAEGER will need the following information to complete the request:
  - **Security code:** nnsptphq
  - **Account number:** 103-009445

If you have any questions, please contact our Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available Monday through Friday, 8:00 a.m. to 5:00 p.m., (Pacific time), except state holidays.

California Department of Tax and Fee Administration



0000782439 01

# EXHIBIT F



ClassicPlan  
PO Box 5146  
Chino, CA 91708  
909-591-6481

ClassicPlan Premium Financing, Inc.

Loan Number 285180

08/09/2018

( PRODUCER COPY )

-- 26185  
INSZONE INSURANCE SERVICES INC  
2701 CITRUS RD STE C  
RANCHO CORDOVA, CA 95742

BALBOA AVE COOPERATIVE  
MALAN, NINUS  
5065 LOGAN AVENUE SUITE 10  
SAN DIEGO, CA 92113

**RETURN CHECK ADVICE**

Your Bank has returned your check unpaid. We will notify your insurance company(s) to cancel your financed insurance coverage as of 08-21-2018 unless your payment of the Total Due amount shown below is received BEFORE the above date.

**NOTICE OF EXERCISE OF RIGHT TO CANCEL**

<u>Insurance Company</u>	<u>Policy Number</u>	<u>Effective Date</u>
IIC OF HANNOVER/CANNGEN INS SVC	TBD	03-APR-18
UNTD SPEC/CANNGEN INS SVC	TBD	03-APR-18

NOTICE	MONTHLY DUE DATE	UNPAID CHECK	LATE CHARGES OWED	RETURN CHECK CHARGE	<b>TOTAL DUE</b>
08/09/201	03-AUG-18	664.18	.00	15.00	<b>679.18</b>

ANY INSURANCE POLICY(S) CANCELLED PRIOR TO THE EFFECTIVE DATE OF THIS NOTICE IS NOT EXTENDED OR REINSTATED BY THIS NOTICE.

**\*\*\*TO REPLACE CHECK, WE ONLY ACCEPT MONEY ORDER, CASHIERS CHECK OR WESTERN UNION QUICK COLLECT. IF THIS IS YOUR SECOND RETURNED ITEM WE WILL NO LONGER ACCEPT CHECKS FOR YOUR REMAINING MONTHLY PAYMENTS\*\*\*\***

DETACH HERE

**PLEASE RETURN THIS PORTION WITH YOUR PAYMENT**

Borrower: BALBOA AVE COOPERATIVE  
Loan Number:285180

ClassicPlan  
PO Box 5146  
Chino, CA 91708  
909-591-6481

**Please pay this amount: \$ 679.18**

**TO AVOID CANCELLATION:** PERSONAL CHECK will be returned. Please remit a CASHIER'S CHECK, MONEY ORDER OR WESTERN UNION QUICK COLLECT for the amount shown.

**YOUR POLICY(S) WILL BE CANCELLED EFFECTIVE 12:01 AM ON 08-21-2018**  
**WARNING: PAYMENT MUST BE RECEIVED IN OUR OFFICE BEFORE ABOVE DATE TO PREVENT CANCELLATION**

Subject: **Fw: BALBOA AVE COOPERATIVE IG21X002822-01 – ELMCA000985-01 Notice of Cancellation**

Date: 8/22/2018 10:39:14 AM Pacific Standard Time

From: ninusmalan@yahoo.com

To: calsur@aol.com

Cc: gaustin@austinlegalgroup.com, tamara@austinlegalgroup.com

Hi Mike,

Please see below insurance needing to be paid for Balboa.

I can help you with anything you may need.

Best regards,

Ninus Malan

----- Forwarded Message -----

**From:** Matt Freeman <mfreeman@inszoneins.com>

**To:** "ninusmalan@yahoo.com" <ninusmalan@yahoo.com>

**Sent:** Monday, August 20, 2018 10:34 AM

**Subject:** FW: BALBOA AVE COOPERATIVE IG21X002822-01 – ELMCA000985-01 Notice of Cancellation

RE: General Liability & Product Liability – IG21X002822-01 – ELMCA000985-01 – 04/11/2018 – 04/11/2019

Dear Ninus :

Please note we are in receipt of the attached notice from your finance company advising payment is due on 08/21/2018. There was a returned check, please call to make payment.

Should you have any questions, please contact Classic Plan directly at (909) 591-6481 to make your payment over the phone. If you wish to pay via credit card, you can click on the link below.

[https://www.simply-easier-payments.com/PaymentApp/Payment/AnonymousLink.faces?account\\_id=1436](https://www.simply-easier-payments.com/PaymentApp/Payment/AnonymousLink.faces?account_id=1436)

Give us a call at 1-916-842-3014 if you wish to set up Auto Pay for your loan payments, Classic Plan accepts checking/savings accounts and credit cards.

Thank you for your continued business!

Sincerely,

Matt Freeman

Enclosures: 1 attachment

Thank you,

Policy Processing Department

# EXHIBIT G

# Michael Essary, Receiver

8304 Clairemont Mesa Blvd. #207, San Diego, CA 92111  
(858) 560-1178 / (858) 560-6709 fax  
Toll Free (877) 581-1158

August 31, 2018

## VIA EMAIL ONLY:

Bureau of Cannabis Control  
2920 Kilgore Road  
Rancho Cordova, CA 95670  
(833) 768-5880  
bcc@dca.ca.gov

**Re: Notification of Court Appointed Receiver for Balboa Avenue Cooperative (License Number: A10-18-0000113-TEMP)**

Dear Sir or Madam:

I am writing to inform you that San Diego Superior Court has re-appointed me to act as a receiver to temporarily oversee and manage Balboa Avenue Cooperative. (*Salam Razuki v. Ninus Malan, et al.*, San Diego Superior Court, Case No. 37-2018-00034229-CU-BC-CTL.) Attached to this email is the court order documenting my appointment to oversee and manage Balboa Avenue Cooperative.

The purpose of this notification is to satisfy Section 5024 of the Readopted Emergency Bureau of Cannabis Control ("BCC") Regulations. As per Section 5024, I am also notifying the BCC that I desire the business to continue operations under Balboa Avenue Cooperative's temporary retail license (License Number: A10-18-0000113-TEMP). I am furnishing the following information per the regulations:

Receiver Name: Michael Essary

Previous Owner: Ninus Malan and all others listed on state applications.

License Number: A10-18-0000113-TEMP


Phone Number of Receiver: (858) 560-1178

Mailing Address of Receiver: 8304 Clairemont Mesa Blvd., Suite #207  
San Diego, CA 92111

Email Address of Receiver: calsur@aol.com

Please contact me with any questions or if the BCC would like any additional materials.

Very truly yours,



Michael Essary, Receiver

Subject: **Notification of Court Appointed Receiver for Balboa Avenue Cooperative (License Number: A10-18-0000113-TEMP)**

Date: 8/31/2018 3:42:26 PM Pacific Standard Time

From: calsur@aol.com

To: bcc@dca.ca.gov

Cc: alachant@mmlg.com, rgriswold@griswoldlawsandiego.com

Dear Sir/Madam:

Please see attached documentation about my re-appointment as receiver for this entity.

Michael Essary  
Receiver

# EXHIBIT H



Richardson Griswold <rgriswold@griswoldlawsandiego.com>

**Razuki/Malan: Order to Produce Documents/Information**

Richardson Griswold <rgriswold@griswoldlawsandiego.com>

Thu, Aug 30, 2018 at 3:38 PM

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

Counsel,

Pursuant to paragraph 17 of the Order Appointing Receiver, signed by the Court on 8/28/18, the parties and all agents acting on their behalf were ordered to provide key information and documents to the Receiver within 48 hours. This information is essential to the Receiver as he compiles his Receiver's Report, which the Court directed the Receiver to file and serve by September 5, 2018. Thanks for your anticipated cooperation. I have cut/paste the language from paragraph 17 below:

"17. Plaintiff, Plaintiff-In-Intervention, Defendants, and members of the Marijuana Operations and their servants, agents, attorneys, accountants, employees, successors-in-interest and assigns, and all other persons acting under and/or in concert with any of them shall provide, turn over and deliver to the Receiver within forty-eight (48) hours of entry of this Order any and all 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."

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  
www.griswoldlawsandiego.com

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IRS Circular 230 disclosure: To ensure compliance with requirements imposed by the IRS, unless we expressly

state otherwise, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (I) avoiding penalties under the Internal Revenue Code or (II) promoting, marketing or recommending to another party any transaction or matter addressed herein. Griswold Law does not offer tax advice to its clients.





Richardson Griswold <rgriswold@griswoldlawsandiego.com>

**Razuki/Malan: Order to Produce Documents/Information**

Richardson Griswold <rgriswold@griswoldlawsandiego.com>

Mon, Sep 3, 2018 at 7:21 AM

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

Counsel,

I write to follow up on our request for documents/info from your clients per the Order. Below is a list compiled by the receiver of documents/information that is necessary for him to conduct his duties. Please provide promptly.

**Mira Este:**

1. Copy of agreement/lease with new production tenant Edipure. It appears Epidure paid \$30K in cash as pre-paid rent. Please provide applicable documentation regarding the arrangement and all related payments.
2. Copies of bank statements - particularly, statements from the period when facility was/is in production.
3. Financial statements/reports and a budget for anticipated income/expenses/mortgages.
4. Description of the payment expectations/obligations between Synergy and Mira Este. For instance, how much does Synergy get - from where? How much is Mira Este expecting to get paid? Clause in agreement showing the \$35K payment - was told this is for the mortgage? Where does it actually go and does Synergy pay this?
5. Details on Mira Este mortgage - please provide a mortgage statement and copy of promissory note.
6. Inventory list for Mira Este facility (included FF&E). Also, identification of who owns what inventory within facility.
7. Description/proof of insurance for Mira Este. All we have is the cancellation notice. Also, description/proof of insurance held by Synergy and Edipure.
8. Status update and copies of current notices for the CUP process and licensing.
9. Copy of retainer agreement with accountant Judd. Also, who was performing the accounting services before Judd was recently hired?

**Balboa Ave Dispensary:**

1. Copies of bank statements going back to when dispensary opened. Bank statements to include all accounts related to Balboa, SD United and Flip.
2. Financial statements/reports and a budget for anticipated income/expenses/mortgages.

3. Inventory list for Balboa (included FF&E). Also, identification of who owns what inventory within facility.
4. Description of the payment expectations/obligations between Far West and Balboa. For instance, how much does FarWest get beyond their \$25K management fee? From where? How much is Balboa expecting to get paid? Clause in agreement showing the \$8.5K payment - was told this is for the mortgage? Where does it actually go and does FarWest pay this?
5. Status update and copies of current notices for the status of licensing.
6. ATM machine: Is there an ATM agreement with an outside vendor? Who owns machines? Is there a commission and/or service fee paid to a third party?
7. Description/proof of insurance for Balboa. Also, description/proof of insurance held by Far West.

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  
www.griswoldlawsandiego.com

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IRS Circular 230 disclosure: To ensure compliance with requirements imposed by the IRS, unless we expressly state otherwise, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (I) avoiding penalties under the Internal Revenue Code or (II) promoting, marketing or recommending to another party any transaction or matter addressed herein. Griswold Law does not offer tax advice to its clients.

On Fri, Aug 31, 2018 at 7:27 AM, charles gorla <chasgoria@gmail.com> wrote:  
[Quoted text hidden]

# EXHIBIT I

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

CH      JM      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 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

CH: Wm. Polk Jr

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 RY JS

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 M. H. J.M.

Page 4 of 10

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

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 M. B. G.



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. [Signature]* *J.M.*

\$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 \$8,500 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)

**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-AG JS

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.

CH NM 6/4 JSM

Page 8 of 10

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

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

CH - NM - RG [Signature]

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 fulfil 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

CH *M. K. Gray*

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

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]

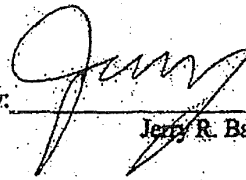
CH NM AG JRM

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

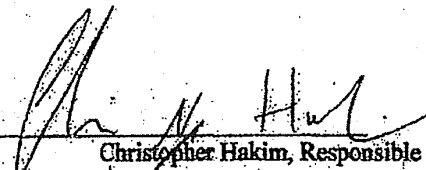
**MANAGER:**  
Synergy Management Partners LLC

Dated: 8-3-18

By:   
Jerry R. Baca, Responsible Party

**COMPANY:**  
Mira Este Properties, LLC

Dated: 8/3/18

By:   
Christopher Hakim, Responsible Party  
CHKS (CH)

Dated: 8/3/18

By:   
Nimur Malan, Responsible Party

CH

JB

Na. BY

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

# EXHIBIT J





# TORREY PINES BANK

Torrey Pines Bank, a division of Western Alliance Bank. Member FDIC.

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

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

Last statement: May 31, 2018  
This statement: June 30, 2018  
Total days in statement period: 30

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XXXXXX2264  
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Direct inquiries to:  
877-476-2265

Torrey Pines Bank  
4530 Executive Drive Suite 130  
San Diego CA 92121

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*THANK YOU FOR BANKING WITH US!*

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## Business Checking

Account number	XXXXXX2264	Beginning balance	\$26,416.23
Enclosures	4	Total additions	60,225.00
Low balance	\$148.29	Total subtractions	86,508.94
Average balance	\$5,273.58	Ending balance	\$132.29
Avg collected balance	\$5,273		

### CHECKS

Number	Date	Amount	Number	Date	Amount
1276	06-04	500.00	1278	06-27	6,385.00
1277	06-13	4,816.50			

### DEBITS

Date	Description	Subtractions
06-04	' Direct S/C DOM WIRE IN FEE	14.00
06-04	' Transfer Debit TRANSFER TO DEPOSIT ACCOUNT XXXXXX0415	25,000.00
06-04	' Transfer Debit TRANSFER TO DEPOSIT ACCOUNT XXXXXX6270	25,000.00
06-05	' ACH Debit THE LOAN COMPANY collection 180605	9,831.50
06-05	' ACH Debit THE LOAN COMPANY collection 180605	13,250.00
06-07	' ACH Debit SD GAS ELEC PAID SDGE 180607	12.70

3000

MIRA ESTE PROPERTIES LLC  
 June 30, 2018

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 XXXXXX2264

Date	Description	Subtractions
06-07	' ACH Debit SD GAS ELEC PAID SDGE 180607	37.14
06-07	' ACH Debit SD GAS ELEC PAID SDGE 180607	48.90
06-07	' ACH Debit SD GAS ELEC PAID SDGE 180607	70.98
06-07	' ACH Debit SD GAS ELEC PAID SDGE 180607	104.48
06-07	' ACH Debit SD GAS ELEC PAID SDGE 180607	159.74
06-18	' ACH Debit LIONS AND COVENT ACH 180618	1,262.00
06-30	' Service Charge MAINTENANCE FEE	16.00

**CREDITS**

Date	Description	Additions
06-04	' Wire Cr-Usd INCOMING WIRE ORG SAN DIEGO BUILDING VENTURES LLC; REF 778;WIRE/IN - 20181550277600	50,125.00
06-12	Deposit	5,000.00
06-27	' Online Transfer Cr REF 1780854L FUNDS TRANSFER FRMDEP XXXXXX4812 FROM CUP TRH	5,100.00

**DAILY BALANCES**

Date	Amount	Date	Amount	Date	Amount
05-31	26,416.23	06-07	2,511.79	06-18	1,433.29
06-04	26,027.23	06-12	7,511.79	06-27	148.29
06-05	2,945.73	06-13	2,695.29	06-30	132.29

**OVERDRAFT/RETURN ITEM FEES**

	Total for this period	Total year-to-date
Total Overdraft Fees	\$0.00	\$70.00
Total Returned Item Fees	\$0.00	\$0.00

*Thank you for banking with Torrey Pines Bank*

MIRA ESTE PROPERTIES LLC  
1540 HOTEL CIRCLE SOUTH, STE 113  
SAN DIEGO, CA 92108-3111

DATE: 6/11/18

PAY TO THE ORDER OF: J+M Partners  
Five Hundred & 00/100 \$ 500.00  
DOLLARS & CENTS

FOR: May Mombay  
MIR# 2768

06/04/2018 1276 \$500.00

MIRA ESTE PROPERTIES LLC  
1540 HOTEL CIRCLE SOUTH, STE 113  
SAN DIEGO, CA 92108-3111

DATE: 6/12/18

PAY TO THE ORDER OF: RECON  
Four Thousand Eight Hundred Sixteen & 50/100 \$ 4,816.50  
DOLLARS & CENTS

FOR: J.M.# 57639

06/13/2018 1277 \$4,816.50

MIRA ESTE PROPERTIES LLC  
1540 HOTEL CIRCLE SOUTH, STE 113  
SAN DIEGO, CA 92108-3111

DATE: 6/26/18

PAY TO THE ORDER OF: JRH  
Six Thousand Three Hundred Eighty Five & 00/100 \$ 6,385.00  
DOLLARS & CENTS

FOR: (C) J.M.# 236-1742

06/27/2018 1278 \$6,385.00



# TORREY PINES BANK

Torrey Pines Bank, a division of Western Alliance Bank. Member FDIC.

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

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

Last statement: April 30, 2018  
This statement: May 31, 2018  
Total days in statement period: 31

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XXXXXX2264  
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Direct inquiries to:  
877-476-2265

Torrey Pines Bank  
4530 Executive Drive Suite 130  
San Diego CA 92121

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*THANK YOU FOR BANKING WITH US!*

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## Business Checking

Account number	XXXXXX2264	Beginning balance	\$22,109.17
Enclosures	8	Total additions	198,630.00
Low balance	\$1,114.23	Total subtractions	194,322.94
Average balance	\$15,351.13	Ending balance	\$26,416.23
Avg collected balance	\$11,856		

### CHECKS

Number	Date	Amount	Number	Date	Amount
1162	05-10	10,000.00	1274	05-02	500.00
1163	05-11	5,400.00	1275	05-15	11,837.50
1273 *	05-08	5,000.00			

\* Skip in check sequence

### DEBITS

Date	Description	Subtractions
05-02	Online Transfer Dr REF 1220901L FUNDS TRANSFER TO DEP XXXXXX2137 FROM PURCHASE BALBOA UNITS DEPOSIT	15,000.00
05-02	ACH Debit SD GAS ELEC PAID SDGE 180502	20.89
05-02	ACH Debit SD GAS ELEC PAID SDGE 180502	27.36
05-02	ACH Debit SD GAS ELEC PAID SDGE 180502	37.57
05-02	ACH Debit SD GAS ELEC PAID SDGE 180502	114.88

3003

Date	Description	Subtractions
05-02	' ACH Debit SD GAS ELEC PAID SDGE 180502	115.62
05-02	' ACH Debit SD GAS ELEC PAID SDGE 180502	145.62
05-07	' ACH Debit THE LOAN COMPANY COLLECTION 180507	9,831.50
05-07	' ACH Debit THE LOAN COMPANY COLLECTION 180507	13,250.00
05-11	' Online Transfer Dr REF 1311909L FUNDS TRANSFER TO DEP XXXXXX0415 FROM	5,000.00
05-14	' Direct S/C DOM WIRE IN FEE	14.00
05-14	' Transfer Debit TRANSFER TO DEPOSIT ACCOUNT XXXXXX0415	30,000.00
05-14	' Transfer Debit TRANSFER TO DEPOSIT ACCOUNT XXXXXX6270	30,000.00
05-24	' Transfer Debit TRANSFER TO DEPOSIT ACCOUNT XXXXXX2137	8,000.00
05-25	' Return Deposit Item	50,000.00
05-25	' Direct S/C CHARGE BACK FEE	12.00
05-31	' Service Charge MAINTENANCE FEE	16.00

**CREDITS**

Date	Description	Additions
05-07	Deposit	25,000.00
05-10	Deposit	25,000.00
05-14	' Transfer Credit TRANSFER FROM DEPOSIT ACCOUNT XXXXXX0415	5,000.00
05-14	' Wire Cr-Usd INCOMING WIRE ORG SAN DIEGO BUILDING VENTURES LLC; REF 753;WIRE/IN - 20181340391400	60,300.00
05-23	Deposit	83,330.00

**DAILY BALANCES**

Date	Amount	Date	Amount	Date	Amount
04-30	22,109.17	05-10	18,065.73	05-23	84,444.23
05-02	6,147.23	05-11	7,665.73	05-24	76,444.23
05-07	8,065.73	05-14	12,951.73	05-25	26,432.23
05-08	3,065.73	05-15	1,114.23	05-31	26,416.23

OVERDRAFT/RETURN ITEM FEES

	Total for this period	Total year-to-date
Total Overdraft Fees	\$0.00	\$70.00
Total Returned Item Fees	\$0.00	\$0.00

*Thank you for banking with Torrey Pines Bank*

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 113  
SAN DIEGO, CA 92108-5112

DATE: 5/10/18

PAY TO THE ORDER OF: Austin Legal Group

\$10,000.00

Ten Thousand Dollars only

FOR: Distribution to Manufacture

05/10/2018 1162 \$10,000.00

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 113  
SAN DIEGO, CA 92108-5112

DATE: 5/11/18

PAY TO THE ORDER OF: Techne

\$5,400.00

Five Thousand Four Hundred Dollars

FOR: Payment

05/11/2018 1163 \$5,400.00

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 113  
SAN DIEGO, CA 92108-5112

DATE: 4/26/18

PAY TO THE ORDER OF: Dave Jarvis

\$5,000.00

Five Thousand Dollars

FOR: Legal

05/08/2018 1273 \$5,000.00

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 113  
SAN DIEGO, CA 92108-5112

DATE: 5/11/18

PAY TO THE ORDER OF: JHY Partners

\$500.00

Five Hundred Dollars

FOR: April Accounty James

05/02/2018 1274 \$500.00

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 113  
SAN DIEGO, CA 92108-5112

DATE: 5/14/18

PAY TO THE ORDER OF: TRH

\$11,837.50

Eleven Thousand Eight Hundred Thirty Seven and 50/100

FOR: CVP-Min

05/15/2018 1275 \$11,837.50



# TORREY PINES BANK

Torrey Pines Bank, a division of Western Alliance Bank. Member FDIC.

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

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

Last statement: March 31, 2018  
This statement: April 30, 2018  
Total days in statement period: 30

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Direct inquiries to:  
877-476-2265

Torrey Pines Bank  
4530 Executive Drive Suite 130  
San Diego CA 92121

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*THANK YOU FOR BANKING WITH US!*

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## Business Checking

Account number	XXXXXX2264	Beginning balance	\$4,702.79
Enclosures	2	Total additions	221,220.50
Low balance	\$4,388.63	Total subtractions	203,814.12
Average balance	\$24,349.76	Ending balance	\$22,109.17
Avg collected balance	\$19,275		

### CHECKS

Number	Date	Amount	Number	Date	Amount
1160	04-09	13,000.00	1161	04-25	5,000.00

### DEBITS

Date	Description	Subtractions
04-02	' ACH Debit	15.98
	SD GAS ELEC PAID SDGE 180402	
04-02	' ACH Debit	21.40
	SD GAS ELEC PAID SDGE 180402	
04-02	' ACH Debit	25.53
	SD GAS ELEC PAID SDGE 180402	
04-02	' ACH Debit	46.04
	SD GAS ELEC PAID SDGE 180402	
04-02	' ACH Debit	66.71
	SD GAS ELEC PAID SDGE 180402	
04-02	' ACH Debit	138.50
	SD GAS ELEC PAID SDGE 180402	

3007



MIRA ESTE PROPERTIES LLC  
 April 30, 2018

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Date	Description	Subtractions
04-05	' ACH Debit THE LOAN COMPANY COLLECTION 180405	9,831.50
04-05	' ACH Debit THE LOAN COMPANY COLLECTION 180405	13,250.00
04-05	' NSF Item Paid Fee FOR OVERDRAFT ACH DEBIT 122244560001937	35.00
04-09	' Transfer Debit TRANSFER TO DEPOSIT ACCOUNT XXXXXX6270	19,000.00
04-09	' Online Transfer Dr REF 0970834L FUNDS TRANSFER TO DEP XXXXXX4812 FROM PROPERTY TAXES	10,000.00
04-09	' Online Transfer Dr REF 0970840L FUNDS TRANSFER TO DEP XXXXXX0415 FROM	13,000.00
04-09	' ACH Debit County of San Di SanDiegoCo 180409	15,369.46
04-25	' Transfer Debit TRANSFER TO DEPOSIT ACCOUNT XXXXXX6270	32,500.00
04-25	' Online Transfer Dr REF 1151303L FUNDS TRANSFER TO DEP XXXXXX0415 FROM	32,500.00
04-27	' Direct S/C DOM WIRE IN FEE	14.00
04-30	' Transfer Debit TRANSFER TO DEPOSIT ACCOUNT XXXXXX0415	20,000.00
04-30	' Transfer Debit TRANSFER TO DEPOSIT ACCOUNT XXXXXX6270	20,000.00

**CREDITS**

Date	Description	Additions
04-05	' Deposit	77,220.50
04-06	' Transfer Credit TRANSFER FROM DEPOSIT ACCOUNT XXXXXX6270	19,000.00
04-24	' Deposit	75,000.00
04-27	' Wire Cr-Usd INCOMING WIRE ORG SAN DIEGO BUILDING VENTURES LLC; REF 734;WIRE/IN - 20181170392200	50,000.00

**DAILY BALANCES**

Date	Amount	Date	Amount	Date	Amount
03-31	4,702.79	04-06	77,492.63	04-25	12,123.17
04-02	4,388.63	04-09	7,123.17	04-27	62,109.17
04-05	58,492.63	04-24	82,123.17	04-30	22,109.17

OVERDRAFT/RETURN ITEM FEES

	Total for this period	Total year-to-date
Total Overdraft Fees	\$35.00	\$70.00
Total Returned Item Fees	\$0.00	\$0.00

*Thank you for banking with Torrey Pines Bank*

MIRA ESTE PROPERTIES LLC  
1411016 ECHOLS STREET 118  
SAN DIEGO, CA 92161-3418

1160

DATE 4/9/18 04/09/2018

PAY TO THE ORDER OF Nina S Malvas \$ 13,000.00  
Thirteen Thousand Dollars DOLLARS @ 00/100

TORREY PINKER BANK  
10000 LA JOLLA VILLAGE CENTER DRIVE  
SAN DIEGO, CA 92161

FOR [Signature]

\*001160\* 11222436351 8011802264\*

04/09/2018 1160 \$13,000.00

MIRA ESTE PROPERTIES LLC  
1411016 ECHOLS STREET 118  
SAN DIEGO, CA 92161-3418

1161

DATE 4/24/18 04/25/2018

PAY TO THE ORDER OF San Diego United Holdings \$ 5,000.00  
Five Thousand Dollars DOLLARS @ 00/100

TORREY PINKER BANK  
10000 LA JOLLA VILLAGE CENTER DRIVE  
SAN DIEGO, CA 92161

FOR Chula Vista

\*001161\* 11222436351 8011802264\*

04/25/2018 1161 \$5,000.00



# TORREY PINES BANK

Torrey Pines Bank, a division of Western Alliance Bank. Member FDIC.

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

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

Last statement: February 28, 2018  
This statement: March 31, 2018  
Total days in statement period: 31

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Direct inquiries to:  
877-476-2265

Torrey Pines Bank  
4530 Executive Drive Suite 130  
San Diego CA 92121

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*THANK YOU FOR BANKING WITH US!*

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## Business Checking

Account number	XXXXXX2264	Beginning balance	\$376.28
Enclosures	8	Total additions	135,300.00
Low balance	\$376.28	Total subtractions	130,973.49
Average balance	\$8,255.60	Ending balance	\$4,702.79
Avg collected balance	\$7,449		

### CHECKS

Number	Date	Amount	Number	Date	Amount
1158	03-07	15,000.00	1268	03-20	17,053.50
1264 *	03-07	40,000.00	1271 *	03-16	12,500.00
1265	03-16	5,000.00	1272	03-16	12,500.00
1266	03-22	800.00			
1267	03-16	450.00			

\* Skip in check sequence

### DEBITS

Date	Description	Subtractions
03-05	' ACH Debit THE LOAN COMPANY COLLECTION 180305	10,580.67
03-05	' ACH Debit THE LOAN COMPANY COLLECTION 180305	13,250.00
03-07	' Direct S/C DOM WIRE IN FEE	14.00
03-07	' ACH Debit SD GAS ELEC PAID SDGE 180307	16.70

3011

MIRA ESTE PROPERTIES LLC  
 March 31, 2018

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Date	Description	Subtractions
03-07	' ACH Debit SD GAS ELEC PAID SDGE 180307	19.80
03-07	' ACH Debit SD GAS ELEC PAID SDGE 180307	24.06
03-07	' ACH Debit SD GAS ELEC PAID SDGE 180307	45.15
03-07	' ACH Debit SD GAS ELEC PAID SDGE 180307	48.25
03-07	' ACH Debit SD GAS ELEC PAID SDGE 180307	141.36
03-12	' Online Transfer Dr REF 0710932L FUNDS TRANSFER TO DEP XXXXXX0415 FROM	1,500.00
03-15	' Direct S/C DOM WIRE IN FEE	14.00
03-16	' Online Transfer Dr REF 0751244L FUNDS TRANSFER TO DEP XXXXXX4812 FROM TAXES FRANCHISE BOARD	2,000.00
03-31	' Service Charge MAINTENANCE FEE	16.00

**CREDITS**

Date	Description	Additions
03-05	' Deposit	25,000.00
03-07	' Wire Cr-Usd INCOMING WIRE ORG SAN DIEGO BUILDING VENTURES LLC; REF 666;WIRE/IN - 20180660069000	60,300.00
03-15	' Wire Cr-Usd INCOMING WIRE ORG SAN DIEGO BUILDING VENTURES LLC; REF 675;WIRE/IN - 20180740134800	50,000.00

**DAILY BALANCES**

Date	Amount	Date	Amount	Date	Amount
02-28	376.28	03-12	5,036.29	03-20	5,518.79
03-05	1,545.61	03-15	55,022.29	03-22	4,718.79
03-07	6,536.29	03-16	22,572.29	03-31	4,702.79

OVERDRAFT/RETURN ITEM FEES

	Total for this period	Total year-to-date
Total Overdraft Fees	\$0.00	\$35.00
Total Returned Item Fees	\$0.00	\$0.00

*Thank you for banking with Torrey Pines Bank*

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 115  
SAN DIEGO, CALIFORNIA 92108-3215

DATE: 3/7/18

PAY TO THE ORDER OF: Nina's Malan \$ 15,000.<sup>00</sup>  
Fifteen Thousand Dollars

FOR: [Signature]

03/07/2018 1158 \$15,000.00

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 115  
SAN DIEGO, CALIFORNIA 92108-3215

DATE: 3/16/18

PAY TO THE ORDER OF: Nina's Malan \$ 12,500.<sup>00</sup>  
Twelve Thousand Five Hundred

FOR: [Signature]

03/16/2018 1271 \$12,500.00

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 115  
SAN DIEGO, CALIFORNIA 92108-3215

DATE: 3/7/18

PAY TO THE ORDER OF: Chris Hakim \$ 40,000.<sup>00</sup>  
Forty Thousand

FOR: Payment

03/07/2018 1264 \$40,000.00

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 115  
SAN DIEGO, CALIFORNIA 92108-3215

DATE: 3/16/18

PAY TO THE ORDER OF: Chris Hakim \$ 12,500.<sup>00</sup>  
Twelve Thousand Five Hundred

FOR: [Signature]

03/16/2018 1272 \$12,500.00

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 115  
SAN DIEGO, CALIFORNIA 92108-3215

DATE: 3/16/18

PAY TO THE ORDER OF: Dore Jarvis \$ 5,000.<sup>00</sup>  
Five Thousand

FOR: Legal

03/16/2018 1265 \$5,000.00

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 115  
SAN DIEGO, CALIFORNIA 92108-3215

DATE: 3/15/18

PAY TO THE ORDER OF: Franchise Tax Board \$ 800.<sup>00</sup>  
Eight Hundred

FOR: Tax ID 201619010173

03/22/2018 1266 \$800.00

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 115  
SAN DIEGO, CALIFORNIA 92108-3215

DATE: 3/15/18

PAY TO THE ORDER OF: Professional Financial Services \$ 450.<sup>00</sup>  
Four Hundred Fifty

FOR: Taxes 2017

03/16/2018 1267 \$450.00

MIRA ESTE PROPERTIES LLC  
1541 HOTEL CIRCLE SOUTH, STE 115  
SAN DIEGO, CALIFORNIA 92108-3215

DATE: 3/16/18

PAY TO THE ORDER OF: J.R.H., Inc. \$ 17,053.<sup>50</sup>  
Seventeen Thousand Fifty Three

FOR: CVP - Architect Fee

03/20/2018 1268 \$17,053.50



# TORREY PINES BANK

Torrey Pines Bank, a division of Western Alliance Bank. Member FDIC.

PO Box 26237 • Las Vegas, NV 89126-0237

Return Service Requested

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

Last statement: January 31, 2018  
This statement: February 28, 2018  
Total days in statement period: 28

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XXXXXX2264  
( 5)

Direct inquiries to:  
877-476-2265

Torrey Pines Bank  
4530 Executive Drive Suite 130  
San Diego CA 92121

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*THANK YOU FOR BANKING WITH US!*

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## Business Checking

Account number	XXXXXX2264	Beginning balance	\$342.55
Enclosures	5	Total additions	179,045.00
Low balance	\$-14,572.72	Total subtractions	179,011.27
Average balance	\$8,555.53	Ending balance	\$376.28
Avg collected balance	\$6,019		

### CHECKS

Number	Date	Amount	Number	Date	Amount
1140	02-14	10,000.00	1262	02-15	599.00
1157 *	02-12	8,000.00	1263	02-23	100,000.00
1261 *	02-14	11,203.50			

\* Skip in check sequence

### DEBITS

Date	Description	Subtractions
02-05	' ACH Debit THE LOAN COMPANY COLLECTION 180205	10,580.67
02-05	' ACH Debit THE LOAN COMPANY COLLECTION 180205	13,250.00
02-05	' Telephone Transfer	25,000.00
02-08	' ACH Debit SD GAS ELEC PAID SDGE 180208	19.10
02-08	' ACH Debit SD GAS ELEC PAID SDGE 180208	23.06
02-08	' ACH Debit SD GAS ELEC PAID SDGE 180208	28.87



Date	Description	Subtractions
02-08	' ACH Debit SD GAS ELEC PAID SDGE 180208	42.80
02-08	' ACH Debit SD GAS ELEC PAID SDGE 180208	53.62
02-08	' ACH Debit SD GAS ELEC PAID SDGE 180208	117.65
02-09	' Direct S/C DOM WIRE IN FEE	14.00
02-12	' Direct S/C DOM WIRE IN FEE	14.00
02-21	' Direct S/C DOM WIRE IN FEE	14.00
02-23	' NSF Item Paid Fee FOR OVERDRAFT CHECK # 1263	35.00
02-28	' Service Charge MAINTENANCE FEE	16.00

**CREDITS**

Date	Description	Additions
02-05	' Deposit	55,500.00
02-09	' Wire Cr-Usd INCOMING WIRE ORG SAN DIEGO BUILDING VENTURES LLC; REF 640;WIRE/IN - 20180400389000	4,800.00
02-12	' Wire Cr-Usd INCOMING WIRE ORG SAN DIEGO BUILDING VENTURES LLC; REF 641;WIRE/IN - 20180430231000	18,245.00
02-13	' Deposit	500.00
02-21	' Wire Cr-Usd INCOMING WIRE ORG SAN DIEGO BUILDING VENTURES LLC; REF 652;WIRE/IN - 20180520329100	85,000.00
02-26	' Deposit	15,000.00

**DAILY BALANCES**

Date	Amount	Date	Amount	Date	Amount
01-31	342.55	02-12	21,743.78	02-21	85,427.28
02-05	7,011.88	02-13	22,243.78	02-23	-14,607.72
02-08	6,726.78	02-14	1,040.28	02-26	392.28
02-09	11,512.78	02-15	441.28	02-28	376.28

OVERDRAFT/RETURN ITEM FEES

	Total for this period	Total year-to-date
Total Overdraft Fees	\$35.00	\$35.00
Total Returned Item Fees	\$0.00	\$0.00

*Thank you for banking with Torrey Pines Bank*

MIRA ESTE PROPERTIES LLC  
154 NORTH CIRCLE SOUTH, STE 101  
SAN DIEGO, CA 92108-3412

DATE 2/13/18

PAY TO THE ORDER OF TRH, Inc  
Jan Thousand \$ 10,000.00

TURKEY PINES BANK

FOR CUP-Mira Ali N. Heli

1140

02/14/2018 1140 \$10,000.00

MIRA ESTE PROPERTIES LLC  
154 NORTH CIRCLE SOUTH, STE 101  
SAN DIEGO, CA 92108-3412

DATE 2/8/18

PAY TO THE ORDER OF San Diego United Holdings Group  
Eight Thousand Dollars \$ 8,000.00

TURKEY PINES BANK

FOR CUP-Mira Ali N. Heli

1157

02/12/2018 1157 \$8,000.00

MIRA ESTE PROPERTIES LLC  
154 NORTH CIRCLE SOUTH, STE 101  
SAN DIEGO, CA 92108-3412

DATE 2/12/18

PAY TO THE ORDER OF TRH, Inc  
Eleven Thousand Two Hundred Three and 50/100 \$ 11,203.50

TURKEY PINES BANK

FOR CUP-Mira Ali N. Heli

1261

02/14/2018 1261 \$11,203.50

MIRA ESTE PROPERTIES LLC  
154 NORTH CIRCLE SOUTH, STE 101  
SAN DIEGO, CA 92108-3412

DATE 2/13/18

PAY TO THE ORDER OF RECON Environmental  
Five Hundred Ninety Nine and 00/100 \$ 599.00

TURKEY PINES BANK

FOR CUP-Mira Ali N. Heli

1262

02/15/2018 1262 \$599.00

MIRA ESTE PROPERTIES LLC  
154 NORTH CIRCLE SOUTH, STE 101  
SAN DIEGO, CA 92108-3412

DATE 2/22/18

PAY TO THE ORDER OF The Loan Company  
One Hundred Thousand and 00/100 \$ 100,000.00

TURKEY PINES BANK

FOR CUP-Mira Ali N. Heli

1263

02/23/2018 1263 \$100,000.00



# TORREY PINES BANK

Torrey Pines Bank, a division of Western Alliance Bank. Member FDIC.

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

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

Last statement: December 31, 2017  
This statement: January 31, 2018  
Total days in statement period: 31

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XXXXXX2264  
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Direct inquiries to:  
877-476-2265

Torrey Pines Bank  
4530 Executive Drive Suite 130  
San Diego CA 92121

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*THANK YOU FOR BANKING WITH US!*

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## Business Checking

Account number	XXXXXX2264	Beginning balance	\$921.53
Enclosures	3	Total additions	287,206.00
Low balance	\$358.55	Total subtractions	287,784.98
Average balance	\$11,665.78	Ending balance	\$342.55
Avg collected balance	\$5,901		

### CHECKS

Number	Date	Amount	Number	Date	Amount
1139	01-22	123.00	1156	01-24	44,500.00
1155 *	01-08	12,000.00			

\* Skip in check sequence

### DEBITS

Date	Description	Subtractions
01-05	' Online Transfer Dr REF 0050837L FUNDS TRANSFER TO DEP XXXXXX0415 FROM REIMBURSEMENT	33,000.00
01-05	' ACH Debit THE LOAN COMPANY COLLECTION 180105	10,580.67
01-05	' ACH Debit THE LOAN COMPANY COLLECTION 180105	13,250.00
01-09	' ACH Debit SD GAS ELEC PAID SDGE 180109	18.22
01-09	' ACH Debit SD GAS ELEC PAID SDGE 180109	22.92

Date	Description	Subtractions
01-09	' ACH Debit SD GAS ELEC PAID SDGE 180109	23.55
01-09	' ACH Debit SD GAS ELEC PAID SDGE 180109	27.81
01-09	' ACH Debit SD GAS ELEC PAID SDGE 180109	67.81
01-09	' ACH Debit SD GAS ELEC PAID SDGE 180109	109.00
01-19	' Transfer Debit TRANSFER TO DEPOSIT ACCOUNT XXXXXX0415	1,500.00
01-24	' Direct S/C DOM WIRE CR FEE	11.00
01-24	' Direct S/C DOM WIRE CR FEE	11.00
01-24	' Online Transfer Dr REF 0240832L FUNDS TRANSFER TO DEP XXXXXX0415 FROM DRAW REIMBURSEMENT	64,000.00
01-25	' Return Deposit Item	33,500.00
01-25	' Direct S/C CHARGE BACK FEE	12.00
01-25	' Return Deposit Item	75,000.00
01-25	' Direct S/C CHARGE BACK FEE	12.00
01-31	' Service Charge MAINTENANCE FEE	16.00

CREDITS

Date	Description	Additions
01-04	' Deposit	70,206.00
01-23	' Deposit	108,500.00
01-24	' Wire Cr-Usd INCOMING WIRE ORG SOCAL BUILDING VENTURES LLC;REF 619;WIRE/IN - 20180240270400	8,500.00
01-24	' Wire Cr-Usd INCOMING WIRE ORG CHRISTOPHER E BERMAN;REF 0011721 024052961;WIRE/IN - 20180240341200	100,000.00

DAILY BALANCES

Date	Amount	Date	Amount	Date	Amount
12-31	921.53	01-09	2,027.55	01-24	108,882.55
01-04	71,127.53	01-19	527.55	01-25	358.55
01-05	14,296.86	01-22	404.55	01-31	342.55
01-08	2,296.86	01-23	108,904.55		

OVERDRAFT/RETURN ITEM FEES

	Total for this period	Total year-to-date
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Item Fees	\$0.00	\$0.00

*Thank you for banking with Torrey Pines Bank*

MIRA ESTE PROPERTIES LLC  
153 SOUTH CIRCLE SOUTH, STE 113  
SAN DIEGO, CA 92108-3115

824002

DATE 1/18/18

1139

PAY TO THE ORDER OF City Treasurer

ONE HUNDRED TWENTY THREE DOLLARS → 123.00

FOR Constructive Charge

THURLEY FINANCIAL BANK

\*001139\* 11222436350 00118072614

01/22/2018 1139 \$123.00

MIRA ESTE PROPERTIES LLC  
153 SOUTH CIRCLE SOUTH, STE 113  
SAN DIEGO, CA 92108-3115

1155

DATE 1/8/18

PAY TO THE ORDER OF El Patron Mexican Food

TWELVE THOUSAND DOLLARS → 12,000.00

FOR

THURLEY FINANCIAL BANK

\*001155\* 11222436350 00118072614

01/08/2018 1155 \$12,000.00

MIRA ESTE PROPERTIES LLC  
153 SOUTH CIRCLE SOUTH, STE 113  
SAN DIEGO, CA 92108-3115

1156

DATE 1/23/18

PAY TO THE ORDER OF San Diego United Holding Group

Forty Four Thousand Five Hundred → 44,500.00

FOR

THURLEY FINANCIAL BANK

\*001156\* 11222436350 00118072614

01/24/2018 1156 \$44,500.00



# TORREY PINES BANK

Torrey Pines Bank, a division of Western Alliance Bank. Member FDIC.

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

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

Last statement: November 30, 2017  
This statement: December 31, 2017  
Total days in statement period: 31

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XXXXXX2264  
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Direct inquiries to:  
877-476-2265

Torrey Pines Bank  
4530 Executive Drive Suite 130  
San Diego CA 92121

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*THANK YOU FOR BANKING WITH US!*

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## Business Checking

Account number	XXXXXX2264	Beginning balance	\$5,140.66
Enclosures	6	Total additions	145,500.00
Low balance	\$-14,571.47	Total subtractions	149,719.13
Average balance	\$9,746.77	Ending balance	\$921.53
Avg collected balance	\$6,182		

### CHECKS

Number	Date	Amount	Number	Date	Amount
1135	12-14	860.00	1153 *	12-05	2,000.00
1136	12-11	10,000.00	1154	12-22	10,000.00
1137	12-13	3,526.00	* Skip in check sequence		
1138	12-15	5,000.00			

### DEBITS

Date	Description	Subtractions
12-05	' Online Transfer Dr REF 3390753L FUNDS TRANSFER TO DEP XXXXXX4812 FROM PROPERTY TAX	11,000.00
12-05	' ACH Debit THE LOAN COMPANY COLLECTION 171205	10,580.67
12-05	' ACH Debit THE LOAN COMPANY COLLECTION 171205	13,250.00
12-07	' Online Transfer Dr REF 3411701L FUNDS TRANSFER TO DEP XXXXXX0415 FROM REIMBURSABLE	5,000.00



Date	Description	Subtractions
12-07	' ACH Debit County of San Di SanDiegoCo 171207	15,369.46
12-11	' Return Deposit Item	25,000.00
12-11	' Direct S/C CHARGE BACK FEE	12.00
12-11	' Online Transfer Dr REF 3450714L FUNDS TRANSFER TO DEP XXXXXX4812 FROM CUP ABHAY	33,000.00
12-11	' NSF Item Paid Fee FOR OVERDRAFT ONLINE TRANSFER DR997001211071434	35.00
12-11	' NSF Item Paid Fee FOR OVERDRAFT CHECK # 1136	35.00
12-22	' NSF Item Paid Fee FOR OVERDRAFT CHECK # 1154	35.00
12-27	' Online Transfer Dr REF 3610857L FUNDS TRANSFER TO DEP XXXXXX0415 FROM TEMP LICENSE	5,000.00
12-31	' Service Charge MAINTENANCE FEE	16.00

CREDITS

Date	Description	Additions
12-04	' Deposit	55,500.00
12-07	' Deposit	25,000.00
12-08	' Online Transfer Cr REF 3420739L FUNDS TRANSFER FRMDEP XXXXXX0415 FROM CUP INVOICES	25,000.00
12-12	' Deposit	25,000.00
12-26	' Online Transfer Cr REF 3601111L FUNDS TRANSFER FRMDEP XXXXXX0415 FROM GINA AUSTIN TEMP LICENSE	10,000.00
12-26	' Deposit	5,000.00

DAILY BALANCES

Date	Amount	Date	Amount	Date	Amount
11-30	5,140.66	12-11	-14,641.47	12-22	-9,062.47
12-04	60,640.66	12-12	10,358.53	12-26	5,937.53
12-05	23,809.99	12-13	6,832.53	12-27	937.53
12-07	28,440.53	12-14	5,972.53	12-31	921.53
12-08	53,440.53	12-15	972.53		

OVERDRAFT/RETURN ITEM FEES

	Total for this period	Total year-to-date
Total Overdraft Fees	\$105.00	\$280.00
Total Returned Item Fees	\$0.00	\$0.00

*Thank you for banking with Torrey Pines Bank*

MIRA ESTE PROPERTIES LLC  
154 HOTEL CIRCLE SOUTH, STE 110  
SAN DIEGO, CALIF 92108-3415

DATE 12/17/17

PAY TO THE ORDER OF Perla Garcia \$ 860.00  
Eight Hundred Sixty DOLLARS 00/100

FOR CAD Commission

TIMBER PINNAC BANK  
\*001135\* ⑆122243635⑆ 8011802264\*

12/14/2017 1135 \$860.00

MIRA ESTE PROPERTIES LLC  
154 HOTEL CIRCLE SOUTH, STE 110  
SAN DIEGO, CALIF 92108-3415

DATE 12/11/17

PAY TO THE ORDER OF T.R.H \$ 10,000.00  
Ten Thousand DOLLARS 00/100

FOR CUP-Mira

TIMBER PINNAC BANK  
\*001136\* ⑆122243635⑆ 8011802264\*

12/11/2017 1136 \$10,000.00

MIRA ESTE PROPERTIES LLC  
154 HOTEL CIRCLE SOUTH, STE 110  
SAN DIEGO, CALIF 92108-3415

DATE 12/18/17

PAY TO THE ORDER OF Page Travis \$ 3,526.00  
Three Thousand Five Hundred Twenty Six DOLLARS 00/100

FOR Legal Fee

TIMBER PINNAC BANK  
\*001137\* ⑆122243635⑆ 8011802264\*

12/13/2017 1137 \$3,526.00

MIRA ESTE PROPERTIES LLC  
154 HOTEL CIRCLE SOUTH, STE 110  
SAN DIEGO, CALIF 92108-3415

DATE 12/15/17

PAY TO THE ORDER OF Cash \$ 5,000.00  
Five Thousand DOLLARS 00/100

FOR

TIMBER PINNAC BANK  
\*001138\* ⑆122243635⑆ 8011802264\*

12/15/2017 1138 \$5,000.00

MIRA ESTE PROPERTIES LLC  
154 HOTEL CIRCLE SOUTH, STE 110  
SAN DIEGO, CALIF 92108-3415

DATE 12/11/17

PAY TO THE ORDER OF Elin Hernandez \$ 2,000.00  
Two Thousand Dollars DOLLARS 00/100

FOR tax Acob.

TIMBER PINNAC BANK  
\*001153\* ⑆122243635⑆ 8011802264\*

12/05/2017 1153 \$2,000.00

MIRA ESTE PROPERTIES LLC  
154 HOTEL CIRCLE SOUTH, STE 110  
SAN DIEGO, CALIF 92108-3415

DATE 12/11/17

PAY TO THE ORDER OF Austin Legal Group \$ 10,000.00  
Ten Thousand Dollars DOLLARS 00/100

FOR state licenses nicette, nicolle, allisa

TIMBER PINNAC BANK  
\*001154\* ⑆122243635⑆ 8011802264\*

12/22/2017 1154 \$10,000.00

# EXHIBIT K



Policy Number: TDD

Date Entered: 3/22/2018

# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
8/9/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER FLINTRIDGE INSURANCE SERVICES 340 N. WESTLAKE BLVD. #150 WESTLAKE VILLAGE, CA 91362 (805) 449-2800	CONTACT NAME:	
	PHONE (A/C, No, Ext): (805) 449-2800	FAX (A/C, No): (805) 449-1765
	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	NAIC #
INSURED SoCal Building Ventures, LLC	INSURER A:	HANOVER INSURANCE COMPANY
	INSURER B:	UNITED SPECIALTY INSURANCE COMPANY
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

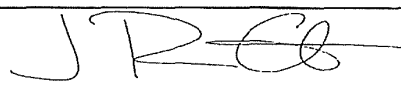
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			IK21X003857-00	4/13/2018	4/13/2019	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ EXCLUDED \$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			IK21X003857-00	4/13/2018	4/13/2019	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED   RETENTION \$			IU21X003858-00	4/13/2018	4/13/2019	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				PER STATUTE   OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	PROPERTY			IK21X003857-00	4/13/2018	4/13/2019	BUILDING 2,000,000 BUSINESS INCOME 3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

B PRODUCTS LIABILITY ELMCA001838-00 4/13/2018 - 4/13/2019 EACH CLAIM: \$1,000,000  
AGGREGATE: \$2,000,000

RE: 5441 TOPANGA CANYON BLVD WOODLAND HILLS, CA 91367  
RE: 9212 MIRA ESTE DRIVE SAN DIEGO, CA 92126

CERTIFICATE HOLDER **EVIDENCE OF INSURANCE**	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
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ACORD 25 (2016/03)

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**IPFS CORPORATION**

(IPFS)

301 WEST 11TH ST., 4TH FLOOR  
 PO BOX 419090  
 KANSAS CITY, MO 64141-6090  
 PHONE: (800)255-6316 - FAX: (816)942-0475

NOTICE OF CANCELLATION	
REFER TO THIS ACCOUNT NO. IN ALL CORRESPONDENCE	ACCOUNT NUMBER
	<b>MOK-760791</b>

**TO THE INSURED:**

You are notified that the policies listed below are cancelled for non-payment of an installment in accordance with the conditions and terms of the Premium Finance Agreement which incorporates a power of attorney. This cancellation is effective on the date indicated below, at the hour indicated in the policy as the effective time.

Funds received in this office on or after the cancellation date specified below will be credited to your account. The tender of such funds and their acceptance by IPFS does not constitute reinstatement of the account or of the scheduled policies. You may have a statutory duty to replace your automobile liability insurance on or before the cancellation date. Not applicable in VA.

If the return premiums from the insurance company are less than the unpaid balance of your account, you will be required to pay the difference to IPFS. You will hear from us as soon as we receive all return premiums if there is any remaining balance due.

**TO THE PRODUCER:**

The original of the NOTICE has been sent to the insured.

**AGENT**  
 LIONS & COVENTRY INS SERVICES,  
 7816 UPLANDS WAY STE C  
 CITRUS HEIGHTS, CA 95610-7568

**INSURED**  
 CALIFORNIA CANNABIS GROUP  
 9212 MIRA ESTE CT  
 SAN DIEGO, CA 92126-6398  
 Cust #: CALIFORNIA CANNABIS GROUP

MAILING DATE
08/13/18

EFFECTIVE DATE OF CANCELLATION
08/16/18

ACCOUNT BALANCE
\$1,283.99

**SCHEDULE OF POLICIES**

POLICY PREFIX AND NUMBER	EFFECTIVE DATE	FULL NAME OF INSURER AND GENERAL AGENT OTHER THAN SUBMITTING PRODUCER TO WHOM COPY OF THIS NOTICE WAS SENT	COVERAGE	POLICY TERM IN MONTHS COVERED BY PREM.	PREMIUM FINANCED
			FIRE, AUTO MAR, I.M., CAS		
0100068547-0	06/15/18	KINSALE INSURANCE CO ALL RISKS LTD	GL	12	\$1,500.00
			FEES		\$275.00
			TAXES		\$52.00

**TO THE INSURER:**

The policies listed above are HEREBY CANCELLED by IPFS on behalf of the insured in accordance with the authority given us by the insured to cancel the policies upon default in his payment to IPFS. The above insured and the producer(s) listed herein have been notified by ordinary mail of this cancellation.

The gross unearned premium (including unearned commission) is to be forwarded to IPFS, at the address shown above, promptly for credit to the insured's account.

**METHOD OF COMPUTING UNEARNED PREMIUMS TO BE PAID TO IPFS:**

The gross unearned premium computed on a pro rata basis.

INSURANCE COMPANY NOTE: PLEASE ATTACH REFUND CHECK OR COMPLETE AND RETURN ONE COPY			
DATE OF CANCELLATION	AMOUNT OF REFUND	DATE REFUND WILL BE SENT	
	\$		

CANCEL (03/17) Copyright 2017 IPFS Corporation

### COMMON POLICY DECLARATIONS

<b>International Insurance Company of Hannover SE</b> Roderbruchstraße 26 Hannover, Germany 495-115-604-2909	<b>CannGen Insurance Services, LLC</b> 2701 Citrus Road Suite A Rancho Cordova, CA 95742 888-751-3141
<b>NAMED INSURED:</b> SoCal Building Ventures LLC DBA San Diego Building Ventures DBA California Cannabis Group and Valley Collective Care Inc	
<b>MAILING ADDRESS:</b> 32123 Lindero Canyon Road #210 Westlake Village, CA 91361	
<b>POLICY PERIOD:</b> FROM 4/13/2018 TO 4/13/2019 AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE	

<b>BUSINESS DESCRIPTION</b>	Recreational and Medicinal Cannabis Manufacturer and Retail
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IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.


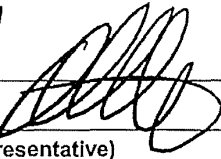
<p align="center"><b>THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.</b></p>
<p align="center">COMMERCIAL EXCESS LIABILITY COVERAGE PART</p>

**FORMS APPLICABLE TO ALL COVERAGE PARTS (SHOW NUMBERS):**

Form	Description
IL DS 00 09 08	COMMON POLICY DECLARATIONS
IL 00 17 11 98	COMMON POLICY CONDITIONS
IL 00 21 09 08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (BROAD FORM)
IL 02 70 09 12	CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL
IL 09 53 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
IL 09 85 01 15	DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

Form	Description
CX DS 01 09 08	COMMERCIAL EXCESS LIABILITY DECLARATIONS
CX 00 01 04 13	COMMERCIAL EXCESS LIABILITY COVERAGE FORM
CX 02 26 09 12	CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL
CX 21 01 09 08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

Form	Description
MMD 10 01 01 15	AUDIT PREMIUMS – AMENDATORY ENDORSEMENT
MMD 10 02 01 15	HIRED AND NON OWNED AUTO LIABILITY EXCLUSION – EXCESS LIABILITY COVERAGE
MMD 10 07 01 15	BANNED SUBSTANCE EXCLUSION
MMD 10 30 02 17	TO REPORT A CLAIM
MMD 00 00 01 18	SHORT RATE CANCELLATION TABLE
IICH SOS 1000 CA 01 16	SERVICE OF SUIT CLAUSE (CA SPECIFIC)
MMD 1021 01 15	MINIMUM EARNED PREMIUM ENDORSEMENT
MMD 1037 01 15	POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM
IICH PP 3000 06 17	PRIVACY POLICY
IICH 2016 (SLEX)	SANCTION AND LIMITATION EXCLUSION CLAUSE

Countersigned:	8/15/2018	By:	
	(Date)		
			(Authorized Representative)

**NOTE**

OFFICERS' FACSIMILE SIGNATURES MAY BE INSERTED HERE, ON THE POLICY COVER OR ELSEWHERE AT THE COMPANY'S OPTION.



DECLARATIONS

PRODUCTS/COMPLETED OPERATIONS LIABILITY CLAIMS MADE AND REPORTED INSURANCE

THIS IS A CLAIMS MADE AND REPORTED POLICY. PLEASE READ CAREFULLY, EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THE COVERAGE AFFORDED UNDER THIS INSURANCE POLICY IS LIMITED TO THOSE CLAIMS WHICH ARE FIRST MADE AGAINST THE INSURED AND REPORTED TO THE UNDERWRITERS DURING THE POLICY PERIOD OR EXTENDED REORTING PERIOD (IF APPLICABLE). DAMAGES AND CLAIMS EXPENSES SHALL BE APPLIED AGAINST THE DEDUCTIBLE.

INSURANCE IS EFFECTIVE WITH:

United Specialty Insurance Company

1. NAMED INSURED: SoCal Building Ventures LLC DBA San Diego Building Ventures DBA California Cannabis Group and Valley Collect

(No., Street, Town or City, State, Zip Code)  
32123 Lindero Canyon Road #210  
Westlake Village, CA 91361

2. POLICY PERIOD: Inception: 04/13/2018 Expiration: 04/13/2019 both days at 12:01 a.m. Standard Time at the address shown in number 1 above.

3. LIMIT OF LIABILITY:

The total Limit of Liability of the Underwriters, including Damages and Claims Expenses, for all Claims first made against the Insured and reported in writing to the Underwriting during the Policy Period shall not exceed:

- (A) \$1,000,000 Each Claim
- (B) \$2,000,000 Term Aggregate - all coverages combined
- (C) \$N/A

4. DEDUCTIBLE:

The Deductible amount shall be separately applicable to each Claim first made against the Insured during the Policy Period and shall apply to Damages and Claims Expenses

USD \$2,500 Each Claim without aggregate

Date: 8/15/18

By

President (Authorized Signature)

Date: 8/15/18

By

Secretary (Authorized Signature)

### COMMON POLICY DECLARATIONS

International Insurance Company of Hannover SE Roderbruchstraße 26 Hannover, Germany 495-115-604-2909	CannGen Insurance Services, LLC 2701 Citrus Road Suite A Rancho Cordova, CA 95742 888-751-3141
NAMED INSURED: SoCal Building Ventures LLC DBA San Diego Building Ventures DBA California Cannabis Group and Valley Collective Care Inc MAILING ADDRESS: 32123 Lindero Canyon Road #210 Westlake Village, CA 91361 POLICY PERIOD: FROM 4/13/2018 TO 4/13/2019 AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE	

<b>BUSINESS DESCRIPTION</b>	Recreational and Medicinal Cannabis Manufacturer and Retail
-----------------------------	---

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

<p style="text-align: center;"><b>THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.</b></p> <p>           COMMERCIAL GENERAL LIABILITY COVERAGE PART            COMMERCIAL PROPERTY COVERAGE PART            COMMERCIAL CROP COVERAGE PART            OTHER COMMERCIAL COVERAGE PART         </p> <hr/>
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**FORMS APPLICABLE TO ALL COVERAGE PARTS (SHOW NUMBERS):**

<b>Form</b>	<b>Description</b>
IL DS 00 09 08	COMMON POLICY DECLARATIONS
IL 00 03 09 08	CALCULATION OF PREMIUM
IL 00 17 11 98	COMMON POLICY CONDITIONS
IL 00 21 09 08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (BROAD FORM)
IL 02 70 09 12	CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL
IL 01 02 05 05	CALIFORNIA CHANGES – ACTUAL CASH VALUE
IL 01 04 09 07	CALIFORNIA CHANGES
IL 09 35 07 02	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
IL 09 53 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
IL 09 85 01 15	DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

<b>Form</b>	<b>Description</b>
CG DS 01 10 01	COMMERCIAL GENERAL LIABILITY DECLARATIONS
CG 00 01 04 13	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CG 20 11 04 13	ADDITIONAL INSURED-MANAGERS OR LESSORS OF PREMISES
CG 21 04 11 85	EXCLUSION - PRODUCTS/COMPLETED OPERATIONS HAZARD
CG 21 06 05 14	EXCLUSION – ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY – WITH LIMITED BODILY INJURY EXCEPTION
CG 21 47 12 07	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG 21 49 09 99	TOTAL POLLUTION EXCLUSION ENDORSEMENT
CG 21 67 04 02	FUNGI OR BACTERIA EXCLUSION
CG 21 75 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES
CG 21 76 01 15	EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM
CG 32 34 01 05	CALIFORNIA CHANGES
CG 03 00 01 96	DEDUCTIBLE LIABILITY INSURANCE
CG 21 44 07 98	LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT

<b>Form</b>	<b>Description</b>
CP DS 00 10 00	COMMERCIAL PROPERTY DECLARATIONS
CP 00 10 10 12	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP 00 30 10 12	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CP 00 90 07 88	COMMERCIAL PROPERTY CONDITIONS
CP 01 40 07 06	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
CP 10 30 10 12	PROPERTY CAUSES OF LOSS – SPECIAL FORM

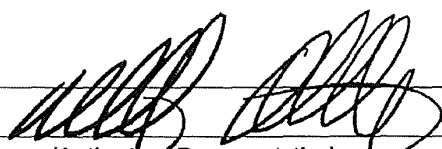
<b>Form</b>	<b>Description</b>
MMD 10 01 01 15	AUDIT PREMIUMS – AMENDATORY ENDORSEMENT
MMD 10 03 01 15	BACK-UP OF SEWERS, DRAINS OR SUMPS COVERAGE
MMD 10 04 01 15	COMBINATION GL ENDORSEMENT – NON CONTRACTORS
MMD 10 07 01 15	BANNED SUBSTANCE EXCLUSION

IL DS 00 09 08

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Page 2 of 3 □

MMD 10 08 01 15 CARCINOGENS ENDORSEMENT  
 MMD 1009 01 15 EXCLUSION – EMPLOYEES OF INDEPENDENT CONTRACTORS,  
 LEASED/TEMPORARY/1099/VOLUNTEER WORKERS, CASUAL LABORERS  
 MMD 10 17 01 15 EXCLUSION - TOBACCO OR RELATED PRODUCTS  
 MMD 1011 01 15 EXCLUSION – TOTAL MOLD, MILDEW OR OTHER FUNGI  
 MMD 10 20 01 17 ADDITIONAL EXCLUSIONS & ENDORSEMENTS CANNABIS AND HEMP BUSINESS  
 PROPERTY FORM  
 MMD 1012 01 15 EXCLUSION – PROFESSIONAL LIABILITY  
 MMD 10 30 02 17 TO REPORT A CLAIM  
 MMD 1014 01 15 EXCLUSION - SEXUAL ABUSE AND / OR MOLESTATION  
 MMD 1015 01 15 EXCLUSION - TANNING BEDS  
 MMD 00 00 01 18 SHORT RATE CANCELLATION TABLE  
 IICH SOS 1000 CA SERVICE OF SUIT CLAUSE (CA SPECIFIC)  
 01 16  
 MMD 1018 01 15 GOVERNMENTAL ACTS & CRIMINAL ACTIVITIES  
 MMD 1021 01 15 MINIMUM EARNED PREMIUM ENDORSEMENT  
 MMD 1022 01 15 EXCLUSION - AMERICANS WITH DISABILITIES ACT  
 MMD 1025 08 17 HIRED AUTO AND NON-OWNED AUTO LIABILITY  
 MMD 1027 01 15 PROTECTIVE SAFEGUARDS  
 MMD 1032 01 15 ABSOLUTE ASBESTOS EXCLUSION  
 MMD 1033 01 15 ABSOLUTE LEAD EXCLUSION  
 MMD 1034 01 15 AIRCRAFT PRODUCTS AND AIRCRAFT GROUNDING HAZARDS EXCLUSION  
 MMD 1037 01 15 POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM  
 MMD 1040 01 15 RESIDENTIAL EXCLUSION  
 MMD 10 42 07 16 COMMERCIAL PROPERTY OPTIONAL COVERAGE EXTENSION ENDORSEMENT  
 FORM C  
 CA PHN 10 16 CALIFORNIA CONSUMER COMPLAINT NOTICE  
 MMD 1047 05 17 DESIGNATED CLASSIFICATION LIMITATION  
 IICH PP 3000 06 17 PRIVACY POLICY  
 MMD 10 48 09 17 FIRE HAZARD PROPERTY MITIGATION SAFEGUARD (CALIFORNIA)  
 IICH 2016 (SLEX) SANCTION AND LIMITATION EXCLUSION CLAUSE

Countersigned:	8/15/2018	By:	
	(Date)		(Authorized Representative)

**NOTE**

OFFICERS' FACSIMILE SIGNATURES MAY BE INSERTED HERE, ON THE POLICY COVER OR ELSEWHERE AT THE COMPANY'S OPTION.

## Payment Schedule & History for Account #707684 (SoCal Building Ventures LLC)

Click on a payment description for printable receipt

Show Schedule/Receivables

Show Write-Offs

Date	Pmt. #	Description	Amount	Applied to:										Entered by		
				Principal	Interest	Setup Fee	Late Charge	NSF Fee	Cancel Fee	Convenience Fee	Processing Fee	PMI	Down			
5/13/2018 12:00:00 AM	1	Payment Due	\$10,444.08	\$9,693.16	\$750.92											System
5/24/2018 2:30:38 AM		Late Fee	\$522.20				\$522.20									robertb
6/1/2018 7:00:24 AM		Insured: Installment eCheck	\$10,973.28	\$9,693.16	\$750.92		\$522.20			\$7.00						amedina
6/1/2018 7:00:24 AM		Convenience Fee	\$7.00							\$7.00						amedina
6/13/2018 12:00:00 AM	2	Payment Due	\$10,444.08	\$9,773.86	\$670.22											System
6/24/2018 2:30:57 AM		Late Fee	\$522.20				\$522.20									robertb
7/2/2018 7:09:48 AM		Convenience Fee	\$7.00							\$7.00						amedina
7/2/2018 7:09:48 AM		Insured: Installment eCheck 6785	\$10,973.28	\$9,773.86	\$670.22		\$522.20			\$7.00						amedina
7/6/2018 8:50:12 AM		Insured: Reversal eCheck 6785 NSF	(\$10,973.28)	(\$9,773.86)	(\$670.22)		(\$522.20)			(\$7.00)						alachica
7/6/2018 8:50:12 AM		Convenience Fee Reverse entry	(\$7.00)							(\$7.00)						alachica
7/6/2018 8:50:14 AM		NSF Fee for reversal of eCheck 6785	\$15.00					\$15.00								alachica
7/6/2018 8:50:19 AM		Convenience Fee Adjustment	\$7.00							\$7.00						alachica
7/11/2018 9:33:45 AM		Insured: Installment Cashier's Check Wire 7/10/18	\$10,988.28	\$9,773.86	\$670.22		\$522.20	\$15.00		\$7.00						alachica
7/13/2018 12:00:00 AM	3	Payment Due	\$10,444.08	\$9,855.22	\$588.86											System
7/24/2018 2:31:01 AM		Late Fee	\$522.20				\$522.20									robertb
7/24/2018 12:12:36 PM		Insured: Installment eCheck 10442	\$10,973.28	\$9,855.22	\$588.86		\$522.20			\$7.00						ivr
7/24/2018 12:12:36 PM		Convenience Fee	\$7.00							\$7.00						ivr
8/13/2018 12:00:00 AM	4	Payment Due	\$10,444.08	\$9,937.27	\$506.81											System
8/24/2018 2:31:07 AM		Late Fee	\$522.20				\$522.20									robertb
8/28/2018 12:53:19 PM		Insured: Installment eCheck 99999	\$10,973.28	\$9,937.27	\$506.81		\$522.20			\$7.00						ivr
8/28/2018 12:53:19 PM		Convenience Fee	\$7.00							\$7.00						ivr
9/13/2018 12:00:00 AM	5	Payment Due	\$10,444.08	\$10,020.00	\$424.08											System
10/13/2018 12:00:00 AM	6	Payment Due	\$10,444.08	\$10,103.41	\$340.67											System
11/13/2018 12:00:00 AM	7	Payment Due	\$10,444.08	\$10,187.52	\$256.56											System
12/13/2018 12:00:00 AM	8	Payment Due	\$10,444.08	\$10,272.33	\$171.75											System

1/13/2019 12:00:00 AM	9	Payment Due	\$10,444.08	\$10,357.85	\$86.23									System
TOTAL PAYMENTS RECEIVED:			\$43,908.12	\$39,259.51	\$2,516.81	\$0.00	\$2,088.80	\$15.00	\$0.00	\$28.00	\$0.00	\$0.00	\$0.00	
TOTAL ACCOUNT RECEIVABLES:			\$96,128.52	\$90,200.62	\$3,796.10	\$0.00	\$2,088.80	\$15.00	\$0.00	\$28.00	\$0.00	\$0.00	\$0.00	
CURRENT BALANCE (WITHOUT WRITE-OFFS):			\$52,220.40	\$50,941.11	\$1,279.29	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	

# EXHIBIT L

# Michael Essary, Receiver

8304 Clairemont Mesa Blvd. #207, San Diego, CA 92111  
(858) 560-1178 / (858) 560-6709 fax  
Toll Free (877) 581-1158

August 29, 2018

**VIA EMAIL ONLY:**

California Department of Public Health ("CDPH")  
Manufactured Cannabis Safety Branch  
PO Box 997377, MS 7606  
Sacramento CA 95899-7377  
(855) 421-7887  
mcsb@cdph.ca.gov

**Re: Notification of Court Appointed Receiver for California Cannabis Group (License Number: CDPH-T00000229)**

Dear Sir or Madam:

I am writing to inform you that San Diego Superior Court has re-appointed me to act as a receiver to temporarily oversee and manage California Cannabis Group, effective August 20, 2018. (*Salam Razuki v. Ninus Malan, et al.*, San Diego Superior Court, Case No. 37-2018-00034229-CU-BC-CTL.) Attached to this email is the court order documenting my appointment to oversee and manage California Cannabis Group.

The purpose of this notification is to satisfy Section 40178 of the Readopted Emergency Manufactured Cannabis Safety Branch Regulations. As per Section 40178, I am also notifying the CDPH that I desire the business to continue operations under California Cannabis Group's temporary manufacturing license (License Number: CDPH-T00000229). Attached to this email is the completed Owner Information section of the application and a completed LiveScan Form and I am also furnishing the following information:

Receiver Name: Michael Essary  
Previous Owner: Ninus Malan and all others listed on state applications.  
License Number: CDPH-T00000229  
Phone Number of Receiver: (858) 560-1178  
Mailing Address of Receiver: 8304 Clairemont Mesa Blvd., Suite #207  
San Diego, CA 92111  
Email Address of Receiver: calsur@aol.com

Please contact me with any questions or if the CDPH would like any additional materials.

By signature below, I declare under penalty of perjury that the information in this letter, including the statements herein and Applicant Information attachment, are complete, true, and accurate. 17 CCR Section 40130(b).

Very truly yours,

  
Michael Essary, Receiver



Subject: **Notification of Court Appointed Receiver for California Cannabis Group (License Number: CDPH-T00000229)**

Date: 8/29/2018 12:46:44 PM Pacific Standard Time

From: calsur@aol.com

To: mcsb@cdph.ca.gov

Dear Sir/Madam:

Please see attached documentation about my re-appointment as receiver for this entity.

Michael Essary  
Receiver

# EXHIBIT M

Razuki vs Malan  
Receivership - Cash Ledger

	Date	Expense	Deposit	Balance	Description	Cleared
1	7/18/2018		\$4,480.00	\$4,480.00	ATM cash from Balboa dispensary takeover	x
2	7/18/2018		\$31.69	\$4,511.69	Loose cash from Balboa dispensary takeover	x
3	7/19/2018		\$170,600.00	\$175,111.69	SoCal payment of fees/rents owed prior to receivership	x
4	7/19/2018	\$15.00		\$175,096.69	Bank wire charge for deposit	x
5	7/20/2018	\$584.19		\$174,527.50	Check #100 - Borjon - payroll to 7/15/18	x
6	7/20/2018	\$495.42		\$174,032.08	Check #101 - Bullock - payroll to 7/15/18	x
7	7/20/2018	\$392.26		\$173,639.82	Check #102 - Clarke - payroll to 7/15/18	x
8	7/20/2018	\$632.21		\$173,007.61	Check #103 - Da Silva - payroll to 7/15/18	x
9	7/20/2018	\$1,050.63		\$171,956.98	Check #104 - Davis - payroll to 7/15/18	x
10	7/20/2018	\$710.16		\$171,246.82	Check #105 - Holler - payroll to 7/15/18	x
11	7/20/2018	\$333.30		\$170,913.52	Check #106 - Moran - payroll to 7/15/18	x
12	7/20/2018	\$786.79		\$170,126.73	Check #107 - Ortega - payroll to 7/15/18	x
13	7/20/2018	\$8,000.00		\$162,126.73	Cash withdrawal for replacement \$20's for Balboa ATM	x
14	7/23/2018	\$1,652.59		\$160,474.14	Check #108 - West Coast S&S - Security/Computer vendor past due invoice	x
15	7/24/2018	\$3,400.00		\$157,074.14	Check #109 - Archstone Intl - Security for Mira Este invoice	x
16	7/24/2018	\$503.47	\$1,259.38	\$158,333.52	Cash deposited from Balboa - found lodged in safe drop slot	x
17	7/25/2018	\$11,968.95		\$157,830.05	Check #110 - Mike Essary/Calsur - Labor and materials for Mira Este takeover workers	x
18	7/25/2018		\$17,765.01	\$145,861.10	Check #111 - West Coast S&S - New security/computer/video equip Mira Este	x
19	7/26/2018		\$910.00	\$163,626.11	Bank of America proceeds from 2 SD United accounts	x
20	7/26/2018			\$164,536.11	Cash deposited from Balboa - Reimbursement for check to Pax Vendor	x
21	7/26/2018	\$909.95		\$163,626.16	Check #112 - Pax Labs - Pax devices for inventory	x
22	7/26/2018	\$100.00		\$163,526.16	Check #113 - Bond Services - Receiver bond annual premium	x
23	7/26/2018	\$677.73		\$162,848.43	Check #114 - A-1 Express Locksmith - Balboa deadbolt install/secure	x
24	7/26/2018	\$0.00		\$162,848.43	Check #115 - Void check for ATM deposit change over	x
25	7/27/2018	\$10,000.00		\$152,848.43	Check #116 - MMLG, LLC - Retainers for Cannabis consultant Balboa/Mira Este	x
26	7/30/2018	\$17,028.00		\$135,820.43	Michael Essary, Receiver - Receiver fees/expenses progress payment	x
27	7/30/2018	\$6,511.00		\$129,309.43	Check #117 - JHY Partners - Consulting on entities/finances/unpaid invoices	x
28	7/30/2018	\$7,375.00		\$121,934.43	Check #118 - JHY Partners - previous outstanding invoices for entity acct/consulting	x
29	7/30/2018	\$12,829.66		\$109,104.77	Check #119 - City of SD - Cannabis local tax	x
30	7/30/2018	\$7,165.95		\$101,938.82	Check #120 - Griswold Law - Receiver's attorney progress billing	x
31	7/30/2018	\$12,000.00		\$89,938.82	Check #121 - Dan Spillane - Mira Este consultants mgmt fees	x
32	7/30/2018	\$15,629.00		\$74,309.82	Check #122 - JHY Partners - various outstanding billings and services	x
33	7/30/2018	\$18,500.00		\$55,809.82	Check #123A - ABP Consulting - Contractual fees for consultants and expenses	x
34	8/1/2018		\$12,829.66	\$68,639.48	Cash deposited from Balboa - Reimbursement for check to San Diego Cannabis Tax	x
35	8/1/2018	\$500.00		\$68,139.48	Cash withdrawal for Balboa employees last day payroll - to James Manager	x
36	8/2/2018	\$1,553.45		\$66,586.03	Check #123B - Clarke - payroll	x
37	8/2/2018	\$2,276.61		\$64,309.42	Check #124 - Holler - payroll	x
38	8/2/2018	\$1,272.07		\$63,037.35	Check #125 - Borjon - payroll	x

Razuki vs Malan  
Receivership - Cash Ledger

	Date	Expense	Deposit	Balance	Description	Cleared
39	8/2/2018	\$1,413.18		\$61,624.17	Check #126 - Ortega - payroll	x
40	8/2/2018	\$1,089.21		\$60,534.96	Check #127 - Bullock - payroll	x
41	8/2/2018	\$1,662.88		\$58,872.08	Check #128 - Davis - payroll	x
42	8/2/2018	\$1,605.54		\$57,266.54	Check #129 - De Silva - payroll	x
43	8/2/2018	\$1,147.03		\$56,119.51	Check #130 - Moran - payroll	x
44	8/6/2018	\$812.50		\$55,307.01	Michael Essary, Receiver - Receiver fees/expenses balance of progress payment	x
45	8/7/2018	\$0.00		\$55,307.01	Check # 131 - SDTFA - Partial State sales tax \$40,000 Voided	x
46	8/13/2018	\$9,651.00		\$45,656.01	Michael Essary, Receiver - Receiver fees/expenses progress payment	x
47	9/1/2018	\$7,658.00		\$37,998.01	Michael Essary, Receiver - Receiver fees/expenses final August 2018 payment	x
48	9/2/2018	\$12,400.78		\$25,597.23	Check #140 - Griswold Law - Receiver's attorney progress billing	x

Razuki vs Malan  
Receiver Billing Summary

Hourly Rate: \$250

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
8/14/2018	1	\$ 250.00	Discussion with Maura about hearing. Emails with Griswold about hearing. Compass bank emails, include Griswold. Discussion with John about accounting and update him on my ability to pay any bills.
8/15/2018	1.25	\$ 312.50	Review Griswold and defendant email about Compass bank. Comments to Griswold. Emails to Torrey Pines bank about sig cards. Meet with Torrey Pines bank to execute corrected sig cards issued week before. Emails to and from defendant and Griswold regarding Compass bank account. Emails with Griswold and Alan about compliance and State/Local notification.
8/16/2018	0.5	\$ 125.00	Multiple emails between Maura and Gina about Compass account status. Email from Compass attorney about account freeze.
8/17/2018	0.25	\$ 62.50	Emails from Don and Gina about Treez account. Emails from Griswold and Alan with license info.
8/19/2018	1	\$ 250.00	Discussion with Maura about Plaintiff position on bank accounts and operations. Discussion with John about Flip accounts and status and update him on hearing schedule/purpose. Emails from Griswold and Aaron.
8/20/2018	2.5	\$ 625.00	Emails with Griswold about added filings - review filings and research responding docs for court. Conversation with court about reporter needed - call Elia to ensure they have ordered a reporter. Conversation with John about his comments on cash ledger and items paid. Update ledger and copy of last billing for court. Prepare file for court with printouts, highlights and copies relevant to defendant dec statements.
8/20/2018		\$ 33.00	Parking for court
8/20/2018	4.5	\$ 1,125.00	Court hearing new judge. Meet with Griswold before court to discuss potential issues and responses. Hearing with Judge Sturgeon. Discussion with defendant and counsel outside court regarding Tuesday and schedule for asset control by receiver. Discussion with Elia about order and planned process. Discussion with John about court ruling and scenario going forward.
8/21/2018	1	\$ 250.00	Review of Tamara and Gina emails and Griswold comments. Comment on meeting and accounting changes for operations. Email to Gina about controls I would like implemented. Review of taxes due email from Gina. Discussion with Maura and James about upcoming SD United lawsuit and hearing.

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

<u>Date</u>	<u>Hours</u>	<u>Charge</u>	<u>Description</u>
8/22/2018	3.5	\$ 875.00	<p>Review proposed order by Griswold. Multiple emails from Gina and Tamara regarding Far west contract, Judd the accountant, Treez information needed, and other transition issues. Emails from Griswold with responses/questions. Emails with Judd about accounting and tax needs. Email to John requesting information and discussion about time frames needed. Discussion with Griswold about order and format for receiver report due in 12 days. Review Gorla comments to proposed order and provide my feedback to Griswold. Email from Ninus about outstanding invoices. Emails with Pam/Natasha about Cannabis consultant appointment/phone call. Emails with numerous parties including Ninus about bills, Treez, order, Cannabis consultant.</p> <p>Discussion with Aaron on conflict concerns and current license status.</p>
8/23/2018	3.25	\$ 812.50	<p>Emails from Griswold about SoCal and property. Email to Griswold with response to SoCal request and cannabis consultant considerations. Review Balboa and Mira Este Management agreements - identify sources of income and obligation for expenses. Review bank accounts held for future use. Email from Ninus about insurance due - respond with questions. Review of revised order and partial transcript and provide comments to Griswold. Conversation with Aaron on new notices with new order. Conversation with Griswold about order re: funds and payments, assumed funding issues, etc.. Email from Griswold about inspections. Review of submitted order and Griswold dec. Discussion with and review of management agreements with Maura and James - telephone.</p>
8/24/2018	2.25	\$ 562.50	<p>Emails to Gina, Ninus about regulatory issues and accounting issues. Email with John about ADP letter. Email from John about insurance policy lapsing - called carrier and left detailed message. Emails with Don at Treez. Order checks for Wells Fargo receiver account. Email to Gorla about turning over Roselle bank account. Review emails from Gina about reg issues and Griswold about Gorla email. Conversation with Pamela - new cannabis consultant. Conversation with Aaron. Emails with Griswold and conversation.</p>
8/27/2018	2.75	\$ 687.50	<p>Emails with Gina on City tax filing. Include John and request correction. Emails with Griswold about Mira Este and general accounting issues. Call with Maura on order status and accountings from SoCal. Emails with Hope about Treez data dump. Griswold emails about Mira Este accounting. Mail Roselle check to Gorla as instructed. Meeting with Ninus and Judd about banking and accounting controls. Gina email about cannabis consultant. Emails to Griswold on accounting and banking controls. Discussion with Griswold about report and Mira Este accountings. Discussion with John about format of prior information reports needed. Emails from Gina, Griswold and to Griswold on cannabis consultant issues.</p>
8/28/2018	1.5	\$ 375.00	<p>Emails from Judd and Ninus about invoices; questions about invoices. Email Treez about contract and future relationship. Review of Far West management contract related to payments. Emails from Gorla and Griswold. Communicate with Griswold about signed order. Review order. Send order to Aaron for filing with cannabis authorities. Discussion with Aaron about regulatory notifications and order. Emails from Griswold/Gorla about Mira Este accountant. Email to Judd about same. Emails from Hope at Treez about data for Gina - emails back with authorization.</p>

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

Date	Hours	Charge	Description
8/29/2018	1.25	\$ 312.50	Call/emails with Aaron on notices. Review, execute and send regulatory notice of receivership. Emails and response with Judd about approving bills-state tax due-Mira Este role as accountant as of Monday. Emails with Griswold on responses to parties. Discussion with Maura on status of inspections and takeover process. Send out order to Ninus. Conversation with John on report formats and new order. Question about sales tax due.
8/30/2018	2	\$ 500.00	Review emails from Judd. Phone call about Mira Esta accounting and structure. Emails to Griswold and print out Judd reports. Conference call with Sal, Maura and James about SoCal reports I need, status of physical inspection, my proposed schedule of receiver report production, questions about equipment and holding company. Emails from Griswold and Gina. Communicate with Aaron about Live Scan filing and City status.
8/31/2018	2	\$ 500.00	Emails with Griswold, Gorla, Sal. Review of insurance docs from SoCal. Review of information from Gorla. Communications with Griswold about report content and items needed from parties.
Total		\$ 7,658.00	

Griswold LAW

444 S. Cedros Ave., Suite 250

Solana Beach, CA 92075

Phone: (858) 481-1300 | Fax: (888) 624-9177

Account Statement

Prepared for Michael Essary - Receiver

Re: Razuki v. Malan: Receivership

Previous Invoice Amount	\$7,165.95
Last Payment Received	
Previous Balance	\$0.00
Current Charges	\$12,400.78
Total Due	\$12,400.78



Griswold LAW

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

Michael Essary - Receiver

Invoice Date: September 01, 2018  
Invoice Number: 11441  
Invoice Amount: \$12,400.78

**Matter: Razuki v. Malan: Receivership**

**Attorney's Fees**

8/1/2018	Review counsel emails re proposed order, review period	R.C.G.	.20	\$60.00
8/1/2018	Review/reply to emails from counsel re operations transfer	R.C.G.	.30	\$90.00
8/2/2018	Review/reply to multiple emails from counsel re transition and order	R.C.G.	.60	\$180.00
8/3/2018	Review/reply to multiple emails and demands from counsel for parties re transition, funds, orders	R.C.G.	.60	\$180.00
8/3/2018	Consult with Client re party demands and control transfer	R.C.G.	.80	\$240.00
8/6/2018	Review/submit tax documentation to defendants	R.C.G.	.20	\$60.00
8/6/2018	Consult with client re transition	R.C.G.	.30	\$90.00
8/8/2018	Consult with client re new judge assignment, ex parte hearing, next steps	R.C.G.	.60	\$180.00
8/9/2018	Review/reply to multiple emails from counsel re status of receivership	R.C.G.	.40	\$120.00
8/9/2018	Review/reply to emails from counsel for Hakim re mortgages; Review mortgage documents; Consult with client	R.C.G.	.60	\$180.00
8/9/2018	Consult with client re receiver report in advance of hearing	R.C.G.	.40	\$120.00
8/9/2018	Review email demands from counsel for Defendants; consult with Client	R.C.G.	.30	\$90.00
8/9/2018	Review interim accting summary	R.C.G.	.80	\$240.00
8/9/2018	Draft correspondence to counsel for Malan re Treez and legal demands	R.C.G.	.30	\$90.00
8/9/2018	Consult with client re accounting report, accts, Treez	R.C.G.	.70	\$210.00
8/9/2018	Draft Receivers Report, declarations	R.C.G.	2.90	\$870.00
8/10/2018	Review status of entity bank accounts, status of licensing transfers	R.C.G.	1.30	\$390.00
8/10/2018	Draft correspondence to counsel for Malan re bank	R.C.G.	.30	\$90.00

	accts and licensing			
8/10/2018	Review/reply to email from counsel for Malan re accounting, file transfers and DVR; consult with Client re same	R.C.G.	.40	\$120.00
8/10/2018	Consult with Client and Treez rep re system	R.C.G.	.60	\$180.00
8/10/2018	Continue drafting interim receivers report	R.C.G.	1.80	\$540.00
8/10/2018	Research re Rules of Court, minute orders, proposed orders, judge reassignments	R.C.G.	2.30	\$690.00
8/10/2018	Coordinate/confirm agreement re Treez data archiving, user credentials	R.C.G.	.80	\$240.00
8/10/2018	File and Serve the Interim Receiver's Report and Declaration of Michael Essary	K.C.	.80	\$100.00
8/10/2018	Review/reply to email from counsel for Malan re Treez proposal	R.C.G.	.20	\$60.00
8/10/2018	Review and reply to emails re filing of ex parte papers	J.E.	.30	\$54.00
8/12/2018	Draft/review Dec of Essary; Consult with Client	R.C.G.	.90	\$270.00
8/13/2018	Review Plaintiff Supp Filings, SoCal's Supp Filings, Hakim Supp Filings	R.C.G.	1.90	\$570.00
8/13/2018	Consult with Client re supp filings by parties	R.C.G.	.60	\$180.00
8/13/2018	Prepare for ex parte hearing	R.C.G.	1.60	\$480.00
8/14/2018	Travel to/from and Attend Ex Parte Hearing	R.C.G.	1.80	\$540.00
8/14/2018	Consult with Client re results of hearing, court ruling	R.C.G.	.30	\$90.00
8/14/2018	Contact CourtCall and attempt to schedule appearance. Follow up email re same.	J.E.	.30	\$54.00
8/15/2018	Consult with Client re filing deadline and upcoming hearing	R.C.G.	.40	\$120.00
8/17/2018	Review Razuki supp briefing, Malan supp briefing, Socal supp briefing, Hakim supp briefing	R.C.G.	2.70	\$810.00
8/20/2018	Prepare for hearing	R.C.G.	1.40	\$420.00
8/20/2018	Travel to/from and Attend Ex Parte TRO/Appt Hearing	R.C.G.	3.80	\$1,140.00
8/20/2018	Draft Proposed Order re 8/20 hearing	R.C.G.	.80	\$240.00
8/22/2018	Review/reply to multiple emails from counsel re receivership transition	R.C.G.	.70	\$210.00
8/22/2018	Review Far West/Balboa Ave Mgt Agmt	R.C.G.	.60	\$180.00
8/22/2018	Review Synergy/Mira Este mgt agmt	R.C.G.	.40	\$120.00
8/22/2018	TC from counsel for CPA Yaeger re status of services, invoices, 8/20 hearing	R.C.G.	.40	\$120.00
8/23/2018	Consult with Client re content of proposed order	R.C.G.	.40	\$120.00
8/23/2018	Review/reply to counsel for SoCal re status of equipment	R.C.G.	.20	\$60.00
8/23/2018	File and Serve the Declaration and Proposed Order	K.C.	.60	\$75.00
8/24/2018	Review email and docs from counsel for Hakim re allocation of funding/expenses; Consult with Client re same	R.C.G.	.40	\$120.00
8/28/2018	File and Serve the Notice of Entry of Order	K.C.	.50	\$62.50
8/28/2018	Draft Notice of Entry of Order. Prepare for filing and service.	J.E.	.60	\$108.00
8/28/2018	Review final signed Order re rcvr appt	R.C.G.	.30	\$90.00

8/28/2018	Draft correspondence to all counsel re compliance with court order	R.C.G.	.20	\$60.00
SUBTOTAL:			40.60	\$11,703.50

**Costs**

8/1/2018	OneLegal - courtesy copy fee for the Ex Parte re Legal Counsel Representation			\$90.00
8/10/2018	FedEx - overnight delivery of the Interim Receiver's Report to all parties (Advanced by Receiver)			\$88.68
8/13/2018	COST: SD Superior Court copy transaction fee for Malan POS			\$7.50
8/14/2018	OneLegal - courtesy copy delivery fee for the Interim Receiver's Report and supporting Declaration			\$90.00
8/20/2018	COST: SD Superior Court Parking			\$30.00
8/27/2018	OneLegal - courtesy copy delivery fee for the Declaration and Proposed Order			\$90.00
8/28/2018	OneLegal - e-filing and eservice fee for the Declaration and Proposed Order			\$19.95
8/28/2018	OneLegal - e-filing fee for the Interim Receiver's Report and Declaration			\$9.95
8/30/2018	OneLegal - e-filing and eservice fee for the Notice of Entry of Order			\$19.95
8/31/2018	Monthly Copy Costs (1675 @ \$0.15)			\$251.25
SUBTOTAL:				\$697.28

TOTAL: \$12,400.78  
PREVIOUS BALANCE DUE: \$0.00  
CURRENT BALANCE DUE AND OWING: \$12,400.78

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 *September 5, 2018*, I served the documents described as **RECEIVER MICHAEL**  
7 **ESSARY'S FIRST RECEIVER'S REPORT** on each interested party, as follows:

8 **SEE ATTACHED SERVICE LIST**

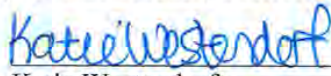
9  
10    **(VIA MAIL)** I placed a true and correct copy(ies) of the foregoing document in a sealed  
11 envelope(s) addressed to each interested party as set forth above. I caused each such envelope, with  
12 postage thereon fully prepaid, to be deposited with the United States Postal Service. I am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

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

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

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

21 I declare under penalty of perjury under the laws of the State of California that the foregoing  
22 is true and correct. Executed on *September 5, 2018*, in Solana Beach, California.

23   
24 Katie Westendorf

SERVICE LIST

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15 Attorneys for Defendants  
16 Ninus Malan, San Diego United Holdings Group  
17 Balboa Ave Cooperative, California Cannabis Group

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

16 SALAM RAZUKI, an individual,

17 Plaintiff,

18 vs.

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

Defendants.

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

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

[IMAGED FILE]

Judge: Hon. Eddie C. Sturgeon

Date: September 7, 2018

Dept.: C-67

Time: 1:30 p.m.

Trial Date: Not Set

1  
2 Defendants Ninus Malan, San Diego United Holdings Group, LLC (“San Diego United”),  
3 Balboa Ave Cooperative (“Balboa”), California Cannabis Group (“CCG”), Devilish Delights, and  
4 Flip Management (collectively “Malan Defendants”) respectfully submit the following  
5 supplemental memorandum of points and authorities in support of an order vacating the  
6 receivership and denying the preliminary injunction:

7 **I. SALAM RAZUKI HAS FAILED TO SHOW LIKELIHOOD OF PREVAILING ON**  
8 **THE MERITS**

9 Plaintiff Salam Razuki has failed to carry his burden of demonstrating likelihood of  
10 prevailing on the merits. The parties have appeared in Court four times on this issue: July 17,  
11 2018, July 31, 2018, August 14, 2018, and August 20, 2018. In the voluminous pleadings and  
12 exhibits filed in support of, and in opposition to, each of these hearings, Razuki has submitted  
13 unsupported hyperbolic rhetoric but has failed to submit sufficient reliable documentary evidence  
14 that supports his position that he contributed millions of dollars toward this venture. He has  
15 failed to show that Defendants are absconding with his money. Razuki has failed to show any  
16 evidentiary support related to the Sunrise Dispensary, the amounts he made that theoretically  
17 belong to the partnership and non-party RM Property Holdings and has also failed to provide any  
18 accurate and itemized accounting of his financial contributions.

19 Defendants have reviewed every exhibit Razuki filed in support of his position looking for  
20 actual financial proof that he paid millions of dollars towards this venture and there are  
21 shockingly few documents that arguably memorialize any financial expenditure. Razuki’s  
22 declaration dated August 12, 2018 is the only declaration he submitted that contains documentary  
23 support for his financial claims. The relevant documents are as follows:

24 - Exhibit 7: Stock certificate 13 issued by Sunrise Property Investments, LLC on  
25 November 8, 2017 to Salam Razuki evidencing a 20% interest in Sunrise Property Investments.  
26 Razuki has submitted **no other evidentiary support** for his ownership in Sunrise Property  
27 Investments including an accounting, corporate governance documents, or meeting minutes from  
28 Sunrise Property Investments.

1           -       Exhibit 8: Stock certificate 4 issued by Super 5 Consulting, LLC on November 8,  
2 2017 to Salam Razuki evidencing a 27% interest in Super 5 Consulting Group, LLC. Razuki has  
3 submitted **no other evidentiary support** for his ownership in Super 5 Consulting Group, LLC  
4 including an accounting, corporate governance documents, or meeting minutes from Sunrise  
5 Property Investments.

6           -       Exhibit 9: Deed of Trust and Assignment of Rents recorded December 3, 2015 by  
7 Trustor (and non-party) American Lending and Holdings, LLC and Razuki Investments (a non-  
8 party) as the beneficiary to secure a \$700,000 debt. This document supports Malan's position that  
9 this business venture is far bigger and more complex than Razuki plead in the Complaint and is  
10 not persuasive as to Razuki's position. Razuki did not provide evidence that Razuki Investments  
11 loaned American Lending and Holdings \$700,000 or the current accounting for this Deed of  
12 Trust.

13           -       Exhibit 10: First Deed of Trust With Assignment Of Rents recorded May 15,  
14 2017. This Deed of Trust supports Malan's position in that it shows that San Diego United  
15 Holdings Group is the borrower for 8861 Suite B and 8863 Suite E Balboa. Specifically, the first  
16 paragraph obligates certain borrowers as follows:

17                   o       San Diego United Holdings Group is obligated as to parcels 3 and 4.

18                   o       Parcels 3 is 8863 Balboa Suite E and parcel 4 is 8861 Suite B Balboa.

19                   o       Non-party Malan entity American Lending and Holdings is obligated as to  
20 parcel 1. Parcel 1 is 1341 Loch Lomond Dr., Cardiff By The Sea, California.

21                   o       Non-party Razuki Investments is obligated as to parcel 2. Parcel 2 is  
22 14515 Arroyo Hondo, San Diego.

23           Exhibit 10 supports Malan's position that San Diego United Holdings Group owns 8861  
24 Balboa Suite B and 8863 Balboa Suite E, not Razuki Investments. To the extent it is open to a  
25 different interpretation, it shows **equal** obligation for the Malan entities and the Razuki entity.  
26 Thus, if loans equate to ownership, Malan and Razuki are, at a minimum, equal.

27           -       Exhibit 11: Substitution of Trustee and Deed of Reconveyance recorded May 15,  
28 2017 that shows Razuki Investments reconveyed a Deed of Trust recorded on the Balboa



1 Properties in March 2017. Defendants do not understand how or why this document somehow  
2 supports Razuki's claims.

3 - Exhibit 12: Escrow Trust Receipt which shows Razuki Investments wired  
4 \$200,000 to Allison-McCloskey Escrow Company for the account of 8859 Balboa Avenue Suites  
5 A-E. Mr. Malan's declaration provides evidence that Razuki has no obligation on the 8859  
6 Balboa Avenue loan as a borrower, he has submitted no other evidence demonstrating he has  
7 contributed to any debt service payments, insurance, or CUP costs. Mr. Malan has submitted  
8 significant evidentiary support that he has paid for everything related to 8859 Balboa Suites A-E.

9 - Exhibit 13: Shows the \$200,000 wire.

10 - Exhibit 14: is a loan guaranty agreement between Salam Razuki and non-party  
11 Haith Razuki and non-party Joseph Banos related a loan for \$750,000 to a non-party named  
12 Lemon Grove Plaza. Defendants do not understand how or why this document somehow  
13 supports Razuki's claims as a personal guaranty does not show evidence of ownership or  
14 financial contribution. He also failed to show evidence of funding.

15 - Exhibit 15: is a personal guarantee whereby Salam Razuki **and Ninus Malan** both  
16 personally guaranteed the **San Diego United Holdings Group** loan of \$1,088,000. To the extent  
17 this document somehow evidences Razuki's contribution to the purported partnership, it is greater  
18 evidence of Ninus Malan's contribution. Razuki has not demonstrated any financial contribution  
19 to either the Balboa Dispensary or Balboa Manufacturing. Mr. Malan has submitted numerous  
20 exhibits including checks making mortgage payments, insurance payments, CUP costs as well as  
21 additional loans used toward the business venture, and HOA Settlement costs.

22 - Exhibit 16: is an Estimated Buyers/Borrowers Closing Statement for Mira Este  
23 Properties, LLC. Razuki uses this Exhibit to show contribution toward the purchase of Mira Este.  
24 Mr. Malan's declaration filed in support of the September 7, 2018 hearing at paragraph 24  
25 explains how Razuki did not make this contribution. Non-party American Lending and Holdings  
26 and Ninus Malan loaned this money to Razuki. Razuki has shown no other evidentiary support  
27 that he made any financial contributions to Mira Este.

28 ///

1 - Exhibit 17: Purchase Agreement for Roselle Street. Obviously Razuki did not  
2 purchase Roselle and Mr. Malan has submitted evidence in his September 7, 2018 declaration  
3 discussing Roselle. Razuki has submitted no other evidentiary support for Roselle including  
4 proof of debt service payments, insurance, taxes, or any payments toward upkeep. This exhibit  
5 also shows that Ninus Malan was the agent working under Big Block Realty. This exhibit  
6 supports Ninus Malan's claims that his commissions were applied on his behalf toward Mira Este.

7 These exhibits constitute the sum total of Razuki's evidence that he paid millions of  
8 dollars toward the ventures. Razuki's lack of evidentiary support for his purported contributions  
9 is stunning. Razuki has come to court claiming entitlement to assets where he fails to  
10 demonstrate reliable evidence of ownership. Mr. Malan has submitted ample evidence that rebuts  
11 Razuki's claims. Mr. Malan's evidence is clearly identified and discussed in his declaration and  
12 includes the following proof:

13 - Checks showing San Diego United Holdings Group and Mr. Malan personally  
14 paid the mortgage payments, insurance payments, settlement payments, CUP costs, consulting  
15 costs and HOA settlement costs for 8863 Suite E, 8861 Suite B, and 8859 Suites A-E;

16 - Closing statements and other evidence showing contributions to the much larger  
17 business venture with Razuki;

18 - Court documents and other letters that impeach Razuki and question his veracity;

19 - Documents that show Ninus Malan contributed toward the purchase and upkeep of  
20 Mira Este and Roselle.

21 Razuki has the burden of proof and the burden of production. He has not met his burden of  
22 proof to show his millions of dollars of investments. Razuki it seems is using loans and personal  
23 guarantees to somehow show he is entitled to his claimed interest. By Razuki's logic, Ninus  
24 Malan is entitled to the same, if not more, because he has assumed the same personal guarantees  
25 and the Malan Entities have assumed the sole burden as the borrowers. The Malan Cross-  
26 complaint, which is verified, contains significantly more detail and the much larger real estate  
27 picture. Ultimately, Malan and Razuki parted ways, which the evidence supports. Razuki only  
28 reappeared when he saw an opportunity with SoCal to take more than what he is entitled.

1 Because the facts are hotly contested and Razuki has not met his burden, the preliminary  
2 injunction should be denied.

3 **II. RAZUKI'S TESTIMONY IS INHERENTLY UNRELIABLE AS EVIDENCED BY**  
4 **NUMEROUS CONTRARY POSITIONS TAKEN IN DIFFERENT LITIGATION**

5 **A. The D'Kiel Debacle Leaves Razuki Entities Indebted To Non-Party Malan**  
6 **Entity American Lending and Holdings**

7 Documents submitted in the declaration of Tamara Leetham and the declaration of Salam  
8 Razuki show Razuki controlled entity owes Malan controlled entity \$675,000.

9 On July 1, 2016, non-party Malan entity American Lending and Holdings sued various  
10 individuals related to a real estate transaction. (See Leetham Decl. Ex. E.) Douglas Jaffe  
11 represented American Lending and Holdings.

12 On July 14, 2016, Mr. Jaffe filed an Amendment to the Complaint and added a company  
13 named D'Kiel Group, LLC. (See Leetham Decl. Ex. F.)

14 On December 12, 2016, Douglas Jaffe filed a lawsuit for San Diego Private Investments  
15 against D'Kiel and Allison McCloskey Escrow Company (among others). (See Leetham Decl.  
16 Ex. H.) San Diego Private Investments is owned by Salam Razuki. (See Leetham Decl. Ex. G.)

17 On January 12, 2017, D'Kiel stipulated to an entry of judgment in the American Lending  
18 and Holdings lawsuit in the amount of \$675,000 related to a real property interest American  
19 Lending and Holdings continued to have in real property located on Newton Avenue and  
20 Bramblewood Court. (See Leetham Decl. Ex. K.) Ninus Malan signed on behalf of American  
21 Lending and Holdings and Salam Razuki signed on behalf of D'Kiel. Doug Jaffe was  
22 representing American Lending and Holdings. Curiously, it appears that Salam Razuki used San  
23 Diego Private Investments to sue D'Kiel, both companies he owns.

24 D'Kiel, Razuki's entity, has not paid the \$675,000 judgment owed to American Lending  
25 and Holdings and this outstanding debt is another factor in why Malan and Razuki terminated  
26 their business relationship and works as a credit toward Malan's contribution to the business  
27 venture.

28 ///

1           **B. Salam Razuki Made Evidentiary Admissions That He Has Not Ownership In**  
2           **The Balboa Dispensary**

3           The Balboa Dispensary has been involved in numerous lawsuits in the last year to include  
4 a lawsuit filed by the commercial business association to stop the Balboa Dispensary from  
5 opening, case number 37-2017-00019384-CU-CO-CTL, styled as *Montgomery Field Business*  
6 *Condominiums Association v. Balboa Ave Cooperative et al.* In prior briefing, defendants San  
7 Diego United Holdings Group, Balboa Ave Cooperative, and Ninus Malan submitted a copy of  
8 the HOA Settlement Agreement which creates significant obligations in order to maintain a use  
9 variance to operate within the commercial HOA. A copy of the HOA settlement agreement can  
10 be found as Exhibit E to Ninus Malan’s declaration filed in support of the July 31, 2018 hearing  
11 and in the declaration of HOA board chairman Daniel Burakowski as exhibit A also filed in  
12 support of the July 31, 2018 hearing. As a side note, Salam Razuki has not made a single  
13 monetary contribution toward the terms of the HOA Settlement Agreement. Either Malan or San  
14 Diego United Holdings Group have made all HOA Settlement payments. Salam Razuki  
15 submitted a declaration in support of a preliminary injunction opposition where he states under  
16 penalty of perjury that he is the “former” owner of 8863 Balboa Ave Unit E and a “former” HOA  
17 member. (See Leetham Decl. Ex. Q.)

18           Ninus Malan was a plaintiff in a real estate case filed in 2016, case number 37-2016-  
19 00006980, styled as *Malan v. Sybrandy et al.* Doug Jaffe represented Ninus Malan. Through the  
20 course of this litigation, Salam Razuki was deposed. On March 26, 2018, well after the purported  
21 settlement agreement was signed, Razuki was deposed in a volume II by attorneys Duane L.  
22 Bartsch (for defendant Keller Williams La Jolla and Gary Kent) and Robert Muir (for defendants  
23 Hank Sybrandy and Solymar Real Estate). Razuki was represented by Doug Jaffe. Razuki made  
24 numerous evidentiary admissions demonstrating that any agreement between Malan and Razuki  
25 was terminated. Leetham Declaration Exhibit R contains these admissions. For example, on  
26 page 44, line 25 “You are engaged in a (continued to page 345 line 1) marijuana dispensary with  
27 Ninus Malan; is that correct?” Razuki responds “[t]his is incorrect, took ,when you say engaged  
28 with marijuana business.” Page 345, line 9, “[w]ell, you are currently involved in a lawsuit in

1 San Diego County with a Bradford Harcourt who is suing both you and Ninus Malan for a –  
2 Bradford Harcourt claims you took over his marijuana dispensary without paying him. So are  
3 you involved in that lawsuit with Ninus Malan?” Razuki responds at line 18 “[y]es, I – I hope, if  
4 you can be very clear on the question and tell me exactly what you mean by that, yes, I had – I  
5 have a lawsuit right now pending and with these people. I purchase a property from them. I think  
6 Ninus, he is the person that I sell him that property. **But I say engaged with business with Mr.  
7 Malan? That’s incorrect, sir.**” After some back and forth, on page 355, lines 14 and 15, Razuki  
8 states he has nothing to do with San Diego United Holdings Group, LLC and reiterates this again  
9 on page 357, line 15. Razuki confirms his position on pages 357-359. By Razuki’s own account  
10 less than 6 months ago, he had no interest in San Diego United Holdings Group or the CUP.

11 **III. SOCAL CAUSED BALBOA’S FINANCIAL PROBLEMS AND THE**  
12 **RECEIVERSHIP HAS COMPOUNDED IT**

13 As a threshold issue, if Razuki’s theory of liability is accurate and non-party RM Property  
14 Holdings is the member of San Diego United Holdings Group, then RM Property Holdings, and  
15 its two members Malan and Razuki, should want the marijuana dispensaries to thrive. Razuki  
16 should not care who is running the businesses provided they are being managed in compliance  
17 with the HOA Settlement Agreement, local law, and state law. Razuki should care if the business  
18 operators are losing money and putting the local and state licenses in jeopardy. SoCal is doing  
19 just that and yet Razuki has aligned himself with the party that has virtually destroyed the Balboa  
20 Dispensary and Mira Este.

21 Most recently, Defendants learned that during SoCal’s tenure, it incurred an approximate  
22 \$173,000 tax liability at the state level. (See Leetham Decl. Ex. A.) SoCal, with John Yaeger’s  
23 guidance, was obligated to plan for and pay this tax liability. SoCal left the dispensary with no  
24 resources and the Balboa Dispensary must determine how to meet this obligation. In addition, the  
25 numbers John Yaeger provided the City for the MGO Audit show a \$100,000 discrepancy. (See  
26 Austin Decl.) Not only did SoCal jeopardize the CUP by failing to comply with the HOA  
27 Settlement Agreement, by violating CUP conditions, and by creating inventory discrepancies  
28 significant enough to report to the state, SoCal also showed repeated preferential payments to

1 insiders (like Chris Patel and his consulting company) and also paid the Balboa Minimum  
2 Guarantee payment from dispensary revenues rather than from its own resources. SoCal's  
3 financial malfeasance was exacerbated by the receiver's hands off approach to the dispensary  
4 between July 17 and July 31 and his decision to spend almost all the money on insider payments  
5 without investigation as to the propriety of the payments. The receiver has stated on more than  
6 one occasion that he simply paid the bills they told him to pay. For reasons still unknown to  
7 Defendants, the receiver chose not to make a \$40,000 partial tax payment on the outstanding  
8 \$173,000 tax debt. He also has not authorized payments to Bartell and Associates for consulting  
9 fees or Techne for CUP Costs even though these services were critical toward acquiring the  
10 Balboa Manufacturing CUP and working with the City on the Balboa Dispensary CUP.

11 The receiver has clearly indicated he usually sells businesses. This is problematic for  
12 numerous reasons. The receiver does not want to run the businesses. Defendants spend more  
13 time and money educating him and he bills out at \$250 an hour. The receiver will make  
14 commission on any sale and there are 7 properties that can be sold: 8859 Suites A-E (5 units),  
15 8861 Balboa Suite B, 8863 Balboa Suite E, and Mira Este. There is NO REASON to sell these  
16 businesses. If they are sold, the HOA will also revoke the use variance.

17 In addition, these businesses cannot support the receiver's full-time work efforts. The  
18 receiver is billing full-time hours and taking money that should be used to grow the business  
19 through marketing efforts, delivery services, and also paying its employees and consultants. The  
20 receiver has stated that he will not pay Mr. Malan. The receiver has also shown a preference for  
21 SoCal and its agents including John Yaeger and Aaron Lachant. After the court ordered him not  
22 to use Yaeger and to use Ms. Austin, the receiver indicated his intent to use and pay Yaeger and  
23 Lachant. The business cannot support this additional cost; it only benefits the receiver and the  
24 agents whom he engages.

25 The receiver has also stated he wants to change terms in the Far West Management  
26 contract. Both Hakim and Malan have presented evidence that businesses do not want to work  
27 with the receiver, or a receiver. The receivership is preventing Mira Este and Balboa  
28 Manufacturing from entering into contracts with operators that can generate revenues. If there is

1 no operator, there is no business, and no one benefits. It is plausible that Far West Management  
2 will also terminate the agreement if the receiver stays in place as it has proven extremely  
3 cumbersome to deal with the day to day intricacies of these operations and the receiver's lack of  
4 knowledge related to cannabis. To put it bluntly, the only people benefiting from the receivership  
5 is the receiver and SoCal (including SoCal attorney Aaron Lachant and John Yaeger). If the  
6 receivership continues, and there is no reason for a receivership, in all probability these  
7 businesses will fail. If Razuki is genuinely here to preserve his interest in what he claims he is  
8 entitled to, he will understand that the receivership cannot be supported and should be vacated.

9 As the Court can see from all of the receipts, checks, and papers, Mr. Malan does this as  
10 his full-time job. He cannot go uncompensated. However, the receiver is taking any of these  
11 excess funds when it is unnecessary. The Balboa Dispensary has a capable operator and  
12 accountant. Mr. Malan has shown himself capable of navigating the intricate and bureaucratic  
13 process related to cannabis operations and can continue to manage these relationships on behalf  
14 of Defendants. To the extent Mr. Razuki wants financial information, an accounting remedy can  
15 be crafted such that Razuki has financial information. Defendants have presented Far West  
16 Managements accounting as an exhibit. SoCal never provided information like this. Far West  
17 Management will continue to provide this information. Defendants would also request the same  
18 information from Sunrise, from an independent accountant, as those funds are also at issue.

19 **IV. APPOINTMENT OF A RECEIVER IS INAPPROPRIATE**

20 As Defendants have previously argued, there is irreparable harm to them if the receiver is  
21 allowed to remain. The receivers continued presence and the extreme financial drain has caused  
22 and will cause exacerbates the precarious position SoCal left these businesses in. When viewed  
23 in light of Razuki's inability to show success on the merits, the greater harm to Defendants,  
24 SoCal's malfeasance, and the inappropriateness of the receiver, the receivership should be  
25 vacated. A receiver, and this receiver, will destroy theses businesses which defeats the entire  
26 purpose of this litigation. In the event the Court continues to contemplate a receiver, Defendants  
27 strenuously object to Mr. Essary's participation in these proceedings and would ask the Court  
28 make a different appointment.

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


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

VI. CONCLUSION

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

Dated: September 4, 2018

AUSTIN LEGAL GROUP, APC



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