

CASE NO. DO75028

CASE #: DO75028

**IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA
FOURTH APPELLATE DISTRICT, DIVISION 1**

SALAM RAZUKI, an individual,
Plaintiff and Respondent,

v.

NINUS MALAN; MONARCH MANAGEMENT CONSULTING, INC.;
SAN DIEGO UNITED HOLDINGS GROUP, LLC; FLIP
MANAGEMENT, LLC; 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,
Defendants and Appellants.

CHRIS HAKIM; MIRA ESTE PROPERTIES LLC; ROSELLE
PROPERTIES, LLC
Defendants and Cross-Appellants.

On Appeal from the Superior Court, County of San Diego,
Honorable Eddie C. Sturgeon, Department C-67; Tel. 619-450-7067
San Diego Superior Court Case No. 37-2018-00034229-CU-BC-CTL

**CROSS-APPELLANTS' MOTION TO AUGMENT RECORD ON
APPEAL; MEMORANDUM OF POINTS AND AUTHORITIES;
DECLARATION OF CHARLES F. GORIA; [PROPOSED] ORDER**

Charles F. Goria, Esq. (SBN68944)
GORIA, WEBER & JARVIS
1011 Camino del Rio South, Ste.210
San Diego, CA 92108
Tel.: (619) 692 3555
Fax: (619) 296 5508
Attorneys for Defendants and Cross
Appellants CHRIS HAKIM, MIRA
ESTE PROPERTIES, LLC and
ROSELLE PROPERTIES LLC

TABLE OF CONTENTS

MEMORANDUM OF POINTS AND AUTHORITIES..... 6

I. THERE IS GOOD CAUSE TO AUGMENT THE RECORD ON APPEAL TO INCLUDE THE REPORTER’S TRANSCRIPTS OF RELEVANT HEARINGS THAT OCCURRED AFTER THE TIME OF FILING OF NOTICE OF DESIGNATION OF RECORD ON APPEAL 6

DECLARATION OF CHARLES F. GORIA..... 8

EXHIBIT A – Reporter’s Transcript of Hearing on
December 14, 2018.....Pages.0001-0104

EXHIBIT B- Reporter’s Transcript of Hearing on
March 15, 2019.....Pages 0105-0235

EXHIBIT C-Reporter’s Transcript of Hearing on
May 31, 2019.....Pages 0236-0352

ORDER Re: AUGMENTATION

DECLARATION OF SERVICE

TABLE OF AUTHORITIES

STATUTES

California Rules of Court, Rule 8.130 5, 6

California Rules of Court, Rule 8.155 5

Cross-Appellants Chris Hakim (“Hakim”), Mira Este Properties, LLC (“MEP”) and Roselle Properties LLC (“Roselle”), (collectively, “Cross-Appellants”) hereby apply to the Court pursuant to Rules 8.155 of the *California Rules of Court*, for an order augmenting the record on appeal to include the Reporter’s Transcripts of trial court hearings on December 14, 2018, March 15, 2019, and May 31, 2019 attached to this motion as Exhibits A, B, and C, respectively. Each of said hearings concerned ex parte applications of Cross-Appellants to remove the receiver from the Mira Este Facility located at 9212 Mira Este Court, San Diego, California. Each of said hearings occurred after Cross-Appellants had filed their Notice Designating Record on Appeal.

This application is based upon the attached memorandum of points and authorities and declaration of Charles F. Gorla, the proposed order and such other matters as this court may properly

consider in connection with the matters set forth herein.

GORIA, WEBER & JARVIS

Dated: June 24, 2019

By: s/Charles F. Goria

Charles F. Goria
Attorneys for
Defendants and Cross-
Appellants CHRIS HAKIM,
MIRA ESTE PROPERTIES,
LLC, and ROSELLE
PROPERTIES LLC

**MEMORANDUM OF POINTS AND
AUTHORITIES**

**I. THERE IS GOOD CAUSE TO AUGMENT
THE RECORD ON APPEAL TO INCLUDE
THE REPORTER'S TRANSCRIPTS OF
RELEVANT HEARINGS THAT
OCCURRED AFTER THE TIME OF
FILING OF NOTICE OF DESIGNATION
OF RECORD ON APPEAL.**

California Rules of Court, Rule 8.155 provides in pertinent part:

“(1) At any time, on motion of a party or its own motion, the reviewing court may order the record augmented to include:
(A) Any document filed or lodged in the case in superior court; or
(B) A certified transcript--or agreed or settled statement--of oral proceedings not designated under rule 8.130. Unless the court orders otherwise, the appellant is responsible for the cost of any additional transcript the court may order under this subdivision.”

In the present case, the trial court granted the application of plaintiff and respondent Salam Razuki for the appointment of a receiver on or about September 26, 2018. The cross-appeal was timely filed on or about November 2, 2018, and the Notice of Designation of Record under rule 8.130, including reporter's transcripts, was filed on or about December 4, 2018. Thereafter, relevant oral proceedings concerning the removal of the receiver occurred on December 14, 2018, March 15, 2019, and May 31, 2019. Since these proceedings had not occurred at the time of the filing of the Notice of Designation

of Record under rule 8.130, they could not be included in said Notice.

Based upon the good cause shown as well as the prejudice that Cross-Appellants will suffer should relief not be granted, this court is respectfully requested to augment the record to include these transcripts.

GORIA, WEBER & JARVIS

Dated: June 24, 2019

By: s/ Charles F. Gorla
Charles F. Gorla
Attorneys for
Defendants/Cross-
Appellants CHRIS HAKIM,
MIRA ESTE PROPERTIES,
LLC, and ROSELLE
PROPERTIES LLC

DECLARATION OF CHARLES F. GORIA

1. I am an attorney licensed to practice law in California and am a partner in the law firm of Gorla, Weber & Jarvis, attorneys for Cross-Appellants. I am responsible for briefing on behalf of Cross-Appellants and I prepared the designation of record on appeal. This declaration is submitted in support of Cross-Appellants' Motion to Augment the Record on Appeal.

2. The underlying appeal arises from the trial court's order granting the application of plaintiff and respondent Salam Razuki for the appointment of a receiver. The original order was rendered on or about September 26, 2018. The cross-appeal was timely filed on or about November 2, 2018, and the Notice of Designation of Record under rule 8.130, including reporter's transcripts, was filed on or about December 4, 2018.

3. Thereafter, relevant oral proceedings concerning the removal of the receiver occurred on December 14, 2018, March 15, 2019, and May 31, 2019. Since these proceedings had not occurred at the time of the filing of the Notice of Designation of Record under rule 8.130, they could not be included in said Notice.

4. The transcripts of the hearings on December 14, 2018, March 15, 2019, and May 31, 2019 are attached to this motion as Exhibits A, B, and C, respectively.

5. Since the oral proceedings occurring after the

Notice of Designation of Record was filed on December 4, 2018 and concerning the applications of Cross-Appellants to remove the receiver are relevant matters in this appeal, this court is respectfully requested to grant the concurrently submitted proposed order augmenting the record to include the subject oral proceedings.

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

Executed this 24th day of June 2019, at San Diego, California.

s/ Charles F. Gorla
Charles F. Gorla

EXHIBIT – A

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

December 14, 2018

2:16 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.
7 2221 Camino Del Rio South, Suite 207
8 San Diego, California 92108
9 619.444.2244
10 steve@elialaw.com
11 mg@mauragriffinlaw.com
12 james@elialaw.com

13 For Plaintiffs in Intervention SoCal Building
14 Ventures, LLC, and San Diego Building Ventures,
15 LLC:

16 SHELLEY A. CARDER, ATTORNEY AT LAW
17 SHELLEY A. CARDER, ESQ.
18 (Specially appearing)
19 13055 Walking Path Place
20 San Diego, California 92130
21 858.692.3786
22 shelley.carder@gmail.com

23 For Defendant Ninus Malan, San Diego United
24 Holdings Group, California Cannabis Group,
25 Balboa Avenue Cooperative, Devilish Delights,
26 and Flip Management, LLC:

27 AUSTIN LEGAL GROUP
28 GINA M. AUSTIN, ESQ.
TAMARA M. LEETHAM, ESQ.
3990 Old Town Avenue, Suite A-112
San Diego, California 92110
619.924.9600
gaustin@austinlegalgroup.com
tamara@austinlegalgroup.com

For Defendant Ninus Malan:

GALUPPO & BLAKE
LOUIS A. GALUPPO, ESQ.
DANIEL T. WATTS, ESQ.
2792 Gateway Road, Suite 102
Carlsbad, California 92009
760.431.4575
dwatts@galuppolaw.com
lgaluppo@galuppolaw.com

27
28

1 APPEARANCES (Continued):

2

3 For Defendants Chris Hakim, Mira Este
4 Properties, Roselle Properties, and Monarch
Management Consulting, Inc.:

5 GORIA, WEBER & JARVIS
6 CHARLES F. GORIA, ESQ.
7 1011 Camino Del Rio South, Suite 210
8 San Diego, California 92108
9 619.692.3555
10 chasgoria@gmail.com

8

9 For Sunrise Property Investments, LLC:

10 LAW OFFICE OF DOUGLAS JAFFE
11 DOUGLAS JAFFE, ESQ.
12 501 West Broadway, Suite 800
13 San Diego, California 92101
14 619.400.4945
15 douglasjaffe@aol.com

12

13 For Receiver, Michael Essary:

14 GRISWOLD LAW
15 RICHARDSON C. GRISWOLD, ESQ.
16 444 S. Cedros Avenue, Suite 250
17 Solana Beach, California 92075
18 858.481.1300
19 rgriswold@griswoldlawsandiego.com

17

20 For Far West Management, LLC; Adam Knopf;
21 Heidi Rising; Alexis Bridgewater; and Matthew
22 Freeman:

19

20 DART LAW
21 MATTHEW B. DART, ESQ.
22 12526 High Bluff Drive, Suite 300
23 San Diego, California 92130
24 858.792.3616
25 matt@dartlawfirm.com

20

21

22

23 Also present: Michael Essary
24 Matt Mahoney
25 Kyle Yaeger
26 Joe Salas
27 Ninus Malan
28 Brian Brinig
Michael Hickman
Salam Razuki
Chris Hakim

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

SAN DIEGO, CALIFORNIA;

FRIDAY, DECEMBER 14, 2018; 2:16 P.M.

THE COURT: All right. Let's get everybody up. Let's go. All right. We'll start and -- just start going right across. So this is Razuki vs. Malan. May I have appearances.

MR. BRINIG: Brian Brinig, Court's forensic accountant.

MR. JOSEPH: James Joseph on behalf of the plaintiff, Salam Razuki.

MS. GRIFFIN: Maura Griffin on behalf of the plaintiff, Salam Razuki, who is present in the courtroom today.

MR. ELIA: Steven Elia on behalf of Mr. Razuki, who's present, and also Mrs. Razuki is also present as well.

THE COURT: Thank you.

MR. WATTS: Daniel Watts on behalf of defendant Ninus Malan and cross-complaint American Lending and Holdings, and Mr. Malan is in the courtroom today as well.

THE COURT: Thank you.

MR. GORIA: Charles Goria on behalf of Chris Hakim, Roselle Properties, and Mira Este Properties, LLC. And Mr. Hakim is also here.

MS. LEETHAM: Tamara Leetham for San Diego United Holdings Group, Flip Management, Roselle

1 Properties -- oh, wait. That's Chuck. I'm sorry.
2 That's Chuck. Balboa Ave. Cooperative, California
3 Cannabis Group, and Ninus Malan.

4 THE COURT: Devilish Delights?

5 MS. LEETHAM: Devilish Delights. Thank
6 you, Your Honor.

7 MS. AUSTIN: Gina Austin on behalf of the
8 same parties as Ms. Leetham.

9 MR. GALUPPO: Louis Galuppo, Galuppo &
10 Blake, on behalf of the same parties as Mr. Watts.

11 THE COURT: Is that everyone? Oh, back
12 row.

13 MR. JAFFE: Doug Jaffe on behalf of Sunrise
14 Properties and -- Property Investments, LLC.

15 MR. ESSARY: Michael Essary, receiver.

16 MR. GRISWOLD: Richardson Griswold for
17 receiver, Michael Essary.

18 MR. DART: Matthew Dart. Excuse me.

19 MS. CARDER: Shelley Carder specially
20 appearing on behalf of SoCal Building Ventures and
21 San Diego Building Ventures.

22 MR. DART: Matthew Dart specially appearing
23 for Far West and its individuals, Knopf, Rising,
24 Bridgewater, and Freeman.

25 MR. MAHONEY: And as before, Your Honor,
26 Matt Mahoney on behalf of nonparty Synergy. Just
27 here for any questions pertaining to Synergy.

28 THE COURT: Thank you. First of all,

1 welcome. Let's -- has everybody -- did everybody --
2 okay. There's a lot to go do, but we'll see how far
3 we're going to go today. It could be a short
4 hearing or it could be a long hearing.

5 The first thing I want to talk about is
6 jurisdiction. In looking on the appellate court
7 website, there's been an appeal filed by -- is it
8 Razuki? No?

9 MR. ELIA: No, Your Honor.

10 THE COURT: It's been filed by -- strike
11 that -- Avail.

12 Who's Avail? Are they even here?

13 MS. LEETHAM: Your Honor, Avail is the
14 case that --

15 THE COURT: Are you Avail?

16 MR. YAEGE: Yes. I'm counsel for Avail
17 Shipping. I don't really have any interest in this.

18 THE REPORTER: I need your name.

19 MR. YAEGE: Kyle Yaege for Avail Shipping.

20 THE COURT: What's the appellate issue?

21 MR. YAEGE: The appellate issue --
22 Mr. Jaffe would be better suited to address that.

23 THE COURT: Mr. Jaffe, what's the appellate
24 issue? Where is he?

25 MR. JAFFE: Your Honor, that's a case
26 that's not involved in this.

27 THE COURT: I just want to -- I saw Razuki.
28 I pulled up everything. Just tell me what it is.

1 MR. JAFFE: That appeal is of the
2 arbitration award and the landlord tenant case.

3 THE COURT: We can throw that one away.
4 Let's move in to the next appellate court issue, and
5 this was the one that has been filed by Malan;
6 San Diego United Holdings Group, LLC; Flip
7 Management, LLC; Balboa Avenue Corporation [sic];
8 California Cannabis Group; and Devilish Delights,
9 correct?

10 MS. LEETHAM: Yes, Your Honor.

11 THE COURT: Okay. First question, because
12 of that appeal, does this Court have any
13 jurisdiction to do anything today?

14 MR. WATTS: Yes, Your Honor.

15 THE COURT: Let's talk about that.

16 MR. WATTS: You -- the appeal removes from
17 your purview the power to modify the injunction that
18 is being appealed. That is to protect the appellate
19 court's jurisdiction. So you can't modify the
20 existing injunction, except to vacate it if it's
21 void. If you've entered a void order, the Court can
22 sua sponte vacate a void order at any time, because
23 a void order is as if it's never been entered in the
24 first place.

25 THE COURT: So under that analysis, Judge,
26 you can't do anything today with the -- with the
27 TRO, including -- strike that -- with the
28 appointment of the receiver today, correct --

1 MR. WATTS: No, Your Honor.

2 THE COURT: -- under your analysis?

3 MR. WATTS: No, Your Honor. You may
4 vacate --

5 THE COURT: Go ahead.

6 MR. WATTS: You may vacate the receivership
7 order because it's a void order.

8 THE COURT: I'm not going to do that.

9 MR. WATTS: We've also filed a motion, a
10 separate claim for relief. In case the Court does
11 not find the order vague, we're saying that we have
12 an independent right to have Sunrise and those
13 dispensaries put into receivership under Kevin
14 Singer, who is the independent, experienced cannabis
15 receiver that we've provided his application, his
16 CV, et cetera.

17 THE COURT: Would that be modifying the
18 receiver's order?

19 MR. WATTS: It would not. It would --
20 Sunrise is not part of the receivership. Goldn
21 Bloom is not part of the receivership. You wouldn't
22 have to touch Mr. Essary's receivership order to do
23 that. You would be appointing a receiver -- a new
24 receiver based on a separate --

25 THE COURT: So this is a new motion to
26 bring in a new receiver?

27 MR. WATTS: That's right, Your Honor. This
28 motion was originally -- it was a noticed motion.

1 It was, I believe -- well, we came in ex parte, and
2 then it was set for this hearing date. The Court
3 set the date in the briefing schedule.

4 MS. LEETHAM: Your Honor, if I can jump in
5 for a moment, the answer to your question is: No,
6 we don't think you can modify the preliminary
7 injunction order. I think we've talked about that
8 at higher hearings. We had come in and asked for
9 the appeal bond and --

10 THE COURT: We did that.

11 MS. LEETHAM: Right. And so the Court had
12 decided to set that and hear that today, so I think
13 that would be the position.

14 THE COURT: Position on this side of the
15 table?

16 MR. JOSEPH: Yes, Your Honor. You can
17 modify and do whatever you want with the
18 receivership until the bond is posted. And I
19 apologize. I do not remember the exact case that we
20 cited, but we did provide supplemental briefing to
21 the Court ahead of our November 16th hearing. That
22 case, the Court set a bond for \$80,000, and the
23 appellate never posted the bond.

24 Years -- months afterwards, the Court then
25 modified the receiver, gave the receiver power to
26 sell the property and everything. The Court of
27 Appeals said the Court -- the trial Court was
28 permitted to do whatever he wanted with the

1 receivership because the bond was never posted.
2 That security was never given to the respondent in
3 that situation, and the appellate court specifically
4 held that the Court was not divested of jurisdiction
5 until the bond is posted.

6 THE COURT: That could be a matter of two
7 days.

8 What's Mira Mesa [sic] -- what's your
9 position on this? Do you think I can modify it or
10 not, Mr. Gorla?

11 MR. GORLA: Your Honor, I break ranks with
12 Mr. Watts. I agree with Mr. Joseph, and I know the
13 case he's talking about. The name of it escapes me,
14 and that is the authority. So I think it's Erikson
15 (phonetic), but I think that that allows the Court
16 to modify the appointment of the receiver until the
17 bond is posted.

18 MR. WATTS: Your Honor, the requirement for
19 the bond --

20 THE COURT: Go ahead.

21 MR. WATTS: The requirement for the bond is
22 to stay enforcement of the receivership order.
23 Simply filing the appeal divests the Court of
24 jurisdiction over the matters encompassed by the
25 appeal. If this case had gone to trial and we were
26 talking about a judgment, that judgment would remain
27 enforceable until someone posted a bond.

28 However, as soon as someone files an

1 appeal, the trial Court is divested of jurisdiction
2 over that judgment and can't alter that judgment.
3 They can vacate it if it's void, but the enforcement
4 of it is not stayed until the bond is posted. It's
5 the difference between the enforcement of an
6 existing preliminary injunction or judgment, and
7 then altering it, which would divest -- it would
8 interfere with the appellate court's jurisdiction.

9 The issue is on appeal. And so if
10 Your Honor were to, say, narrow or enlarge this
11 receivership order, put additional things in there,
12 they would require subsequent appeals, infinite
13 appeals, every time the Court would modify it.
14 That's the point of the appellate court grabbing
15 jurisdiction from the trial Court, so that you don't
16 do things here that interfere with the appeal from
17 the judgment or order.

18 MS. LEETHAM: And I think the case law,
19 too, is predicated on --

20 MR. JOSEPH: Your Honor --

21 THE COURT: Shh, shh, shh.

22 Go ahead.

23 MS. LEETHAM: It's predicated on the Court
24 having set a bond amount. And as you recall, we
25 don't have a bond we can -- we can't call up the
26 bond company and say, "Give us an infinite amount of
27 money to post." So I think that's putting the cart
28 before the horse.

1 MR. WATTS: That's one of the reasons that
2 we were so insistent in previous hearings that the
3 Court set a bond immediately. And the case that we
4 had cited, Rundos vs. Superior Court, says upon
5 application, the Court has to set a bond amount, and
6 a peremptory writ issued in that case when the Court
7 didn't do it.

8 So they're correct that staying the
9 receivership order requires us to post a bond.
10 Staying it requires that, but it also requires the
11 Court to set the bond. So that's --

12 THE COURT: Understood. So what we're
13 going to do today, we're all going to set bonds.
14 That's exactly what we're going to do.

15 MR. JOSEPH: Your Honor, if I can briefly
16 respond?

17 THE COURT: For the record, of course.

18 MR. JOSEPH: Yes, just for the record.
19 Your Honor, filing an appellate bond has an
20 automatic stay when you're under the general rules
21 of 916 -- CCP 916; however, there's a specific carve
22 out for specific appeals, one of those being an
23 appeal for the appointment of a receivership. That
24 puts us into 917.5, which is a completely different
25 one. It actually states the bond must happen before
26 the Court is divested of jurisdiction.

27 THE COURT: Thank you. And I can take care
28 of that too.

1 So in doing my research, in knowing the
2 history of the case, I -- Number 1, I'm not going to
3 make any rulings on the bond -- not making any
4 rulings modifying the receiver today. We're going
5 to let the appellate court look at this.

6 An appeal has been filed. We're going to
7 set bond amounts. It's my understanding there are
8 two bond issues. One side of the table wants to
9 raise the injunctive bond -- I will say that.
10 That's Mr. Razuki's bond -- from 350,000 to 800,000.

11 Did I get that right?

12 MR. WATTS: Yes, Your Honor.

13 THE COURT: And then I'll hear argument on
14 that. Then we're going to find out the appellate
15 bond on Mr. Malan, Monarch, San Diego United
16 Holdings, correct?

17 MS. LEETHAM: Yes, Your Honor.

18 THE COURT: I'll answer my own question.
19 Correct. And then the other issue is the
20 nonprofits. Let me -- a lot of issues. Let's go
21 slow. The nonprofits are Balboa Avenue Corporation
22 [sic], Devilish Delights, California Cannabis --
23 what is it? Whatever. California Cannabis.

24 MS. LEETHAM: Your Honor, do you want me to
25 stand or sit or go to the podium?

26 THE COURT: Relax. No, no. Let me finish
27 my thoughts --

28 MS. LEETHAM: Okay.

1 THE COURT: -- because there's a lot of
2 issues here.

3 MS. LEETHAM: Yeah.

4 THE COURT: I'm going to set a bond for
5 everyone. Different amounts, I'll tell you that.
6 But here's the issue. Would counsel -- listen
7 carefully -- agree that the order I'm going to make
8 on the bonds that -- to enforce the -- not the stay,
9 but to enforce the vacating of my previous order for
10 the appointment of a receiver that all defendants
11 must post a bond, not just one?

12 Did everyone understand the Court's
13 question? And then I'll even go more specific if
14 you want.

15 MR. WATTS: I understood the question.

16 THE COURT: Good.

17 You understood it?

18 MR. JOSEPH: Yes, Your Honor.

19 THE COURT: Because I want to stipulate --
20 because here's the Court's concern. I'm going to
21 set some pretty high bonds. One wonders, though,
22 for the nonprofits, what -- if they're really
23 nonprofits, I may set a much lower bond.

24 And the issue then for the Court is, well,
25 what if one party says, I'm just going to give some
26 money to the nonprofit. Go post it, and I don't
27 have to post a million bucks.

28 Everybody understand the issue? Let's put

1 it right out on the table.

2 MR. JOSEPH: Yes.

3 THE COURT: So my first question is: Are
4 we going to have a stipulation, Judge, we're going
5 to let you do it, that, Judge, everybody must post a
6 bond to get a vacate of the order?

7 And if not, that's fine, we'll go through
8 and I'll start giving everybody one. Everybody
9 understand? I'll listen to argument on that issue.
10 Go.

11 MR. JOSEPH: To -- our position on that,
12 Your Honor -- I think our briefing papers and the
13 way that the parties have dealt with it is we've
14 always been treating Balboa as one sort of group of
15 people and then Mira Este as one sort of group.

16 And our specific requests requested a
17 \$9 million bond for the Balboa entities, which would
18 be San Diego United, Flip, Balboa Avenue
19 Cooperative, all of those entities that control that
20 business. And then for Mira Este, we have a
21 different bond amount for those entities.

22 So not to make it even more confusing,
23 Your Honor, but I don't know if we can do one
24 where -- for example, looking at Balboa, Balboa
25 Avenue Cooperative is a nonprofit. If you were to
26 set a low bond for them and the receiver is not
27 allowed to control Balboa Avenue Cooperative, but
28 for San Diego United Holdings and Flip, they have a

1 higher bond and that bond can't be posted, we have
2 that same problem we were having before where we
3 need these entities to work in concert with each
4 other. So it's either all of them -- the
5 receivership is stayed for all of them or it's
6 stayed for none of them.

7 THE COURT: So can I take by what you said,
8 Judge, we agree to stipulate that everybody must
9 file a bond before the stay or the vacation -- it's
10 not a stay -- the vacating of that order would go
11 into effect? Did I understand that right?

12 MR. JOSEPH: We would say it's not everyone
13 in terms of all defendants. It's just everyone at
14 Balboa and then everyone at Mira Este. They all
15 are -- they all have to be under the same bond for
16 all those entities. So --

17 THE COURT: Okay. You lost me on that, but
18 I'll come back.

19 MR. JOSEPH: If I can just -- a little bit
20 more. Essentially, treat them all as one entity.

21 MS. LEETHAM: You can't do it that way,
22 Your Honor, because they have different appellate
23 rights. So our argument has always been that
24 California -- California Cannabis is not mentioned
25 in a single cause of action in the complaint,
26 similar to Devilish Delights.

27 So the appeal rights are going to run
28 differently to different entities. So to lump them

1 in as one when they're not and for purposes of trial
2 and litigation they're going to be treated as
3 separate and distinct parties, you can't say they
4 all have to do the same thing.

5 And they have different financials and they
6 have different circumstances. So the Court would
7 need to set -- I understand what you're saying, and
8 I think the Court would need to set a bond for each
9 entity.

10 THE COURT: I think -- well, I was --
11 there's two ways to go, and I sense -- I need a
12 stipulation from everybody. I sense that's not
13 forthcoming, so I'm going to set a bond for each and
14 everybody.

15 But let's realize what this is limited to.
16 It is not trial. What I -- what the bond is going
17 to be set upon is if there were damages that a party
18 would sustain because of the reasoning of staying
19 the enforcement of the receiver -- of the receiver.
20 That's what we're talk -- we're not talking about
21 trial yet.

22 I appointed the receiver. If that's wrong
23 and the appellate court says that's wrong, there
24 could be damages for the -- that would be the
25 appellant. But if I am right, there would be
26 damages for the respondent. And I think we all
27 agree on that. That's the law, right? It is.

28 All right. So let's start working on the

1 bonds. Everybody agree?

2 MR. WATTS: That that's what we're going to
3 do? Yes.

4 THE COURT: Okay. Let's do them in --
5 first of all, do you want to do the injunctive bonds
6 first? That's to raise Razuki bond to 800-, right?

7 MR. WATTS: Sure.

8 THE COURT: It is. Sometimes I answer my
9 own question. I do that a lot. All right. Let's
10 do some work. Here we go.

11 It's on this side of the table.

12 MR. WATTS: Your Honor, they have made --
13 this receivership -- it is clear that the amount of
14 money that it's costing is costing the businesses
15 their livelihood. They can't stay open. They can't
16 buy product. The receivership is an unbearable
17 expense. The costs of it every month are
18 25 percent, roughly, of the revenues that are coming
19 in, and already we can see how much it's cost just
20 in attorney's fees alone.

21 We've come in here every other week because
22 of the receivership. All of these companies are
23 paying for that. So the damages already exceed the
24 \$350,000. Their firm has a motion to withdraw as
25 counsel because of the fees and the increased costs.
26 So the damages of having the receiver in there
27 are -- have already exceeded \$350,000.

28 The \$800,000 figure is what would -- if the

1 receivership were vacated immediately, that might be
2 enough to pay off some of the taxes and things.
3 Tammy can talk more about that.

4 MS. LEETHAM: Right. So what we're looking
5 at is the current liabilities that primarily
6 San Diego United Holdings Group is carrying, which
7 is going to be the state excise taxes and the
8 mortgages and the insurance and all of those things
9 that we haven't been able to pay that we attribute
10 to the receivership.

11 And so I don't know if the Court is aware
12 that the Montgomery Field attorney filed a motion to
13 revoke the use areas, and I got served with it today
14 and that's going to be heard in January. And that's
15 attributable to the fact there's no money to pay the
16 terms of that settlement agreement. So what we're
17 looking at is a complete loss of our business. And
18 the 800,000 does not compensate us for that, but it
19 gets at least a debt threshold.

20 Does that make sense?

21 MR. WATTS: And a couple of specific
22 numbers. The receiver filed an application. We --
23 I don't think we ever got a ruling on it, but he
24 wanted to take out a \$600,000 loan for immediate
25 expenses.

26 THE COURT: Uh-huh.

27 MR. WATTS: Six hundred thousand dollars.
28 I don't know if that also encompassed the hundred --

1 roughly \$175,000 in tax liabilities, and that was
2 SoCal's responsibility to pay earlier this year.
3 You just put those together and you're at 775-.

4 That's -- and the receiver will tell you
5 that these businesses need an immediate cash
6 infusion. We hope that you would vacate the
7 receivership today. And if it's void, then we can
8 make a claim on the bond.

9 THE COURT: It's up on appeal.

10 MR. WATTS: If -- but if you don't, then
11 we --

12 THE COURT: I can make that decision. I'm
13 not vacating it.

14 MR. WATTS: Understood, understood. It --
15 the bond needs to be increased. The damages are
16 increasing. I think that's clear from all the
17 figures.

18 THE COURT: And your suggestion is 800-?

19 MR. WATTS: It's my -- our suggestion was
20 to raise it by 800-, that he should post an
21 additional 800,000.

22 THE COURT: One point -- one point --
23 \$150,000?

24 MR. WATTS: Yeah.

25 MS. LEETHAM: But if I can tack onto that,
26 I think that's the bare minimum and --

27 THE COURT: Keep going.

28 MS. LEETHAM: What we're not taking into

1 account is the intangibles of the CUP, and
2 Ms. Austin has talked about it. And the plaintiff
3 in intervention and the plaintiff in their papers
4 have talked about this overriding value that those
5 properties have that is exclusively attributable to
6 the conditional use permit.

7 And so what our figures are talking about
8 are the hard costs, right? But they're not talking
9 about the intangibles. So 15, 16 million has been
10 thrown out there on this side, right? Five, 6
11 million, we have -- you know, we have an option that
12 SoCal wants for 3 million.

13 So, I mean, the Court can set it to
14 10 million, and I think it would capture what the
15 loss would be, to be quite honest with you. But,
16 you know, the bare minimum here would be at least
17 800,000 additional.

18 THE COURT: Okay.

19 MR. GORIA: Your Honor, may I -- before we
20 leave this side of the table, may I have a few words
21 on that?

22 THE COURT: And then, Counsel, who are you
23 again?

24 MR. GALUPPO: Lou Galuppo.

25 THE COURT: No, I know. You're --

26 MR. GALUPPO: I'm with Malan.

27 MR. WATTS: My boss also.

28 THE COURT: Thank you.

1 Go.

2 MR. GORIA: In terms of Mira Este, we have
3 presented a veritable avalanche of evidence that the
4 producers and manufacturers just won't go in. They
5 don't want to work under a receivership. So the
6 receivership is directly causing the loss of income
7 at Mira Este.

8 We're -- based on what SoCal was paying as
9 a minimum, they were paying a minimum of \$110,000
10 while they were there, while they were managing, as
11 against gross profits. So if you use the 110,000 as
12 to what the value of that Mira Este facility is if
13 it were operating at all on a -- on the basis that
14 it was designed to operate, they're losing 80,000 a
15 month.

16 They're only getting 30,000 in, because the
17 one and only producer that they were able to attract
18 was attracted during the brief interim when there
19 was no receiver. So we're losing -- and he's
20 still -- that producer is EdiPure and he's still
21 there, but -- and they're paying 30,000 a month, as
22 opposed to 110-, which is a very minimum amount --
23 minimum level of income that that facility should be
24 generating. So we think that we're losing 80,000 a
25 month in income just because of the existence of the
26 receivership.

27 And if I might just inquire briefly, we
28 filed an ex parte application to have the receiver

1 removed from Mira Este back on October 25th. Is --
2 do I understand the Court to say that that's not
3 going to be decided today?

4 THE COURT: Correct.

5 MR. GORIA: And is that in connection with
6 the appeal issue?

7 THE COURT: It is.

8 MR. GORIA: Okay. Well, again, as I
9 indicated earlier, I think that the Court does have
10 jurisdiction to rule on that. But if the Court's
11 decided not to, then it's not going to. So --

12 THE COURT: At least my understanding of
13 the law. Real quick, so what's your number are you
14 suggesting for Mr. Razuki?

15 MR. GORIA: Well, if the receiver is going
16 to stay in there for the balance of this
17 litigation --

18 THE COURT: We'll see what the appellate
19 court says.

20 MR. GORIA: A minimum of six months. I
21 mean, we're looking at an additional 500,000.
22 Six months, 80,000. An additional 500,000 on top of
23 Mr. Watts' suggested, so at least an increase of
24 1.3 million.

25 THE COURT: So total 1.3 million?

26 MR. GORIA: No. Total 1.67 --

27 MR. WATTS: Six five.

28 MR. GORIA: Yeah, six five.

1 THE COURT: Thank you.

2 Anyone else? I think we've covered that
3 side.

4 MR. JOSEPH: Your Honor, we've -- I don't
5 want to repeat what we had in our argument at the
6 last hearing.

7 THE COURT: Please don't.

8 MR. JOSEPH: But as we have stated before,
9 this is not an issue -- speaking of the receivership
10 on -- 350- is sufficient, because that's been
11 posted. The reason these businesses are failing is
12 not because of the receiver. It's because of
13 management.

14 Last year -- last -- two weeks ago --
15 sorry -- we provided you the examples of when SoCal
16 was in had \$133,000 more in sales at Balboa alone.
17 When SoCal was in at Mira Este, they were
18 guaranteeing that and getting that \$110,000 until
19 there was a contract dispute with these -- between
20 SoCal and the defendants on this side of the table.

21 The receiver inherited a loss of SoCal and
22 then all of these new managers coming in.
23 Mr. Essary has said that he does not believe that
24 their management is up to par of what it should be.
25 In fact, just as we mentioned at the last hearing,
26 the receiver was unaware of Balboa shutting its
27 doors until five hours before they did so. Even
28 though the fact that they apparently had been losing

1 business, they didn't tell him. Like, how can the
2 receiver operate these businesses?

3 Like, Your Honor, I know you've said that
4 you are not going to modify the receiver, but I do
5 need to ask what are we doing going forward? because
6 the order that we have that Mr. Essary is stuck with
7 requires using Far West, who has gone. It requires
8 using Synergy, which we're asking -- still is gone
9 and is one of the problems here. It requires using
10 Justus Henkes, which is another issue that
11 Mr. Essary has said is a problem.

12 And I don't understand. I'm hoping that we
13 can at least modify and at least get the discretion
14 to have a new management or we can -- or something
15 like that, but we have always stated from the very
16 beginning the receiver is not the reason for these
17 business failings.

18 In fact, the receivership costs -- he's
19 sending them a big bill every month, largely because
20 of the issues that we're having with the receiver,
21 who is not able to properly run these businesses,
22 because he's not -- Mr. Essary is not really acting
23 as a receiver. He's simply acting as a supervising
24 accountant.

25 He's not managing the business. He's not
26 telling -- he's not making business decisions for
27 the businesses or anything. He doesn't even have
28 the power to hire new managers to come in or, you

1 know, make those decisions. He is just simply there
2 saying, This invoice is good to go. This invoice is
3 good to go. This is what you can do with my
4 money -- sorry -- not "my money," but the business's
5 money. And with that, he is simply out of the loop.
6 He has no idea why these businesses are failing, as
7 we've seen with Balboa.

8 And going to Mira Este and what's happening
9 at Mira Este, well, Your Honor, EdiPure is in there
10 at \$30,000 a month. As we have seen, the Cream of
11 the Crop, the other tenant that is trying to come
12 in, they're currently working with the receiver. It
13 may not be the most profitable deal, because
14 apparently before the receiver, they were willing to
15 do 50- and now they're doing 30-.

16 I'm not aware of what's going on with the
17 negotiations. All I know is that there are finally
18 negotiations with the receiver for new tenants. And
19 at the last hearing, we learned that Synergy is
20 going to be producing out of this facility and, you
21 know, generating profit for the Mira Este facility.

22 So the question about -- the receiver is
23 not destroying these businesses. It is the
24 businesses that are destroying themselves because of
25 poor management. And this is why ever since
26 October 25th, when we filed ex parte, we have said
27 the receiver needs operational control, not just
28 supervisory control.

1 And there's no reason why Mr. Razuki should
2 have the punishment for their mismanagement. That
3 is essentially what they're doing. If he's required
4 to raise his bond from 350- to 800-, he's
5 essentially paying for their mismanagement and their
6 causing the businesses to fail.

7 In terms of -- again, in terms of expenses,
8 it's important to note the receiver might be sending
9 a bill, but Mr. Brinig, Mr. Griswold, the receiver's
10 counsel, and the receiver themselves are not getting
11 paid.

12 THE COURT: I know that.

13 MR. JOSEPH: All of these bills that they
14 keep talking about -- there's the HOA, the
15 mortgages -- all of these are not getting paid
16 because of their mismanagement. It is not because
17 the receiver is paying himself first and not paying
18 anyone else. No one is getting paid.

19 And the issue that we have also brought up,
20 Your Honor, is that we need the receiver there to
21 control what's going on with these businesses,
22 because we don't trust this management. There's
23 a lot of distrust between the parties here. We're
24 talking about a cash business in terms of how these
25 payments are getting made. It's a cash business.
26 We need supervision to make sure these businesses
27 are run properly.

28 For that reason, we don't believe the bond

1 should be 800-, because those damages should never
2 be attributed to Mr. Essary and the receiver
3 himself. The \$350,000 bond that you have already
4 imposed is sufficient to cover his costs and the
5 attorney's fees costs if it is deemed that, you
6 know, the appellate court deems the receivership is
7 inappropriate.

8 THE COURT: Anyone else on that side of the
9 table?

10 MR. ELIA: Briefly, Your Honor, if I may.
11 Your Honor, in terms of the -- why the receiver fees
12 are what they are, I would request that you ask
13 Mr. Essary, "Why are your fees why [sic] they are?"
14 And I think you'll learn it's because they have gone
15 out of their way to do everything they can to block
16 him out of the business so that there's no
17 oversight.

18 Now, I'm looking at your August 20th
19 transcript when -- where Your Honor stated, Do your
20 work and it better be uncumbered.

21 They have gone out of their way to make
22 sure that the receiver has no access to the
23 business, and the reason they're doing that is
24 because it's a cash business and they're lining
25 their pockets with the money.

26 MR. WATTS: Objection. Facts not in
27 evidence.

28 THE COURT: Sustained.

1 MS. LEETHAM: Your Honor, if I might --

2 THE COURT: No, no, no, no.

3 MS. LEETHAM: No?

4 THE COURT: Their side of the table.

5 MS. LEETHAM: Okay.

6 MR. ELIA: Your Honor, I also wanted to add
7 a couple more things. At the last hearing, SoCal
8 represented that they would insert another
9 \$1 million into the operations of Balboa.
10 Mr. Razuki said that he would take care of the
11 \$132,000 payment for the use variance with the HOA,
12 and he's still willing to do that.

13 And one thing I wanted to address about
14 Mira Este, counsel -- Mr. Gorla said that these
15 people don't want to work with the receiver. And
16 what was -- what I heard yesterday -- two weeks ago
17 at the November 30th hearing is Your Honor asked the
18 agent for Cream of the Crop, "Do you want to come
19 in?" And he said, "On the advice of counsel, I'm
20 not going to do it."

21 And that's very telling. And what they're
22 doing is their lawyers are telling them, "Don't work
23 for the receiver because we want the receiver out."
24 It's not that they don't want to work with them.
25 It's that they're telling -- their attorneys are
26 coaching them, telling them, "Don't do it because
27 we'll now get the receiver out so there's no
28 oversight."

1 MR. WATTS: Objection. Facts not in
2 evidence.

3 THE COURT: Sustained. Stricken from the
4 record.

5 All right. Anyone else? Thank you.

6 I may get to you, Mr. Brinig.

7 MR. BRINIG: It's okay if you don't,
8 Your Honor.

9 THE COURT: Let's talk about Malan now.
10 Let's talk about -- let's see how the arguments go
11 with Mr. Malan and what his should be, and we'll
12 start with Plaintiff.

13 MR. JOSEPH: Sorry, Your Honor. Just to
14 clarify, you're talking about the bond?

15 THE COURT: Now we're going to talk
16 about the -- correct. This would be the appellate
17 bond.

18 MR. JOSEPH: Your Honor, I think it's --
19 when we're talking about the appellate bond, I think
20 it's important that we realize we've got to shift
21 gears here. Most of the time we've been here, we're
22 talking about a receivership, which is irreparable
23 injury, likelihood of success, and whatnot.

24 The Court, by already ordering the
25 receiver, has found a likelihood of success in favor
26 of Mr. Razuki. And this is no longer an issue about
27 irreparable harm. It's a question of damages and
28 the order is stayed.

1 So therefore, the sort of mindset that the
2 Court should have when setting the bond is to
3 protect Mr. Razuki's interest, because the Court has
4 already found that there's a property interest that
5 should be protected. And we're not -- no longer
6 talking about irreparable damage. We're simply
7 talking about damages themselves.

8 Now, the Court has already mentioned we're
9 not talking about, you know, end-of-jury-verdict
10 damages. It's just the damages regarding when the
11 stay of an order is. Your Honor, we would argue,
12 though, that because of the evidence that we've
13 presented to the Court, there is evidence already
14 showing that we should be talking about trial
15 damages here.

16 What would happen if the receiver -- if
17 that entire order is gone? They -- Mr. Malan and
18 Mr. Hakim can sell these businesses. And we've
19 already provided evidence with the Far West
20 Management agreement. It was in part of the
21 declaration that we submitted with the opposition
22 papers.

23 The Far West Management agreement, which
24 was as soon as the receivership was initially
25 vacated -- when Judge Strauss vacated the
26 receivership, they got in -- Far West in. And in
27 that agreement, they already tried to say that they
28 will work out a long-term agreement that would allow

1 the manager to purchase an interest in the business.

2 There's already evidence that they want to
3 sell these businesses and get out of here. And if
4 they sell the businesses, now we're talking about
5 something that my client has an interest in. And he
6 was not -- he won't receive those proceeds until we
7 get three years after trial or something like that.
8 So yes, we are talking about the loss of the entire
9 business when we're talking about what would happen
10 if the receivership is stayed.

11 Other things that can happen: They can
12 lose the license. These businesses can --

13 THE COURT: What's a license now? I think
14 I know the number. What's a li -- what's the
15 marijuana license worth now?

16 MR. JOSEPH: Your Honor, in terms of -- I
17 admit I don't know the market, but I do know how
18 much it's valued at Balboa and Mira Este given the
19 SoCal management agreement.

20 THE COURT: How much is that?

21 MR. JOSEPH: According to the management
22 agreement, SoCal is going to purchase a 50 percent
23 interest in Balboa for \$3 million, meaning that the
24 entire facility -- that business is worth 6 million.
25 At Mira Este, the SoCal agreement said that they
26 were going to purchase a 50 percent interest for
27 \$5 million, meaning that's a \$10 million business
28 over there at Mira Este.

1 THE COURT: Who's SoCal?

2 MS. CARDER: I am, Your Honor.

3 THE COURT: Is that right?

4 MS. CARDER: And I cannot confirm or deny.
5 I apologize.

6 THE COURT: Good answer by an attorney.

7 MR. JOSEPH: Your Honor --

8 THE COURT: So 10 million, right --

9 MR. JOSEPH: Your Honor --

10 THE COURT: -- for Mira Este?

11 MR. JOSEPH: Ten million for Mira Este;
12 6 million for the 8861/8863, which is the dispensary
13 at Balboa. There is another facility at Balboa as
14 well, Your Honor, the 8859 facility. That's the
15 manufacturing facility at Balboa, the five units. I
16 would defer to the other side in -- regarding the
17 status of that licensing and what's going on with
18 that operation.

19 But given the fact that the dispensary is
20 worth \$6 million and there seems to be no issues
21 with that license, we would argue that the five
22 units at Balboa, which are separate facilities,
23 should also be valued at \$6 million, again, going
24 off the management agreements that SoCal, Mr. Ninus,
25 and Mr. -- Mr. Ninus Malan and Mr. Hakim entered
26 into.

27 Your Honor, we provided a copy of those
28 management agreements in the declaration that we

1 supplied with our opposition. It is page 10 of the
2 Balboa agreement, and it is page 10 of the Mira Este
3 agreement. That outlines the options that they were
4 willing to buy these businesses for.

5 So, Your Honor, in terms of -- if these
6 businesses lose their licenses, they're just
7 industrial buildings. There's no value to them.
8 The value is that there's a license here and that
9 they're producing and actually bringing in customers
10 or manufacturing marijuana product.

11 In terms of other things that could happen,
12 these businesses -- we could lose these businesses.
13 In fact, in court today -- we did not mention on the
14 record -- is Mr. Joe Salas. He is one of the
15 lenders who owns -- or not owns, but he owns the
16 note on the Balboa buildings, both the 8861, 8863,
17 the dispensary at Balboa, and he owns the note and
18 was lending on the manufacturing facility at Balboa,
19 88 -- 8859.

20 Those mortgages are in default right now.
21 And unless we have some other one -- some new
22 management that's able to bring these businesses up
23 and have them be profitable like they were in the
24 beginning part of this year when SoCal was there and
25 they were raking in \$288,000 a month in sales, these
26 businesses risk a foreclosure, which means, again,
27 the businesses are gone. The property is gone.

28 And this is not something that is a risk

1 that is going to happen three years down the line.
2 They're in default right now. And we -- without
3 further control, we have no idea when they're going
4 to finally be defaulted and take that property away.
5 And this is one of the other threats to the
6 businesses, which is why we need to start talking
7 about trial damages at this stage of the litigation.

8 Finally, Your Honor, the -- we are talking
9 about pure cash businesses. We have not been
10 bringing up the issue that it's a cash business
11 because when we're talking about a receiver, we need
12 to prove irreparable injury. Real property is the
13 issue here.

14 When we're talking about the damages here
15 when the receiver is not there, we have no
16 accounting over these businesses and they're pure
17 cash. Right now we've had some accounting on it
18 because Mr. Essary was able to bring in Mr. Brinig
19 and Ms. -- and Marilyn Weber, and we were able to
20 get these daily cash reports.

21 No more oversight, no more accountability,
22 no more accounting when the receiver is gone. We
23 have nobody there, and the defendants have pure
24 control over a pure cash business during the next
25 year, maybe two years, of litigation. There is no
26 way we're ever going to have an accurate accounting
27 without the receiver there, and that is damages that
28 the Court should consider.

1 And that is why, Your Honor -- I'm not
2 positive on what we said along -- in terms of the
3 bonds amounts themselves. But the way we calculated
4 our bond amount is for the Balboa facilities,
5 there's the dispensary and a manufacturing facility.
6 We're valuing both of those at \$6 million given the
7 management agreements.

8 By the way, it should be noted that
9 according to prior papers, when Defendants asked to
10 set the receivership out against Mr. Razuki, they
11 actually used these calculations, and they said
12 Mr. Razuki's receivership bond should be 16 million
13 because Balboa was 6 and Mira Este was 10. They
14 argued this on page 10 of Mr. Malan's papers. This
15 was a pleading submitted on September 4th.

16 And Mr. Hakim, his papers also argued
17 this -- I apologize, Your Honor. One moment -- on
18 page 13 of his pleadings that were submitted before,
19 when we initially set -- before the September 7th
20 hearing when we were setting the bond for the
21 receivership in the first place. They actually used
22 these same evaluations of the businesses.

23 The difference is that bond -- Mr. Razuki's
24 bond is talking about receivership damages. What
25 damages would Mr. Essary cause to the businesses if
26 he's there? Three fifty was appropriate given that
27 he is there to save the businesses.

28 Here we're talking about trial damages,

1 because with no order, they can sell them. There's
2 no oversight to make sure bad management cannot --
3 bad management will almost surely continue.
4 Bankruptcy is a possibility. The lack of -- no
5 accountability for a cash business. We're actually
6 talking about trial damages here.

7 So the way that we get to our numbers is we
8 take 6 plus 6 at Balboa, 75 percent of that, that
9 gets to a \$9 million bond for the Balboa facilities.
10 At Mira Este, because we have a 37.5 percent
11 interest in Mira Este, that gets to our
12 \$3.75 million bond.

13 THE COURT: So for Mr. Malan, the bond
14 should be 12,750,000, correct?

15 MR. JOSEPH: Your Honor, it's actually -- I
16 believe we said 9 million, because we acknowledge we
17 only have a 75 percent interest in those. I'm
18 sorry. Maybe I'm not understanding your math.

19 THE COURT: What's your total bond?

20 MR. JOSEPH: Total bond, I guess -- yes.
21 Yes, Your Honor, 12,000 -- 12,750,000. Yes. Sorry.

22 THE COURT: All right.

23 MR. JOSEPH: Your Honor, just to address
24 their arguments as well that they bring up, and I'll
25 start with the nonprofits. Case law is very, very
26 clear on this. The nonprofits are not eligible for
27 indigent person status.

28 The case that we cited is the Williams case

1 that directly on point says that we are holding that
2 they are not qualified for indigent person statuses
3 because they're a corporation. The Williams case
4 says this is analogous to federal court law on this
5 issue, and we are now making that law here. That is
6 a binding precedent for the Court.

7 And second, most importantly, they have not
8 made a showing of an inability to pay the bond.
9 Just because they don't make money on a daily basis
10 does not mean that they are poor. If that were the
11 case, Uber would be a poor company because they lose
12 \$20 million a day. That's a billion-dollar
13 corporation here. The question is: Do they have
14 the assets to put up for a bond? Can they secure a
15 loan? None of that work has ever been done.

16 And with respect to -- they claim that they
17 can't go ask for a bond beforehand and then -- you
18 know, they can't ask for a bond of infinity dollars
19 or anything. What they can do is they can go to a
20 bond company and say, "Here are our assets. Here's
21 our income. Here's all the business financials.
22 What's the highest bond you'll give me?"

23 In fact, Mr. Razuki did do that before the
24 September 7th hearing, which is when we were -- did
25 not know what the bond amount was, but we wanted to
26 make sure we could post it. And we did try and we
27 did get a bond company to give us, "This is the most
28 we will give you."

1 Nothing like that has been done by the
2 defendants, Your Honor. We have no idea what their
3 financials are, which is ironic given the
4 receivership and the accounting that's been done.
5 But they have never made that showing, and that is a
6 necessary element for that.

7 The declaration that they merely went out
8 and could not get a bond amount before the Court's
9 order, it does not matter. They could have gone and
10 said, "What's the highest you will give me?" And
11 then they could have come back to the Court and
12 said, "We have a bond company that said they'll only
13 give us \$20,000." That could have been evidence.
14 They don't have that evidence whatsoever.

15 The rest of their arguments, Your Honor,
16 with respect to the bond and everything are mostly
17 going to -- again, to the merits of the case. I do
18 not believe the Court really wants to hear our
19 arguments regarding the legitimacy of the settlement
20 agreements. If the Court does have questions on
21 that, we can address them.

22 But they do sort of do a slight motion for
23 reconsideration on the merits of the case and the
24 bond by arguing that the settlement agreement isn't
25 void and all of that. Considering the Court has
26 already found -- what the Court has already ordered,
27 I think we're fine on that.

28 THE COURT: So in sum, you're suggesting

1 what? For Mr. Malan, 12,750-. For the nonprofits?

2 MR. JOSEPH: Your Honor, I'll -- sorry,
3 Your Honor. I did not address that issue.

4 Your Honor, we would say that the nonprofits also
5 need to be at a substantially high bond, around that
6 amount. Again, it's --

7 THE COURT: Around 12 million?

8 MR. JOSEPH: Yes, Your Honor.

9 THE COURT: I forgot. What number did you
10 say?

11 MR. JOSEPH: 12,750,000.

12 THE COURT: Okay.

13 MR. JOSEPH: It should be -- if anything,
14 it should be the same amount. Your Honor, there's a
15 potential that we could have an absurd situation
16 where one of -- the state license holder is not
17 under control of the receiver when he is still
18 running and supervising these businesses, but SD
19 United is still under the receivership and he's
20 still supposed to be running those businesses.

21 I mean, that would -- again, we've
22 addressed this numerous times before the Court
23 already. The nonprofits are named in our first
24 amended complaint. They are defendants, named
25 defendants, and we have causes of action against
26 them, but that's just what the first amended
27 complaint does. So therefore, they are parties to
28 this case.

1 And the Court has always recognized that
2 these entities need to work in concert. They're
3 either all in or they're all out. It does not make
4 sense to give the nonprofit -- if we're going to
5 give Mr. Malan a \$12.75 million bond and then his
6 nonprofit a \$20,000 bond, for example, you'll have a
7 nonprofit, which is the agent -- which is the entity
8 that is collecting and actually selling and buying
9 and purchasing marijuana, with no oversight.

10 In terms of what we've already seen from
11 the accounting, from what we're getting from
12 Mr. Henkes, if he's still going to be the accountant
13 on this case, he only does the accounting for Balboa
14 Avenue's losses and their money flow and all their
15 cash flow.

16 So we would have an absurd situation where
17 the actual license -- the state license holder is
18 not under control, but Mr. Essary is still under a
19 duty to supervise and protect these businesses, even
20 though he can't even control the license.

21 So for that issue, yes, one, the nonprofit
22 is not entitled to any indigent status by law, first
23 off. And then second, given the value of the
24 businesses, they should have the exact same bond.

25 THE COURT: Okay. Anybody else?

26 MR. ELIA: Just briefly, Your Honor, if I
27 just may add to the argument.

28 THE COURT: Sure.

1 MR. ELIA: I'll make it real short, Your
2 Honor. Your Honor, I just want to talk about some
3 of the liability and exposure of trial from SoCal.
4 Now, we know Mr. Brinig traced at least \$2 million
5 that SoCal put in. SoCal alleges in their
6 declarations that they put in 2.7 million, so
7 there's another \$700,000 that they say they put in
8 in cash, which Mr. Brinig could not verify.
9 However, a jury might believe them. So it could be
10 2.7 million.

11 They were ousted from the business.
12 There's going to be some lost profits that could be
13 awarded. There are certainly some attorney's fees
14 that could be awarded and costs under the terms of
15 the agreement. We're looking at a potential 3 or
16 \$4 million exposure just based on SoCal's damages
17 alone, and that affects the partnership.

18 That's why we're -- we've been fighting so
19 hard to get SoCal back in, because it would mitigate
20 our -- we realize that we have to deal with them.
21 They put in millions of dollars. They're just not
22 going to go away. We've been saying that from day
23 one.

24 So who's going to pay for this liability?
25 It affects the partnership. Mr. Malan can't pay his
26 own lawyers. He's got a pending motion before this
27 court from his attorneys, from Ms. Leetham and
28 Ms. Austin's office, to be relieved because he's not

1 paying their attorneys.

2 So there is some real exposure here just
3 from SoCal alone, and I'd like Your Honor to
4 consider that in the amount of the bond.

5 And let's remember the reason they were
6 ousted from the business is because Mr. Malan and
7 Mr. Hakim Photoshopped a \$250,000 invoice and sent
8 it to SoCal for payment for services that were never
9 ever rendered. And that's undisputed, Your Honor.

10 THE COURT: SoCal, do you want to say
11 anything?

12 MS. CARDER: I would just like to say for
13 the record, Your Honor, that it is my understanding
14 that Mr. Brinig's independent report values monies
15 put in at over about 5 million and a half,
16 5 million 6. So there's no way -- although our
17 papers agree that the bond should be set higher,
18 there's no way the bond should be set less than
19 that.

20 THE COURT: And when you say 5 million, is
21 that total? I mean, are you including all -- who
22 are you including in that?

23 MS. CARDER: That there's been a net
24 contribution of approximately 3.5 million by Razuki
25 and 2.1 million by SoCal, and that there's been no
26 showing on behalf of any defendant of indigency or
27 an excuse for not having to post the bond.

28 THE COURT: Thank you. Anybody else?

1 Shall we go to this side of the table.

2 MR. WATTS: Your Honor, a year ago, the
3 MoviePass corporation share price was \$2,750 a
4 share. Today, it's worth 1.2 cents. So the people
5 that bought it last year valued that company at an
6 astronomically higher sum than the people do today.

7 Ten months ago, SoCal was convinced to sign
8 three management agreements under which they would
9 buy an option in these properties and these
10 businesses for, you know, a couple of million
11 dollars. They had ten months to -- or several
12 months to buy those options. So they didn't have
13 those options straight up. They had the ability to
14 buy them for 75,000 here or 35,000 here, something
15 like that.

16 They didn't buy the one for Mira Este or
17 Roselle. They didn't even buy it. Thirty-five to
18 50,000, something like that, was the option price
19 just to buy the option. They didn't buy it. So
20 that -- those businesses were not worth that much.
21 Otherwise, my God, \$50,000 for the option to get
22 50 percent of this multimillion-dollar enterprise?
23 You'd think they would have acted on that.

24 The Balboa option, the one they did buy for
25 75,000, they never exercised. They never exercised
26 it. They let it expire. They let all three of
27 these options expire before they even filed this
28 lawsuit.

1 So first of all, that contract is not an
2 appraisal of how much the businesses are worth
3 today. It's not even an appraisal of how much they
4 were worth a year ago. It's the amount of money
5 that Ninus or whoever negotiated with SoCal
6 convinced them to put in the contract, but neither
7 party acted on it.

8 "As to the bond amount, we believe
9 Defendants' request to increase the bond to
10 6 million is really, really ridiculous." That is
11 from counsel for Salam Razuki on September 7th,
12 2008.

13 Why? Well, on the next page, they said
14 that we've consistently argued that the options have
15 expired, so I don't know why the bond would be based
16 on the options themselves. Again, that's from
17 Mr. Razuki's counsel.

18 There is no evidence that the absence of a
19 receiver would cause damages to Mr. Razuki.
20 Remember what his claims are. He claims a
21 75 percent interest in the losses of RM Property
22 Holdings. He claims that these marijuana
23 dispensaries, part of them should be in RM Property
24 Holdings, and then he gets three-fourths of the
25 losses of that business. He's entitled to losses.

26 These businesses are losing money. There's
27 no doubt about that. So if he wins this litigation,
28 if he can specifically perform that contract, he

1 would end up with a loss. If these businesses go
2 under and he's not responsible for that loss, that's
3 a boon to him. That's a benefit. He doesn't stand
4 to make tens of millions of dollars. He stands to
5 lose money if he becomes responsible. He hasn't
6 been paying their bills now. But if he does, he's
7 going to be out a lot of money.

8 There was a quote from Mr. Elia, "Mr. Malan
9 has not put in one red cent. That is a fairy tale,
10 Your Honor." That is from the transcript of the
11 September 27th hearing. "Not one red cent. That is
12 a fairy tale, Your Honor." Mr. Razuki filed a
13 declaration saying that exact same thing.

14 The forensic accounting report, which
15 again, is hearsay and the Court should not consider,
16 but the Court does -- it says in there that
17 Mr. Malan has now put in over 1 1/2 million. And
18 that's just a swing in the last couple of weeks,
19 again, based on documents that were provided to
20 Mr. Brinig.

21 That's not accounting for his labor.
22 That's not accounting for the time that he spent
23 doing that to the exclusion of other businesses.
24 It's not accounting for the times he had to go
25 testify for the CUP hearings.

26 But remember that, "Mr. Malan has not put
27 in one red cent." That is the basis for the
28 receivership and it has been since the July 17th

1 hearing. Those exact words appear in Mr. Razuki's
2 declaration and they came out of Mr. Elia's mouth
3 multiple times throughout this litigation.

4 That is not a true statement. The forensic
5 accounting and everything shows he put in a lot more
6 than one red cent. He's the one that stands to lose
7 if these businesses go under because they're his
8 businesses.

9 In the forensic accounting report,
10 \$1.57 million is credited to Mr. Razuki for the sale
11 of Balboa to Mr. Malan. That's an indebtedness
12 based on Mr. Razuki purportedly selling the entire
13 business to Mr. Malan. That shouldn't be a credit
14 to him. That should be evidence that our client
15 owns it.

16 And so if the businesses go under, it's not
17 Mr. Razuki that's suffering damages. It's our
18 client. It's not SoCal. They never bought the
19 options. They don't have the right to buy any part
20 of it. It's our client that is going to get the
21 damages.

22 The reason that -- back in the beginning,
23 why -- why was the receiver appointed? They said it
24 was -- I forget what they said, but it wasn't the
25 reason that they gave on July 17th. On July 17th,
26 page 3 of the transcript, they said, SoCal has
27 already paid millions of dollars and her client has
28 granted options under this agreement. They paid

1 \$225,000 for these options to purchase half of these
2 operations.

3 That's what Mr. Elia said to Judge Medel,
4 that SoCal paid \$225,000 for these options to
5 purchase half of the operations of the marijuana
6 dispensaries. That is not a true statement,
7 Your Honor. It wasn't then and it isn't now, but
8 that's why the receiver was put in.

9 If the receiver is not there anymore, the
10 businesses can run again. If the receiver is not
11 there anymore, they can have a chance to get back on
12 their feet and bring in other operators. Tammy can
13 talk more about the specifics of the accounting.

14 But I have one comment about that case that
15 he's citing that says that you can't find indigency.
16 That's not what that case says. That case says
17 regarding FreedomCard, a corporate entity, it's well
18 settled that a corporation is not a person for the
19 purposes of establishing indigency at least in the
20 analogous context of obtaining in forma pauperis
21 status to dispense with federal requirements as to
22 filing fees, costs, and security. That case does
23 not hold what they said it holds.

24 THE COURT: Cite that case.

25 MR. WATTS: That case is Williams vs.
26 FreedomCard, Incorporated. It is May 3rd, 2004. I
27 don't have the cite here, because I Googled it,
28 but --

1 THE COURT: Somebody find it for me.

2 Go ahead. They'll look it up.

3 MR. WATTS: And even if -- and that's with
4 the ability to completely dispense with a bond
5 requirement. The Court can still reduce the bond
6 requirement to a nominal amount of 5,000 or \$10,000
7 based on one's ability to pay, also based on the
8 damages that the other side would incur. So even if
9 you don't dispense with it entirely --

10 Tammy, go ahead.

11 MS. LEETHAM: I'm going to stand up,
12 Your Honor.

13 THE COURT: You may. Hold on.

14 Counsel, just so you know what's been
15 handed to the Court, it's the cite of the Williams
16 case, which is, for the record, 123 Cal.App.4th 609.

17 Thank you.

18 Counsel?

19 MS. LEETHAM: Yes, Your Honor. So I have
20 something that comes to mind with respect to the
21 \$12 million bond request to Mr. Malan that what's
22 good for the goose is good for the gander. And if
23 we're saying Mr. Malan is supposed to pay
24 \$12 million by a virtue of a 25 percent ownership,
25 the corollary to that is Mr. Razuki then must pay
26 \$36 million. I think the --

27 THE COURT: So 36 and 12?

28 MS. LEETHAM: Correct, if you're following

1 that logic.

2 THE COURT: All right.

3 MS. LEETHAM: You know, Mr. Razuki's bond
4 is always going to be three times higher than my
5 client's bond because, according to their theory of
6 liability, they own the same things in a
7 disproportionate share. So it only makes sense from
8 an equity perspective.

9 So their theory of liability is RM Property
10 Holdings owns the real -- the holding companies that
11 own the real estate, right, and that 75 percent of
12 that holding company is Mr. Razuki's and 25 percent
13 is Mr. Malan's. And so you would argue that the
14 losses and the gains should be split that way, so
15 36 million sounds pretty good.

16 I'm not even quite sure where to start. We
17 went all over the place. So I guess where I'll
18 start first is Ninus Malan.

19 THE COURT: So should I follow that logic
20 all the way through, Counsel? No matter what I set
21 Razuki's bond at, just take a third and make it for
22 Malan?

23 MS. LEETHAM: No, Your Honor, because the
24 parties' relationships are all different. So you
25 have to remember that Razuki and Malan individually
26 are parties to the operating agreement and the RM
27 Property Holdings.

28 And I'm not conceding we agree with it, but

1 just following the logic makes sense, if that's what
2 the Court is thinking about, that if you're going to
3 look at that operating agreement and evaluate the
4 claims, then you look at what's in that operating
5 agreement, and that would be San Diego United.

6 So I guess what I'm trying to do is carve
7 out Ninus right now, because the Court --

8 THE COURT: Yeah, because we're going to
9 get to the rest one at a time too.

10 MS. LEETHAM: Correct.

11 THE COURT: So let's just talk about
12 Mr. Malan.

13 MS. LEETHAM: So Mr. Malan -- so just from
14 a pure equity perspective on splits, okay, so the
15 Court says 12 million. I would ask the Court to
16 triple whatever he sets for Mr. Malan for
17 Mr. Razuki. And the one thing we haven't
18 mentioned is --

19 THE COURT: So if I set Malan at 2 million,
20 then Razuki should be 6 million?

21 MS. LEETHAM: Six million, absolutely.

22 THE COURT: Okay.

23 MS. LEETHAM: So with respect to my client,
24 Mr. Malan, as the Court is well aware, he hasn't
25 received a dime since August, like so many in this
26 courtroom. There's no money to fund, and he hasn't
27 been paid.

28 And, you know, there's no money. So if

1 you're looking at this from a purely equitable
2 perspective, how do you ask my client to pay
3 \$12 million when he doesn't have a dime to his name?

4 I'm sorry. I'm not trying to embarrass
5 you, but it's true.

6 On the other side, we look at this equity,
7 and we have -- we have a glaring hole in the Court's
8 information on Sunrise. And Sunrise produces income
9 and Sunrise provides Razuki income, and we know
10 nothing about it and we know he continues to have
11 it.

12 And so when you look at the inequity of
13 that, that he continues to have resources and he
14 continues to have income and he is not restrained by
15 any of this, and yet he's required to share in the
16 losses, it is fundamentally unfair to impose upon my
17 client a multimillion-dollar bond when I don't even
18 know if he can buy gas.

19 So setting aside the merits and looking at
20 the equities, even if the Court were to set it, he
21 can't pay it and he can't pay it because of this
22 litigation.

23 THE COURT: So in the last six months, how
24 much money has your client taken out? Nothing.

25 MS. LEETHAM: Well, I want to talk about
26 that, yeah.

27 THE COURT: Well, I just want -- can you
28 answer that question? Nothing.

1 MS. LEETHAM: So the last six months would
2 be -- I believe the last time he received anything
3 was July, and what he -- and what he's receiving,
4 which I'm going to go to, is money from SoCal that
5 he then used to pay the dispensary operation. So
6 now we're going to get into the insolvency.

7 For whatever reason, Far West has become
8 the scapegoat. I'm not entirely sure why, but --

9 THE COURT: Let me -- let me interrupt.

10 Mr. Brinig, I want to know how much money
11 Mr. Malan has pulled out in the last seven, eight
12 months.

13 MR. BRINIG: Let me look, Your Honor.

14 THE COURT: You can do that while she's --
15 Counsel, proceed.

16 MS. LEETHAM: Thank you, Your Honor. I
17 lost my train of thought.

18 THE COURT: You were talking about Sunrise.

19 MS. LEETHAM: Sunrise, SoCal. Okay. So,
20 you know, we continue to throw Far West under the
21 bus. And again, I'm not entirely sure why, because
22 let's look at it. From the receivership, going
23 forward, the businesses failed. And I've stood up
24 here over and over again and I've told Your Honor
25 it's going to happen. We're going to lose them.
26 And then at the last hearing, I said, No, they're
27 not worth saving, because the debt is so
28 significant. And I still question that.

1 So when you look at the receivership -- and
2 it's a little bit awkward to talk about this because
3 I'm actually not casting personal aspersions at
4 Mr. Essary. But when he has a big bill for taking
5 on a supervisory role, it causes one to wonder what
6 exactly he has been doing, because the Court's order
7 actually gives him full operational control. And
8 they blame my client and they blame Far West, and
9 they couldn't do anything without permission.

10 Mr. Essary received daily financials from
11 Far West. He was given the spreadsheets. He was
12 given review. Nobody has communicated with Far West
13 in any way they were deficient. I have declarations
14 we filed prior to the last hearing from Adam Knopf
15 and Heidi Rising where they talk about never being
16 contacted, and they would have been more than
17 willing to give anybody information. They haven't
18 been paid.

19 The other thing that Ms. Austin can
20 probably talk a little bit more about is the
21 track-and-trace system that the State of California
22 imposes upon cannabis sales. So when the plaintiff
23 says that they're a cash-only business and we have
24 no idea what they're doing, it's actually not true.

25 THE COURT: So may I interrupt for a
26 second?

27 MS. LEETHAM: Yes, absolutely.

28 THE COURT: So is your analysis going to be

1 that these businesses are going to go down the
2 drain, Judge, so therefore, the bond should be set
3 at 10,000? Is that your analysis?

4 MS. LEETHAM: For the most part, but it
5 varies a little bit based on the entity or the
6 person. So it's not the same, but essentially yes,
7 the equity.

8 THE COURT: How much for Malan?

9 MS. LEETHAM: For Malan, I would say
10 something nominal, 5- or 10,000. He has no
11 resources. He has nothing.

12 THE COURT: San Diego United Holdings?

13 MS. LEETHAM: So let me talk about that
14 quickly. Oh, and one thing I want to highlight,
15 Mr. Brinig's amended report --

16 THE COURT: I read it.

17 MS. LEETHAM: Right. And so if the Court
18 read it, what you'll see is the Balboa operations
19 are in a deficit.

20 If I'm reading this incorrectly,
21 Mr. Brinig, please tell me.

22 But they're running a deficit of a million
23 dollars, and I don't know if this figure takes into
24 account the excise tax liability and the other
25 liabilities to the lender and different things. So
26 when you're look at that figure, that's big.

27 THE COURT: Uh-huh.

28 MS. LEETHAM: That's big.

1 THE COURT: So on San Diego United?

2 MS. LEETHAM: Well, since -- so San Diego
3 United -- so I kind of have to talk about what they
4 each do.

5 THE COURT: Okay. So do San Diego United,
6 Flip, Balboa, California, and Devilish.

7 MS. LEETHAM: Okay.

8 THE COURT: Thank you.

9 MS. LEETHAM: San Diego United is a
10 California limited liability company that owns three
11 pieces of real property: 8859 Balboa, Suites A
12 through E; 8861 Balboa, Suite B --

13 Leyla, are you okay?

14 THE REPORTER: Yes.

15 MS. LEETHAM: -- 8368 Balboa, Suite E.

16 With respect to 8859 Balboa, Suites A
17 through E, those are suites, four of which have
18 tenants. The rent is nominal. It has a conditional
19 use permit to manufacture marijuana, but there is
20 nothing done to move that forward. So while it has
21 a land use entitlement that runs with the land, it's
22 a building with suites. There's no value to it
23 other than what the tenants pay in rent.

24 8861 and 8863 Balboa, 8363 has a
25 conditional use permit and a land use entitlement
26 that runs with the land. So San Diego United itself
27 holds the license, and I say that in quotes because,
28 as -- you know, as the Court knows, the City of

1 San Diego allows cannabis operations by virtue of a
2 land use process. So this is the entity that would
3 be impacted by, for example, the HOA motion to
4 revoke the use variance. It would impact this
5 entity.

6 But as the Court also knows from the
7 financials, this entity has a million dollars in
8 debt. You know, it has no money of any kind to pay
9 any kind of a bond, and it's not because anybody was
10 negligent. Up until the receivership, my client
11 personally covered these bills.

12 So when we look at -- we have all these
13 seductive numbers, right? 200,000 a month, 300,000
14 a month. SoCal brought all this money in, but what
15 we've hinted about is that that's the gross. It's
16 the gross net. It's not the "net" net. And so when
17 we talk about all of this money it was making, it
18 was not. And my client was covering the deficit,
19 and the minute he stopped, it crumbled.

20 So he stopped making mortgage payments.
21 He's defaulted. He stopped making HOA payments.
22 It's delinquent. They're revoking it. He stopped
23 making insurance payments. Insurance is canceled.
24 Right? So all of these things that he, as the
25 business owner, paid for, stopped happening when the
26 receiver came in.

27 And again, I'm not attacking Mike. I'm
28 attacking the imposition the receiver shall -- the

1 receivership itself placed on it. If Mike didn't
2 have the resources, the resources weren't there to
3 give anybody else. I think the blame is
4 attributable -- is being put in the wrong spot. I
5 don't think anybody who managed that dispensary
6 would have enough money to pay.

7 So with San Diego United, again, I would
8 ask for a nominal bond.

9 THE COURT: You don't think SoCal would
10 have enough money to pay?

11 MS. LEETHAM: No. They're the ones that
12 caused the problem. They left us with a \$175,000
13 tax debt.

14 THE COURT: You sure want to go back in
15 there, don't you, SoCal?

16 MS. CARDER: Do I what?

17 THE COURT: Want to go back in to Balboa,
18 right?

19 MS. CARDER: If we can purchase it.

20 THE COURT: Yeah.

21 MS. CARDER: But only if we can purchase
22 it.

23 THE COURT: So if it's losing business,
24 they're going to pay, what, a million? SoCal, a
25 million? Wasn't it a million?

26 MS. CARDER: I know we've put in 2.1. I
27 can't remember.

28 THE COURT: 2.1 million for this losing

1 business? All right.

2 MS. LEETHAM: Only if they can purchase it,
3 though, is what she just said. They only want in if
4 they can purchase it.

5 THE COURT: Yeah.

6 MS. LEETHAM: And obviously, our argument
7 is that expired.

8 THE COURT: Well, it's a business and
9 they're willing to pay 2.1 million for it.

10 MS. LEETHAM: I want to correct the record
11 on that too. We keep talking about SoCal as if it's
12 an equity, as if it has some kind of an ownership
13 interest. SoCal had to pay to play.

14 THE COURT: No, I know. But they're
15 telling me, the Court -- representing to the Court
16 that they'll put 2.1 million on the table to buy it.
17 They said that last hearing, Counsel.

18 MS. LEETHAM: No. They're saying they have
19 previously put in 2.1 million.

20 MS. CARDER: My understanding,
21 Your Honor -- and again, I apologize, because I'm
22 specially appearing. But my understanding is 2.1
23 was put in and that if SoCal was asked to come back
24 in and run it, they would only do it if they could
25 exercise those options to purchase, which I heard
26 someone say, you know, the option's expired, but it
27 seems like that happened because this lawsuit
28 happened.

1 THE COURT: Okay. Let's keep going. I got
2 off track.

3 MS. LEETHAM: Which is incorrect. And I'm
4 going to move through SoCal for a few minutes,
5 because I actually haven't had the opportunity to
6 talk about it, and I think it's very important that
7 the record is clear that --

8 THE COURT: And then let's get to the
9 numbers.

10 MS. LEETHAM: Yes. The other one will take
11 less time.

12 SoCal -- I like this phrase because it
13 makes sense. They had to pay to play. SoCal has no
14 independent right of its own to operate any medical
15 or adult use cannabis facility for any reason. They
16 had to buy the right. And they bought the right
17 from my client, and they were obligated to pay to
18 have the right to try to make money. And so the
19 contributions that they're -- are being attributed
20 are monies they were contractually required to put
21 in.

22 And so, for example, if you --

23 Am I talking too fast?

24 THE REPORTER: No.

25 MS. LEETHAM: If you look at the management
26 services agreement, which has been submitted to the
27 Court numerous times, and this is the one for
28 Balboa, SoCal is required to pay 35,000 per month as

1 a minimum guarantee solely for the right to try to
2 operate.

3 So if you do that math, seven months at
4 35,000, it's \$245,000 they had to pay. And it goes
5 on. 120,000 they had to pay and CUP costs they had
6 to pay. That adds up to a million right there.

7 And then the other money they're talking
8 about contributing -- I went through Mr. Brinig's
9 source documentation. They were very nice to give
10 me information. And a lot of that money they paid
11 themselves, almost all of it. They round-tripped it
12 right back around to SoCal Building Ventures. They
13 paid consultants. They paid attorneys. I could go
14 on and on and on, but the contribution they claimed
15 to make was by contract and they paid themselves.
16 And they ran out of money, and they couldn't
17 exercise the option. And this is where we sit
18 today.

19 And in the process of doing that, they got
20 in debt to the State of the California on the excise
21 tax. They got in debt to the City. Oh, by the way,
22 we have an MGO audit that is still in process, and
23 it appears that we're going to be penalized for
24 recordkeeping while SoCal was there.

25 So we fired them because they're a bad
26 manager and you fire bad managers. You hire a
27 manager to make you money, and you fire a manager
28 when they don't make you money. And they didn't

1 make money and they broke the law, and my client was
2 tired of paying for it. And now he's broke. So
3 I'll move on from that.

4 THE COURT: So how much for -- what should
5 the bond be for San Diego United Holdings?

6 MS. LEETHAM: Five thousand dollars.

7 THE COURT: How much for Flip Management?

8 MS. LEETHAM: So Flip has no money. It's a
9 corporation. It was created to manage the
10 dispensary prior to SoCal. Mr. Essary probably
11 knows how much money is in that account, if any.
12 But it doesn't do anything. It's a
13 nonoperational -- basically, a dead entity. We
14 haven't been able to dissolve it or do anything like
15 that because of the receivership.

16 THE COURT: But it's appealing, is it not?

17 MS. LEETHAM: It is appealing.

18 THE COURT: So how much, Counsel?

19 MS. LEETHAM: Well, I would say zero for
20 all of it. But if we're talking nominal, I would
21 say 5,000.

22 THE COURT: How about for Balboa Avenue
23 Cooperative?

24 MS. LEETHAM: Balboa Avenue Cooperative is
25 a statutory cooperative corporation. It is a
26 member-owned corporation. It must operate as a
27 not-for-profit corporation. It is also the entity
28 that holds the license that the State uses to allow

1 Balboa to operate.

2 Balboa has nothing. It cannot have
3 anything. It cannot do anything. And because it's
4 member owned, I guess on a purely technical level,
5 the members would have to then contribute to
6 whatever the Court asked, and anybody who bought
7 medical cannabis while it was a medical cannabis
8 state would be a member.

9 THE COURT: So the amount requested is?

10 MS. LEETHAM: A thousand.

11 THE COURT: Thank you. California Cannabis
12 Group?

13 MS. LEETHAM: California Cannabis Group is
14 a nonprofit, mutual benefit corporation that is
15 currently suspended with the State of California
16 because it has not paid taxes because it has no
17 money to pay taxes. It has a suspended status.

18 THE COURT: Yeah. One wonders if it can go
19 ahead and appeal then.

20 MS. LEETHAM: I think Mr. Essary is working
21 on that right now. I think Mr. Gorla discovered it.
22 And actually, everybody is trying to fix it, but
23 there's no money. And Mr. Brinig's office is
24 working on the tax returns.

25 MR. BRINIG: We'll have the tax returns on
26 Monday.

27 THE COURT: It's suspended, though, right?

28 MR. BRINIG: Yes. I understand it is now,

1 yes. Filing the tax returns on -- we'll give them
2 to the receiver and file them.

3 THE COURT: So I would say that's a
4 thousand dollars or zero?

5 MS. LEETHAM: I would say -- for
6 nonprofit -- not-for-profit entities, I would say
7 zero, because they can't have anything.

8 THE COURT: Okay. And that would apply to
9 Devilish Delights too?

10 MS. LEETHAM: Correct. That's also a
11 nonprofit mutual benefit corporation, and that
12 entity has never done anything. I'm not even sure
13 why it's named, but it has nothing. It licenses
14 nothing.

15 THE COURT: Just one second, Counsel.
16 All right. Proceed. Thank you.

17 MS. LEETHAM: I'm almost done.

18 THE COURT: Take your time.

19 MS. LEETHAM: There's one other thing I
20 want to talk about. And I'm going to go to
21 Mr. Brinig's report, and I'm looking at amended
22 Schedule 1. And I'm looking --

23 THE COURT: Counsel, let me interrupt.
24 That's on my -- I brought everything but that.
25 We're going to just take five minutes. That's all.
26 Five-minute recess. I'll go get it. Thank you.

27 (Brief recess.)

28 THE COURT: Go ahead and finish. Then

1 let's -- let's start getting the numbers, people.

2 MS. LEETHAM: Okay. I am almost done and
3 we'll go to the numbers. I was -- the one thing I
4 want --

5 THE COURT: Okay. I have -- I'm sorry. I
6 have the report now. What did you want me to look
7 at?

8 MS. LEETHAM: Okay. It's Schedule 8. I
9 wanted to throw you a non sequitur really quick.
10 Mr. Brinig gave me the figure of monies pulled out
11 by Ninus Malan in the last -- since June.

12 THE COURT: How much?

13 MS. LEETHAM: None.

14 MR. BRINIG: Zero, Your Honor.

15 THE COURT: Good. Okay. Thank you.

16 MS. LEETHAM: You're welcome. Okay. So
17 I'm on -- it's actually entitled "Schedule 8" of the
18 letter update, amended Schedule 1. I don't think
19 there's a page number on it. And this is actually
20 Mr. Essary's declaration regarding forensic
21 accountant Brian Brinig's updated report. It's
22 attached to that as Exhibit A.

23 THE COURT: Go ahead.

24 MS. LEETHAM: Okay. Are you there?

25 THE COURT: Close enough.

26 MS. LEETHAM: Okay. And so I guess what I
27 want to talk about right now is some of the -- some
28 of the money attributed to Mr. Razuki for Balboa and

1 this figure of 1.575 million for the sale of the
2 dispensary business.

3 THE COURT: There we go. Go.

4 MS. LEETHAM: So interestingly, Balboa
5 Avenue Cooperative is not a party to the RM Property
6 Holdings agreement and the settlement agreement, and
7 that is because there is the separate agreement with
8 Balboa Ave. Cooperative where Balboa Ave.
9 Cooperative agreed to pay Razuki Investments
10 \$1.575 million to buy the business. So that is a
11 separate contract governed by a separate agreement
12 that has nothing to do with this case.

13 And actually, the Bill of Sale for that was
14 submitted in Ninus Malan's declaration in support of
15 the July 31st hearing as Exhibit C for the record,
16 so it is in the record. And I don't have a copy for
17 you and we didn't file any, I'm sure, today.

18 But what that Bill of Sale does is it
19 obligates Balboa Ave. Cooperative to pay Razuki
20 Investments \$1.575 million provided the business
21 opens within 90 days of the date that San Diego
22 United recorded the grant deed, which was somewhere
23 around March 17th of 2017.

24 As we all know, the dispensary did not
25 legally open until November or December when
26 Judge Styn allowed us to open. So there's two --
27 there's two -- two purposes to this argument.

28 First of all, this is not a credit to

1 Mr. Razuki. This is a debt that Balboa Ave.
2 Cooperative used to owe to Razuki Investments, but
3 it does not owe because that note is null and void
4 because it never opened.

5 And so Balboa Ave. Cooperative -- and when
6 I'm talking about its assets and liabilities, it has
7 nothing. So my -- like, it has no debt. It has no
8 equity. It's a cooperative corporation that exists
9 just to hold the license, so it should have a zero
10 bond. And I wanted to clarify the record on that,
11 because Razuki is actually being given quite a large
12 amount of possible contribution in the letter
13 update.

14 Okay. So now we're on to -- I think we did
15 California Cannabis Group and Devilish Delights.

16 THE COURT: And Devilish, yeah. They're
17 all nonprofits.

18 MS. LEETHAM: They're all nonprofits.

19 THE COURT: Same analysis.

20 MS. LEETHAM: Correct. So to wrap it up, I
21 think what the Court said at the beginning and what
22 the plaintiffs are saying is there -- the bond is
23 there to cover the harm between the stay and I guess
24 the appellate decision and any harm that might
25 occur.

26 There's no harm that's going to occur with
27 the cash. It's a track-and-trace business. The
28 State of California and the City have processes in

1 place that require reporting, and there's no
2 evidence that they haven't reported under Far West's
3 management. There's evidence we don't know what
4 happened under SoCal's management. But as a concern
5 in terms of a bond, it's nonexistent because there
6 is a structure in place here due to our regulatory
7 structure. So that should not be an overriding
8 concern the Court has in setting the bond amount.

9 The other thing the Court talked about and
10 they talked about is any damage if my clients sell
11 the property. And they keep talking about some kind
12 of agreement to sell the property, and I don't think
13 there's any evidence in the record, other than
14 argument from counsel, that they're going to sell
15 the property. The Far West Management services
16 agreement does not grant an option. It has not been
17 marketed.

18 In fact, the HOA use variance precludes
19 them from selling it, because if you transfer
20 ownership, it goes away. So they would actually
21 have to file a motion to have that approved anyway.
22 So in terms of damage, by granting -- or a low bond,
23 there's no damage in the interim. You're looking at
24 me skeptically, but --

25 THE COURT: No, not at all.

26 MS. LEETHAM: They -- and I think that's
27 where you started is how do we deal with the harm.
28 Well, we deal with the harm by not making my

1 indigent clients pay an exorbitant bond.

2 THE COURT: Okay. Thank you.

3 Okay. Have I covered the money issues?

4 And I want to make sure that, Judge, set a -- issues
5 to raise the injunctive bond, I'm going to call it,
6 of Mr. Razuki. And then I have to set bonds on
7 Malan, San Diego United, Flip, Balboa Cooperative,
8 California Cannabis, and Devilish Delights.

9 Is that it?

10 MR. GORIA: Well, Your Honor, we have
11 Mira Este as well. Mira Este, Hakim, and Roselle
12 are also appealing. We filed a cross-appeal.

13 THE COURT: You know what? That's what I
14 have. So that is Mira Este, Mr. Hakim, right?

15 MR. GORIA: They're all cross-appellants,
16 correct.

17 THE COURT: And who's the other one?

18 MR. GORIA: Roselle.

19 THE COURT: Got it. Shall we do those
20 since it's a cross-appeal?

21 MR. GORIA: Yes.

22 THE COURT: So, Counsel, let me hear from
23 you.

24 And then you're going to respond, of
25 course.

26 Let's go.

27 MR. GORIA: Your Honor, let me just start
28 out by telling --

1 THE COURT: And --

2 MR. GORIA: Oh, I'm sorry.

3 THE COURT: Mr. Brinig, you're going to
4 come after that. I just want a quick update based
5 on the new analysis, which I must say was kind of
6 substantial.

7 MR. BRINIG: It was.

8 THE COURT: I know.

9 MS. LEETHAM: Thank you, by the way.

10 THE COURT: Huh?

11 MS. LEETHAM: Thank you.

12 THE COURT: No. You're the one that
13 brought it up, Counsel. It was a big deal.

14 I'll stop right there. I interrupted. Go.

15 MR. GORIA: Let me start out by giving you
16 the conclusion, and that is that we think only a
17 minimum bond, 10,000, for Mira Este Properties.

18 THE COURT: Okay.

19 MR. GORIA: Mr. Hakim, in terms of a bond,
20 that's kind of irrelevant, same with Roselle,
21 because the receiver isn't over there. The receiver
22 is in Mira Este Properties, LLC, and that's probably
23 the only party that we're going to post a bond for.

24 Now, in terms of the evidence -- well,
25 let's back up.

26 THE COURT: So hold on. Only Mira Este
27 appealed?

28 MR. GORIA: No. All three parties

1 appealed, but Mira Este is really the only one that
2 is the interested party in the order for the
3 preliminary injunction at this point.

4 THE COURT: Wow. Got it. Go. Thank you,
5 Counsel.

6 MR. GORIA: So in terms of 917.5, that code
7 section speaks in terms of damages likely to occur
8 with the removal of the receiver, likely to occur
9 with the removal of the receiver.

10 And what is the evidence before the Court?
11 Because we think it, frankly, would be an abuse of
12 discretion for the Court to impose a bond more than
13 the minimum, because the only evidence before the
14 Court -- and I -- I do believe that, Your Honor,
15 because the only evidence before the Court is that
16 the -- as far as Mira Este goes, producers are
17 staying away from Mira Este solely because of the
18 receiver. We have produced an avalanche of evidence
19 to that effect.

20 Mr. Elia had, you know, the audacity,
21 really, to bring up Mr. Milner and Cream of the Crop
22 and say, Well, he was just told to say that in court
23 because of his attorneys, and the attorneys are
24 conspiring to try to keep the receiver out.

25 Far from it. We have put into declaration
26 form that Cream of the Crop was close to getting a
27 deal done until it was disclosed that there was a
28 receiver in place. And he was advised by his own

1 attorney, who I don't even know and I've never
2 spoken with -- I've never even spoken to Mr. Milner.
3 He was advised by his attorney, Don't get involved
4 where there's a receiver.

5 And there are -- I provided evidence to the
6 Court as to the reasons why these producers do not
7 want to deal with the receiver, and that's the
8 simple fact that I think we have produced undisputed
9 evidence that that is the case.

10 And with that as a given, it would be an
11 abuse of discretion for the Court to find that there
12 are damages likely to occur if the receiver is
13 removed, because the opposite is correct. The
14 opposite is that damages will not occur if the
15 receiver is removed. And it's all very likely that
16 Mira Este will return to profitability if the
17 receiver is, in fact, removed through a stay, if you
18 will, through a stay of the order avoiding the
19 receiver.

20 Now, in addition to the number of producers
21 who were staying away because of the producer [sic],
22 I'd like to spend a minute to go back to the origins
23 of Mira Este. My client did not know Mr. Malan. He
24 did not know Mr. Razuki before June of 2016. He was
25 introduced to them through a loan broker who was
26 putting the deal together for Mira Este.

27 Mr. Malan and Mr. Razuki, who are longtime
28 partners, had Mira Este in escrow. Okay. They had

1 it in escrow in June of 2016. But again, despite
2 the bravado of Mr. Elia in saying that Mr. Razuki
3 had all these millions of dollars, they didn't have
4 enough money -- enough cash to close the deal in
5 Mira Este. They needed about 3- or 400,000.

6 The loan broker came to my clients because
7 he knew that my client had the wherewithal. And at
8 that point in time, my client got involved. And in
9 July of 2016, he had his attorney, who happens to be
10 my partner, draft the operating agreement for
11 Mira Este.

12 At that time the three of them --
13 Mr. Malan, Mr. Razuki, and Mr. Hakim -- decided that
14 Mr. Razuki would not be an owner of Mira Este
15 Properties. He didn't want to be an owner of
16 Mira Este Properties. He didn't even have it put
17 into the operating agreement that he would receive
18 any distribution. All that was done between
19 Mr. Malan and Mr. Razuki.

20 So as far as Mira Este Properties go --
21 goes, Mr. Razuki has no interest -- no ownership
22 interest and no rights, no voting rights or
23 anything. Okay. So really, this Court doesn't have
24 jurisdiction to even impose a receiver over
25 Mira Este at the behest of Mr. Razuki, because he
26 has no interest in Mira Este Properties.

27 So -- but having said that, let's carry on.
28 After the deal was struck and my client put in

1 \$420,000 in cash to allow that escrow to close, my
2 client was appointed the managing member -- sole
3 managing member of Mira Este Properties.

4 And for the better part of two years, he
5 managed that while he procured SoCal to pay 110,000
6 a month. And during that time frame, Mira Este was
7 operating profitably. He was the sole manager. He
8 was the one that was responsible for that. That
9 takes us to June.

10 THE COURT: Did SoCal do a good job?

11 MR. GORIA: SoCal did nothing. SoCal did
12 nothing. The only thing they did was for five
13 months or six months, they paid the 110,000. But
14 they brought nobody into the facility. There was
15 zero operating income as a result of SoCal's lack of
16 effort. And then in June of 2018, June of this
17 year, they stop paying.

18 And now what do they do in this litigation?
19 They come up with this totally bogus charge that my
20 client falsified some records concerning tenant
21 improvements.

22 Well, we have submitted declarations to the
23 effect that -- and we, in fact, provided Mr. Brinig
24 with not only a summary of the tenant improvements
25 paid by the facility, both Mira Este Properties
26 itself, Mr. Malan, and Mr. Hakim. They paid
27 \$288,000 for tenant improvements.

28 They turned to SoCal, Can we get reimbursed

1 because of -- the management agreement with SoCal
2 says that anything over 250-, you're going to pay us
3 one half or a hundred -- not over 250-, but up to
4 250-, you will pay us one half or 125,000.

5 We have backup material, like I said, that
6 we provided Mr. Brinig. And he confirmed all except
7 for 5,000. He confirmed \$280,000 had been paid for
8 tenant improvements. And what does SoCal do? They
9 do not pay anything towards tenant improvements.

10 In addition to that, they stopped paying on
11 their minimum monthly so that as of June -- as of
12 early July of 2018, they were indebted to Mira Este
13 Properties in the amount of -- let's see --
14 \$450,000, 125- for tenant improvements that we have
15 established through Mr. Brinig was actually paid,
16 plus an additional 326,000 on the minimum guarantee
17 and other payments that they just flat out defaulted
18 on. That's the sole reason that SoCal was
19 terminated, and this nonsense about a fabricated or
20 falsified listing of tenant improvements is just
21 that. It's false.

22 Now, again, turning back to the issue of
23 the likely damages that would result, we have a lot
24 of speculation about -- oh, they'll let the property
25 go into foreclosure. Oh, yeah, Mr. Hakim is going
26 to just walk away from 420,000. Right.

27 The businesses are limping along.
28 Mira Este is limping along because they don't have

1 enough operating income or net income to pay the
2 mortgage payment. And who's paying the payments?
3 Mr. Malan, who's -- as his counsel said, doesn't
4 have much in the way of assets, and my client.
5 They're paying the mortgage payment out of their own
6 pocket, not out of Mira Este Properties and
7 certainly not from Mr. Razuki.

8 So we think if the receiver is removed,
9 there will not be damages to Mr. Razuki. He will
10 actually profit from the removal of the receiver.
11 And we also think that the only reason they're
12 arguing against that is for a litigation advantage,
13 for settlement leverage.

14 I think quite clearly that Mr. Elia and his
15 group over there understand that if the receiver is
16 out at Mira Este, that facility will turn
17 profitable. And to the extent that Mr. Razuki is
18 entitled to any share of the profits, he will
19 benefit from that. So for him to stand up here
20 through his counsel and argue that there's going to
21 be a likelihood of damage if the receiver is removed
22 is disingenuous, Your Honor.

23 I'd be happy to answer any question if the
24 Court has any.

25 THE COURT: So it's 10,000, zero, zero? Is
26 that the way I look at it? That's what I wrote
27 down. Correct?

28 MS. LEETHAM: Yes.

1 THE COURT: Ten thousand for Mira Este,
2 zero for Hakim, zero for Roselle, correct?

3 MR. GORIA: Yes.

4 THE COURT: Thank you, Counsel.

5 Give me your -- and then I'm going to ask
6 you some questions.

7 MR. JOSEPH: Sure. Before we get to the
8 specifics, I've got to bring it back to the law,
9 Your Honor, on what the standard is when we're
10 setting the appellate bond. CCP 917.5, the first
11 thing --

12 THE COURT: Counsel, I got it right in
13 front of me.

14 MR. JOSEPH: The first thing you look at is
15 Plaintiff's damages. What they -- what Malan and
16 his entities are trying to do is to get a waiver
17 under 995.240. First, you look at Plaintiff's
18 damages, and then you see they have met the
19 requirements for the waiver to begin indigent person
20 status.

21 Where is the bank statement that Mr. Malan
22 has truly received no income before this year? I
23 appreciate Ms. Leetham stating that her client has
24 not got that money. But in 20 minutes, Your Honor,
25 we have another hearing where there's another
26 company that Mr. Malan owns. It's not just these
27 marijuana dispensaries that --

28 THE COURT: In 20 minutes we have another

1 hearing?

2 MR. JOSEPH: The Schwig (phonetic) case,
3 Your Honor. Sorry to remind you about that.

4 THE COURT: Is that Westpoint?

5 MR. JOSEPH: Westpoint, SH Westpoint.

6 THE COURT: I got it.

7 MR. JOSEPH: But where is the action? The
8 law is very clear. The law requires an actual
9 finding by the Court based on evidence that there is
10 no substantial financial assets to actually support
11 the bond itself. Where is the declaration from
12 Mr. Malan saying, "I have not made money. Here are
13 my bank statements. Here's my income for the last
14 three months"?

15 I understand from this business, according
16 to Mr. Brinig, he has not received anything. We
17 don't know about his other sources of income, if
18 he's taken any other forms of income, or anything
19 like that.

20 More important, with respect to the other
21 businesses, from Mr. Brinig and everything, we
22 understand that there may not -- there's a cash flow
23 issue with the businesses, but these businesses have
24 assets. As we have said, there are people willing
25 to pay millions of dollars for these businesses.
26 That does not mean that they're poor and have no
27 ability to acquire a bond. They have very valuable
28 property. They have very valuable assets and

1 licenses that people are willing to pay millions of
2 dollars for.

3 On top of all of that, the law is very
4 clear. These are corporations that are not entitled
5 to indigent person status. The -- I believe in
6 SoCal's briefing, Your Honor, it actually goes
7 through the very specific history and the
8 legislative intent with respect to the 998/995.240
9 waiver. It is to prevent -- it to save individuals
10 who would be precluded from the Court, to save
11 individuals who would be precluded from the Court,
12 persons, indigent persons.

13 It's something -- the main case I believe
14 that's cited is an employment case where an employee
15 lost at trial, and then they could not put forward
16 the bond for an attorney's fees issue. That is the
17 purpose of that waiver, and that waiver has simply
18 not been met. There's no finding whatsoever for
19 that.

20 To address one other issue very quickly, I
21 think Ms. Leetham got her math wrong. It's --
22 Razuki has the 75 percent interest in these
23 businesses. Mr. Malan has the 25 percent interest
24 in the business. Therefore, our damages would
25 always be three times more than his damage. So
26 whatever Malan's bond is, our bond has to be at
27 least three times higher. That's how the math would
28 work in that instance.

1 But anyway, the last thing that we would
2 have to -- that we must point out, Your Honor, the
3 receiver has already submitted declarations that
4 Ms. Austin was not willing to work with him. In
5 fact, the receiver tried to hire a manager or tried
6 to work with the management company in order to
7 exercise operational control. Your order required
8 Mr. Essary to work with Far West.

9 When Mr. Essary said, "Let me see your
10 payments. Let me approve of all of these issues.
11 Let me actually get into there" -- he has already
12 submitted e-mails to the Court where Ms. Austin
13 says, I am not going to require Far West to -- to
14 submit everything to you, Mr. Essary.

15 There's already evidence that they have
16 tried to obstruct with the receiver, and that is
17 exactly what we've been talking about since day one.
18 The receiver is not the responsibility -- the
19 responsible party for these businesses failing. It
20 is management.

21 Finding -- finally, Your Honor, the Court
22 can save these businesses. I understand that they
23 come off and talk about all these debts and
24 everything. You have SoCal, who at last, two weeks
25 hearings ago, said, We'll inject a million dollars
26 into Balboa if you let us in.

27 My client, Mr. Razuki, has said, We'll
28 cover the HOA fees, but we need the security of

1 knowing that we're going to have control about that.

2 Finally, Your Honor, we have to address the
3 latest findings of Mr. Brinig and everything --

4 THE COURT: Uh-huh.

5 MR. JOSEPH: -- because we did submit
6 briefing on this. I'm not sure if the Court had a
7 chance to review that.

8 THE COURT: I don't remember reading that.

9 MR. JOSEPH: I can summarize it very
10 quickly, Your Honor.

11 THE COURT: Go.

12 MR. JOSEPH: Essentially put, there are
13 multiple sources of income that Mr. Ninus --
14 Mr. Malan claims that he made contributions for. In
15 Schedule 9 is where those contributions are listed.

16 And so according to Mr. Brinig, there were
17 contributions made from Mr. Malan personally and
18 another entity called NM Investments, Incorporated,
19 which is Mr. Malan's entity. In total, when you
20 calculate those, looking at Schedule 9,
21 NM Investments invested or contributed \$90,341,
22 Mr. Malan personally contributed \$364,000, for a
23 total of \$454,000 and change. And that is a
24 contribution that's been put into Mr. Malan's
25 column.

26 Schedule 8, though, already has a
27 contribution where Mr. Razuki transfers \$498,000 to
28 NM Investments and Mr. Malan. We were the ones who

1 gave that money to Mr. Malan, and then he put it
2 into the businesses. And that's exactly according
3 to Mr. Brinig's report.

4 Finally, Your Honor, according to the
5 report, \$635,000 of contributions by -- that were
6 accredited to Mr. Malan came from American Lending
7 and Holdings. I don't need to belabor the point
8 right here, but there is a dispute over who owns
9 American Lending and Holdings and who gets credit
10 for the money that American Lendings and Holdings
11 put in.

12 Right there that is \$450,000 that we gave
13 Mr. Malan that he put back into the business, and
14 then we have \$635,000 from American Lending and
15 Holding that should be ours, given our position in
16 the hearing that may happen in ten minutes or may
17 not.

18 That's a million dollars that we dispute
19 based off the actual evidence and our positions on
20 this case. If that million dollars is subtracted
21 from Mr. Malan's position, he's net positive.
22 He's pos -- he's -- or "net negative" I guess is the
23 way we're saying it a quarter of a million dollars.

24 THE COURT: Got it.

25 MR. JOSEPH: So again, Your Honor --

26 THE COURT: Okay. Here we go. I got your
27 argument, Counsel. Let's go. So on SD -- I've
28 already got Malan, what you're requesting.

1 SD Holdings? I'm looking for numbers.

2 MR. JOSEPH: It should be the same,

3 Your Honor. It's still --

4 THE COURT: Flip?

5 MR. JOSEPH: The same, Your Honor.

6 THE COURT: Twelve million, right?

7 MR. JOSEPH: Yes, 12 million.

8 THE COURT: Balboa?

9 MR. JOSEPH: Same, Your Honor.

10 THE COURT: Is it the same for everybody?

11 MR. JOSEPH: It is the same for everybody.

12 THE COURT: Including Mira Este?

13 MR. JOSEPH: For Mira Este, we would argue,

14 because we only have a basis for 3.75 million, it

15 would be for Mira Este LLC, California Cannabis

16 Group, and those entities, 3.75 million.

17 THE COURT: Okay. You lost me. SD, twelve

18 five -- or twelve seven; Flip, twelve seven.

19 Balboa, how much is your request?

20 MR. JOSEPH: Twelve seven.

21 THE COURT: California?

22 MR. JOSEPH: Because that is the entity

23 associated with the Mira Este facility, three seven

24 five.

25 THE COURT: For Devilish Delights?

26 MR. JOSEPH: Three seven five, because I

27 believe that's with the Mira Este facility.

28 THE COURT: Mira Este? Three seven five?

1 MR. JOSEPH: Three seven five.

2 THE COURT: Mr. Hakim?

3 MR. JOSEPH: Three seven five.

4 THE COURT: And Roselle?

5 MR. JOSEPH: Your Honor, Roselle is
6 actually not in the receivership at this time, so --

7 THE COURT: Why would they appeal? That's
8 a good point.

9 MR. WATTS: They don't like the order.

10 THE COURT: That's a good reason. Judge, I
11 don't like it.

12 One wonders, though, if they even have
13 standing if they're not in it, but that's another
14 issue.

15 MR. JOSEPH: Your Honor, just for clarity,
16 I don't want them to say we put a zero dollar bond
17 there by the receiver's bond, by any means, so --

18 THE COURT: No, no. I know.

19 MR. JOSEPH: If anything, it should just be
20 the same amount.

21 THE COURT: I got it. Okay. Since we've
22 only got 25 minutes left with the reporter, slow
23 down. Is there anyone else before I turn to Mr. --
24 anybody else want to say anything? Anybody?

25 Mr. Jaffe, are you good?

26 Receiver? You want to say anything,
27 Mr. Essary?

28 MR. ESSARY: I don't think it's relevant to

1 what you're discussing here on the bonds,
2 Your Honor.

3 THE COURT: Just the bonds.

4 SoCal, do you want to say anything?

5 MS. CARDER: Do I need to address anything
6 about the management? because I believe --

7 THE COURT: You don't.

8 MS. CARDER: Okay.

9 THE COURT: I don't mean to be rude, but
10 you don't.

11 MS. LEETHAM: I have a lot to say, but I
12 think you got the gist of it.

13 THE COURT: Well said.

14 MR. GORIA: Just one point, Your Honor.
15 According to Mr. Brinig, between the time that the
16 receiver was appointed and October 31, Mira Este
17 lost over \$130,000.

18 THE COURT: Got it.

19 MR. WATTS: And I --

20 THE COURT: One sentence, go. Actually,
21 two or three, because I've got to hear from
22 Mr. Brinig. You're up.

23 MR. WATTS: They were talking about Ninus'
24 ability to pay. There is evidence of Salam Razuki's
25 ability to come up with at least \$800,000 on a
26 moment's notice to get himself out of prison for
27 murder for hire. So they can pay that -- whatever
28 you set the bond amount for, I'm confident that

1 Mr. Razuki will be able to come up with the money to
2 pay.

3 THE COURT: I will set a fair amount for
4 everyone, so says the Court.

5 All right. Here we go. Mr. Brinig, you've
6 waited a long time.

7 MR. BRINIG: Good afternoon, Your Honor.

8 THE COURT: Kind of give me -- I have
9 studied the new report. Thank you for providing
10 that. Kind of give me the overall assessment here.

11 MR. BRINIG: Well, the new report changed.
12 And I apologize because I said last time I didn't
13 think it would move the needle much. We received
14 a lot of information from Mr. Malan subsequent to
15 the issuance of the first report. It's essentially
16 summarized in Schedule 9 with the comments over
17 there. I've tried to number the schedules
18 sequentially after the first report.

19 And the observations that people make are
20 accurate that say I don't know where the money comes
21 from. All I can do is analyze money going from an
22 entity into the deals. I don't know where the money
23 might originate from in the entity that puts money
24 into the deal. So that's a fair -- in other words,
25 where does the audit stop, so to speak? And I've
26 stopped it where money is coming from. I don't know
27 the source of those monies. So that's a fair
28 critique.

1 And from a real tight auditing or forensic
2 accounting perspective, I've tried to say in the
3 notes, Well, some of this stuff is a little bit
4 loose. But if I see money going from one person to
5 one person or one place to another place, I identify
6 it here and I give the person or the place paying
7 the money credit for a contribution. Vice versa is
8 true. That's kind of my -- the backup of my report.

9 THE COURT: Is -- can I say -- is --
10 Schedule 8, is that kind of the bottom line?

11 MR. BRINIG: Yes, sir.

12 THE COURT: Could we look at that for a
13 minute.

14 MR. BRINIG: Sure.

15 THE COURT: I guess -- I understand Razuki.
16 So he's put in about one four, correct -- one three?

17 MR. BRINIG: Yes. And there's -- as you --
18 I think the Court's well aware there's a clear
19 distinction between above the line and below the
20 line.

21 THE COURT: We went through that.

22 MR. BRINIG: Right.

23 THE COURT: Explain to me, though, how
24 Malan gets down to negative 250-. Just walk me
25 through that real quick. Do you understand? Go
26 down -- go through that analysis.

27 MR. BRINIG: Sure.

28 THE COURT: He put in 470-?

1 MR. BRINIG: Four twenty-seven --

2 THE COURT: Go ahead.

3 MR. BRINIG: -- out of -- out of -- in
4 Balboa and he took out 188-.

5 THE COURT: And let me interrupt just for a
6 second, because I think this goes to your question.
7 Do you know where that 427- came from?

8 MR. BRINIG: That -- yes. That came out of
9 the Balboa operations.

10 THE COURT: Oh, operations?

11 MR. BRINIG: Yes, sir.

12 THE COURT: Not the sale of a property?

13 MR. BRINIG: I'm -- let me -- your -- you
14 guys are focusing a little different way than I'm
15 thinking right now. Let me just look to make sure.

16 MS. LEETHAM: I think I can jump in.

17 THE COURT: I just want to know if it's
18 Balboa or the sale.

19 MS. LEETHAM: The sale -- what do you mean
20 by "the sale," I guess? So the distributions are
21 from the minimum guarantees. The SoCal -- the 188-,
22 that came from the SoCal contract. And the 427- is
23 a combination of money, the escrow and I think
24 payments that he made to build out, to pay the
25 architect, to pay different things like that.

26 THE COURT: "He" being?

27 MS. LEETHAM: I'm sorry, Your Honor.
28 Mr. Malan.

1 THE COURT: Okay. So that -- so that's his
2 private money? Can I say that? Does that make
3 sense?

4 MS. LEETHAM: It makes sense and I think
5 that's fair.

6 THE COURT: Okay. Go ahead.

7 MR. BRINIG: And the 188- coming out did
8 come out of operations of Balboa.

9 THE COURT: Okay.

10 MR. BRINIG: None of them since -- since
11 June, as we -- I pointed out earlier.

12 THE COURT: And then keep going.

13 MR. BRINIG: And then 65- into Mira Este
14 operations, if we look at Schedule 4. I'm looking
15 at the original report. I'm sorry. This -- this
16 65- in comes from contributions to the --

17 THE COURT: I don't -- where are you?

18 MR. BRINIG: I'm jumping back to the
19 original report.

20 THE COURT: Can you use this one?

21 MR. BRINIG: Well, I don't have the detail,
22 but I can tell you the 65- -- I'm sorry.

23 THE COURT: It's okay. I got both of them
24 in front of me.

25 MR. BRINIG: Okay. So look at the -- I'm
26 jumping between -- so you're looking -- you want to
27 look at Schedule 8. Where did 182- --

28 THE COURT: There we go. Where did that

1 come from?

2 MR. BRINIG: Where did 182- come from, and
3 then where did the 670- come from. The 182- came
4 from about -- rough numbers, about 65- of it was
5 from an investment in the property. And then the
6 balance -- let me -- this is new information for me.
7 I've got to look at Schedule 9 to see
8 contributions -- I'm sorry -- into Mira Este from
9 Mr. Malan. And if you look at Schedule 9 --

10 THE COURT: Uh-huh.

11 MR. BRINIG: -- there's, sort of down to
12 the bottom of the first page, a 25,000, a 2500, and
13 a 25,000.

14 THE COURT: Uh-huh.

15 MR. BRINIG: Previously, I had -- knew
16 about those numbers, but they were unsourced.
17 Mr. Malan has provided information as to where
18 they -- that money was on his behalf.

19 THE COURT: And that source was?

20 MR. BRINIG: I can tell you. The -- I got
21 to jump around, though.

22 THE COURT: Take your time. I got it.

23 MR. BRINIG: Almost there. Twenty-five
24 thousand is a check from Ninus Malan on May 7th,
25 2018, from him personally. Twenty-five hundred is a
26 check from Ninus Malan on June 12th, 2018,
27 personally. And another --

28 THE COURT: Got it.

1 MR. BRINIG: Looking for 25,000 and 33-.
2 Hold on. Thirty-three -- I'm sorry. This is my --
3 the other 25,000 is -- I just see the money coming
4 in. I don't in front of me have the source. I
5 can't tell you that it's from a personal check, but
6 I see the money coming in.

7 THE COURT: That's all right.

8 MR. BRINIG: Does that help?

9 THE COURT: It did. It helped a lot.
10 Anything else you'd like to say?

11 MR. BRINIG: Not if you don't want to ask
12 me, Judge.

13 THE COURT: So I assume, all counsel,
14 Balboa closed, right?

15 MS. LEETHAM: Yes, Your Honor.

16 MR. JOSEPH: Yes, Your Honor.

17 THE COURT: Mira Este, is it viable?

18 MR. JOSEPH: Yes, Your Honor.

19 THE COURT: Mr. Gorla, is it viable, if you
20 know?

21 MR. GORLA: Well, it's limping along. It's
22 running as a negative because of the facts that
23 we've discussed.

24 THE COURT: Anything else? Can we close
25 this area for madam court reporter then? Thank you.
26 Here's what I'm going to do. This will be off my
27 plate Monday. I want to think about it. You've all
28 given me a lot of stuff. But I'm going to make one,

1 two, three, four, five, six, seven, eight, nine --
2 ten rulings, right? That's all on bonds, right?

3 MR. WATTS: And the other -- putting
4 Sunrise in receivership, those things, are you going
5 to rule on that today too?

6 THE COURT: I haven't heard argument on
7 that. I'd like to hear it.

8 MR. ELIA: Your Honor, may I say something
9 quickly? May I just make a request that Mr. Brinig
10 actually source the money so we can determine where
11 this money came from? I think he'd be done in a few
12 days.

13 THE COURT: No. I've got an idea. I've
14 seen this -- I've read the supplement. I'm moving
15 forward. I got to move forward, Counsel. I say
16 that respectfully. I'm going to make some orders.
17 Okay? And these are going to come out Monday.

18 Hold on. Let me get my notes. There was
19 something on Mira Este that I had. It wasn't
20 exactly what you said, though.

21 MR. GORIA: Well, it was an ex parte
22 application to remove the receiver that was --

23 THE COURT: That's it. That's it. That's
24 to remove it, yeah. Okay. That's up on appeal,
25 Counsel.

26 MR. GORIA: Understood, Your Honor.

27 THE COURT: Thank you. So that's --

28 MR. GRISWOLD: Your Honor, one minor issue.

1 You brought up -- I think you were confirming that
2 Balboa, as of today, still remains closed. I just
3 want to clarify if the Court was directing --

4 THE COURT: Did I say -- I didn't -- I just
5 said it's closed.

6 MR. GRISWOLD: It is closed, and I'll
7 confirm it is closed today. And I just want to get
8 clarification. Is the Court directing the receiver
9 to keep it -- keep it closed even until Monday, or
10 can the receiver -- the receiver is receiving
11 multiple proposals from operators that would
12 consider operating Balboa.

13 Is the receiver allowed at this point to
14 consider and even place an operator in Balboa, or is
15 the Court's desire and direction of the receiver to
16 keep it closed?

17 MS. LEETHAM: Well, the order states it's
18 Far West, so that changes the order.

19 THE COURT: Yeah.

20 MR. GRISWOLD: When we left two weeks ago,
21 it was the direction of the Court to keep it closed.
22 All I'm trying to do is give direction to the
23 receiver.

24 THE COURT: That makes sense. You all know
25 what's going on here, right? You understood what I
26 said? You all understand what's going on in my
27 courtroom? You're looking at me like no, you don't.

28 Well, here's what's -- listen, I was going

1 to do a lot of things today. But now because of
2 certain appellate issues, I don't think I can. And
3 I could have moved this case along. But for -- but
4 you all have your rights. Don't take this as
5 criticism. You're attorneys. You're doing your
6 job.

7 But I was going to do a lot of things, and
8 then we got into detail about how much jurisdiction
9 I have. And I don't think I have that much, except
10 to do the bonds. I'll be quite honest. Because I
11 was going to do a lot more today. Let me tell you.
12 And I plan on it, but I'm not too sure -- so what --

13 Let's look at the reality. What's it going
14 to do? I'm shutting down for, like, six months.
15 And, you know, so be it. Whether these businesses
16 survive for six months, I don't know. I don't
17 understand why you all don't get together and do
18 something. But, you know, that's not me. You
19 present it to the Court. I do it. So that's my
20 little spiel, and it is what it is.

21 But here's what -- I'll put it on the
22 record. I'm afraid this is all going to go down the
23 drain, every bit of it. And that doesn't help
24 anybody, does it?

25 Okay. I've said my piece, so I'm going to
26 make rulings. You're entitled to that. I'm going
27 to do it.

28 MR. WATTS: Sunrise also.

1 THE COURT: Let's talk about the -- jeez.
2 You got five minutes. Talk about Sunrise.

3 MR. WATTS: We're the moving party. We
4 have asked that if the Court is not going to
5 recognize that the order appointing Mr. Essary is
6 void that we have the exact same rights as
7 Mr. Razuki has under that RM Holdings agreement.

8 The parties both were required to put their
9 shares into RM Holdings. Neither party did that.
10 Neither party prepared a financial accounting.
11 Neither party -- they were supposed to put their
12 shares in Sunrise and Super 5 Consulting Group.
13 Razuki was. He was supposed to put his shares into
14 RM Holdings. Ninus Malan, under that same contract,
15 he said that he was going to put his shares in
16 San Diego United, et cetera, into RM Holdings.

17 If you recall, this is the contract on
18 which the plaintiffs sued that started this
19 litigation. And so they claim that because they're
20 entitled to 75 percent of the profits or losses of
21 RM Holdings --

22 THE COURT: And, Counsel, again, you
23 represent?

24 MR. WATTS: I represent Ninus Malan and
25 cross-complainant American --

26 THE COURT: Four attorneys.

27 MR. WATTS: So Ninus Malan and Mr. Razuki
28 had the same obligations under that contract.

1 THE COURT: Real quick, tell me what you're
2 specifically requesting.

3 MR. WATTS: I'm asking for you to appoint
4 Kevin Singer --

5 THE COURT: There we go.

6 MR. WATTS: -- as the receiver over RM
7 Property Holdings, LLC; Sunrise Property
8 Investments, LLC; Alternative Health Cooperative,
9 Incorporated --

10 THE COURT: Slow down.

11 MR. WATTS: Alternative Health --

12 THE COURT: Has this been filed, Counsel?

13 MR. WATTS: Yes, this has been filed.

14 THE COURT: Do you know what the ROA number
15 is?

16 MR. WATTS: Tammy will look it up.

17 THE COURT: If you could do that, that
18 would be helpful to the Court.

19 MR. WATTS: We have --

20 THE COURT: So go ahead.

21 MR. WATTS: So appointing Kevin Singer
22 receiver over these five entities, Goldn Bloom
23 Ventures, Incorporated, and also Super 5 Consulting
24 Group, LLC. Those companies, except for
25 RM Holdings, which is the holding company -- those
26 companies are the entities that authorize -- operate
27 this Goldn Bloom dispensary.

28 THE COURT: Are they in the lawsuit?

1 MR. WATTS: Yes, they're in the lawsuit.

2 They have been served and --

3 THE COURT: Have they responded?

4 MS. LEETHAM: Sunrise Property Investments
5 has answered.

6 THE COURT: How about the others?

7 MR. WATTS: They haven't -- they haven't
8 responded.

9 THE COURT: When were they served? because
10 they would be --

11 MS. LEETHAM: Default.

12 MR. WATTS: A couple of weeks ago, but
13 bearing in mind that all of our companies were put
14 into receivership before they were even served with
15 a summons, so -- but we have served them, named
16 them, filed amendments. We named them as Roes.
17 Some of them we named as individuals, and we've
18 served them. They're represented. They have
19 counsel.

20 This Court was going to put them into the
21 accounting back in September, but then decided not
22 to do that because they didn't have counsel. They
23 have had counsel now for months, and they're not
24 even in the accounting.

25 THE COURT: Who represents them?

26 MR. WATTS: Mr. Jaffe right now.

27 THE COURT: Mr. Jaffe, you represent these
28 five entities?

1 MR. JAFFE: Only Sunrise, Your Honor.

2 THE COURT: Who represents the others?

3 MR. JAFFE: I don't know. And I know
4 they're not in default. I looked at the proofs of
5 service. Thirty days hasn't even gone by.

6 MR. WATTS: I haven't -- I don't believe I
7 said that they were.

8 THE COURT: Yeah, you did.

9 MS. LEETHAM: I thought they were, and I
10 misspoke. And I was -- I apologize. I'm thinking
11 of --

12 THE COURT: Okay. So let's slow down.
13 Slow down.

14 So we'll wait and see. Well, then let's
15 wait and see what they respond with.

16 But go ahead, finish your argument. I'll
17 listen. Counsel, you got two minutes. Go.

18 MR. WATTS: We still think that the
19 preliminary injunction is void, that the
20 companies -- the parties don't have property
21 interests in these companies.

22 If the Court finds, though, that they do,
23 if the Court is still convinced that Razuki has
24 property interests in San Diego United and Mira Este
25 and these others sufficient to give him a receiver,
26 if you think still think that that was the right
27 order, then we are entitled to an equivalent order
28 over Sunrise.

1 He used -- Mr. Razuki, you'll recall, used
2 money -- we've submitted undisputed evidence that he
3 used money from that dispensary to hire a hitman to
4 try to murder Ninus Malan because of this
5 litigation, because we filed an appeal.

6 That evidence is undisputed. No one has
7 disputed it. No one has filed a declaration in
8 opposition to it with evidence. There's been
9 argument, but it's undisputed that they used the
10 money from these companies that we're asking to be
11 put in receivership, cash from a cash business,
12 Your Honor --

13 MR. ELIA: Objection, Your Honor.
14 Relevance.

15 THE COURT: Shh, shh, shh. Let him finish.
16 You got one more minute.

17 MR. WATTS: The relevance is that we are
18 letting these companies go to waste. We're letting
19 them be used for criminal purposes. Mr. Malan has a
20 property interest in them, according to the
21 plaintiff, and his own property is being used to try
22 to murder him. And there is --

23 MS. GRIFFIN: Objection.

24 THE COURT: Shh, shh, shh.

25 MR. WATTS: You can object if you want, but
26 the evidence is undisputed. On that point, it is
27 undisputed. And so if the --

28 MS. GRIFFIN: Whatever.

1 MR. WATTS: It is. It is.

2 MR. ELIA: And we dispute the evidence.

3 THE COURT: Let's --

4 MR. WATTS: That's --

5 THE COURT: I've heard enough.

6 MR. WATTS: In criminal, but --

7 THE COURT: Stick to it, Counsel. Go.

8 MR. WATTS: They can't be allowed to do
9 that with the money. They can't be allowed to hire
10 people to murder people with the money. They --

11 THE COURT: Okay. I got your argument.

12 MS. LEETHAM: Your Honor, I believe it's
13 ROA 335, but there's a lot of pleadings.

14 THE COURT: Thank you very much.

15 MS. LEETHAM: I think so.

16 MR. JAFFE: Your Honor --

17 THE COURT: Mr. Jaffe, what do you want to
18 say?

19 MR. JAFFE: There's four other owners of
20 Sunrise other than Mr. Razuki. He only has a
21 minority interest.

22 THE COURT: How much?

23 MR. JAFFE: About 20 percent. I think
24 that's -- it's in the declaration.

25 THE COURT: Got it. Do you know what the
26 ROA on that is? I'll find it. Never mind. Go
27 ahead. It's around there probably.

28 MR. JAFFE: All they have done is brought

1 an ex parte. And what's happened is there was a
2 settlement agreement that says that Mr. Malan only
3 possibly gets money out of the Sunrise money that
4 Mr. Razuki had, which might get -- if and when
5 Mr. Razuki gets all his money back. So they don't
6 have any interest right now at all in Sunrise.

7 The reason that you put in a receiver, as I
8 understand it, is because Mr. Razuki put in all this
9 money and there was money that was being taken by
10 Mr. Malan from the Balboa dispensary. None of that
11 is going on at Sunrise. This is an operating
12 dispensary with other owners that has nothing to do
13 with money being taken in any broad -- not even an
14 allegation in any way that Mr. Malan's money is
15 being taken and therefore he needs to have some
16 interest in Sunrise.

17 You have declarations that the Sunrise
18 people put in that after the charges were brought
19 against Mr. Razuki, the federal authorities
20 questioned them and they have -- they asked for some
21 information about Razuki, and they have done nothing
22 else. They're not pursuing any type of -- anything
23 against this dispensary, Sunrise, with regard to any
24 of those criminal issues that they have brought up.
25 There's no emergency and they could bring this on a
26 noticed motion.

27 THE COURT: Thank you.

28 MR. ELIA: Your Honor, I have a suggestion

1 if you want to hear it briefly. Here's my
2 suggestion, Your Honor. Under the terms of the
3 settlement agreement, in three different places, it
4 states -- and for the record, it's Section 1.2,
5 Sections 2.2 and 2.3.

6 Those three sections state that no one --
7 when I say "no one," I mean Mr. Razuki and
8 Mr. Malan -- are to take profits until the
9 contributions are repaid.

10 My suggestion is I think a receivership is
11 inappropriate, because there's four other owners.
12 We would be happy to report to Mr. Essary
13 Mr. Razuki's contributions that he receives every
14 month.

15 MR. WATTS: They said they'd do that three
16 months ago, and they didn't.

17 THE COURT: Thank you. Understand.

18 Any other -- so that's ten bonds, one
19 ruling on Mr. Singer. Anything else?

20 MS. LEETHAM: For the record, my client has
21 an actual conflict of interest with Mr. Jaffe.
22 We'll be filing a motion to have him disqualified.
23 I just want the Court to know that. Huge problem.

24 THE COURT: Fire that baby.

25 MS. LEETHAM: I'm going to fire that baby
26 away.

27 THE COURT: There you go. Are you going to
28 do it before you get relieved?

1 MS. LEETHAM: Well, I'm hoping I don't get
2 relieved, but yes.

3 THE COURT: There you go. Well, I would
4 hope you don't get relieved --

5 MS. LEETHAM: Thank you.

6 THE COURT: -- would be my opinion, because
7 you all are -- I'd hate to have to gear somebody up
8 again, and I mean that. I need all of you. I can't
9 say that more strongly.

10 Okay. We're done. I'll let you know if I
11 need you anymore.

12 (The proceedings concluded at 4:25 p.m.)

13 * * *

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

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: January 4, 2018

22

23 

24 Leyla S. Jones
CSR No. 12750

25

26

27

28

EXHIBIT – B

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SAN DIEGO

DEPARTMENT 67 HON. EDDIE C. STURGEON

SALAM RAZUKI,)	
)	
PLAINTIFF,)	
)	
VS.)	
)	CASE NO.
)	37-2018-
NINUS MALAN,)	00034229-CU-BC-
)	CTL
DEFENDANTS.)	
-----)	
)	

REPORTER'S TRANSCRIPT
FRIDAY, MARCH 15, 2018

APPEARANCES ON NEXT PAGE

LOIS MASON THOMPSON, CSR, RPR, CRR
CSR NO. 3685
lois.mason51@gmail.com

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES :

FOR SALAM RAZUKI :

ELIA LAW FIRM, APC
BY: STEVEN ELIA
MAURA GRIFFIN
JAMES JOSEPH
2221 CAMINO DEL RIO SOUTH
SUITE 207
SAN DIEGO, CALIFORNIA 92108

FOR PLAINTIFFS IN INTERVENTION SOCAL BUILDING
VENTURES LLC AND SAN DIEGO BUILDING VENTURES LLC :

NELSON HARDIMAN
BY: SALVATORE J. ZIMMITTI
11835 WEST OLYMPIC BOULEVARD
SUITE 900
SAN DIEGO, CALIFORNIA 90064

FOR THE MALAN RELATED ENTITIES AND SPECIALLY
APPEARING FOR MONARCH MANAGEMENT & CONSULTING,
SAN DIEGO UNITED HOLDINGS GROUP, FLIP MANAGEMENT,
BALBOA AVENUE COOPERATIVE, CALIFORNIA CANNABIS
GROUP AND DEVILISH DELIGHTS :

GALUPPO & BLAKE
BY: LOUIS A. GALUPPO
DANIEL T. WATTS, ESQ.
2792 GATEWAY ROAD
SUITE 102
CARLSBAD, CALIFORNIA 92009

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

FOR CHRIS HAKIM, MIRA ESTE PROPERTIES LLC, AND
ROSELLE PROPERTIES LLC:

GORIA WEBER & JARVIS
BY: CHARLES F. GORIA
1011 CAMINO DEL RIO SOUTH,
SUITE 210
SAN DIEGO, CALIFORNIA 92101

FOR RM PROPERTY HOLDINGS LLC:

MUSICK, PEELER & GARRETT LLP
BY: WHIT BIVENS
225 BROADWAY
SUITE 1900
SAN DIEGO, CALIFORNIA 92101
619.525.2565

FOR THE RECEIVER MICHAEL ESSARY:

RICHARDSON C. GRISWOLD
ATTORNEY AT LAW
444 S. CEDROS AVENUE
SUITE 250
SOLANA BEACH, CALIFORNIA 92075

FOR SUNRISE PROPERTIES INVESTMENTS, MATTHEW
RAZUKI, MARVIN RAZUKI, SARAH RAZUKI, SUPER 5
CONSULTING, ALTERNATIVE HEALTH AND GOLDEN BLOOM:

WITHAM, MAHONEY & ABBOTT
BY: MATT MAHONEY
401 B STREET
SUITE 200
SAN DIEGO, CALIFORNIA 92101
619.407.0505

1 San Diego, California, Friday, March 15, 2019,

2 PM Session

3 ---000---

4 THE COURT: First of all, let's go on the
5 record. Is everybody ready to go on the record?

6 (Simultaneous affirmative response from
7 counsel.)

8 THE COURT: So this is Razuki versus Malan.
9 May I have full appearances.

10 MR. JOSEPH: James Joseph on behalf of
11 the plaintiff, Salam Razuki.

12 MR. ZIMMITTI: Salvatore Zimmitti for
13 the plaintiffs in intervention Socal Building Ventures
14 LLC and San Diego Building Ventures LLC.

15 MR. BIVENS: Whit Bivens on behalf of
16 RM Property Holdings LLC.

17 MR. ELIA: Steven Elia for the plaintiff,
18 Salam Razuki.

19 MS. GRIFFIN: Maura Griffin on behalf of the
20 plaintiff, Salam Razuki.

21 MR. GRISWOLD: Richardson Griswold for the
22 Receiver, Michael Essary.

23 MR. GORIA: Charles Goria for the defendants
24 Mira Este Properties, LLC; Chris Hakim; and Roselle
25 Properties LLC.

1 MR. WATTS: Daniel Watts on behalf of the
2 defendant Ninus Malan and specially appearing for the
3 Austin Legal Group on behalf of the defendant San Diego
4 United Holdings Group LLC, Flip Management LLC,
5 Balboa Avenue Cooperative, California Cannabis Group,
6 and Devilish Delights, Incorporated.

7 MR. GALUPPO: Louis Galuppo appearing along
8 with Daniel Watts for the exact same set of folks that
9 he just mentioned.

10 MR. MAHONEY: Good afternoon, Your Honor.
11 Matt Mahoney on behalf of nonparty Synergy Management
12 Partners LLC. Present with me in the court today is
13 Mr. Jerry Baca.

14 THE COURT: Welcome, Mr. Baca.

15 First of all, I think I have read everything.
16 There were filings done on the 14th, the 15th, and I
17 think everything else. But let's go down my list and
18 let's make sure.

19 I see four issues before the Court today,
20 quasi issues? Right? The two noticed ones, at least,
21 were the Hakim, Mira Este Properties, to remove the
22 receiver from Mira Este, that's 1.

23 MR. WATTS: Yes.

24 THE COURT: Number 2 was the Receiver's
25 application for authority and funding for the Balboa

1 dispensary.

2 MS. WATTS: Yes.

3 THE COURT: There's subcategories in there to
4 expand the Receiver's authority to enter into new
5 contracts with Balboa, new management contracts --

6 MR. GRISWOLD: Yes, Your Honor.

7 THE COURT: -- with the Balboa dispensary.

8 The next was Mr. Malan has filed a motion for
9 sanctions under CCP 128.5.

10 MR. WATTS: That's not at issue today,
11 Your Honor, that's next week; but thank you.

12 THE COURT: As soon as you said "next week,"
13 you had me, you had me. Well, I've read it.

14 And there were also opposing and a reply;
15 correct?

16 MR. WATTS: Yes, for that motion.

17 THE COURT: I'm up for a week on that one.
18 We'll take that next week.

19 And then what -- we've got time, so we're
20 really -- what was interesting was the Receiver's letter
21 on behalf of Social. Pretty interesting. A lot
22 interesting. And I say that -- you got 4.5 million?

23 MR. ZIMMITTI: We do, Your Honor.

24 THE COURT: All right. That's a lot of money.
25 I won't say anything else.

1 Why are you standing there up first,
2 Mr. Griswold?

3 Where is Mr. Essary?

4 MR. GRISWOLD: Mr. Essary is still out of the
5 country, so I'm here solely on his behalf.

6 Since it was my application, I thought I would
7 step a little closer to the action today.

8 THE COURT: So what do you want?

9 Shall we do Balboa first? Does anyone have
10 any -- I've kind of broken it down, at least in my time
11 frame, Balboa, Mira Este, and I want to talk about
12 Socal. Yeah. Let's do some work.

13 Mr. Griswold, the floor is yours.

14 MR. GRISWOLD: Thank you, Your Honor.

15 So first I did want to take -- you did, I
16 think accurately, break out the Receiver's ex parte
17 application into, really, two components.

18 I would say the first step is from my position
19 confirming that the Court does have the jurisdiction to
20 allow, direct, authorize the Receiver to enter into new
21 contracts for the operation of the dispensary and/or
22 approve and allow the Receiver to enter into new funding
23 arrangements.

24 THE COURT: May I interrupt?

25 MR. GRISWOLD: Yes.

1 THE COURT: And I'll try not -- and I
2 interrupt too much, I understand that.

3 MR. GRISWOLD: No problem.

4 THE COURT: But I do have one question. And
5 then I really will try to be quiet.

6 Have any of the defendants filed an appeal
7 bond?

8 (Response in the negative from several counsel
9 simultaneously.)

10 THE COURT: Okay. We can move. Go.

11 MR. GRISWOLD: Okay. Your Honor, would you
12 like to hear about the legal authority to support --

13 THE COURT: Go ahead.

14 MR. GRISWOLD: Okay. So we were here on
15 Tuesday morning and then we got pushed to today. If you
16 can believe it, from Monday to today my email inbox and
17 my telephone system have been flooded by interested
18 operators, interested buyers of this Balboa dispensary.
19 From the Receiver's prospective, that's great news. So
20 I can certainly affirm to this Court that there is a
21 whole lot of interest.

22 And even on Tuesday when I came in in the
23 morning, my plan, and as my proposed order reflects, is
24 simply to take what I will call the first step for this
25 Court to give authorization to the Receiver to go out

1 and look, negotiate, try to formalize a concrete
2 contract to come back to the Court for full final
3 approval for the Receiver to sign, to confirm a new
4 operator and confirm a new funding plan for the
5 dispensary.

6 I say that very generally because a lot of the
7 proposals the Receiver is receiving, these are operators
8 that will operate the dispensary and potentially be
9 paying a monthly fee to the receivership estate to be
10 there.

11 Component number two, these operators are
12 ready and willing to fund -- or, I should say, loan
13 between \$500,000 and \$1 million at rates at
14 approximately six percent interest and take that in a
15 second position behind the existing mortgage note holder
16 on the property.

17 THE COURT: How much is that again?

18 MR. GRISWOLD: On the Balboa dispensary, which
19 includes the dispensary property itself plus the storage
20 unit, it's approximately \$500,000 is the principal
21 amount. And I'll put aside the five units at Balboa for
22 now.

23 But the third component of which almost all of
24 these proposals include is a sale option. Most if not
25 all of these operators want to purchase this dispensary.

1 And that sale price range was down in the -- from as low
2 as about a million dollars as of Monday; as of just a
3 few hours ago I received a formal written proposal from
4 someone who wanted to buy it at \$5.3 million. And I
5 have a cluster of sale option offers between 4- and
6 \$5 million.

7 So given that and given the importance, of
8 course, of the dispensary, its value, getting it open
9 and operating as soon as possible because of the
10 impending foreclosure proceedings and licensing issues.

11 I wish I could stand here and have the golden
12 contract to put in front of the Court, but I just do
13 feel that it's worth a week or two for the Receiver to
14 come back, and I would recommend by ex parte
15 application, working with all counsel and keeping all of
16 them updated hourly on the proposals that are coming in,
17 but I would like to do something where I came back two
18 weeks later with the Receiver's recommended management
19 proposal and funding proposal for the Court's blessing.

20 THE COURT: One question -- probably one or
21 two, and then we'll get into it a little bit deeper.
22 These offers to purchase, it's my understanding, based
23 on everything that I've read and prior representations
24 by counsel, that once the operation, management is not
25 open for 30 days, the license could be pulled. Am I

1 right on that?

2 MR. GRISWOLD: Yes, there is that threat. We
3 are dealing with that directly with the licensing agency
4 for the State of California.

5 THE COURT: Do they know what's going on here?

6 MR. GRISWOLD: They do. They do. So --

7 THE COURT: Are they informed that this could
8 be -- and, counsel, I'm not prejudging -- this could be
9 sold for 4.5 million, 5 million, whatever?

10 MR. GRISWOLD: They don't know to that extent.
11 I have not been keeping that close of updates as to --
12 and mostly because I don't really have the authority.
13 It's not technically listed for sale. But I have not
14 provided updates that we're receiving offers; and one
15 resolution in this case might be a transfer, so I have
16 not brought that issue to them yet.

17 THE COURT: Got it.

18 But is it your sense that, Judge, we know
19 what's going on in your courtroom, we're not going to
20 revoke it.

21 Because if that gets revoked; over? Right?

22 MR. GRISWOLD: Well, it's certainly a problem.

23 There is another subsection of that statute of
24 how you can go back -- it's at the discretion of the
25 licensing board, but you can go back and request that

1 the license be put back in good standing. So no
2 guarantees, but there is a process for that.

3 THE COURT: So exactly -- I think I know what
4 you want. I'm going to make it very broad. Judge, we
5 want to have the authority now to put in a management
6 team?

7 MR. GRISWOLD: Yes.

8 THE COURT: That's the first one.

9 What's the other thing that you want?

10 MR. GRISWOLD: Well, just to make it a little
11 more specific, the Receiver wants the authority to
12 confirm a receivership funding arrangement.

13 THE COURT: Explain that to me.

14 MR. GRISWOLD: So I'll use more specific
15 terms. The Receiver to execute a receivership
16 certificate to fund the receivership estate and for that
17 receivership certificate to be secured against the
18 Balboa Avenue dispensary.

19 THE COURT: Explain that to me. And I don't
20 mean to be naive.

21 MR. GRISWOLD: No, not all. And I'm kind of
22 being vague or general because I am currently looking at
23 proposals from parties to this case that would be
24 willing to call it an advance of funds, but it would be
25 on terms where they would be acquiring an interest.

1 I am looking at funding from complete outside,
2 you know, more traditional private lender to simply
3 provide a receivership certificate to the receivership
4 estate.

5 And then thirdly, I am looking at proposals
6 from actual operators who want to come in, operate, and
7 also provide an infusion of capital, but again, on
8 terms, acquiring interest and secured by a deed of trust
9 against the Balboa Avenue dispensary.

10 THE COURT: Exclusive of an option to purchase
11 or are they all tied to that?

12 MR. GRISWOLD: Most are tied.

13 They are proposing one agreement and that
14 agreement has three components within it: Operation,
15 funding, option to buy.

16 THE COURT: Okay. Thank you.

17 The only issue we're going to -- it's just
18 that issue. We'll get to all of the rest. I've got
19 time for once.

20 So let's just talk about that as to the
21 Receiver's proposal to broaden the Receiver's powers to
22 allow them to bring in a new management team with all of
23 the other conditions for a Receiver's certificate of
24 funding --

25 MR. GRISWOLD: Yes, Your Honor.

1 THE COURT: -- is that what you said?

2 MR. GRISWOLD: Yes, Your Honor.

3 THE COURT: Is that like a TD? Or it's like a
4 note?

5 MR. GRISWOLD: It's exactly like a note. A
6 receivership certificate is a note. It's just that the
7 Receiver would act as the borrower of the receivership
8 state.

9 THE COURT: Got it.

10 Razuki, go.

11 MS. GRIFFIN: Good afternoon, Your Honor.

12 THE COURT: Good afternoon.

13 MS. GRIFFIN: We are all very concerned about
14 the Balboa dispensary being closed for so long, so I
15 think the consensus among everyone is that we do need to
16 get it reopened. And we really appreciate the efforts
17 of the Receiver and the Receiver's counsel for seeking
18 out potential options to make this happen because it
19 needs to.

20 THE COURT: Now may I interrupt again?

21 MS. GRIFFIN: Yes.

22 THE COURT: And I said I wouldn't.

23 I remember reading that this has been
24 discussed, and based on what you have said, all counsel
25 have agreed to this.

1 Did I misunderstand that when I read that?

2 MS. GRIFFIN: I think generally there was an
3 email from Mr. Griswold saying, basically, like, I have
4 spoken to all of the parties' counsel and everyone
5 generally agrees that we need to get Balboa open. I
6 don't think that we're all going to necessarily be on
7 the same path to that.

8 THE COURT: Could you clear that up for
9 the Court.

10 MR. GRISWOLD: Sure. And I might get
11 interrupted.

12 It is my understanding that all parties agreed
13 that the Court has the authority and all of the parties
14 do desire for a new management company to come in and
15 operate Balboa, but I think there's disagreement as to
16 who that operator would be.

17 THE COURT: And because there is no management
18 team --

19 MR. GRISWOLD: Correct.

20 THE COURT: -- at Balboa right now, none?

21 MR. GRISWOLD: Correct.

22 THE COURT: All right. I'll be quiet.

23 MS. GRIFFIN: So we're very appreciative again
24 of all of their efforts. It's very clear that they're
25 putting a lot of time and thought into this.

1 We support what the Receiver is requesting
2 today in terms of getting approval and authority from
3 the Court to vet further these options and be able to
4 present to the Court what ultimately turns out to the
5 best one.

6 We would like to voice some of our concerns,
7 which I don't think are -- I think are reasonable given
8 the circumstances.

9 First and foremost, the option to purchase.
10 We have a concern with granting another third-party
11 operator an option to purchase when Socal is currently
12 litigating the enforceability of its option to purchase
13 in this litigation.

14 If a second option to purchase is given, then
15 what happens if ultimately the Court decides that
16 Socal's option is enforceable. I think that just leads
17 to the possibility of additional parties, which we all
18 know we don't need, and a more complex litigation, a
19 multitude of lawsuits, et cetera, et cetera. So we have
20 an issue or we are very concerned with any option to
21 purchase unless it's to Socal, which obviously that
22 would resolve that. In the event the Court -- so as to
23 the option, that's how we feel.

24 Additionally, with the option, we do now have
25 a more recent option of -- or a purchase price of 5.3.

1 So, essentially, there's a bidding war amongst these
2 people. So it's developing and getting closer to what
3 we believe the fair market value is.

4 Social's management agreement was -- their
5 purchase price was 3 million for 50 percent of Balboa,
6 so the purchase price would have been \$6 million.

7 We actually think that the current fair market
8 value is more in the 7- to \$8 million range based on
9 sort of what the environment is doing right now, what
10 sales are looking like.

11 In any event, the Court ultimately determines
12 that either an option to purchase or a more immediate
13 actual sale of the dispensary is warranted and the best
14 course of action. We would just request that it be sold
15 at fair market value.

16 THE COURT: Okay.

17 MS. GRIFFIN: If a sale is determined to be
18 the best course of action, that it actually be marketed
19 for sale because it really hasn't been an open marketing
20 for sale, it hasn't been listed with a broker,
21 et cetera, et cetera, to drive up the price and get it
22 to fair market value.

23 In terms of the proposals that do not have an
24 option to purchase component, there have been -- and I
25 have seen one come through by Golden Bloom for the

1 operation of the dispensary for about \$20,000 per month.
2 I think the one that they presented was 12 months, but,
3 you know, there's further negotiation to be happening by
4 the Receiver and Receiver's counsel.

5 Golden Bloom operates the Sunrise dispensary
6 and has been pretty successful in doing so, so we think
7 that's a viable option.

8 We have also been made aware today of a second
9 proposal just for operating. I don't know -- and my
10 understanding is Mr. Griswold has been in court --

11 THE COURT: Counsel, I will tell you this now,
12 I am not prepared to pick.

13 MS. GRIFFIN: Correct.

14 THE COURT: The only thing I'm going to do is
15 decide whether I am going to allow. Understand?

16 MS. GRIFFIN: Understood.

17 And we would just hope that maybe the Court
18 today could give some direction to Receiver's counsel in
19 terms of what the Court feels as to the option to
20 purchase, whether that's an appropriate avenue to go
21 with.

22 THE COURT: I will do that because I'm going
23 to ask each and every one of you starting with
24 Mr. Razuki's counsel.

25 MS. GRIFFIN: Okay.

1 THE COURT: I sense by what you said, Judge,
2 if it's around fair market value, your client would have
3 no objection to it being sold, and I'm talking about
4 Balboa; correct?

5 MS. GRIFFIN: With the exception of our
6 concern related to Socal.

7 THE COURT: No. I got that.

8 MS. GRIFFIN: But, yes, that is correct.

9 THE COURT: Got it.

10 MS. GRIFFIN: In terms of the financing
11 issues, I don't think there's really any dispute that
12 the dispensary is in somewhat dire straits financially;
13 I mean it's been closed, it has debts, it has old debts,
14 these need to get paid?

15 Mr. Razuki has already had to unilaterally
16 cure an issue with the HOA to make sure the use variance
17 was protected. To date he's paid already about 125,000
18 since January of 2019, and he's obligated himself to pay
19 an additional \$94,000 to get that done.

20 Mr. Razuki has also offered to provide
21 additional financing at terms -- you know, some of the
22 terms haven't been negotiated; we just submitted an
23 initial proposal, as well as the purchase and sale of a
24 financial loan which is in default.

25 THE COURT: I have read all of that, counsel.

1 MS. GRIFFIN: Correct.

2 And we believe that the Receiver and
3 Receiver's counsel are able to go through the proposals
4 and figure out what's in the best interests of the
5 company. We just wanted to make sure that the Court
6 understood that we were also trying to help in any way
7 we can.

8 THE COURT: I appreciate that.

9 MS. GRIFFIN: The last issue that we have is
10 the payment of bills in the event of additional
11 financing, because we have the Receiver's bills, we have
12 the Receiver's counsel's bills, we have Brinig's bills.
13 I understand and I'm guessing that the Court wants those
14 all paid.

15 However, the loan is going to be -- the
16 finances are going to be for Balboa, which begs the
17 question what happens if -- Balboa shouldn't be on the
18 hook for the entirety of the Receiver costs. So we
19 would request that 50 percent of those loan funds go to
20 pay towards the Receiver's costs.

21 If that doesn't happen, then essentially
22 Mr. Hakim walks out scot-free for past Receiver's fees
23 in terms of Mira Este. So that is a concern.

24 The other concern we have is we understand
25 that Austin Legal submitted a bill for about \$176,000 to

1 the Receiver to be paid. We would request that
2 the Court require that either a motion or, you know, a
3 court order be issued prior to any payment of any legal
4 fees for any party so that we would have an opportunity
5 to vet the accuracy of the bills and the legitimacy of
6 them given they were also counsel for the defendants to
7 make sure that they are related to something that they
8 are entitled to be paid from by the Receiver.

9 I think in terms of Balboa, those are our main
10 concerns. So, generally, today again we --

11 THE COURT: I got it, counsel.

12 And I cut you off, didn't I?

13 MS. GRIFFIN: No, that's okay.

14 THE COURT: But I understand, counsel. You
15 have answered my question.

16 Next, I want to hear from Malan.

17 MR. WATTS: One thing I want to point out is
18 that it's a little ironic that we're now talking about
19 the best way to sell the Balboa Avenue dispensary when
20 the entire reason for appointing a receiver was to
21 prevent the sale of the Balboa Avenue dispensary. That
22 was the only reason that the Receiver was appointed. At
23 the time the Receiver was appointed there was no
24 evidence of wrongdoing, still no evidence of wrongdoing,
25 and now we're talking about selling it, so I just want

1 to point that out, that the entire purpose of the
2 receivership, arguably, has been defeated.

3 THE COURT: That's one way of looking at it.

4 MR. WATTS: Indeed.

5 THE COURT: Counsel, you're always very
6 polite.

7 MR. WATTS: Some of these -- I understand that
8 the Court believes it has jurisdiction.

9 I want to emphasize to the Court, as an
10 officer of the Court, even though it might not even be
11 in the interests of everybody, I don't believe the Court
12 has the jurisdiction to modify the order during the
13 appeal, that there is an appellate jurisdiction problem
14 modifying the order on appeal. It's different than
15 staying enforcement of the order.

16 I agree there's an appellate bond necessary to
17 stay and remove the Receiver, but as far as modifying
18 the order, anything that affects the appellate court's
19 jurisdiction, their ability to review the order that's
20 being addressed on appeal, that is not something that
21 the Court should do.

22 THE COURT: And respectfully, that's in the
23 record now; your client is protected. And I say that
24 very respectfully, counsel.

25 MR. WATTS: If the Court decides the Receiver

1 can go through with this, I don't have a problem with
2 the Receiver talking to these other entities.

3 The issue is that these proposals should not
4 be decided on an ex parte basis, that is not enough
5 time. Some of these -- I mean, like Mr. Griswold said,
6 they come in daily. And on some of them, they really
7 need to do some due process.

8 Golden Bloom, if you will recall, that is
9 operated by Sunrise. Sunrise is supposed to be subject
10 to the Brinig accounting. It hasn't been yet. It has
11 attorneys now, but it still hasn't had an accounting
12 done. That's an entity that's tied to Razuki, that
13 Razuki is drawing funds from. That's also the entity
14 that in a grand jury indictment gave the thousand
15 dollars to Sylvia Gonzalez, Razuki's property manager,
16 to hire a hit man to kill Malan. They should not
17 operate the Balboa Avenue dispensary, they should not
18 have a hand in it.

19 The selling of the receivership certificate, I
20 agree that they should -- the Receiver needs to come up
21 with funds to pay the bills. They should not do deals
22 with Razuki that allow him to have the power to
23 foreclose on the entire property. That gives him
24 leverage over the property in a way that violates the
25 rights of the dispensary itself, of the cooperative.

1 And we -- on behalf of the Austin Legal Group,
2 we represent the cooperative themselves and they have an
3 interest in this case and they don't want to be
4 foreclosed upon if they can't pay the bills to
5 Mr. Razuki. They don't want to give that kind of
6 leverage to one of the parties in the case.

7 That's also -- that's one of the issues with
8 the Socal option too. Although there is a chance that
9 we could come to a settlement with Socal under terms
10 that our clients would agree to, to allow the
11 dispensaries to be sold to Socal, I don't want the
12 Receiver to foist terms on our clients by giving Socal
13 more than what they would get if they won this lawsuit,
14 giving them essentially what they want, what they asked
15 for this in lawsuit.

16 They asked for an option to buy Balboa, that's
17 what they asked for in this lawsuit. If the Receiver
18 gives them what they want, they've already won. It
19 gives them what they're asking for in this lawsuit. It
20 would --

21 THE COURT: It's to be litigated.

22 MR. WATTS: Yes.

23 THE COURT: But can I sense -- again, like I
24 mentioned, Judge, your client, he would be willing to
25 participate in the selling option -- boy, that's

1 horrible -- to sell the Balboa Avenue dispensary -- your
2 client would say, Judge, under the right circumstances
3 I've got no problem with selling whatever he has in
4 that.

5 That wasn't too artful. But do you
6 understand?

7 MR. WATTS: Yes.

8 Your Honor, we're not agreeing to any
9 particular proposal --

10 THE COURT: No, no --

11 MR. WATTS: -- but our client is open to that.
12 All of our clients are open to different settlement
13 options.

14 THE COURT: Good. Good.

15 Let the record show the Court said "good."

16 MR. WATTS: Thank you.

17 What I would like the Court to do when you
18 give -- and I sense that you're going to give the
19 Receiver the authority to go and talk to these people,
20 he should do due diligence.

21 THE COURT: Absolutely.

22 MR. WATTS: He should get those operators to
23 prove that they have the funds to execute on this; have
24 them sign declarations under penalty of perjury, have
25 them submit accounting records, bank account statements

1 showing it.

2 Because, I mean, I could say I will buy it for
3 \$6 million and my word is just as good as anybody's
4 there.

5 Golden Blooms' proposal, by the way, is a
6 lease agreement that was half signed by them. That's
7 not a proposal. There needs to be much more detail in
8 those.

9 And I would encourage the Court to have those
10 operators come in and testify in court so that they can
11 tell the Court, who is now having jurisdiction over this
12 Balboa dispensary, tell them under penalty of perjury
13 that they have the money to get this done, that they
14 have the competency to get it done, that they're not
15 hiring people that have warrants out for their arrest,
16 that they have experience in this field, because we
17 don't want this to be sold to somebody that shouldn't
18 have control over a member owned nonprofit cooperative.

19 There's alternative sources of funding to
20 carry the -- this will take longer than, you know, a
21 week or two to get this done and there's ultimate
22 sources of funding to get us through to that point and
23 also to save the license.

24 One thing for the license would -- in talking
25 to the state, that -- if you read that code section, it

1 doesn't say that the dispensary has to be open and
2 selling marijuana. It says that they have to tell the
3 state if they are closed for more than 30 days. They
4 could open one day a month and sell Girl Scout cookies
5 and they would still technically be open once every 30
6 days and then when it has to make that report. And I
7 have discussed this with Mr. Griswold and some of the
8 other parties too. But that's what the law says. It
9 doesn't say they have to be open for anything else.

10 THE COURT: Thank you.

11 MR. WATTS: As far as foreclosing, the five
12 units -- so there's the Balboa five units that are there
13 that are not producing marijuana stuff related right
14 now. There's tenants in there that are paying rent.
15 Their rent should be going to the mortgage. If it's
16 not, that's an issue. It should be going to the
17 mortgage first.

18 And then for the dispensaries, Malan was
19 carrying the mortgage from June to October or so. He
20 hasn't gotten a draw from any of this since last May,
21 but he's been carrying it for a long time. And as I've
22 said, Mr. Razuki apparently paid the HOA. These are
23 ways to deal with that.

24 So I propose that Malan can obtain sources of
25 funding to take care of the five units, keep those out

1 of foreclosure for the next month, Razuki do the same
2 thing for the dispensary, and that will give the
3 Receiver the time to do the due diligence that he really
4 needs to do to make sure these things aren't sold to a
5 crazy person. We need to make sure they go to a
6 responsible party and everyone is okay with what happens
7 to it.

8 I just want to make sure I got all of my --
9 those are all of my comments on that.

10 THE COURT: Co-counsel wishes to speak.

11 MR. WATTS: Oh, okay.

12 MR. GALUPPO: I don't need the podium. I'm
13 going to be quick.

14 We're going to confirm, yes, Your Honor, we
15 are 100 percent at this point behind the Receiver's
16 request in terms of vetting a management company,
17 funding, and even the sale of the property; so the Court
18 understands, yes, all three, all three relative to
19 Balboa.

20 In terms of the scope and the process, we'd
21 like something followed where Razuki's counsel had
22 started on that process, Mr. Watts had gone down, so
23 that he had the time.

24 So here is my input here. Our client is in a
25 position to bring the five units current. My

1 suggestion, Mr. Razuki has the money, it's the same,
2 they bring the two units current. There is a plan that
3 the receivership -- the two units that house the Balboa
4 Avenue cooperative -- so there's two units, one is the
5 dispensary and one the storage area. Okay. So there's
6 two separate properties. So he can bring that -- they
7 have the money, they bring it current, we'll bring ours
8 current, the five units, because those are the ones we
9 are most concerned with, Your Honor.

10 The Receiver can through the statute keep the
11 license active. I think we're -- at least our side
12 along with Tammy and Gina agree with that, if they even
13 go in temporarily, buy some product, sell some product,
14 and it's only once a week, so there is a process.

15 Here's the end of this. And I have been
16 conferring with counsel. There is a way to bifurcate
17 this entire process to make life relatively easy and it
18 could go in three pieces.

19 One, depending on where the Receiver is with
20 Synergy, if Synergy is allowed to step in initially into
21 the Balboa deal, open it up, and it solves a lot of
22 problems that we're talking about. They're an
23 independent third party at this point, that's Number 1.

24 Number 2. Number 2, they have the financing
25 that could be available.

1 Number 3, it allows the receivership to do the
2 things that he needs to do to vet for anybody in the
3 future in the event that we have a bifurcated situation.

4 As far as the sale goes, there's a lot of
5 people. And I've been in the same process that the
6 Receiver has, as well as Mr. Razuki's counsel have,
7 we've been talking to whoever we can to get them
8 involved in this process and everybody seems to be the
9 same except I'm not a hundred percent sure if Socal
10 wants to step into the management.

11 THE COURT: We're going to find out shortly.

12 MR. GALUPPO: I'm not a hundred percent sure
13 they want to buy.

14 THE COURT: By "buy," buy Balboa?

15 MR. GALUPPO: Buy Balboa.

16 But I do know that they are willing to step
17 into the management and step into this mess right now.
18 And I do know Socal is willing to buy. And if Socal is
19 willing to buy in the end, that solves a whole hell of a
20 lot problems. Excuse my language, Your Honor.

21 THE COURT: That's okay.

22 MR. GALUPPO: So from my perspective, as long
23 as we follow a process that allows us to participate in
24 the conversation, allows Mr. Razuki's counsel to
25 participate in the conversation, provide input to the

1 Receiver and Receiver's counsel, we're good with all
2 three.

3 Our initial recommendation would be to the
4 Court we're going to pay the five units, they could
5 bring current those two other two units, have Synergy
6 step in.

7 Now, having said that, I recognize all you
8 really asked for is do we agree to the three. We're
9 good. Thank you, Your Honor.

10 THE COURT: Well done.

11 A couple of things, though. So your client,
12 the way I assume -- well, here. The way that I would do
13 this is the way I do it when I sell property all of the
14 time: The Receiver goes out, you get your bids, I look
15 at them all, I pick. We do it right in the courtroom,
16 it's open. I mean I have parties come in.

17 And do your due diligence, if I sell it. And
18 I have not made up my mind.

19 And I'll get to Social in a minute.

20 But, counsel, you said one thing, wouldn't it
21 be it easier if we sold it.

22 MR. GALUPPO: Absolutely.

23 THE COURT: And I'm just telling you, I don't
24 have to get into this management part anymore; do I?

25 No, I don't. I don't have to worry who is

1 running it and stuff like that. And then it's just
2 money between those. I can divide money real easy. It
3 would make my life easier. But that's not the standard,
4 and I mean that. I will do what I think is best for the
5 parties. Even if it's more work for me, I will do it.
6 You all got to know that.

7 But, boy, when I read this last night about
8 buying it, I kind of went, whoa. And now I hear that
9 your clients, thankfully, are saying, Judge, maybe it's
10 the way to go. It stops the bleeding also.

11 And then the other thing, people get paid. If
12 I sell it for 6 million, I may take what? -- a half
13 million for fees. I don't know. But then people are
14 going to get paid, which is also a concern in this
15 Court.

16 I'm preaching. No more.

17 Social, you have been patient.

18 MR. ZIMMITTI: Thank you, Your Honor. And I
19 will make this fairly quick.

20 Just in terms of the jurisdictional issue, I
21 think that's been briefed and we don't need to go over
22 it anymore.

23 THE COURT: I am ordering it. Take it up to
24 the 4th.

25 MR. ZIMMITTI: Your Honor has full authority

1 to do that.

2 Furthermore, we are -- Social is definitely in
3 the Receiver's corner in terms of giving the Receiver
4 power, unilateral power at this point to pick a seller
5 pending your Court's approval.

6 THE COURT: Hold on.

7 And I would not -- no offense to the Receiver,
8 no, no, no, we're not going to do that. That's done in
9 open court. I'll make the determination on who sells
10 it.

11 MR. ZIMMITTI: To be clear, Your Honor --
12 maybe I wasn't clear enough. The Receiver should be
13 able to pick bidders and offer proposals and not be
14 encumbered by everyone's particular positions on the
15 litigation.

16 THE COURT: Absolutely.

17 MR. ZIMMITTI: They can lodge those
18 objections; however, as long as your court, Your Honor
19 is okay with the sale and the Receiver is okay with the
20 sale, thinks it's the best thing to do, then we're in
21 that --

22 THE COURT: Yeah.

23 MR. ZIMMITTI: -- we're supportive of that,
24 Your Honor.

25 THE COURT: And Social --

1 MR. ZIMMITTI: Your Honor, even if that means
2 Socal is not the purchaser.

3 THE COURT: Thank you.

4 MR. ZIMMITTI: However, how we got here -- and
5 we don't need to retread old ground, but Balboa, let's
6 be honest, is closed because Farwest -- and you know
7 Socal didn't want Farwest in there. Farwest -- you
8 know, we started with them literally looting registers
9 and jumping out of the back of the building in a certain
10 attorney's car, who is not here. Now, the point -- and
11 I'll just leave it there, but I think the point is, is
12 that we've got a closed operation. We agree it's very
13 risky. It being reopened is not a sure thing and --

14 THE COURT: Let's analyze it. Could you give
15 me your thought process. And it is risky, but give me
16 Socal's analysis, Judge, if I put in X amount of
17 dollars, what -- talk to me about the risk.

18 MR. ZIMMITTI: So I think the point is that
19 management -- without an option to purchase, it is going
20 to be hard to find a manager wanting to just manage
21 the property, which, again, right now is not
22 operational, without having some interest in the
23 property and the business. That's why Socal, you know,
24 got into it's agreement with an option. That's why it
25 put a lot of money into it. And that's why you're

1 seeing so many offers on the table wanting an interest
2 in it. No one wants to just run the thing; they want to
3 run it with an interest to buy.

4 So I think, you know, breaking it out into two
5 pieces is not very realistic. Further encumbering the
6 dispensary with loans from third parties is just putting
7 more debt on it.

8 And certainly, Your Honor, we think we have
9 enough attorneys in the room. Socal will sue anyone who
10 is given a property interest here because we have to. I
11 think there are enough, you know, pigs at the trough, so
12 to speak.

13 However, again, Your Honor, I think
14 notwithstanding that I feel that Your Honor is getting
15 the picture that a sale here is what we need. Get a
16 sale, not mess around with more funding and interim
17 measures and people disagreeing with how you're
18 managing.

19 If we get this sold and turn it into money, we
20 put it in the bucket. And if Socal is not the buyer, so
21 be it. We'll put our stake in there and we'll fight
22 over money, but at least we have something out of the
23 dispensary, whereas right now it's closed and it's
24 really at risk of not being opened.

25 The bureau -- these are new regulations.

1 Clearly, they are on very, very thin ice here. And so
2 the thought that, you know, we have a lot of time
3 because it can be reopened. It's highly discretionary.
4 There's no telling if this thing is potentially too far
5 gone as it is.

6 I think everyone is doing the right thing. I
7 think making it operational even periodically is
8 potentially the right move.

9 And, again, we are -- our heart warms at
10 hearing potential interest in selling to us.

11 THE COURT: Yeah, I know.

12 MR. ZIMMITTI: And again, we've come into this
13 thing from the beginning as just business people and
14 trying to defend our option.

15 However, again, I feel that bringing in third
16 parties, even if they purport to offer a lot of money,
17 has its own complications in terms of essentially
18 enlarging the litigation.

19 THE COURT: Because I assume when you -- and,
20 counsel, very respectfully -- I assume, Judge, if you do
21 that -- well, that's -- but if you allow some other
22 party, because of our rights, what we perceive them to
23 be under the contracts we entered into, Judge, we should
24 have the first option or we should be the buyer of it
25 because of our option, so we're going to sue whoever,

1 Judge, respectfully. Correct?

2 MR. ZIMMITTI: Correct, Your Honor.

3 THE COURT: I got it.

4 MR. ZIMMITTI: So in terms of Synergy coming
5 into the picture, obviously, we strongly disagree with
6 getting Synergy into this. We dispute that they're an
7 independent party.

8 And, frankly -- and I don't want to get into
9 this, we can do this with the Mira Este piece, but the
10 Receiver is literally screaming at you that they're not
11 abiding about his orders.

12 I'm quoting Mr. Essary, "I'm unable to
13 determine whether the reason for this failure" -- and by
14 "failure" meaning the failure to continuously provide
15 information -- "is due to simple mismanagement or some
16 bad faith motive."

17 So I think it's a nonstarter to just
18 presuppose that Synergy is just some other bidder that
19 just gets folded into this. We don't agree with that.

20 THE COURT: Okay.

21 MR. ZIMMITTI: Again, having said that, we
22 trust the Receiver and Your Honor to make the best
23 decision for Balboa.

24 Again, we strongly feel that a sale makes the
25 most sense rather than a three- or four-step process

1 with managers who are always going to want some interest
2 at the end of the day.

3 And with respect to our offer. Obviously,
4 we've not come in here thinking Your Honor was going to
5 stamp our LOI and execute it for us; however, we've
6 submitted this because we're very serious. And we're
7 trying, Your Honor.

8 And when I first came to this courtroom, you
9 know, I think Your Honor recognized we are very serious
10 about this dispensary, we've put a lot of time and money
11 in it. What we definitely need, however -- and we have
12 the resources to actually get it operational very
13 quickly. We've put five days in here and we mean it.

14 Now, at the very least, Your Honor, we think
15 that we should have a first right of refusal in order to
16 match the bids coming in. A right of first refusal.

17 THE COURT: No, I got that.

18 MR. ZIMMITTI: So --

19 THE COURT: I'm trying to think. I'm just
20 thinking through that, counsel, of how that could maybe
21 save litigation. I'm not saying there's anything to it,
22 but I understand that analysis.

23 MR. ZIMMITTI: And so this LOI was not meant
24 to be a final offer. However, I think the point is, is
25 that we're ready. And we're a relatively known quantity

1 at this point. I mean, it's debatable who thinks we're
2 a good operator; however, we have worked with the
3 Receiver before, we know the facility. We haven't seen
4 it lately, I don't know what's in there, but our guys
5 can mobilize quickly, get in there and start operating.

6 And essentially -- and again, we'd have to
7 come to terms with -- essentially, what we'd want is a
8 right of first refusal and a right to sort of -- to bid
9 as well.

10 And I think it should be taken into
11 consideration, again, that we're presently a party in
12 this action and that selling to us has the benefits of
13 potentially getting us out of the litigation and
14 creating a pool of money for the rest of the people
15 rather than enlarging the litigation and getting more
16 attorneys before Your Honor. I mean, we're already
17 running out of chairs. So respectfully, that's all that
18 I have, unless Your Honor has any questions on that.

19 THE COURT: Well said.

20 Do you have any stake in this?

21 MR. BIVENS: I'm here for RM Properties LLC,
22 and we agree with counsel for Razuki.

23 THE COURT: Thank you.

24 MR. BIVENS: You're welcome.

25 THE COURT: Synergy -- no.

1 MR. MAHONEY: This is another dispute.

2 THE COURT: You're next.

3 Short and sweet.

4 MS. GRIFFIN: Can we just put on the record
5 that we second the objection to use Synergy for the
6 obvious reasons related to Mira Este.

7 THE COURT: I got it.

8 Here's what we're going to do. Ready?

9 I'm granting your motion to -- I'm granting
10 the Receiver's motion to expand the powers to put in new
11 management.

12 I am not going to tell you which management.
13 I would prefer -- and I can give you a reason -- I don't
14 want Synergy in there.

15 And you'll find out in the next round why.
16 And I think it's good news for your client, I'll leave
17 it at that; but I don't want Synergy in there.

18 Whoever the Receiver thinks is appropriate,
19 put them in. Got it?

20 MR. GRISWOLD: So place new management even
21 without subsequent --

22 THE COURT: No, no, no. You're going to have
23 to get approval from me.

24 MR. GRISWOLD: Okay.

25 THE COURT: But pick.

1 MR. GRISWOLD: Got it. Understood.

2 THE COURT: And maybe I did not make it clear.
3 As counsel said, do your due diligence.

4 MR. GRISWOLD: Yes, Your Honor.

5 THE COURT: So it's not some fly-by-night,
6 they've got money and can do it. And obviously, the
7 sooner the better.

8 MR. GRISWOLD: Yes, Your Honor.

9 THE COURT: For two reasons. Obviously, to
10 get money, for one. And also -- and counsel, Mr. Watts,
11 brought up a good point and it would be a concern. And
12 maybe just give me two seconds on this. Judge, if you
13 pick Razuki, he would come in and then he has the
14 possibility of foreclosure.

15 Wouldn't that be a true statement?

16 MR. GRISWOLD: Well --

17 THE COURT: Maybe; maybe not.

18 MR. GRISWOLD: Legally, yes.

19 What I saw and what was based on an email
20 proposal was that no foreclosure proceedings would occur
21 during the receivership.

22 I agree, all of that would need to be buttoned
23 down and confirmed in an agreement.

24 THE COURT: And I appreciate your client doing
25 that.

1 It would be cleaner for me if it's not
2 Mr. Razuki.

3 And what I am hearing is, Judge, we've got a
4 lot of people out there. I don't think we have to --
5 last issue, if we got really desperate, then maybe; but
6 I would prefer it not to be Mr. Razuki.

7 MR. GRISWOLD: Understood.

8 And right now, yes, what you're saying is
9 accurate, in the amount of funding and also the interest
10 rates, much more competitive proposals have been sent in
11 that regard.

12 THE COURT: Good. So you have the authority
13 to do that.

14 Also, look into selling it; I want you to go
15 down that path. Talk to counsel first.

16 MR. GRISWOLD: Yes.

17 THE COURT: Make sure they're comfortable.
18 And let's just see who is going to step up and put some
19 money on the table.

20 MR. GRISWOLD: And, Your Honor, just because
21 of some of the comments made, may the Receiver come back
22 to this Court by ex parte application?

23 THE COURT: For?

24 MR. GRISWOLD: For presentation of, I'll call
25 it, Receiver's final list of proposals and seeking the

1 approval of --

2 THE COURT: Do that on a -- and not all of the
3 time, but sometimes I sell properties and I do that in
4 open court. Sometimes I even take bids right in open
5 court.

6 I doubt I would do that in this case because I
7 want due diligence, but that would be done on a special
8 set on a Friday afternoon at 1:30.

9 MR. GRISWOLD: And, Your Honor, this would
10 just, frankly, assist the Receiver from an
11 organizational standpoint. Would it be okay if
12 the Court set a deadline for submission of proposals for
13 the Receiver to consider?

14 It's kind of an out-of-the box request. What
15 I mean by that is these operators that are sending me
16 proposals, they seem to have good information, they're
17 doing good research, and so I'm getting proposals up to
18 minutes before I walk into court hearings. So what I
19 would like to do, to be able to communicate to all
20 potential bidders, proposals of operators, I would like
21 to be able to say something to the effect of, hey,
22 everybody, you've heard from me, I've learned from you.
23 I'm going to consider your final, your highest, your
24 best by, you know, fill in the blank, Wednesday,
25 March 20th, or something to that effect.

1 THE COURT: Well, here's my concern again --
2 Mr. Watts, you brought up a second good issue -- but you
3 brought up, Judge, so far as far as I know, this has
4 been a closed bidding.

5 Is that fair?

6 I mean there could be people out there. I
7 mean what's going on, Judge?

8 Do you understand what I'm saying?

9 MR. GRISWOLD: Completely.

10 And I'm sorry I gave the example of March
11 20th. Call it April 15th.

12 Whatever it is, I would like to put something
13 in the proposed order that it's a deadline that I can
14 stand on and even share with outside folks that want to
15 make a proposal.

16 THE COURT: Yeah.

17 MR. GRISWOLD: I can go, look, I've only got
18 until this date. Because I don't want to cause a scene
19 when we do have that hearing and I have what I think to
20 be all of the proposals and then someone does hand me a
21 proposal two hours before and it beats everybody by just
22 a little bit.

23 THE COURT: I got it. It sounds reasonable.

24 MR. GRISWOLD: Okay.

25 THE COURT: Give me a time frame.

1 Have you all thought about that.

2 MR. ELIA: Your Honor, I don't know if this
3 helps the Court, but we have hearings in this matter for
4 the next three Fridays.

5 THE COURT: I'm talking at least 60 days
6 minimum.

7 MR. GRISWOLD: And, Your Honor, I can only
8 support something like 60 days if -- and I don't know if
9 they're ready to commit to it on the record, but that
10 issue that was proposed by counsel for Malan about
11 getting the two loans reinstated. The foreclosure
12 proceedings on the dispensary property, there's a
13 reinstatement amount of approximately \$31,000. And as
14 of April 3rd, that lender has the right to record a
15 notice of trustee's sale. So it's a real risk with a
16 ticking time bomb of foreclosure.

17 Further, the five units that was spoken about,
18 the Balboa five units, on March 19th, that's next
19 Tuesday, they have the right based on the timelines
20 to --

21 THE COURT: How much money?

22 MR. GRISWOLD: That one is \$82,000.

23 THE COURT: Okay. So here's what I heard.
24 Razuki and Malan, listen up --

25 MR. GRISWOLD: Well, whatever it is.

1 THE COURT: Let me ask a question. I think
2 you know what I'm going to say, that Mr. Malan has said,
3 Judge, I'll pay those -- what's it for?

4 MR. GRISWOLD: It's reinstatement. To get the
5 loan reinstated for the dispensary property and get the
6 loan reinstated for the Balboa five-unit loan.

7 THE COURT: Okay. We're going to break that
8 in two --

9 MR. GRISWOLD: Yes.

10 THE COURT: -- right?

11 Mr. Malan says, Judge, I'll take care of the
12 five units, whatever it is; correct?

13 MR. WATTS: We can do that. Mr. Malan would
14 need to put a lien on the property to borrow the money,
15 on the five units, to borrow the money.

16 THE COURT: No. Cash. I don't want him to do
17 that.

18 MR. GALUPPO: There is another alternative,
19 Your Honor. The Receiver can bring in the lien holder,
20 it's a single lien holder, and put a TRO in place
21 through this process.

22 Your Honor, he's going to get paid in full.
23 It is a first trust deed holder on all seven units. So
24 that's an easy alternative as to the choice.

25 MR. GRISWOLD: Procedurally, I respectfully

1 object that that's an easy alternative to bring in a
2 third party lender into this case and then the Receiver
3 or Receiver's counsel to seek a TRO. The party would
4 have to be named.

5 I thought I just heard that both parties were
6 ready and willing to pay these two reinstatement
7 amounts.

8 MR. GALUPPO: What you heard was I volunteered
9 Razuki's side to pay the loan. They haven't said
10 whether they are yet.

11 THE COURT: Well, what I heard is they're
12 going to pay -- you're going to pay the two units?

13 MR. GALUPPO: That was me, Your Honor. But if
14 they're going to agree, they agree.

15 THE COURT: Do you want to pay it all?

16 MS. GRIFFIN: Your Honor, we don't want to pay
17 it all. I do appreciate -- well, to be honest, I didn't
18 know off the top of my head what the default amounts
19 were, so -- and Mr. Razuki, unfortunately, is at a
20 funeral so we can't confirm whether he'd be willing to
21 do that. I will say that he has been historically --

22 THE COURT: Forthcoming.

23 MS. GRIFFIN: -- forthcoming in supporting the
24 stuff.

25 I have grave concerns that Mr. Malan's counsel

1 offered to pay the five units of 82,000 and then all of
2 a sudden there's -- that's not quite what the story is,
3 so I have concerns -- we have concerns about that.

4 MR. GALUPPO: Your Honor, if I may?

5 THE COURT: Yes.

6 MR. GALUPPO: We'll confirm.

7 THE COURT: Thank you.

8 MR. GALUPPO: We're ready to move forward.

9 THE COURT: Meaning you're going to pay the
10 five units?

11 MR. GALUPPO: We will take care of the five
12 units.

13 And it's not 82,000.

14 THE COURT: Whatever.

15 MR. GALUPPO: So we'll take of the five units
16 before the foreclosure.

17 THE COURT: And, counsel, I don't mean to
18 be -- but when you say "take care," Judge --

19 MR. GALUPPO: We're going to pay the amounts
20 outstanding which includes outstanding interest,
21 trustee's fees, attorneys' fees, any costs advanced that
22 a normal, proper, lawful, legal, nonjudicial foreclosure
23 trustee would ask for reinstatement.

24 THE COURT: Thank you.

25 MR. GALUPPO: You're welcome.

1 THE COURT: Hold on.

2 Now let's go to your side. You're going to do
3 the same thing on the two units.

4 MR. ELIA: Your Honor, I haven't confirmed
5 with the client, but I suspect that there will not be a
6 problem.

7 THE COURT: I would suspect there would not be
8 a problem.

9 Mr. Griswold, write that down.

10 MR. GRISWOLD: I am, Your Honor.

11 THE COURT: Okay. So now we don't have to
12 worry about those foreclosures.

13 MR. GRISWOLD: And with all of that being
14 said, I would concur that something like 60 days -- or
15 I'll let the parties give input on the timeline, but
16 that --

17 THE COURT: Sixty or 90 days?

18 Wait. I'll do it right now.

19 Any strong feelings between 60 or 90?

20 MR. JOSEPH: Your Honor, a very first quick
21 clarification issue. For the 60 or 90 days for the
22 Receiver to come in, is that just for if we were able to
23 find someone to come in on a month-to-month or
24 management or the actual sale?

25 THE COURT: Sale. Now we're talking about

1 sale.

2 MR. ELIA: So within that 60 days is the
3 Receiver empowered to put in an operator to open up?

4 THE COURT: Yeah. That was the first thing I
5 said.

6 Let's make it clear. The first issue is I'm
7 giving the Receiver the authority to put in a management
8 team today.

9 MR. ELIA: Without coming back to court?

10 THE COURT: Yeah. Well, he's going to pick.
11 And if there's an objection, I'm sure you will be in my
12 courtroom.

13 MR. ELIA: Okay. So --

14 THE COURT: And it's not going to be Synergy.
15 There's reasons.

16 MR. GALUPPO: Okay. And this is what I would
17 ask Your Honor. And it's a process.

18 THE COURT: Sure. It's always a process.

19 MR. GALUPPO: Three weeks. He can pick
20 whoever he wants. He cuts off that date as well because
21 there's people involved. All we need is a week, if at
22 all, to be able to object.

23 THE COURT: To do your research.

24 MR. GALUPPO: To do our own research to
25 object. And we'll file the objection with the Court

1 prior to the hearing.

2 THE COURT: Okay.

3 MR. GALUPPO: That's it.

4 THE COURT: Very reasonable.

5 MR. WATTS: The management agreement, if it
6 has an option attached to it, then it obviously
7 complicates the sale. So I really think that he
8 shouldn't just pick and then if we don't object, it's
9 hired. I think he should come back in and present it to
10 the Court even if it's just a couple of weeks from now.

11 THE COURT: Sure.

12 MR. GALUPPO: Your Honor, one more thing very
13 quickly. And that means -- that means none of the Malan
14 group, none of the Hakim group, none of the Razuki group
15 can go into management?

16 THE COURT: Correct.

17 MR. GALUPPO: Got it. Thank you, Your Honor.

18 MR. ZIMMITTI: That sounds reasonable.

19 I would suggest that we put a 60-day period.

20 If Your Honor is inclined to 60 or 90, I would
21 think getting proposals for sale sooner rather than
22 later, that's our position.

23 THE COURT: I can do that.

24 MR. ELIA: Your Honor, was that three weeks
25 plus another week, was that to bring an operator in?

1 THE COURT: Yeah.

2 MR. ELIA: So that this --

3 THE COURT: Or I can do it sooner than that.

4 How fast do you think that you can get an
5 operator?

6 The sooner the better; right? But you have to
7 do your due diligence. Take your time.

8 MR. GRISWOLD: It depends on what due
9 diligence I'm doing.

10 THE COURT: You're going to do normal.

11 MR. GRISWOLD: Yeah. Two weeks.

12 THE COURT: Yeah. And then one week for --

13 MR. JOSEPH: Your Honor, in two weeks we have
14 a CMC where we're coming back here.

15 THE COURT: Yeah. But I want them to have a
16 chance to --

17 MR. GALUPPO: We accept that, Your Honor,
18 without anymore.

19 THE COURT: I don't understand what you said.

20 MR. GALUPPO: We accept the two and the one,
21 the two weeks with the one week opportunity and then
22 come back.

23 THE COURT: Yeah.

24 So we'll do this on April the 5th at 1:30.

25 And that is for management of Balboa.

1 MR. GRISWOLD: So I'm clear --

2 THE COURT: You're going to find the -- the
3 Receiver will find a person to manage Balboa by the
4 29th. And then we'll have a short hearing on April the
5 5th at 1:30. Short.

6 MR. GALUPPO: Your Honor, I have one quick
7 question.

8 THE COURT: You may.

9 MR. GALUPPO: The management, that includes
10 the funding plan that goes along with hiring the
11 management company; correct?

12 Because all of the management companies, to
13 the best of my knowledge, are offering funding plans.

14 THE COURT: That's the way that I read it.
15 Correct?

16 MR. GRISWOLD: Yes, Your Honor. And I'll just
17 give a -- yes, I will try to get the best terms
18 possible.

19 THE COURT: Yeah.

20 MR. GRISWOLD: Just to give a preview, all of
21 those funding terms are usually tied to a sale option,
22 but I'm going to break out the sale options for this
23 hearing.

24 THE COURT: There you go.

25 MR. ELIA: And just to clarify, there is no

1 sale option for the management?

2 THE COURT: Not -- not for strictly the
3 management.

4 But can the management subsequently be part of
5 the sale? Absolutely.

6 MR. ELIA: That's agreeable.

7 MR. WATTS: Thank you, Your Honor.

8 THE COURT: My pleasure.

9 MR. GALUPPO: We're good with it.

10 MR. ZIMMITTI: Your Honor, can I just get one
11 bit of clarification on Your Honor's order?

12 THE COURT: You may, sir. You've been very
13 polite.

14 MR. ZIMMITTI: Thank you.

15 As Mr. Watts actually indicated about
16 potentially going in there and having some transactions,
17 because we care about the baby -- and we're fighting
18 over it, but we do care about it.

19 THE COURT: I got it.

20 MR. ZIMMITTI: We just want to make sure that
21 it's not precluded that some transactions can be done in
22 the interim as sort of a stop gap. Not operation
23 per se, but --

24 MR. WATTS: Girl Scout cookies.

25 MR. ZIMMITTI: The cookies or something. I

1 don't know.

2 THE COURT: Finish your thought.

3 MR. ZIMMITTI: So anyway, if we're -- somebody
4 is not precluded, as long as the Receiver is approving
5 that, and they're to --

6 THE COURT: If the Receiver thinks it's best,
7 the answer is yes --

8 MR. GRISWOLD: Thank you, Your Honor.

9 THE COURT: -- to sell. One wonders -- well,
10 I won't go down that path.

11 MR. GRISWOLD: Your Honor, the Receiver is
12 taking it very seriously.

13 THE COURT: Yes.

14 MR. GRISWOLD: And attempting to get competent
15 consultation from cannabis counsel as well as legal
16 counsel because we're on thin ice, as was said by
17 counsel.

18 THE COURT: We're on "thin ice" meaning?

19 MR. GRISWOLD: As to the license.

20 THE COURT: No. I got that.

21 MR. GRISWOLD: Yeah.

22 THE COURT: So let's move.

23 Or tell them what is going on in this
24 courtroom.

25 MR. GRISWOLD: Yes, Your Honor.

1 THE COURT: You've got to let them know. Do
2 that, that this finally may be coming together.

3 MR. GRISWOLD: Yes.

4 THE COURT: The key word is "finally."

5 MR. GRISWOLD: Yes.

6 THE COURT: Okay. Are we done with Social?

7 And that didn't come out right, did it?

8 MR. ZIMMITTI: I'll strike that for you.

9 THE COURT: All right. Let's move on.

10 MR. GRISWOLD: I'm sorry. Just one thing.

11 THE COURT: That's okay.

12 MR. GRISWOLD: Did we set a date on a Friday
13 for the sale consideration?

14 MR. GALUPPO: We have not.

15 THE COURT: May 31st, 1:30.

16 MR. GRISWOLD: And then, Your Honor, can we do
17 the same thing -- well, let me think about that.

18 I would like to set a deadline for
19 submissions. And considering that I think the Receiver
20 should plan to file this motion for sale approval I'm
21 going to say approximately 15 days before that hearing.

22 THE COURT: Ten.

23 MR. GRISWOLD: Ten. Okay. So that will take
24 it back to 5-21.

25 THE COURT: That gives notice to everybody.

1 MR. GRISWOLD: Correct, Your Honor.

2 And then I would like to propose then that,
3 let's say, May 15th is the deadline for the Receiver to
4 receive submissions.

5 THE COURT: Any objection?

6 MR. GALUPPO: No.

7 MS. GRIFFIN: No.

8 MR. ELIA: No.

9 THE COURT: May 15th it is.

10 MR. GRISWOLD: Thank you.

11 THE COURT: So all offers by May 15th.

12 MS. GRIFFIN: Your Honor, will there be a
13 formal order for this that you want?

14 THE COURT: Yes. Mr. Griswold will take care
15 of that.

16 MR. ELIA: Your Honor, did you want a deadline
17 for management to submit?

18 I think we set the April 5th deadline for the
19 hearing, but did we actually submit a deadline for them
20 to submit?

21 THE COURT: Yeah. They're going to make a
22 decision by March 29th.

23 MR. ELIA: March 29th. Okay.

24 THE COURT: And the Receiver will pick or
25 choose a management team by March 29th.

1 Anything else?

2 One down, one to go.

3 Shall we do Mira Este?

4 MR. GORIA: Yes, Your Honor.

5 THE COURT: Always good to see you, counsel.

6 MR. GORIA: So if I could just take the Court
7 back a couple of years -- gosh, now it's almost three
8 years -- to June of 2016. I don't want to cover too
9 much old ground, but I think the Court needs to have a
10 little background.

11 THE COURT: I've got time today. We've got an
12 hour. Take your time.

13 MR. GORIA: So my client, Chris Hakim, didn't
14 know, Ninus Malan didn't know, Salam Razuki, they were
15 in escrow to purchase the Mira Este property in
16 June of 2016. They couldn't close it because they
17 didn't have enough cash. My client came in with \$420,00
18 of the 637,0000 down payment and he joined them in
19 escrow. But before escrow closed, an LLC was formed,
20 Mira Este Properties LLC, and that was formed in July.
21 Okay.

22 By design and agreement of all three parties,
23 including Mr. Razuki, he didn't want to be a member.
24 Okay. So the only two members of the Operating
25 Agreement were Mr. Hakim and Mr. Malan.

1 Now, Mr. Razuki did protect himself under that
2 Section 8.8 of the Operating Agreement. And because he
3 was at that time in a close relationship with Mr. Malan,
4 he trusted Mr. Malan. Okay. And the Operating
5 Agreement provides that if Malan and Razuki decide to
6 make Razuki a member, then Hakim will accept that,
7 Mira Este Properties will accept Razuki as a member,
8 okay, in derogation of the other restrictions in the
9 Operating Agreement about assignment and bringing in new
10 members. But that was carved out solely to protect
11 Mr. Razuki.

12 But at no time -- and the Operating Agreement
13 also made Mr. Hakim the managing member. Okay. And the
14 procedure that was designated and designed in the
15 Operating Agreement was that if Mr. Razuki wanted in, he
16 and Mr. Malan would agree and then submit that agreement
17 in writing to Mr. Hakim to make Mr. Razuki a member.
18 Okay.

19 And with that as the underlying agreement,
20 because the Operating Agreement was signed in July of
21 2016, escrow on Mira Este closed in August of 2016, and
22 the parties by design had title to the Mira Este
23 facility taken in the name of the LLC, Mira Este
24 Properties LLC, and Mira Este has been the sole owner of
25 that property ever since.

1 Now, Mr. Razuki never submitted an agreement
2 to Mr. Hakim. The question is whether they even reached
3 an agreement, he and Mr. Malan.

4 But the RM Holdings agreement that was signed
5 the following year, I think in November of 2017, that
6 was never given to my client. So, of course, that
7 agreement wouldn't obligate my client to carve-out and
8 honor this transfer because it wasn't in the framework
9 of the Operating Agreement; but it was never given to my
10 client, in any event. So at no time throughout this
11 whole process has Mr. Razuki ever exercised his right in
12 the Operating Agreement to become a member.

13 What he's done here in this entire case is
14 make a claim on the profits that Mr. Malan has received.
15 Okay.

16 Now, this is kind of the key. By the
17 Operating Agreement, my client, Mr. Hakim as manager
18 member, was obligated to distribute profits only to
19 Mr. Malan and himself. He had no choice. He couldn't
20 give money to Mr. Razuki because he had no standing or
21 status under the Operating Agreement.

22 So once Socal came into the picture and
23 started making these monthly payments, which I believe
24 was in late 2017, there was finally money to be
25 distributed, and my client distributed that money

1 pursuant to the Operating Agreement to Mr. Malan and
2 himself over the course of the next five months. Okay.

3 Nobody is making any argument or dispute or
4 objection that my client was doing something wrong in
5 distributing the money pursuant to the Operating
6 Agreement. And it should be noted that the last
7 distribution of profits that was made was in May of
8 2018. That was the last distribution. There has been
9 no distribution of profits to anybody.

10 I even checked with Mr. Griswold on this the
11 other day. He's not received any kind of money from
12 Mira Este.

13 So that gives you the background of where my
14 client is at. He's sitting here bewildered as to -- I
15 mean he's just been hit with an avalanche because he
16 hasn't done anything wrong.

17 I know Social has some arguments, and we
18 certainly disagree with those arguments. But as to
19 Mr. Razuki and Mr. Malan, my client has operated in
20 accordance with the Operating Agreement.

21 So that gives the Court some background as to
22 what my client is looking at. That doesn't bring us
23 quite up to date.

24 But let's talk now about the situation after
25 Social was terminated in July; terminated for a variety

1 of reasons, including, of course, the most important and
2 that is that they stopped paying.

3 Like any tenant that stops paying, the
4 landlord in this case -- in this case, the landlord has
5 \$30,000 a month in debt service, we've got to get
6 somebody else in there.

7 So in August, early August, Mr. Hakim went out
8 and negotiated a deal with Synergy. And Synergy
9 performed immediately and pretty well right at the
10 start. Okay. They got in EdiPure to pay \$30,000 a
11 month right away. And Synergy started negotiating with
12 a bunch of other producers who expressed great interest
13 in coming in. Okay. But then the Receiver was
14 appointed August 20th and all negotiations -- there were
15 ten producers, all of them stopped negotiating.

16 We submitted a declaration from one of them,
17 Robert Torealis (phonetic). If I can just read briefly,
18 because this is characteristic of almost of all of those
19 procedures. He says, quote:

20 "I have been working with Chris Hakim to
21 find a suitable space at the Mira Este
22 facility to grow my existing business. We
23 were extremely close in putting together an
24 agreement, but I recently found out that I
25 would be dealing with a third-party Receiver

1 instead of Chris Hakim.

2 "Cannabis is a sensitive business and I
3 have several trade secrets that I would not
4 want exposed to a third party Receiver. At
5 this time all negotiations have been on hold
6 until the Receiver is definitely removed from
7 the Mira Este facility."

8 And, you know, multiply that by ten.

9 So it should be also noted parenthetically
10 that EdiPure signed their contract before the Receiver
11 was appointed. It's speculative as to whether they
12 would have if the Receiver had been in place. Probably
13 not, though, if they similar to these other producers.

14 Now, the only accounting that was done for
15 Mira Este was the accounting that was done by Brinig.
16 And in the Amended Schedule 5 of the Brinig report,
17 which we attached as Exhibit 6 to our request for
18 judicial notice here, there is a reference to the
19 amounts paid by EdiPure, 30,000 a month, 90,000 in the
20 time frame from July to October.

21 Then there's a listing of expenses. Most of
22 these expenses were incurred after Synergy came into the
23 facility because that was when the activity started, and
24 they started incurring expenses for security, cleaning
25 and maintenance, and so forth.

1 And the expenses -- and I'm excluding from
2 this list on the Brinig report the legal fees.
3 Excluding the legal fees, there was \$158,000 in overhead
4 expense and debt service during that same time frame
5 when Synergy was paying \$30,000 a month. So you had a
6 shortfall there of \$68,000.

7 Now we have EdiPure gone. We have EdiPure is
8 gone. Okay. And we don't have that \$30,000 a month
9 coming in.

10 Now let me also say this. After the Receiver
11 was appointed on August 20th, the Receiver basically
12 supplanted Chris Hakim as the managing member. Okay.
13 Chris Hakim was no longer the manager up there.

14 True, Chris Hakim had brought Synergy in, but
15 he was no longer involved in the operation up there
16 after the Receiver was put in.

17 Farwest was at Balboa, as the manager of
18 Balboa. Farwest's accountant, Justus Henkes, was also
19 the accountant for -- or the bookkeeper for Mira Este
20 during this time frame. Okay.

21 When Justus Henkes was removed by Farwest in
22 about November, he was removed from both facilities.
23 Okay. And at that point in time you had nobody keeping
24 the books at Mira Este. And, of course, Balboa soon
25 closed after that. But nobody was keeping the books at

1 Mira Este after Justus Henkes left.

2 So the question arose -- and I had a nice
3 conversation with Red Griswold the other day about,
4 well, whose responsibility was it to get a bookkeeper up
5 there? Was it the Receiver's responsibility?

6 It wasn't Chris Hakim's because he was out the
7 picture.

8 Was it the Receiver's responsibility? Or was
9 it Synergy's responsibility to get a bookkeeper up
10 there?

11 And we went -- you know, I won't say 15
12 rounds, but we around and around on that and without
13 really reaching an agreement.

14 But I think that the Court appointed the
15 Receiver to take charge of the facility and they should
16 have done something about the bookkeeping if they
17 weren't getting what they wanted.

18 Unfortunately, from November, December,
19 January, February up until today, I guess, there's been
20 no bookkeeper, so we don't have records of exactly what
21 was received and what wasn't.

22 Now, I'm not going to stand up here and try to
23 defend Synergy, but I certainly don't think that they
24 are the entire blame or they bare the entire fault for
25 that. I think the Receiver was also, quite frankly,

1 delinquent in not making sure that he was getting
2 regular accountings during this period, not making sure
3 that there was a bookkeeper.

4 I don't think the Receiver has been up to the
5 facility more than once or twice in the last seven
6 months. It's been seven months since the Receiver was
7 appointed. He has never been up there, has never --

8 THE COURT: He's been up there at least once.

9 MR. GORIA: Oh, I'm sorry. Once. One time.
10 I exaggerated, Your Honor. I'm sorry. He was up there
11 last month with Ms. Griffin to take a site visit.

12 THE COURT: Yes.

13 MR. GORIA: But as far as I know, he has not
14 participated in any negotiations or attempts to procure
15 any producers up there.

16 And the result of that is -- the fact that the
17 Receiver is existing at Mira Este --

18 THE COURT: Say that last statement again.

19 MR. GORIA: The Receiver has not participated
20 in any attempt to procure any producers.

21 And the -- and I'm not sure that even if he
22 had made efforts it would have -- that they would have
23 succeeded. I think that there is a built in reluctance
24 on the part of producers to operate under a Receiver.

25 Now we heard -- I don't know if the Court had

1 a chance to read Mr. Bacca's recent declaration, but --

2 THE COURT: With great interest.

3 MR. GORIA: Okay.

4 And he said, well, we've got a couple of
5 people on the line, a couple of fish on the hook.

6 THE COURT: He used the word "imminent."

7 MR. GORIA: Yeah, imminent. Thank you.

8 I have to say I think we've been down that
9 path before and I think there may have been some kind of
10 -- and I don't know, I have never spoken with Mr. Baca
11 about exactly what his agenda is in regards to Balboa,
12 but I think that he may have been painting a little rosy
13 picture trying to promote the image of Synergy in light
14 of the Receiver's pretty damaging and insulting
15 declaration that was submitted the other day calling
16 Synergy incompetent, basically, or operating in bad
17 faith.

18 The reality is that Synergy has been doing its
19 best. In Mr. Baca's declaration he says they're still
20 operating on a deficit.

21 The question of the bookkeeper is something
22 that is not favorable, I think, to either Synergy or to
23 the Receiver. I think something should have been done
24 about that, quite frankly, and to give the Court a
25 little better picture. But I think what is happening

1 now at this point is that there is work being done and
2 there is income coming in at Mira Este. Okay. The big
3 source of income -- EdiPure is out. The other source of
4 income, primary source of income is BTG,
5 Better Than Good. And according to Mr. Baca's
6 declaration, they're in arrears.

7 And they have no agreement, no producer has
8 signed an agreement after EdiPure, not a single
9 producer.

10 And the situation with BTG, the total number
11 of checks that they paid was 140,000, although \$50,000
12 was for excise taxes, so that certainly never was
13 deposited into Synergy's account.

14 THE COURT: Can you refresh the Court's mind.
15 I think I know the number. How much did BTG pay
16 post-January 1st?

17 MR. GORIA: 140,000.

18 THE COURT: That's what I thought. You're
19 good.

20 MR. GORIA: That included, though, \$50,000 for
21 excise taxes. The other 90,000 was for production
22 costs. And the production costs, unfortunately, could
23 not be broken down because of the lack of a bookkeeper.
24 But the bottom line is that there has been no
25 profitability. I mean, really, that is the bottom line.

1 Mira Este has not been able to operate at a profit since
2 the Receiver was put into place. And the opportunity or
3 the chance to operate at a profit are, at least in my
4 opinion, nonexistent as long as the Receiver remains in
5 place. I don't believe that when push comes to shove
6 these producers will actually sit down and ink their
7 name. There have been other producers who have been
8 very close and yet they back away at the last minute.

9 If they do sign, great; I mean we're all for
10 it; but, you know, we've been down that road before.

11 So if I could just -- I think that's about all
12 that I had to say, Your Honor. I do want to double
13 check to make sure so that I don't forget anything.

14 Oh, there was an email that the Receiver sent
15 after the site visit, right after the site visit, to
16 Synergy.

17 THE COURT: I read all of those emails. Well,
18 the ones that were attached.

19 MR. GORIA: Okay. This one was attached as
20 Exhibit C to the Receiver's declaration. It was also
21 attached to the declaration of Ms. Griffin.

22 And in it he's complimentary to Jerry Baca,
23 "Thank you for taking the time to meet with me and show
24 me the facility. You have made quite a few improvements
25 over my last inspection and they look great." So I

1 stand corrected, he may have been there before. He may
2 have been there a total of two times.

3 He says, "I think -- later on -- "our meeting
4 was very productive and I plan on interacting more often
5 to keep our communication lines open."

6 So at that point in time, that was three weeks
7 ago, it looked like the Receiver was -- happy may be too
8 strong of a word, but it sounds like the Receiver was
9 satisfied with Synergy's performance.

10 And I might add parenthetically that the email
11 was sent to a bunch of people; but it wasn't sent to
12 Mr. Hakim and it wasn't sent to me. So I think that
13 that's a recognition that we were out of the picture, we
14 had nothing to do with any later unhappiness that the
15 Receiver has expressed towards Synergy.

16 So I would submit that, according to
17 Mr. Baca's declaration, they have recently hired a
18 bookkeeper.

19 So bottom line is, is that at this point I
20 don't see a need for a Receiver at Mira Este. There has
21 been no showing of any embezzlement or misappropriation
22 of funds or diversion of funds that were otherwise due
23 to Mr. Razuki because in point of fact the Operating
24 Agreement says there were no funds due to Mr. Razuki.

25 I'm not trying to blame Mr. Malan for any kind

1 of malfeasance, but if there was a failure to share
2 profits, it was between Mr. Malan and Mr. Razuki and not
3 with Mira Este Properties.

4 So with that, unless the Court has any
5 questions, I'll conclude.

6 THE COURT: Thank you.

7 Short.

8 MS. GRIFFIN: Yes, Your Honor.

9 THE COURT: What's your position on removing
10 the Receiver at Mira Este.

11 MS. GRIFFIN: We strongly disagree.

12 THE COURT: Take two minutes.

13 MS. GRIFFIN: Well, we finally did receive
14 some intelligible accounting records from Synergy the
15 day before the last hearing.

16 As Mr. Essary noted in his declaration, those
17 records confirm that Synergy, with or without the
18 defendants' influence, have not been forthright and
19 forthcoming, transparent about turning over documents or
20 information.

21 Notably, I know that Mr. Gorla wants to rest
22 the blame for the lack of a bookkeeper on the Receiver.
23 The Receiver's declaration states that he wasn't even
24 informed that Mr. Henkes wasn't working on it until
25 February 2nd, 2019. And having been present at that

1 meeting -- it was noticed to everyone; I was the only
2 one who chose to attend -- I can tell you that the
3 Receiver intended and expressed the intent to foster a
4 more positive relationship with Synergy in order to
5 move -- try to move forward with getting the information
6 in the hopes that developing a closer relationship with
7 them might incentivize them perhaps to turn over the
8 information that he was requesting. But as his
9 declaration states, he's not getting the information.
10 We don't have the accounting, especially since
11 November 2019 (sic).

12 I would like to second Mr. Essary's point that
13 at this time we can't determine if the noncompliance
14 issues are the result of mismanagement of the business
15 or something more nefarious, we just can't. We don't
16 have the information to make any sort of determination.

17 However, we can say and we can see from
18 Mr. Essary's declaration that the defendants and
19 Synergy -- I don't know which one of them -- they have
20 been evasive, they have been vague in a few instances
21 prior to this week when they turned over substantive
22 information to the Receiver.

23 For whatever reason, they have been extremely
24 secretive about what is going on at Mira Este. This is
25 the first time we've heard of income, that they have

1 been receiving income since January 1st. I can tell you
2 at the site inspection there was a vague mention of a
3 handshake deal and that they are producing more products
4 there, we'll get you the information, we'll get you the
5 information. It didn't come for three weeks, as
6 Mr. Essary points out.

7 We now know that there's been products being
8 produced there since at least January 1st that we have
9 no idea about. The Court hasn't known, the Receiver
10 hasn't known. I don't know if the defendants knew. No
11 one knows.

12 And while we're not privy to every request the
13 Receiver has made to Mira Este, I can tell you based on
14 his declaration and representations, when I have
15 inquired about them, that neither Synergy nor the
16 defendants have been in compliance with the order
17 essentially since it was entered. Of course, now
18 Mr. Baca filed a declaration with the Court asserting
19 that Synergy has been cooperative.

20 I think that both can't be true. Mr. Essary's
21 declaration and Mr. Baca's declaration are contrary to
22 each other, so I suggest that the Court balance -- weigh
23 who is making the representations.

24 It was my understanding at the site inspection
25 that it wasn't until that site inspection on

1 February 25th that it was actually disclosed to the
2 Receiver that EdiPure was in arrears. The amount of the
3 arrears wasn't stated, and I don't think it was stated
4 in Mr. Baca's declaration either, so we have no idea how
5 much they owe.

6 In fact, Mr. Baca's declaration actually says
7 EdiPure has been in default for the past several months.
8 So this has been ongoing, but the information has not
9 getting to the Receiver despite his requests. There's
10 been a multitude of emails over the course. We only
11 picked up the most recent ones, but this has been
12 ongoing the whole time.

13 So we only just learned March 11th that it's
14 producing more income or generating more income than was
15 originally represented.

16 Mr. Baca's declaration also remains vague as
17 to when BTG started making the payments. It just says
18 since January 1st they have paid \$141,000. It doesn't
19 say when they took occupancy, when they started making
20 products, and when that additional income started to be
21 generated.

22 I think the most important takeaway of
23 Mr. Essary's declaration is that the defendants and
24 Synergy have not been disclosing the crucial financial
25 and operational information to the Receiver.

1 I know that Socal's counsel pointed out a
2 comment from Mr. Essary I think the Court should note.
3 But we really don't know what's going on at the
4 facility, at Mira Este. We're painted these pieces of
5 the picture.

6 THE COURT: So what's your point?

7 MS. GRIFFIN: It would be a great disservice
8 to remove the Receiver at this point given what is going
9 on.

10 THE COURT: Okay. I understand your analysis.

11 MS. GRIFFIN: In fact, we would suggest and we
12 intend to come shortly hereafter, if the Court --
13 depending on the Court's indications, but we would
14 suggest that the Court should put the Receiver in full
15 control of Mira Este: Let him go in there, let him
16 operate, let him manage Synergy, let him control it in
17 the best interests of the business. His hands have been
18 tied.

19 THE COURT: The only issue before the Court
20 today is whether to remove the Receiver from Mira Este,
21 counsel.

22 MS. GRIFFIN: Yes.

23 And I do want to point out also, Mr. Hakim's
24 ex parte application is really based on two essential
25 arguments. First, that EdiPure's relocation from

1 Mira Este will put Mira Este into insolvency. I think
2 Mr. Baca's declaration is contrary to that.

3 And also, that Synergy is unable to procure
4 new producers because of the receivership. I also think
5 Mr. Baca's declaration calls that into question.

6 And I'd like to suggest that the interest in
7 Balboa suggests that there would be similar interest in
8 working with the Receiver in Mira Este for producers.
9 I'm not sure why operators would be interested in Balboa
10 under the receivership and procedures wouldn't be
11 interested in producing at Mira Este under the
12 receivership. So I would encourage the Court to take
13 that with a grain of salt. Therefore, the two main
14 grounds for the removal of the Receiver don't exist,
15 they don't exist.

16 THE COURT: Thank you.

17 Not yet. I'm going to hear from Malan, then
18 you, and then the Receiver and then Synergy.

19 Position by Malan. Mr. Watts.

20 MR. GALUPPO: We both have some things to say.

21 THE COURT: You both?

22 MR. WATTS: Okay. We don't oppose, and we
23 agree with the application to remove the Receiver.

24 The point of the Receiver, again, when he was
25 appointed was to prevent the parties from selling these

1 properties and disposing of the assets. There's no sale
2 pending in Mira Este. All of the evidence shows that
3 everybody wants to continue operating there. There's no
4 point to having a Receiver in Mira Este.

5 If the Court is concerned that there would be
6 a sale, and there's no evidence showing that, but if
7 the Court is concerned, an injunction telling the
8 parties don't sell Mira Este while the case is pending
9 is a lesser -- less drastic remedy that the Court can
10 impose on Mira Este that still allows it to function,
11 but without a Receiver, which again is a very drastic
12 remedy.

13 A remedy so drastic that back in either
14 November or December, if the Court will remember,
15 the Court was going to release Mira Este from the
16 receivership but at that hearing the Court determined
17 that it did not have jurisdiction to do so because of
18 the pending appeal. The Court now has reconsidered that
19 position, and so I would encourage the Court to do what
20 it thought it should do back in November and December,
21 which is to release Mira Este from the receivership.

22 As Mr. Gorja pointed out, the sale of the
23 property -- an injunction freezing that would be enough
24 because the Razukis's claims in this are essentially a
25 claim for damages against Malan. If there is money that

1 is owed to Razuki, it is, again, money. They are -- by
2 saying that there's all of this interest in Balboa, it's
3 again incredibly ironic to me that now everybody is
4 trying to sell these things that the Receiver was
5 appointed to prevent the sale of. But that interest in
6 Balboa is all contingent on people trying to buy Balboa
7 and trying to get in there and take equity in it.

8 If the point of the Receiver is to prevent the
9 sale of Mira Este, then why would we encourage operators
10 to come in with an option to buy it. It, again, defeats
11 the purpose of the receivership. An injunction would
12 serve the actual purpose for which the Receiver was
13 appointed which is don't sell Balboa, guys, don't sell
14 Balboa, that is the whole purpose of this receivership.

15 And there's no evidence contesting what
16 Mr. Gorla said, which is that there hasn't been a lot of
17 contracts signed in the last seven months since the
18 Receiver has been in there. There's no evidence saying,
19 oh, no, Mira Este actually did sign a whole bunch of
20 contracts with a whole bunch of suppliers and everything
21 is going great and they're doing that because of the
22 Receiver and the Receiver is helping. So there's no
23 evidence the Receiver is helping. There's some evidence
24 that the Receiver is hurting, but there's no evidence
25 that he's helping or that he's necessary.

1 And on this point, my jurisdictional arguments
2 are in league with what we're asking the Court to do
3 because, as I have said before, the Court always has the
4 authority to vacate an order, it always has the
5 authority to vacate an order that shouldn't have been
6 entered, it has the inherent authority to do that.

7 And in this case, Razuki has made a claim for
8 profits from RM Property Holdings, not a claim to
9 actually own Mira Este. And so the jurisdictional
10 prerequisites of the receivership statute which requires
11 the applicant to show a property interest in the thing
12 that they're trying to put the receivership over, that
13 is not met here. And so my position is consistent.
14 The Court has the jurisdiction to vacate the part of the
15 receivership order that applies to Mira Este and it
16 should do that because it's not serving the purpose.

17 THE COURT: Thank you, Mr. Watts.

18 MR. GALUPPO: Very simply, Your Honor, our
19 client is in a position that if the Court is so inclined
20 to grant Mr. Gorja's order, that the second half of the
21 conclusions set forth in Mr. Gorja's papers where
22 there's an order for 50 percent of the distribution of
23 any of the distributable profits be placed with
24 the Court is 100 percent acceptable to us.

25 THE COURT: Thank you.

1 MR. GALUPPO: You're welcome.

2 THE COURT: Socal.

3 And then I want to hear from RM too. I don't
4 know if you're going to say anything.

5 MR. BIVENS: I am not, Your Honor.

6 THE COURT: Okay. All right.

7 So let's go to Socal, then.

8 MR. ZIMMITTI: Thank you, Your Honor.

9 So the point of Mira Este was we didn't know
10 what was going on Mira Este, we needed a Receiver.
11 Your Honor authorized a Receiver. We still don't have
12 the Receiver with knowledge of the facts. The Receiver
13 has not been able to do his job. So that's step one.

14 If we go back, and I think we ought to since
15 Mr. Gorla mentioned it, my client was paying large sums
16 of money towards Mira Este, and in about 2018 those did
17 stop around that time. I don't have the exact dates
18 with me.

19 However, the reason why they stopped,
20 Your Honor, is because my client was defrauded and it
21 was paying money and it was getting very uncomfortable
22 with some of the latest demands that were made. And we
23 have since learned, and I brought this to Your Honor's
24 attention, and I'd be happy to go through it again.

25 THE COURT: Do it.

1 MR. ZIMMITTI: Literally, we were passed off a
2 forged invoice for \$300,000 of expenses that just didn't
3 exist. Okay. This was a made up document. It was
4 actually taken from a contractor who offered a proposal
5 that was not accepted. Those numbers were actually
6 beefed up, inflated arbitrarily. The document was
7 signed and given to my client as proof of payment that
8 we should be making on our agreement. Caught
9 red-handed.

10 To this day that's never been controverted.
11 That is felony forgery, Your Honor. Okay. We can go
12 through the Penal Code, that is felony forgery. So if
13 you want to know why we stopped paying, there you go.

14 Now, notwithstanding that fact, Your Honor,
15 afterwards when Mr. Essary briefly got control before
16 Judge Strauss kicked us out after getting ambushed with
17 a voluminous ex parte, we actually paid the Receiver
18 \$170,000 towards Mira Este.

19 We did this because we thought we still had
20 these contracts and we had a Receiver. Thank God we
21 have someone who we can give money to and we know it's
22 not just going to line somebody's pockets.

23 So, Your Honor, that's how this came about and
24 that's why we're here. And ever since that day we've
25 had -- and, again, we can literally spend the rest of

1 the day and another day going through the history of
2 this case. I'll try to spare Your Honor that.

3 However, let's talk about Synergy. As to
4 Synergy, Your Honor, I would just say -- and again, with
5 all due respect to everyone here, trust your Receiver.
6 Your Receiver is yelling at you. Red is a very
7 conservative guy, a very quiet guy. Mr. Essary has been
8 very careful in his language. And they're telling you
9 under no uncertain circumstances that the wool is being
10 pooled over all of our eyes here. Okay.

11 And let's talk about that. So we've gone
12 through this. We are an evolution. And it started
13 with, you know, nobody will do business with us, nobody,
14 because of the Receiver. Oh, yeah, everyone hates
15 receivers. I didn't know that. My client would do
16 business just fine with a receiver. We have nothing to
17 hide. First of all, no one will do business.

18 Next. Well, Mr. Gorla comes in here and
19 doesn't alert the Court that there was actually someone
20 doing business and now is complaining that Mr. Baca had
21 too rosy of a picture. You can't have it both ways,
22 Your Honor. Okay.

23 First of all, Synergy is great, it's a savior,
24 it's come in here and saved this business, they made it
25 operational.

1 My client is building this facility, is
2 putting money into it still to make it a first rate
3 operation. They were about to drop about \$300,000 on a
4 sprinkler system when they were booted out of this
5 facility.

6 So now Synergy took it over and they're doing
7 great; but, actually, they're making no profits. And
8 so, you know, everything is great; but it's terrible.
9 We can't bring anyone in. And now, well, I'm just not
10 going to tell you if somebody comes in. Well, because
11 it's a handshake deal. Now no one is doing it in
12 writing.

13 The Receiver is scaring everyone away, but
14 Mr. Goria says he's not there enough. This is
15 absolutely absurd, Your Honor. And I want to cut this
16 short, so I will just frame it that way.

17 In terms of -- and I want to direct you to, at
18 the last hearing you asked pointedly to Mr. Goria -- and
19 I remember this, it's burned in my memory -- "What
20 income is coming in?"

21 Mr. Goria responded, "That's tricky,
22 Your Honor."

23 You know what, it is not tricky. It's called
24 answering the Court's question.

25 We have been honest with Your Honor and we

1 will continue to do so. We cannot say the same for
2 Synergy.

3 And again, Mr. Baca -- and I have no beef with
4 Mr. Baca, but his perspective has evolved as well. His
5 first declarations were probable closure, everything is
6 going badly. Now we have sales, imminent, and I think
7 this thing is going to take off. Again, Your Honor, I'm
8 cautioning you, this is not making sense.

9 Let's talk about Synergy and how great this
10 is. It's a bad deal. The contract as written is a bad
11 deal. Your Honor, Socal is paying over 110,000 a month.
12 Synergy, under its contract, is obligated to pay \$30,000
13 a month. Okay. But now we have this weird situation
14 where Synergy doesn't have to do it anymore. They're
15 basically pulling in sublicensees and saying, well, they
16 pay the money, and then if there is a shortfall we pay.
17 That's not how the agreement is written.

18 They're supposed to pay \$30,000 a month,
19 period, which again is a fraction of what Socal is
20 paying, and not sort of making it contingent about some
21 sublicensee. This is getting ridiculous.

22 Can the sublicensee get another sublicensee to
23 pay for the sublicensee's dues and then ultimately, you
24 know, the borrower is only \$30,000 no matter how many
25 people are running this operation. It's not a good deal

1 as written, and it's not even being complied with as
2 written.

3 And furthermore, we have weird language about
4 expenses going to some affiliated party. It's just not
5 a good deal. And again, not only is it not a good deal,
6 it's not being complied with, and they're hiding
7 information from the Receiver, Your Honor. So from our
8 perspective, we don't see any reason to remove the
9 Receiver.

10 Furthermore, in terms of blaming the
11 bookkeeper. This is pure irony for me because
12 Mr. Henkes was brought in by the defendants. They
13 wanted this bookkeeper and now they're throwing him
14 under the bus after he absconded.

15 So, listen, when we started the film on this
16 case, Your Honor, I was here before you saying, here's
17 Social, we're trying to do our best, we're in there,
18 we're working. We have these options. We were
19 defrauded. We didn't know there was a big circus here
20 around ownership of these properties when we entered the
21 agreement. Here we are, we're willing to step up and
22 continue our contracts.

23 Your Honor gave the defendants the benefit of
24 the doubt, put in Farwest, their manager of Balboa, put
25 in Justus Henkes, their accountant, and Synergy

1 literally sprang up as a product of this litigation to
2 fulfill the management agreement at Mira Este. And now
3 we have Farwest cut and ran. Mr. Henkes took off. Who
4 knows where he is. He's not here anymore. And now
5 we're getting blamed because of Mr. Henkes.

6 The Receiver is taking heat for this. The
7 Receiver has been literally and figuratively locked out
8 of these facilities. I remember -- this is bordering on
9 craziness, Your Honor.

10 So the thought of removing the Receiver now is
11 not only letting the fox guard the hen house, which it's
12 currently doing, but it's saying the fox can go eat the
13 hens, when the fox already has hen blood on its mouth
14 and is wiping it off as we speak.

15 So, Your Honor, I would say, for the short
16 answer for today's hearing, keep the Receiver in place.
17 And what I would propose is an OSC re removal of Synergy
18 ASAP to put a legitimate operator in there right now.

19 THE COURT: Thank you.

20 MR. ELIA: Your Honor, may I have one minute?
21 I'll be very short.

22 THE COURT: Right after RM Property Holdings.
23 You defer to Razuki?

24 MR. BIVENS: Yes.

25 THE COURT: Go ahead.

1 MR. ELIA: As I recall, Your Honor granted the
2 preliminary injunction based on the likelihood of
3 success on the merits of great irreparable injury
4 because my client essentially guaranteed the loan of
5 \$3.4 million on the Mira Este property. It wasn't just
6 for the -- so that there's a TRO so that a sale couldn't
7 have occurred. We asked for this preliminary injunction
8 because we wanted some internal controls because we
9 simply didn't trust Hakim and Malan and that's why
10 Your Honor granted that.

11 Second, Your Honor, since July, since we've
12 been litigating this case, we've probably had, I don't
13 know, maybe 15, 20 ex partes and at every single one of
14 those they have asked and they have been denied for the
15 removal of the Receiver on both properties. They want
16 the Receiver gone. They've wanted the Receiver gone
17 since July. And I suspect I know why. They have even
18 filed a writ, and that's been denied, by the appellate
19 court.

20 At what point -- I mean this issue has been
21 adjudicated probably 15 times now, I think, and at some
22 point they shouldn't be allowed to keep bringing it up.
23 Because if you recall, Your Honor -- I don't know if you
24 remember, but the Receiver submitted a declaration that
25 said there was cigar box cash that was happening.

1 There's literally boxes of cash being given to Mr. Hakim
2 and Mr. Malan from the operators. We need some internal
3 controls.

4 My client has staked twenty-five of his
5 property to finance this loan. And I've said this from
6 day one, Your Honor, and I'll say it again, as long as
7 you have Mr. Hakim and Mr. Malan you're never going to
8 get accurate financials, and I've been right. Thank
9 you, Your Honor.

10 MR. GORIA: Your Honor, may I just have one
11 minute? I'm sorry.

12 THE COURT: I'm not in a hurry.

13 You can go.

14 THE CLERK: Okay.

15 THE COURT: Matthew, I may go late. I'm going
16 to take whatever time. This is important. So let the
17 sheriff know.

18 You get one minute and then we're going to
19 take a four-minute break.

20 MR. GORIA: Okay. Just in response, first of
21 all, to what Mr. Elia just said. We've only brought a
22 single request to remove the Receiver, and that was what
23 Mr. Watts alluded to where the Court indicated that it
24 was going to remove it, but then it backed away because
25 of the lack of jurisdiction. That's the only other time

1 that we've done this.

2 EdiPure leaving is a significant event. It's
3 going to put a serious dent in income into the Mira Este
4 facility. That's why we're here today, is because of
5 EdiPure. That, in addition to the fact that we have not
6 been able to get other -- ink other producers. Nobody
7 will sign an agreement up until now as long as the
8 Receiver is in place.

9 It's interesting that, on this side of the
10 table, they're lumping my client with Mr. Malan, they're
11 lumping my client with Synergy, they're lumping my
12 client with Mr. Henkes.

13 The Court appointed a Receiver to take care of
14 this back in August. My client has technically no
15 relationship with Synergy, legally has no relationship
16 with Synergy. In fact, the Receiver has refused to sign
17 an extension of Synergy's management agreement. Synergy
18 is operating on a good faith basis with the Receiver's
19 consent in staying up there at Mira Este.

20 And then, finally, Mr. Zimmitti -- I don't
21 know. You know, he just throws up exaggeration and
22 hyperbole about this contractor's proposal that's just
23 completely untrue. We had Mr. Brinig here go through
24 all of the invoices, all of the documentation for the
25 improvements. He's referring to the improvements

1 provision in their management agreement where they have
2 to reimburse my client, Chris Hakim, up to \$125,000 or
3 one-half of the total receipts, whichever is less. And
4 my client provided Mr. Brinig with \$280,000 of receipts,
5 of payments. Mr. Brinig confirmed that. Okay.
6 Therefore, Socal did in fact owe the full amount.

7 There was no defrauding. There was no
8 malfeasance on the part of Chris Hakim. He paid for
9 these improvements out of his own pocket and he looked
10 to Synergy to repay them under the terms of the
11 management agreement -- I mean, Socal to repay them.
12 And Socal said no, no, no, wait a second, we want more,
13 we want more documentation.

14 Now the contractor's proposal that he's
15 talking about, yeah, Mr. Hakim admittedly used a
16 contractor's proposal because that had an itemization of
17 the amounts that were spent.

18 Now, he estimated, because he didn't have a
19 full box of the receipts and payment documents that he
20 gave to Brinig at that time, he estimated on these
21 various line items and he came to a total of, I think,
22 about \$266,000, \$14,000 less than what he actually
23 spent. So they're saying that they were defrauded. I
24 don't think so. I don't think they were defrauded at
25 all.

1 That's all that I wanted to say, Your Honor.

2 Thank you.

3 THE COURT: And respectfully, I got it,
4 between both of you.

5 You'll get a little time. She needs to take a
6 break. Five minutes.

7 Off the record.

8 (Recess.)

9 THE COURT: We'll go back on the record.
10 What is your position on removing the
11 Receiver?

12 MR. GRISWOLD: Your Honor, the Receiver's
13 position is limited. It's limited to the extent that
14 the Receiver is happy to report to the Court, if
15 the Court desires, to get further clarification on
16 compliance by Synergy or any other party in regards to
17 the Receiver's request for information, documents,
18 financial data, operational data.

19 You have read the Receiver's declaration.

20 THE COURT: Yes.

21 MR. GRISWOLD: I can clarify on a few points,
22 if the Court wants, as to claims made by counsel.

23 The Receiver has repeatedly and in writing,
24 and it's Exhibit A to his declaration, has asked for the
25 information directly from Synergy.

1 And to clear any confusion, what I always do,
2 and I know it probably bothers a lot of the attorneys
3 here, I include all of the lawyers on these emails so
4 that if anyone does have the information -- maybe I'm
5 asking the wrong person, but I asked specifically for
6 five or six items specifically related to Mira Este.
7 This wasn't the first time. Just to get you up to
8 speed, that was January 16th. And as I stated in the
9 Receiver's declaration, I got nothing for three weeks,
10 three weeks nothing from Synergy.

11 And on the issue that we're talking about
12 today as to whether or not the Receiver should have gone
13 out and somehow known that the bookkeeper at Mira Este
14 left the operation; even if the Receiver did magically
15 know that, I'm hearing that the Receiver should have
16 come to Synergy and said, hey, Synergy, whether you knew
17 or it not, you don't have a bookkeeper anymore. Would
18 you like one? I think it's ridiculous to put that onus
19 on the Receiver.

20 But, be that as it may, on January 16th my
21 email specifically asks for the last financial reports
22 received from Mira Este -- or the last reports we
23 received from Mira Este were from approximately
24 November 5th, 2018. We are requesting, P and Ls, bank
25 statements, accounting reports compiled by Mr. Henkes,

1 Synergy or others. We frankly don't care who put
2 together the documents. Someone has to have financial
3 data on Mira Este. At that point it went silent for
4 three weeks.

5 I'm only going to assume that whether Synergy
6 or Mr. Hakim knew that Mr. Henkes, the bookkeeper, left
7 in November, if they didn't know by the time I sent this
8 email, I've got to imagine they had some sort of
9 discussion as to "Do we have that information?"

10 And that's where I get back to the Receiver's
11 declaration, we don't know if this is simple
12 mismanagement or if there are other bad motives. And
13 the Receiver is not here to make a determination or
14 opinion as to either its mismanagement or bad
15 motivations; but three weeks go by.

16 Further, Number 2, does EdiPure remain as the
17 only operating subproducer at the property?

18 Number 3. Is Synergy operating as a producer
19 at Mira Este?

20 This is on January 16th. No response to these
21 questions for three weeks.

22 And then Exhibit B, Chuck and Matt Mahoney,
23 counsel for Mr. Hakim, counsel for Synergy, "It has now
24 been three weeks since my email request. You have both
25 stated the info, docs are on the way. However, we have

1 still not received any info, docs from either of you."

2 Now I will say I have good rapport with both
3 counsel. We're friendly with each other. I did get
4 responses to this email. And the responses were: Let
5 me huddle on that, let me get you that, let me look into
6 that, let me talk to my client on that.

7 So from the Receiver's perspective, the report
8 to the Judge is we're not getting timely information and
9 reports; I don't know why, but that's all the Receiver
10 can say.

11 THE COURT: Thank you.

12 All right. Let's go, Mr. Mahoney.

13 MR. MAHONEY: Yes.

14 THE COURT: And come to the podium, please.

15 MR. MAHONEY: Thank you, Your Honor.

16 THE COURT: And, by the way, and this is on
17 Synergy; correct?

18 MR. MAHONEY: Correct, Your Honor.

19 For the record, Matt Mahoney. Thank you,
20 Your Honor. I know it's late.

21 THE COURT: No. We've got time.

22 MR. MAHONEY: Thank you.

23 THE COURT: It's nice not to be in a rush.

24 MR. MAHONEY: It is. But I will be respectful
25 of everyone's time.

1 It's interesting that various people have
2 referenced the declaration filed by Jerry Baca both for
3 and against their various positions. And I think that
4 tells you a lot about this declaration.

5 Synergy is here to run a business. Other
6 people have the luxury of fighting over the legalities
7 of this case. And this is a complex case. And there
8 are some good attorneys doing good work here.

9 THE COURT: Yes.

10 MR. MAHONEY: Synergy is trying to run a
11 business. And I will tell you this, they are running
12 that business. And the people that know that are
13 Ms. Griffin and Mr. Essary because they both came to the
14 facility on February 22nd, I believe, and they saw the
15 people doing the work there, they saw the people making
16 the product.

17 Mr. Essary commented on the fact that the room
18 in which we had a meeting previously was completely
19 unfinished and now it was finished with a requisite
20 cameras and whatnot.

21 Mira Este is an operation that is being run in
22 stark contrast to Balboa, just putting those two
23 operations next to each: One has no business
24 whatsoever, the other is producing and distributing
25 products on a daily basis; one is in arrearage in terms

1 of all its financial obligations, the other is not.

2 THE COURT: That's one of the questions I was
3 going to ask. Is there any debt load on Mira Este right
4 now?

5 MR. MAHONEY: There is, Your Honor. They're
6 paying two mortgages that total 32- or \$33,000 per
7 month. It's fully current.

8 THE COURT: That was going to be my next
9 question.

10 So right now all mortgages on Mira Este are
11 current?

12 MR. MAHONEY: Yes.

13 THE COURT: What about electricity, water --

14 MR. MAHONEY: Everything is covered.
15 Everything is covered. There are no outstanding
16 financial obligations that Synergy has been made aware
17 of existing at Mira Este.

18 And that's really for a couple of reasons.
19 One is because there is revenue and there is income at
20 this property, and we have set that forth in the
21 declaration.

22 And two is Synergy is a safety net for
23 Mira Este. To the extent that there's ever a
24 shortfall -- and we covered this in the declaration as
25 well -- to the extent there's ever a shortfall, Synergy

1 steps in and they cover it. All right. So business is
2 running at Mira Este. And all of the financial
3 obligations are being covered.

4 Now here's what I am not here to argue today.
5 Maybe we have the luxury of not having to take a
6 position as to whether or not the Receiver should or
7 shouldn't be at the property. We're not -- quite
8 frankly, we're not a party to this dispute.

9 And the difficult part for us is twofold. One
10 is could it potentially be easier to get written deals
11 with certain brands who are reluctant to sign a
12 long-term written deal with Receiver on the property?
13 That could be the case.

14 But, by the same token, we have to work with
15 Mr. Essary and Mr. Griswold on a weekly if not more
16 frequent basis, so we're not in the position of having
17 to argue that we want them gone because we have to
18 collaborate with them.

19 One of the things that we do on literally, if
20 not a daily basis, at least a weekly basis, is we send
21 all invoices to Mr. Essary. In fact, quite frankly, it
22 got to the point where it was going from Synergy to me
23 to Mr. Griswold and Mr. Essary. And finally I just
24 said, hey, you guys do it together, so those emails go
25 back and forth.

1 Again, I don't want to overstate the point,
2 but there's at least two to three emails each week where
3 the Receiver is approving each and every expense over
4 and above the minor office expenses. We received
5 permission to buy paper for the office without
6 authorization. Payroll, security, any other expenses
7 they approve. All right. So again, we're in the
8 position that we don't need to take a position as to
9 whether or not the Receiver should stay or should go.

10 And I understand that there's quite a few
11 comments about how we have run the property. And let me
12 say this, if it ever comes to the point where somebody
13 wants to challenge how we're running the property, so be
14 it. I'm surprised that it would be Social because, quite
15 frankly, they didn't have any success at the property.

16 But with that being said, I want to make clear
17 a few additional points. One is we sent the list of
18 every dollar that's gone in and every dollar that's gone
19 out. And that was in response to Mr. Essary's request.

20 THE COURT: And when was that sent?

21 MR. MAHONEY: I believe it was sent on
22 March 11th, so within about two weeks of when Mr. Essary
23 was at the property.

24 THE COURT: Okay.

25 MR. MAHONEY: And the reason, in part, that it

1 takes so long is because there was no bookkeeper at the
2 property.

3 Fine, everyone can dispute as to who should
4 have done that. That's not in the management services
5 agreement that Synergy first had when they came onto
6 the property.

7 But here's the point, Your Honor. We don't
8 have to address that because as of the February 22nd
9 meeting we said, fine, we will hire somebody to do that
10 and we have done that now.

11 And so if the Receiver would like to take the
12 position that some of our answers haven't been fast
13 enough, that's something that we're working on. But I
14 want to be really clear about Red's comments. He did
15 send us a list of questions, five questions. And let's
16 be clear, we answered each and every one of those
17 questions. They were frustrated with the pace at which
18 those came back, but we didn't hide the ball. There's
19 no outstanding requests. And we listed all of the
20 things that we have done pursuant to what the Receiver
21 has asked.

22 And I've told Mr. Essary over and over, we're
23 here to work with you. We don't have a dog in this
24 fight. We're running a business.

25 And I understand that you need to file

1 declarations, but instead of the scathing declarations,
2 pick up the phone and give me a call if you've got a
3 problem with something like that.

4 And Mr. Griswold has done that at times where
5 he said, look, I need this information faster. We have
6 tried to do that.

7 The fact of the matter is these guys are
8 running a business and, quite frankly, they're running
9 it well. And so, again, we're doing our job, we're
10 making this property work, we're keeping it completely
11 financially solvent. And whatever this Court decides to
12 do today with respect to the Receiver, really, it's for
13 the other parties to argue. Thank you.

14 THE COURT: Question.

15 MR. MAHONEY: Yes.

16 THE COURT: Is Mira Este making a profit?

17 MR. MAHONEY: Currently, no.

18 THE COURT: And what's the debt factor, or
19 would you say?

20 MR. MAHONEY: Okay. So the income that we are
21 supposed to receive at the property each month with
22 EdiPure in and Better Than Good, because EdiPure is
23 currently still at the property, is \$60,000.

24 THE COURT: Wait a minute. What did you just
25 say?

1 MR. MAHONEY: EdiPure is currently still doing
2 business with the property. And that's in the
3 declaration. They're at the property until the time
4 that they pay their arrearage, at which time they will
5 be leaving.

6 THE COURT: Boy, I didn't know that.

7 MR. MAHONEY: Sure. If you go to --

8 THE COURT: EdiPure is still there?

9 MR. MAHONEY: Well, and let me be clear.
10 EdiPure is leaving. I'm not saying that they're not
11 leaving. But if you look at Paragraph 11, Page 3 --

12 THE COURT: Hold on. I've got it right in
13 front of me.

14 MR. MAHONEY: And it's Line 7 in Paragraph 11.

15 THE COURT: Okay.

16 MR. MAHONEY: All right. So we've been very
17 clear about that. All right. Again, we're not hiding
18 the ball here. They are leaving, there is no doubt
19 about it. They owe the property quite a bit.

20 But to answer your question, between EdiPure
21 and BTG, we're supposed to be getting \$60,000
22 approximately per month.

23 THE COURT: I assume that BTG is paying.

24 MR. MAHONEY: They are. But lately somewhat
25 sporadically.

1 Look, we have all of the problems that any
2 functioning business has, including chasing people for
3 payments sometimes.

4 Better Than Good, BTG, we believe, is a
5 reliable business partner, but they've fallen behind.
6 And, quite frankly, yes, even I've had communications
7 with them where I've had to say, "You need to pay." But
8 these are the problems that Synergy handles on a weekly
9 basis, getting people to pay, chasing EdiPure for the
10 amounts that they owe. And including negotiating these
11 two deals with Presidential and 20-20.

12 THE COURT: Right. And I want to talk a
13 little bit about that.

14 MR. MAHONEY: Of course.

15 THE COURT: And let's talk about -- is it
16 Presidential RX?

17 MR. MAHONEY: Correct.

18 THE COURT: I believe the language was
19 "imminent." Explain that to me.

20 MR. MAHONEY: Just to be clear, I want to make
21 sure that I'm recalling this correctly so I don't
22 mischaracterize. I can't remember if --

23 THE COURT: It's on Page 4, Paragraph 17, look
24 at Lines 9, 10, and 11.

25 MR. MAHONEY: Yeah. We use the word

1 "imminent" with respect to 20-20. But it doesn't
2 matter, it's the same. A deal is imminent with respect
3 to Presidential as well.

4 THE COURT: Thank you.

5 MR. MAHONEY: Presidential has said that they
6 are coming to the property. They are asking us for a
7 written contract to present to them that they are
8 actually willing to sign.

9 Now everyone here can speculate as to whether
10 or not Presidential is actually going to do it. All I'm
11 here to tell the Court today is those discussions are
12 happening. They have indicated to my client that they
13 are coming to the property. They have indicated that
14 they are willing to execute a written agreement.

15 Could they potentially not come to the
16 property? I guess that's possible, Your Honor. All I'm
17 here to tell you today is the status of the
18 negotiations.

19 THE COURT: And you're involved with that?

20 MR. MAHONEY: Personally I am not other than
21 advising my client with respect to some things.

22 And let me tell you why. I'm not a cannabis
23 attorney, so that requires somebody to draft a contract
24 who is familiar with cannabis law.

25 THE COURT: Is that being done?

1 MR. MAHONEY: And that is being done.

2 THE COURT: All right. What about
3 Presidential?

4 MR. MAHONEY: 20-20 now -- that was
5 Presidential.

6 THE COURT: Okay.

7 MR. MAHONEY: Now I'm talking about 20-20.

8 THE COURT: Okay. Move to 20-20.

9 MR. MAHONEY: Okay. So 20-20 is one of those
10 parties that has indicated that they would prefer not to
11 enter into a written agreement. And yes, they have
12 informed my client that that's because of the presence
13 of the Receiver.

14 THE COURT: Okay. There we go.

15 MR. MAHONEY: And, again, I'm just reporting
16 that. I don't know if we held their feet to the fire,
17 if they might; I just don't know, but that's what
18 they're representing.

19 And 20-20 actually has done more than just
20 saying we want to be there; their products are actually
21 being tested so that potentially they could sell.

22 There is a process -- and, again, this is a
23 question for the cannabis attorneys -- but there is a
24 process that you have to follow before you can actually
25 sell products, and one of those processes is testing to

1 make sure you meet with all California requirements for
2 selling those cannabis products.

3 My understanding is that process of testing
4 has been completed and now they are prepared and ready
5 to enter into a deal with Synergy to permit Synergy to
6 sell their products as a manager brand.

7 THE COURT: Would it be reasonable to say,
8 Judge, we could have a decision within -- I'm just
9 picking a number -- two weeks as to whether
10 Presidential RX or 20-20 would be a go? Is that
11 reasonable?

12 MR. MAHONEY: Well, let me say this, I would
13 prefer a month. I think we'll get it done in two weeks,
14 but under promise and over deliver.

15 The only issue with Presidential is I don't
16 know what sort of attorney is going to negotiate their
17 agreements.

18 And I have assured -- and this was a
19 conversation that I had with Mr. Essary when he was at
20 the facility -- we told him about both 20-20 and
21 Presidential RX -- and he said you better run that
22 contract by me with Presidential before it gets
23 executed. And I said, "We're going to do that." And so
24 there's also going to be that step in terms of getting
25 the Receiver to approve whatever written agreement is

1 going to be entered into, so that's why I prefer a
2 month.

3 THE COURT: I'm not going to order anything.
4 The only thing before me today right now is whether the
5 Receiver is in or not. I just want to know what's going
6 on out there, basically.

7 Okay. You'll be next.

8 Anything else, Mr. Mahoney?

9 MR. MAHONEY: That's it.

10 THE COURT: So, basically, you have no
11 position on removing the Receiver, I sense.

12 MR. MAHONEY: Look, we don't take a position
13 on that for purposes of today because we've got to work
14 with everyone here.

15 Would life be easier if there were no
16 Receiver? Perhaps. But we're here to do whatever
17 the Court orders and to do it well and be transparent in
18 the way that we do it.

19 THE COURT: Thank you.

20 MR. MAHONEY: Thank you.

21 THE COURT: Okay. Social.

22 MR. ZIMMITTI: Thank you, Your Honor.

23 So a couple of things. Just to comment on --
24 I believe it's Mr. Mahoney and EdiPure. You could
25 probably see at this end of the table people were kind

1 of, like -- boy, I almost slipped out of my chair when I
2 heard that EdiPure was still there. And part of the
3 reason is because Mr. Hakim in his own declaration said,
4 I quote, "In the last two days" -- so I'll read the
5 whole paragraph. "On or about February --

6 THE COURT: This is a declaration signed by
7 Mr. Hakim?

8 MR. ZIMMITTI: Mr. Hakim on March 8th.

9 THE COURT: There we go.

10 MR. ZIMMITTI: Okay. So, you know, here again
11 where words matter.

12 "EdiPure served notice on Synergy that it
13 intended to vacate the Mira Este facility in
14 30 days or by March 8th."

15 THE COURT: Slow down.

16 MR. ZIMMITTI: Okay. And then -- now,
17 Mr. Hakim underlined, italicized this portion for
18 emphasis. So bolded, emphasis. Bolded and italicized.
19 That means there is no other emphasis you could put on
20 this thing.

21 "In the last two days EdiPure has moved
22 out of the facility. The relocation of
23 EdiPure and cessation of its monthly payments
24 will put the Mira Este facility into
25 insolvency."

1 Okay. You can't spin that, Your Honor. And
2 I'm sorry, but they basically said they're out, but now
3 they're in. Here we go with they're in, they're out,
4 we're doing great, we're doing terribly. No one will do
5 business, they will do business. Oh, they won't do
6 business if there's no agreement, but we'll try to get
7 them to sign an agreement. This is just malarkey, okay,
8 Your Honor. This is what we're talking about. And this
9 is what you're hearing, and Your Honor is having to put
10 up with.

11 Listen, I don't begrudge Synergy or any
12 business wanting to do business for itself, but that's
13 not what we've got here.

14 My client had a contract. Okay.

15 And let's talk about success. I think
16 Mr. Mahoney said, well, they didn't have success. Well,
17 maybe we ought to discuss what success means.

18 My client was building out the facility, large
19 sums of money. Again, a massive sprinkler system was
20 being planned for. That alone would be \$300,000.

21 And let's talk about the money, because
22 success means money, does it not, when it comes to
23 business. I think it ought to. And that means my
24 client was putting in over \$110,000 a month into this
25 facility. Okay. So much money that Mr. Hakim and Malan

1 were just happy as clams, grabbing it with both hands.

2 Now we have a situation where Synergy -- and
3 again, I'll grant them that everyone should be able to
4 do business; there's nothing wrong with doing business.
5 But under their contract, all that they're supposed to
6 do -- their major obligation is to provide \$30,000 a
7 month, and they're not even doing that. They're
8 essentially saying we need sublicensees to pay for our
9 debt. So they're just having a great time running the
10 business by virtue of a vacuum created that my client
11 was fulfilling and that they were essentially just put
12 into place there.

13 So again, everyone has a right to do business.
14 But we have claims to this property. We were putting in
15 the money. We were building it out. In terms of
16 success, we were the ones having success because we were
17 covering this mortgage in spades and we were building
18 out the facility.

19 So I think it's terribly unfair to say, well,
20 Socal had started it.

21 Well, what's the point of building something
22 that you envision just to get it started quickly.

23 We had a vision for a property. Granted,
24 there are different ways to do business, but let's just
25 say we had a particular type of facility that we were

1 building out. Again, one that maybe had more
2 capabilities. But putting aside that, and we don't need
3 to argue that today, we had a different timeline; but in
4 the meantime we were sinking massive amounts of money.
5 There would have been no problem, there would be no
6 shortfalls, just as there would have been no shortfalls
7 with Balboa and Balboa would still be operating. So I
8 think it's just fundamentally unfair to characterize us
9 as not having success.

10 And secondly, again, in terms of credibility
11 and why we need a Receiver. We have this constant
12 problem with Synergy, again which I'm not saying that
13 they're not operating a legitimate business within the
14 confines of this operation; nevertheless, we can't
15 separate them from Mr. Hakim and we're having -- we are
16 having large gaps in time in terms of information
17 delivery.

18 There's just no reason for not responding to
19 these things promptly. Either you don't have the
20 information or you're working on it. You don't just sit
21 there and think about how you ought to answer it.

22 And then the attorney for one of the owners
23 comes in and says, "Well, is it making money?"

24 "Well, I don't know. It's kind of tricky."

25 And then you have Synergy saying EdiPure is

1 there. Hakim is saying under penalty of perjury that
2 they've moved out. None of this is adding up,
3 Your Honor. And you shouldn't just be essentially being
4 taken for a ride here.

5 And again, coming back to Mr. Hakim. Again,
6 Mr. Gorla, what you actually heard was an admission that
7 his client committed perjury. It's an admission because
8 what he basically said is that, well, there was stuff we
9 paid for and we just used this invoice like sort of --
10 like a ledger, except it's an invoice from a contractor
11 that never did any work. Not only that, they basically
12 made up numbers.

13 These were line items, Your Honor. You don't
14 just say something occurred when it didn't.

15 Under our agreement we had the right to pay
16 reimbursement upon pending -- upon supplying receipts.
17 They didn't give us receipts. They said, oh, we paid
18 all of this in cash. So what they did instead is they
19 made up an invoice. Okay. Not only made up the
20 invoice, signed it. Mr. Hakim signed it. He dated it.
21 It occurred. It was a real thing.

22 And, Your Honor, he only got caught because he
23 used his Realtor DocuSign signature. Okay. And you
24 know what, fortunately for us he doesn't understand
25 those things are time stamped with metadata. So he

1 actually sent this to us dated -- backdated, but then we
2 looked at the document, looked at the DocuSign signature
3 and it actually showed that it had just been created,
4 that it had just been signed.

5 MR. WATTS: Objection, Your Honor. Facts not
6 in evidence.

7 THE COURT: Slow down. Slow down.

8 MR. ZIMMITTI: So it was in evidence. And
9 it's a declaration. And I can refer you to it,
10 Your Honor.

11 So once again, for the purposes of
12 credibility, I think, Your Honor, again, what you've
13 heard is an admission of perjury. You know, I don't
14 think any one of us could take an actual invoice that
15 was never acted on and just use it like some ledger as
16 if it was actually done. This is an astonishing
17 admission.

18 At any rate, Your Honor, I will stop there
19 other than to say there's absolutely no cause to remove
20 this Receiver.

21 And if the Receiver was removed, Your Honor --
22 and Your Honor has broad discretion, but we would
23 consider that an absolute abuse of discretion if the
24 Receiver were removed under these circumstances.

25 THE COURT: Everybody gets one minute. One

1 minute.

2 MR. GALUPPO: Ignore everything Mr. Zimmitti
3 just said, Your Honor. He has his lis pendens recorded
4 against the property. He effectively has no rights.
5 They didn't exercise their option to Mira Este.
6 Ninety percent of what he said is hearsay, and it's
7 completely irrelevant to this, so I would completely and
8 totally ignore all of it.

9 The only issue before the Court right now is
10 should Mr. Razuki's guaranty in some manner or another
11 be protected, and it sure does seem like it is.

12 Now, is there a way to do that in some other
13 manner?

14 RM Property has no property interests.
15 Whatever argument they have, respectfully they have it,
16 has no place here. Neither does Socal, no place here.
17 So respectfully, Your Honor, I would just ignore it and
18 strike it from the record.

19 THE COURT: I won't strike it. Thank you.

20 Are we done?

21 Okay. I think we're done.

22 MR. GORIA: Your Honor, there are a million
23 things I could say. I think pretty much everything
24 that's been said -- or, really, that needs to be said
25 has been said; and, that is, that the receivership

1 should have been removed from Mira Este. Even
2 Matt Mahoney said it would make life easier. We have a
3 list of producers who won't go in there because the
4 Receiver is there.

5 We don't have any evidence -- despite
6 Mr. Zimmitti's hyperbole, we have no evidence of any
7 malfeasance on the distribution of profit by Mr. Hakim
8 during the time that he was the managing member.

9 And, quite frankly, I think the Court's
10 decision should militate in favor of the removal of the
11 Receiver and a retention of the profits that would
12 otherwise be split between Mr. Malan and Mr. Razuki into
13 either a blocked account, a dedicated account, or even
14 deposited into the court. That would fully protect
15 Mr. Razuki's interest.

16 THE COURT: Thank you.

17 Let the record reflect the Court has read all
18 of the moving papers in this case, the Court has
19 listened very intently to all of the argument.

20 And, counsel, you have been very respectful
21 today and I really appreciate that.

22 The motion to remove the Receiver is denied.
23 Thank you.

24 MR. ELIA: Thank you, Your Honor.

25 MR. GORIA: Thank you, Your Honor.

1 MR. GALUPPO: Your Honor, that's without
2 prejudice; correct?

3 THE COURT: Always.

4 MR. GALUPPO: Thank you, Your Honor.

5 THE COURT: My pleasure.

6 Do they all need to be escorted out because of
7 security?

8 THE BAILIFF: They just need to go out of the
9 building, Your Honor.

10 THE COURT: Off the record.

11

12 (Proceedings adjourned at 5:14 p.m.)

13 ---000---

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE

State of California)
County of San Diego)

I, Lois Mason Thompson, CSR No. 3685, a pro tem reporter in the Superior Court of the State of California, in and for the County of San Diego, hereby certify that I reported in machine shorthand the proceedings held on March 15, 2019, that my notes were transcribed into typewriting under my direction, that the foregoing transcript, pages 1 through 116 is a full, true, and correct transcript of the said proceedings.

Dated at San Diego, California, April 8, 2019

Lois Mason Thompson
Lois Mason Thompson

CSR No. 3685

Government Code Section 69954(D): Any court, party, or person who has purchased a transcript may, without paying a further fee to the reporter, reproduce a copy or portion thereof as an exhibit pursuant to court order or rule, or for internal use, but shall not otherwise provide or sell a copy or copies to any other party or person.

\$	17 [1] - 102:23 1900 [1] - 3:10 19th [1] - 45:18 1:30 [4] - 43:8; 52:24; 53:5; 56:15 1st [4] - 68:16; 73:1, 8; 74:18	401 [1] - 3:22 444 [1] - 3:15 4th [1] - 32:24	ability [1] - 22:19 able [11] - 16:3; 20:3; 33:13; 43:19, 21; 49:22; 50:22; 69:1; 80:13; 89:6; 109:3 absconded [1] - 85:14 absolute [1] - 112:23 absolutely [6] - 25:21; 31:22; 33:16; 54:5; 83:15; 112:19 absurd [1] - 83:15 abuse [1] - 112:23 accept [4] - 52:17, 20; 59:6 acceptable [1] - 79:24 accepted [1] - 81:5 accordance [1] - 61:20 according [2] - 68:5; 70:16 account [4] - 25:25; 68:13; 114:13 accountant [3] - 64:18; 85:25 accounting [8] - 23:10; 25:25; 63:14; 71:14; 72:10; 92:25 accountings [1] - 66:2 accuracy [1] - 21:5 accurate [2] - 42:9; 88:8 accurately [1] - 7:16 acquiring [2] - 12:25; 13:8 act [1] - 14:7 acted [1] - 112:15 action [4] - 7:7; 17:14, 18; 39:12 active [1] - 29:11 activity [1] - 63:23 actual [5] - 13:6; 17:13; 49:24; 78:12; 112:14 add [1] - 70:10 adding [1] - 111:2 addition [1] - 89:5 additional [6] - 16:17; 19:19, 21; 20:10; 74:20; 98:17 additionally [1] - 16:24 address [1] - 99:8 addressed [1] - 22:20 adjourned [1] - 115:12 adjudicated [1] - 87:21 admission [4] - 111:6; 112:13, 17 admittedly [1] - 90:15 advance [1] - 12:24	advanced [1] - 48:21 advising [1] - 103:21 affects [1] - 22:18 affiliated [1] - 85:4 affirm [1] - 8:20 afternoon [4] - 5:10; 14:11; 43:8 afterwards [1] - 81:15 agency [1] - 11:3 agenda [1] - 67:11 ago [2] - 10:3; 70:7 agree [13] - 22:16; 23:20; 24:10; 29:12; 31:8; 34:12; 37:19; 39:22; 41:22; 47:14; 59:16; 76:23 agreeable [1] - 54:6 agreed [2] - 14:25; 15:12 agreeing [1] - 25:8 agreement [33] - 13:13; 17:4; 26:6; 34:24; 41:23; 51:5; 58:22; 59:16, 19; 60:1, 3-4, 7; 62:24; 65:13; 68:7; 81:8; 84:17; 85:21; 86:2; 89:7, 17; 90:1, 11; 99:5; 103:14; 104:11; 105:25; 108:6; 111:15 Agreement [15] - 58:25; 59:2, 5, 9, 12, 15, 20; 60:9, 12, 17, 21; 61:1, 6, 20; 70:24 agreements [1] - 105:17 agrees [1] - 15:5 ahead [2] - 8:13; 86:25 alert [1] - 82:19 allow [7] - 7:20, 22; 13:22; 18:15; 23:22; 24:10; 36:21 allowed [2] - 29:20; 87:22 allows [4] - 30:1, 23-24; 77:10 alluded [1] - 88:23 almost [4] - 9:23; 58:7; 62:18; 107:1 alone [1] - 108:20 alternative [4] - 26:19; 46:18, 24; 47:1 ALTERNATIVE [1] - 3:19 ambushed [1] - 81:16 Amended [1] - 63:16 amount [6] - 9:21; 34:16; 42:9; 45:13;	
0	2	5	6	7	
000 [2] - 4:3; 115:13 00034229-CU-BC [1] - 1:10	2 [4] - 5:24; 29:24; 93:16 20 [1] - 87:13 20-20 [9] - 102:11; 103:1; 104:4, 7-9, 19; 105:10, 20 200 [1] - 3:22 2016 [4] - 58:8, 16; 59:21 2017 [2] - 60:5, 24 2018 [4] - 1:15; 61:8; 80:16; 92:24 2019 [6] - 4:1; 19:18; 71:25; 72:11; 116:9, 13 207 [1] - 2:6 20th [4] - 43:25; 44:11; 62:14; 64:11 21 [1] - 1:15 210 [1] - 3:5 2221 [1] - 2:6 225 [1] - 3:10 22nd [2] - 95:14; 99:8 23 [1] - 116:13 250 [1] - 3:16 25th [1] - 74:1 2792 [1] - 2:21 29th [4] - 53:4; 57:22, 25 2nd [1] - 71:25	5 [4] - 3:19; 10:6; 11:9; 63:16 5-21 [1] - 56:24 5.3 [2] - 10:4; 16:25 50 [3] - 17:5; 20:19; 79:22 5:14 [1] - 115:12 5th [4] - 52:24; 53:5; 57:18; 92:24	6 [4] - 17:6; 26:3; 32:12; 63:17 60 [7] - 45:5, 8; 49:14, 19, 21; 50:2; 51:20 60-day [1] - 51:19 619.407.0505 [1] - 3:23 619.525.2565 [1] - 3:11 637,0000 [1] - 58:18 67 [1] - 1:4 69954(D) [1] - 116:20	7 [2] - 17:8; 101:14	8
1	3	8	9	A	
1 [4] - 5:22; 9:13; 29:23; 116:11 10 [1] - 102:24 100 [2] - 28:15; 79:24 1011 [1] - 3:5 102 [1] - 2:22 11 [3] - 101:11, 14; 102:24 110,000 [1] - 84:11 116 [1] - 116:11 11835 [1] - 2:13 11th [2] - 74:13; 98:22 12 [1] - 18:2 125,000 [1] - 19:17 128.5 [1] - 6:9 140,000 [2] - 68:11, 17 14th [1] - 5:16 15 [6] - 4:1; 56:21; 65:11; 87:13, 21; 116:9 15th [5] - 5:16; 44:11; 57:3, 9, 11 16th [3] - 92:8, 20; 93:20	3 [4] - 17:5; 30:1; 93:18; 101:11 3.4 [1] - 87:5 30 [4] - 10:25; 27:3, 5; 107:14 30,000 [1] - 63:19 31st [1] - 56:15 32 [1] - 96:6 3685 [3] - 1:23; 116:5, 18 37-2018 [1] - 1:9 3rd [1] - 45:14	8 [1] - 17:8 8.8 [1] - 59:2 82,000 [2] - 48:1, 13 8th [2] - 107:8, 14	9 [1] - 102:24 90 [4] - 49:17, 19, 21; 51:20 90,000 [1] - 68:21 90,0000 [1] - 63:19 900 [1] - 2:13 90064 [1] - 2:14 92009 [1] - 2:22 92075 [1] - 3:16 92101 [3] - 3:6, 11, 23 92108 [1] - 2:7	ABBOTT [1] - 3:21 abiding [1] - 37:11	

74:2; 90:6 amounts [7] - 47:7, 18; 48:19; 63:19; 90:17; 102:10; 110:4 analysis [3] - 34:16; 38:22; 75:10 analyze [1] - 34:14 AND [6] - 1:2; 2:10, 16, 18; 3:2, 19 answer [4] - 55:7; 86:16; 101:20; 110:21 answered [2] - 21:15; 99:16 answering [1] - 83:24 answers [1] - 99:12 anyway [1] - 55:3 APC [1] - 2:4 appeal [5] - 8:6; 22:13, 20; 77:18 appearances [1] - 4:9 APPEARANCES [2] - 1:19; 2:1 appearing [2] - 5:2, 7 APPEARING [1] - 2:17 appellate [4] - 22:13, 16, 18; 87:18 applicant [1] - 79:11 application [7] - 5:25; 7:6, 17; 10:15; 42:22; 75:24; 76:23 applies [1] - 79:15 appointed [11] - 21:22; 62:14; 63:11; 64:11; 65:14; 66:7; 76:25; 78:5, 13; 89:13 appointing [1] - 21:20 appreciate [5] - 14:16; 20:8; 41:24; 47:17; 114:21 appreciative [1] - 15:23 appropriate [2] - 18:20; 40:18 approval [6] - 9:3; 16:2; 33:5; 40:23; 43:1; 56:20 approve [3] - 7:22; 98:7; 105:25 approving [2] - 55:4; 98:3 April [5] - 44:11; 45:14; 52:24; 53:4; 57:18 arbitrarily [1] - 81:6 area [1] - 29:5 arguably [1] - 22:2 argue [4] - 97:4, 17; 100:13; 110:3	argument [3] - 61:3; 113:15; 114:19 arguments [4] - 61:17; 75:25; 79:1 arose [1] - 65:2 arrangement [1] - 12:12 arrangements [1] - 7:23 arrearage [2] - 95:25; 101:4 arrears [3] - 68:6; 74:2 arrest [1] - 26:15 artful [1] - 25:5 ASAP [1] - 86:18 aside [2] - 9:21; 110:2 asserting [1] - 73:18 assets [1] - 77:1 assignment [1] - 59:9 assist [1] - 43:10 assume [5] - 31:12; 36:19; 93:5; 101:23 assured [1] - 105:18 astounding [1] - 112:16 AT [1] - 3:15 attached [5] - 51:6; 63:17; 69:18, 21 attempt [1] - 66:20 attempting [1] - 55:14 attempts [1] - 66:14 attend [1] - 72:2 attention [1] - 80:24 ATTORNEY [1] - 3:15 attorney [3] - 103:23; 105:16; 110:22 attorney's [1] - 34:10 attorneys [6] - 23:11; 35:9; 39:16; 92:2; 95:8; 104:23 attorneys' [1] - 48:21 August [6] - 59:21; 62:7, 14; 64:11; 89:14 Austin [3] - 5:3; 20:25; 24:1 authority [15] - 5:25; 6:4; 8:12; 11:12; 12:5, 11; 15:13; 16:2; 25:19; 32:25; 42:12; 50:7; 79:4 authorization [2] - 8:25; 98:6 authorize [1] - 7:20 authorized [1] - 80:11 available [1] - 29:25 avalanche [1] - 61:15 AVENUE [2] - 2:18; 3:15 avenue [1] - 18:20	Avenue [8] - 5:5; 12:18; 13:9; 21:19, 21; 23:17; 25:1; 29:4 aware [2] - 18:8; 96:16	B	baby [1] - 54:17 Baca [9] - 5:13; 67:10; 69:22; 73:18; 82:20; 84:3; 95:2 Baca's [9] - 67:19; 68:5; 70:17; 73:21; 74:4, 6, 16; 76:2, 5 Bacca's [1] - 67:1 backdated [1] - 112:1 backed [1] - 88:24 background [3] - 58:10; 61:13, 21 bad [6] - 37:16; 67:16; 84:10; 93:12, 14 badly [1] - 84:6 BAILIFF [1] - 115:8 balance [1] - 73:22 BALBOA [1] - 2:18 Balboa [53] - 5:5, 25; 6:5, 7; 7:9, 11; 8:18; 9:18, 21; 12:18; 13:9; 14:14; 15:5, 15, 20; 17:5; 19:4; 20:16; 21:9, 19, 21; 23:17; 24:16; 25:1; 26:12; 27:12; 28:19; 29:3, 21; 30:14; 34:5; 37:23; 45:18; 46:6; 52:25; 53:3; 64:17, 24; 67:11; 76:7, 9; 78:2, 6, 13-14; 85:24; 95:22; 110:7 ball [2] - 99:18; 101:18 bank [2] - 25:25; 92:24 bare [1] - 65:24 based [8] - 10:22; 14:24; 17:8; 41:19; 45:19; 73:13; 75:24; 87:2 basis [7] - 23:4; 89:18; 95:25; 97:16, 20; 102:9 BEACH [1] - 3:16 beats [1] - 44:21 become [1] - 60:12 beef [1] - 84:3 beefed [1] - 81:6 beginning [1] - 36:13 begudge [1] - 108:11 begs [1] - 20:16 behalf [9] - 4:10, 15, 19; 5:1, 3, 11; 6:21;	7:5; 24:1 behind [3] - 9:15; 28:15; 102:5 believes [1] - 22:8 benefit [1] - 85:23 benefits [1] - 39:12 best [15] - 16:5; 17:13, 18; 20:4; 21:19; 32:4; 33:20; 37:22; 43:24; 53:13, 17; 55:6; 67:19; 75:17; 85:17 better [4] - 41:7; 52:6; 67:25; 105:21 Better [3] - 68:5; 100:22; 102:4 between [8] - 9:13; 10:5; 32:2; 49:19; 71:2; 91:4; 101:20; 114:12 bewildered [1] - 61:14 bid [1] - 39:8 bidder [1] - 37:18 bidders [2] - 33:13; 43:20 bidding [2] - 17:1; 44:4 bids [3] - 31:14; 38:16; 43:4 bifurcate [1] - 29:16 bifurcated [1] - 30:3 big [2] - 68:2; 85:19 bill [1] - 20:25 bills [7] - 20:10-12; 21:5; 23:21; 24:4 bit [5] - 10:21; 44:22; 54:11; 101:19; 102:13 Bivens [1] - 4:15 BIVENS [6] - 3:9; 4:15; 39:21, 24; 80:5; 86:24 BLAKE [1] - 2:20 blame [3] - 65:24; 70:25; 71:22 blamed [1] - 86:5 blaming [1] - 85:10 blank [1] - 43:24 bleeding [1] - 32:10 blessing [1] - 10:19 blocked [1] - 114:13 blood [1] - 86:13 Bloom [3] - 17:25; 18:5; 23:8 BLOOM [1] - 3:19 Blooms' [1] - 26:5 board [1] - 11:25 bolded [2] - 107:18 bomb [1] - 45:16 bond [2] - 8:7; 22:16	bookkeeper [15] - 64:19; 65:4, 9, 20; 66:3; 67:21; 68:23; 70:18; 71:22; 85:11, 13; 92:13, 17; 93:6; 99:1 bookkeeping [1] - 65:16 books [2] - 64:24 booted [1] - 83:4 bordering [1] - 86:8 borrow [2] - 46:14 borrower [2] - 14:7; 84:24 bothers [1] - 92:2 bottom [3] - 68:24; 70:19 BOULEVARD [1] - 2:13 box [3] - 43:14; 87:25; 90:19 boxes [1] - 88:1 boy [4] - 24:25; 32:7; 101:6; 107:1 brand [1] - 105:6 brands [1] - 97:11 break [5] - 7:16; 46:7; 53:22; 88:19; 91:6 breaking [1] - 35:4 briefed [1] - 32:21 briefly [2] - 62:17; 81:15 bring [12] - 13:22; 28:25; 29:2, 6-7; 31:5; 46:19; 47:1; 51:25; 61:22; 83:9 bringing [3] - 36:15; 59:9; 87:22 Brinig [8] - 23:10; 63:15; 64:2; 89:23; 90:4, 20 Brinig's [1] - 20:12 broad [2] - 12:4; 112:22 broaden [1] - 13:21 BROADWAY [1] - 3:10 broken [2] - 7:10; 68:23 broker [1] - 17:20 brought [8] - 11:16; 41:11; 44:2; 64:14; 80:23; 85:12; 88:21 BTG [7] - 68:4, 10, 15; 74:17; 101:21, 23; 102:4 bucket [1] - 35:20 BUILDING [2] - 2:9 Building [2] - 4:13 building [8] - 34:9; 83:1; 108:18;
--	--	--	----------	--	--	--

<p>109:15, 17, 21; 110:1; 115:9 built [1] - 66:23 bunch [4] - 62:12; 70:11; 78:19 bureau [1] - 35:25 burned [1] - 83:19 bus [1] - 85:14 business [33] - 34:23; 36:13; 62:22; 63:2; 72:14; 75:17; 82:13, 16-17, 20, 24; 95:5, 11-12, 23; 97:1; 99:24; 100:8; 101:2; 102:2, 5; 108:5, 12, 23; 109:4, 10, 13, 24; 110:13 buttoned [1] - 41:22 buy [15] - 10:4; 13:15; 24:16; 26:2; 29:13; 30:13-15, 18-19; 35:3; 78:6, 10; 98:5 buyer [2] - 35:20; 36:24 buyers [1] - 8:18 buying [1] - 32:8 BY [6] - 2:4, 12, 20; 3:4, 9, 21</p>	<p>case [18] - 11:15; 12:23; 24:3, 6; 43:6; 47:2; 60:13; 62:4; 77:8; 79:7; 82:2; 85:16; 87:12; 95:7; 97:13; 114:18 CASE [1] - 1:9 cash [5] - 46:16; 58:17; 87:25; 88:1; 111:18 caught [2] - 81:8; 111:22 cautioning [1] - 84:8 CCP [1] - 6:9 CEDROS [1] - 3:15 certain [2] - 34:9; 97:11 certainly [6] - 8:20; 11:22; 35:8; 61:18; 65:23; 68:12 CERTIFICATE [1] - 116:1 certificate [6] - 12:16; 13:3, 23; 14:6; 23:19 certify [1] - 116:8 cessation [1] - 107:23 cetera [4] - 16:19; 17:21 chair [1] - 107:1 chairs [1] - 39:17 challenge [1] - 98:13 chance [4] - 24:8; 52:16; 67:1; 69:3 characteristic [1] - 62:18 characterize [1] - 110:8 charge [1] - 65:15 Charles [1] - 4:23 CHARLES [1] - 3:4 chasing [2] - 102:2, 9 check [1] - 69:13 checked [1] - 61:10 checks [1] - 68:11 choice [2] - 46:24; 60:19 choose [1] - 57:25 chose [1] - 72:2 CHRIS [1] - 3:2 Chris [10] - 4:24; 58:13; 62:20; 63:1; 64:12-14; 65:6; 90:2, 8 Chuck [1] - 93:22 cigar [1] - 87:25 circumstances [4] - 16:8; 25:2; 82:9; 112:24 circus [1] - 85:19 claim [4] - 60:14;</p>	<p>77:25; 79:7 claims [3] - 77:24; 91:22; 109:14 clams [1] - 109:1 clarification [3] - 49:21; 54:11; 91:15 clarify [2] - 53:25; 91:21 cleaner [1] - 42:1 cleaning [1] - 63:24 clear [14] - 15:8, 24; 33:11; 41:2; 50:6; 53:1; 92:1; 98:16; 99:14, 16; 101:9, 17; 102:20 clearly [1] - 36:1 CLERK [1] - 88:14 client [44] - 19:2; 22:23; 24:24; 25:2, 11; 28:24; 31:11; 40:16; 41:24; 49:5; 58:13, 17; 60:6, 10, 17, 25; 61:4, 14, 19, 22; 79:19; 80:15, 20; 81:7; 82:15; 83:1; 87:4; 88:4; 89:10-12, 14; 90:2, 4; 94:6; 103:12, 21; 104:12; 108:14, 18, 24; 109:10; 111:7 clients [4] - 24:10, 12; 25:12; 32:9 close [5] - 11:11; 58:16; 59:3; 62:23; 69:8 closed [10] - 14:14; 19:13; 27:3; 34:6, 12; 35:23; 44:4; 58:19; 59:21; 64:25 closer [3] - 7:7; 17:2; 72:6 closure [1] - 84:5 cluster [1] - 10:5 CMC [1] - 52:14 co [1] - 28:10 co-counsel [1] - 28:10 Code [2] - 81:12; 116:20 code [1] - 26:25 collaborate [1] - 97:18 comfortable [1] - 42:17 coming [13] - 10:16; 37:4; 38:16; 50:9; 52:14; 56:2; 62:13; 64:9; 68:2; 83:20; 103:6, 13; 111:5 comment [2] - 75:2; 106:23 commented [1] -</p>	<p>95:17 comments [4] - 28:9; 42:21; 98:11; 99:14 commit [1] - 45:9 committed [1] - 111:7 communicate [1] - 43:19 communication [1] - 70:5 communications [1] - 102:6 companies [1] - 53:12 company [4] - 15:14; 20:5; 28:16; 53:11 competency [1] - 26:14 competent [1] - 55:14 competitive [1] - 42:10 compiled [1] - 92:25 complaining [1] - 82:20 complete [1] - 13:1 completed [1] - 105:4 completely [6] - 44:9; 89:23; 95:18; 100:10; 113:7 complex [2] - 16:18; 95:7 compliance [2] - 73:16; 91:16 complicates [1] - 51:7 complications [1] - 36:17 complied [2] - 85:1, 6 complimentary [1] - 69:22 component [3] - 9:11, 23; 17:24 components [2] - 7:17; 13:14 concern [7] - 16:10; 19:6; 20:23; 32:14; 41:11; 44:1 concerned [5] - 14:13; 16:20; 29:9; 77:5, 7 concerns [5] - 16:6; 21:10; 47:25; 48:3 conclude [1] - 71:5 conclusions [1] - 79:21 concrete [1] - 9:1 concur [1] - 49:14 conditions [1] - 13:23 conferring [1] - 29:16 confines [1] - 110:14 confirm [7] - 9:3; 12:12; 28:14; 47:20; 48:6; 71:17 confirmed [3] - 41:23;</p>	<p>49:4; 90:5 confirming [1] - 7:19 confusion [1] - 92:1 consensus [1] - 14:15 consent [1] - 89:19 conservative [1] - 82:7 consider [3] - 43:13, 23; 112:23 consideration [2] - 39:11; 56:13 considering [1] - 56:19 consistent [1] - 79:13 constant [1] - 110:11 consultation [1] - 55:15 CONSULTING [2] - 2:17; 3:19 contesting [1] - 78:15 contingent [2] - 78:6; 84:20 continue [3] - 77:3; 84:1; 85:22 continuously [1] - 37:14 contract [10] - 9:2; 10:12; 63:10; 84:10, 12; 103:7, 23; 105:22; 108:14; 109:5 contractor [2] - 81:4; 111:10 contractor's [3] - 89:22; 90:14, 16 contracts [8] - 6:5; 7:21; 36:23; 78:17, 20; 81:20; 85:22 contrary [2] - 73:21; 76:2 contrast [1] - 95:22 control [4] - 26:18; 75:15; 81:15 controls [2] - 87:8; 88:3 controverted [1] - 81:10 conversation [4] - 30:24; 65:3; 105:19 cookies [3] - 27:4; 54:24 cooperative [5] - 23:25; 24:2; 26:18; 29:4; 73:19 Cooperative [1] - 5:5 COOPERATIVE [1] - 2:18 copies [1] - 116:22 copy [2] - 116:21 corner [1] - 33:3</p>
C				
<p>California [7] - 4:1; 5:5; 11:4; 105:1; 116:2, 7, 13 CALIFORNIA [9] - 1:1; 2:7, 14, 18, 22; 3:6, 11, 16, 23 cameras [1] - 95:20 CAMINO [2] - 2:6; 3:5 CANNABIS [1] - 2:18 Cannabis [1] - 5:5 cannabis [6] - 55:15; 63:2; 103:22, 24; 104:23; 105:2 cannot [1] - 84:1 capabilities [1] - 110:2 capital [1] - 13:7 car [1] - 34:10 care [9] - 27:25; 46:11; 48:11, 18; 54:17; 57:14; 89:13; 93:1 careful [1] - 82:8 CARLSBAD [1] - 2:22 carry [1] - 26:20 carrying [2] - 27:19, 21 carve [1] - 60:7 carve-out [1] - 60:7 carved [1] - 59:10</p>				

<p>correct [19] - 6:15; 15:19, 21; 18:13; 19:4, 8; 20:1; 37:1; 46:12; 51:16; 53:11, 15; 57:1; 94:17; 102:17; 115:2; 116:12</p> <p>corrected [1] - 70:1</p> <p>correctly [1] - 102:21</p> <p>costs [5] - 20:18, 20; 48:21; 68:22</p> <p>counsel [47] - 4:7; 8:8; 10:15, 24; 11:8; 14:17, 24; 15:4; 18:4, 11, 18, 24; 19:25; 20:3; 21:6, 11, 14; 22:5, 24; 28:10, 21; 29:16; 30:6, 24; 31:1, 20; 36:20; 38:20; 39:22; 41:3, 10; 42:15; 45:10; 47:3, 25; 48:17; 55:15-17; 58:5; 75:1, 21; 91:22; 93:23; 94:3; 114:20</p> <p>counsel's [1] - 20:12</p> <p>country [1] - 7:5</p> <p>County [2] - 116:3, 7</p> <p>COUNTY [1] - 1:2</p> <p>couple [7] - 31:11; 51:10; 58:7; 67:4; 96:18; 106:23</p> <p>course [10] - 10:8; 17:14, 18; 60:6; 61:2; 62:1; 64:24; 73:17; 74:10; 102:14</p> <p>COURT [241] - 1:1; 4:4, 8; 5:14, 24; 6:3, 7, 12, 17, 24; 7:8, 24; 8:1, 4, 10, 13; 9:17; 10:20; 11:5, 7, 17; 12:3, 8, 13, 19; 13:10, 16; 14:1, 3, 9, 12, 20, 22; 15:8, 17, 20, 22; 17:16; 18:11, 14, 22; 19:1, 7, 9, 25; 20:8; 21:11, 14; 22:3, 5, 22; 24:21, 23; 25:10, 14, 21; 27:10; 28:10; 30:11, 14, 21; 31:10, 23; 32:23; 33:6, 16, 22, 25; 34:3, 14; 36:11, 19; 37:3, 20; 38:17, 19; 39:19, 23, 25; 40:2, 7, 22, 25; 41:2, 5, 9, 17, 24; 42:12, 17, 23; 43:2; 44:1, 16, 23, 25; 45:5, 21,</p>	<p>23; 46:1, 7, 10, 16; 47:11, 15, 22; 48:5, 7, 9, 14, 17, 24; 49:1, 7, 11, 17, 25; 50:4, 10, 14, 18, 23; 51:2, 4, 11, 16, 23; 52:1, 3, 10, 12, 15, 19, 23; 53:2, 8, 14, 19, 24; 54:2, 8, 12, 19; 55:2, 6, 9, 13, 18, 20, 22; 56:1, 4, 6, 9, 11, 15, 22, 25; 57:5, 9, 11, 14, 21, 24; 58:5, 11; 66:8, 12, 18; 67:2, 6; 68:14, 18; 69:17; 71:6, 9, 12; 75:6, 10, 19; 76:16, 21; 79:17, 25; 80:2, 6, 25; 86:19, 22, 25; 88:12, 15; 91:3, 9, 20; 94:11, 14, 16, 21, 23; 95:9; 96:2, 8, 13; 98:20, 24; 100:14, 16, 18, 24; 101:6, 8, 12, 15, 23; 102:12, 15, 18, 23; 103:4, 19, 25; 104:2, 6, 8, 14; 105:7; 106:3, 10, 19, 21; 107:6, 9, 15; 112:7, 25; 113:19; 114:16; 115:3, 5, 10</p> <p>court [14] - 5:12; 18:10; 21:3; 26:10; 33:9, 18; 43:4, 18; 50:9; 87:19; 114:14; 116:20, 22</p> <p>Court [77] - 5:19; 7:19; 8:20, 25; 9:2; 10:12; 15:9, 13; 16:3, 15, 22; 17:11; 18:17, 19; 20:5, 13; 21:2; 22:8-11, 21, 25; 25:15, 17; 26:9, 11; 28:17; 31:4; 32:15; 42:22; 43:12; 45:3; 50:25; 51:10; 58:6, 9; 61:21; 65:14; 66:25; 67:24; 71:4; 73:9, 18, 22; 75:2, 12, 14, 19; 76:12; 77:5, 7, 9, 14-16, 18-19; 79:2, 14, 19, 24; 82:19; 88:23; 89:13; 91:14, 22; 100:11; 103:11; 106:17; 113:9; 114:17; 116:6</p> <p>court's [1] - 22:18</p> <p>Court's [6] - 10:19; 33:5; 68:14; 75:13;</p>	<p>83:24; 114:9</p> <p>courtroom [5] - 11:19; 31:15; 38:8; 50:12; 55:24</p> <p>cover [2] - 58:8; 97:1</p> <p>covered [4] - 96:14, 24; 97:3</p> <p>covering [1] - 109:17</p> <p>craziness [1] - 86:9</p> <p>crazy [1] - 28:5</p> <p>created [2] - 109:10; 112:3</p> <p>creating [1] - 39:14</p> <p>credibility [2] - 110:10; 112:12</p> <p>CRR [1] - 1:22</p> <p>crucial [1] - 74:24</p> <p>CSR [4] - 1:22; 116:5, 18</p> <p>CTL [1] - 1:10</p> <p>cure [1] - 19:16</p> <p>current [8] - 17:7; 28:25; 29:2, 7-8; 31:5; 96:7, 11</p> <p>cut [3] - 21:12; 83:15; 86:3</p> <p>cuts [1] - 50:20</p>	<p>debatable [1] - 39:1</p> <p>debt [6] - 35:7; 62:5; 64:4; 96:3; 100:18; 109:9</p> <p>debts [2] - 19:13</p> <p>December [3] - 65:18; 77:14, 20</p> <p>decide [2] - 18:15; 59:5</p> <p>decided [1] - 23:4</p> <p>decides [3] - 16:15; 22:25; 100:11</p> <p>decision [4] - 37:23; 57:22; 105:8; 114:10</p> <p>declaration [35] - 62:16; 67:1, 15, 19; 68:6; 69:20; 70:17; 71:16, 23; 72:9, 18; 73:14, 18, 21; 74:4, 6, 16, 23; 76:2, 5; 87:24; 91:19, 24; 92:9; 93:11; 95:2, 4; 96:21, 24; 101:3; 107:3, 6; 112:9</p> <p>declarations [4] - 25:24; 84:5; 100:1</p> <p>dedicated [1] - 114:13</p> <p>deed [2] - 13:8; 46:23</p> <p>deeper [1] - 10:21</p> <p>default [3] - 19:24; 47:18; 74:7</p> <p>defeated [1] - 22:2</p> <p>defeats [1] - 78:10</p> <p>defend [2] - 36:14; 65:23</p> <p>defendant [2] - 5:2</p> <p>DEFENDANTS [1] - 1:11</p> <p>defendants [9] - 4:23; 8:6; 21:6; 72:18; 73:10, 16; 74:23; 85:12, 23</p> <p>defendants' [1] - 71:18</p> <p>defer [1] - 86:23</p> <p>deficit [1] - 67:20</p> <p>definitely [3] - 33:2; 38:11; 63:6</p> <p>defrauded [4] - 80:20; 85:19; 90:23</p> <p>defrauding [1] - 90:7</p> <p>DEL [2] - 2:6; 3:5</p> <p>Delights [1] - 5:6</p> <p>DELIGHTS [1] - 2:18</p> <p>delinquent [1] - 66:1</p> <p>deliver [1] - 105:14</p> <p>delivery [1] - 110:17</p> <p>demands [1] - 80:22</p> <p>denied [3] - 87:14, 18; 114:22</p>	<p>dent [1] - 89:3</p> <p>DEPARTMENT [1] - 1:4</p> <p>deposited [2] - 68:13; 114:14</p> <p>derogation [1] - 59:8</p> <p>design [2] - 58:22; 59:22</p> <p>designated [1] - 59:14</p> <p>designed [1] - 59:14</p> <p>desire [1] - 15:14</p> <p>desires [1] - 91:15</p> <p>desperate [1] - 42:5</p> <p>despite [2] - 74:9; 114:5</p> <p>detail [1] - 26:7</p> <p>determination [3] - 33:9; 72:16; 93:13</p> <p>determine [2] - 37:13; 72:13</p> <p>determined [2] - 17:17; 77:16</p> <p>determines [1] - 17:11</p> <p>developing [2] - 17:2; 72:6</p> <p>DEVILISH [1] - 2:18</p> <p>Devilish [1] - 5:6</p> <p>Diego [6] - 4:1, 14; 5:3; 116:3, 7, 13</p> <p>DIEGO [8] - 1:2; 2:7, 10, 14, 17; 3:6, 11, 23</p> <p>different [4] - 22:14; 25:12; 109:24; 110:3</p> <p>difficult [1] - 97:9</p> <p>diligence [7] - 25:20; 28:3; 31:17; 41:3; 43:7; 52:7, 9</p> <p>dire [1] - 19:12</p> <p>direct [2] - 7:20; 83:17</p> <p>direction [2] - 18:18; 116:10</p> <p>directly [2] - 11:3; 91:25</p> <p>disagree [3] - 37:5; 61:18; 71:11</p> <p>disagreeing [1] - 35:17</p> <p>disagreement [1] - 15:15</p> <p>disclosed [1] - 74:1</p> <p>disclosing [1] - 74:24</p> <p>discretion [3] - 11:24; 112:22</p> <p>discretionary [1] - 36:3</p> <p>discuss [1] - 108:17</p> <p>discussed [2] - 14:24; 27:7</p> <p>discussion [1] - 93:9</p>
D				
		<p>daily [3] - 23:6; 95:25; 97:20</p> <p>damages [1] - 77:25</p> <p>damaging [1] - 67:14</p> <p>DANIEL [1] - 2:21</p> <p>Daniel [2] - 5:1, 8</p> <p>data [3] - 91:18; 93:3</p> <p>date [5] - 19:17; 44:18; 50:20; 56:12; 61:23</p> <p>dated [2] - 111:20; 112:1</p> <p>Dated [1] - 116:13</p> <p>dates [1] - 80:17</p> <p>days [14] - 10:25; 27:3, 6; 38:13; 45:5, 8; 49:14, 17, 21; 50:2; 56:21; 107:4, 14, 21</p> <p>deadline [7] - 43:12; 44:13; 56:18; 57:3, 16, 18</p> <p>deal [13] - 27:23; 29:21; 62:8; 73:3; 83:11; 84:10, 25; 85:5; 97:12; 103:2; 105:5</p> <p>dealing [2] - 11:3; 62:25</p> <p>deals [3] - 23:21; 97:10; 102:11</p>		

<p>discussions [1] - 103:11</p> <p>dispensaries [2] - 24:11; 27:18</p> <p>dispensary [31] - 6:1, 7; 7:21; 8:18; 9:5, 8, 18-19, 25; 10:8; 12:18; 13:9; 14:14; 17:13; 18:1, 5; 19:12; 21:19, 21; 23:17, 25; 25:1; 26:12; 27:1; 28:2; 29:5; 35:6, 23; 38:10; 45:12; 46:5</p> <p>disposing [1] - 77:1</p> <p>dispute [6] - 19:11; 37:6; 40:1; 61:3; 97:8; 99:3</p> <p>disservice [1] - 75:7</p> <p>distributable [1] - 79:23</p> <p>distribute [1] - 60:18</p> <p>distributed [2] - 60:25</p> <p>distributing [2] - 61:5; 95:24</p> <p>distribution [5] - 61:7-9; 79:22; 114:7</p> <p>diversion [1] - 70:22</p> <p>divide [1] - 32:2</p> <p>docs [2] - 93:25; 94:1</p> <p>document [3] - 81:3, 6; 112:2</p> <p>documentation [2] - 89:24; 90:13</p> <p>documents [4] - 71:19; 90:19; 91:17; 93:2</p> <p>DocuSign [2] - 111:23; 112:2</p> <p>dog [1] - 99:23</p> <p>dollar [2] - 98:18</p> <p>dollars [3] - 10:2; 23:15; 34:17</p> <p>done [30] - 5:16; 19:19; 23:12; 26:13, 21; 31:10; 33:8; 43:7; 54:21; 56:6; 60:13; 61:16; 63:14; 65:16; 67:23; 68:1; 89:1; 99:4, 10, 20; 100:4; 103:25; 104:1, 19; 105:13; 112:16; 113:20</p> <p>double [1] - 69:12</p> <p>doubt [3] - 43:6; 85:24; 101:18</p> <p>down [17] - 5:17; 7:10; 10:1; 28:22; 41:23; 42:15; 49:9; 55:10; 58:2, 18; 67:8;</p>	<p>68:23; 69:6, 10; 107:15; 112:7</p> <p>draft [1] - 103:23</p> <p>drastic [3] - 77:9, 11, 13</p> <p>draw [1] - 27:20</p> <p>drawing [1] - 23:13</p> <p>drive [1] - 17:21</p> <p>drop [1] - 83:3</p> <p>due [12] - 23:7; 25:20; 28:3; 31:17; 37:15; 41:3; 43:7; 52:7; 70:22, 24; 82:5</p> <p>dues [1] - 84:23</p> <p>during [6] - 22:12; 41:21; 64:4, 20; 66:2; 114:8</p>	<p>70:21</p> <p>emphasis [3] - 107:18</p> <p>emphasize [1] - 22:9</p> <p>empowered [1] - 50:3</p> <p>encourage [4] - 26:9; 76:12; 77:19; 78:9</p> <p>encumbered [1] - 33:14</p> <p>encumbering [1] - 35:5</p> <p>end [4] - 29:15; 30:19; 38:2; 106:25</p> <p>enforceability [1] - 16:12</p> <p>enforceable [1] - 16:16</p> <p>enforcement [1] - 22:15</p> <p>enlarging [2] - 36:18; 39:15</p> <p>enter [5] - 6:4; 7:20, 22; 104:11; 105:5</p> <p>entered [5] - 36:23; 73:17; 79:6; 85:20; 106:1</p> <p>entire [7] - 21:20; 22:1; 23:23; 29:17; 60:13; 65:24</p> <p>entirety [1] - 20:18</p> <p>ENTITIES [1] - 2:16</p> <p>entities [1] - 23:2</p> <p>entitled [1] - 21:8</p> <p>entity [2] - 23:12</p> <p>environment [1] - 17:9</p> <p>envision [1] - 109:22</p> <p>equity [1] - 78:7</p> <p>escorted [1] - 115:6</p> <p>escrow [4] - 58:15, 19; 59:21</p> <p>especially [1] - 72:10</p> <p>ESQ [1] - 2:21</p> <p>Essary [17] - 4:22; 7:3; 37:12; 71:16; 73:6; 75:2; 81:15; 82:7; 95:13, 17; 97:15, 21, 23; 98:22; 99:22; 105:19</p> <p>ESSARY [1] - 3:13</p> <p>Essary's [5] - 72:12, 18; 73:20; 74:23; 98:19</p> <p>essential [1] - 75:24</p> <p>essentially [12] - 17:1; 20:21; 24:14; 36:17; 39:6; 73:17; 77:24; 87:4; 109:8, 11; 111:3</p> <p>estate [3] - 9:9; 12:16; 13:4</p> <p>Este [72] - 4:24; 5:21;</p>	<p>7:11; 20:23; 37:9; 40:6; 58:3, 15, 20; 59:7, 21-24; 61:12; 62:21; 63:7, 15; 64:19, 24; 65:1; 66:17; 68:2; 69:1; 70:20; 71:3, 10; 72:24; 73:13; 75:4, 15, 20; 76:1, 8, 11; 77:2, 4, 8, 10, 15, 21; 78:9, 19; 79:9, 15; 80:9, 16; 81:18; 86:2; 87:5; 89:3, 19; 92:6, 13, 22-23; 93:3, 19; 95:21; 96:3, 10, 17, 23; 97:2; 100:16; 107:13, 24; 113:5; 114:1</p> <p>ESTE [1] - 3:2</p> <p>estimated [2] - 90:18, 20</p> <p>et [4] - 16:19; 17:21</p> <p>evasive [1] - 72:20</p> <p>event [6] - 16:22; 17:11; 20:10; 30:3; 60:10; 89:2</p> <p>evidence [13] - 21:24; 77:2, 6; 78:15, 18, 23-24; 112:6, 8; 114:5</p> <p>evolution [1] - 82:12</p> <p>evolved [1] - 84:4</p> <p>ex [7] - 7:16; 10:14; 23:4; 42:22; 75:24; 81:17; 87:13</p> <p>exact [2] - 5:8; 80:17</p> <p>exactly [4] - 12:3; 14:5; 65:20; 67:11</p> <p>exaggerated [1] - 66:10</p> <p>exaggeration [1] - 89:21</p> <p>example [1] - 44:10</p> <p>except [2] - 30:9; 111:10</p> <p>exception [1] - 19:5</p> <p>excise [2] - 68:12, 21</p> <p>excluding [2] - 64:1, 3</p> <p>exclusive [1] - 13:10</p> <p>excuse [1] - 30:20</p> <p>execute [4] - 12:15; 25:23; 38:5; 103:14</p> <p>executed [1] - 105:23</p> <p>exercise [1] - 113:5</p> <p>exercised [1] - 60:11</p> <p>exhibit [1] - 116:21</p> <p>Exhibit [4] - 63:17; 69:20; 91:24; 93:22</p> <p>exist [3] - 76:14; 81:3</p>	<p>existing [4] - 9:15; 62:22; 66:17; 96:17</p> <p>expand [2] - 6:4; 40:10</p> <p>expense [2] - 64:4; 98:3</p> <p>expenses [8] - 63:21, 24; 64:1; 81:2; 85:4; 98:4, 6</p> <p>experience [1] - 26:16</p> <p>explain [3] - 12:13, 19; 102:19</p> <p>exposed [1] - 63:4</p> <p>expressed [3] - 62:12; 70:15; 72:3</p> <p>extension [1] - 89:17</p> <p>extent [4] - 11:10; 91:13; 96:23, 25</p> <p>extremely [2] - 62:23; 72:23</p> <p>eyes [1] - 82:10</p>
E				
<p>early [1] - 62:7</p> <p>easier [5] - 31:21; 32:3; 97:10; 106:15; 114:2</p> <p>easy [4] - 29:17; 32:2; 46:24; 47:1</p> <p>eat [1] - 86:12</p> <p>EDDIE [1] - 1:4</p> <p>EdiPure [25] - 62:10; 63:10, 19; 64:7; 68:3, 8; 74:2, 7; 89:2, 5; 93:16; 100:22; 101:1, 8, 10, 20; 102:9; 106:24; 107:2, 12, 21, 23; 110:25</p> <p>EdiPure's [1] - 75:25</p> <p>effect [2] - 43:21, 25</p> <p>effectively [1] - 113:4</p> <p>efforts [3] - 14:16; 15:24; 66:22</p> <p>either [9] - 17:12; 21:2; 67:22; 74:4; 77:13; 93:14; 94:1; 110:19; 114:13</p> <p>electricity [1] - 96:13</p> <p>Elia [2] - 4:17; 88:21</p> <p>ELIA [18] - 2:4; 4:17; 45:2; 49:4; 50:2, 9, 13; 51:24; 52:2; 53:25; 54:6; 57:8, 16, 23; 86:20; 87:1; 114:24</p> <p>email [9] - 8:16; 15:3; 41:19; 69:14; 70:10; 92:21; 93:8, 24; 94:4</p> <p>emails [5] - 69:17; 74:10; 92:3; 97:24; 98:2</p> <p>embezzlement [1] -</p>				
F				
			<p>facilities [2] - 64:22; 86:8</p> <p>facility [21] - 39:3; 59:23; 62:22; 63:7, 23; 65:15; 66:5; 69:24; 75:4; 83:1, 5; 89:4; 95:14; 105:20; 107:13, 22, 24; 108:18, 25; 109:18, 25</p> <p>fact [11] - 66:16; 70:23; 74:6; 75:11; 81:14; 89:5, 16; 90:6; 95:17; 97:21; 100:7</p> <p>factor [1] - 100:18</p> <p>facts [2] - 80:12; 112:5</p> <p>failure [4] - 37:13; 71:1</p> <p>fair [6] - 17:3, 7, 15, 22; 19:2; 44:5</p> <p>fairly [1] - 32:19</p> <p>faith [3] - 37:16; 67:17; 89:18</p> <p>fallen [1] - 102:5</p> <p>familiar [1] - 103:24</p> <p>far [7] - 22:17; 27:11; 30:4; 36:4; 44:3; 66:13</p> <p>Farwest [7] - 34:6; 64:17, 21; 85:24; 86:3</p> <p>Farwest's [1] - 64:18</p> <p>fast [2] - 52:4; 99:12</p> <p>faster [1] - 100:5</p> <p>fault [1] - 65:24</p>	

<p>favor [1] - 114:10 favorable [1] - 67:22 February [6] - 65:19; 71:25; 74:1; 95:14; 99:8; 107:5 FEBRUARY [1] - 1:15 fee [2] - 9:9; 116:21 feelings [1] - 49:19 fees [7] - 20:22; 21:4; 32:13; 48:21; 64:2 feet [1] - 104:16 felony [2] - 81:11 few [6] - 10:3; 69:24; 72:20; 91:21; 98:10, 17 field [1] - 26:16 fight [2] - 35:21; 99:24 fighting [2] - 54:17; 95:6 figuratively [1] - 86:7 figure [1] - 20:4 file [3] - 50:25; 56:20; 99:25 filed [5] - 6:8; 8:6; 73:18; 87:18; 95:2 filings [1] - 5:16 fill [1] - 43:24 film [1] - 85:15 final [4] - 9:2; 38:24; 42:25; 43:23 finally [6] - 56:2, 4; 60:24; 71:13; 89:20; 97:23 finance [1] - 88:5 finances [1] - 20:16 financial [8] - 19:24; 74:24; 91:18; 92:21; 93:2; 96:1, 16; 97:2 financially [2] - 19:12; 100:11 financials [1] - 88:8 financing [4] - 19:10, 21; 20:11; 29:24 fine [3] - 82:16; 99:3, 9 finish [1] - 55:2 finished [1] - 95:19 fire [1] - 104:16 FIRM [1] - 2:4 first [29] - 4:4; 5:15; 7:1, 9, 15, 18; 8:24; 12:8; 16:9; 27:17; 36:24; 38:8, 15-16; 39:8; 42:15; 46:23; 49:20; 50:4, 6; 72:25; 75:25; 82:17, 23; 83:2; 84:5; 88:20; 92:7; 99:5 fish [1] - 67:5 five [22] - 9:21; 27:11, 25; 28:25; 29:8;</p>	<p>31:4; 38:13; 45:17; 46:6, 12, 15; 48:1, 10-11, 15; 61:2; 88:4; 91:6; 92:6; 99:15 five-unit [1] - 46:6 Flip [1] - 5:4 FLIP [1] - 2:17 flooded [1] - 8:17 floor [1] - 7:13 fly [1] - 41:5 fly-by-night [1] - 41:5 foist [1] - 24:12 folded [1] - 37:19 folks [2] - 5:8; 44:14 follow [2] - 30:23; 104:24 followed [1] - 28:21 following [1] - 60:5 FOR [9] - 1:2; 2:2, 9, 16-17; 3:2, 7, 13, 18 foreclose [1] - 23:23 foreclosed [1] - 24:4 foreclosing [1] - 27:11 foreclosure [8] - 10:10; 28:1; 41:14, 20; 45:11, 16; 48:16, 22 foreclosures [1] - 49:12 foregoing [1] - 116:11 foremost [1] - 16:9 forged [1] - 81:2 forgery [2] - 81:11 forget [1] - 69:13 formal [2] - 10:3; 57:13 formalize [1] - 9:1 formed [2] - 58:19 forth [4] - 63:25; 79:21; 96:20; 97:25 forthcoming [3] - 47:22; 71:19 forthright [1] - 71:18 fortunately [1] - 111:24 forward [2] - 48:8; 72:5 foster [1] - 72:3 four [3] - 5:19; 37:25; 88:19 four-minute [1] - 88:19 four-step [1] - 37:25 fox [3] - 86:11 fraction [1] - 84:19 frame [6] - 7:11; 44:25; 63:20; 64:4, 20; 83:16 framework [1] - 60:8</p>	<p>frankly [11] - 37:8; 43:10; 65:25; 67:24; 93:1; 97:8, 21; 98:15; 100:8; 102:6; 114:9 free [1] - 20:22 freezing [1] - 77:23 frequent [1] - 97:16 Friday [3] - 4:1; 43:8; 56:12 Fridays [1] - 45:4 friendly [1] - 94:3 front [2] - 10:12; 101:13 frustrated [1] - 99:17 fulfill [1] - 86:2 fulfilling [1] - 109:11 full [8] - 4:9; 9:2; 32:25; 46:22; 75:14; 90:6, 19; 116:11 fully [2] - 96:7; 114:14 function [1] - 77:10 functioning [1] - 102:2 fund [2] - 9:12; 12:16 fundamentally [1] - 110:8 funding [17] - 5:25; 7:22; 9:4; 10:19; 12:12; 13:1, 15, 24; 26:19, 22; 27:25; 28:17; 35:16; 42:9; 53:10, 13, 21 funds [8] - 12:24; 20:19; 23:13, 21; 25:23; 70:22, 24 funeral [1] - 47:20 furthermore [3] - 33:2; 85:3, 10 future [1] - 30:3</p>	<p>15:2, 5; 21:10 generated [1] - 74:21 generating [1] - 74:14 Gina [1] - 29:12 Girl [2] - 27:4; 54:24 given [11] - 10:7; 16:7, 14; 21:6; 35:10; 60:6, 9; 75:8; 81:7; 88:1 God [1] - 81:20 GOLDEN [1] - 3:19 golden [1] - 10:11 Golden [4] - 17:25; 18:5; 23:8; 26:5 Gonzalez [1] - 23:15 GORIA [18] - 3:4; 4:23; 58:4, 6, 13; 66:9, 13, 19; 67:3, 7; 68:17, 20; 69:19; 88:10, 20; 113:22; 114:25 Goria [10] - 4:23; 71:21; 77:22; 78:16; 80:15; 82:18; 83:14, 18, 21; 111:6 Goria's [2] - 79:20 gosh [1] - 58:7 Government [1] - 116:20 grabbing [1] - 109:1 grain [1] - 76:13 grand [1] - 23:14 grant [2] - 79:20; 109:3 granted [3] - 87:1, 10; 109:23 granting [3] - 16:10; 40:9 grave [1] - 47:25 great [14] - 8:19; 62:12; 67:2; 69:9, 25; 75:7; 78:21; 82:23; 83:7; 84:9; 87:3; 108:4; 109:9 GRIFFIN [28] - 2:5; 4:19; 14:11, 13, 21; 15:2, 23; 17:17; 18:13, 16, 25; 19:5, 8, 10; 20:1, 9; 21:13; 40:4; 47:16, 23; 57:7, 12; 71:8, 11, 13; 75:7, 11, 22 Griffin [4] - 4:19; 66:11; 69:21; 95:13 GRISWOLD [69] - 3:14; 4:21; 6:6; 7:4, 14, 25; 8:3, 11, 14; 9:18; 11:2, 6, 10, 22; 12:7, 10, 14, 21; 13:12, 25; 14:2, 5; 15:10, 19, 21; 40:20,</p>	<p>24; 41:1, 4, 8, 16, 18; 42:7, 16, 20, 24; 43:9; 44:9, 17, 24; 45:7, 22, 25; 46:4, 9, 25; 49:10, 13; 52:8, 11; 53:1, 16, 20; 55:8, 11, 14, 19, 21, 25; 56:3, 5, 10, 12, 16, 23; 57:1, 10; 91:12, 21 Griswold [14] - 4:21; 7:2, 13; 15:3; 18:10; 23:5; 27:7; 49:9; 57:14; 61:10; 65:3; 97:15, 23; 100:4 ground [2] - 34:5; 58:9 grounds [1] - 76:14 GROUP [2] - 2:17 Group [4] - 5:3-5; 24:1 group [3] - 51:14 grow [1] - 62:22 guaranteed [1] - 87:4 guarantees [1] - 12:2 guaranty [1] - 113:10 guard [1] - 86:11 guess [2] - 65:19; 103:16 guessing [1] - 20:13 guy [2] - 82:7 guys [4] - 39:4; 78:13; 97:24; 100:7</p>
H				
<p>Hakim [36] - 4:24; 5:21; 20:22; 51:14; 58:13, 25; 59:6, 13, 17; 60:2, 17; 62:7, 20; 63:1; 64:12-14; 70:12; 87:9; 88:1, 7; 90:2, 8, 15; 93:6, 23; 107:3, 7-8, 17; 108:25; 110:15; 111:1, 5, 20; 114:7 HAKIM [1] - 3:2 Hakim's [2] - 65:6; 75:23 half [4] - 26:6; 32:12; 79:20; 90:3 hand [2] - 23:18; 44:20 handed [1] - 81:9 handles [1] - 102:8 hands [2] - 75:17; 109:1 handshake [2] - 73:3; 83:11 happy [4] - 70:7; 80:24; 91:14; 109:1 hard [1] - 34:20</p>				

<p>HARDIMAN [1] - 2:12 hates [1] - 82:14 head [1] - 47:18 HEALTH [1] - 3:19 hear [5] - 8:12; 21:16; 32:8; 76:17; 80:3 heard [10] - 43:22; 45:23; 47:5, 8, 11; 66:25; 72:25; 107:2; 111:6; 112:13 hearing [14] - 36:10; 42:3; 44:19; 51:1; 53:4, 23; 56:21; 57:19; 71:15; 77:16; 83:18; 86:16; 92:15; 108:9 hearings [2] - 43:18; 45:3 hearsay [1] - 113:6 heart [1] - 36:9 heat [1] - 86:6 held [2] - 104:16; 116:9 hell [1] - 30:19 help [1] - 20:6 helping [3] - 78:22, 25 helps [1] - 45:3 hen [2] - 86:11, 13 Henkes [11] - 64:18, 21; 65:1; 71:24; 85:12, 25; 86:3, 5; 89:12; 92:25; 93:6 hens [1] - 86:13 hereafter [1] - 75:12 hereby [1] - 116:7 hide [2] - 82:17; 99:18 hiding [2] - 85:6; 101:17 highest [1] - 43:23 highly [1] - 36:3 himself [4] - 19:18; 59:1; 60:19; 61:2 hire [2] - 23:16; 99:9 hired [2] - 51:9; 70:17 hiring [2] - 26:15; 53:10 historically [1] - 47:21 history [1] - 82:1 hit [2] - 23:16; 61:15 HOA [2] - 19:16; 27:22 hold [4] - 33:6; 49:1; 63:5; 101:12 holder [4] - 9:15; 46:19, 23 HOLDINGS [2] - 2:17; 3:7 Holdings [5] - 4:16; 5:4; 60:4; 79:8; 86:22 HON [1] - 1:4</p>	<p>honest [3] - 34:6; 47:17; 83:25 honor [1] - 60:8 Honor [125] - 5:10; 6:6, 11, 23; 7:14; 8:11; 13:25; 14:2, 11; 25:8; 28:14; 29:9; 30:20; 31:9; 32:18, 25; 33:11, 18, 24; 34:1; 35:8, 13-14; 37:2, 22; 38:4, 7, 9, 14; 39:16, 18; 41:4, 8; 42:20; 43:9; 45:2, 7; 46:19, 22; 47:13, 16; 48:4; 49:4, 10, 20; 50:17; 51:12, 17, 20, 24; 52:13, 17; 53:6, 16; 54:7, 10; 55:8, 11, 25; 56:16; 57:1, 12, 16; 58:4; 66:10; 69:12; 71:8; 79:18; 80:5, 8, 11, 20; 81:11, 14, 23; 82:2, 4, 22; 83:15, 22, 25; 84:7, 11; 85:7, 16, 23; 86:9, 15, 20; 87:1, 10-11, 23; 88:6, 9-10; 91:1, 12; 94:15, 18, 20; 96:5; 99:7; 103:16; 106:22; 108:1, 8-9; 111:3, 13, 22; 112:5, 10, 12, 18, 21-22; 113:3, 17, 22; 114:24; 115:1, 4, 9 Honor's [2] - 54:11; 80:23 hook [2] - 20:18; 67:5 hope [1] - 18:17 hopes [1] - 72:6 horrible [1] - 25:1 hour [1] - 58:12 hourly [1] - 10:16 hours [2] - 10:3; 44:21 house [2] - 29:3; 86:11 huddle [1] - 94:5 hundred [2] - 30:9, 12 hurry [1] - 88:12 hurting [1] - 78:24 hyperbole [2] - 89:22; 114:6</p>	<p>17 image [1] - 67:13 imagine [1] - 93:8 immediate [1] - 17:12 immediately [1] - 62:9 imminent [6] - 67:6; 84:6; 102:19; 103:1 impending [1] - 10:10 importance [1] - 10:7 important [3] - 62:1; 74:22; 88:16 impose [1] - 77:10 improvements [4] - 69:24; 89:25; 90:9 IN [3] - 1:1; 2:9 inbox [1] - 8:16 incentivize [1] - 72:7 inclined [2] - 51:20; 79:19 include [2] - 9:24; 92:3 included [1] - 68:20 includes [3] - 9:19; 48:20; 53:9 including [4] - 58:23; 62:1; 102:2, 10 income [13] - 68:2-4; 72:25; 73:1; 74:14, 20; 83:20; 89:3; 96:19; 100:20 incompetent [1] - 67:16 Incorporated [1] - 5:6 incredibly [1] - 78:3 incurred [1] - 63:22 incurring [1] - 63:24 indeed [1] - 22:4 independent [2] - 29:23; 37:7 indicated [5] - 54:15; 88:23; 103:12; 104:10 indications [1] - 75:13 indictment [1] - 23:14 inflated [1] - 81:6 influence [1] - 71:18 info [2] - 93:25; 94:1 information [21] - 37:15; 43:16; 71:20; 72:5, 8-9, 16, 22; 73:4; 74:8, 25; 85:7; 91:17, 25; 92:4; 93:9; 94:8; 100:5; 110:16, 20 informed [3] - 11:7; 71:24; 104:12 infusion [1] - 13:7 inherent [1] - 79:6 initial [2] - 19:23; 31:3 injunction [5] - 77:7,</p>	<p>23; 78:11; 87:2, 7 injury [1] - 87:3 ink [2] - 69:6; 89:6 input [3] - 28:24; 30:25; 49:15 inquired [1] - 73:15 insolvency [2] - 76:1; 107:25 inspection [4] - 69:25; 73:2, 24 instances [1] - 72:20 instead [3] - 63:1; 100:1; 111:18 insulting [1] - 67:14 intelligible [1] - 71:14 intend [1] - 75:12 intended [2] - 72:3; 107:13 intent [1] - 72:3 intently [1] - 114:19 interacting [1] - 70:4 interest [21] - 8:21; 9:14; 12:25; 13:8; 24:3; 34:22; 35:1, 3, 10; 36:10; 38:1; 42:9; 48:20; 62:12; 67:2; 76:6; 78:2, 5; 79:11; 114:15 interested [4] - 8:17; 76:9, 11 interesting [5] - 6:20-22; 89:9; 95:1 interests [4] - 20:4; 22:11; 75:17; 113:14 interim [2] - 35:16; 54:22 internal [3] - 87:8; 88:2; 116:22 interrupt [3] - 7:24; 8:2; 14:20 interrupted [1] - 15:11 intervention [1] - 4:13 INTERVENTION [1] - 2:9 INVESTMENTS [1] - 3:18 invoice [6] - 81:2; 111:9, 19-20; 112:14 invoices [2] - 89:24; 97:21 involved [4] - 30:8; 50:21; 64:15; 103:19 ironic [2] - 21:18; 78:3 irony [1] - 85:11 irrelevant [1] - 113:7 irreparable [1] - 87:3 issue [20] - 6:10; 11:16; 13:17; 16:20; 19:16; 20:9; 23:3; 27:16; 32:20; 42:5;</p>	<p>44:2; 45:10; 49:21; 50:6; 75:19; 87:20; 92:11; 105:15; 113:9 issued [1] - 21:3 issues [6] - 5:19; 10:10; 19:11; 24:7; 72:14 italicized [2] - 107:17 itemization [1] - 90:16 items [3] - 90:21; 92:6; 111:13 itself [3] - 9:19; 23:25; 108:12</p>
J				
<p>JAMES [1] - 2:5 James [1] - 4:10 January [9] - 19:18; 65:19; 68:16; 73:1, 8; 74:18; 92:8, 20; 93:20 JARVIS [1] - 3:4 Jerry [3] - 5:13; 69:22; 95:2 job [2] - 80:13; 100:9 joined [1] - 58:18 Joseph [1] - 4:10 JOSEPH [4] - 2:5; 4:10; 49:20; 52:13 judge [2] - 12:4; 41:12 Judge [18] - 11:18; 19:1; 24:24; 25:2; 32:9; 34:16; 36:20, 23; 37:1; 42:3; 44:3, 7; 46:3, 11; 48:18; 81:16; 94:8; 105:8 judicial [1] - 63:18 July [6] - 58:20; 59:20; 61:25; 63:20; 87:11, 17 jumping [1] - 34:9 June [3] - 27:19; 58:8, 16 jurisdiction [9] - 7:19; 22:8, 12-13, 19; 26:11; 77:17; 79:14; 88:25 jurisdictional [3] - 32:20; 79:1, 9 jury [1] - 23:14 Justus [4] - 64:18, 21; 65:1; 85:25</p>				
K				
<p>keep [5] - 27:25; 29:10; 70:5; 86:16; 87:22 keeping [5] - 10:15;</p>				

<p>11:11; 64:23, 25; 100:10</p> <p>key [2] - 56:4; 60:16</p> <p>kicked [1] - 81:16</p> <p>kill [1] - 23:16</p> <p>kind [11] - 7:10; 12:21; 24:5; 32:8; 43:14; 60:16; 61:11; 67:9; 70:25; 106:25; 110:24</p> <p>knowledge [2] - 53:13; 80:12</p> <p>known [4] - 38:25; 73:9; 92:13</p> <p>knows [2] - 73:11; 86:4</p>	<p>93:6</p> <p>legal [6] - 8:12; 21:3; 48:22; 55:15; 64:2</p> <p>Legal [3] - 5:3; 20:25; 24:1</p> <p>legalities [1] - 95:6</p> <p>legally [2] - 41:18; 89:15</p> <p>legitimacy [1] - 21:5</p> <p>legitimate [2] - 86:18; 110:13</p> <p>lender [3] - 13:2; 45:14; 47:2</p> <p>less [3] - 77:9; 90:3, 22</p> <p>lessor [1] - 77:9</p> <p>letter [1] - 6:20</p> <p>letting [1] - 86:11</p> <p>leverage [2] - 23:24; 24:6</p> <p>license [6] - 10:25; 12:1; 26:23; 29:11; 55:19</p> <p>licensing [3] - 10:10; 11:3, 25</p> <p>lien [3] - 46:14, 19</p> <p>life [4] - 29:17; 32:3; 106:15; 114:2</p> <p>light [1] - 67:13</p> <p>likelihood [1] - 87:2</p> <p>limited [2] - 91:13</p> <p>line [7] - 67:5; 68:24; 70:19; 81:22; 90:21; 111:13</p> <p>Line [1] - 101:14</p> <p>lines [1] - 70:5</p> <p>Lines [1] - 102:24</p> <p>lis [1] - 113:3</p> <p>list [6] - 5:17; 42:25; 64:2; 98:17; 99:15; 114:3</p> <p>listed [3] - 11:13; 17:20; 99:19</p> <p>listen [3] - 45:24; 85:15; 108:11</p> <p>listened [1] - 114:19</p> <p>listing [1] - 63:21</p> <p>literally [8] - 34:8; 37:10; 81:1, 25; 86:1, 7; 88:1; 97:19</p> <p>litigated [1] - 24:21</p> <p>litigating [2] - 16:12; 87:12</p> <p>litigation [8] - 16:13, 18; 33:15; 36:18; 38:21; 39:13, 15; 86:1</p> <p>LLC [18] - 2:10; 3:2, 7; 4:14, 16, 24-25; 5:4, 12; 39:21; 58:19;</p>	<p>59:23</p> <p>LLP [1] - 3:9</p> <p>load [1] - 96:3</p> <p>loan [10] - 9:12; 19:24; 20:15, 19; 46:5; 47:9; 87:4; 88:5</p> <p>loans [2] - 35:6; 45:11</p> <p>locked [1] - 86:7</p> <p>lodge [1] - 33:17</p> <p>LOI [2] - 38:5, 23</p> <p>LOIS [1] - 1:22</p> <p>Lois [2] - 116:5, 17</p> <p>lois.mason51@gmail.com [1] - 1:23</p> <p>long-term [1] - 97:12</p> <p>look [11] - 9:1; 31:14; 42:14; 44:17; 69:25; 94:5; 100:5; 101:11; 102:1, 23; 106:12</p> <p>looked [4] - 70:7; 90:9; 112:2</p> <p>looking [6] - 12:22; 13:1, 5; 17:10; 22:3; 61:22</p> <p>looting [1] - 34:8</p> <p>LOUIS [1] - 2:20</p> <p>Louis [1] - 5:7</p> <p>low [1] - 10:1</p> <p>Ls [1] - 92:24</p> <p>lumping [3] - 89:10</p> <p>luxury [2] - 95:6; 97:5</p>	<p>46:2, 11, 13; 51:13; 58:14, 25; 59:3-5, 16; 60:3, 14, 19; 61:1, 19; 70:25; 71:2; 76:17, 19; 77:25; 87:9; 88:2, 7; 89:10; 108:25; 114:12</p> <p>Malan's [1] - 47:25</p> <p>malarkey [1] - 108:7</p> <p>malfeasance [3] - 71:1; 90:8; 114:7</p> <p>man [1] - 23:16</p> <p>manage [3] - 34:20; 53:3; 75:16</p> <p>Management [2] - 5:4, 11</p> <p>management [34] - 6:5; 10:18, 24; 12:5; 13:22; 15:14, 17; 17:4; 28:16; 30:10, 17; 31:24; 34:19; 40:11, 20; 49:24; 50:7; 51:5, 15; 52:25; 53:9, 11-12; 54:1, 3-4; 57:17, 25; 86:2; 89:17; 90:1, 11; 99:4</p> <p>MANAGEMENT [2] - 2:17</p> <p>manager [7] - 23:15; 34:20; 60:17; 64:13, 17; 85:24; 105:6</p> <p>managers [1] - 38:1</p> <p>managing [4] - 35:18; 59:13; 64:12; 114:8</p> <p>manner [2] - 113:10, 13</p> <p>March [13] - 4:1; 43:25; 44:10; 45:18; 57:22, 25; 74:13; 98:22; 107:8, 14; 116:9, 13</p> <p>marijuana [2] - 27:2, 13</p> <p>market [5] - 17:3, 7, 15, 22; 19:2</p> <p>marketed [1] - 17:18</p> <p>marketing [1] - 17:19</p> <p>MARVIN [1] - 3:19</p> <p>MASON [1] - 1:22</p> <p>Mason [2] - 116:5, 17</p> <p>massive [2] - 108:19; 110:4</p> <p>match [1] - 38:16</p> <p>MATT [1] - 3:21</p> <p>Matt [4] - 5:11; 93:22; 94:19; 114:2</p> <p>matter [5] - 45:3; 84:24; 100:7; 103:2;</p>	<p>107:11</p> <p>Matthew [1] - 88:15</p> <p>MATTHEW [1] - 3:18</p> <p>Maura [1] - 4:19</p> <p>MAURA [1] - 2:5</p> <p>mean [18] - 12:20; 19:13; 23:5; 26:2; 31:16; 32:4; 38:13; 39:1, 16; 43:15; 44:6; 48:17; 61:15; 68:25; 69:9; 87:20; 90:11</p> <p>meaning [3] - 37:14; 48:9; 55:18</p> <p>means [7] - 34:1; 51:13; 107:19; 108:17, 22</p> <p>meant [1] - 38:23</p> <p>meantime [1] - 110:4</p> <p>measures [1] - 35:17</p> <p>meet [2] - 69:23; 105:1</p> <p>meeting [4] - 70:3; 72:1; 95:18; 99:9</p> <p>member [10] - 26:18; 58:23; 59:6, 13, 17; 60:12, 18; 64:12; 114:8</p> <p>members [2] - 58:24; 59:10</p> <p>memory [1] - 83:19</p> <p>mention [1] - 73:2</p> <p>mentioned [3] - 5:9; 24:24; 80:15</p> <p>merits [1] - 87:3</p> <p>mess [2] - 30:17; 35:16</p> <p>met [1] - 79:13</p> <p>metadata [1] - 111:25</p> <p>MICHAEL [1] - 3:13</p> <p>Michael [1] - 4:22</p> <p>might [6] - 11:15; 15:10; 22:10; 70:10; 72:7; 104:17</p> <p>militate [1] - 114:10</p> <p>million [15] - 6:22; 9:13; 10:2, 4, 6; 11:9; 17:5, 8; 26:3; 32:12; 87:5; 113:22</p> <p>mind [2] - 31:18; 68:14</p> <p>minimum [1] - 45:6</p> <p>minor [1] - 98:4</p> <p>minute [9] - 31:19; 69:8; 86:20; 88:11, 18-19; 100:24; 112:25; 113:1</p> <p>minutes [3] - 43:18; 71:12; 91:6</p> <p>Mira [72] - 4:24; 5:21; 7:11; 20:23; 37:9;</p>
L		M		
<p>lack [3] - 68:23; 71:22; 88:25</p> <p>landlord [2] - 62:4</p> <p>language [4] - 30:20; 82:8; 85:3; 102:18</p> <p>large [3] - 80:15; 108:18; 110:16</p> <p>last [18] - 20:9; 27:20; 32:7; 42:5; 61:6, 8; 66:5, 11, 18; 69:8, 25; 71:15; 78:17; 83:18; 92:21; 107:4, 21</p> <p>late [3] - 60:24; 88:15; 94:20</p> <p>lately [2] - 39:4; 101:24</p> <p>latest [1] - 80:22</p> <p>LAW [2] - 2:4; 3:15</p> <p>law [2] - 27:8; 103:24</p> <p>lawful [1] - 48:22</p> <p>lawsuit [4] - 24:13, 15, 17, 19</p> <p>lawsuits [1] - 16:19</p> <p>lawyers [1] - 92:3</p> <p>leads [1] - 16:16</p> <p>league [1] - 79:2</p> <p>learned [3] - 43:22; 74:13; 80:23</p> <p>lease [1] - 26:6</p> <p>least [11] - 5:20; 7:10; 29:11; 35:22; 38:14; 45:5; 66:8; 69:3; 73:8; 97:20; 98:2</p> <p>leave [2] - 34:11; 40:16</p> <p>leaving [5] - 89:2; 101:5, 10-11, 18</p> <p>ledger [2] - 111:10; 112:15</p> <p>left [3] - 65:1; 92:14;</p>	<p>machine [1] - 116:8</p> <p>magically [1] - 92:14</p> <p>Mahoney [8] - 5:11; 93:22; 94:12, 19; 106:8, 24; 108:16; 114:2</p> <p>MAHONEY [39] - 3:21; 5:10; 40:1; 94:13, 15, 18, 22, 24; 95:10; 96:5, 12, 14; 98:21, 25; 100:15, 17, 20; 101:1, 7, 9, 14, 16, 24; 102:14, 17, 20, 25; 103:5, 20; 104:1, 4, 7, 9, 15; 105:12; 106:9, 12, 20</p> <p>main [2] - 21:9; 76:13</p> <p>maintenance [1] - 63:25</p> <p>major [1] - 109:6</p> <p>MALAN [2] - 1:10; 2:16</p> <p>Malan [35] - 4:8; 5:2; 6:8; 21:16; 23:16; 27:18, 24; 45:10, 24;</p>			

40:6; 58:3, 15, 20;
59:7, 21-24; 61:12;
62:21; 63:7, 15;
64:19, 24; 65:1;
66:17; 68:2; 69:1;
70:20; 71:3, 10;
72:24; 73:13; 75:4,
15, 20; 76:1, 8, 11;
77:2, 4, 8, 10, 15,
21; 78:9, 19; 79:9,
15; 80:9, 16; 81:18;
86:2; 87:5; 89:3, 19;
92:6, 13, 22-23;
93:3, 19; 95:21;
96:3, 10, 17, 23;
97:2; 100:16;
107:13, 24; 113:5;
114:1
MIRA [1] - 3:2
misappropriation [1] -
70:21
mischaracterize [1] -
102:22
mismanagement [4] -
37:15; 72:14; 93:12,
14
misunderstand [1] -
15:1
mobilize [1] - 39:5
modify [1] - 22:12
modifying [2] - 22:14,
17
MONARCH [1] - 2:17
Monday [2] - 8:16;
10:2
money [37] - 6:24;
26:13; 29:1, 7; 32:2;
34:25; 35:19, 22;
36:16; 38:10; 39:14;
41:6, 10; 42:19;
45:21; 46:14; 60:20,
24-25; 61:5, 11;
77:25; 78:1; 80:16,
21; 81:21; 83:2;
84:16; 108:19,
21-22, 25; 109:15;
110:4, 23
month [21] - 18:1;
27:4; 28:1; 49:23;
62:5, 11; 63:19;
64:5, 8; 66:11;
84:11, 13, 18; 96:7;
100:21; 101:22;
105:13; 106:2;
108:24; 109:7
month-to-month [1] -
49:23
monthly [3] - 9:9;
60:23; 107:23
months [6] - 18:2;

61:2; 66:6; 74:7;
78:17
morning [2] - 8:15, 23
mortgage [5] - 9:15;
27:15, 17, 19;
109:17
mortgages [2] - 96:6,
10
most [8] - 9:24; 13:12;
29:9; 37:25; 62:1;
63:21; 74:11, 22
mostly [1] - 11:12
motion [7] - 6:8, 16;
21:2; 40:9; 56:20;
114:22
motivations [1] -
93:15
motive [1] - 37:16
motives [1] - 93:12
mouth [1] - 86:13
move [8] - 8:10; 36:8;
48:8; 55:22; 56:9;
72:5; 104:8
moved [2] - 107:21;
111:2
moving [1] - 114:18
MR [231] - 4:10, 12,
15, 17, 21, 23; 5:1,
7, 10, 23; 6:6, 10,
16, 23; 7:4, 14, 25;
8:3, 11, 14; 9:18;
11:2, 6, 10, 22; 12:7,
10, 14, 21; 13:12,
25; 14:2, 5; 15:10,
19, 21; 21:17; 22:4,
7, 25; 24:22; 25:7,
11, 16, 22; 27:11;
28:11; 30:12, 15, 22;
31:22; 32:18, 25;
33:11, 17, 23; 34:1,
4, 18; 36:12; 37:2, 4,
21; 38:18, 23; 39:21,
24; 40:1, 20, 24;
41:1, 4, 8, 16, 18;
42:7, 16, 20, 24;
43:9; 44:9, 17, 24;
45:2, 7, 22, 25; 46:4,
9, 13, 18, 25; 47:8,
13; 48:4, 6, 8, 11,
15, 19, 25; 49:4, 10,
13, 20; 50:2, 9, 13,
16, 19, 24; 51:3, 5,
12, 17-18, 24; 52:2,
8, 11, 13, 17, 20;
53:1, 6, 9, 16, 20,
25; 54:6, 9-10, 14,
20, 24-25; 55:3, 8,
11, 14, 19, 21, 25;
56:3, 5, 8, 10, 12,
14, 16, 23; 57:1, 6,

8, 10, 16, 23; 58:4,
6, 13; 66:9, 13, 19;
67:3, 7; 68:17, 20;
69:19; 76:20, 22;
79:18; 80:1, 5, 8;
81:1; 86:20, 24;
87:1; 88:10, 20;
91:12, 21; 94:13, 15,
18, 22, 24; 95:10;
96:5, 12, 14; 98:21,
25; 100:15, 17, 20;
101:1, 7, 9, 14, 16,
24; 102:14, 17, 20,
25; 103:5, 20; 104:1,
4, 7, 9, 15; 105:12;
106:9, 12, 20, 22;
107:8, 10, 16; 112:5,
8; 113:2, 22; 114:24;
115:1, 4
MS [28] - 4:19; 6:2;
14:11, 13, 21; 15:2,
23; 17:17; 18:13, 16,
25; 19:5, 8, 10; 20:1,
9; 21:13; 40:4;
47:16, 23; 57:7, 12;
71:8, 11, 13; 75:7,
11, 22
multiply [1] - 63:8
multitude [2] - 16:19;
74:10
MUSICK [1] - 3:9

N

naive [1] - 12:20
name [2] - 59:23; 69:7
named [1] - 47:4
necessarily [1] - 15:6
necessary [2] - 22:16;
78:25
need [25] - 14:15;
15:5; 16:18; 19:14;
23:7; 28:5, 12;
32:21; 34:5; 35:15;
38:11; 41:22; 46:14;
50:21; 70:20; 88:2;
98:8; 99:25; 100:5;
102:7; 109:8; 110:2,
11; 115:6, 8
needed [1] - 80:10
needs [8] - 14:19;
23:20; 26:7; 28:4;
30:2; 58:9; 91:5;
113:24
nefarious [1] - 72:15
negative [1] - 8:8
negotiate [2] - 9:1;
105:16
negotiated [2] - 19:22;
62:8

negotiating [3] -
62:11, 15; 102:10
negotiation [1] - 18:3
negotiations [4] -
62:14; 63:5; 66:14;
103:18
NELSON [1] - 2:12
net [1] - 96:22
never [11] - 60:1, 6, 9;
66:7; 67:10; 68:12;
81:10; 88:7; 111:11;
112:15
nevertheless [1] -
110:14
new [13] - 6:4; 7:20,
22; 9:3; 13:22;
15:14; 35:25; 40:10,
20; 59:9; 76:4
news [2] - 8:19; 40:16
NEXT [1] - 1:19
next [15] - 6:8, 11-12,
18; 21:16; 28:1;
40:2, 15; 45:4, 18;
61:2; 82:18; 95:23;
96:8; 106:7
nice [2] - 65:2; 94:23
night [2] - 32:7; 41:5
ninety [1] - 113:6
Ninus [2] - 5:2; 58:14
NINUS [1] - 1:10
NO [2] - 1:9, 23
nobody [6] - 61:3;
64:23, 25; 82:13;
89:6
noncompliance [1] -
72:13
none [5] - 15:20;
51:13; 111:2
nonexistent [1] - 69:4
nonjudicial [1] - 48:22
nonparty [1] - 5:11
nonprofit [1] - 26:18
nonstarter [1] - 37:17
normal [2] - 48:22;
52:10
notably [1] - 71:21
note [5] - 9:15; 14:4-6;
75:2
noted [3] - 61:6; 63:9;
71:16
notes [1] - 116:9
nothing [5] - 70:14;
82:16; 92:9; 109:4
notice [4] - 45:15;
56:25; 63:18; 107:12
noticed [2] - 5:20;
72:1
notwithstanding [2] -
35:14; 81:14
November [8] - 60:5;

64:22; 65:18; 72:11;
77:14, 20; 92:24;
93:7
number [4] - 9:11;
68:10, 15; 105:9
Number [7] - 5:24;
29:23; 30:1; 93:16,
18
numbers [2] - 81:5;
111:12

O

object [4] - 47:1;
50:22, 25; 51:8
objection [7] - 19:3;
40:5; 50:11, 25;
57:5; 61:4; 112:5
objections [1] - 33:18
obligate [1] - 60:7
obligated [3] - 19:18;
60:18; 84:12
obligation [1] - 109:6
obligations [3] - 96:1,
16; 97:3
obtain [1] - 27:24
obvious [1] - 40:6
obviously [6] - 16:21;
37:5; 38:3; 41:6, 9;
51:6
occupancy [1] - 74:19
occur [1] - 41:20
occurred [3] - 87:7;
111:14, 21
October [2] - 27:19;
63:20
OF [3] - 1:1
offense [1] - 33:7
offer [4] - 33:13;
36:16; 38:3, 24
offered [3] - 19:20;
48:1; 81:4
offering [1] - 53:13
offers [5] - 10:5, 22;
11:14; 35:1; 57:11
office [2] - 98:4
officer [1] - 22:10
often [1] - 70:4
old [3] - 19:13; 34:5;
58:9
OLYMPIC [1] - 2:13
ON [1] - 1:19
once [9] - 10:24;
13:19; 27:5; 29:14;
60:22; 66:5, 8-9;
112:11
one [66] - 6:17; 8:4;
10:20; 11:14; 12:8;
13:13; 16:5; 17:25;
18:2, 23; 21:17;

<p>22:3; 24:6; 26:24; 27:4; 29:4, 19; 31:20; 35:2; 41:10; 45:22; 51:12; 52:12, 20-21; 53:6; 54:10; 55:9; 56:10; 58:2; 62:16; 66:9; 69:19; 72:2, 19; 73:11; 80:13; 82:17; 83:11; 86:20; 87:13; 88:6, 10, 18; 90:3; 92:18; 95:23, 25; 96:2, 19; 97:9, 19; 98:17; 99:16; 104:9, 25; 108:4; 110:1, 22; 112:14, 25</p> <p>one-half [1] - 90:3</p> <p>ones [5] - 5:20; 29:8; 69:18; 74:11; 109:16</p> <p>ongoing [2] - 74:8, 12</p> <p>onus [1] - 92:18</p> <p>open [17] - 10:8, 25; 15:5; 17:19; 25:11; 27:1, 4-5, 9; 29:21; 31:16; 33:9; 43:4; 50:3; 70:5</p> <p>opened [1] - 35:24</p> <p>operate [8] - 9:8; 13:6; 15:15; 23:17; 66:24; 69:1, 3; 75:16</p> <p>operated [2] - 23:9; 61:19</p> <p>operates [1] - 18:5</p> <p>Operating [15] - 58:24; 59:2, 4, 9, 12, 15, 20; 60:9, 12, 17, 21; 61:1, 5, 20; 70:23</p> <p>operating [11] - 10:9; 18:9; 39:5; 67:16, 20; 77:3; 89:18; 93:17; 110:7, 13</p> <p>operation [12] - 7:21; 10:24; 13:14; 18:1; 34:12; 54:22; 64:15; 83:3; 84:25; 92:14; 95:21; 110:14</p> <p>operational [6] - 34:22; 36:7; 38:12; 74:25; 82:25; 91:18</p> <p>operations [1] - 95:23</p> <p>operator [8] - 9:4; 15:16; 16:11; 39:2; 50:3; 51:25; 52:5; 86:18</p> <p>operators [12] - 8:18; 9:7, 11, 25; 13:6; 25:22; 26:10; 43:15, 20; 76:9; 78:9; 88:2</p> <p>opinion [2] - 69:4; 93:14</p>	<p>opportunity [3] - 21:4; 52:21; 69:2</p> <p>oppose [1] - 76:22</p> <p>opposing [1] - 6:14</p> <p>option [30] - 9:24; 10:5; 13:10, 15; 16:9, 11-12, 14, 16, 20, 23-25; 17:12, 24; 18:7, 19; 24:8, 16, 25; 34:19, 24; 36:14, 24-25; 51:6; 53:21; 54:1; 78:10; 113:5</p> <p>options [5] - 14:18; 16:3; 25:13; 53:22; 85:18</p> <p>order [20] - 8:23; 21:3; 22:12, 14-15, 18-19; 38:15; 44:13; 54:11; 57:13; 72:4; 73:16; 79:4, 15, 20, 22; 106:3; 116:22</p> <p>ordering [1] - 32:23</p> <p>orders [2] - 37:11; 106:17</p> <p>organizational [1] - 43:11</p> <p>originally [1] - 74:15</p> <p>OSC [1] - 86:17</p> <p>otherwise [3] - 70:22; 114:12; 116:22</p> <p>ought [4] - 80:14; 108:17, 23; 110:21</p> <p>out-of-the [1] - 43:14</p> <p>outside [2] - 13:1; 44:14</p> <p>outstanding [4] - 48:20; 96:15; 99:19</p> <p>overhead [1] - 64:3</p> <p>overstate [1] - 98:1</p> <p>owe [4] - 74:5; 90:6; 101:19; 102:10</p> <p>owed [1] - 78:1</p> <p>own [5] - 36:17; 50:24; 79:9; 90:9; 107:3</p> <p>owned [1] - 26:18</p> <p>owner [1] - 59:24</p> <p>owners [1] - 110:22</p> <p>ownership [1] - 85:20</p>	<p>46:22; 63:19; 68:11; 74:18; 81:17; 90:8; 111:9, 17</p> <p>painted [1] - 75:4</p> <p>painting [1] - 67:12</p> <p>paper [1] - 98:5</p> <p>papers [2] - 79:21; 114:18</p> <p>paragraph [1] - 107:5</p> <p>Paragraph [3] - 101:11, 14; 102:23</p> <p>parenthetically [2] - 63:9; 70:10</p> <p>part [8] - 31:24; 54:4; 66:24; 79:14; 90:8; 97:9; 98:25; 107:2</p> <p>parte [6] - 7:16; 10:14; 23:4; 42:22; 75:24; 81:17</p> <p>partes [1] - 87:13</p> <p>participate [3] - 24:25; 30:23, 25</p> <p>participated [2] - 66:14, 19</p> <p>particular [3] - 25:9; 33:14; 109:25</p> <p>parties [18] - 12:23; 15:12; 16:17; 24:6; 27:8; 31:16; 32:5; 35:6; 36:16; 47:5; 49:15; 58:22; 59:22; 76:25; 77:8; 100:13; 104:10</p> <p>parties' [1] - 15:4</p> <p>partner [1] - 102:5</p> <p>Partners [1] - 5:12</p> <p>party [16] - 16:10; 21:4; 28:6; 29:23; 36:22; 37:7; 39:11; 47:2; 62:25; 63:4; 85:4; 91:16; 97:8; 116:20, 23</p> <p>passed [1] - 81:1</p> <p>past [2] - 20:22; 74:7</p> <p>path [4] - 15:7; 42:15; 55:10; 67:9</p> <p>patient [1] - 32:17</p> <p>pay [27] - 19:18; 20:20; 23:21; 24:4; 31:4; 46:3; 47:6, 9, 12, 15-16; 48:1, 9, 19; 62:10; 68:15; 84:12, 16, 18, 23; 101:4; 102:7, 9; 109:8; 111:15</p> <p>paying [13] - 9:9; 27:14; 62:2; 64:5; 80:15, 21; 81:13; 84:11, 20; 96:6; 101:23; 116:21</p>	<p>payment [5] - 20:10; 21:3; 58:18; 81:7; 90:19</p> <p>payments [5] - 60:23; 74:17; 90:5; 102:3; 107:23</p> <p>payroll [1] - 98:6</p> <p>PEELER [1] - 3:9</p> <p>Penal [1] - 81:12</p> <p>penalty [3] - 25:24; 26:12; 111:1</p> <p>pendens [1] - 113:3</p> <p>pending [5] - 33:5; 77:2, 8, 18; 111:16</p> <p>people [24] - 17:2; 25:19; 26:15; 30:5; 32:11, 13; 35:17; 36:13; 39:14; 42:4; 44:6; 50:21; 67:5; 70:11; 78:6; 84:25; 95:1, 6, 12, 15; 102:2, 9; 106:25</p> <p>per [4] - 18:1; 54:23; 96:6; 101:22</p> <p>perceive [1] - 36:22</p> <p>percent [9] - 9:14; 17:5; 20:19; 28:15; 30:9, 12; 79:22, 24; 113:6</p> <p>performance [1] - 70:9</p> <p>performed [1] - 62:9</p> <p>perhaps [2] - 72:7; 106:16</p> <p>period [3] - 51:19; 66:2; 84:19</p> <p>periodically [1] - 36:7</p> <p>perjury [5] - 25:24; 26:12; 111:1, 7; 112:13</p> <p>permission [1] - 98:5</p> <p>permit [1] - 105:5</p> <p>person [5] - 28:5; 53:3; 92:5; 116:20, 23</p> <p>personally [1] - 103:20</p> <p>perspective [4] - 30:22; 84:4; 85:8; 94:7</p> <p>phone [1] - 100:2</p> <p>phonetic [1] - 62:17</p> <p>pick [11] - 18:12; 31:15; 33:4, 13; 40:25; 41:13; 50:10, 19; 51:8; 57:24; 100:2</p> <p>picked [1] - 74:11</p> <p>picking [1] - 105:9</p> <p>picture [9] - 35:15;</p>	<p>37:5; 60:22; 65:7; 67:13, 25; 70:13; 75:5; 82:21</p> <p>piece [1] - 37:9</p> <p>pieces [3] - 29:18; 35:5; 75:4</p> <p>pigs [1] - 35:11</p> <p>place [10] - 40:20; 46:20; 63:12; 69:2, 5; 86:16; 89:8; 109:12; 113:16</p> <p>placed [1] - 79:23</p> <p>PLAINTIFF [1] - 1:7</p> <p>plaintiff [3] - 4:11, 17, 20</p> <p>PLAINTIFFS [1] - 2:9</p> <p>plaintiffs [1] - 4:13</p> <p>plan [6] - 8:23; 9:4; 29:2; 53:10; 56:20; 70:4</p> <p>planned [1] - 108:20</p> <p>plans [1] - 53:13</p> <p>pleasure [2] - 54:8; 115:5</p> <p>plus [2] - 9:19; 51:25</p> <p>PM [1] - 4:2</p> <p>pocket [1] - 90:9</p> <p>pockets [1] - 81:22</p> <p>podium [2] - 28:12; 94:14</p> <p>point [34] - 21:17; 22:1; 26:22; 28:15; 29:23; 33:4; 34:10, 18; 38:24; 39:1; 41:11; 64:23; 68:1; 70:6, 19, 23; 72:12; 75:6, 8, 23; 76:24; 77:4; 78:8; 79:1; 80:9; 87:20, 22; 93:3; 97:22; 98:1, 12; 99:7; 109:21</p> <p>pointed [2] - 75:1; 77:22</p> <p>pointedly [1] - 83:18</p> <p>points [3] - 73:6; 91:21; 98:17</p> <p>polite [2] - 22:6; 54:13</p> <p>pool [1] - 39:14</p> <p>pooled [1] - 82:10</p> <p>portion [2] - 107:17; 116:21</p> <p>position [18] - 7:18; 9:15; 28:25; 51:22; 71:9; 76:19; 77:19; 79:13, 19; 91:10, 13; 97:6, 16; 98:8; 99:12; 106:11</p> <p>positions [2] - 33:14; 95:3</p> <p>positive [1] - 72:4</p>
	P			
	<p>p.m [1] - 115:12</p> <p>pace [1] - 99:17</p> <p>PAGE [1] - 1:19</p> <p>Page [2] - 101:11; 102:23</p> <p>pages [1] - 116:11</p> <p>paid [16] - 19:14, 17; 20:14; 21:1, 8; 27:22; 32:11, 14;</p>			

<p>possibility [2] - 16:17; 41:14</p> <p>possible [3] - 10:9; 53:18; 103:16</p> <p>post [1] - 68:16</p> <p>post-January [1] - 68:16</p> <p>potential [3] - 14:18; 36:10; 43:20</p> <p>potentially [8] - 9:8; 36:4, 8; 39:13; 54:16; 97:10; 103:15; 104:21</p> <p>power [3] - 23:22; 33:4</p> <p>powers [2] - 13:21; 40:10</p> <p>preaching [1] - 32:16</p> <p>precluded [2] - 54:21; 55:4</p> <p>prefer [5] - 40:13; 42:6; 104:10; 105:13; 106:1</p> <p>prejudging [1] - 11:8</p> <p>prejudice [1] - 115:2</p> <p>preliminary [2] - 87:2, 7</p> <p>prepared [2] - 18:12; 105:4</p> <p>prerequisites [1] - 79:10</p> <p>presence [1] - 104:12</p> <p>present [5] - 5:12; 16:4; 51:9; 71:25; 103:7</p> <p>presentation [1] - 42:24</p> <p>presented [1] - 18:2</p> <p>presently [1] - 39:11</p> <p>Presidential [10] - 102:11, 16; 103:3, 10; 104:3, 5; 105:10, 15, 21</p> <p>presidential [1] - 103:5</p> <p>presuppose [1] - 37:18</p> <p>pretty [5] - 6:21; 18:6; 62:9; 67:14; 113:23</p> <p>prevent [4] - 21:21; 76:25; 78:5, 8</p> <p>preview [1] - 53:20</p> <p>previously [1] - 95:18</p> <p>price [5] - 10:1; 16:25; 17:5, 21</p> <p>primary [1] - 68:4</p> <p>principal [1] - 9:20</p> <p>private [1] - 13:2</p> <p>privy [1] - 73:12</p> <p>pro [1] - 116:5</p>	<p>probable [1] - 84:5</p> <p>problem [10] - 8:3; 11:22; 22:13; 23:1; 25:3; 49:6, 8; 100:3; 110:5, 12</p> <p>problems [4] - 29:22; 30:20; 102:1, 8</p> <p>procedurally [1] - 46:25</p> <p>procedure [1] - 59:14</p> <p>procedures [2] - 62:19; 76:10</p> <p>proceedings [5] - 10:10; 41:20; 45:12; 116:9, 12</p> <p>Proceedings [1] - 115:12</p> <p>process [18] - 12:2; 23:7; 28:20, 22; 29:14, 17; 30:5, 8, 23; 34:15; 37:25; 46:21; 50:17; 60:11; 104:22, 24; 105:3</p> <p>processes [1] - 104:25</p> <p>procure [3] - 66:14, 20; 76:3</p> <p>produced [1] - 73:8</p> <p>producer [3] - 68:7, 9; 93:18</p> <p>producers [12] - 62:12, 15; 63:13; 66:15, 20, 24; 69:6; 76:4, 8; 89:6; 114:3</p> <p>producing [5] - 27:13; 73:3; 74:14; 76:11; 95:24</p> <p>product [4] - 29:13; 86:1; 95:16</p> <p>production [2] - 68:21</p> <p>productive [1] - 70:4</p> <p>products [8] - 73:3, 7; 74:20; 95:25; 104:20, 25; 105:2, 6</p> <p>profit [4] - 69:1, 3; 100:16; 114:7</p> <p>profitability [1] - 68:25</p> <p>profits [9] - 60:14, 18; 61:7, 9; 71:2; 79:8, 23; 83:7; 114:11</p> <p>promise [1] - 105:14</p> <p>promote [1] - 67:13</p> <p>promptly [1] - 110:19</p> <p>proof [1] - 81:7</p> <p>proper [1] - 48:22</p> <p>Properties [8] - 4:24; 5:21; 39:21; 58:20; 59:7, 24; 71:3</p> <p>properties [5] - 29:6;</p>	<p>43:3; 77:1; 85:20; 87:15</p> <p>PROPERTIES [3] - 3:2, 18</p> <p>Property [4] - 4:16; 79:8; 86:22; 113:14</p> <p>PROPERTY [1] - 3:7</p> <p>property [42] - 9:16, 19; 23:15, 23-24; 28:17; 31:13; 34:21, 23; 35:10; 45:12; 46:5, 14; 58:15; 59:25; 77:23; 79:11; 87:5; 88:5; 93:17; 96:20; 97:7, 12; 98:11, 13, 15, 23; 99:2, 6; 100:10, 21, 23; 101:2, 19; 103:6, 13, 16; 109:14, 23; 113:4, 14</p> <p>proposal [16] - 10:3, 19; 13:21; 18:9; 19:23; 25:9; 26:5, 7; 41:20; 44:15, 21; 81:4; 89:22; 90:14, 16</p> <p>proposals [17] - 9:7, 24; 10:16; 12:23; 13:5; 17:23; 20:3; 23:3; 33:13; 42:10, 25; 43:12, 16-17, 20; 44:20; 51:21</p> <p>propose [3] - 27:24; 57:2; 86:17</p> <p>proposed [3] - 8:23; 44:13; 45:10</p> <p>proposing [1] - 13:13</p> <p>prospective [1] - 8:19</p> <p>protect [3] - 59:1, 10; 114:14</p> <p>protected [3] - 19:17; 22:23; 113:11</p> <p>prove [1] - 25:23</p> <p>provide [7] - 13:3, 7; 19:20; 30:25; 37:14; 109:6; 116:22</p> <p>provided [2] - 11:14; 90:4</p> <p>provides [1] - 59:5</p> <p>provision [1] - 90:1</p> <p>pulled [1] - 10:25</p> <p>pulling [1] - 84:15</p> <p>purchase [17] - 9:25; 10:22; 13:10; 16:9, 11-12, 14, 21, 25; 17:5, 12, 24; 18:20; 19:23; 34:19; 58:15</p> <p>purchased [1] - 116:20</p> <p>purchaser [1] - 34:2</p>	<p>pure [1] - 85:11</p> <p>purport [1] - 36:16</p> <p>purpose [5] - 22:1; 78:11, 14; 79:16</p> <p>purposes [2] - 106:13; 112:11</p> <p>pursuant [4] - 61:1, 5; 99:20; 116:21</p> <p>push [1] - 69:5</p> <p>pushed [1] - 8:15</p> <p>put [35] - 9:21; 10:12; 12:1, 5; 34:16, 25; 35:20; 38:10, 13; 40:4, 10, 19; 42:18; 44:12; 46:14, 20; 50:3, 7; 51:19; 64:16; 69:2; 75:14; 76:1; 79:12; 85:24; 86:18; 89:3; 92:18; 93:1; 107:19, 24; 108:9; 109:11</p> <p>putting [8] - 15:25; 35:6; 62:23; 83:2; 95:22; 108:24; 109:14; 110:2</p>	<p>27:22; 28:1; 29:1; 39:22; 41:13; 42:2, 6; 45:24; 47:19; 51:14; 58:14, 23; 59:1, 5-7, 11, 15, 17; 60:1, 11, 20; 61:19; 70:23; 71:2; 78:1; 79:7; 86:23; 114:12</p> <p>RAZUKI [5] - 1:6; 2:2; 3:19</p> <p>Razuki's [8] - 18:24; 23:15; 28:21; 30:6, 24; 47:9; 113:10; 114:15</p> <p>Razukis's [1] - 77:24</p> <p>re [1] - 86:17</p> <p>reached [1] - 60:2</p> <p>reaching [1] - 65:13</p> <p>read [14] - 5:15; 6:13; 10:23; 15:1; 19:25; 26:25; 32:7; 53:14; 62:17; 67:1; 69:17; 91:19; 107:4; 114:17</p> <p>reading [1] - 14:23</p> <p>ready [8] - 4:5; 9:12; 38:25; 40:8; 45:9; 47:6; 48:8; 105:4</p> <p>real [3] - 32:2; 45:15; 111:21</p> <p>realistic [1] - 35:5</p> <p>reality [1] - 67:18</p> <p>really [22] - 6:20; 7:17; 8:5; 11:12; 14:16; 17:19; 19:11; 23:6; 28:3; 31:8; 35:24; 42:5; 51:7; 65:13; 68:25; 75:3, 24; 96:18; 99:14; 100:12; 113:24; 114:21</p> <p>Realtor [1] - 111:23</p> <p>reason [10] - 21:20, 22; 37:13; 40:13; 72:23; 80:19; 85:8; 98:25; 107:3; 110:18</p> <p>reasonable [6] - 16:7; 44:23; 51:4, 18; 105:7, 11</p> <p>reasons [5] - 40:6; 41:9; 50:15; 62:1; 96:18</p> <p>recalling [1] - 102:21</p> <p>receipts [5] - 90:3, 19; 111:16</p> <p>receive [3] - 57:4; 71:13; 100:21</p> <p>received [8] - 10:3; 60:14; 61:11; 65:21; 92:22; 94:1; 98:4</p>
Q				
<p>quantity [1] - 38:25</p> <p>quasi [1] - 5:20</p> <p>questions [7] - 39:18; 71:5; 93:21; 96:2; 99:15, 17</p> <p>quick [4] - 28:13; 32:19; 49:20; 53:6</p> <p>quickly [4] - 38:13; 39:5; 51:13; 109:22</p> <p>quiet [3] - 8:5; 15:22; 82:7</p> <p>quite [13] - 48:2; 61:23; 65:25; 67:24; 69:24; 97:7, 21; 98:10, 14; 100:8; 101:19; 102:6; 114:9</p> <p>quote [2] - 62:19; 107:4</p> <p>quoting [1] - 37:12</p>				
R				
<p>ran [1] - 86:3</p> <p>range [2] - 10:1; 17:8</p> <p>rapport [1] - 94:2</p> <p>rate [2] - 83:2; 112:18</p> <p>rates [2] - 9:13; 42:10</p> <p>rather [3] - 37:25; 39:15; 51:21</p> <p>Razuki [41] - 4:8, 11, 18, 20; 14:10; 19:15, 20; 23:12, 22; 24:5;</p>				

<p>receiver [3] - 5:22; 21:20; 82:16</p> <p>Receiver [158] - 4:22; 7:20, 22; 8:25; 9:3, 7; 10:13; 12:11, 15; 14:7, 17; 16:1; 18:4; 20:2, 18; 21:1, 8, 22-23; 22:17, 25; 23:2, 20; 24:12, 17; 25:19; 28:3; 29:10, 19; 30:6; 31:1, 14; 33:3, 7, 12, 19; 37:10, 22; 39:3; 40:18; 42:21; 43:10, 13; 46:19; 47:2; 49:22; 50:3, 7; 53:3; 55:4, 6, 11; 56:19; 57:3, 24; 62:13, 25; 63:4, 6, 10, 12; 64:10, 16; 65:15, 25; 66:4, 6, 17, 19, 24; 67:23; 69:2, 4, 14; 70:7, 15, 20; 71:10, 22; 72:3, 22; 73:9, 13; 74:2, 9, 25; 75:8, 14, 20; 76:8, 14, 18, 23-24; 77:4, 11; 78:4, 8, 12, 18, 22-24; 80:10-12; 81:17, 20; 82:5, 14; 83:13; 85:7, 9; 86:6, 10, 16; 87:15, 24; 88:22; 89:8, 13, 16; 91:11, 14, 23; 92:12, 14-15, 19; 93:13; 94:9; 97:6, 12; 98:3, 9; 99:11, 20; 100:12; 104:13; 105:25; 106:5, 11, 16; 110:11; 112:20, 24; 114:4, 11, 22</p> <p>RECEIVER [1] - 3:13</p> <p>Receiver's [35] - 5:24; 6:4, 20; 7:16; 8:19; 10:18; 13:21, 23; 14:17; 18:4, 18; 20:3, 11-12, 20, 22; 28:15; 31:1; 33:3; 40:10; 42:25; 47:3; 65:5, 8; 67:14; 69:20; 71:23; 89:18; 91:12, 17, 19; 92:9; 93:10; 94:7</p> <p>receivers [1] - 82:15</p> <p>receivership [25] - 9:9; 12:12, 15-17; 13:3; 14:6; 22:2; 23:19; 29:3; 30:1; 41:21; 76:4, 10, 12; 77:16, 21; 78:11, 14;</p>	<p>79:10, 12, 15; 113:25</p> <p>receiving [3] - 9:7; 11:14; 73:1</p> <p>recent [3] - 16:25; 67:1; 74:11</p> <p>recently [2] - 62:24; 70:17</p> <p>Recess [1] - 91:8</p> <p>recognition [1] - 70:13</p> <p>recognize [1] - 31:7</p> <p>recognized [1] - 38:9</p> <p>recommend [1] - 10:14</p> <p>recommendation [1] - 31:3</p> <p>recommended [1] - 10:18</p> <p>reconsidered [1] - 77:18</p> <p>record [13] - 4:5; 22:23; 25:15; 40:4; 45:9, 14; 91:7, 9; 94:19; 113:18; 114:17; 115:10</p> <p>recorded [1] - 113:3</p> <p>records [4] - 25:25; 65:20; 71:14, 17</p> <p>red [2] - 81:9; 82:6</p> <p>Red [1] - 65:3</p> <p>Red's [1] - 99:14</p> <p>red-handed [1] - 81:9</p> <p>refer [1] - 112:9</p> <p>reference [1] - 63:18</p> <p>referenced [1] - 95:2</p> <p>referring [1] - 89:25</p> <p>reflect [1] - 114:17</p> <p>reflects [1] - 8:23</p> <p>refresh [1] - 68:14</p> <p>refusal [3] - 38:15; 39:8</p> <p>refused [1] - 89:16</p> <p>regard [1] - 42:11</p> <p>regards [2] - 67:11; 91:16</p> <p>registers [1] - 34:8</p> <p>regular [1] - 66:2</p> <p>regulations [1] - 35:25</p> <p>reimburse [1] - 90:2</p> <p>reimbursement [1] - 111:16</p> <p>reinstated [3] - 45:11; 46:5</p> <p>reinstatement [4] - 45:13; 46:4; 47:6; 48:23</p> <p>related [5] - 19:6; 21:7; 27:13; 40:6; 92:6</p>	<p>RELATED [1] - 2:16</p> <p>relationship [5] - 59:3; 72:4, 6; 89:15</p> <p>relative [1] - 28:18</p> <p>relatively [2] - 29:17; 38:25</p> <p>release [2] - 77:15, 21</p> <p>reliable [1] - 102:5</p> <p>relocation [2] - 75:25; 107:22</p> <p>reluctance [1] - 66:23</p> <p>reluctant [1] - 97:11</p> <p>remain [1] - 93:16</p> <p>remains [2] - 69:4; 74:16</p> <p>remedy [3] - 77:9, 12</p> <p>remember [6] - 14:23; 77:14; 83:19; 86:8; 87:24; 102:22</p> <p>removal [4] - 76:14; 86:17; 87:15; 114:10</p> <p>remove [10] - 5:21; 22:17; 75:8, 20; 76:23; 85:8; 88:22, 24; 112:19; 114:22</p> <p>removed [6] - 63:6; 64:21; 112:21, 24; 114:1</p> <p>removing [4] - 71:9; 86:10; 91:10; 106:11</p> <p>rent [2] - 27:14</p> <p>reopened [3] - 14:16; 34:13; 36:3</p> <p>repay [2] - 90:10</p> <p>repeatedly [1] - 91:23</p> <p>reply [1] - 6:14</p> <p>report [5] - 27:6; 63:16; 64:2; 91:14; 94:7</p> <p>reported [1] - 116:8</p> <p>reporter [2] - 116:6, 21</p> <p>REPORTER'S [1] - 1:14</p> <p>reporting [1] - 104:15</p> <p>reports [4] - 92:21, 25; 94:9</p> <p>represent [1] - 24:2</p> <p>representations [3] - 10:23; 73:14, 23</p> <p>represented [1] - 74:15</p> <p>representing [1] - 104:18</p> <p>reproduce [1] - 116:21</p> <p>request [12] - 11:25; 17:14; 20:19; 21:1; 28:16; 43:14; 63:17; 73:12; 88:22; 91:17; 93:24; 98:19</p>	<p>requesting [3] - 16:1; 72:8; 92:24</p> <p>requests [2] - 74:9; 99:19</p> <p>require [1] - 21:2</p> <p>requirements [1] - 105:1</p> <p>requires [2] - 79:10; 103:23</p> <p>requisite [1] - 95:19</p> <p>research [3] - 43:17; 50:23</p> <p>resolution [1] - 11:15</p> <p>resolve [1] - 16:22</p> <p>resources [1] - 38:12</p> <p>respect [6] - 38:3; 82:5; 100:12; 103:1, 21</p> <p>respectful [2] - 94:24; 114:20</p> <p>respectfully [9] - 22:22, 24; 36:20; 37:1; 39:17; 46:25; 91:3; 113:15, 17</p> <p>responded [1] - 83:21</p> <p>responding [1] - 110:18</p> <p>Response [1] - 8:8</p> <p>response [4] - 4:6; 88:20; 93:20; 98:19</p> <p>responses [2] - 94:4</p> <p>responsibility [4] - 65:4, 8</p> <p>responsible [1] - 28:6</p> <p>rest [4] - 13:18; 39:14; 71:21; 81:25</p> <p>restrictions [1] - 59:8</p> <p>result [2] - 66:16; 72:14</p> <p>retention [1] - 114:11</p> <p>retread [1] - 34:5</p> <p>revenue [1] - 96:19</p> <p>review [1] - 22:19</p> <p>revoke [1] - 11:20</p> <p>revoked [1] - 11:21</p> <p>Richardson [1] - 4:21</p> <p>RICHARDSON [1] - 3:14</p> <p>ride [1] - 111:4</p> <p>ridiculous [2] - 84:21; 92:18</p> <p>rights [3] - 23:25; 36:22; 113:4</p> <p>RIO [2] - 2:6; 3:5</p> <p>risk [3] - 34:17; 35:24; 45:15</p> <p>risky [2] - 34:13, 15</p> <p>RM [8] - 3:7; 4:16; 39:21; 60:4; 79:8; 80:3; 86:22; 113:14</p>	<p>road [1] - 69:10</p> <p>ROAD [1] - 2:21</p> <p>Robert [1] - 62:17</p> <p>room [2] - 35:9; 95:17</p> <p>ROSELLE [1] - 3:2</p> <p>Roselle [1] - 4:24</p> <p>rosy [2] - 67:12; 82:21</p> <p>round [1] - 40:15</p> <p>rounds [1] - 65:12</p> <p>RPR [1] - 1:22</p> <p>rule [1] - 116:22</p> <p>run [7] - 35:2; 95:5, 10, 21; 98:11; 105:21</p> <p>running [10] - 32:1; 39:17; 84:25; 95:11; 97:2; 98:13; 99:24; 100:8; 109:9</p> <p>rush [1] - 94:23</p> <p>RX [3] - 102:16; 105:10, 21</p>
S				
			<p>safety [1] - 96:22</p> <p>Salam [4] - 4:11, 18, 20; 58:14</p> <p>SALAM [2] - 1:6; 2:2</p> <p>sale [35] - 9:24; 10:1, 5; 11:13; 17:13, 17, 19-20; 19:23; 21:21; 28:17; 30:4; 33:19; 35:15; 37:24; 45:15; 49:24; 50:1; 51:7, 21; 53:21; 54:1, 5; 56:13, 20; 77:1, 6, 22; 78:5, 9; 87:6</p> <p>sales [2] - 17:10; 84:6</p> <p>salt [1] - 76:13</p> <p>Salvatore [1] - 4:12</p> <p>SALVATORE [1] - 2:12</p> <p>San [6] - 4:1, 14; 5:3; 116:3, 7, 13</p> <p>SAN [8] - 1:2; 2:7, 10, 14, 17; 3:6, 11, 23</p> <p>sanctions [1] - 6:9</p> <p>SARAH [1] - 3:19</p> <p>satisfied [1] - 70:9</p> <p>save [2] - 26:23; 38:21</p> <p>saved [1] - 82:24</p> <p>savior [1] - 82:23</p> <p>saw [3] - 41:19; 95:14</p> <p>scaring [1] - 83:13</p> <p>scathing [1] - 100:1</p> <p>scene [1] - 44:18</p> <p>Schedule [1] - 63:16</p> <p>scope [1] - 28:20</p> <p>scot [1] - 20:22</p> <p>scot-free [1] - 20:22</p>	

<p>Scout [2] - 27:4; 54:24 screaming [1] - 37:10 se [1] - 54:23 second [9] - 9:15; 16:14; 18:8; 40:5; 44:2; 72:12; 79:20; 87:11; 90:12 secondly [1] - 110:10 seconds [1] - 41:12 secretive [1] - 72:24 secrets [1] - 63:3 Section [2] - 59:2; 116:20 section [1] - 26:25 secured [2] - 12:17; 13:8 security [3] - 63:24; 98:6; 115:7 see [7] - 5:19; 42:18; 58:5; 70:20; 72:17; 85:8; 106:25 seeing [1] - 35:1 seek [1] - 47:3 seeking [2] - 14:17; 42:25 seem [2] - 43:16; 113:11 sell [17] - 21:19; 25:1; 27:4; 29:13; 31:13; 17; 32:12; 43:3; 55:9; 77:8; 78:4, 13; 104:21, 25; 105:6; 116:22 seller [1] - 33:4 selling [10] - 21:25; 23:19; 24:25; 25:3; 27:2; 36:10; 39:12; 42:14; 76:25; 105:2 sells [1] - 33:9 send [2] - 97:20; 99:15 sending [1] - 43:15 sense [7] - 11:18; 19:1; 24:23; 25:18; 37:25; 84:8; 106:11 sensitive [1] - 63:2 sent [10] - 42:10; 69:14; 70:11; 93:7; 98:17, 20-21; 112:1 separate [2] - 29:6; 110:15 serious [3] - 38:6, 9; 89:3 seriously [1] - 55:12 serve [1] - 78:12 served [1] - 107:12 service [2] - 62:5; 64:4 services [1] - 99:4 serving [1] - 79:16 Session [1] - 4:2 set [8] - 5:8; 43:8, 12;</p>	<p>56:12, 18; 57:18; 79:21; 96:20 settlement [2] - 24:9; 25:12 seven [4] - 46:23; 66:5; 78:17 several [3] - 8:8; 63:3; 74:7 shall [3] - 7:9; 58:3; 116:22 share [2] - 44:14; 71:1 sheriff [1] - 88:17 short [7] - 40:3; 53:4; 71:7; 83:16; 86:15, 21 shortfall [4] - 64:6; 84:16; 96:24 shortfalls [2] - 110:6 shorthand [1] - 116:8 shortly [2] - 30:11; 75:12 shove [1] - 69:5 show [3] - 25:15; 69:23; 79:11 showed [1] - 112:3 showing [3] - 26:1; 70:21; 77:6 shows [1] - 77:2 sic [1] - 72:11 side [4] - 29:11; 47:9; 49:2; 89:9 sign [9] - 9:3; 25:24; 69:9; 78:19; 89:7, 16; 97:11; 103:8; 108:7 signature [2] - 111:23; 112:2 signed [11] - 26:6; 59:20; 60:4; 63:10; 68:8; 78:17; 81:7; 107:6; 111:20; 112:4 significant [1] - 89:2 silent [1] - 93:3 similar [2] - 63:13; 76:7 simple [2] - 37:15; 93:11 simply [4] - 8:24; 13:2; 79:18; 87:9 Simultaneous [1] - 4:6 simultaneously [1] - 8:9 single [4] - 46:20; 68:8; 87:13; 88:22 sinking [1] - 110:4 sit [2] - 69:6; 110:20 site [6] - 66:11; 69:15; 73:2, 24 sitting [1] - 61:14</p>	<p>situation [5] - 30:3; 61:24; 68:10; 84:13; 109:2 six [2] - 9:14; 92:6 sixty [1] - 49:17 slipped [1] - 107:1 slow [3] - 107:15; 112:7 SOCAL [1] - 2:9 Socal [38] - 4:13; 6:21; 7:12; 16:11, 21; 19:6; 24:8, 11-12; 30:9, 18; 31:19; 32:17; 33:2, 25; 34:2, 7, 23; 35:9, 20; 56:6; 60:22; 61:17, 25; 80:2, 7; 84:11, 19; 85:17; 90:6, 11-12; 98:14; 106:21; 109:20; 113:16 Socal's [4] - 16:16; 17:4; 34:16; 75:1 SOLANA [1] - 3:16 sold [8] - 11:9; 17:14; 19:3; 24:11; 26:17; 28:4; 31:21; 35:19 sole [1] - 59:24 solely [2] - 7:5; 59:10 solvent [1] - 100:11 solves [2] - 29:21; 30:19 someone [6] - 10:4; 44:20; 49:23; 81:21; 82:19; 93:2 sometimes [3] - 43:3; 102:3 somewhat [2] - 19:12; 101:24 soon [3] - 6:12; 10:9; 64:24 sooner [4] - 41:7; 51:21; 52:3, 6 sorry [6] - 44:10; 56:10; 66:9; 88:11; 108:2 sort [8] - 17:9; 39:8; 54:22; 72:16; 84:20; 93:8; 105:16; 111:9 sounds [3] - 44:23; 51:18; 70:8 source [3] - 68:3 sources [3] - 26:19, 22; 27:24 SOUTH [2] - 2:6; 3:5 space [1] - 62:21 spades [1] - 109:17 spare [1] - 82:2 special [1] - 43:7 specially [1] - 5:2</p>	<p>SPECIALLY [1] - 2:16 specific [2] - 12:11, 14 specifically [3] - 92:5, 21 speculate [1] - 103:9 speculative [1] - 63:11 speed [1] - 92:8 spend [1] - 81:25 spent [2] - 90:17, 23 spin [1] - 108:1 split [1] - 114:12 spoken [3] - 15:4; 45:17; 67:10 sporadically [1] - 101:25 sprang [1] - 86:1 sprinkler [2] - 83:4; 108:19 stake [2] - 35:21; 39:20 staked [1] - 88:4 stamp [1] - 38:5 stamped [1] - 111:25 stand [4] - 10:11; 44:14; 65:22; 70:1 standard [1] - 32:3 standing [3] - 7:1; 12:1; 60:20 standpoint [1] - 43:11 stark [1] - 95:22 start [2] - 39:5; 62:10 started [13] - 28:22; 34:8; 60:23; 62:11; 63:23; 74:17, 19-20; 82:12; 85:15; 109:20, 22 starting [1] - 18:23 state [4] - 14:8; 26:25; 27:3; 116:2 State [2] - 11:4; 116:6 STATE [1] - 1:1 statement [2] - 41:15; 66:18 statements [2] - 25:25; 92:25 states [2] - 71:23; 72:9 status [2] - 60:21; 103:17 statute [3] - 11:23; 29:10; 79:10 stay [2] - 22:17; 98:9 staying [2] - 22:15; 89:19 step [13] - 7:7, 18; 8:24; 29:20; 30:10, 16-17; 31:6; 37:25; 42:18; 80:13; 85:21; 105:24 steps [1] - 97:1 Steven [1] - 4:17</p>	<p>STEVEN [1] - 2:4 still [15] - 7:4; 21:24; 23:11; 27:5; 67:19; 77:10; 80:11; 81:19; 83:2; 94:1; 100:23; 101:1, 8; 107:2; 110:7 stop [3] - 54:22; 80:17; 112:18 stopped [4] - 62:2, 15; 80:19; 81:13 stops [2] - 32:10; 62:3 storage [2] - 9:19; 29:5 story [1] - 48:2 straits [1] - 19:12 Strauss [1] - 81:16 STREET [1] - 3:22 strictly [1] - 54:2 strike [3] - 56:8; 113:18 strong [2] - 49:19; 70:8 strongly [3] - 37:5, 24; 71:11 stuff [4] - 27:13; 32:1; 47:24; 111:8 STURGEON [1] - 1:4 subcategories [1] - 6:3 subject [1] - 23:9 sublicensee [3] - 84:21 sublicensee's [1] - 84:23 sublicensees [2] - 84:15; 109:8 submission [1] - 43:12 submissions [2] - 56:19; 57:4 submit [6] - 25:25; 57:17, 19-20; 59:16; 70:16 submitted [7] - 19:22; 20:25; 38:6; 60:1; 62:16; 67:15; 87:24 subproducer [1] - 93:17 subsection [1] - 11:23 subsequent [1] - 40:21 subsequently [1] - 54:4 substantive [1] - 72:21 succeeded [1] - 66:23 success [9] - 87:3; 98:15; 108:15-17, 22; 109:16; 110:9</p>
---	--	--	--	--

<p>successful [1] - 18:6 sudden [1] - 48:2 sue [2] - 35:9; 36:25 suggest [5] - 51:19; 73:22; 75:11, 14; 76:6 suggestion [1] - 29:1 suggests [1] - 76:7 suitable [1] - 62:21 SUITE [7] - 2:6, 13, 22; 3:5, 10, 16, 22 sums [2] - 80:15; 108:19 SUNRISE [1] - 3:18 Sunrise [2] - 18:5; 23:9 sunrise [1] - 23:9 SUPER [1] - 3:19 SUPERIOR [1] - 1:1 Superior [1] - 116:6 supplanted [1] - 64:12 suppliers [1] - 78:20 supplying [1] - 111:16 support [3] - 8:12; 16:1; 45:8 supporting [1] - 47:23 supportive [1] - 33:23 supposed [5] - 23:9; 84:18; 100:21; 101:21; 109:5 surprised [1] - 98:14 suspect [3] - 49:5, 7; 87:17 sweet [1] - 40:3 Sylvia [1] - 23:15 Synergy [75] - 5:11; 29:20; 31:5; 37:4, 6, 18; 39:25; 40:5, 14, 17; 50:14; 62:8, 11; 63:22; 64:5, 14; 65:23; 67:13, 16, 18, 22; 69:16; 70:15; 71:14, 17; 72:4, 19; 73:15, 19; 74:24; 75:16; 76:3, 18; 82:3, 23; 83:6; 84:2, 9, 12, 14; 85:25; 86:17; 89:11, 15-17; 90:10; 91:16, 25; 92:10, 16; 93:1, 5, 18, 23; 94:17; 95:5, 10; 96:16, 22, 25; 97:22; 99:5; 102:8; 105:5; 107:12; 108:11; 109:2; 110:12, 25 Synergy's [4] - 65:9; 68:13; 70:9; 89:17 system [3] - 8:17; 83:4; 108:19</p>	<p style="text-align: center;">T</p> <p>table [4] - 35:1; 42:19; 89:10; 106:25 takeaway [1] - 74:22 Tammy [1] - 29:12 taxes [2] - 68:12, 21 TD [1] - 14:3 team [5] - 12:6; 13:22; 15:18; 50:8; 57:25 technically [3] - 11:13; 27:5; 89:14 telephone [1] - 8:17 tem [1] - 116:5 temporarily [1] - 29:13 ten [4] - 56:22; 62:15; 63:8 tenant [1] - 62:3 tenants [1] - 27:14 term [1] - 97:12 terminated [2] - 61:25 terms [30] - 12:15, 25; 13:8; 16:2; 17:23; 18:19; 19:10, 21-22; 20:23; 21:9; 24:9, 12; 28:16, 20; 32:20; 33:3; 36:17; 37:4; 39:7; 53:17, 21; 83:17; 85:10; 90:10; 95:25; 105:24; 109:15; 110:10, 16 terrible [1] - 83:8 terribly [2] - 108:4; 109:19 tested [1] - 104:21 testify [1] - 26:10 testing [2] - 104:25; 105:3 thankfully [1] - 32:9 THE [247] - 1:1; 2:16; 3:13; 4:4, 8; 5:14, 24; 6:3, 7, 12, 17, 24; 7:8, 24; 8:1, 4, 10, 13; 9:17; 10:20; 11:5, 7, 17; 12:3, 8, 13, 19; 13:10, 16; 14:1, 3, 9, 12, 20, 22; 15:8, 17, 20, 22; 17:16; 18:11, 14, 22; 19:1, 7, 9, 25; 20:8; 21:11, 14; 22:3, 5, 22; 24:21, 23; 25:10, 14, 21; 27:10; 28:10; 30:11, 14, 21; 31:10, 23; 32:23; 33:6, 16, 22, 25; 34:3, 14; 36:11, 19; 37:3, 20; 38:17, 19; 39:19, 23, 25; 40:2, 7, 22, 25; 41:2, 5, 9, 17, 24;</p>	<p>42:12, 17, 23; 43:2; 44:1, 16, 23, 25; 45:5, 21, 23; 46:1, 7, 10, 16; 47:11, 15, 22; 48:5, 7, 9, 14, 17, 24; 49:1, 7, 11, 17, 25; 50:4, 10, 14, 18, 23; 51:2, 4, 11, 16, 23; 52:1, 3, 10, 12, 15, 19, 23; 53:2, 8, 14, 19, 24; 54:2, 8, 12, 19; 55:2, 6, 9, 13, 18, 20, 22; 56:1, 4, 6, 9, 11, 15, 22, 25; 57:5, 9, 11, 14, 21, 24; 58:5, 11; 66:8, 12, 18; 67:2, 6; 68:14, 18; 69:17; 71:6, 9, 12; 75:6, 10, 19; 76:16, 21; 79:17, 25; 80:2, 6, 25; 86:19, 22, 25; 88:12, 14-15; 91:3, 9, 20; 94:11, 14, 16, 21, 23; 95:9; 96:2, 8, 13; 98:20, 24; 100:14, 16, 18, 24; 101:6, 8, 12, 15, 23; 102:12, 15, 18, 23; 103:4, 19, 25; 104:2, 6, 8, 14; 105:7; 106:3, 10, 19, 21; 107:6, 9, 15; 112:7, 25; 113:19; 114:16; 115:3, 5, 8, 10 themselves [1] - 24:2 therefore [2] - 76:13; 90:6 thereof [1] - 116:21 they've [5] - 24:18; 41:6; 87:16; 102:5; 111:2 thin [3] - 36:1; 55:16, 18 thinking [2] - 38:4, 20 thinks [4] - 33:20; 39:1; 40:18; 55:6 third [8] - 9:23; 16:10; 29:23; 35:6; 36:15; 47:2; 62:25; 63:4 third-party [2] - 16:10; 62:25 thirdly [1] - 13:5 Thompson [2] - 116:5, 17 THOMPSON [1] - 1:22 thousand [1] - 23:14 threat [1] - 11:2 three [21] - 13:14; 28:18; 29:18; 31:2,</p>	<p>8; 37:25; 45:4; 50:19; 51:24; 58:7, 22; 70:6; 73:5; 92:9; 93:4, 15, 21, 24; 98:2 throughout [1] - 60:10 throwing [1] - 85:13 throws [1] - 89:21 THURSDAY [1] - 1:15 ticking [1] - 45:16 tied [4] - 13:11; 23:12; 53:21; 75:18 timeline [2] - 49:15; 110:3 timelines [1] - 45:19 timely [1] - 94:8 title [1] - 59:22 today [24] - 5:12, 19; 6:10; 7:7; 8:15; 16:2; 18:8, 18; 21:10; 50:8; 58:11; 65:19; 75:20; 89:4; 92:12; 97:4; 100:12; 103:11, 17; 106:4, 13; 110:3; 114:21 today's [1] - 86:16 together [4] - 56:2; 62:23; 93:2; 97:24 token [1] - 97:14 took [3] - 74:19; 83:6; 86:3 top [1] - 47:18 Torealis [1] - 62:17 total [5] - 68:10; 70:2; 90:3, 21; 96:6 totally [1] - 113:8 towards [4] - 20:20; 70:15; 80:16; 81:18 trade [1] - 63:3 traditional [1] - 13:2 transactions [2] - 54:16, 21 transcribed [1] - 116:10 TRANSCRIPT [1] - 1:14 transcript [3] - 116:11, 20 transfer [2] - 11:15; 60:8 transparent [2] - 71:19; 106:17 tricky [3] - 83:21, 23; 110:24 tried [2] - 13:12; 100:6 TRO [3] - 46:20; 47:3; 87:6 trough [1] - 35:11 true [4] - 41:15; 64:14; 73:20; 116:12</p>	<p>trust [5] - 13:8; 37:22; 46:23; 82:5; 87:9 trusted [1] - 59:4 trustee [1] - 48:23 trustee's [2] - 45:15; 48:21 try [8] - 8:1, 5; 9:1; 53:17; 65:22; 72:5; 82:2; 108:6 trying [12] - 20:6; 36:14; 38:7, 19; 67:13; 70:25; 78:4, 6-7; 79:12; 85:17; 95:10 Tuesday [3] - 8:15, 22; 45:19 turn [2] - 35:19; 72:7 turned [1] - 72:21 turning [1] - 71:19 turns [1] - 16:4 twenty [1] - 88:4 twenty-five [1] - 88:4 twice [1] - 66:5 two [41] - 5:20; 7:17; 9:11; 10:13, 17, 21; 26:21; 29:2-4, 6; 31:5; 35:4; 41:9, 12; 44:21; 45:11; 46:8; 47:6, 12; 49:3; 52:11, 13, 20-21; 58:24; 70:2; 71:12; 75:24; 76:13; 95:22; 96:6, 22; 98:2, 22; 102:11; 105:9, 13; 107:4, 21 twofold [1] - 97:9 type [1] - 109:25 typewriting [1] - 116:10</p> <p style="text-align: center;">U</p> <p>ultimate [1] - 26:21 ultimately [4] - 16:4, 15; 17:11; 84:23 unable [2] - 37:12; 76:3 uncertain [1] - 82:9 uncomfortable [1] - 80:21 under [21] - 6:9; 24:9; 25:2, 24; 26:12; 36:23; 59:1; 60:21; 66:24; 76:10; 82:9; 84:12; 85:14; 90:10; 105:14; 109:5; 111:1, 15; 112:24; 116:10 underlined [1] - 107:17</p>
---	---	---	--	--

<p>underlying [1] - 59:19</p> <p>understood [4] - 18:16; 20:6; 41:1; 42:7</p> <p>unfair [2] - 109:19; 110:8</p> <p>unfinished [1] - 95:19</p> <p>unfortunately [3] - 47:19; 65:18; 68:22</p> <p>unhappiness [1] - 70:14</p> <p>unilateral [1] - 33:4</p> <p>unilaterally [1] - 19:15</p> <p>unit [2] - 9:20; 46:6</p> <p>United [1] - 5:4</p> <p>UNITED [1] - 2:17</p> <p>units [22] - 9:21; 27:12, 25; 28:25; 29:2-4, 8; 31:4; 45:17; 46:12, 15, 23; 47:12; 48:1, 10, 12, 15; 49:3</p> <p>unless [3] - 16:21; 39:18; 71:4</p> <p>untrue [1] - 89:23</p> <p>up [44] - 6:17; 7:1; 15:8; 17:21; 23:20; 29:21; 31:18; 32:23; 41:11; 42:18; 43:17; 44:2; 45:24; 50:3; 61:23; 64:13, 15; 65:4, 9, 19, 22; 66:4, 7-8, 10, 15; 74:11; 81:3, 6; 85:21; 86:1; 87:22; 89:7, 19, 21; 90:2; 92:7; 100:2; 108:10; 111:2, 12, 19</p> <p>updated [1] - 10:16</p> <p>updates [2] - 11:11, 14</p>	<p>vetting [1] - 28:16</p> <p>viable [1] - 18:7</p> <p>violates [1] - 23:24</p> <p>virtue [1] - 109:10</p> <p>vision [1] - 109:23</p> <p>visit [3] - 66:11; 69:15</p> <p>voice [1] - 16:6</p> <p>voluminous [1] - 81:17</p> <p>volunteered [1] - 47:8</p> <p>VS [1] - 1:8</p>	<p>WEST [1] - 2:13</p> <p>whatnot [1] - 95:20</p> <p>whatsoever [1] - 95:24</p> <p>whereas [1] - 35:23</p> <p>whichever [1] - 90:3</p> <p>WHIT [1] - 3:9</p> <p>Whit [1] - 4:15</p> <p>whoa [1] - 32:8</p> <p>whole [8] - 8:21; 30:19; 60:11; 74:12; 78:14, 19-20; 107:5</p> <p>willing [11] - 9:12; 12:24; 24:24; 30:16, 18-19; 47:6, 20; 85:21; 103:8, 14</p> <p>wiping [1] - 86:14</p> <p>wish [1] - 10:11</p> <p>wishes [1] - 28:10</p> <p>WITHAM [1] - 3:21</p> <p>won [2] - 24:13, 18</p> <p>wonders [1] - 55:9</p> <p>wool [1] - 82:9</p> <p>word [5] - 26:3; 56:4; 67:6; 70:8; 102:25</p> <p>words [1] - 107:11</p> <p>worry [2] - 31:25; 49:12</p> <p>worth [1] - 10:13</p> <p>writ [1] - 87:18</p> <p>write [1] - 49:9</p> <p>writing [3] - 59:17; 83:12; 91:23</p> <p>written [11] - 10:3; 84:10, 17; 85:1; 97:10, 12; 103:7, 14; 104:11; 105:25</p> <p>wrongdoing [2] - 21:24</p>
V	W	Y
<p>vacate [4] - 79:4, 14; 107:13</p> <p>vacuum [1] - 109:10</p> <p>vague [4] - 12:22; 72:20; 73:2; 74:16</p> <p>value [6] - 10:8; 17:3, 8, 15, 22; 19:2</p> <p>variance [1] - 19:16</p> <p>variety [1] - 61:25</p> <p>various [3] - 90:21; 95:1, 3</p> <p>VENTURES [2] - 2:10</p> <p>Ventures [2] - 4:13</p> <p>versus [1] - 4:8</p> <p>vet [3] - 16:3; 21:5; 30:2</p>	<p style="text-align: center;">W</p> <p>wait [3] - 49:18; 90:12; 100:24</p> <p>walk [1] - 43:18</p> <p>walks [1] - 20:22</p> <p>wants [9] - 12:11; 20:13; 30:10; 35:2; 50:20; 71:21; 77:3; 91:22; 98:13</p> <p>war [1] - 17:1</p> <p>warms [1] - 36:9</p> <p>warranted [1] - 17:13</p> <p>warrants [1] - 26:15</p> <p>water [1] - 96:13</p> <p>Watts [9] - 5:1, 8; 28:22; 41:10; 44:2; 54:15; 76:19; 79:17; 88:23</p> <p>WATTS [23] - 2:21; 5:1, 23; 6:2, 10, 16; 21:17; 22:4, 7, 25; 24:22; 25:7, 11, 16, 22; 27:11; 28:11; 46:13; 51:5; 54:7, 24; 76:22; 112:5</p> <p>ways [3] - 27:23; 82:21; 109:24</p> <p>WEBER [1] - 3:4</p> <p>Wednesday [1] - 43:24</p> <p>week [13] - 6:11, 17-18; 10:13; 26:21; 29:14; 50:21; 51:25; 52:12, 21; 72:21; 98:2</p> <p>weekly [3] - 97:15, 20; 102:8</p> <p>weeks [18] - 10:18; 50:19; 51:10, 24; 52:11, 13, 21; 70:6; 73:5; 92:9; 93:4, 15, 21, 24; 98:22; 105:9, 13</p> <p>weigh [1] - 73:22</p> <p>weird [2] - 84:13; 85:3</p> <p>welcome [4] - 5:14; 39:24; 48:25; 80:1</p>	<p>year [1] - 60:5</p> <p>years [2] - 58:7</p> <p>yelling [1] - 82:6</p>
	Z	Z
		<p>Zimmitti [3] - 4:12; 89:20; 113:2</p> <p>ZIMMITTI [31] - 2:12; 4:12; 6:23; 32:18, 25; 33:11, 17, 23; 34:1, 4, 18; 36:12; 37:2, 4, 21; 38:18, 23; 51:18; 54:10, 14, 20, 25; 55:3; 56:8; 80:8; 81:1; 106:22; 107:8, 10, 16; 112:8</p> <p>Zimmitti's [1] - 114:6</p>

EXHIBIT – C

Reporter's Transcript - 5/31/2019

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

APPEARANCES (CONT)

FOR THE DEFENDANTS: GORIA WEBER & JARVIS
 BY: CHARLES F. GORIA
 1101 Camino del Rio South
 Suite 210
 San Diego, CA 92108
 GALUPPO LAW
 BY: LOUIS A. GALUPPO
 DANIEL WATTS
 2792 Gateway Road, Ste 102
 Carlsbad, CA 92009
REPORTED BY: KARA C. MYERS, CSR No. 14113
 Official Reporter Pro Tempore
 San Diego Superior Court

Reporter's Transcript - 5/31/2019

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

I-N-D-E-X

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

May 31, 2019

CHRONOLOGICAL INDEX OF WITNESSES

PAGE

GRIMES, BRAD, Court's Witness

DIRECT EXAMINATION

BY THE COURT 58

CROSS-EXAMINATION

BY MR. GORIA 65

BY MR. JOSEPH. 77

BY MR. WATTS 84

Reporter's Transcript - 5/31/2019

1 SAN DIEGO, CA; FRIDAY, MAY 31, 2019; 2:15 p.m.

2 THE BAILIFF: Court is now in session.

3 THE COURT: So this is generally the matter of
4 Razuki versus Malan, et al.

5 Let's go across the room. May I have full
6 appearances.

7 MR. ZIMMITTI: Good afternoon, Your Honor.
8 Salvatore Zimmitti for plaintiffs and interventions
9 SoCal Building Ventures, LLC, and San Diego Building
10 Ventures, LLC.

11 MR. HICKMAN: Good afternoon, Your Honor,
12 Michael Hickman on behalf of RM Property Holdings.

13 Can I ask a question, Your Honor?

14 THE COURT: Sure.

15 MR. HICKMAN: Do you mind if we sit in the box?

16 THE COURT: Yeah. No, no. Sit.

17 THE CLERK: Well, we have the jury notes.

18 THE COURT: Didn't you collect them, Matthew?

19 MR. ZIMMITTI: We won't look at them.

20 THE COURT: Promise?

21 MR. HICKMAN: Promise I won't look at them.

22 MS. GRIFFIN: Maura Griffin on behalf of
23 plaintiff Salam Razuki. He's present today.

24 THE COURT: Okay.

25 MR. JOSEPH: James Joseph on behalf of
26 plaintiff Salam Razuki.

27 MR. ELIA: Steven Elia for Mr. Razuki.

28 THE COURT: Back row.

Reporter's Transcript - 5/31/2019

1 THE RECEIVER: Mike Essary, receiver, Your
2 Honor.

3 MR. GRISWOLD: Richardson Griswold, counsel for
4 receiver.

5 And I wanted to alert the Court that, per the
6 Court's request, Brad Grimes is in attendance today.

7 THE COURT: Who's Mr. Grimes?

8 Mr. Grimes, thank you for coming, sir. I
9 appreciate it.

10 Counsel.

11 MR. GORIA: Good afternoon, Your Honor.
12 Charles Goria for Mira Este Properties, LLC, Chris
13 Hakim, and Roselle Properties, LLC.

14 We also have in attendance Jennifer Peltier,
15 who is the bookkeeper for the facility. And also Tina
16 Olson and Jennifer Hill, who are past and current
17 employees at the facility.

18 THE COURT: Thank you.

19 MR. WATTS: Good afternoon, Your Honor. Daniel
20 Watts for Ninus Malan and San Diego United Holdings and
21 related Malan entities, and Mr. Malan is here today as
22 well.

23 THE COURT: Thank you.

24 MR. GALUPPO: Your Honor, Louis Galuppo,
25 appearing on behalf of Mr. Malan and Malan related
26 entities.

27 Your Honor, I have a couple of housekeeping
28 things very fast if I could.

Reporter's Transcript - 5/31/2019

1 THE COURT: As long as they're fast.

2 MR. GALUPPO: They will be fast, I promise.

3 THE COURT: Go.

4 MR. GALUPPO: San Diego United Holdings
5 Corporation as well as Balboa Avenue Cooperative filed
6 Chapter 11s today.

7 THE COURT: Okay.

8 MR. GALUPPO: I have the notice to stay.

9 THE COURT: Okay. Hold on.

10 No, bring it.

11 Have you seen this?

12 MR. ELIA: No, Your Honor.

13 MR. JOSEPH: No, Your Honor.

14 MR. ELIA: And, Your Honor, those entities are
15 under receivership. They don't have the requisite
16 authority to file a Chapter 11.

17 THE COURT: I don't know.

18 MR. ELIA: I did suspect that they would do it
19 though, Your Honor.

20 THE COURT: Okay. Counsel, can I assume you
21 represent those parties?

22 MR. GALUPPO: No, you can't. We do not. We do
23 not do any debt or bankruptcy work whatsoever at our
24 firm.

25 THE COURT: Can I assume that attorney -- is it
26 Chillas?

27 MR. GALUPPO: Yes, Your Honor.

28 THE COURT: I'd assume he's representing both

Reporter's Transcript - 5/31/2019

1 those parties in the bankruptcy court, fair to say?

2 MR. GALUPPO: Yes, Your Honor.

3 THE COURT: When was this filed, may I ask?

4 MR. GALUPPO: It was earlier today.

5 THE COURT: All right. Thank you.

6 I'm gonna go on the registers of actions just
7 for a minute. It appears that these were filed, I would
8 assume.

9 Counsel, you're making the representation that
10 these were filed, correct?

11 MR. GALUPPO: Yes, Your Honor.

12 THE COURT: All right. Thank you.

13 All right. Give me two minutes.

14 Let's hear argument on whether I am stayed
15 today.

16 Just give me a second. I've got to go on the
17 register of actions for a minute.

18 All right. Position on behalf of -- and I'm
19 gonna start with you, counsel, since you brought it to
20 the Court's attention -- position on behalf of Balboa
21 Avenue Cooperative and on behalf of San Diego United
22 Holdings Group as to whether I am stayed or not today.

23 MR. GALUPPO: I believe you are stayed as to at
24 least those two today, Your Honor.

25 THE COURT: I would agree on that. But the
26 question -- well, I said that pretty quickly. I think I
27 agree that they were filed. The real issue is, though,
28 can I proceed with all of the other plaintiffs and

Reporter's Transcript - 5/31/2019

1 defendants in this case?

2 MR. GALUPPO: I don't have any answer. I
3 haven't even looked. I mean, I don't --

4 THE COURT: It goes both ways.

5 MR. GALUPPO: I'm being candid.

6 THE COURT: No, no. I've been down this path.

7 MR. ELIA: Your Honor, I do have the answer. I
8 suspected, given the evidence, that they would pull
9 something like this. So first of all, Your Honor --

10 THE COURT: Counsel, let's bring it out, okay?
11 Not -- just state your -- okay. Everybody.

12 MR. ELIA: Okay. Your Honor, for the record,
13 can we repeat who filed the Chapter 11 first, which two
14 entities?

15 THE COURT: First?

16 MR. ELIA: Or, I'm sorry, who -- which two
17 entities are we talking about?

18 THE COURT: Ready?

19 MR. ELIA: Yes.

20 THE COURT: Balboa Avenue Cooperative, a
21 California Corporation, is one; and the other is San
22 Diego United Holdings Group, LLC, a California
23 Corporation.

24 MR. ELIA: Okay, Your Honor. Both of those
25 entities are under the direction of the receivership. A
26 corporation or LLC must act through the -- must pass a
27 resolution either through the board of directors with
28 their members. They cannot just go into bankruptcy

Reporter's Transcript - 5/31/2019

1 court and file. They don't have the authority, first of
2 all.

3 Second of all, I actually have the Rutters
4 Group here, and I could read it to the Court or I can
5 provide my iPhone to the Court but -- which do you
6 prefer, Your Honor? -- on the very issue of whether he
7 can move forward on the other defendants. And I have
8 the answer; it's right here.

9 THE COURT: Just read it.

10 MR. ELIA: Okay. Non-debtor third parties
11 generally unprotected, with limited exceptions, the
12 automatic stay protects only the debtor, the debtors at
13 stake, and some property of the debtor. It does not
14 prohibit the debtors creditors from taking actions
15 against non-debtors, even aware the non-debtors are
16 closely related to the debtors. And it cites a case in
17 re Chugach Forest Products, Inc.

18 So, Your Honor, for these reasons, I think you
19 do have jurisdiction, I think the bankruptcy was filed
20 without authority, and I think we can move forward as to
21 all the other defendants and the parties.

22 THE COURT: Counsel, who signed -- here it is.
23 So Mr. Malan signed the bankruptcy on behalf of San
24 Diego United, correct?

25 MR. GALUPPO: To the best of my knowledge, Your
26 Honor.

27 THE COURT: And we notice that Mr. Malan also
28 signed it on behalf of Balboa, correct?

Reporter's Transcript - 5/31/2019

1 MR. GALUPPO: Yes, Your Honor, to the best of
2 my knowledge.

3 MR. ELIA: Those issues are not before the
4 Court. These are for Balboa, not for Mira Este, Your
5 Honor. We're here today for Mira Este as well as Balboa
6 too.

7 THE COURT: I got it. I understand.

8 MR. GORIA: Your Honor, just -- just so that I
9 have my position recognized, this is the first I've
10 heard of the bankruptcy. We -- surprise, surprise, I
11 concur with Mr. Elia. I think we can go forward with
12 Mira Este today. They're not affected by the
13 bankruptcy.

14 The issue before Mira Este is not inextricably
15 intertwined with the proceedings of Balboa, in other
16 words.

17 THE COURT: So let's get everybody's position
18 and the Court will decide.

19 SoCal, you got any position?

20 MR. ZIMMITTI: As to Mira Este?

21 THE COURT: Um-hmm.

22 MR. ZIMMITTI: Yes, we do. We believe that
23 they should be -- that Synergy should be removed and
24 the --

25 THE COURT: Okay. The only issue is do I have
26 the -- I don't even want to say that.

27 MR. ZIMMITTI: Jurisdiction?

28 THE COURT: No, because that's -- any objection

Reporter's Transcript - 5/31/2019

1 to the Court proceeding today on Mira Este?

2 MR. ZIMMITTI: No objection, Your Honor.

3 THE COURT: That's the right question.

4 RM?

5 MR. HICKMAN: No objection, Your Honor.

6 THE COURT: Razuki?

7 MS. GRIFFIN: No objection, Your Honor.

8 THE COURT: Receiver?

9 MR. GRISWOLD: No objection, Your Honor.

10 THE COURT: The interesting issue -- I've been
11 down -- I've done this before and there are some cases
12 where I've stayed the whole case where appropriate
13 because there's so much going on, and there's other
14 cases, no.

15 So bankruptcy or not, let's proceed with all
16 the other defendants. I've done it both ways, counsel.

17 The interesting issue here though is what you
18 brought up, wait a minute, whether he has the authority
19 if he's under the control of the receivership. I
20 haven't had that. That's an interesting issue.

21 Your position on proceeding today, Mr. Gorja,
22 on behalf of your client?

23 MR. GORJA: We would prefer to go ahead today,
24 Your Honor.

25 THE COURT: Counsel?

26 MR. WATTS: I don't have a position on that
27 but --

28 THE COURT: Fair enough.

Reporter's Transcript - 5/31/2019

1 MR. WATTS: -- I -- as an officer of the court,
2 I feel I should remind the Court that the -- the RM
3 transfer agreement says that both entities shared are
4 supposed to be put into this holding company. The
5 agreement affects both of them.

6 Their complaint alleges alter ego allegations,
7 it alleges conspiracy allegations, it alleges that
8 people are acting as agents of one another. I don't
9 know whether that affects it, but I think it's important
10 someone say that to you.

11 THE COURT: Thank you, Mr. Watts.
12 Counsel, your position?

13 MR. GALUPPO: I agree with Mr. Watts.

14 THE COURT: Okay. We're gonna proceed today.
15 Court makes the ruling. Let's go.

16 I show three issues before the Court. And
17 we're gonna -- first issue is the receiver's motion for
18 the termination of the Mira Este operator. I think
19 that's been accomplished already, has it not, except for
20 arguing?

21 MR. GRISWOLD: It has, Your Honor.

22 THE COURT: And so Synergy is already out; is
23 that a fair statement?

24 MR. GRISWOLD: Synergy is out and counsel for
25 Synergy is observing today if you want any further
26 clarification, but I can report for Synergy, Your Honor.

27 THE COURT: You don't have to say a word,
28 counsel. I appreciate it.

Reporter's Transcript - 5/31/2019

1 The other motion is defendants' motion to
2 remove the receiver.

3 MR. GORIA: Yes, Your Honor.

4 THE COURT: And then I would like to hear
5 argument because I've done -- been doing some research
6 on this. I will call it a quasi standing issue. This
7 is what was brought up in front of the Court. And I
8 understand who did what; I understand the dynamics. The
9 question is, though, this is a -- I'm talking about RM.

10 Who's RM? You are a canceled corporation; is
11 that a fair statement?

12 MR. HICKMAN: A canceled, allegedly, limited
13 liability company.

14 THE COURT: Right. Well, when you say
15 "allegedly," I'm looking at documents from the Secretary
16 of State that say it's canceled.

17 MR. HICKMAN: That is correct.

18 THE COURT: Allegedly there could be some
19 fraud. I think I understand your position.

20 Fair statement?

21 MR. HICKMAN: Yes.

22 THE COURT: The question is, Does the Court
23 have jurisdiction to proceed if it is a, quote/unquote,
24 canceled LLC?

25 In doing my research, the Court looked clearly
26 at government -- strike that -- Corporations Code
27 17707.06(a). The question is -- I'd like to hear short
28 argument -- key word, "short argument" -- on whether I

Reporter's Transcript - 5/31/2019

1 can proceed on the basis of whether or not a canceled
2 LLC, if it's winding down, can continue to defend a
3 lawsuit. Short argument.

4 And we will start with RM if you want to say
5 anything.

6 MR. HICKMAN: Sure. I don't know what more
7 could be said than what's said in the papers.

8 You have the specific statutory provision in
9 17707.06, Subdivision (a). You also have Subdivision
10 (b), which provides that no cancellation of an LLC shall
11 be a basis for abatement of an action by or against the
12 limited liability company. And that's exactly what this
13 is.

14 In our moving papers, we cited specific case
15 authority explaining that the cancellation or
16 dissolution of a business entity is a basis for a plea
17 in abatement that an adverse party can raise to abate
18 that claim. It is not a matter of standing. It is at
19 most a matter of capacity to sue, and it doesn't
20 actually apply here because you have this very specific
21 statute.

22 The claims that are at issue in both RM's
23 cross-complaint, which really isn't particularly germane
24 to the entry of default -- but even the claims that are
25 at issue in the cross-complaint against RM, which is
26 germane to the entry of default, those claims relate
27 directly to whether RM owns or has an ownership interest
28 in certain property; that is, the ownership of which is

Reporter's Transcript - 5/31/2019

1 being disputed by multiple parties.

2 So even if you assume for purposes of
3 discussion and analysis that the cancellation of RM was
4 effective, we're still talking about an action that
5 would be appropriate under the Corporations Code section
6 we're discussing because that action effects the
7 ownership of property and part of the winding up process
8 under the authorities cited by Malan and the other
9 parties in opposition is gathering up all your assets,
10 figuring out what they are, and then liquidating or
11 distributing them.

12 So this case goes right to the heart of that.
13 There is absolutely nothing that prevents this Court
14 from setting aside the default simply because RM's been
15 canceled.

16 THE COURT: I'm gonna break it down into two
17 issues. The first issue is whether I should proceed
18 because of the cancellation. If we move forward from
19 there, after I hear full argument, then we'll talk about
20 setting aside the default.

21 Understand?

22 MR. HICKMAN: Okay.

23 THE COURT: I appreciate that.

24 I'm not gonna -- you join in that; I've read
25 that.

26 By the way, just so you know, I've read all of
27 this; especially the 93 pages.

28 What's your position?

Reporter's Transcript - 5/31/2019

1 MR. GORIA: In the first instance, I might want
2 to defer to Mr. Watts and since --

3 THE COURT: Then we'll go to Mr. Watts.

4 MR. GORIA: Okay. I would just say, though,
5 that I think that if RM is not a proper party, doesn't
6 have standing, then they're not a party to the
7 injunction, but they -- but I believe that Mr. Razuki
8 certainly has no standing to maintain the current
9 injunction order. He's not RM Properties and RM
10 Properties has the claim if it can get around the
11 cancellation issue.

12 THE COURT: Thank you.

13 Mr. Watts, sir.

14 MR. WATTS: LLCs are an entity of a definite
15 duration. They don't have perpetual life. When they
16 are canceled and wound up and dissolved, they end; their
17 ability to do business in California ends.

18 Seventeen -- this Subsection (a) says that a
19 limited liability company that's filed a certificate of
20 cancellation exists only for the purpose of winding up
21 its affairs. It cannot do business except so far as
22 necessary for its winding up, and defending against an
23 action is not necessary for its winding up when the
24 company has already wound up. It's already wound up.

25 That -- we cite a case in our -- we cited cases
26 in our briefing explaining that when an entity gets in a
27 situation that this one is in, when it's been dissolved
28 and canceled -- not just these certificates being filed

Reporter's Transcript - 5/31/2019

1 but the Secretary of State says it's canceled -- its
2 powers and its privileges have ceased in California.
3 That's what the Secretary of State says. Then the
4 entity cannot do anything because it already has wound
5 up. It's already dead.

6 And that's why they've filed a petition to try
7 to resurrect it. They know that they have to resurrect
8 it; otherwise, why did they file the petition. They
9 filed the petition because they know that's a necessary
10 step; getting that petition granted. Restoring its
11 ability to do business in California is a necessary
12 precondition for it to appear in this lawsuit and to do
13 the things that it wants to do in this lawsuit, which is
14 not wound up. They want to grab assets and conduct
15 business because they don't think they -- they should
16 have wound up, because "they" is really Salam Razuki.
17 The entity is dead. That's why there's that petition.
18 That's why there's that process.

19 Now if that petition had been granted and the
20 LLC had been resurrected and started up again, then it
21 could appear in the action. But until that's done, it's
22 not there. It's not a thing that can file, request for
23 entry of default, or to set aside a default or file its
24 own cross-complaint. Its life is over and it doesn't
25 have -- it's not just standing, but it doesn't have the
26 capacity to do anything. It's a dead person. It's --
27 like a dead person can't come in here and start
28 defending against itself, neither can an LLC that's

Reporter's Transcript - 5/31/2019

1 already been canceled, wound up, and dissolved. Its
2 life is over.

3 THE COURT: Did you want to say something,
4 counsel?

5 MR. GALUPPO: Yes, thank you, Your Honor.

6 Two issues. One, if we're arguing -- it seems
7 like we're arguing the petition to revive the entity
8 today and I hope that's not the case.

9 THE COURT: It's absolutely not.

10 MR. GALUPPO: Okay.

11 THE COURT: It's whether they have the right to
12 defend if they are a canceled -- allegedly canceled LLC.
13 That's all.

14 MR. GALUPPO: The only purpose for them to
15 defend, if in fact this Court finds it, is if they have
16 affairs to wind up. There are no affairs to wind up,
17 Your Honor. There is no entities that were ever put
18 into RM Holdings either by Mr. Razuki or by Mr. Malan.

19 This right now -- and the truth of the matter
20 is RM Holdings is the only -- only entity that has
21 standing on their side to even have brought this
22 receivership to begin with. That's the things that
23 we've been talking about along the way.

24 Mr. Razuki, in his papers, said, no, RM
25 Holdings is nothing, we're gonna dissolve it. When they
26 finally figured it out, after a conversation I had with
27 Mr. Daley regarding who had standing, then what they did
28 was they dismissed the dissolution action and then they

Reporter's Transcript - 5/31/2019

1 filed -- they filed papers in this action.

2 Now I've been talking with Mr. Daley straight
3 up about whether or not to set aside the default, okay?
4 Been straight up and honest with him. I said, you get a
5 petition and the petition is granted, we will set aside
6 the default but the petition needs to be granted,
7 because these folks need to prove -- literally prove
8 with real evidence that in some manner or another RM
9 Holdings needs to exist because it has things to wind up
10 when in fact, at one point in time, they made the
11 decision to dissolve.

12 I think there's too many competing factors at
13 this point, Your Honor.

14 THE COURT: Response, RM?

15 MR. HICKMAN: Your Honor, if Mr. Watts'
16 interpretation -- and I'm not sure what the
17 interpretation is, but if what Mr. Watts was saying
18 about 17707.06(a) were true, the statute would be
19 utterly meaningless. He says as soon as the certificate
20 of cancellation is filed, the LLC is dead, the LLC can't
21 prosecute, the LLC can't defend.

22 The statute contemplates that an LLC as to
23 which a certificate of cancellation has been filed can
24 prosecute or defend as long as the action is somehow
25 related to the winding up of the LLC and its affairs.

26 Then we go to Subdivision (b) -- and I know I'm
27 repeating myself, but it bears repeating -- which says
28 cancellation is not a basis for abatement. That's --

Reporter's Transcript - 5/31/2019

1 they're trying abatement on steroids by saying you can't
2 get yourself out of default.

3 So -- and then there's this: In all of the
4 authority that they have cited from other states, other
5 states where there wasn't an express provision that
6 allowed for post termination, cancellation, prosecution
7 or defensive actions -- but in all of the authorities
8 they've cited, they haven't showed you one single case
9 that reaches the conclusion that they want you to reach
10 here today, which is that the LLC cannot prosecute or
11 defend itself. There's not a single case cited that
12 holds that.

13 And so to take that leap, Your Honor, I think
14 would be a little bit of a bold step on this record.

15 THE COURT: Thank you. I think the record is
16 fully protected. Everyone has stated their positions on
17 this.

18 First of all, thanks for bringing a court
19 reporter so I can be very clear for any type of
20 appellate review.

21 In looking at Corporations Code Section
22 17707.06(a) and (b), the Court finds that RM Holdings
23 does have the right to defend against a lawsuit, so you
24 will be able to proceed.

25 Now with that, counsel, do you still agree to
26 set aside the default or not, or do we want to hear
27 argument on that?

28 MR. GALUPPO: I thought you -- I believe you

Reporter's Transcript - 5/31/2019

1 just made the ruling because we --

2 MR. WATTS: We object to setting aside the
3 default on the same grounds.

4 MR. GALUPPO: Okay. Well, I thought that's
5 what this hearing was.

6 THE COURT: It is.

7 MR. GALUPPO: Well then --

8 THE COURT: Is there anything else you want to
9 say?

10 MR. GALUPPO: I have nothing else to say.

11 THE COURT: Anything else you want to say?

12 MR. WATTS: No, Your Honor.

13 THE COURT: Thank you.

14 You have filed a proposed answer, have you not?

15 MR. HICKMAN: It is an exhibit to our moving
16 papers.

17 THE COURT: You've got ten days to file an
18 answer.

19 MR. HICKMAN: Very good. Thank you.

20 THE COURT: You're welcome.

21 All right. One down, two to go.

22 Let's talk about the receiver's motion to
23 terminate the Mira Este operating. I guess give me a
24 short recap on what's been going on, and I assume that
25 that is almost a moot issue.

26 MR. GRISWOLD: Yes. Just to reiterate that
27 point, Synergy, the former operator at Mira Este, has
28 vacated the facility and is formally stopped from

Reporter's Transcript - 5/31/2019

1 performing any management services at Mira Este.

2 So between our last hearing and today, the
3 receiver has been in control of the facility and waiting
4 for today's hearing for the Court to determine Defendant
5 Hakim's motion to remove the receivership from Mira
6 Este.

7 So from that standpoint, the receiver has been
8 doing as much as possible to prepare himself and the
9 receiver's estate for this hearing.

10 If the receivership stays in effect at Mira
11 Este, the receiver's already been speaking to potential
12 third-party operators to step in immediately for the
13 Mira Este facility as well as putting in place all the
14 necessary steps that we talked about at the last hearing
15 as to outstanding excise taxes and getting a proper team
16 in place at the facility so we can proceed with
17 operating at Mira Este.

18 THE COURT: So does anyone in the courtroom
19 object to the Court finding that the receiver's motion
20 to terminate the Mira Este operator, which would be
21 Synergy, is moot because Synergy has withdrawn?

22 MR. GORIA: No objection, Your Honor.

23 MR. ELIA: No objection.

24 MR. WATTS: No objection.

25 MR. JOSEPH: No objections.

26 THE COURT: Thank you. For the record then,
27 it's moot.

28 Let's move to the last issue. Am I on track,

Reporter's Transcript - 5/31/2019

1 everybody, with the last issue?

2 Thank you.

3 Let's talk about defendant's motion to remove
4 the receiver. Hold on.

5 MR. GRISWOLD: Your Honor, I'm sorry to
6 interrupt, but just -- might just be a housekeeping
7 issue, but I just want to make sure that based on the
8 bankruptcy filings by Balboa Avenue Cooperative and San
9 Diego United Holdings, there was supposed to be one more
10 issue for today and that was going to be the receiver's
11 report and recommendation for the sale approval --
12 approval of the sale of the Balboa Avenue Dispensary,
13 which, of course, as the Court knows, it was going to be
14 a sale of course of the property itself, which I believe
15 is held in title by San Diego United Holdings Group, as
16 well as of course the cannabis licenses that are held by
17 Balboa Avenue Cooperative.

18 So if I heard the Court correctly, the Court
19 was -- at least for today's purposes, considered it
20 stayed as to those two bankruptcy filing entities. I
21 would assume the issue of a sale approval of Balboa
22 Avenue Dispensary is on stay at least for this afternoon
23 until further briefing.

24 THE COURT: Well, let me give you the Court's
25 position and then anyone feel free to jump in.

26 Clearly, because the license is held by San
27 Diego --

28 MR. GRISWOLD: By Balboa Avenue Cooperative.

Reporter's Transcript - 5/31/2019

1 THE COURT: I apologize. By the entity that
2 filed bankruptcy, that is an asset and it's a major
3 asset. And now that would be under the jurisdiction of
4 the bankruptcy court.

5 Anyone disagree with that analysis?

6 MR. ELIA: I do, Your Honor.

7 THE COURT: Okay.

8 MR. ELIA: And I say that because there's a
9 court order that says Mr. Essary is to operate these
10 entities. He cannot -- Mr. Malan cannot file -- cannot
11 sign a bankruptcy petition. That would be contempt of
12 this Court's order.

13 THE COURT: Okay. I would feel
14 uncomfortable -- I understand your position, counsel. I
15 would feel uncomfortable moving ahead especially when
16 I've got a license that's worth how much?

17 MR. ELIA: Millions.

18 THE COURT: Millions. Okay. So I will come
19 back to this issue. You're probably gonna have to brief
20 it to see if I have jurisdiction to see if it stays with
21 me.

22 And the big issue, I tend to agree, is whether
23 Mr. Malan had the authority to do that when they were
24 under the jurisdiction of the bankruptcy court. That's
25 the issue before the Court. I'll talk about a date.

26 Can we -- so hold on. But that really doesn't
27 have any -- does that have any effect, Mr. Gorla, on me
28 moving forward?

Reporter's Transcript - 5/31/2019

1 MR. GORIA: No, Your Honor.

2 THE COURT: I don't think so either.

3 Does everyone agree with that?

4 MS. GRIFFIN: Yes.

5 THE COURT: All right. Let's do some work.

6 The note was maybe the bankruptcy should know
7 what I'm doing over here.

8 MR. GORIA: Yes, Your Honor.

9 THE COURT: Which is probably a really good
10 idea.

11 MR. GRISWOLD: Your Honor, one more: It's an
12 obvious issue but while we consider a date and further
13 briefing as to the bankruptcy filing, Mr. Essary is in
14 control of the property, the actual Balboa Avenue
15 Dispensary property, which is owned by San Diego United
16 Holding and, of course, as of the last hour, in control
17 of the license.

18 If the license is considered part of this
19 bankruptcy estate, Mr. Essary needs further direction
20 from this Court or the bankruptcy court as to his
21 direction of the current operator of the property and
22 the license at the Balboa Avenue Dispensary.

23 THE COURT: If the bankruptcy court -- this is
24 the issue: If the filing of the bankruptcy was
25 proper -- and I don't know whether it is or not --
26 clearly that's an asset under the jurisdiction of the
27 bankruptcy. You'd have to go talk to the bankruptcy
28 judge. That's my initial reaction.

Reporter's Transcript - 5/31/2019

1 MR. GRISWOLD: I'm gonna ask one more thing of
2 the Court given these circumstances, is that previous in
3 this case the receiver had requested permission of the
4 Court to retain cannabis counsel, a cannabis consultant.

5 THE COURT: Um-hmm.

6 MR. GRISWOLD: Months ago in this case the
7 cannabis consultant was considered to be the Austin
8 Legal Group. They were assisting with the licensing of
9 the Balboa Avenue Dispensaries as well as the Mira Este
10 facility. And that was going on and has been going on
11 without really any issue. Their services have been
12 completed based on being prepaid by some of the entities
13 within this receivership.

14 On a go-forward basis, the receiver would like
15 the permission of the Court to retain a cannabis
16 consultant and, very specifically, I personally will be
17 using this consultant to determine some of these
18 licensing issues, the effect from the state on the local
19 level when a license potentially is an asset of a
20 bankruptcy estate.

21 So I'm asking the Court for permission to --
22 for the receiver to hire a cannabis consultant.

23 THE COURT: Okay. I'm not too sure that's in
24 front of the Court today just so you know, but you can
25 put that on. I can try to fast-track it.

26 Did you have someone in mind I assume?

27 MR. GRISWOLD: Yes. Aaron Lachant. He --
28 well, he has provided services in this case already and

Reporter's Transcript - 5/31/2019

1 he was approved for prior services to the receiver. His
2 retainer was run-through by the receiver. He has a
3 consulting company that is -- I can let counsel for
4 SoCal speak to it -- but somehow related to counsel for
5 SoCal. It's been an issue before this Court before; I
6 bring that out in full disclosure.

7 But it's a cannabis consultant that is actually
8 familiar with this case and these complex issues.
9 That's why I propose him.

10 THE COURT: No argument.

11 Does anyone object?

12 MR. GORIA: Yes, we'd object, Your Honor.

13 MR. WATTS: Yes.

14 THE COURT: I won't do this ex parte. They
15 just got notice of it. Just like I wouldn't do the
16 other. It's not fair. So we'll fast-track it as fast
17 as I can.

18 MR. GRISWOLD: Understand, Your Honor.

19 THE COURT: Here's the concern -- let me just
20 one more. What's gonna happen to the buyers? My
21 goodness.

22 THE RECEIVER: Your Honor, may I?

23 One of the -- the sale obviously being stayed
24 permanently, temporarily, waiting for us to tell you,
25 whatever, Your Honor, which I've done all of those, I
26 think some of them in your particular court. That's not
27 a big deal because that's a due diligence. That's not
28 gonna affect the asset negatively.

Reporter's Transcript - 5/31/2019

1 The operations, however, which were depleted,
2 which were shut down, which were in jeopardy of losing
3 that license which is worth \$6.25 million is now active.
4 I've revived it. It's ready to be used, and it has to
5 be used by somebody or it will expire. We have those
6 people. They're ready to open shop on Monday. They've
7 already paid the money, made the loan. I've already
8 paid the loans.

9 THE COURT: How much was the loan?

10 THE RECEIVER: A million dollars which was
11 recorded against the property per the Court's order.

12 THE COURT: Okay. I'll take care of it.

13 THE RECEIVER: Thank you, Your Honor.

14 MR. WATTS: I'll save it all for briefing, Your
15 Honor. I have lots of questions I will ask but I will
16 save it for briefing because I don't believe certain
17 things, so...

18 THE COURT: SoCal?

19 MR. ZIMMITTI: Your Honor, we are -- you know,
20 obviously we're fully on board with Balboa operating
21 under the new operator, CBDCA. However, SoCal does
22 object to the sale.

23 And to the extent we're not ready to get into
24 that today, I could reserve those objections for another
25 time, but they are independent of this bankruptcy issue
26 as to why we feel this sale should not go forward.

27 THE COURT: Is it possible -- thank you, sir.

28 Is it possible to do a short-term lease, month

Reporter's Transcript - 5/31/2019

1 to month, so you at least get it running and then I can
2 deal with the sale later, Receiver?

3 MR. GRISWOLD: Yes, Your Honor. It's currently
4 under a month-to-month lease for the operator to pay
5 \$40,000 a month.

6 THE COURT: I remember. Yeah, yeah, yeah.
7 Okay.

8 MR. GALUPPO: Your Honor, this is under the
9 jurisdiction of the bankruptcy court and under -- under
10 five -- I believe it's 543, but they can follow up -- as
11 of the moment that was filed, they were discharged in
12 any way. So if CC -- if CDBCA -- and I apologize --
13 Inc., they should be working with bankruptcy counsel and
14 that is something that they could do either with
15 Mr. Malan or with Mr. Tucker right here.

16 So -- so there's -- the idea is to keep the
17 license in tact. Okay. That's the idea. And to keep
18 the dispensary in tact when RM Holdings seems to bring
19 things forward.

20 THE COURT: So who's gonna pay the \$500,000
21 before that goes in -- before we lose that license?

22 MR. WATTS: It becomes a bankruptcy.

23 MR. GALUPPO: Well, no, that's not -- that's
24 related to Mira Este. That's not related to -- the
25 license is not in jeopardy whatsoever.

26 THE COURT: Is Balboa license in jeopardy?

27 MR. GALUPPO: No.

28 MR. GRISWOLD: Not from a financial standpoint.

Reporter's Transcript - 5/31/2019

1 An issue that's been brought forward several times is if
2 a dispensary is not active and open --

3 THE COURT: Okay.

4 MR. GRISWOLD: -- for a 30-day consecutive
5 period, its license is at risk.

6 Based on what counsel is saying now, not
7 exactly sure what kind of consult the receiver can use
8 if it's stated that it's part of the bankruptcy estate.
9 I'm not exactly sure who's gonna be operating that
10 license.

11 THE COURT: And what happens if -- the state
12 just takes it, right? Assuming it's not, could the
13 state come in and take this, do you know that?

14 THE RECEIVER: Well, they invalidate the
15 license and of course there's a pool of available
16 licenses and such and that can go up and down depending
17 what's out there. I've been in direct contact with the
18 state representative from I think BCC -- you know,
19 dealing with them, filing the taxes that were not filed,
20 paying the taxes that were not paid, conducting small
21 operations that I can report so that we maintain the
22 consistency of the continuity of the license.

23 My concern is that situation -- the entire
24 situation -- like the operators, they've just bought a
25 whole bunch of product to put into that operation -- is
26 it their property? Are the defendants going to be
27 trying to take that through bankruptcy? It's so complex
28 and it has been mishandled in the past, Your Honor.

Reporter's Transcript - 5/31/2019

1 Again, my suggestion -- I don't know how it
2 happens with state court and bankruptcy court, but I've
3 frequently served as a custodian in a transition between
4 state and bankruptcy. That would be my suggestion
5 because if it goes to the third parties again -- or to
6 the parties again, I -- it's in jeopardy. I'm sorry.

7 THE COURT: That's not gonna happen.

8 Ready? I want you to -- I want you to -- the
9 receiver's attorney. I want you to contact the -- has
10 it been assigned to a bankruptcy court yet?

11 MR. GALUPPO: We don't -- I don't -- to a
12 judge, Your Honor?

13 THE COURT: Yeah.

14 MR. GALUPPO: On those cases where we -- I
15 don't think it's been assigned. It may be assigned now
16 but it wasn't assigned when I looked at those papers.

17 THE COURT: And then we need a -- who's gonna
18 be -- do we know who the trustee is?

19 MR. GALUPPO: There is no trustee. It's a
20 debtor in possession at this point, Your Honor.

21 MR. GRISWOLD: I don't -- did counsel bring
22 additional copies of that notice or just one for the
23 Court?

24 THE COURT: We can make copies.

25 MR. GALUPPO: It was handed to me.

26 THE COURT: Here's what we want done, okay?
27 Contact the bankruptcy court. I'll leave it that broad.

28 My thought would be is that to allow the

Reporter's Transcript - 5/31/2019

1 receiver to at least continue operating so that the
2 license doesn't go into jeopardy; otherwise, you all
3 lose. Period. Okay?

4 MR. GRISWOLD: Yes, Your Honor.

5 THE COURT: And you got to do that as soon as
6 possible.

7 Here you go, Matthew.

8 Okay?

9 MR. GRISWOLD: Yes, Your Honor.

10 THE COURT: I also want to set a briefing
11 schedule. You ready? I'm out of the country, so let's
12 do it on -- is June 28th? That's the soonest I can do
13 it.

14 MR. GALUPPO: What's the briefing schedule for,
15 Your Honor?

16 THE COURT: Whether the authority -- whether
17 Mr. Malan had the authority to file a bankruptcy when
18 the entity was under the control of the receiver.

19 MR. GALUPPO: I don't think -- I don't think --
20 I think there's jurisdictional related issues we have to
21 go through, so I've been -- okay. Just bear with me for
22 one minute.

23 THE COURT: Go ahead.

24 MR. GALUPPO: I've been doing this for 30
25 years. I've represented Wells Fargo all the way down to
26 ma and pa creditor and dealt with all these other
27 issues. The state court doesn't have the right to make
28 those determinations. They're now with the bankruptcy

Reporter's Transcript - 5/31/2019

1 court as to those issues. If any of these people here
2 want that to move forward, they need to go to the
3 bankruptcy court and have that conversation.

4 Now if the bankruptcy court kicks that issue
5 back, then it kicks the issue back, but it's with the
6 bankruptcy court.

7 THE COURT: Thank you. Your brief should be
8 very short then I would think.

9 Okay. Done.

10 Last issue, ready? Finally.

11 Mr. Gorla, your motion to receive -- to relieve
12 the receiver on Mira Este.

13 MR. GRISWOLD: I'm sorry. Just real quick, so
14 June 28th there's a hearing at 1:30?

15 THE COURT: Yeah, 1:30.

16 MR. GRISWOLD: 1:30. Got it.

17 THE COURT: On whether I am stayed by the
18 filing of the bankruptcy by Mr. Malan on behalf of San
19 Diego United and Balboa, the other entity.

20 Everybody got it?

21 MR. JOSEPH: Your Honor, sorry. Just to --
22 just so I understand, who's the moving party?
23 Opposition? For briefing schedule purposes.

24 THE COURT: On the Court's motion.

25 MR. JOSEPH: Court's motion.

26 THE COURT: So ready? Let's have anyone that
27 wants to file a brief will be filing by the 14th. Any
28 opposition on those -- to any brief will be done on the

Reporter's Transcript - 5/31/2019

1 21st.

2 MR. JOSEPH: Thank you, Your Honor.

3 THE COURT: You're welcome.

4 MR. ZIMMITTI: Your Honor, one more piece of
5 housekeeping. So then the hearing on the sale and
6 approval of the sale, then that will be postponed and
7 continued?

8 THE COURT: Absolutely.

9 MR. ZIMMITTI: Thank you.

10 MR. HICKMAN: Time on the 28th, Your Honor?

11 THE COURT: 1:30.

12 Thank you, everybody, for your patience.

13 Finally, let's go.

14 MR. GORIA: Your Honor --

15 THE COURT: This deals with Mira Este.

16 MR. GORIA: Right. Yes.

17 And, as you know, we brought this and the Court
18 issued its tentative on May 9th, which was to remove the
19 receiver from Mira Este and put Mr. Hakim in there
20 alone. There were some certain conditions. He wasn't
21 to coordinate or work with Mr. Malan. He certainly
22 wasn't to work with the receiver. He was to be the
23 operator. He was basically being reinstated as the
24 managing member of Mira Este.

25 THE COURT: Let's slow down. Was that the
26 ruling of the Court?

27 MR. GORIA: Yes, Your Honor.

28 MR. ELIA: That was before all the evidence

Reporter's Transcript - 5/31/2019

1 came out of the black-market operations, Your Honor.

2 THE COURT: Let's continue.

3 MR. ELIA: It was tentative, Your Honor.

4 THE COURT: Go ahead. I'm not gonna interrupt.
5 Go ahead.

6 MR. GORIA: So that was the tentative ruling.

7 THE COURT: There we go.

8 MR. GORIA: And since then -- since then, there
9 have been three matters that have come to light --
10 probably a few more, but three major matters that have
11 come to light.

12 As you know, one of the bases for us bringing
13 the application that was heard on May 9th was that the
14 receiver had neglected to pay the annual franchise tax
15 fee which had led to the suspension of California
16 Cannabis Group.

17 I reminded the receiver in November, you got
18 this suspension status, please do something about it,
19 and he did nothing about it. Nothing and nothing until
20 I filed the application in early May, earlier this
21 month.

22 Finally -- finally, he went ahead and brought
23 the California Cannabis Group current with the Franchise
24 Tax Board. Seven -- six or seven months it was
25 suspended; couldn't transact business. We don't know
26 exactly what the fallout from that is. We don't know
27 what kind of contracts that might be voidable because
28 CCG had no authority to transact business during that

Reporter's Transcript - 5/31/2019

1 time.

2 So that was the first major ball-dropping, if
3 you will, by the receiver, at least the first one that
4 was brought to the attention of the Court.

5 After May 9th, we started looking at the excise
6 tax situation. And what has happened -- and the
7 California Department of Tax and Fee Administration,
8 which is the successor to the Board of Equalization,
9 CDTEFA, notified Mr. -- notified the receiver,
10 Mr. Essary, that, hey, look, you know, a receiver has to
11 file excise tax returns and pay excise taxes just as if
12 he were the owner, please do so. Because the excise
13 taxes hadn't been paid, no returns had been filed by the
14 receiver for the fourth quarter of 2018 or the first
15 quarter of 2019.

16 Okay. We have since been able to determine
17 that the amount of excise tax is due is \$473,000 that is
18 unpaid.

19 But that's not the worst part of it. The worst
20 part of this whole operation, this whole receivership is
21 that 419,000 of that amount has been collected from the
22 producers and is gone. It's gone. We don't know what
23 Synergy did with it. We don't -- you know, the receiver
24 was, quite frankly, asleep at the switch. It was the
25 receiver's duty to collect that money and pay it to the
26 state. The receiver didn't do it and now that facility
27 is facing a 420,000-dollar tax liability with no readily
28 accessible means of satisfying it unless Mr. Maloney can

Reporter's Transcript - 5/31/2019

1 stand up here and say that Synergy's ready, willing, and
2 able to write out a check for 419,000.

3 But we blame the receiver as much as -- well,
4 I'm not gonna -- I'm not gonna engage in any
5 embellishment. The receiver is at fault. Synergy is
6 number one on the list, because they apparently took
7 this money and did something wrong with it. They either
8 used it to pay operating expenses or did something else
9 even worse, but the money's gone. But the receiver also
10 had an obligation to make sure that that money was put
11 to its proper use.

12 So we have the Franchise Tax Board issue, we
13 have the Excise Tax Board issue. There's a third issue
14 that's significant to me. I don't know if it's so
15 significant to other people, but we had the receiver
16 disclose that -- receiver's attorney disclose that the
17 receiver had signed, notarized, and recorded a
18 500,000-dollar trust deed against the Balboa property.
19 This was in conjunction with SoCal's agreement to go
20 ahead and serve as the -- you know, the manager of
21 Balboa. Remember we had that hearing several months ago
22 where SoCal said, yes, we'll go ahead and do it? And
23 part of the deal was that SoCal would loan the receiver
24 \$500,000 to pay expenses.

25 Well, SoCal, as they are prone to do, reneged
26 on the deal just like they reneged last year. But they
27 reneged on the deal with Balboa and reneged on the loan
28 of \$500,000. But the trustee went ahead and had that

Reporter's Transcript - 5/31/2019

1 trustee recorded. He didn't have the money in hand.
2 The money wasn't in escrow. He just went ahead and had
3 it recorded. Who does that? Who does that? What
4 borrower in their right mind records a 500,000-dollar
5 trustee without having the money in hand or on deposit.
6 And I say that that is reflective of the relatively
7 cavalier attitude, quite frankly, that Mr. Essary has
8 shown.

9 Now, Mr. Griswold circulated an e-mail saying,
10 oh, yeah, well, a couple weeks after we recorded the
11 500,000-dollar trustee, we were able to persuade SoCal
12 to give us a reconveyance. Great. You know, no harm no
13 foul. Well, maybe no harm no foul but it certainly is
14 very poor business practice that has been shown
15 repeatedly at Mira Este.

16 So now we get to the third item that has
17 generated the most noise in the last couple of weeks and
18 that is this issue about the so-called black-market
19 operation. And I think that's kind of an inflammatory
20 term for identifying certain noncompliant transactions.

21 But even if we take Mr. Grimes at his word --
22 of course Mr. Grimes, fired, didn't -- you know, wanted
23 to get back at some people. Even said he was gonna
24 throw one of these people under the bus if he didn't get
25 hired -- Bobby Sands -- so I question his -- his
26 credibility, quite frankly.

27 But even if what he says is true, okay -- even
28 if what he says is true about this black-market

Reporter's Transcript - 5/31/2019

1 operation, there is no evidence at all. Not one iota of
2 evidence that Mr. Hakim participated in it. Absolutely
3 none that he was a participant.

4 What you have is speculation, innuendo,
5 inference on inference, and mainly what you have is
6 guilt by association. Yeah. Mr. Hakim knew Mr. Baca
7 and knew Mr. Malan and knew Mr. Sands so therefore he
8 must be guilty. That's all you have. Because when you
9 look at the evidence, there is nothing that identifies
10 Mr. Hakim as a participant in the black-market operation
11 if in fact there was one.

12 And, in fact, we had direct evidence from
13 Mr. Hakim himself as well as from Tina Olson and
14 Jennifer Hill that Mr. Hakim had nothing to do with it.
15 He was rarely at that facility. Rarely.

16 So -- and if you really delve into Mr. Grimes'
17 declaration -- and if he testifies, I'd like to be able
18 to do that.

19 THE COURT: He's not testifying.

20 MR. GORIA: Okay. I'd like to be able to do
21 that because you'll see that most of those declarations
22 and exhibits are a great facade; but once you start
23 poking your fingers through it, there's nothing behind
24 it. It's all, well -- you know, it's like that old
25 1980s political cartoon "Where's the beef?" There is no
26 beef as far as Mr. Hakim being involved in this
27 black-market scheme.

28 So as far as -- and, again, we have Ms. Hill

Reporter's Transcript - 5/31/2019

1 and Ms. Olson here to testify or answer any questions if
2 the Court has any.

3 You know, Mr. Hakim was stripped of his
4 authority as managing member back in August, and he has
5 not had authority to do anything at that facility since
6 then. He said in his declaration that he rarely goes up
7 there because he looks at that operation as a business
8 failure. He doesn't want to be reminded of it. Every
9 time he goes up there, it represents a failure to him,
10 and so he's stayed away from it. He's got a wife and
11 four young kids. He's got other business interests and
12 that's what he's been devoting his time to. So to say
13 that he was up there constantly and all this stuff and
14 an active participant, just not true. No evidence to
15 that effect before the Court.

16 And, again, in terms of the moving paperwork
17 that we submitted --

18 THE COURT: Um-hmm.

19 MR. GORIA: -- we identified a couple of
20 instances involving Mr. Razuki about how in June of 2017
21 he threatened to burn down that facility when he didn't
22 get his way. He wanted to -- the story of that was that
23 they had refinanced the property and there was a -- I
24 think about a million dollars or so that was distributed
25 to these people from the refi in June of 2017.

26 Mr. Hakim, as a 50 percent owner, got 500,000.
27 Mr. Malan and Mr. Razuki, the collective partnership,
28 which is how they were -- like a husband and wife, if

Reporter's Transcript - 5/31/2019

1 you will -- got the other 500,000. Mr. Razuki had some
2 kind of a transaction that was being handled by the
3 court, and he needed to show a large -- he was trying to
4 buy property in a court sale.

5 THE COURT: Thank you.

6 MR. GORIA: And he needed to show a large bank
7 account. So he asked Mr. Hakim, hey, let me take your
8 500,000 and I'll deposit it -- I want to deposit it into
9 my bank account to show the court that I have all these
10 assets. And, you know, Mr. Hakim said, whoa, wait a
11 second, I don't think I want to let you -- I don't think
12 I trust you with \$500,000 of my money. Mr. Razuki got
13 extremely upset. First, he said he was gonna shut down
14 the facility for lack of licensing and Mr. Hakim said,
15 whoa, wait a second, we are a licensed facility. Then
16 Mr. Razuki says, all right, I'm gonna burn this place
17 down.

18 At that point, Mr. Hakim, who's quite a bit
19 larger than Mr. Razuki, escorted him off the property.
20 And ever since that day, there has been a coolness
21 between the two of them. Although after this lawsuit
22 was filed and some efforts were made to settle, they
23 started communicating again.

24 And that's the second item that we put in our
25 moving papers; that during the time that they were
26 communicating in early October of 2018, seven months --
27 eight months ago, Mr. Razuki repeatedly told
28 Mr. Hakim -- not just on one conversation but

Reporter's Transcript - 5/31/2019

1 repeatedly -- that he wanted to render Mr. Malan
2 insolvent, he wanted to make him homeless, and, as if
3 that weren't enough, he wanted to post Mr. Malan's
4 homelessness on social media.

5 So this is the individual that the Court is
6 protecting with this -- with the receiver. I think that
7 the receivership is bad enough, but given the fact that
8 Mr. Razuki -- and you're talking about some -- the court
9 of equity here governing this -- that needs to be taken
10 into account.

11 MR. ELIA: Your Honor, I'm gonna object --

12 MR. GORIA: I think that --

13 MR. ELIA: -- because these are settlement
14 discussions; to the extent that it violates that.

15 THE COURT: So noted.

16 Go ahead and finish, then we'll turn to you.

17 MR. GORIA: All right, Your Honor.

18 I don't have anything more to say just that I
19 think the receivership has been extremely detrimental to
20 the facility even if Mr. Essary were on top of the job.
21 But given the several occasions in which he has dropped
22 the ball and this latest one with this 419,000-dollar
23 excise tax liability and no source to pay it with --
24 who's gonna bear that loss? Who's gonna bear that loss?
25 That's really the major question before the Court.
26 Who's gonna pay that 419,000 if Synergy has no assets
27 or, you know, flies off in the wind?

28 THE COURT: Thank you, counsel.

Reporter's Transcript - 5/31/2019

1 All right, Razuki.

2 MR. JOSEPH: Thank you, Your Honor.

3 Your Honor, before I begin, I wanted to
4 confirm. We did file supplemental briefing yesterday.
5 Did you have a chance to review that?

6 MR. GORIA: Yeah, I would object to that, Your
7 Honor. It was way past the deadline. The deadline the
8 Court set was May 21st. They have no -- there's no
9 right to file papers in response to reply.

10 THE COURT: I read half of it.

11 MR. JOSEPH: Can I --

12 THE COURT: And the reason I say -- no -- the
13 reason I say that, I read most of this last night. So
14 if it was in before I went home at five, I probably read
15 it, counsel.

16 MR. JOSEPH: Your Honor, first to respond to
17 Mr. Goria's objection to it, we would say that that is
18 direct impeachment evidence for declarations that were
19 only filed in reply so, therefore, that is the reason
20 for those text messages.

21 THE COURT: Move on.

22 MR. JOSEPH: But I believe those text messages
23 are a critical part of this case, because it goes
24 directly --

25 THE COURT: Wait. Was it the text messages?

26 MR. JOSEPH: Yes.

27 THE COURT: Yeah, I've read them. Go.

28 MR. JOSEPH: Thank you, Your Honor.

Reporter's Transcript - 5/31/2019

1 Simply put, Your Honor, this is -- I know we
2 have said it many times before, but this is a very
3 critical moment for these licenses and we need the
4 Court's protection in order to protect it.

5 There are allegations that have been reported
6 to the BCC, to the Health Department that says that
7 there are black-market operations going on at Mira Este.
8 And the question is, Who should now protect these
9 licenses best? Is it gonna be the receiver or
10 Mr. Hakim?

11 Now, first to address Mr. Gorja's points on his
12 attacks against the receiver. I'm sure Mr. Griswold
13 will be able to address many more of the specifics.

14 Very briefly, the receiver has been on top of
15 the suspension because of the failure to pay the
16 Franchise Tax Board. We have had multiple
17 communications with the receiver that he has sent to all
18 counsel explaining that he is on top of it, that he had
19 been working with the state for months on this issue,
20 and that they were in constant communication, so,
21 therefore, it was finally resolved.

22 Very quickly on the excise tax issue, Your
23 Honor, this is absolutely outrageous because they have
24 intentionally kept the receiver in the dark on the
25 financials regarding the Mira Este facility.

26 MR. GORJA: Your Honor, I would object to the
27 use of the word "they." He needs to identify who it is
28 that he's talking about.

Reporter's Transcript - 5/31/2019

1 MR. JOSEPH: Yes, Your Honor, I will identify.
2 It is Chris Hakim. Declaration No. 2, filed by Brad
3 Grimes, Exhibit No. 4 to that, is a text message on
4 March 12, 2019, that was sent directly to Mr. Grimes.
5 The text of it is: "Brad, please don't send any
6 information, specifically financials, to the receiver
7 without our approval."

8 That is a message from Mr. Hakim telling the
9 director of compliance at Synergy, don't send the
10 receiver financials until I look at it.

11 Now, Your Honor, in November, October,
12 December, January -- we have been on multiple ex parties
13 coming to this Court saying we need financial documents.
14 I believe it was at the April hearing where you actually
15 issued an order specifically to Synergy to start
16 providing monthly PNLs and backed up with bank
17 statements.

18 Your Honor, how can the receiver file excise
19 tax returns if he does not even know what sales are
20 happening at the facility? The defendants have kept him
21 in the dark. That is not an exaggeration. They have
22 literally told Synergy employees don't send financials
23 over to the receiver until we approve it.

24 Why? Synergy is supposed to be hired by
25 Mr. Essary directly. He is in charge of that facility.
26 Synergy should be working for Mr. Essary, and Mr. Hakim
27 has inserted himself into it. Going directly contrary
28 to what his declaration says, he's running the facility.

Reporter's Transcript - 5/31/2019

1 And this is evidence right here that he's even engaging
2 himself and interfering with the receiver's ability to
3 collect financial information on the facility. Your
4 Honor, it is simply outrageous to say that Mr. Essary is
5 at fault here.

6 Second thing, this deed of trust that was filed
7 for SoCal. I believe Mr. Griswold and Mr. Essary filed
8 a declaration -- this was earlier this week -- to
9 explain this issue and it completely, thoroughly
10 explained it. Yes, they were going to do a deal with
11 SoCal. He did the paperwork. He got the deed of trust
12 in. SoCal withdraws, and then he filed a reconveyance.

13 That's not -- that's not a malpractice issue.
14 That's not bad business. That's just a deal fell
15 through. Mr. Essary was very diligent on the paperwork
16 and then he had to withdraw it and he did it properly.
17 SoCal has no deed of trust on the property right now.
18 There is no harm for that.

19 Mr. Essary fixed this problem even before
20 defendant's even knew it was a problem. This is, again,
21 a nonissue completely.

22 But the big issue -- the big issue that we must
23 deal with are these black-market operations. And, yes,
24 I don't use that term. Mr. Gorja says it's an
25 inflammatory term. Your Honor, the text messages from
26 Ms. Olson and Ms. Hill that we submitted to you show
27 that this is the language that they are using when
28 describing what is going on at the Mira Este facility

Reporter's Transcript - 5/31/2019

1 under the watchful eye of Mr. Hakim, Mr. Malan,
2 Mr. Baca, and Mr. Sands.

3 Now, Mr. Grimes is the one who says that he
4 viewed all four of them as partners in this entire
5 facility. And the evidence of the black-market
6 operations themselves is very strong, almost to the
7 point where it's really hard to dispute. Mr. Gorla
8 simply says that it's speculation and some noncompliance
9 issues and whatnot.

10 Mr. Grimes has already contacted the BCC. I
11 don't know the exact status of that operation or that
12 investigation. I know that they are aware of what's
13 going on here.

14 Mr. Grimes has also submitted multiple pictures
15 where him and Ms. Olson or Ms. Hill go around and take
16 pictures. There is one specifically where they found a
17 whole box of marijuana just sitting there, no invoice,
18 no manifest or anything of that matter.

19 He provides specific details which are backed
20 up by a second witness from the declaration that we
21 provided for Fernando, the security guard, where they
22 specifically talk about how they had a morning
23 operation, the legit business, and then after Mr. Grimes
24 would leave the facility that's when the night crew came
25 in.

26 The night crew, which was Synergy's people --
27 that they were intentionally going at the night because
28 the day guard is a guard named Fernando, he would

Reporter's Transcript - 5/31/2019

1 enforce the rules. He would say, no, no, no, that bag
2 of marijuana or that box doesn't have a manifest, that
3 can't come in here.

4 But the night guard, this guy named Oggi -- I
5 don't have his last name unfortunately, Your Honor --
6 that guard was lax. So Synergy knew they could bring a
7 night crew in, do all of their black-market operations
8 at that time without Mr. Grimes reporting on it and
9 without the security guard reporting on it.

10 We also have another declaration from Steve
11 Sholl. Now, the only -- the biggest criticism that
12 Ms. Olson and Ms. Hill provide in their declarations
13 against Mr. Sholl is that he states his title wrong. I
14 can't verify that what they said is true. All I know is
15 what Mr. Sholl says is he says that he was in charge of
16 compliance and he was there working about four hours a
17 day for five days a week.

18 He also confirms and he also states that he
19 left the facility because they were doing these illegal
20 activities; that he did not want to be a part of it
21 because it was right under his eye, and he was so
22 worried about it, he just said I'm done, I'm gonna quit
23 my job for it.

24 Mr. Grimes has explained that he tried -- he
25 tried to tell everybody what was going on here. He
26 tried to do the right thing by telling his higher-ups.
27 There are multiple noncompliance issues here. We need
28 to do this. This is illegal operations. He tried to do

Reporter's Transcript - 5/31/2019

1 it. But then, finally, when they fired him, he knew
2 that the only thing he could do at that time was report
3 it to the receiver and report it to the BCC.

4 Now a very important issue here, Your Honor,
5 Mr. Gorla and, I imagine, Mr. Watts or Mr. Malan are
6 gonna say maybe Synergy was doing a bunch of bad stuff,
7 we had no idea it was going on. This is just an
8 outrageous claim.

9 Multiple times in multiple declarations,
10 starting since November, Mr. Hakim has said I work with
11 Mr. Baca in order to find operators to get into the
12 facility.

13 The first declaration by Mr. Grimes, which is
14 Exhibit 2 to that first declaration that was submitted,
15 there is an e-mail where Mr. Grimes mentions a lot of
16 compliance issues to Mr. Sands, Mr. Gorla, Mr. Malan,
17 and Mr. Baca. And Mr. Sands responds to that e-mail,
18 and he says we'll take care of this issue, we'll take
19 care of this issue.

20 But on one of those issues, he specifically
21 says, Chris and I will walk through the facility and
22 remind employees to do these compliance issues. Direct
23 evidence again of Mr. Hakim being involved in the
24 operations, going to it, and directly talking to
25 employees about production and compliance issues. This
26 is not a declaration, Your Honor. This is a
27 contemporaneous e-mail that was submitted by the
28 receiver and provided by Mr. Grimes.

Reporter's Transcript - 5/31/2019

1 Your Honor, finally, and, again, Your Honor,
2 I'd just like to repeat there is that text message
3 directly from Mr. Hakim to Mr. Grimes. There is another
4 e-mail directly from Mr. Hakim to Mr. Grimes saying I
5 want to talk to you about the website. He was involved
6 in designing and creating the website.

7 MR. WATTS: Objection, facts not in evidence.

8 MR. JOSEPH: Your Honor, that is in, again, a
9 declaration that was submitted.

10 THE COURT: Wrap it up, counsel.

11 MR. JOSEPH: Your Honor, additionally to all of
12 that, the evidence is also that Mr. Malan was directly
13 involved in all these operations. We have text messages
14 directly going from Mr. Grimes to Ms. Olson and
15 Ms. Hill, where they say now -- I believe you're
16 familiar with the declarations. All of the witnesses --
17 Mr. Grimes, Ms. Hill, and Ms. Olson -- talk about a
18 meeting they had with Mr. Malan after there was a
19 noncompliance issue with some flour.

20 After that, Mr. Grimes sends a text message out
21 to them where he says I guess we're good now because
22 we're all under Ninus and that he's overseeing it all.

23 Again, contemporaneous. This was a text
24 message sent in March where Mr. Malan is telling them I
25 am the boss. No. Sorry. At the meeting, Mr. Malan is
26 telling them I am the boss and then afterwards --

27 MR. WATTS: Objection, hearsay.

28 THE COURT: Sustained.

Reporter's Transcript - 5/31/2019

1 Counsel, take 30 seconds.

2 MR. JOSEPH: Your Honor, very --

3 THE COURT: I understand your argument,
4 counsel.

5 MR. JOSEPH: Your Honor, one of the most
6 important things to remember is regardless of what all
7 the declarations and evidence supported by them say,
8 when Ms. Olson, Ms. Hill, and Mr. Grimes had an issue --
9 when they had compliance issues, who did they contact?
10 They did not contact Mr. Essary. They went directly to
11 Mr. Malan, Mr. Hakim, Mr. Baca, and Mr. Sands -- the
12 alleged partners.

13 MR. GORIA: Objection. There's no evidence to
14 that effect, Your Honor. Absolutely none.

15 MR. JOSEPH: And again, Your Honor, in terms of
16 the evidence of that --

17 THE COURT: So noted.

18 MR. JOSEPH: In terms of the evidence of that,
19 there is an e-mail sent directly from Mr. Grimes to
20 Mr. Malan. And this is an e-mail submitted by Mr. Malan
21 and his counsel. It is attached as Exhibit 1. It was
22 an e-mail in March since --

23 THE COURT: Thirty seconds.

24 MR. JOSEPH: I apologize, Your Honor. Just a
25 lot of evidence I wanted to try and get through.

26 THE COURT: I've read it.

27 MR. JOSEPH: But that e-mail itself, Mr. Malan
28 claims that this is evidence that I didn't know nothing

Reporter's Transcript - 5/31/2019

1 about it. They knew nothing about it, but in March they
2 are told about massive compliance issues and they never
3 tell Mr. Essary about it. Why is the receiver in
4 complete dark here?

5 THE COURT: Last sentence.

6 MR. JOSEPH: Your Honor, very simply put, the
7 best way to protect these licenses is to ensure that the
8 receiver, the arm of the court, is now overseeing this
9 facility. We cannot have somebody who hired Synergy and
10 may be involved in their operations or at least knew
11 about it and concealed with it in charge of this
12 facility.

13 THE COURT: Thank you.

14 MR. JOSEPH: Thank you, Your Honor.

15 THE COURT: You're welcome.

16 Receiver, I want you to answer the question
17 that Mr. Goria asked: Where's the 417,000 or do we
18 know?

19 THE RECEIVER: Your Honor, I believe it was
20 470-something thousand, Your Honor.

21 MR. GORIA: No, it's 419 that has been paid and
22 collected from the producers.

23 THE COURT: Okay. Everybody just address the
24 Court. Here we go.

25 MR. GORIA: I'm sorry, Your Honor.

26 THE COURT: No, don't be sorry. That -- the
27 excise tax is 473 and there's 400-something thousand
28 dollars that allegedly is missing.

Reporter's Transcript - 5/31/2019

1 Do you know anything about that?

2 THE RECEIVER: All income, all receipts for any
3 operations at Mira Este were never reported to me until
4 April, I believe, when they brought in Jennifer the
5 bookkeeper, and I got no income. I have no idea how
6 much income they're collecting.

7 The third quarter, Your Honor, was filed by
8 Synergy and Cabe[ph] by Justice Hanks[ph]. The fourth
9 quarter was never filed. The first quarter was never
10 filed. I had no financial reports on any income
11 received. How could I file them? The money was
12 collected by them.

13 THE COURT: So Synergy never provided you
14 any -- any documentation as to the amount of money that
15 Mira Este was making end of 2018 beginning of 2019?

16 THE RECEIVER: I approved minimal amounts of
17 invoices, Your Honor; never anything related to receipts
18 at all.

19 MR. GRISWOLD: Your Honor -- I'm sorry. Go
20 ahead.

21 THE COURT: That answer would be, Judge, I
22 didn't get any money. Is that a fair statement?

23 THE RECEIVER: The only moneys that I received
24 from Synergy and the reason for the delay in filing of
25 the state taxes was I had requested the \$2500 estimated
26 by Gina Austin from Mr. Baca at Synergy in January, and
27 I finally received it at the end of March.

28 THE COURT: Okay.

Reporter's Transcript - 5/31/2019

1 THE RECEIVER: And I received \$7500 before they
2 left for the fee I paid directly to renew the license --
3 the new annual license. Those are the only moneys I
4 received from Synergy.

5 THE COURT: Thank you.

6 I interrupted you. Is there anything,
7 Mr. Griswold, you want to say?

8 MR. GRISWOLD: Only if -- if the Court wants to
9 hear any feedback as to a discussion that's been brought
10 up about the previous SoCal funding and loan documents.

11 I didn't think so. Thank you, Your Honor.

12 THE COURT: Okay. Let's try this -- I'm gonna
13 see if Mr. Grimes -- I don't know if I'm gonna have you
14 testify or not. It's gonna be what they say.

15 Does anyone in this courtroom dispute that
16 there was a late-night operation going on at Mira Este?

17 MR. WATTS: Dispute --

18 THE COURT: Not you.

19 You dispute it, so you say, Judge, didn't
20 happen, totally never happened, right, counsel?

21 MR. WATTS: What I'm saying is it didn't
22 involve Mr. Malan and Mr. --

23 THE COURT: Well, that's not the question.

24 MR. WATTS: Oh, I don't know. Then the answer
25 is I don't know.

26 THE COURT: Okay. You don't.

27 Anyone dispute that? We've got one I don't
28 know.

Reporter's Transcript - 5/31/2019

1 MR. GORIA: Well, Your Honor, yes, to this
2 degree: I'm not sure how -- well, to the extent that
3 Mr. Hakim did not participate or did not know about it,
4 it's not really relevant to whether he should be
5 appointed as -- reinstated as manager.

6 But let me say this: The declarations of
7 Ms. Olson and Ms. Hill, who are in the compliance
8 department -- were in that compliance department, said
9 that -- and they would have been the ones to have
10 observed it. They categorically denied that there was
11 any widespread black-market activity.

12 What they said was that there was one incident
13 that involved Mr. Grimes and some flour that he had
14 ordered back in August of 2018 and that flour, which is
15 probably the same flour that was in that box that the
16 other side's making such a big deal about, was in fact
17 sent to a testing facility without a cultivation
18 license, and that is what triggered Mr. Malan's only
19 involvement in compliance issues. And that's also what
20 triggered that e-mail that Mr. Grimes supposedly sent.

21 And I'd like to question him about that because
22 that e-mail is nothing at all what Mr. Joseph
23 represented it to be. The e-mail that was attached to
24 Mr. Grimes' declaration was an e-mail not from
25 Mr. Grimes alerting all these so-called partners, the
26 e-mail was an e-mail from Bobby Sands responding to
27 Mr. Grimes' earlier e-mail; and low and behold, the
28 earlier e-mail by Mr. Grimes was not sent to Chris

Reporter's Transcript - 5/31/2019

1 Hakim. There was never an e-mail that Mr. Grimes ever
2 sent to Chris Hakim about any compliance issues.

3 THE COURT: Here's the Court's thought process:
4 If someone says, Judge, it didn't happen; there was no
5 illegal -- or midnight selling going on there; there was
6 nothing going on at night, Mr. Grimes, you're gonna
7 testify.

8 The issue of, well, Judge, there was but who
9 bears that responsibility, that's a different -- that
10 will be up to the Court. But I don't want to spend an
11 hour of Mr. Grimes' time arguing when, well, no, Judge,
12 there was something going on out there. That's a waste
13 of my time, and I'll say that on the record.

14 MR. GALUPPO: I was gonna withdraw my
15 objection -- or my comments before. We don't have --
16 what we have is competing evidence -- competing evidence
17 regarding declarations at this point.

18 THE COURT: Um-hmm.

19 MR. GALUPPO: Okay. We also have somebody that
20 didn't bring anything up until he was fired. That same
21 person -- and I'll allude to an e-mail that was brought
22 forth that was referenced by Mr. Joseph at the very end
23 that Mr. Grimes sent to Mr. Malan on the 11th.
24 Mr. Malan then responded to Mr. Grimes and said tell the
25 receiver. He didn't. That was in March 13th, and you
26 have a copy of that.

27 THE COURT: Okay.

28 MR. GALUPPO: Okay. So here's my issue: If

Reporter's Transcript - 5/31/2019

1 Mr. Grimes took the pictures that he said, why the heck
2 didn't he take the pictures of the people doing the
3 illegal activity, number one.

4 Number two, better yet, Your Honor, we have
5 tapes that go 7/24. Why aren't the tapes here? The
6 receiver has them. They have them. They have access.
7 My best guess is they turned them all over to these
8 folks. They don't turn them over to us.

9 So my position is very simple, if in fact the
10 black-market activity did happen --

11 THE COURT: Um-hmm.

12 MR. GALUPPO: -- okay, we have no evidence
13 there other than two -- well, actually we have two
14 declarations and one declaration -- two witnesses and
15 one witness. Okay.

16 THE COURT: So is it your client's position
17 that there was no black market?

18 MR. WATTS: I don't think that there's a
19 declaration from someone that's credible saying that
20 there was and so --

21 THE COURT: That's not the question.

22 MR. WATTS: Well, so --

23 MR. GORIA: So the answer -- by deductive
24 reasoning, the answer's yes, there was no -- there was
25 no black-market activity.

26 THE COURT: Up you go, Mr. Grimes, because
27 someone is obviously not telling the truth.

28 MR. GORIA: Agreed.

Reporter's Transcript - 5/31/2019

1 THE COURT: Absolutely. Couldn't agree more.
2 Let's do some more.

3 And the way this is gonna work, I'm gonna let
4 him tell his story. You each get ten minutes to
5 cross-examine him.

6 BRAD GRIMES,
7 HAVING BEEN CALLED AS A WITNESS BY THE COURT, HAVING
8 BEEN FIRST DULY SWORN, TESTIFIED AS FOLLOWS:

9 THE CLERK: Sir, can you please state your full
10 name and spell your last name for the record?

11 THE WITNESS: Brad Grimes, G-R-I-M-E-S.

12 THE CLERK: Thank you.

13 THE COURT: Let me remind you, Mr. Grimes, you
14 are under penalty of perjury and there's a court
15 reporter writing down every word, sir.

16 Do you understand that?

17 THE WITNESS: Yes, I do.

18 EXAMINATION BY THE COURT

19 BY THE COURT:

20 Q. Okay. I have read your declaration. Can you
21 just tell me what was going on out there? Just in your
22 own words. I'm not gonna interrupt. And then at least
23 two of these people are gonna cross-examine you.

24 Do you understand that?

25 A. Yes, sir.

26 Q. Go.

27 A. Just start with the black market or --

28 Q. That's it. That's what I want to hear about.

Reporter's Transcript - 5/31/2019

1 A. In October 2018, Bobby Sands came in the
2 building, started doing some black -- illegal
3 operations. And by saying that, there was no manifest,
4 there were no lab certs. For cannabis to move, it has
5 to have that. That's how I know that was illegal.

6 Q. Okay. You can't use conclusion. Here's what I
7 saw: Marijuana -- I don't want to put words in your
8 mouth, but be as specific as you can.

9 A. Okay.

10 Q. When? Where? Who?

11 A. Every morning, we would have a compliance
12 walk-through in the building.

13 Q. We?

14 A. We. And that is Tina Olson -- Christina Olson
15 and Jennifer Hill.

16 Q. Go.

17 A. They would walk through. I told them to take
18 pictures of anything that was questionable or illegal.
19 Basically if they saw cannabis in the building without a
20 manifest or a COA, which is a lab cert, we took pictures
21 of it. They have multiple pictures on their phones as
22 well as I do. And then they would let me know what they
23 found. And then we would approach the partners about it
24 and let them know that it would need to be taken care
25 of.

26 The guards, same thing, Fernando in the
27 daytime -- we started making it really difficult for
28 them to slip things out of the building and into the

Reporter's Transcript - 5/31/2019

1 building. He had orders basically to stop everything
2 and check it, search it. If it didn't have a COA once
3 again or a manifest, it was stopped.

4 The problem -- that's when they started
5 going -- coming in in the evening time. They waited for
6 us to go home during the daytime and then they would
7 bring this crew on.

8 Q. Okay. So when you say "they" --

9 A. I'm sorry. That's Bobby Sands, Jerry Baca,
10 Chris Hakim, and Ninus Malan.

11 Q. And you saw that?

12 A. Yes.

13 Q. You -- you're under penalty of perjury, you saw
14 them bring what in at night?

15 A. On the cameras in the morning time, we'd go
16 over the cameras and you could see what they were
17 bringing in. They brought it into the safes that we had
18 on the premises. And it was unmarked, there was no
19 manifest, there were no lab certs, anything attached.
20 So we knew at that point, our compliance team --

21 Q. Um-hmm. Give me a time frame.

22 A. -- that that was illegal.

23 Q. How long did this go on?

24 A. It went on from October all the way to when
25 they let me go.

26 Q. And how much marijuana was being moved, if you
27 had to take a guess?

28 A. Quite a bit. I'm not -- like pounds, I'm not

Reporter's Transcript - 5/31/2019

1 sure. A lot.

2 Q. And what would happen to this marijuana or is
3 that --

4 A. They would take it out in boxes that you could
5 see what was coming out. And basically, our security
6 guard, Fernando, we told him open up all boxes, we want
7 to see.

8 Q. Um-hmm.

9 A. Opened it up, there was Stiiizy cartridges,
10 there was illegal cannabis in the boxes.

11 Q. According to Fernando.

12 A. According to my team and myself.

13 Q. Okay. You indicated that there were tapes.

14 A. Um-hmm.

15 Q. Tapes? Where are those tapes?

16 A. We do not know.

17 Q. What's that mean?

18 A. Michael Essary, they went in, they asked for
19 the videos --

20 Q. Asked to who?

21 A. Asked Ninus Malan and Chris Hakim.

22 Q. Okay.

23 A. And they said that they were down; they weren't
24 working correctly.

25 Q. I -- you know, my understanding in a marijuana
26 facility there's supposed to be 24-hour taping.

27 A. Yes, they are.

28 Q. Anything else you want to add?

Reporter's Transcript - 5/31/2019

1 A. You know, they brought up why I didn't --

2 Q. Yeah. Why didn't you turn it in? You knew
3 about it for like three months -- am I thinking that
4 right, if I read it right?

5 A. Yep.

6 Q. Why didn't you turn it in then?

7 A. Every time I would bring it to their
8 attention --

9 Q. Bring it to who?

10 A. That would be Jerry Baca --

11 Q. Okay.

12 A. -- Bobby Sands, Ninus Malan --

13 Q. Okay.

14 A. -- and Chris Hakim.

15 I sent out an e-mail. I said compliance, you
16 know, issues, problems, the date, what we found, and I
17 brought it to their attention. And it was always, oh,
18 we'll take care of it. We'll make sure that it gets,
19 you know, in compliance. And they just kept doing that
20 the whole time.

21 And really -- you know, this was my dream job.
22 I wanted to work in cannabis, and I wanted to do this;
23 so, for me, I was motivated to try and get this to work.
24 And they just kept leading me on.

25 And there's -- there's a couple conversations
26 in the texts that Tina Olson and Jennifer Hill -- they
27 reference it. You know, they just kept leading us on,
28 buying time.

Reporter's Transcript - 5/31/2019

1 Q. Were you fired or did you resign?

2 A. I was laid off. I was laid off by text at
3 about ten o'clock at night on Thursday.

4 Q. Okay. Anything you want else -- to say before
5 I let Mr. Gorja cross-exam?

6 And everybody gets ten minutes. I'm not gonna
7 be here till five o'clock or ten o'clock at night.

8 Anything else you want to say to the Court,
9 sir?

10 A. Yeah. I'm not sure if there's an actual docket
11 number or anything like that with the BCC yet on the
12 investigation, but they are in an active investigation
13 right now against Synergy.

14 Q. Well, let's -- just talk to me about that. Did
15 you report this to somebody else?

16 A. I did.

17 Q. And when did you do that?

18 A. I did that that Saturday, right after I got
19 laid off which was that Thursday.

20 Q. Okay.

21 A. So I believe it was like on the 10th I
22 contacted them.

23 Q. Okay. Uh-huh. And how do you know that
24 there's an active investigation?

25 A. I've talked to Michael. He's our field
26 auditor, and he's the one that basically did the audits
27 in the building. And he was quite surprised what was
28 going on, because they hid it pretty well.

Reporter's Transcript - 5/31/2019

1 Q. So he told you they were doing an
2 investigation?

3 A. Yes. And the girls --

4 Q. Well, hold on. I'm sorry. I didn't mean to
5 interrupt.

6 A. Okay.

7 Q. When is that investigation going to be
8 completed?

9 A. We do not know.

10 Q. Do you know how long normal investigations
11 normally take?

12 A. I do not.

13 THE COURT: Mr. Essary?

14 THE RECEIVER: Just in addition to that
15 information, this morning I was contacted for the first
16 time by Michael from the County -- or the County Health
17 Department who oversees the inspections. He called me
18 directly, and we spoke at length -- probably 30
19 minutes -- about what was going on, what my role would
20 be, the changes recently, the departure of Synergy, this
21 hearing today, and Mr. Grimes' statements to him.

22 And he confirmed that there is an active
23 investigation; that he's looking forward to meeting me
24 with the supervisor next week in their offices and
25 discuss how to continue the investigation into the past
26 and ensure compliance going forward.

27 THE COURT: Thank you.

28 THE RECEIVER: You're welcome.

Reporter's Transcript - 5/31/2019

1 THE COURT: Mr. Gorja, you have ten minutes.

2 MR. GORIA: Your Honor, I gave the deputy a
3 couple of declaration copies.

4 THE COURT: Absolutely. Sure. Take them up.
5 To him, right?

6 MR. GORIA: To Mr. Grimes.

7 This is the one -- this first declaration was
8 the one that was submitted in support of the receiver's
9 ex parte application signed --

10 THE COURT: Page and line.

11 MR. GORIA: I'm sorry?

12 THE COURT: Page and line.

13 MR. GORIA: Okay. I'll get to that in a
14 second, Your Honor.

15 CROSS-EXAMINATION

16 BY MR. GORIA:

17 Q. Let's see, Mr. Grimes, you said that you saw
18 people bringing in marijuana bags late at night; is that
19 right?

20 A. In the evening time to nighttime.

21 Q. Okay. And you saw those where?

22 A. I was told about it by my employees that were
23 still on site, security; and the next morning when we
24 came in, we reviewed the tapes.

25 Q. How many times did this happen?

26 A. It was pretty consistent.

27 Q. So you were told by the security on numerous
28 times and then you went ahead and checked the tapes in

Reporter's Transcript - 5/31/2019

1 the morning?

2 A. Yes.

3 Q. And who was it that checked the tapes? Was it
4 just you or you and Ms. Olson?

5 A. It was Fernando, the security guard, and it was
6 my compliance team, which was Tina Olson and Jennifer
7 Hill.

8 Q. Okay. And did you ever see Mr. Malan at night
9 participating in this delivery of marijuana product?

10 A. No.

11 Q. How about Mr. Hakim?

12 A. No.

13 Q. In your declaration there that's in front of
14 you, which is that Paragraph No. 3, you state that --
15 and this is at line 12 through 14 -- you state that the
16 team would at times consist of approximately 15 Synergy
17 team members during these black-market shifts.

18 How were you able to identify these people as
19 Synergy team members?

20 A. They had paperwork that they had to fill out
21 and we had production meetings with their supervisors,
22 which was Karima[ph] and Marge, and they ran the show
23 there as far as the production goes, so we would see 15
24 to 20 people come in and start working.

25 They were considered -- they kept it off the
26 books and basically kept it from the Court that they
27 were doing this. There was no payroll. They paid under
28 the table, basically, and I think they said they were

Reporter's Transcript - 5/31/2019

1 interns. I believe I heard that.

2 Q. All right. So you were hired by Synergy,
3 correct?

4 A. I was hired by Jerry Baca, Synergy Management.

5 Q. Okay. And the text you got was from Mr. Baca
6 that terminated your employment, correct?

7 A. Yes, it was.

8 Q. Chris Hakim didn't send that text to you,
9 correct?

10 A. No.

11 Q. All right. And you knew that Synergy was owned
12 and operated by Jerry Baca and Bobby Sands alone, right?

13 A. I believe that all four partners were involved.

14 Q. Well, when you say "partners," who are you
15 saying? Are you saying that these four people inclusive
16 of Mr. Hakim, I suppose, owned an interest in Synergy?

17 A. I am not sure. They kept that from me.

18 Q. Okay. So you don't know one way or the other
19 whether he had any interest in Synergy, correct?

20 A. I do not.

21 Q. Is that correct?

22 A. I do not.

23 Q. And you understood you knew that the -- from
24 the time you started your employment in, what, October
25 of 2018?

26 A. August. The end of August.

27 Q. I'm sorry. The end of August. Okay. And the
28 receiver was in place at that time to your knowledge,

Reporter's Transcript - 5/31/2019

1 correct?

2 A. I was not told about the receiver until I
3 believe like the next month.

4 Q. September.

5 A. It was like two or three weeks I think.

6 Q. Okay. So the entire time that you were
7 employed there, you knew the receiver was in charge of
8 that facility, correct?

9 A. They didn't bring it -- bring it out like that,
10 that he was in charge of it. They brought it to me more
11 of he was making sure that all the parties in the case
12 were taken care of and nothing was being ruined at the
13 facility.

14 Q. Okay. And you were the director of compliance
15 at that facility during the entire time you were
16 employed there, correct?

17 A. I was the director of compliance and
18 operations.

19 Q. Okay. And did you ever communicate directly to
20 the receiver?

21 A. Yes.

22 Q. Okay. And we know that you communicated to the
23 receiver on March 11th or thereabouts -- March 11,
24 correct?

25 A. Yes.

26 Q. And that was when you sent over a huge volume
27 of financial documents directly to the receiver,
28 correct?

Reporter's Transcript - 5/31/2019

1 A. Yes, that's when I was --

2 Q. And --

3 A. -- told not to do it.

4 Q. Well, yeah. You sent it over to the receiver
5 without telling Mr. Baca or Mr. Sands that you were
6 sending it over, correct?

7 A. That's not true.

8 Q. You told them you were sending it over?

9 A. Jerry Baca instructed me to do that.

10 Q. Okay. And you went ahead and sent it all -- is
11 that the only time you had ever sent any documentation
12 to the receiver?

13 A. No. I actually would send payroll, any kind of
14 accounts payable like bills, invoices, I would send it
15 to the receiver for approval and then we could pay it.

16 Q. Okay. But you didn't bother to tell the
17 receiver anything about this black-market operation,
18 correct?

19 A. No.

20 Q. And you didn't do anything to tell the receiver
21 even about the compliance violations that you had that
22 exchange of e-mail with Bobby Sands in -- what was
23 that -- in March, correct? Didn't tell the receiver
24 that either, did you?

25 A. I didn't tell the receiver but -- and the
26 reasoning is, is he was an outsider to what we were
27 doing. I felt that way, and I have loyalty to the
28 partners and the business and the licenses.

Reporter's Transcript - 5/31/2019

1 Q. Now --

2 A. I was brought in to protect the licenses.

3 Q. Now in terms of management decisions for
4 Synergy, let's take a look at that. It's your
5 understanding that those were made by Jerry Baca and
6 Bobby Sands alone, correct?

7 A. I do not know that.

8 Q. Well --

9 A. They were involved quite a bit, but I couldn't
10 say which partners were involved in that part.

11 MR. GORIA: If I can show you an e-mail. If I
12 can have the --

13 THE COURT: Matthew.

14 BY MR. GORIA:

15 Q. All right. Mr. Grimes, is that an e-mail that
16 you sent to Jerry Baca and Bobby Sands on May 1?

17 MR. JOSEPH: Your Honor, I'm sorry. Can we
18 have -- know what he's referring to?

19 MR. GORIA: I'm sorry. Here you go.

20 THE COURT: There we go.

21 This is May 1 of 2019, I assume?

22 MR. GORIA: 2019.

23 THE COURT: Here we go.

24 BY MR. GORIA:

25 Q. Is this an e-mail that you sent to Jerry Baca
26 and Bobby Sands?

27 A. Yes, it is.

28 Q. And it was an e-mail that you sent asking for

Reporter's Transcript - 5/31/2019

1 basically a future commitment from them for you to stay
2 there at the facility, correct?

3 A. This e-mail had to do with bringing me on and
4 not paying me what I should have been being paid.

5 Q. Okay. But you didn't bother to send a copy of
6 this to either Chris Hakim or Ninus Malan, correct?

7 A. They didn't pay my bills.

8 Q. Okay. But you didn't send a copy to them,
9 correct?

10 A. No, I did not.

11 Q. Okay. So you had -- at least as far as your
12 own financial situation goes, you didn't look upon them
13 as being in charge of Synergy decisions, did you?

14 A. I didn't consider them in charge of paying me
15 more money.

16 Q. All right. So let's take a look at Exhibit B
17 to your declaration.

18 MS. GRIFFIN: Your Honor, can he identify which
19 declaration? There's three from Mr. Grimes.

20 MR. GORIA: This is the first one. We're still
21 on the first one.

22 BY MR. GORIA:

23 Q. In fact, let's start with Exhibit 5 -- I'm
24 sorry, Exhibit -- it must be later.

25 Okay. Let's start with B to that declaration.
26 Do you have that in front of you, Mr. Grimes?

27 A. Is that the compliance violation thing?

28 Q. Yes.

Reporter's Transcript - 5/31/2019

1 A. Yes.

2 Q. Okay. Now this e-mail is actually an e-mail
3 not from you to the partners, but it's an e-mail from
4 Bobby Sands back to you, correct?

5 A. Yes, it is.

6 Q. Okay. And -- and this e-mail from Bobby Sands
7 to you is a reply to your e-mail to him from, what,
8 March 11, 2019?

9 A. I believe so, yeah.

10 Q. Okay. And in the e-mail, the very first line,
11 he starts out saying, "Brad, thanks for expressing your
12 concerns."

13 Is that your concerns about the compliance
14 violations to your knowledge?

15 A. Yes, it is.

16 Q. In the second sentence he says, "My responses
17 are in red below. I also added Chris to the e-mail
18 reply."

19 Do you see that?

20 A. Yes, I do.

21 Q. Okay. Does that indicate to you that your
22 e-mail of March 11 was not sent to Chris Hakim
23 originally?

24 A. I believe I sent it to all partners.

25 Q. Then why would he have added that sentence
26 saying he added Chris to the reply e-mail?

27 A. I believe that's because him and Chris did the
28 walk-through when it was the productions and they were

Reporter's Transcript - 5/31/2019

1 instructing the employees to do things within
2 compliance.

3 Q. Well, again, he said he added Chris to the
4 e-mail reply. If you had sent it to Chris Hakim
5 originally --

6 A. My compliance --

7 Q. -- he wouldn't be -- excuse me. If you had
8 sent it to him originally, why would he had to have
9 added Chris Hakim to the reply e-mail? He would already
10 be on that e-mail.

11 A. My compliance violation e-mails went to four
12 partners.

13 Q. Okay. You don't have a copy of your e-mail --
14 your original e-mail?

15 A. I do not, no.

16 Q. Okay. So you don't really understand or you
17 can't really explain why Bobby Sands stated, quote, I
18 also added Chris to the e-mail reply, close quote?

19 MR. GRISWOLD: Objection, calls for
20 speculation.

21 THE COURT: That's speculation five times now.
22 Five times now speculation.

23 MR. GORIA: All right.

24 BY MR. GORIA:

25 Q. So on this -- on this e-mail, further down on
26 the e-mail, Mr. Sands states that he and Chris went to
27 the facility and explained to the staff that they should
28 include documents with products whenever the products

Reporter's Transcript - 5/31/2019

1 were transferred effectively.

2 Do you see that?

3 A. Yes, I do.

4 Q. Okay. Now, were you there at the facility on
5 the occasion that they visited the facility to talk to
6 the employees?

7 A. I did not see that happen.

8 THE COURT: Can you take five more minutes and
9 then --

10 MR. GORIA: Okay. Yes, Your Honor.

11 THE COURT: Thank you, counsel. I appreciate
12 that.

13 BY MR. GORIA:

14 Q. And then further down on that e-mail, Mr. Sands
15 suggests to Mr. Baca that he should hire more -- more
16 staff, correct?

17 A. Yes.

18 Q. Okay. Now in your declaration, if you turn
19 back to Paragraph 9, you state that Bobby Sands -- this
20 is in line number 7 through 10. You say that Chris
21 Hakim and Bobby Sands had visited the Mira Este facility
22 together recently to direct staff members, but you
23 never -- you don't know and you have no idea that Chris
24 Hakim ever directed staff members on that occasion, do
25 you?

26 A. Just by the e-mail.

27 Q. Okay. And similarly, Chris Hakim -- as far as
28 you know, Chris Hakim never suggested to Jerry Baca to

Reporter's Transcript - 5/31/2019

1 hire staff, correct?

2 A. I don't know if he ever said that to him.

3 Q. Okay. You don't know one way or the other.

4 Okay. So your statement here that Chris Hakim
5 and Bobby Sands recommended to Jerry Baca that he
6 consider hiring additional staff is not true?

7 A. No, I was going off of the e-mail that was sent
8 to me by Bobby Sands.

9 Q. Okay. And taking a look at that e-mail,
10 there's nothing in the e-mail that indicates that Chris
11 Hakim suggested to Jerry Baca to hire additional staff,
12 is there?

13 A. I don't know if they ever talked about that.
14 I'm just going off of that e-mail.

15 Q. Well, let's just pin that down. The e-mail
16 says that -- this is an e-mail -- the language that
17 originated from Bobby Sands. It says, quote, Jerry,
18 maybe you should hire another compliance member who can
19 assist with training the staff properly, close quote.

20 Do you see that?

21 A. Yes, I do.

22 Q. And that came from Bobby Sands, right?

23 A. Yes.

24 Q. And not from Chris Hakim, right?

25 A. I believe that is all Bobby Sands.

26 THE COURT: Two minutes, counsel.

27 MR. GORIA: Okay.

28 THE COURT: Thank you.

Reporter's Transcript - 5/31/2019

1 MR. GORIA: Your Honor, if you could just bear
2 with me a second here.

3 THE COURT: Um-hmm.

4 BY MR. GORIA:

5 Q. So you never saw Mr. Hakim participate in the
6 production of any black-market product at any time; is
7 that true?

8 A. I did not see him do any of that, no.

9 Q. And you never saw Mr. Hakim receive any money
10 in connection with any black-market sales or operations,
11 correct?

12 A. No, I did not.

13 Q. And, in fact, you never heard anybody
14 discussing black-market operations with Chris Hakim?

15 A. I did not hear anybody discuss that with him.

16 Q. And you never sent an e-mail or a text to
17 Mr. Hakim in which the phrase "black-market operation"
18 was ever used, did you?

19 A. Sorry. I'm just thinking back to all the
20 e-mails and texts. I do not believe I sent anything to
21 him, no, or talked to him about that. They were just on
22 that e-mail that were the compliance violations.

23 Q. You're talking about the one on March 11th?

24 A. There's more. I have more.

25 Q. How come you didn't produce them or add them to
26 your declaration?

27 A. There's just so much evidence. I can bring
28 more.

Reporter's Transcript - 5/31/2019

1 MR. GORIA: All right, Your Honor. That's all.

2 THE COURT: Thank you.

3 You have any questions?

4 MR. JOSEPH: I'm sorry, are you pointing to me
5 or the receiver?

6 THE COURT: Razuki.

7 MR. JOSEPH: Yes, a few questions.

8 THE COURT: Ten minutes.

9 MR. JOSEPH: Mr. Grimes -- Your Honor, may I
10 have -- hand Mr. Grimes a document?

11 THE COURT: Let them see it first of course.

12 MR. JOSEPH: This is the supplemental prepared
13 declaration.

14 MR. GORIA: Okay. I think I have that.

15 Your Honor, I would object to this declaration.
16 It was just filed yesterday.

17 THE COURT: Just ask him questions.

18 MR. JOSEPH: Your Honor, I'd like to use that
19 as --

20 THE COURT: Just ask him questions, counsel.

21 MR. JOSEPH: Yes, Your Honor.

22 BY MR. JOSEPH:

23 Q. Mr. Grimes, do you remember having text message
24 conversations with Ms. Olson and Ms. Hill on May 9,
25 2019?

26 A. Yes.

27 Q. And what -- generally speaking -- we'll get to
28 the specifics, but generally speaking, the three of you,

Reporter's Transcript - 5/31/2019

1 what were you discussing?

2 A. On the night -- are you talking about the 9th?

3 Q. May 9th.

4 A. May 9th.

5 Q. Yes.

6 A. May 9th was -- you know, we were discussing
7 getting evidence and talking about what our next plan of
8 action was.

9 Q. Just to clarify, when you say "getting
10 evidence," what do you mean by getting evidence?

11 A. We wanted to make sure that we had evidence
12 against the partners and what was going on.

13 Q. And again, to clarify, when you say "partners,"
14 what do you mean by that?

15 A. All four partners -- Chris Hakim, Ninus Malan,
16 Bobby Sands, and Jerry Baca.

17 Q. And when you were discussing this evidence,
18 what did you mean by getting evidence against them?

19 A. I think it was more about protecting ourselves
20 against what could happen. We were angry, upset that we
21 were laid off like that. It was disrespectful. All the
22 hard work that we had done. And, you know, we knew the
23 black market -- you know, the product was going out the
24 door still, and it was coming in the building.

25 Q. In these conversations, did Ms. Olson or
26 Ms. Hill ever say that I have evidence, here's what I
27 have?

28 A. Yes, they did.

Reporter's Transcript - 5/31/2019

1 MR. WATTS: Objection, hearsay; move to strike.

2 MR. JOSEPH: Goes to impeachment, Your Honor.

3 THE COURT: Overruled.

4 BY MR. JOSEPH:

5 Q. Mr. Grimes, what specific evidence did they
6 text you in this conversation on May 9th?

7 A. They said that they had -- they had pictures of
8 illegal product.

9 Q. Do you remember any specific pictures that you
10 were sent on May 9th?

11 A. I believe -- I'm trying to remember all the
12 pictures that we've taken. I believe that was a box of
13 flour I believe.

14 I'm just trying to remember back, sorry.

15 Q. I understand.

16 Do you remember ever talking about Stiiizy
17 cartridges?

18 A. Yes.

19 Q. For the record, Stiiizy is spelled
20 S-T-I-I-I-Z-Y.

21 A. Yes.

22 Q. What exactly is Stiiizy Cartridges?

23 A. It's a brand of cannabis oil vapes and they
24 work in the legal industry and the illegal industry, so
25 they work in both. And we had caught them -- basically
26 Synergy -- taking a box out.

27 And the security, Fernando, they opened it up.

28 And on the camera and on the video it shows Stiiizy

Reporter's Transcript - 5/31/2019

1 Cartridges. And we have no -- no contracts, anything
2 like that with Stiizy and it never went through
3 distribution. If it's legal, it had to have come
4 through distribution. It had to be lab tested. There
5 was no lab test done. And it would have come through
6 Jennifer Hill and Christina Olson and myself, and it's
7 pretty obvious at that point that that was illegal.

8 Q. Did Ms. Hill or Ms. Olson believe that the
9 Stiizy cartridges were illegal?

10 A. Yes, they did.

11 Q. How do you know that they believed that?

12 A. I believe they said it and they also took
13 pictures of a production sheet that showed the Stiizy
14 Cartridges that were made as well as 2020 cartridges.
15 And 2020 operates the same way. They operate in the
16 black market and the legal market.

17 Q. And again, was 2020 a -- was under Synergy or
18 BTG? Which -- who were they operating under?

19 A. 2020 was being made illegally in house by
20 Synergy.

21 Q. Did Ms. Olson or Ms. Hill ever talk about a
22 laptop on May 9, 2019?

23 A. Yes.

24 Q. And specifically --

25 A. They said that they did not wipe the laptops
26 out so the evidence and the proof was still there.

27 Q. What evidence did you -- when they told you
28 they had files on their laptop, what did you believe was

Reporter's Transcript - 5/31/2019

1 on that laptop?

2 A. The pictures --

3 MR. GORIA: Lack of foundation, Your Honor.

4 THE COURT: Counsel, you got two minutes.

5 MR. JOSEPH: Yes, Your Honor.

6 BY MR. JOSEPH:

7 Q. In those communications you had, did Ms. Olson
8 or Ms. Hill ever call those operations "black-market
9 operations"?

10 A. Yes, they did.

11 Q. How, specifically, if you can remember right
12 now?

13 A. They just said that they had proof of the
14 black-market operations. You know, there's -- they did
15 their morning walk-throughs every morning. Their job
16 was to take pictures of anything that was illegal or
17 didn't have lab tests, manifests, anything like that
18 with it. Basically to identify it. The state, when
19 they came in, they said we need to have that. It needs
20 to be on the products to be legal. No products ever
21 went out of Synergy that was legal.

22 Q. Now, I want to move to a different day, May 12,
23 2019. Did you have a text message conversation with
24 Ms. Olson at that time?

25 A. Yes, I did.

26 Q. And what did Ms. Olson tell you at that time?

27 A. That she -- I believe that she still had
28 evidence against the partners, which is Bobby Sands and

Reporter's Transcript - 5/31/2019

1 Jerry Baca and Chris Hakim and Ninus Malan.

2 Q. Did she ever mention that she was gonna be
3 rehired by Synergy or CCG?

4 A. Yes, she did.

5 Q. Did she say -- did she have any objections to
6 being rehired by them?

7 A. She did. She said that if Jerry was --

8 MR. WATTS: Objection, hearsay.

9 THE WITNESS: -- Baca was still involved --

10 THE COURT: Counsel, take a minute. I don't
11 need you to read them.

12 MR. JOSEPH: I understand, Your Honor.

13 THE COURT: Thank you.

14 BY MR. JOSEPH:

15 Q. Did she -- did she specifically just text the
16 words that "but as it is, they still want us to be under
17 Jerry and that's a deal breaker"?

18 A. Yes, it is.

19 Q. Now, very quickly, why did you never tell
20 Mr. Essary about the compliance issues?

21 A. Bobby Sands, Jerry Baca, Chris Hakim, Ninus
22 Malan -- they just kept telling us it'll get fixed. You
23 know, we want to be in compliance, we want to operate
24 legally, and they just kept us -- you know, just going
25 along. Like, okay, you know, they're gonna fix it.

26 Q. Just -- I'm sorry to interrupt, just to
27 clarify, when you say "they," you're referring to?

28 A. Bobby Sands, Chris Hakim, Ninus Malan --

Reporter's Transcript - 5/31/2019

1 MR. GORIA: Your Honor, this is lack of
2 foundation. They don't know when they said it; who was
3 there.

4 THE COURT: I've got it.
5 Last question.

6 Sustained.

7 MR. JOSEPH: I believe that's my last question,
8 Your Honor.

9 THE COURT: Thank you.

10 Mr. Griswold, you have any questions?

11 MR. GRISWOLD: No, Your Honor.

12 THE COURT: Well, hold on, we're not gonna have
13 double-dipping here so --

14 MR. WATTS: I won't cover anything that he
15 asked.

16 THE COURT: Let's make sure, though, so --
17 because he did it on behalf of Hakim, Mira Este and
18 Roselle. So you're gonna ask questions on behalf of
19 Malan --

20 MR. WATTS: Malan, California Cannabis, San
21 Diego United, you know, Flip Management, LLC.

22 MR. GORIA: Not San Diego United.

23 MR. WATTS: Not -- well, yeah. Not the
24 bankruptcy guys, but the -- but the others.

25 THE COURT: Okay. You're gonna be the last
26 one, Mr. Watts.

27 MR. WATTS: All right. Thank you.

28 THE COURT: You've got ten minutes.

Reporter's Transcript - 5/31/2019

1 BY MR. WATTS:

2 Q. You asked for a raise within the last couple of
3 months, correct?

4 A. Yes.

5 Q. And who did you ask for a raise from?

6 A. Jerry Baca.

7 Q. And you wrote him a long e-mail on May 1st
8 asking for a substantial raise, right?

9 A. Yes.

10 Q. And you declined a sales rep job that they had
11 offered you, right?

12 A. There was nothing to sell.

13 Q. Is that a yes?

14 A. Yes.

15 Q. And you asked for a job that was more important
16 that paid more than that, correct?

17 A. No. I wanted to keep my -- my job the same,
18 but I wanted a raise. I wanted to be treated fairly.

19 Q. And they -- did they decline to give you that
20 raise?

21 A. No, they actually did.

22 Q. They gave you that raise?

23 A. Yes, they did.

24 Q. When did they give you that raise?

25 A. I believe Bobby Sands sent me a text about it,
26 and I'm sure we have it somewhere, but yeah.

27 Q. So when was that?

28 A. I don't remember when it was.

Reporter's Transcript - 5/31/2019

1 Q. Was it after May 1st?

2 A. I would say either May 1st or after, yeah.

3 Q. Was it before -- you were terminated from your
4 position, right?

5 A. No, I was not. I was laid off.

6 Q. You don't work there anymore, do you?

7 A. I do not.

8 Q. Did someone tell you you're not allowed to work
9 there anymore?

10 A. Jerry Baca laid me off that Thursday night and
11 told me too that all the employees from Synergy under my
12 command know that they're laid off.

13 Q. Which -- what date was that?

14 A. It was the 8th. It was a Wednesday -- Thursday
15 night, sorry.

16 Q. May 8th?

17 A. Yes.

18 Q. And did he tell you why he was laying you off?

19 A. He said it was for financial reasons.

20 Q. On May 14th, you sent a text message to someone
21 identified as Tina CCG. Do you know who that is?

22 A. That would be Christina Olson.

23 Q. And you recall sending text messages to her
24 that night?

25 A. What night was it? Sorry.

26 Q. May 14th.

27 A. May 14th. I believe we were talking back and
28 forth, yes.

Reporter's Transcript - 5/31/2019

1 Q. You told her, "I am going to make their
2 downfall my passion in life. They fucked with the wrong
3 people."

4 Is that correct?

5 A. Yes.

6 Q. You remember saying that to her?

7 A. Yes, I did.

8 Q. And when you said, "their downfall," who are
9 you referring to?

10 A. Their downfall?

11 Q. When you said I'm going to make their downfall
12 my passion in life, the word "their," who did that refer
13 to?

14 A. That would be all four partners.

15 Q. So that's Ninus Malan, Chris Hakim and two
16 other people?

17 A. That would be Jerry Baca and Bobby Sands.

18 Q. Thank you.

19 And that was after you were laid off, correct?

20 A. Yes, it was.

21 Q. Six days after you were laid off?

22 A. Yes.

23 Q. And on May 13th, you told Tina in a text
24 message, "Essary will take the license soon and they
25 cannot operate."

26 You remember telling her that?

27 A. Yes.

28 Q. Why did you believe Essary would take the

Reporter's Transcript - 5/31/2019

1 license soon?

2 A. Because the evidence is overwhelming against
3 their black-market operations --

4 Q. Did --

5 A. -- and it needs to be taken down.

6 Q. Well, why do you think Essary was gonna do
7 that? Did he tell you he would take their license?

8 A. No. He's in -- he's the court. He was in
9 charge of the licenses and protecting the --

10 Q. So that's a no, he -- Essary did not tell you
11 that he was gonna take Mira Este's license?

12 A. No.

13 Q. Okay. You told Tina, "They already agreed you
14 would stay out of this if you voluntarily give the
15 information."

16 Who is "they"?

17 Do you remember saying that to her?

18 A. I remember saying it. I forget --

19 Q. Do you remember who you were referring to?

20 A. I was just trying to protect the girls. I
21 mean, I knew that it was gonna come down to --

22 Q. Who -- who was "they"? When you said they
23 already agree you would stay out of this, who is "they"?

24 A. I thought that was -- I'm not sure where you
25 got that. It might have been the Court.

26 Q. Did the Court already agree that they would be
27 left out of it if they voluntarily gave information?

28 A. No.

Reporter's Transcript - 5/31/2019

1 Q. Okay. So it's not the Court --

2 A. That was my assumption.

3 Q. Okay. Did you talk to the district attorney
4 about what happened at the Mira Este, about the
5 black-market operation?

6 A. No, that was -- we were -- I was thinking this
7 was gonna go into a criminal case and --

8 Q. Okay. But you told Tina that you talked to the
9 DA, didn't you?

10 A. Yes.

11 Q. So that was a lie, right?

12 A. Yes.

13 Q. Okay. Did you tell Tina anything else that was
14 a lie on May 13th or 14th in your text messages?

15 A. Not that I know of.

16 Q. Have you told anything today that was a lie in
17 court?

18 A. No.

19 Q. You work for a cannabis company, don't you,
20 right now?

21 A. No, I am not employed.

22 Q. Are you the CEO of a cannabis company?

23 A. We're trying to create one.

24 Q. Have you identified yourself publicly as a CEO
25 of Real Life Organics California Craft Cannabis?

26 A. On my Instagram.

27 Q. And anywhere else?

28 A. Maybe somewhere else.

Reporter's Transcript - 5/31/2019

1 Q. If I told you it was on Facebook, would you
2 doubt that?

3 A. Sure.

4 Q. So it's on Facebook too, right?

5 A. Okay. Yeah.

6 Q. So you didn't want to bring that up?

7 A. I didn't think it was a big deal.

8 Q. Does that company actually exist?

9 A. No, it does not.

10 Q. So that's a false statement, correct?

11 A. We are putting together investors --

12 Q. Are you --

13 A. -- for a cultivation facility.

14 Q. Are you the chief executive officer of any
15 company named Real Life Organics California Craft
16 Cannabis right now?

17 A. Not legally, no.

18 Q. Okay. So that's a false statement, correct?

19 A. I guess, yeah.

20 Q. Okay. Did you make any false statements when
21 you applied for a job with Synergy?

22 A. No, I don't believe so.

23 Q. You don't believe so or is it a no?

24 A. No.

25 Q. You told someone before you came in here today
26 via text message that your testimony could go another
27 way, didn't you?

28 A. Yes, I did.

Reporter's Transcript - 5/31/2019

1 Q. And who'd you say that to?

2 A. I said that to Christina Olson and Jennifer
3 Hill.

4 Q. And when did you say that to them?

5 A. I said that on the Saturday after we were laid
6 off. The reasoning behind that was because I didn't
7 know if Chris and Ninus Malan were going to retain us or
8 what. No one was contacting me or talking to me.

9 Q. So when you said "retain you," you didn't know
10 if they were gonna pay you money; is that correct?

11 A. No.

12 Q. What does "retain" mean when you said retain?

13 A. To keep us in operations.

14 Q. Thank you.

15 A. The whole idea of this whole thing was to keep
16 working. We did not want to lose our jobs, and we
17 wanted to do anything we --

18 Q. Okay. I believe --

19 A. -- to do it.

20 Q. Okay. So you also said that you could throw
21 someone under a bus; that your testimony could do that
22 today.

23 Is that correct?

24 A. Yeah. Sure.

25 Q. Who'd you say that to?

26 A. Probably the girls, Christina Olson and
27 Jennifer Hill.

28 Q. And who are you talking about throwing under

Reporter's Transcript - 5/31/2019

1 the bus?

2 A. The partners.

3 Q. And did Salam Razuki talk to you about your
4 testimony today before you came in?

5 A. Personally? No.

6 Q. Did his attorneys talk to you about your
7 testimony?

8 A. Yes.

9 Q. What did they tell you?

10 A. They just wanted to get the story from me and
11 get a declaration and to come in and testify.

12 Q. Did they tell you what you needed to say today?

13 A. No.

14 Q. You're a compliance officer for Synergy,
15 correct?

16 A. Used to be.

17 Q. And as part of your job duties, was it your job
18 to report any illegal black-market activities to the
19 State of California?

20 A. Yes, it was.

21 Q. And did you fail to do that?

22 A. Yes, I did.

23 Q. You did?

24 Do you know if that was a criminal offense or a
25 civil offense?

26 THE COURT: Don't answer that.

27 MS. GRIFFIN: Objection.

28 THE COURT: Stop, stop, stop. I don't want to

Reporter's Transcript - 5/31/2019

1 have to start going after the number of privileges here.

2 Don't answer that. That's on the Court.

3 Two minutes, counsel.

4 MR. WATTS: Thank you, Your Honor.

5 BY MR. WATTS:

6 Q. You submitted a couple of declarations in this
7 case, correct?

8 A. Yes.

9 Q. Who wrote your declarations?

10 A. The Razuki attorneys.

11 Q. Did you tell them what to put in the
12 declaration?

13 A. They asked me questions and I instructed them
14 what I had seen and the evidence that I have and yes.

15 Q. Okay. But did you -- you didn't write your
16 declarations, correct?

17 A. Well, I'm not an attorney, so, I mean --

18 Q. You can -- you're literate, right? You can
19 read and write English?

20 A. Of course.

21 MS. GRIFFIN: Objection, argumentative.

22 THE COURT: Overruled.

23 MR. WATTS: Did you ever -- may I?

24 THE COURT: Sure. You got one minute.

25 MR. GALUPPO: I thought we had two, Your Honor.

26 MR. WATTS: I'm gonna take you all the way back
27 right now to March 11th of 2019, this year. Okay.
28 There was some -- you sent Ninus Malan an e-mail,

Reporter's Transcript - 5/31/2019

1 correct?

2 And, Your Honor, you have that e-mail -- that
3 e-mail I gave to you.

4 BY MR. WATTS:

5 Q. You sent Ninus Malan an e-mail about the
6 alleged black-market activity, correct?

7 A. Yes.

8 Q. Did you get an e-mail back from Mr. Malan that
9 said report it to the receiver?

10 A. I got an e-mail back saying that he wanted me
11 to report that and to let the other partners know.

12 Q. Okay. So I'm gonna read to you what -- what I
13 believe he may have said to you.

14 A. Okay.

15 Q. "Brad, I want you to draft a disciplinary
16 action notice to Synergy that is the formal warning.
17 And please put in the violation you e-mailed to me."

18 Okay?

19 A. Um-hmm.

20 Q. Is that what he said?

21 A. That is.

22 MR. JOSEPH: Your Honor, sorry. I just -- what
23 declaration is this in?

24 MR. WATTS: I'll go slow.

25 It's Ninus Malan's declaration. It's an e-mail
26 that was attached. So I'll go slow.

27 MR. JOSEPH: Which declaration? Sorry.

28 MR. WATTS: There's only -- it's the first one.

Reporter's Transcript - 5/31/2019

1 It's the first one.

2 BY MR. WATTS:

3 Q. "I want you to draft up a disciplinary action
4 notice for Synergy that is a formal warning and please
5 put in the violation you e-mailed to me."

6 Does that sound familiar?

7 A. Yes, it does.

8 Q. Did you do this?

9 A. He was instructing me to write up one of the
10 partners, which was absolutely ridiculous.

11 Q. Why?

12 A. Because I would have been fired immediately.

13 Q. So rather than be fired, you -- rather than
14 doing the right thing, the legal thing, the thing that
15 you were trained in the certificate that you earned that
16 you were supposed to report to the state, what you did
17 was nothing because you wanted to preserve your job?

18 MR. ELIA: Objection, argumentative.

19 THE COURT: Overruled. That'll be the last
20 question.

21 You can answer that.

22 MR. WATTS: I can't ask one more?

23 THE WITNESS: I did not -- I did not write up
24 Bobby Sands, no.

25 THE COURT: All right. Mr. Grimes?

26 THE WITNESS: Yes.

27 THE COURT: Thank you for your testimony.

28 THE WITNESS: Thank you.

Reporter's Transcript - 5/31/2019

1 THE COURT: You're welcome, sir.

2 All right. Shall we do closing statements?

3 We shall.

4 MS. GRIFFIN: Your Honor, might we request,
5 since Ms. Olson and Ms. Hill are here, they're relying
6 on their testimony --

7 THE COURT: No. Thank you. Don't need to do
8 that.

9 Mr. Gorja, sir.

10 MR. GORJA: Okay. Thank you, Your Honor.

11 First of all, it's implausible -- implausible
12 to suggest that Chris Hakim was somehow in cahoots with
13 Synergy and this so-called black-market operation and
14 yet was the same Chris Hakim, through his counsel, who
15 has blown the whistle on Synergy on these excise taxes
16 to the tune of 419,000.

17 So right there there's an inconsistency, an
18 implausibility that Chris Hakim was somehow working with
19 Synergy to develop this black-market operation and at
20 the same time was allowing Synergy to abscond with
21 419,000 which has jeopardized the license there. That's
22 the first implausibility.

23 We had the testimony from Mr. Grimes, who is a
24 very shaky witness at best, if not an unbelievable
25 witness to the effect that he never saw Chris Hakim
26 participate in any black-market operation, never
27 overheard Chris Hakim talking about any black-market
28 operations, and I asked him if he ever sent any e-mails

Reporter's Transcript - 5/31/2019

1 to Chris Hakim in which he used the term "black market"
2 or if ever spoke those terms to Chris Hakim and my
3 recollection is he answered in the negative to either of
4 those.

5 So I think it's pretty clear that Chris Hakim
6 was not implicated, was not involved in these
7 black-market operations and that all that the other side
8 is trying to do is throw smoke, throw some wrenches into
9 the Court's tentative ruling which was to remove this
10 receiver from Mira Este and reinsert -- reinstall
11 Mr. Hakim, who is the managing member of that facility.

12 And, you know, quite frankly, Your Honor, I'd
13 like to back up just a step. Mr. Hakim negotiated at
14 the time what appeared to be a successful management
15 agreement for Mira Este with SoCal. And SoCal actually
16 did perform for a few months until it went sideways on
17 Mr. Hakim. And at that point the facility was kind of
18 like bereft. It was wandering out at sea.

19 Mr. Hakim immediately jumped to rectify the
20 situation, again, without the receiver being in place,
21 and hired Synergy. And he and Jerry Baca did in fact
22 interview a dozen producers, all of whom would have gone
23 into that facility but for the receiver.

24 So when Mr. Joseph says that Mr. Hakim and
25 Mr. Baca worked together, no. They worked together
26 until the receiver was appointed first on August 20th
27 and then permanently on September 26th. They worked
28 together during the month of August interviewing these

Reporter's Transcript - 5/31/2019

1 people, getting their commitment, and then all of a
2 sudden the receiver's appointed and nobody has any
3 interest. And that's what has been the case since then.

4 So they haven't worked together -- Baca and
5 Hakim have not worked together. Hakim has been on the
6 out. He's been -- he was stripped of any authority he
7 had when the receiver was appointed, and, like I said
8 earlier, he has stayed away from that facility.

9 Now, the one thing that they had made such a
10 big deal about -- it's great. It's classic. It's this
11 fax that -- I mean this text that -- let's see if I can
12 lay my hands on it. It's a text that -- I can't lay my
13 hands on it right away -- but that they say Chris Hakim
14 sent on March 12th, the day after this flood of
15 documents was provided to the Court by the receiver
16 showing -- if the Court may remember this, this was on
17 March -- March 15th was actually the hearing date.

18 The Court was given all this raw information
19 about Synergy's income and expenses over the last six
20 months -- income and outgo. And it was the first time I
21 had ever seen it, right? First -- it was just given to
22 me a few days before by the receiver's attorney, and
23 I -- you know, Chris Hakim found out about this
24 sandbagging, if you want to call it that. I don't know.
25 I'm not gonna accuse Mr. Griswold of sandbagging on that
26 occasion.

27 But it was like this huge flood of information
28 that went from Mr. Grimes directly to the receiver,

Reporter's Transcript - 5/31/2019

1 although he says it went through Jerry Baca. Either
2 way, it was just this huge flood of information.
3 Mr. Hakim, if he did in fact send this text, was
4 responding to that.

5 Okay. Now, did Mr. Grimes ever send any more
6 information like that to Mr. Hakim? No. There's no
7 evidence of that. Mr. Hakim said he never received any
8 other financial documentation from Mr. Grimes.

9 So, you know, Mr. Grimes wasn't being
10 redirected from talking to the receiver. He could very
11 easily have sent e-mails and concerns about his
12 black-market operations to the receiver. He decided not
13 to. He decided to just go ahead and stay in his job,
14 stay in his nice, safe job. And then he got terminated.
15 That's when all this has happened. That's when he
16 started his vendetta against these people.

17 And what we're here for today isn't to really
18 discuss the black-market operations or to discuss
19 Synergy absconding with \$420,000. From their side, what
20 they are talking about is trying to implicate my client
21 in this criminal scheme in order to discourage the Court
22 from appointing him as the rightful -- he is the
23 rightful manager of that facility. Mr. Razuki,
24 Mr. Malan, and Mr. Hakim all agreed that he would be the
25 managing member. And but for the receiver, he should be
26 the managing member.

27 And we're asking that the Court remove the
28 receiver. This facility has suffered enough, and we

Reporter's Transcript - 5/31/2019

1 need to get Mr. Hakim back in, we need to get -- give
2 him the opportunity to get producers in there before
3 this facility completely fails. Before it completely
4 fails.

5 THE COURT: Enough said.

6 MR. GORIA: All right. I'll stop there, Your
7 Honor.

8 THE COURT: Mr. Watts, you're up.

9 MR. WATTS: Thank you, Your Honor.

10 First, I want to point out that despite
11 Mr. Grimes's testimony, he is sitting right next to
12 Salam Razuki in the courtroom right now. He talks to
13 them. He is a conflicted witness --

14 MS. GRIFFIN: Objection, Your Honor.

15 MR. WATTS: -- with a stake in the litigation.

16 Mr. Razuki, as our client explained in his
17 declaration, acted inequitably --

18 THE COURT: Are you Mr. Razuki? Yeah.

19 Okay. Go.

20 MR. WATTS: Mr. Razuki's in the courtroom again
21 in violation of a civil harassment restraining order in
22 his pretrial release agreement.

23 MR. ELIA: Objection, Your Honor. That's not
24 true.

25 THE COURT: Not before the Court.

26 Go.

27 MR. WATTS: As my client explained in his
28 declaration, this is a -- the appointment of receiver is

Reporter's Transcript - 5/31/2019

1 an equitable act. The Court is acting in equity. The
2 party must maintain clean hands at all stages of the
3 proceedings.

4 The Court knows why -- we've explained that the
5 plaintiff has acted inequitably in getting the receiver.
6 And during this litigation, last October and November,
7 but even just in the last month, the plaintiff has acted
8 inequitably.

9 As my client explained, Mr. Razuki called the
10 lenders on Mira Este. As soon as this Court said that
11 its tentative ruling was to remove the receiver,
12 Mr. Razuki called the loan company -- it's in
13 Mr. Razuki's declaration too -- called the loan company,
14 tried to get them to foreclose on Mira Este, tried to
15 get them to put Mira Este in default, tried to pressure
16 Malan.

17 He did that because he doesn't care about
18 preserving the assets. He cares about destroying Ninus
19 Malan. That is the point of this litigation. You
20 don't -- if you think that something's valuable, you
21 don't call the lender and try to get him to destroy it,
22 but that's what he did in the last month.

23 He did that despite the receiver being the
24 person that's supposed to act on behalf of Mira Este.
25 Despite this property being in receivership, he went
26 around the receivership order and tried to get the
27 lender to foreclose on Mira Este. That's inequitable.
28 The receiver should not be in Mira Este. The receiver

Reporter's Transcript - 5/31/2019

1 has acted in a way that demonstrates his unfitness to
2 continue at Mira Este. Not just because of the
3 negligence of not paying the taxes over the last year,
4 of prioritizing spending money on his -- himself, his
5 own fees, his counsel's fees, and Mr. Brennick's[ph]
6 fees at the expense of the properties that are in
7 receivership.

8 But also because when he spent that money, he
9 didn't come to this Court and ask for permission. He
10 didn't ask for approval of the amount of money that he
11 paid his counsel. He's spent over a hundred thousand
12 dollars on himself and his counsel in this -- in this
13 litigation; never once come into court and ask for
14 approval of that money.

15 We're -- they are accusing our clients of
16 spending money without receivership approval. That's
17 not true. There's no evidence of that. But there is
18 evidence that the receiver has been spending the
19 receivership's money without approval of this Court.
20 The Court never approved the amount of fees that
21 Brennick[ph] is allowed to get. The Court never
22 approved the amount of fees Mr. Griswold can get or that
23 Mr. Essary can pay himself. Never approved that.

24 Major expenditures. Hundreds of thousands of
25 dollars he spent without court approval. That's not
26 fair. It's not what he's allowed to do.

27 The receiver has been biased in the
28 recommendations that he's made to the Court. In July,

Reporter's Transcript - 5/31/2019

1 he rehired a plaintiff to manage the defendants. When
2 he came into court in July and asked to be appointed, he
3 promised he would rehire a plaintiff, SoCal, to manage
4 the defendants. That is a conflict of interest that he
5 did not disclose to the Court.

6 And then when he came back in here a few months
7 ago, recommended selling Balboa to the plaintiff,
8 recommended allowing the plaintiff to operate Balboa,
9 and told the Court I don't think there's a conflict of
10 interest, that was wrong, as the Court correctly found
11 that there was a conflict of interest and that he
12 couldn't do that unless SoCal was removed as a party to
13 this case. But he did it anyway. He still made that
14 recommendation.

15 And then afterwards, after the Court said --
16 and the transcript is here saying that the issue of the
17 conflict needs to be resolved by having a total
18 agreement dismissing SoCal. Once that issue is
19 resolved, after you sign the agreement, then Mr. Essary
20 can appoint SoCal.

21 That's not what happened. He didn't even wait
22 for SoCal to give money before he signed a document that
23 says that they irrevocably transferred the properties in
24 receivership. The Court didn't authorize him to sign a
25 deed of trust. The Court didn't review that deed of
26 trust before he signed it. The Court didn't allow him
27 to do that. He didn't have any money in his pocket at
28 that point.

Reporter's Transcript - 5/31/2019

1 The Court said that once SoCal's not a party to
2 the case anymore, he can appoint SoCal to be an operator
3 and do these certain things. He didn't wait for that.
4 He gave the property to them before SoCal did anything.

5 Then when SoCal had the deed in its pocket,
6 reneged on the deal. And then the receiver had to spend
7 a week going back, trying to get them to sign a
8 reconveyance. The reconveyance, by the way, doesn't
9 actually say who they gave the property back to. It is
10 a boilerplate reconveyance.

11 It says that the undersigned reconveys the
12 property to the person legally entitled to it. It
13 doesn't specify that it's giving it back to the
14 receiver. SoCal still could have tried to make an
15 argument that they are the rightful owner of the
16 property because of that -- that deed of trust. The
17 reconveyance I don't think is specific enough and the
18 Court didn't approve that either; didn't approve the
19 form of the reconveyance deed. You didn't approve the
20 signing of that either. That's something also very
21 important.

22 Now, today, they've recommended hiring a
23 cannabis consultant, Aaron Lachant, that they
24 disclosed -- thankfully this time; unlike the first
25 time -- they disclosed that they have -- again, that
26 that person is connected to SoCal. This is the second
27 time that they've tried to give money to the SoCal
28 connected insiders.

Reporter's Transcript - 5/31/2019

1 They did -- Tammy argued this a year ago; said
2 that SoCal's insiders were getting money when this
3 receivership was first put in place back in July. It's
4 the same problem. And they're trying to do it again.
5 Throughout this litigation, that's what has been
6 happening. The receiver is biased, started biased,
7 still biased today.

8 And then finally, the most important thing that
9 you got to show to get an injunctive relief is
10 likelihood of success on the merits of the -- of the
11 claim. But Section 8.8 of the Mira Este operating
12 agreement says that no matter what happens between Ninus
13 Malan and Salam Razuki, that shall not materially affect
14 the ownership interest of the other members in Mira Este
15 or increase or materially alter the manager -- now
16 that's Chris Hakim -- the manager's duties and
17 obligations; and Malan and Razuki agree to release the
18 manager -- that's Chris Hakim -- and other members from
19 any liabilities relating to such transfer. Their
20 lawsuit fails from the beginning, at least as to Mira
21 Este.

22 He signed that. No one disputes that they
23 signed that. No one disputes the meaning of it. And
24 we're not paying enough attention to that because they
25 don't have a claim for control of Mira Este. The
26 receiver shouldn't be there.

27 Even if there were problems at the property,
28 even if things were going badly, he doesn't have a right

Reporter's Transcript - 5/31/2019

1 to manage it or own it. And right now, the one company
2 that theoretically would have some sort of interest in
3 Malan's shares and ownership interest in it would be RM
4 Holdings, which, again, is canceled and dissolved.

5 And, again, the only thing they can do right --
6 they're trying to reinstate it, but right now it's not.
7 It's not there, so they can't succeed under the way that
8 the facts are now, so the receiver should be dismissed
9 from Mira Este.

10 THE COURT: Okay. Thank you.

11 Razuki.

12 MR. JOSEPH: Your Honor, I will try to be as
13 efficient as I can to go point by point.

14 The first claim by Mr. Gorla is that Hakim is
15 the one who discovered the excise tax issue and brought
16 it to the Court's attention and brought it to everyone's
17 attention.

18 Again, it has been a constant issue with all
19 the -- with at least this side of the room that we need
20 these financial documents. They kept the receiver in
21 the dark and then now they're blaming him for being in
22 the dark. This is just simply outrageous considering we
23 have had probably at least four ex parte hearings just
24 to get financial documents from the defendants. This is
25 a nonissue.

26 And now that the receiver is in control of it,
27 he is actually talking with the state and taking care of
28 this issue that Mr. Griswold can probably explain

Reporter's Transcript - 5/31/2019

1 further.

2 With respect to Mr. Grimes, the bias that they
3 try and bring up, that they claim that he's a
4 disgruntled employee and everything -- they don't read
5 the second part of that text where Mr. Grimes talks
6 about how if so, I can go a different direction with my
7 testimony and everything. "If they will let us bring"
8 it to -- "if they will let us bring in the business for
9 a percentage in raise. I want to run it legit though.
10 We can make that place rock. Be very motivating" to
11 our -- "to outproduce Synergy."

12 He's biased in favor of the Mira Este facility
13 because he doesn't trust them for doing all their
14 black-market operations. That's his bias. His bias
15 against them is for all of their actions in allowing the
16 black-market operation to continue. If that's his bias,
17 then that's a bias that shows that this man is truly in
18 the best interest of Mira Este, telling us the truth of
19 what's going on that day.

20 We've gone through the text messages with him
21 and Ms. Olson and Ms. Hill where they clearly contradict
22 what they said in their declarations. Clearly, clearly
23 contradict it.

24 But more importantly, Your Honor, it was two
25 weeks ago where the receiver submitted the paperwork
26 regarding these black-market operations. That's the
27 first time we heard about it. Two weeks ago.

28 And in those two weeks, we have not had the

Reporter's Transcript - 5/31/2019

1 ability to subpoena all the other employees and talk to
2 all the witnesses. There is going to be much more
3 evidence. As you know, the BCC is already there.

4 But most troubling is we could not go to the
5 historical DVR information. Those cameras that are
6 supposed to be running 24/7, Mr. Essary does not know
7 where they are. Because when he came back into control,
8 he has no idea what happened to the DVRs.

9 There is spoliation of evidence going on. I
10 don't know who took those DVRs. All I know is that
11 Mr. Hakim is the one who claims that as soon as Synergy
12 left, he stepped in immediately and he can't tell us --

13 MR. GORIA: Lack of evidence, Your Honor.
14 There's no claim like that that was made.

15 THE COURT: Sustained.

16 MR. JOSEPH: Regardless of it, Your Honor --

17 THE COURT: Take a minute, counsel.

18 MR. JOSEPH: In terms of the unclean hands
19 issues, this last issue from the loan company is
20 absolutely ridiculous; that Mr. Razuki tried to get the
21 loan company to foreclose. That's just simply not true.

22 As he stated in his declaration, he has the
23 most to lose if this loan goes into foreclosure. He is
24 the one who has secured the Mira Este loan with 22 of
25 his individual properties. That is an
26 8.2-million-dollar security that he has put up for this
27 loan. He is the one at risk.

28 Mr. Hakim's property is off of it. It is

Reporter's Transcript - 5/31/2019

1 Mr. Razuki who is going to lose if that loan is not
2 paid. It does not make any sense for him to default it.
3 It is simply just not true.

4 He called the loan company because he was
5 worried because he found out that Mira Este Properties,
6 the borrower on the loan that is run by Hakim, was not
7 paying the mortgage and it's in default a massive
8 amount. And of course he was worried about that because
9 it's his property at stake, not the defendants.

10 Also, regarding with all of the other claims
11 against the receiver, a lot of these claims are just
12 absolutely ridiculous -- that were approved by the
13 Court.

14 In July, it was not an agreement between
15 plaintiff and Mr. Essary to hire SoCal. It was a Court
16 order that was approved by Judge Medel when we were back
17 in Department 66. It was a court order that the
18 receiver put back SoCal in. This was not some secret
19 clandestine operation that we were trying to do. We
20 talked about it with the Court.

21 Our papers said SoCal, we need to preserve
22 their interests because they are also a plaintiff here
23 and the Court approved it. This is not something where
24 we have an agreement with Mr. Essary. We get court
25 approval for these issues. Similar to selling it to
26 SoCal. They had the best deal at the time.

27 In terms of the deed of trust, I think
28 Mr. Griswold has addressed that with his declaration.

Reporter's Transcript - 5/31/2019

1 And finally, this last claim that Mira Este
2 has -- the Section 8.8 of Mira Este, Your Honor, I don't
3 really understand their argument. The settlement
4 agreement between Mr. Malan and Mr. Razuki is very, very
5 clear. RM has -- will take title of those entities once
6 the transfer is complete. In the interim, the oral
7 agreement, which is memorialized in that settlement
8 agreement, says that Mr. Razuki right now has a
9 75-percent interest in whatever Mr. Malan owns. There
10 is a property interest there that the Court has
11 repeatedly held should be protected and protected for
12 the sake of Mr. Razuki.

13 As I said in the very beginning, Your Honor,
14 your decision right now is a question of how best to
15 protect this asset. You can either give it to Mr.
16 Essary -- an arm of the court, a neutral in this case --
17 who can directly talk to the BCC and say that there was
18 a restricted order that forced me to work with Synergy
19 but now I have complete control of it; and that is the
20 best possibility of surviving whatever black-market
21 operation investigation. Or you give it over to
22 Mr. Hakim, the person who hired Synergy -- who I don't
23 think anyone is disputing was involved in the
24 black-market operations at this time.

25 MR. WATTS: Objection, everyone disputed it.

26 THE COURT: Thank you.

27 Mr. Griswold.

28 MR. GRISWOLD: Yes, Your Honor. I'll make it

Reporter's Transcript - 5/31/2019

1 quick.

2 First, Mr. Essary is willing and able to
3 continue as his role as the receiver, specifically over
4 the Mira Este facility. This Court has given the
5 defendants two opportunities to pick their operators.
6 Once at Balboa Avenue Dispensary. That was Far West.
7 They were there for about two to three months in the
8 fall.

9 The Court ordered, in its September 26th order,
10 for Mr. Essary to oversee and maintain Far West in their
11 management role. Far West was selected by the
12 defendants.

13 As the Court will recall, there were questions
14 about reporting, questions about production and revenue
15 at the Balboa Avenue Dispensary. Mr. Essary said, you
16 know what? We're just gonna have to come in and do a
17 physical inspection of Far West, we're coming tomorrow.
18 What happened? Less than 24 hours later, Far West said
19 we're out, we're done, we're shutting down operations,
20 the doors are locked, and we've never heard from Far
21 West again.

22 Fast-forward, looking at the Mira Este
23 facility, in this Court's September 26th order, it
24 ordered Mr. Essary to maintain, oversee Synergy as the
25 operator of Mira Este. Synergy was selected by the
26 defendants. Synergy, the entity, was created days
27 before they signed an agreement with Mr. Hakim. Former
28 counsel for Malan is the registered agent for service of

Reporter's Transcript - 5/31/2019

1 process of Synergy.

2 There's been issues for months. Mr. Essary's
3 had a tough time getting information, financials. We
4 get to the point of we uncover and report to the Court
5 that there's allegations of black-market operations.
6 What happens? Days later, Synergy walks out. We're
7 out. We're out of this. Defense selected operator
8 leaves again when the receiver finally pushes hard
9 enough to ask them some questions.

10 As I started with, the receiver is ready to
11 take back control of Mira Este facility and report
12 directly to this Court.

13 And finally, as to some of their allegations,
14 because he's my client, because it's on the record, it
15 appears that defendants want really to argue a motion
16 for reconsideration. This Court ordered the receiver to
17 put SoCal as the operator of Balboa in compliance with
18 their proposal that was in front of the Court.

19 And conveniently, I brought just a small copy
20 of the record from the April 5th hearing when this Court
21 approved SoCal as the operator. There was discussion as
22 to whether or not SoCal was conflicted. At the end of
23 the hearing, I stated: "One issue, Your Honor, your
24 approval of SoCal as the operator of Balboa is subject
25 to an agreement that's going to be presented to the
26 receiver between SoCal?"

27 Mr. Galuppo, counsel for Malan, states:
28 "Correct. But we're not conditioning. I don't believe

Reporter's Transcript - 5/31/2019

1 counsel and I are asking the Court to condition the
2 appointment. It's just -- it will be working through
3 the terms and conditions, so he should candidly move
4 forward as fast as he can."

5 That's what Mr. Galuppo said.

6 And the Court states: "I expect to get it
7 resolved, the lawsuit issue. I expect that. But, no,
8 you're in."

9 Mr. Fuller, counsel for SoCal says: "Thank
10 you, Your Honor."

11 Mr. Essary has been directed by this Court to
12 take action, and he has taken that action time and time
13 again.

14 Thank you.

15 THE COURT: You're welcome.

16 Thank you.

17 MR. ZIMMITTI: Does Your Honor have any
18 questions for SoCal?

19 THE COURT: Um-um.

20 MR. ZIMMITTI: Can I just -- can I just clarify
21 that SoCal does not currently own anything through that
22 deed of trust. We reconveyed properly, and we don't own
23 anything. I'll go on the record, Your Honor.

24 THE COURT: Thank you.

25 MR. ZIMMITTI: Except through our contracts
26 which were briefed.

27 THE COURT: Thank you.

28 All right. Let the record reflect, the Court

Reporter's Transcript - 5/31/2019

1 has read everything. We've had a very extensive
2 hearing, which is always helpful to the Court. I mean
3 that very sincerely.

4 Obviously, this is a very serious matter. A
5 lot of money's at stake. I understand that. But I have
6 to determine what I think is best in a sense for all the
7 parties here, not one side versus the other. Because
8 I'll tell you what, I'm afraid we're gonna lose the
9 license and that's like 6, 700 -- 6, \$7 million. So I'm
10 really concerned about that.

11 The Court obviously has spent an inordinate
12 amount of time trying to analyze, trying to do what I
13 think is best at this stage.

14 Boy, is that a key word, "at this stage."

15 In considering all the arguments that has been
16 presented and considering everything that the Court has
17 read, the motion to remove the receiver is denied.

18 You can proceed, Mr. Essary.

19 MR. GORIA: Your Honor, may I ask the Court --
20 we had asked in the alternative in our application for a
21 desegregation of the bond amounts on appeal. The Court
22 had made the order in December. And if the Court may
23 recall, there were ten different --

24 THE COURT: Um-hmm.

25 MR. GORIA: -- parties listed, and the Court
26 made the order that all ten had to post a bond before
27 the receivership could be removed at either facility.

28 We pointed out that the law is to the effect

Reporter's Transcript - 5/31/2019

1 that only those people who are entitled to a return of
2 the assets need post a bond in order for the
3 receivership to be removed from those assets. And we're
4 requesting the Court to make that alternative order,
5 that the bond amounts be desegregated and only that Mira
6 Este Properties and California Cannabis be required to
7 post the bond.

8 THE COURT: When are you coming back?

9 MS. GRIFFIN: June 28th, I think.

10 MR. JOSEPH: June 28th.

11 THE COURT: We'll have a bond hearing on
12 June 28th on that specific issue.

13 MR. GORIA: All right.

14 THE COURT: Everybody got it?

15 MR. ELIA: Your Honor, I don't know if you
16 recall, but Your Honor has already ruled on that issue.

17 MR. JOSEPH: Multiple times, Your Honor.

18 MS. GRIFFIN: Multiple times.

19 MR. GORIA: No, no. That was a different
20 issue, Your Honor.

21 THE COURT: I don't think right now if I
22 remember right, though, are they still -- am I still
23 requiring at least ten bonds?

24 MR. GORIA: Yes.

25 THE COURT: I'm gonna address all bonds --
26 well, not all bonds -- and the amounts on June the 28th.

27 MR. GORIA: Your Honor, as far as the briefing
28 on that, any further briefing?

Reporter's Transcript - 5/31/2019

1 THE COURT: No, I don't need it, counsel.

2 MR. GORIA: All right. Thank you, Your Honor.

3 MR. GALUPPO: Your Honor, can I --

4 THE COURT: Good luck, you-all.

5 MR. GALUPPO: Can I have one more issue before
6 I -- since we seem to be doing it? It'll be quick.

7 THE COURT: Okay.

8 MR. GALUPPO: It will be quick.

9 I've had an opportunity to -- to deal with a
10 couple of different lenders, and counsel on the other
11 side continues to say that Mr. Razuki has guaranteed
12 loans. I can get -- along with Mr. Malan -- Razuki --
13 Mr. Razuki off the loans so he's no longer guaranteeing
14 these loans these guys are complaining about.

15 Here's the issue: You have no lender in here.
16 No lender will sign a declaration. Everybody is
17 concerned in light of the fact that Mr. Razuki is maybe
18 visiting somebody over -- and I'll leave it at that.

19 Okay. And so if counsel agrees and Mr. Razuki
20 agrees, I'll get him off the loans. We'll get them Off
21 the loans. He will no longer have to be responsible for
22 the loans of Mira Este, Balboa, and the Balboa five
23 units. I just need everybody's agreement and Mr. Razuki
24 is here today.

25 THE COURT: Well, that's not before the Court.
26 If you-all want to work that out, work it out.

27 Thank you.

28 MR. ELIA: Thank you, Your Honor.

Reporter's Transcript - 5/31/2019

1 MR. JOSEPH: Thank you.
2 MS. GRIFFIN: Thank you.
3 MR. GORIA: Thank you, Your Honor.
4 MR. GALUPPO: Thank you, Your Honor.
5 (The hearing concluded at 4:36 p.m.)

6 //

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Reporter's Transcript - 5/31/2019

1 STATE OF CALIFORNIA)
) SS:
2 COUNTY OF SAN DIEGO)
3

4 I, Kara C. Myers, CSR No. 14113, Official
5 Reporter Pro Tempore for the Superior Court of the State
6 of California, in and for the County of San Diego, do
7 hereby certify:

8 That as such reporter, I reported in machine
9 shorthand the proceedings held in the foregoing case;

10 That my notes were later transcribed into
11 typewriting under my direction and the proceedings held
12 on May 31, 2019, contained within pages 1 through 117
13 are a true and correct transcription.
14

15 Nothing is omitted.
16

17 Dated at San Diego, California, this 11th day of
18 June, 2019.
19

20 
21 _____

22 KARA MYERS, CSR No. 14113
23

24 Government Code 69954(d): Any court, party, or
25 person who has purchased a transcript may, without
26 paying a further fee to the reporter, reproduce a copy
27 or portion thereof as an exhibit pursuant to court order
28 or rule, or for internal use, but shall not otherwise
provide or sell a copy or copies to any other party or
person.

ORDER

IT IS ORDERED that the request for augmentation is granted, and that the certified copies of the reporter's transcripts of the oral proceedings on December 14, 2018, attached to the motion as Exhibit A, the oral proceedings on March 15, 2019 attached to the motion as Exhibit B, and the oral proceedings on May 31, 2019, attached to the motion as Exhibit C, are deemed to be part of the record on appeal.

Dated: _____

Presiding Justice

PROOF OF ELECTRONIC SERVICE (Court of Appeal)	
Notice: This form may be used to provide proof that a document has been served in a proceeding in the Court of Appeal. Please read <i>Information Sheet for Proof of Service (Court of Appeal)</i> (form APP-009-INFO) before completing this form.	
Case Name: Salam Razuki (Pltff./Resopndent) v. Ninus Malan et al. (Defrs./Appellants) Court of Appeal Case Number: D075028 Superior Court Case Number: 37-2018-00034229-CU-BC-CTL	

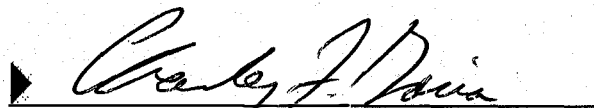
1. At the time of service I was at least 18 years of age.
2. a. My residence business address is (*specify*):
1011 Camino del Rio S., Suite 210, San Diego, CA 92108
- b. My electronic service address is (*specify*): Chasqoria@gmail.com
3. I electronically served the following documents (*exact titles*):
(See Attachment for identification of documents served, and names, addresses, and dates and places of service)
4. I electronically served the documents listed in 3. as follows:
- a. Name of person served:
On behalf of (*name or names of parties represented, if person served is an attorney*):
- b. Electronic service address of person served:
- c. On (*date*):
- The documents listed in 3. were served electronically on the persons and in the manner described in an attachment (*write "APP-009E, Item 4" at the top of the page*).

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

Date: June 24, 2019

Charles F. Gorla

(TYPE OR PRINT NAME OF PERSON COMPLETING THIS FORM)


(SIGNATURE OF PERSON COMPLETING THIS FORM)

ATTACHMENT TO PROOF OF ELECTRONIC SERVICE (COURT OF APPEAL)

3. I electronically served the following documents:

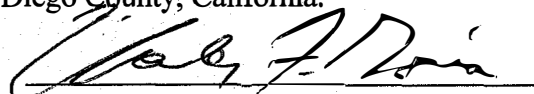
Cross-Appellants Motion to Augment Record on Appeal; Memorandum of Points and Authorities; Declaration of Charles F. Gorla; [Proposed] Order

4. I electronically served the documents listed in item 3, as follows and on the following addressees:

<p>Steven A. Elia (steve@elialaw.com) Maura Griffin (maura@elialaw.com) James Joseph (james@elialaw.com) Law Offices of Steven Elia 2221 Camino del Rio S., #207 San Diego, CA 92108 Tel. (619) 444-2244 Fax (619) 440-2233 Attorneys for Plaintiff/Respondent</p>	<p>Daniel Watts (dwatts@galuppowlaw.com) Galuppo & Blake 2792 Gateway Road, Suite 102 Carlsbad, California 92009 Tel.: (760) 431-4575 Fax (760) 431-4579 Attorneys for Defendants/Appellants Ninus Malan et al.</p>
<p>Gina M. Austin (gaustin@austinlegalgroup.com) Tamara M. Leetham (tamara@austinlegalgroup.com) Austin legal Group 3990 Old Town Avenue, Suite A-112 San Diego, CA 92110 Tel. (619) 924-9600 Fax. (619) 881-0045 Attorneys for Defendants/Appellants Ninus Malan et al.</p>	<p>Richardson C. Griswold (rgriswold@griswoldlawsandiego.com) Griswold Law 444 S. Cedros Avenue, Suite 250 Solana Beach, CA 92075 Tel. (858) 481-1300 Fax. (888) 624-9177 Attorney for Receiver Michael Essary</p>

XX VIA ELECTRONIC FILING SERVICE: Complying with Code of Civil Procedure section 1010.6, my electronic business address is chasgoria@gmail.com and I caused such document(s) to be electronically served through the One Legal e-service system for the above entitled case to those parties on the Service List maintained on its website for this case on June 24, 2019. The file transmission was reported as complete and a copy of the Filing/Service Receipt will be maintained with the original document(s) in our office.

I declare under penalty of perjury that the foregoing is true and correct, and that this declaration was executed on June 24, 2019, at San Diego County, California.


Charles F. Gorla