

1 THE RESTIS LAW FIRM, P.C.
2 William R. Restis, Esq. (SBN 246823)
3 550 West C Street, Suite 1760
4 San Diego, California 92101
5 Tel: +1.619.270.8383
6 Fax: +1.619.752.1552
7 william@restislaw.com

8 Attorney for Plaintiff

9 [Additional Counsel listed on Signature Page]

ELECTRONICALLY FILED
Superior Court of California,
County of San Diego

10/06/2017 at 01:38:31 PM

Clerk of the Superior Court
By Erika Engel, Deputy Clerk

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

12 **KARL BECK**, individually and on
13 behalf of all other similarly situated
14 California residents,

15 Plaintiff,

16 v.

17 **POINT LOMA PATIENTS**
18 **CONSUMER COOPERATIVE**
19 **CORPORATION**, A California
20 Corporation, **ADAM KNOPF**, an
21 Individual, **JUSTUS H. HENKES IV**, an
22 Individual, **419 CONSULTING INC.**, a
23 California Corporation, **GOLDEN**
24 **STATE GREENS LLC**, a California
25 LLC, **FAR WEST MANAGEMENT,**
26 **LLC**, a California LLC, **FAR WEST**
27 **OPERATING, LLC**, a California LLC,
28 **FAR WEST STAFFING, LLC**, a
California LLC, and **DOES 1-50**,

Defendants.

Case No: 37-2017-00037524-CU-BT-CTL

CLASS ACTION

COMPLAINT FOR:

1. **PRODUCTION OF RECORDS PURSUANT TO CORPORATIONS CODE §§ 12603-12607;**
2. **VIOLATION OF THE UCL**
3. **VIOLATION OF THE CLRA**
4. **CONVERSION**
5. **UNJUST ENRICHMENT**

JURY TRIAL DEMANDED

1 Plaintiff Karl Beck (“Plaintiff”) alleges as to himself based on his own
2 experience, and as to all other allegations, based on investigation of counsel, which
3 included, *inter alia*, a review of defendant Point Loma Patients Consumer
4 Cooperative Corporation’s (the “PLPCCC”) public records and membership
5 documentation, public records related to defendants Adam Knopf (“Knopf”) and
6 Justus H. Henkes IV (“Henkes”, collectively the “Individual Defendants”), as well as
7 defendant entities wholly controlled by the Individual Defendants, including 419
8 Consulting Inc., Golden State Greens LLC, Far West Management, LLC, Far West
9 Operating, LLC, and Far West Staffing, LLC (the “Shell Companies”, collectively
10 altogether the “Defendants”).

11 **I. INTRODUCTION**

12 1. The PLPCCC is the largest and most successful medical marijuana
13 dispensary in San Diego county. Plaintiff estimates the cooperative has
14 approximately one thousand patrons daily, and generates millions in monthly revenue
15 through a single storefront (and delivery service) located in Point Loma.

16 2. Plaintiff is a member patron of the PLPCCC who became concerned
17 with the sheer volume of marijuana business being transacted there. Aren’t medical
18 marijuana cooperatives required to be non-profit? If Plaintiff is a member of the
19 “*Patients’ Consumer Cooperative Corporation*” why hasn’t he received any
20 dividends? Where is all the money going? And would it be illegal to buy medical
21 marijuana through a for-profit dispensary?

22 3. Plaintiff learned that the Individual Defendants personally own and
23 control not only the PLPCCC, but five Shell Companies. These Shell Companies
24 were created by the Individual Defendants within months after the PLPCCC was
25 formed in December 2014, and as the PLPCCC’s marijuana business expanded. The
26 Shell Companies have no public or visible business presence, except at the
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1 PLPCCC's storefront location and the mailing address listed at Defendant Henkes'
2 accountancy office in La Jolla California.

3 4. Defendant Knopf is a director, and holds the executive offices at the
4 PLPCCC and each of the Shell Companies. Defendant Henkes is an accountant. He
5 serves as the PLPCCC's Chief Financial Officer and the Shell Companies' agent for
6 service. Mr. Henkes appears to represent a single enterprise - the PLPCCC and the
7 Shell Companies - since he does not visibly advertise his availability for hire.

8 5. Facing this suspicious backdrop, Plaintiff made a demand on Defendants
9 pursuant to Section 12603 of the Corporations Code for business records "reasonably
10 related to [Plaintiff's] interests as a member." As members of a "consumer
11 cooperative", Plaintiff and the Class¹ have a strong interest in ensuring that the
12 PLPCCC is operating in conformity with California's medical marijuana laws. Who
13 could argue otherwise? The Defendants.

14 6. Through counsel, the Defendants refused Plaintiff's demand and offered
15 multiple excuses why Plaintiff does not have "standing" to review PLPCCC records
16 (even after Plaintiff offered a confidentiality agreement). Defendants explained that
17 the PLPCC bylaws have a special clause that purportedly divests Plaintiff and the
18 Class from all rights of cooperative membership otherwise available by law.
19 According to Defendants, PLPCCC patrons have no voting rights or proprietary
20 interests in the cooperative, and possess no rights to inspect records.

21 7. Plaintiff knew his suspicions were well founded when Defendants
22 fabricated a story about Plaintiff purportedly being "banned from the facility", and
23 was seeking revenge because he was "disgruntled."

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25
26 ¹ The Class pled herein is defined as "All California residents, who from
27 December 3, 2014 through the present, purchased any product from the Point Loma
Patients Consumer Cooperative Corporation."

1 Code § 17203, Civil Code § 1780(d) and Code of Civil Procedure §§ 88, 382 and
2 410.10.

3 12. Venue is proper in this Court pursuant to Code of Civil Procedure § 395
4 because Plaintiff transacted with the PLPCCC in San Diego County, and because
5 Defendants businesses and residences are located in this County, and because many
6 of the acts and transactions giving rise to the violations of law complained of herein
7 occurred in this County.

8 **III. PARTIES**

9 **A. PLAINTIFF’S EXPERIENCE WITH DEFENDANTS**

10 13. Plaintiff Karl Beck (“Beck”) is, and at all times relevant hereto was, a
11 resident of San Diego County California. Plaintiff Beck has been a patron of the
12 PLPCCC since approximately March 1, 2016, making purchases from the PLPCCC
13 approximately 6 times over a span of six months.

14 14. On July 25, 2017 and August 30, 2017, Plaintiff Beck sent a demand
15 letter to Defendants herein pursuant to the CLRA, by certified mail, return-receipt
16 requested. Plaintiff explained how it appears that Defendants are operating an illegal
17 for-profit medical marijuana business as explained herein. The CLRA letters set forth
18 Defendants violations of the CLRA, and demanded that Defendants correct the
19 violations. A true and correct copy of Plaintiff’s CLRA demand letters, and certified
20 mail receipts, are attached hereto as Exhibit “A”.

21 15. Also on July 25, 2017, Plaintiff made a demand for inspection of records
22 of the PLPCCC, the Shell Companies, and the Individual Defendants pursuant to
23 Corporations Code §§ 12580-83, and 12603. Those sections entitle members of a
24 cooperative corporation to inspect and copy the “accounting books and records and
25 minutes of proceedings” of a cooperative, as well as subsidiaries thereof, “for a
26 purpose reasonably related to such person’s interest as a member.” The Corporation
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1 Code provides that a member’s right to such books and records may “not be limited
2 by contract or by the articles or bylaws.”

3 16. Plaintiff’s July 25, 2017 demand accordingly requested the following
4 documentation:

- 5 (1) Articles of incorporation, all amendments, and all bylaws for the
6 PLPCCC and Shell Companies;
- 7 (2) All meeting minutes for the PLPCCC and Shell Companies since
8 January 1, 2015;
- 9 (3) A list of the names and addresses of all members of the PLPCCC
10 since January 1, 2015;
- 11 (4) All “Financial Statements” of the PLPCCC and Shell Companies
12 since January 1, 2015. *See* CORP. CODE § 12217;
- 13 (5) All evidence of any “distribution” or “patronage distribution” made
14 by the PLPCCC and Shell Companies since January 1, 2015;
- 15 (6) Contracts between PLPCC and any of the Shell Companies; and
16 (7) Contracts between PLPCC and any of the Individual Defendants.
17

18 17. Defendants responded through counsel that Plaintiff “appears to be an
19 associate member” and as such “would not be entitled to the documents ...
20 requested.” Defendants stated that certain clauses in the PLPCCC’s bylaws provide
21 that “associate members” (*i.e.*, each of the thousands of patrons of the PLPCCC)
22 “shall not be considered ‘members’ and shall have no rights to which a member
23 would be entitled to under [Corporations Code] § 12238.” According to Defendants,
24 Plaintiff “does not have standing to demand any of the documentation requested... as
25 each request requires as a condition that the requestor be a member of the PLPCCC.”
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1 18. Defendants had no reasonable basis to deny Plaintiff's request for
2 records. First, whether Plaintiff is a "member" (which according to Plaintiff's review
3 of the PLPCCC's bylaws, appear to be just the Individual Defendants), or "associate
4 member," the requested records are "for a purpose reasonably related to [Plaintiff's]
5 interests as a member." CORP. CODE § 12603. Plaintiff has a very strong interest in
6 ensuring he and other PLPCCC members are not violating California's medical
7 marijuana laws by engaging in transactions with an illegally operating dispensary,
8 and that he and other Class members receive appropriate patronage distributions to
9 ensure that the dispensary is non-profit. Second, PLPCCC bylaws² reference
10 Corporations Code § 12238, which only addresses members' "right to vote" and
11 "proprietary interests", and does not purport to restrict members' rights to inspection.
12 Finally, the Corporations Code provides that a member's right to inspection of
13 documents "may not be limited by contract or the articles or bylaws." *Id.*, § 12583.

14 19. Defendants' also claimed that Plaintiff was also not entitled to records
15 (or any relief) because Plaintiff was purportedly "banned from the facility due to his
16 inappropriate and harassing behavior towards other members within 30 days of
17 becoming a member." This charge is completely fabricated. At no time did Plaintiff
18 exhibit "inappropriate or harassing behavior" toward other PLPCCC members,
19 PLPCCC employees or anyone else. Nor was Plaintiff ever notified as such, nor was
20 Plaintiff ever notified that he was purportedly banned, nor has Plaintiff received any
21 rebuke of any kind from anyone related to the PLPCCC. In addition, Plaintiff
22 engaged in multiple transactions with the PLPCCC that spanned much longer than a
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24 ² Plaintiff qualifies all allegations related to PLPCCC bylaws because he cannot
25 verify that the PLPCCC bylaws he received from Defendants' counsel was not
26 drafted in response to his July 25, 2017 demand letter. The meta-data on the file
27 indicates that it was created on September 19, 2017. Plaintiff reserves the right to
28 withdraw, change or amend allegations concerning the PLPCCC bylaws after a
reasonable opportunity for discovery.

1 30 day period. Plaintiff has every intention of return to the PLPCCC if they operate
2 their marijuana dispensary in compliance with California law.

3 20. Any records purportedly evidencing harassment or a less than 30 day
4 purchase period were created or altered in response to Plaintiff’s July 25th CLRA and
5 records demand, and Plaintiff specifically puts Defendants on notice of his intent to
6 forensically examine any database or other electronic records of the PLPCCC.³

7 **B. DEFENDANTS’ INFORMATION**

8 21. Defendant Point Loma Patients Consumer Cooperative Corporation
9 (“PLPCCC”) is a California corporation organized under the California Consumer
10 Cooperative Corporation Law. The PLPCCC operates a medical marijuana storefront
11 dispensary, as well as a medical marijuana delivery service out of 3452 Hancock
12 Street, San Diego, CA 92110.

13 22. The PLPCCC was formed on or about April 24, 2014, and received a
14 conditional use permit from the City of San Diego, for operation of a Medical
15 Marijuana Consumer Cooperative on or about December 3, 2014. The PLPCCC
16 began selling medical marijuana shortly thereafter. The PLPCCC received an
17 amended conditional use permit on or about September 16, 2016 to double the size of
18 its storefront dispensary to handle increased traffic.

19 23. Defendant Adam Knopf (“Knopf”) is an individual residing within the
20 County of San Diego. Knopf is the principal shareholder, Director, CEO, and
21 corporate Secretary of the PLPCCC. Defendant Knopf is the CEO, CFO, Corporate
22 Secretary, and sole Director of defendant 419 Consulting, Inc. Defendant Knopf is
23 also the managing member of defendants Golden State Greens LLC, Far West
24 Management, LLC, Far West Operating, LLC, and Far West Staffing, LLC.

25
26 ³ Pursuant to Bus. & Prof. Code §, 19327, the PLPCCC must keep “accurate
27 records of commercial cannabis activity.”

1 24. Defendant Justus H. Henkes IV (“Henkes”) is a certified public
2 accountant, and CFO of the PLPCCC. However, Henkes is not an “independent
3 accountant” pursuant to Corporations Code § 12218 because he is not independent of
4 the PLPCCC or the Shell Companies. Henkes is the agent for service of process for
5 each of the Shell Companies at his CPA office: 7734 Herschel Avenue, Suite L, La
6 Jolla, CA 92037.

7 25. Defendant 419 Consulting Inc. (“419 Consulting”), is a California
8 Corporation with its principal place of business at *La Jolla Mailbox Rentals*, 5666 La
9 Jolla Blvd, Suite (*i.e.*, mailbox) 155, La Jolla, CA 92037. 419 Consulting was formed
10 on or about August 18, 2015. 419 Consulting’s Statement of Information filed with
11 the Secretary of State describes its business as “consulting – marketing,
12 m[a]n[a]gm[e]nt.” 419 Consulting is wholly owned and operated by the Individual
13 Defendants.

14 26. Defendant Golden State Greens LLC (“GS Greens”) is a California
15 limited liability company with its principal place of business in the same office park
16 as PLPCCC, 446 Hancock Street, San Diego, CA 92110. GS Greens was formed on
17 or about September 8, 2016, and is owned and operated by the Individual Defendants.
18 GS Greens’ Statement of Information filed with the California Secretary of State
19 describes its business as “real estate development.”

20 27. Defendants Far West Management, LLC (“Far West Management”),
21 Far West Operating, LLC (“Far West Operating”), and Far West Staffing, LLC (“Far
22 West Staffing”) each are California limited liability companies with their principal
23 place of business at 7734 Herschel Avenue, Suite L, La Jolla CA, 92037 (Defendant
24 Henkes’ CPA office). Each of the “Far West” entities was formed on or about May
25 27, 2015. And each are owned and operated by the Individual Defendants. And each
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1 of their Statements of Information filed with the California Secretary of State
2 describes their business as “business to business management services.”

3 28. None of the Shell Companies has any discernable business presence,
4 products or services for sale to the general public, any marketing materials or
5 website, or business office other than at the PLPCCC’s office and/or Defendant
6 Henkes’ CPA office.

7 29. Plaintiff does not know the true names of defendants DOES 1 through
8 50, and therefore sues them by those fictitious names. Plaintiff is informed and
9 believes, and on the basis of that information and belief alleges, that each of those
10 defendants was in some manner proximately responsible for the events and
11 happenings alleged in this complaint and for Plaintiff’s injuries, damages, restitution
12 and equitable remedies prayed for herein.

13 **IV. SUBSTANTIVE ALLEGATIONS**

14 **A. CALIFORNIA’S MEDICAL MARIJUANA LAWS**

15 30. In 1996, voters passed Proposition 215, also known as the
16 Compassionate Use Act (the “CUA”), making California the first state to legalize the
17 use of medical marijuana for qualified patients. Subsequent legislation included the
18 Medical Marijuana Program Act (“MMPA”) in 2003, which created a framework for
19 monitoring medical marijuana usage. The MMPA bars individuals and any collective,
20 cooperative, or other group from transforming medical marijuana projects authorized
21 under the MMPA into for-profit enterprises.⁴

22 31. In 2008, the California Attorney General and Department of Justice
23 issued their *Guidelines for the Security and Non-Diversion of Marijuana Grown for*
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25 ⁴ On November 9, 2016, California passed Proposition 64, making it legal for
26 adults over the age of 21 to possess marijuana for recreational use. However, the sale
27 of marijuana for profit is not permitted until the California Bureau of Marijuana
28 Control issues the necessary licenses, which will be issued no sooner than January 1,
2018.

1 *Medical Use* (the “Guidelines”), which had the stated purpose of helping patients and
2 law enforcement understand their rights and duties for the cultivation, sale and use of
3 medical marijuana under California law.

4 32. California Health and Safety Code § 11362.765(a) provides that neither
5 the CUA or MMPA “authorize any individual or group to cultivate or distribute
6 cannabis for profit.” According to the Guidelines, cooperative corporations are to be
7 “*democratically controlled and are not organized to make a profit for themselves, as*
8 *such, or for their members, as such, but primarily for their members as patrons.*”
9 Further, “[c]ooperatives must follow strict rules on ... *distribution of earnings*, and
10 must report individual transactions from individual members each year.” The
11 Guidelines note that a medical marijuana cooperative may have earnings, but these
12 “must be used *for the general welfare of its members or equitably distributed to*
13 *members in the form of cash, property, credits or services.*” Guidelines at p. 8.

14 33. The Guidelines provide that medical marijuana may be “[a]llocated
15 based on fees that are reasonably calculated to cover overhead costs and operating
16 expenses.” In other words, “[a]ny monetary reimbursement that members provide to
17 the ... cooperative should only be an amount necessary to cover overhead costs and
18 operating expenses.” Guidelines at p. 10. This includes payments to individuals for
19 “reasonable compensation... for services provided as well as out-of-pocket
20 expenses.”

21 34. Under California case law, relevant considerations to determine whether
22 a medical marijuana business is illegally operating for profit include, *inter alia*, a
23 high volume of customers and transactions, the absence of participation by customers
24 in the operation or governance of the cooperative, information reflected in financial
25 records, and any processes or procedures by which the cooperative makes itself
26 accountable to its member patrons.

1 **B. DEFENDANTS’ MEDICAL MARIJUANA BUSINESS**

2 35. Individual Defendants Knopf and Henkes are the principals and
3 executive officers of the PLPCCC. The PLPCCC received approval from the City of
4 San Diego in December 2014 to operate a Medical Marijuana Consumer Cooperative
5 at 3452 Hancock Street, San Diego, 92110. Shortly thereafter, the PLPCC opened its
6 doors selling medical marijuana to the public.

7 36. Within six months after the PLPCCC opened for business, the Individual
8 Defendants formed the Shell Companies as their officers, directors, and principal
9 shareholders. None of the five (known) Shell Companies have any discernable
10 business presence, no websites, and no products or services on offer to the public. All
11 five Shell Companies share addresses in the same office complex in La Jolla,
12 California where Defendant Henkes works as a Certified Public Accountant, or in the
13 same building as the PLPCCC.

14 37. The PLPCCC is the largest and most successful medical marijuana
15 dispensary in San Diego County. The PLPCC averages over a thousand patrons daily,
16 generating millions of dollars in monthly revenue through a single store-front and
17 delivery service with approximately a dozen employees.

18 38. Despite its huge revenues relative to such a small operation, the
19 PLPCCC has never made a “patronage distribution” to Plaintiff or any member of the
20 Class. Nor does the PLPCCC seek or allow participation by Plaintiff and the Class in
21 the operation or governance of the cooperative.

22 39. Instead, based on the above and on information and belief, the Individual
23 Defendants use the Shell Companies as entities contracted by the PLPCC to
24 unlawfully divert funds out of the PLPCCC. This allows the Individual Defendants to
25 hide substantial revenues from the (illegal for-profit) sale of medical marijuana in the
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1 Shell Companies, avoid showing a profit in the cooperative itself, and avoid paying
2 out patronage distributions to Plaintiff and the Class.

3 40. Based on the tremendous revenue generated by Defendants medical
4 marijuana business, Plaintiff is informed and believes that funds distributed by the
5 PLPCCC to the Shell Companies and Individual Defendants are far in excess of any
6 reasonable compensation for services provided and out-of-pocket expenses.

7 41. The PLPCCC has absolved itself of any accountability whatsoever to
8 Plaintiff and members of the Class. According to the PLPCCC bylaws, there is one
9 class of “member”, *and it is not Plaintiff and the Class*. On information and belief,
10 the only (or principal) “members” of the PLPCCC are the Individual Defendants
11 themselves. These “members” are the only persons that have voting rights or a
12 “proprietary interest” in the PLPCCC. Thus, instead of operating a “democratically”
13 controlled cooperative, “for the benefit of members *as patrons*”, the Individual
14 Defendants operate the PLPCCC primarily for their own benefit as shareholders.

15 42. The Individual Defendants have caused the PLPCC to strip Plaintiff and
16 the Class of their rights through the PLPCCC bylaws.⁵ The bylaws purport to divest
17 Plaintiff and the Class of all voting rights and “proprietary interests” in the PLPCCC
18 by labelling them as mere “associate members.” However, such bylaw covenants
19 violate the requirements of California’s medical marijuana laws as expressed in, *at*
20 *least*, the Guidelines. As such, the bylaws are “in conflict with law,” pursuant to
21 Corporations Code § 12331(c), and are therefore void. In other words, California’s
22 medical marijuana laws control the interaction between Plaintiff and Defendants, not
23 Defendants’ bylaws drafted to avoid those laws.

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26 ⁵ See footnote 2.

1 **C. CIVIL CONSPIRACY ALLEGATIONS**

2 43. The Individual Defendants and the Shell Companies are responsible for
3 the harm to Plaintiff and the Class because each of them agreed to conceal operation
4 of a for-profit marijuana business.

5 44. The Individual Defendants, themselves, and as owners and operators of
6 the Shell Companies were aware of the requirements of California’s medical
7 marijuana laws, and were in agreement with the PLPCCC and each other to divert
8 revenues from the PLPCC in a manner calculated to avoid detection of their for-profit
9 enterprise.

10 45. The Individual Defendants, themselves, and as owners and operators of
11 the Shell Companies materially assisted the PLPCCC in operating a for-profit
12 medical marijuana business in violation of California law.

13 46. As a direct and proximate result of Defendants’ conspiracy, Plaintiff and
14 the Class have experienced loss, cost, damage and expense in an amount to be proved
15 at trial.

16 **D. ALTER EGO / CORPORATE PIERCING ALLEGATIONS**

17 47. The PLPCCC is merely a conduit for funneling revenue from the sale of
18 medical marijuana to the Shell Companies and ultimately the Individual Defendants.

19 48. In fact, the PLPCCC, its particular corporate form, and its bylaws that
20 prevent accountability to Plaintiff and the Class, are all mere instrumentalities set up
21 to avoid the non-profit requirements of California’s medical marijuana statutes.

22 49. The Individual Defendants govern the PLPCCC, as well as the Shell
23 Companies such that a unity of ownership exists between them. The Shell Companies
24 and the PLPCCC use the same officers and/or employees in the operation of their
25 medical marijuana business. Thus, the Shell Corporations and the PLPCCC are mere
26 conduits for the affairs of each other.

1 **V. CLASS ALLEGATIONS**

2 50. Plaintiff brings this action as a class action pursuant to California Code
3 of Civil Procedure § 382 and Civil Code § 1781 for the following Class of persons:

4 All California residents, who from December 3, 2014 through the present,
5 purchased any product from the Point Loma Patients Consumer
Cooperative Corporation

6 Excluded from the Class are all legal entities, Defendants herein and any person,
7 firm, trust, corporation, or other person or entity related to any defendant, any
8 counsel for the Class, including members of their immediate families and office staff,
9 as well as any judge, justice or judicial officer presiding over this matter and
10 members of their immediate families and judicial staff.

11 51. Plaintiff reserves the right to amend the Class definition(s) if further
12 investigation and/or discovery indicates that the Class definition(s) should be
13 narrowed, expanded, or otherwise modified.

14 52. While the exact number of Class members is unknown to Plaintiff at this
15 time, and will be ascertained through appropriate discovery, Plaintiff is informed and
16 believes that there are thousands of members in the proposed Class. The number of
17 individuals who comprise the Class are so numerous that joinder of all such persons
18 is impracticable and the disposition of their claims in a class action, rather than in
19 individual actions, will benefit both the parties and the courts.

20 53. Plaintiff's claims are typical of the claims of the other members of the
21 Class. All members of the Class have been and/or continue to be similarly affected by
22 Defendants' wrongful conduct as complained of herein, in violation of California law.
23 Plaintiff is unaware of any interests that conflict with or are antagonistic to the
24 interests of the Class.

25 54. Plaintiff will fairly and adequately protect the Class members' interests
26 and has retained counsel competent and experienced in consumer class action
27

1 lawsuits and complex litigation. Plaintiff and his counsel have the necessary financial
2 resources to adequately and vigorously litigate this class action, and Plaintiff is aware
3 of her duties and responsibilities to the Class.

4 55. Defendants has acted with respect to the Class in a manner generally
5 applicable to each Class member. Common questions of law and fact exist as to all
6 Class members and predominate over any questions wholly affecting individual Class
7 members. There is a well-defined community of interest in the questions of law and
8 fact involved in the action, which affect all Class members. Among the questions of
9 law and fact common to the Class are, *inter alia*:

- 10 a) Whether Plaintiff and absent Class members have “standing” to inspect
11 Defendants’ books and records as requested herein;
- 12 b) Whether the Individual Defendants are improperly diverting revenues
13 from the PLPCCC through the Shell Companies;
- 14 c) Whether the payments from the PLPCCC to the Shell Companies and/or
15 Individual Defendants amount to “reasonable compensation for services
16 rendered” and payment of out-of-pocket costs;
- 17 d) Whether Defendants are operating an illegal for-profit medical
18 marijuana business;
- 19 e) Whether the Individual Defendants and/or the Shell Companies should
20 be ordered to disgorge monies to the PLPCCC, and the amount of such
21 disgorgement;
- 22 f) Whether the PLPCCC’s bylaws may divest Plaintiff and the Class of
23 their rights as cooperative corporation members under California’s
24 medical marijuana laws;
- 25 g) Whether Plaintiff and the Class are entitled to patronage distributions
26 from the PLCCC;
- 27

- 1 h) Whether Defendants' sale of marijuana as part of a for-profit enterprise
2 constitutes "unlawful" business acts or practices under, *inter alia*, CAL.
3 BUS. & PROF. CODE §§ 17200;
- 4 a. Whether Plaintiff and the Class' payments of money for the purchase
5 of goods from the PLPCCC confers statutory standing under the
6 UCL;
- 7 b. Whether the PLPCCC's failure to pay patronage dividends as a result
8 of Defendants' diversion of revenues from the PLPCCC to the Shell
9 Companies and Individual Defendants, caused Plaintiff to suffer
10 "injury in fact" and caused him to lose money or property.
- 11 i) Whether Defendants' engaged in unfair methods of competition in
12 violation of the CLRA including:
 - 13 a. "misrepresenting the affiliation, connection, or association" between
14 the PLPCCC and the Shell Companies. Civil Code § 1770(3);
 - 15 b. misrepresenting that products sold by the PLPCC have "sponsorship
16 [and] approval" that they do not have, *i.e.*, that medical marijuana is
17 sold in compliance with law. *Id.*, § 1770(5); and
- 18 j) Whether the Defendants have been unjustly enriched to the detriment of
19 Plaintiff and the Class.
- 20 k) The nature and extent of restitution, equitable remedies, and declaratory
21 and injunctive relief to which Plaintiff and the Class are entitled; and
- 22 l) Whether Plaintiff and the Class should be awarded attorneys' fees and
23 the costs of suit for Defendants' violations of, *at least*, UCL, the CLRA, and under
24 Corporations Code § 12607.

25 56. A class action is superior to all other available methods for the fair and
26 efficient adjudication of this controversy since joinder of all Class members is
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1 impracticable. Furthermore, as the injury and/or damages suffered by individual
2 Class members may be relatively small, the expense and burden of individual
3 litigation makes it impossible as a practical matter for Class members to individually
4 redress the wrongs done to them. There will be no difficulty in managing this action
5 as a class action.

6 57. Defendants have acted on grounds generally applicable to the entire
7 Class with respect to the matters complained of herein, thereby making appropriate
8 the relief sought herein with respect to the Class as a whole.

9 **FIRST CAUSE OF ACTION**

10 **Corporations Code §12603 *et seq***
11 **Enforcement of Plaintiff's Right to Cooperative Records**

12 58. Plaintiff hereby incorporates by reference the allegations contained in
13 the preceding paragraphs of this Complaint.

14 59. Corporations Code Section 12603 provides:

15 The accounting books and records and minutes of proceedings of the
16 members and the board and committees of the board shall be open to
17 inspection upon the written demand on the corporation of any member at
18 any reasonable time, for a purpose reasonably related to such person's
19 interests as a member.

20 60. The Corporation Code provides that a member's right to such books and
21 records may "not be limited by contract or by the articles or bylaws." Corporations
22 Code §§ 12583.

23 61. On July 25, 2017, Plaintiff made a demand for inspection of records of
24 the PLPCCC, the Shell Companies, and the Individual Defendants pursuant to
25 Corporations Code §§ 12580-83, and 12603 as described herein. This was a lawful
26 demand for production under the Corporations Code, and was for a purpose
27 reasonably related to Plaintiff's interests as a member, *i.e.*, ensuring that the PLPCCC
28 is operating as a non-profit in compliance with California law.

1 62. Defendants refused Plaintiff’s demand, arguing that Plaintiff does not
2 have “stranding”, that the bylaws prevent disclosure, and that Plaintiff had improper
3 motives for his request. Defendants had no reasonable basis to deny Plaintiff’s
4 request for records.

5 63. Accordingly, pursuant to Corporations Code § 12606, Plaintiff
6 respectfully requests this Court to enforce Plaintiff’s demand and right of inspection,
7 with or without just and proper conditions.

8 64. Plaintiff also requests, pursuant to Corporations Code § 12606, that the
9 Court appoint one or more competent inspectors or independent accountants to audit
10 the financial statements kept in this state and investigate the property, funds and
11 affairs of the PLPCCC, the Shell Companies, and/or the Individual Defendants, and
12 report on such investigation to Plaintiff and the Court. By this Complaint, Plaintiff
13 has demonstrated good cause.

14 65. Pursuant to Corporations Code § 12607, Plaintiff respectfully request an
15 award of reasonable costs and expenses, including reasonable attorneys’ fees, in
16 connection with this enforcement action.

17 **SECOND CAUSE OF ACTION**

18 **Violation of CAL. BUS. & PROF. CODE §§ 17200, et seq. -**
19 **Unlawful Business Practices**

20 66. Plaintiff hereby incorporates by reference the allegations contained in
21 the preceding paragraphs of this Complaint.

22 67. Defendants’ acts, conduct and practices, as described herein, constitute
23 unfair, unlawful and deceptive business acts and practices under the UCL.

24 68. Defendants’ violations of California’s medical marijuana laws as
25 described herein constitutes “unlawful” business practices under the UCL.
26
27

1 69. Defendants’ violations of the CLRA as complained of herein, constitute
2 “unlawful” business practices within the meaning of the UCL.

3 70. Because Plaintiff and the Class paid monies to the PLPCCC, a portion of
4 which they are legally entitled to recoup as patronage distributions under California’s
5 medical marijuana laws and the Consumer Cooperative Corporation Law, (the
6 “CCCL”, CAL. CORP. CODE § 12200 *et seq.*), Plaintiff and the Class have suffered
7 injury in fact, and suffered a deprivation of money or property to which they are
8 legally entitled.

9 71. Defendants’ unfair, unlawful and deceptive acts and practices occurred
10 repeatedly in Defendants’ business, and are capable of continually harming Plaintiff
11 and a substantial portion of the consuming public.

12 72. Defendants acted in concert and/or were otherwise each others’ agent,
13 alter ego, aiders and abettors, enablers, or duly authorized representatives with
14 respect to the illegal for-profit operation of a medical marijuana dispensary, or
15 otherwise aided and abetted or enabled the misconduct of other defendants as alleged
16 herein.

17 73. As a direct and proximate result of Defendants’ unfair, unlawful and
18 deceptive business acts and practices, Plaintiff and members of the Class have been
19 wrongfully deprived of money or property. Plaintiff suffered injury-in-fact as a result
20 of Defendants’ actions and omissions, as complained of herein. Had Defendants not
21 engaged in the actions and omissions complained of herein, Plaintiff would never
22 have agreed to transact with Defendants.

23 74. As a result of Defendants’ unlawful, unfair and fraudulent acts and
24 practices, Plaintiff, on behalf of himself and all others similarly situated, and as
25 appropriate, on behalf of the general public of the state of California, seeks injunctive
26 relief prohibiting Defendants from continuing these wrongful practices, and such
27

1 other equitable relief, including full restitution and the disgorgement of all improper
2 revenues and ill-gotten profits derived from Defendants' wrongful conduct to the
3 fullest extent permitted by law. Additionally, Plaintiff requests that the Court award
4 all members of the Class, who were of the attained age of 65 at the time of the
5 Defendants' wrongful acts and omissions as alleged herein, to receive a statutory
6 trebling of their restitutionary award pursuant to CAL. CIV. CODE § 3345.

7 **THIRD CAUSE OF ACTION**

8 **Violation of CAL. CIV. CODE §§ 1770, *et seq.* -**
9 **Unfair Competition and Deceptive Acts and Practices**

10 75. Plaintiff hereby incorporates by reference the allegations contained in
11 the preceding paragraphs of this Complaint.

12 76. Defendants sell "goods" from the PLPCCC storefront as defined by
13 California Civil Code §1761(a).

14 77. Defendants are "persons" as defined by California Civil Code §1761(c).

15 78. Plaintiff and Class Members are "consumers" within the meaning of
16 California Civil Code §1761(d) because they transacted with Defendants for personal
17 use.

18 79. Plaintiff and Class members' purchases from the PLPCCC are
19 "transactions" as defined by California Civil Code §1761(e).

20 80. Defendants' engaged in unfair methods of competition in violation of
21 the CLRA by:

22 a. "misrepresenting the affiliation, connection, or association"
23 between the PLPCCC and the Shell Companies. Civil Code §
24 1770(3);

25 b. misrepresenting that products sold by the PLPCC have
26 "sponsorship [and] approval" that they do not have, *i.e.*, that
27

1 medical marijuana is sold in compliance with California law. *Id.*,
2 § 1770(5).

3 81. As a direct and proximate result of Defendants' conduct, Plaintiff and
4 Class members were harmed and suffered actual damages in the form of out of
5 pocket payments to Defendants for products at the PLPCCC. Had Defendants
6 disclosed the true nature of their for-profit marijuana business, reasonable consumers
7 such as Plaintiff and the Class would not have purchased products from the PLPCCC.

8 82. Plaintiff, on behalf of himself and all other similarly situated California
9 consumers, and as appropriate, on behalf of the general public of the state of
10 California, seeks damages and injunctive relief prohibiting Defendants continuing
11 these unlawful practices pursuant to California Civil Code § 1782(a)(2).

12 83. Plaintiff provided Defendants with notice of their alleged violations of
13 the CLRA pursuant to California Civil Code § 1782(a) *via* certified mail, demanding
14 that Defendants correct such violations. Defendants failed to remedy the violations
15 complained of herein within thirty days of notification. Plaintiff now seeks all
16 available damages under the CLRA for all violations complained of herein,
17 including, but not limited to, statutory damages, punitive damages, attorney's fees
18 and cost and any other relief that the Court deems proper. Additionally, Plaintiff
19 requests that the Court award all members of the Class, who were of the attained age
20 of 65 at the time of the Defendants' wrongful acts and omissions as alleged herein, to
21 receive a statutory trebling of their restitutionary award pursuant to CAL. CIV.
22 CODE § 3345.

23 **FOURTH CAUSE OF ACTION**

24 **Conversion**
25 **Against All Defendants**

26 84. Plaintiff hereby incorporates by reference the allegations contained in
27 the preceding paragraphs of this Complaint.

1 85. California's medical marijuana laws require that a cooperative or
2 collective selling medical marijuana must be "democratically controlled", "jointly
3 owned and operated by members of a group", not be "organized to make a profit" but
4 "primarily for their members as patrons." Moreover, "cooperatives must follow strict
5 rules on ... distributions of earnings."⁶

6 86. Thus, under California's medical marijuana laws and Corporations Code
7 as described herein, Plaintiff and the Class had a legal right to distributions of
8 PLPCCC revenues in excess of (legitimate) costs, *i.e.* "patronage distributions" as
9 defined by, and as calculated by, the Corporations code.

10 87. The Individual Defendants, through the instrumentalities of the Shell
11 Companies, intentionally and substantially interfered with Plaintiff and Class
12 members' right to PLPCCC revenues in excess of (legitimate) costs by diverting
13 revenues to themselves through the Shell Companies in violation of law. Defendants
14 have and continue to exercise dominion and control over such PLPCCC revenues
15 wrongfully diverted.

16 88. Defendants also intentionally and substantially interfered with Plaintiff
17 and the Class' right to PLPCCC revenues in excess of (legitimate) costs by inserting
18 illegal clauses in the PLPCCC bylaws purporting to divest Plaintiff and the Class of
19 all legal rights as members of a medical marijuana cooperative corporation.

20 89. Plaintiff and the Class interests in patronage dividends are reflected in
21 the books and records of the Defendants, which are accounts showing amounts owed
22 to Plaintiff and the Class. Defendants' books and records reflect each transaction
23 between Plaintiff and the Class on one hand, and the PLPCCC in the other, the date
24 of the transaction, the amount of the transaction, and other items necessary to
25

26
27 ⁶ *Guidelines, at p. 8*

1 determine the liquidated amount of patronage distributions owed to Plaintiff and the
2 Class pursuant to Corporations Code §§ 12201.5, and 12243.

3 90. On or about July 25, 2017 Plaintiff demanded that Defendants remedy
4 their unlawful conversion of Plaintiff and the Class proprietary rights to PLPCCC
5 revenues in excess of (legitimate) costs by, *inter alia*, disgorging moneys wrongfully
6 taken, back to the PLPCCC. The Defendants refused.

7 91. Plaintiff and the Class were unaware of Defendants' scheme to obtain
8 dominion and control over PLPCCC revenues as described herein, and did not
9 consent to it. Indeed, Defendants contractually prohibited Plaintiff and the Class from
10 discovering Defendants' scheme through the PLPCCC bylaws, thereby depriving
11 Plaintiff and the class access to Defendants' books and records, and voting rights
12 over PLPCCC cooperative property.

13 92. As a direct and proximate result of Defendants' wrongful actions,
14 Plaintiff and the Class have been deprived of patronage distributions, to be calculated
15 in accordance with Corporations Code §§ 12201.5, and 12243, in an amount to be
16 proven at trial.

17 **FIFTH CAUSE OF ACTION**

18 **Unjust Enrichment** 19 **Against The Individual Defendants and Shell Companies**

20 93. Plaintiff hereby incorporates by reference the allegations contained in
21 the preceding paragraphs of this Complaint.

22 94. The Shell Companies, and by extension, the Individual Defendants that
23 wholly control those Shell Companies, have been unjustly enriched at the expense of
24 Plaintiff and the Class by the unlawful diversion of funds from the PLPCCC to hide
25 an illegal for-profit medical marijuana business.

26 95. Patronage distributions to Plaintiff and the Class are necessary for
27 members to ensure that the PLPCCC operates as a non-profit corporation, and
28

1 represent fees paid to the cooperative by Plaintiff and the Class in excess of what is
2 reasonably calculated to cover (true) overhead costs and operating expenses.
3 Therefore it would be unjust to allow Defendants to retain these monies.

4 96. Plaintiff and each member of the Class are entitled to restitution and/or
5 disgorgement of funds from the Shell Companies and Individual Defendants in an
6 amount to be proven at trial.

7 **VI. PRAYER FOR RELIEF**

8 WHEREFORE, Plaintiff and the Class pray for relief and judgment as follows:

9 A. For an Order enforcing Plaintiff's records demand pursuant to
10 Corporations Code § 12206, ordering the appointment of one or more independent
11 accountants to audit Defendants' books and records, and order a report thereon, at
12 Defendants' expense;

13 B. For an order declaring that this action is properly maintained as a class
14 action, certifying the Class described herein (or hereafter defined), and appointing
15 Plaintiff as representative for the Class, and appointing Plaintiff's counsel as Class
16 Counsel;

17 C. That Defendants bear the costs of any notice sent to the Class;

18 D. For an order awarding Plaintiff and the members of the Class actual
19 damages, restitution and/or disgorgement;

20 E. For an order enjoining Defendants from continuing to engage in the
21 unlawful and unfair business acts and practices as alleged herein;

22 F. For an award of statutory trebling of awards for all members of the Class
23 who were of the attained age of 65 at the time of the Defendants' wrongful acts and
24 omissions as alleged herein, pursuant to Cal. Civ. Code § 3345;

25 G. For an order awarding Plaintiff and the members of the Class pre- and
26 post-judgment interest;

1 H. For an order awarding attorneys' fees and costs of suit, including expert's
2 witnesses fees and electronic discovery fees as permitted by law, including
3 reimbursement for reasonable costs and expenses, as well as reasonable attorneys'
4 fees, pursuant to Corporations Code § 12607; and

5 I. Such other and further relief as this Court may deem just and proper.


6 **VII. JURY TRIAL DEMAND**

7 Plaintiff demands a trial by jury for all of the claims asserted in this Complaint
8 so triable.

9
10 DATED: October 6, 2017

Respectfully submitted,

THE RESTIS LAW FIRM, P.C.

11
12
13 
14 William Restis, Esq.
15 550 West C Street, Suite 1760
16 San Diego, CA 92101
17 Tel: +1.619.270.8383
18 Email: william@restislaw.com

19 FINKELSTEIN & KRINSK LLP
20 Jeffrey R. Krinsk, Esq. (SBN 109234)
21 jrk@classactionlaw.com
22 550 West C St., Suite 1760
23 San Diego, California 92101
24 Telephone: (619) 238-1333
25 Facsimile: (619) 238-5425

26
27 ATTORNEYS FOR PLAINTIFF

EXHIBIT A

FINKELSTEIN & KRINSK LLP

ATTORNEYS AT LAW

550 WEST C STREET

SUITE 1760

SAN DIEGO, CALIFORNIA 92101

TELEPHONE (619) 238-1333

FACSIMILE (619) 238-5425

July 25, 2017

John Rickards
Adam Knopf
Sinner Brothers, Inc.
Point Loma Patient Consumer Cooperative
3452 Hancock Street, San Diego, CA 92110

Via Certified Mail Return Receipt Requested

Adam Knopf
Justus H. Henkes IV
419 Consulting Inc.,
Justus H. Henkes IV, LLC
7742 Herschel Ave., Suite M
La Jolla, CA 92037

Adam Knopf
Justus H. Henkes IV
Far West Management, LLC
Far West Operating, LLC
Far West Staffing, LLC
7734 Herschel Ave., Suite L
La Jolla, CA 92037

Re: Records Request and Notice of Anticipated Litigation

Gentlemen,

We represent John Beck ("Plaintiff"), a member of the Point Loma Patient Consumer Cooperative (the "PLPCC"). This letter serves as our request for inspection of records from PLPCC and related Entities¹ and Individuals² pursuant to California Corporations Code §§ 12581, 12582, and 12603.

This letter also provides Plaintiff's explanation of grievances prior to filing a derivative action on behalf of PLPCC member patrons pursuant to Corporations Code § 12490(b). Finally, this letter constitutes the required notice to PLPCC, the Entities, and Individuals under the California Consumer Legal Remedies Act (the "CLRA"), describing violations of the CLRA and our client's demand to remedy such violations within thirty (30) days from receipt of this letter. *See*, CAL. CIV. CODE § 1782(a).

¹ Related entities include, but are not limited to, Sinner Brothers, Inc., 419 Consulting Inc., Far West Management, LLC, Far West Operating, LLC, Far West Staffing, LLC, and Justus H Henkes IV, Inc. (collectively the "Entities")

² Related individuals include, but are not limited to, John Rickards, Adam Knopf, and Justus H. Henkes IV.

I. EXPLANATION OF ILLEGAL CONDUCT

California law requires that a medical marijuana cooperative must file articles of incorporation with the state and conduct its business for the mutual benefit of its members. CAL. CORP. CODE §§ 12201, 12201.5, 12300. Cooperative corporations are "democratically controlled and are not organized to make a profit for themselves, as such, or for their members, as such, but primarily for their members as patrons." *Id.* at § 12201. The earnings and savings of the business must be used for the general welfare of its members or equitably distributed to members in the form of cash, property, credits, or services, under guidelines provided by statute. *See id.* §§ 12201.5, 12451.

First, PLPCC explicitly holds itself out and represents itself as a "cooperative." However, PLPCC does not appear to be registered as a corporation with the Secretary of State or under a d/b/a with the City of San Diego. Nor have we seen filings with the Secretary of State that would indicate Sinner Brothers, Inc. has taken necessary steps to organize itself as a cooperative corporation. This is problematic because no business may call itself a "cooperative" unless properly organized and registered as such under the Corporations Code. §§ 12311(b), 12679.

Second, it appears the PLPCC, the Entities, and/or the Individuals are operating the PLPCC as a for-profit organization in violation of the Medical Marijuana Program Act ("MMPA"). *See People v. Jackson* (2012) 210 Cal.App.4th 525, 538-59. According to our review of records from the California Board of Equalization ("BOE"), PLPCC is generating millions of dollars in annual revenues excess of its liabilities, while failing to distribute those monies to member patrons as required by California law. If true, such an arrangement violates the spirit, if not the letter of California's medical marijuana laws, and the laws pertaining to the operation of cooperative corporations as described herein. *See also*, CORP. CODE §§ 12671, 12672, 12674 (describing improper distribution of assets).

Third, we believe the Entities and/or Individuals are improperly benefiting from transactions with the PLPCC to the detriment of Plaintiff and other member patrons. *See* CORP. CODE § 12373 (concerning interested transactions with directors). It appears that revenues of the PLPCC are and have been improperly diverted to the Entities and/or Individuals. As a result of this, we are concerned that the earnings and savings of the PLPCC are not being distributed to Plaintiff and other member patrons pursuant to the California Corporations Code. *See* CORP. CODE §§ 12201, 12201.5, 12451. To our knowledge, no such distributions have been made to either Plaintiff or other member patrons of the PLPCC.

Fourth, given the absence of registration of the PLPCC as a cooperative corporation, as well as the structure of related Entities, the failure to pay dividends to member patrons appears calculated and intentional. *See* CORP. CODE §§ 12671, 12672, 12674, 12679 (concerning the issuance of memberships with intent to defraud, fraudulent distribution of assets, and improper use of the designation "cooperative.")

Fifth, the above conduct violates the CLRA. Specifically, the PLPCC and the Individuals have misrepresented the PLPCC as a cooperative corporation. This "[m]isrepresent[s] the source... [and] certification of" products sold by the PLPCC. CIV CODE § 1770(2). In the same manner, the PLPCC and the Individuals have "misrepresent[ed] the affiliation, connection, or association" with the Entities. *Id.*, § 1770(3). This also means that the PLPCC and the Individuals have represented that products sold by the PLPCC have "sponsorship [and] approval" that they do not have. *Id.*, § 1770(5); *see also Id.*, § 1770(16) (prohibiting representations "that the [sale of marijuana products] [have] been supplied in accordance with a previous representation [about PLPCC's standing as a 'cooperative'] when it has not.") It also causes the PLPCC's membership agreement to confirm false "representat[at]ions] that transaction[s] confer[] or involve[] rights, remedies, or obligations that it does not have or involve or that are prohibited by law." *Id.*, § 1770(14).

II. DEMAND FOR CORRECTIVE ACTION

Based on the above, PLPCC and its related entities and individuals failure to take adequate corrective action, or otherwise provide cogent evidence that we are incorrect in our beliefs, this law firm will institute legal action on behalf of a class of PLPCC member patrons.

Pursuant to California Civil Code §§ 1780, *et. seq.*, and Corporations Code Sections 12376(d) and 12490, we demand, on behalf of the named Plaintiff and all similarly situated member patrons of PLPCC, that immediate corrective action be taken to remedy the violations of law described herein.

First, we demand that the PLPCC be properly, lawfully registered as a cooperative corporation with the California Secretary of State.

Second, the PLPCC must issue corrective notices informing member patrons of the PLPCC's failure to comply with California medical marijuana laws so they can initiate action to protect their interests under the law, and to claim patron distributions.

Third, the responsible Individuals and Entities must disgorge to the PLPCC revenues improperly diverted from patron distributions.

Fourth, the PLPCC must make distributions to Plaintiff and the member patrons in accordance with the formulas provided for cooperative corporations. *See* CORP. CODE §§ 12201.5, 12451.

If the PLPCC, the Entities and Individuals do not provide a full and adequate remedy within thirty (30) days from receipt of this letter, we will seek all justified damages including, but not limited to, statutory damages, punitive damages, attorney's fees and costs, and any other relief that the Court deems proper in a class action lawsuit. *See* CAL. CIV. CODE §§ 1782(c).

III. RECORDS REQUEST

To provide oversight that the PLPCC is complying with California law and providing adequate remedial measures, Plaintiff immediately demands that copies of the following records be provided pursuant to California Corporations Code §§ 12340, 12581, 12582, and 12603:

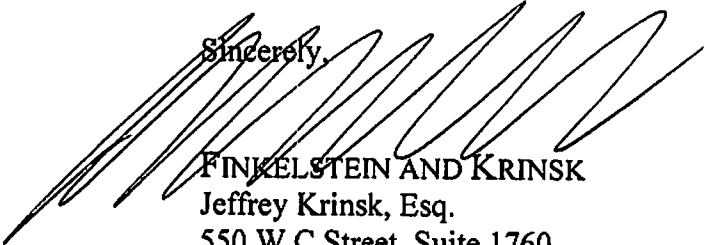
- (1) Articles of incorporation, all amendments, and all bylaws for each of the Entities:
 - a. Point Loma Patients Consumer Cooperative,
 - b. Sinner Brothers, Inc.,
 - c. 419 Consulting Inc.,
 - d. Far West Management, LLC,
 - e. Far West Operating, LLC,
 - f. Far West Staffing, LLC, and
 - g. Justus H Henkes IV, Inc.
- (2) All meeting minutes for each of the Entities since January 1, 2015;
- (3) A list of the names and addresses of all members of the PLPCC since January 1, 2015;

- (4) All "Financial Statements" of each of the Entities since January 1, 2015. *See* CORP. CODE § 12217;
- (5) All evidence of any "distribution" or "patronage distribution" made by PLPCC or any of the Entities since January 1, 2015;
- (6) Contracts between PLPCC and any of the Entities; and
- (7) Contracts between PLPCC and any of the Individuals.

IV. EVIDENCE PRESERVATION REQUEST

Under the California Code of Civil Procedure and the California Rules of Court, the PLPCC, the Entities and Individuals are obligated hereby to preserve all hard copy documents and electronically stored information ("ESI") relating to the subject matter of this letter. This obligation includes suspending the PLPCC's, the Entities' and Individuals' records management/destruction policies for all information. This includes ESI from all databases, network systems, hard drives, email, calendar, webpage, voicemail, instant message, intranet, and social network data. In addition to obligations concerning information that came into existence before receipt of this letter, the PLPCC, the Entities and Individuals should maintain in active directories all current information in unaltered, native format.

Sincerely,



FINKELSTEIN AND KRINSK
Jeffrey Krinsk, Esq.
550 W C Street, Suite 1760
San Diego, CA 92101
Tel: +1.619.238.1333
email: jrk@classactionlaw.com

and

THE RESTIS LAW FIRM, P.C.
William Restis, Esq.
550 West C Street, Suite 1760
San Diego, CA 92101
Tel: +1.619.270.8383
Email: william@restislaw.com

Attorneys for Plaintiff

7016 0340 0001 1060 5916

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Postage \$.46	Sinner Bros. Inc
Total Postage and Fees \$ 6.46	
Sent To John Richards for Adam Knopf	
Street and Apt. No., or PO Box No. 3152 Hancock Street	
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PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

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Total Postage and Fees \$ 6.46	
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City, State, ZIP+4® La Jolla, CA 92037	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

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<input type="checkbox"/> Adult Signature Required \$	
<input type="checkbox"/> Adult Signature Restricted Delivery \$	
Postage \$.46	
Total Postage and Fees \$ 6.46	
Sent To Justus H Henkes and/or Adam Knopf	
Street and Apt. No., or PO Box No. 7742 Herschel Ave Ste M 419	
City, State, ZIP+4® La Jolla CA 92037	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	



August 30, 2017

Via Electronic and First Class Mail

Gina M. Austin
Austin Legal Group, APC
3990 Old Town Avenue, Suite A-112
San Diego, CA 92110
gaustin@austinlegalgroup.com

Re: *Karl Beck v. Point Loma Patients Consumer Cooperative, et al.*

Dear Ms. Austin,

We are in receipt of your letter dated August 29, 2017, and are concerned by your apparent disregard for the seriousness of our allegations.

Please go back and review Mr. Krinsk's July 25, 2017 demand letter (the "Letter") as being sent on behalf of "Karl Beck", a member of the PLPCC.¹ It appears the names of two clients were combined, which caused your understandable confusion. However, your office had more than a month to meet and confer concerning the correct parties.

In addition, we take your "express den[ial of] the alleged violations in [our] letter" to be insufficient response under California Corporations Code § 12490, and Civil Code § 1782. These statutes do not require the plaintiff to spell their name correctly, only put the defendants on notice of the alleged wrongdoing and request appropriate remedies prior to bringing suit. Mr. Krink's Letter was more than sufficient to put PLPCC (and the other defendants) on notice of the claims against them.

///

///

¹ I note that immediately following our Letter, the PLPCC was renamed to "Golden State Greens." Please interpret the Letter's request under CAL. CORP. CODE §§ 12340 *et seq.* to include all documents as they refer or relate to Golden State Greens.

A handwritten signature in black ink, appearing to read "The Restis Law Firm, P.C.", is written over a horizontal line.

Since it will take a few days to prepare the complaint, we will allow you until **September 11, 2017** to provide the documentation requested pursuant to CAL. CORP. CODE §§ 12340 *et seq.* If we do not receive the requested evidence by that time, and begin the process of providing appropriate remedial remedies on a class-wide basis, I am afraid litigation is unavoidable. I wish we could provide additional time, but your waste of more than a month, combined with our fiduciary duty to vigorously advocate class interests, require us to proceed.

Also, your letter indicated that you only represent the PLPCC. Please advise whether you represent any of the other putative defendants, and if not, have their counsel contact me.


William R. Restis, Esq.

THE RESTIS LAW FIRM, P.C.
william@restislaw.com

cc: Jeffrey R. Krinsk, Esq.

John Rickards
Adam Knopf
Sinner Brothers, Inc.
3452 Hancock Street, San Diego, CA 92110

Via Certified Mail Return Receipt Requested

Adam Knopf
Justus H. Henkes IV
419 Consulting Inc.,
Justus H. Henkes IV, LLC
7742 Herschel Ave., Suite M
La Jolla, CA 92037

Via Certified Mail Return Receipt Requested

Adam Knopf
Justus H. Henkes IV
Far West Management, LLC
Far West Operating, LLC
Far West Staffing, LLC
7734 Herschel Ave., Suite L
La Jolla, CA 92037

Via Certified Mail Return Receipt Requested

(sent with additional copy of July 25th Letter)

