

SUMMONS (CITACION JUDICIAL)

FOR COURT USE ONLY
(SOLO PARA USO DE LA CORTE)

ELECTRONICALLY FILED

3/6/2019 11:43 AM

SAN LUIS OBISPO SUPERIOR COURT
BY M. Zapada, Deputy Clerk

NOTICE TO DEFENDANT:

(AVISO AL DEMANDADO):

ANNA MARIE GABRIEL, KRISTA KOENIG, MOHAMMAD REZA
SAADATMANDI and CAROLYN MARIE DOWNEY

YOU ARE BEING SUED BY PLAINTIFF:

(LO ESTÁ DEMANDANDO EL DEMANDANTE):

CENTRAL COAST CONSULTING, LLC., HSAKG CONSULTING,
INC., SLOIG, INC., CCCIG, III, INC., SLO INVESTMENT GROUP,
III

NOTICE! You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site (www.lawhelpcalifornia.org), the California Courts Online Self-Help Center (www.courtinfo.ca.gov/selfhelp), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **¡AVISO!** Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California (www.sucorte.ca.gov), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, (www.lawhelpcalifornia.org), en el Centro de Ayuda de las Cortes de California, (www.sucorte.ca.gov) o poniéndose en contacto con la corte o el colegio de abogados locales. **AVISO:** Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:

(El nombre y dirección de la corte es): 1035 PALM ST
SAN LUIS OBISPO CA 93408

CASE NUMBER:

(Número del Caso): 19CV-0126

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):

BRIAN D. ALEXANDER; 6165 GREENWICH DR., STE. 340, SAN DIEGO CA 92122, (858) 373-5555

DATE: 3/6/2019 11:43 AM
(Fecha)

/s/Michael Powell

Clerk, by
(Secretario)

Matthew K. Zapada

, Deputy
(Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

(SEAL)



NOTICE TO THE PERSON SERVED: You are served

1. ☐ as an individual defendant.2. ☐ as the person sued under the fictitious name of (specify):3. ☒ on behalf of (specify): A.G. Harvest, Inc, a California Corporationunder: ☒ CCP 416.10 (corporation)☐ CCP 416.20 (defunct corporation)☐ CCP 416.40 (association or partnership)☐ other (specify):☐ CCP 416.60 (minor)☐ CCP 416.70 (conservatee)☐ CCP 416.90 (authorized person)4. ☐ by personal delivery on (date):

SUPERIOR COURT OF SAN LUIS OBISPO COUNTY San Luis Obispo Branch, 1035 Palm Street, Rm 385, San Luis Obispo, CA 93408 Paso Robles Branch 901 Park Street, Paso Robles, CA 93446	
Central Coast Consulting, LLC et al vs. Anna Gabriel et al	CASE NUMBER 19CV-0126
	Case Management Conference

NOTICE OF ASSIGNMENT AND CASE MANAGEMENT CONFERENCE

This case is assigned to **Judge Coates, Tana L.** for all purposes.

Plaintiff must serve the Summons and Complaint, a copy of this Notice; the Standing Case Management Order (located at <https://www.slo.courts.ca.gov/os/tentativerulings.htm>) of the judge assigned for all purposes and must file proofs of service within 60 days after the Complaint is filed.

Defendants shall file responsive pleadings with 30 days of service unless the parties stipulate to an extension of not more than 15 days.

IT IS HEREBY ORDERED:

1. The parties must appear for a first Case Management Conference **on July 11, 2019, 9:00 AM, San Luis Obispo Department 9** THE PARTIES OR THEIR ATTORNEYS MUST APPEAR AT THE CASE MANAGEMENT CONFERENCE. For information about telephone appearances call **COURTCALL** at (888)882-6878.
2. Parties are responsible for reviewing and following the Case Management Order of the assigned judge. The orders are located at <https://www.slo.courts.ca.gov/os/tentativerulings.htm>
3. Each party must file and serve a Case Management Statement at least 15 days before the conference.
4. The person appearing at the first Case Management Conference must be familiar with the case and prepared to discuss suitability of the case for mediation, binding arbitration, judicial arbitration or some form of alternative dispute resolution.
5. Trial will be set within the 11th or 12th month after the filing of the Complaint. Counsel must arrange their schedules, reserve dates with witnesses and schedule trial preparation with this in mind. Continuances will be granted only on a clear showing of good cause.
6. All law and motion matters will be calendared in the department of the assigned judge and filed with the Clerk's office.
7. Each party should be prepared to show cause why sanctions should not be imposed for a failure to comply with these rules. **LIMITED JURISDICTION ONLY:** unless the parties have entered into arbitration as required by Local Rules 9.00 and 26.00.

**SUPERIOR COURT, STATE OF CALIFORNIA
COUNTY OF SAN LUIS OBISPO**

Department 9

**STANDING CASE MANAGEMENT ORDER
FOR CASES ASSIGNED TO THE HON. TANA L. COATES**

INSTRUCTIONS TO PLAINTIFF(S)/CROSS-COMPLAINANT(S):

YOU must serve a copy of this Standing Case Management Order on all Defendants/Cross-Defendants at the same time the complaint/cross-complaint is served.

I. GENERAL MATTERS

A. It is the Court's policy to provide a dignified forum in which to resolve disputes in a peaceful, professional, legally correct and expeditious manner. All of the following rules are designed to achieve these goals. It is not the Court's intention to prohibit a party from raising any issue by any means allowed by any Rule of Court, Code or statute. If any of the rules or procedures discussed herein creates a problem, counsel should raise the matter with the Court at the earliest opportunity.

B. Electronic communication with the courtroom clerk is permissible for routine communications having to do with scheduling, stipulated continuances, and/or joint requests. Substantive arguments are not permitted unless approved by the Court. In any correspondence with the Clerk, opposing counsel should be copied in order to avoid ex-parte communications. The Clerk's email address is Melanie.miller@slo.courts.ca.gov.

C. Counsel shall turn off all audible telephones and pagers and instruct their clients and witnesses to do so. Communication devices worn on the head are not permitted in the courtroom.

II. CASE MANAGEMENT CONFERENCES ("CMC")

A. The Court expects that counsel will be prepared to discuss the current status of the case, discovery, amenability to mediation, and any unusual factual, legal or evidentiary issues that may need resolution. The parties must also advise the Court of complicated law and motion matters at CMCs. Counsel who fail to appear will typically be noticed for an OSC hearing regarding why sanctions should not issue. CMC statements are appreciated, but not required.

B. Early mediation is strongly encouraged. Good faith participation in mediation will ordinarily excuse participation in a Mandatory Settlement Conference. The Court will typically sign an order to mediate at an early CMC.

C. It is the Court's policy to resolve discovery disputes informally and efficiently. Accordingly, the Court has instituted special procedures for the resolution of discovery disputes through Pretrial Discovery Conferences, which can be scheduled on forms that are available from the clerk's office (see section IV.C, below). All parties must agree to such procedures as explained below.

III. MEDIATION

A. The parties are strongly encouraged to engage in early, meaningful mediation. Mediation will generally be ordered to take place within 90-120 days of the first appearances of all parties, but a longer time may be allowed.

B. Parties who agree to mediation should comply with the mediator's instructions regarding briefing and payment of fees.

C. A worthwhile mediation process means that parties, attorneys and any other person whose consent or authority is required to achieve a final disposition of the dispute shall be present, as well as a representative of any insurer who has authority to settle the case for any amount up to the limits of the policy.

D. All plaintiffs should file a one-page "Notice of Mediation" with the clerk's office notifying the Court of the date of the mediation and name of the mediator.

IV. LAW AND MOTION MATTERS

A. To the extent practicable, the Court will post tentative rulings on law and motion matters on the Court's website no later than the evening before the hearing. The Court's website is located at www.slocourts.net.

B. When parties agree to have a matter taken off calendar, or are prepared to submit a matter on a tentative ruling, counsel should promptly notify Judge Coates' Clerk and the Research Attorneys via e-mail. This is important to avoid unnecessary commitment of judicial resources to moot matters. Contact information for the research attorneys is: SloCourtAttorneys@slo.courts.ca.gov.

C. Resolution of Discovery Disputes

1. Should a discovery dispute arise, the parties may stipulate to an informal Pretrial Discovery Conference in lieu of filing and serving discovery motions, pursuant to Code of Civil Procedure sections 2016.010 through 2036.050.

a. All parties to the discovery dispute shall sign a written stipulation electing to resolve the specified discovery dispute between them through an informal Pretrial Discovery Conference. The parties must stipulate to waive their rights to proceed with a regularly-noticed motion and stipulate that the Court can issue binding discovery orders as necessary in a full and final resolution of any such discovery dispute.

b. Any request for a Pretrial Discovery Conference must be filed with the clerk's office on the approved form (which is available online or can be requested from the clerk), must include a brief summary of the dispute (limited to 5 pages), and must be served on opposing counsel in the same manner as the request is filed with the clerk.

c. No other pleadings or exhibits, declarations, or attachments, will be accepted.

d. The parties will be notified by minute order whether the request has been granted or denied and, if granted, the date and time of the Pretrial Discovery Conference.

e. Personal attendance at the Pretrial Discovery Conference is required unless a telephonic appearance has been preapproved in advance of the Conference.

f. Filing a request for a Pretrial Discovery Conference tolls the time for filing a motion on the disputed issues.

g. If there is no agreement to stipulate to a binding discovery order by the Court, the parties are encouraged to agree to an informal Pretrial Discovery Conference, pursuant to Code Civ. Proc. Section 2016.080 in lieu of filing and serving a discovery motion.

V. TRIAL READINESS PROCEDURES

A. Disagreements over jury instructions and the form of the verdict can consume valuable trial time and keep the jury waiting. At least one week prior to the readiness conference, counsel must meet and confer (preferably in person but in all other cases over the phone) with respect to jury instructions, a special verdict form, and time estimates for each witness.

1. Following the meet and confer process, the following documents should be emailed to the clerk no later than two days prior to the readiness conference:

a. One set of jury instructions, in Word format, using the headings, subheadings and organizational format on the Jury Instruction Template posted on the D9 Website. (Disagreements as to particular instructions can be highlighted by color coding or using different fonts);

b. One special verdict form, in Word format, using the correct caption and organizational format on the Jury Verdict Template posted on the D9 Website (Disagreements as to wording or other matters can be highlighted by color coding or using different fonts; and,

c. Time estimates for each witness, in Word format, showing the expected time for direct examination and cross examination template as per the Time Estimate Template posted on the D9 Website.

B. The readiness conference is typically scheduled several weeks prior to trial. Trial counsel must be *personally present* at the readiness conference and be prepared to discuss the following topics:

1. The length of trial (which will be calculated using time estimates for the expected witnesses), jury selection, disputed jury instructions, opening statements, and closing arguments. Time limits for all phases of the case are typically established and enforced.

2. Number, timing and availability of witnesses. Judge Coates expects that counsel will provide accurate time estimates for the direct examination of each witness, as well as cross-examination time for each opposing witness. A jury trial will usually be in session from Monday through Thursday from 1:30 to 4:30 p.m., and on Friday from 10:00 a.m. to 4:30 p.m. Trial days beginning at 11:00 a.m. are possible.

a. Counsel have responsibility for arranging the appearance of all witnesses during their presentation of the case so as to eliminate delays. Counsel should confer among themselves as to when witnesses will be needed at least 24-48 hours in advance of a witness' testimony.

b. Counsel are to inquire of their clients and witnesses to determine whether they are in need of any type of accommodation with an interpreter, under the Americans with Disabilities Act, or any other type of assistance.

3. Numbering and exchange of exhibits. The parties are encouraged to agree upon a reasonable exhibit numbering system using the format P001 forward (for plaintiff) and D001 forward (for defendant). There is an Exhibit Label Template on the Court's website. The specific arrangements for numbering, marking, exchanging and copying exhibits will be discussed in detail.

4. Voir dire procedures, including mini-opening statements and pre-instructions, and hardship and jury questionnaires. Counsel should attempt to agree upon a brief neutral statement of the case to be read to the prospective jury panel.

5. Stipulations to reduce the length of trial. Counsel should consult with each other regarding all possible stipulations and reduce them to writing. In particular, counsel should consider waiving the necessity for authentication/foundational evidence regarding all trial exhibits, unless authentication is an important issue.

6. Motions in limine. Prior to filing motions in limine, counsel should confer with the objective of reaching agreement on as many such motions as possible. Counsel should review *Kelly v. New West Federal Savings* (1996) 49 Cal.App.4th 659, 669-677, and its progeny. Counsel should advise their clients and witnesses about rulings on motions in limine that pertain to evidentiary issues. Counsel will be held responsible for any violations of rulings on motions in limine.

VI. TRIAL

A. The Court will typically hear organizational and scheduling matters, procedural issues and in limine motions at the beginning of trial, including any matters left over or continued from the Readiness Conference. These sessions are typically scheduled for 10:00 am on the first trial date.

1. Originals of all depositions to be used in the trial are to be lodged with the Clerk at the beginning of trial. At the end of the trial, these depositions can be picked up from the Clerk, or they can be returned by mail at the party's expense.

B. Jury Selection Procedures

1. Jury selection ordinarily begins at 1:30 p.m. the first day of trial. If a questionnaire is used, the Court will consider hardships on the first day of trial, jurors will adjourn to complete the questionnaires, and the attorneys will receive the random list. Voir dire will begin at 10:00 a.m. on day two.

2. Mini opening statements of no more than three minutes per side are encouraged prior to jury selection.

3. The entire panel is screened for hardship, eighteen names are drawn at random, and voir dire is conducted.

4. Challenges for cause are exercised and ruled upon out of the presence of the prospective jurors at sidebar. Upon request, counsel will be given the opportunity to make a record of any unreported sidebar conference once the jury is not present.

5. At least two alternate jurors are typically selected. If it becomes necessary to substitute an alternate juror, the first alternate chosen will be the first substitute.

6. Trial Procedures

a. No charts, diagrams or other exhibits should be shown or read aloud to the jury unless by stipulation or after admission of the item into evidence.

b. Counsel should provide hard copies of any power point presentations, audio or video recordings and the like to opposing counsel in advance of showing them to the jury.

c. Counsel seeking to introduce an audio recording (or audio portion of a video recording), please review California Rules of Court, rule 2.1040.

d. Any object that cannot be folded into 8½" x 11" such as models, blowups, etc. should be accompanied by either a photograph or a photocopy to be retained by the Court in lieu of the oversized exhibit.

e. When objections are made, counsel should state only the legal basis, without speaking objections.

f. Sidebar conferences are normally held off the record. Counsel may make a record of any unreported sidebar conference at an appropriate opportunity in the proceedings. During trial, if counsel wish to place matters on the record, he or she may so request and the Court will provide an opportunity to do so, ordinarily at the end of the trial day once the jury has been excused.

7. Post-Trial Procedures

a. After the verdict is rendered by the jury, the prevailing party shall prepare the judgment, which shall be submitted on the next Court day following trial unless otherwise ordered.

b. Counsel should make arrangements with the clerk to withdraw exhibits in cases that will not be appealed. The clerk will hold the exhibits for sixty days after the filing of the notice of entry of judgment. Any exhibits remaining after that time will be destroyed unless a notice of appeal is filed.

DATED: January 8, 2018

HON. TANA L. COATES
Judge of the Superior Court
County of San Luis Obispo

3/6/2019 11:43 AM

BRIAN D. ALEXANDER (SBN 223473)
ANDREI V. DUMITRESCU (SBN 320456)
6165 Greenwich Drive, Suite 340
San Diego, CA 92122
Phone: (858) 373-5555
Facsimile: (858) 373-5576

SAN LUIS OBISPO SUPERIOR COURT
BY M. Zapeda
M. Zapeda, Deputy Clerk

Attorneys for Plaintiffs,
CENTRAL COAST CONSULTING, LLC.,
HSAKG CONSULTING, INC.,
SLOIG, INC., CCCIG III, INC; and
SLO INVESTMENT GROUP III, INC.

THE SUPERIOR COURT OF CALIFORNIA

COUNTY OF SAN LUIS OBISPO

CENTRAL COAST CONSULTING, LLC.,
HSAKG CONSULTING, INC.,
SLOIG, INC., CCCIG III, INC; and
SLO INVESTMENT GROUP III, INC;

Plaintiffs,

v.

ANNA MARIE GABRIEL, an individual,
KRISTA KOENIG, an individual,
MOHAMMAD REZA SAADATMANDI —
an individual, A.G. HARVEST, INC. a
California Corporation, CAROLYN MARIE
DOWNEY, an individual, and DOES 1-100;

Defendant.

Case No.: 19CV-0126

UNLIMITED CIVIL CASE

VERIFIED COMPLAINT FOR:

- 1) BREACH OF CONTRACT
- 2) BREACH OF FIDUCIARY DUTY
- 3) CONVERSION OF CHATTEL
- 4) FRAUD IN THE INDUCEMENT
- 5) UNFAIR BUSINESS PRACTICES
PURSUANT TO BUSINESS AND
PROFESSIONS CODE §§ 17200, et
seq
- 6) BREACH OF IMPLIED
COVENANT OF GOOD FAITH
AND FAIR DEALING
- 7) DECLARATORY RELIEF
- 8) TORTIOUS INTERFEARENCE
WITH BUSINESS CONTRACT
- 9) COMMON COUNTS

Date:

Time:

Judge:

Dept:

COMES NOW Plaintiffs CENTRAL COAST CONSULTING, LLC, HSAKG CONSULTING,
INC., SLOIG, INC., CCCIG, INC. and SLO INVESTMENT GROUP III, INC. t(collectively
referred to as Plaintiff through their counsel, and hereby complain against Defendants ANNA

1 MARIE GABRIEL, KRISTA KOENIG, MOHAMMAD REZA SAADATMANDI, A.G.
2 HARVEST, INC. a California Corporation and CAROLINE MARIE DOWNEY collectively
3 referred to as "Defendants" and allege as follows:

4 **THE PARTIES**

5 1. Plaintiff CENTRAL COAST CONSULTING, LLC is a California limited
6 Liability company based in San Diego County, California (hereinafter "CCC, LLC").

7 2. Plaintiff HSAKG CONSULTING, INC. is a California corporation based in San
8 Diego County, California (hereinafter "HSAKG").

9 3. Plaintiff SLOIG, INC. is a California corporation based in San Diego County,
10 California (hereinafter "SLOIG").

11 4. Plaintiff CCCIG III, INC. is a California corporation based in San Diego County,
12 California (hereinafter "CCCIG").

13 5. Plaintiff SLO INVESTMENT GROUP III, INC. is a California corporation based
14 in San Diego County, California (hereinafter "SLO III").

15 6. Defendant ANNA MARIE GABRIEL is an individual, and at all times herein
16 mentioned a resident of and doing business in San Luis Obispo County, California (hereinafter
17 "GABRIEL").

18 7. Defendant KRISTA KOENIG is an individual, and at all times herein mentioned
19 a resident of and doing business in San Luis Obispo County, California (hereinafter "KOENIG").

20 8. Defendant MOHAMMAD REZA SAADATMANDI is an individual, and at all
21 times herein mentioned a resident of and doing business in San Luis Obispo County, California
22 (hereinafter "SAADATMANDI").

23 9. Defendant A.G. HARVEST, INC., is a California corporation doing business in
24 San Luis Obispo County, California (hereinafter "HARVEST").

25 10. Defendant CAROLINE MARIE DOWNEY doing business in San Luis Obispo
26 County, California (hereinafter "DOWNEY").

27
28 **VENUE AND JURISDICTION**

1 11. Jurisdiction and venue in this Court are proper pursuant to § 428.10 of the
2 California Code of Civil Procedure.

3 **GENERAL ALLEGATIONS**

4 12. On or about April 14, 2017 principals of HSAKG, met with GABRIEL and her
5 then current tenants at the real property commonly known as 6135 Huasna Townsite Road,
6 Arroyo Grande, California to discuss the feasibility of a fully licenses cannabis cultivation
7 facility at GABRIELS' ranch.

8 13. These discussions included but were not limited to developing a proposed budget
9 for the estimated costs of grading a portion of the ranch, which is situated on a steep hillside
10 consisting of ten acres land upon which there are two residential dwellings, a barn as well as
11 various storage structures, so that said land would be suitable for agricultural cultivation,
12 installation of a water well, improving utility lines, grading portions of the land for road access to
13 various portions of the parcel, installation of a protective fence and electronic gate, as well as the
14 initial day to day operations which was initially projected to be \$400,000.

15 14. After conducting some additional due diligence and consulting with attorneys
16 licensed to practice law in California with a background in cannabis law as to a prospective
17 organizational structure, a proposal was made in which GABRIEL would rent the real property
18 to Plaintiff's in exchange for \$2,000 monthly rent and 10% of the gross revenue, less any sales
19 and excise taxes from the lawful distribution of the finished cannabis product. GABRIEL also
20 agreed to supervise the activities at the ranch and report to HSAKG. HSAKG would be
21 responsible for raising the funds needed to cover these projected costs for the necessary
22 improvements as well as the projected operational costs needed to take the finished product to
23 market. After the 10% commission to GABRIEL the remaining balance was to be divided
24 between the project managers, HSAKG and SLOIG, an entity to be created for the purposes of
25 raising said funds.

26 15. On or about June 28, 2017, HSAKG and SLOIG met with GABRIEL and her
27 former tenants who would serve as project managers to memorialize the joint venture agreement
28 as well as execute a lease agreement for the subject real property.

1 16. In reliance on the terms of the joint venture agreement and representations by
2 GABRIEL, HSAKG did successfully raise the \$400,000 capital through SLOIG and said funds
3 were invested in the joint venture of which approximately \$350,000 were dedicated to improving
4 the real property and its infrastructure.

5 17. As the joint venture moved forward it became clear that the projected budget was
6 underestimated and in order to keep operations moving forward HSAKG contributed an
7 additional \$205,000 out of their own funds to cover the operating costs until the finished product
8 could be sold. HSAKG also agreed that it would forgo its initial distribution of profits and use
9 their share of the 2017 profits for the 2018 grow.

10 18. On or about January 15, 2018, it was discovered that the former tenants/project
11 managers had absconded with approximately \$250,000 of inventory, and they effectively
12 abandoned the venture.

13 19. In an attempt to salvage the joint venture in late January of 2018 GABRIEL
14 introduced HSAKG and SLOIG to her neighbor KOENIG who had experience in overseeing
15 projects of this size and scope.

16 20. KOENIG, GABRIEL and HSAKG thereupon conducted numerous meetings and
17 conference calls regarding a new revamped 2018 project.

18 21. In March of 2018 at the cost and efforts of HSAKG, the former project managers
19 were finally removed from the property to the relief and gratitude of GABRIEL, allowing the
20 new team to move forward without the distraction and interference of the former project
21 managers.

22 22. In April of 2018 GABRIEL introduced to HSAKG a new head grower by the
23 name of Bryan Kraft and he was to be brought into the new joint venture agreement. However
24 for reasons unknown at the time, in May of 2018 he was terminated. KOENIG and GABRIEL
25 represented that they had developed their own solid plan to oversee and take to market the 2018
26 operations and that his services were not needed. It was later discovered that he became aware of
27 KOENIG's plans to use the additional capital raised for cover the costs of her private operations
28

1 with SAADATMANDI and when he attempted to implement a system to segregate the two
2 operations he was summarily terminated.

3 23. GABRIEL, KOENIG, HSAKG and SLOIG met in June of 2018 and reorganized
4 the venture by putting together a more refined budget that required a capital raise of another
5 \$200,000 to cover all operating costs from planting to having a final finished product ready for
6 sale.

7 24. In reliance on these representations a new joint venture agreement was reached in
8 which HSAKG, SLOIG became members in a California Limited Liability Company known as
9 Central Coast Consulting, LLC along with SLO Investment Group III, Inc., which was a spin off
10 from HSAKG to segregate the capital contributed by some of the HSAKG principals in 2017
11 from their sweat equity in the venture of HSAKG as well as CCCIG III, Inc. which was the
12 corporation established to raise the additional \$200,000 of capital for the 2018 operations
13 including the costs of the necessary permitting and licensing to conduct a lawful commercial
14 cannabis operation.

15 25. The parties agreed that CCC would enter into a new lease agreement with
16 GABRIEL to pay rent in the amount of \$4,000.00. Further Gabriel was to receive 15% of the
17 gross profits from the sale of the finished product net of all applicable sales and excise taxes.
18 This was in exchange for Gabriel allowing CCC to use the land for the new joint venture as well
19 as provide some day to day operational service.

20 26. KOENIG was also brought into the joint venture agreement and she would
21 receive as compensation for serves as project manager 10% of the gross sales proceeds.

22 27. In June of 2018 however due to cash flow difficulties being experienced by
23 KOENIG the agreement was modified to provide her with a draw against her 10% commission
24 in the amount of \$4,000 per month with said draw to later be reconciled against the commission
25 from the sale of the finished product.

26 28. In July of 2018 the necessary use permits were applied for and approved however
27 rather than have the licenses in the name of the joint venture they were applied for and approved
28 in the name of GABRIEL under the guise that she has the land own had to hold the license.

1 Having no reason at the time to doubt GABRIEL and KOENIG, Plaintiff's acquired and
2 continued to perform their duties under the joint venture.

3 29. In August of 2018 SAADATMANDI was introduced to the various parties to the
4 venture. He was an investor in KOENIG'S side operations who had been advising her as to how
5 to operate a lawful growing operation. SAADATMANDI represented that he had years of
6 experience in this industry and a network to facilitate the lawful distribution of the finished
7 product. SAADATMANDI made a proposal that would have required 55% of the gross sales
8 proceeds to be paid to him and he took steps to convince GABRIEL that the laws required
9 growers to have an exclusive distribution agreement. This was later confirmed as false and
10 SAADATMANDI's distribution offer was rejected by Plaintiffs; however negotiations with
11 SAADATMANDI continued to attempt to foster a mutually agreeable working relationship
12 albeit under more equitable terms.

13 30. During this time, based on information and believe, SAADATMANDI continued
14 to influence GABRIEL to agree to the terms of his initial proposal.

15 31. Despite these continued distractions the venture continued on track and on budget
16 until fall of 2018 when it came time to harvest and trim the cannabis plants so that it could then
17 be prepared for sale to licensed brokers.

18 32. As funds became depleted it became evident that CCC was paying the fees for
19 services not only for their farm but that of KOENIG and SAADATMANDI.

20 33. GABRIEL and KOENIG became increasing evasive when questioned about the
21 budget, the status of the finished product, obtaining test results from the 2018 grow and
22 ultimately designing a plan for the lawful distribution of the product.

23 34. A meeting with the parties was held in November of 2018 and it was decided that
24 a portion of the finished product that was ready to go to market could be sold and the proceeds
25 used to pay the additional cost for the services to finish the remaining harvest.

26 35. Based on information and believe approximately 100 pounds of finished product
27 was in fact sold at \$700 per pound however the proceeds were retained by defendants in breach
28 of the joint venture agreement.

36. During the months of November 2018 to January 2019 Plaintiffs reached out to various licensed brokers to facilitate the sale of the finished product, and did in fact find one ready and willing to purchase the entire harvest in late January 2019.

37. When this was presented to GABRIEL and KOENIG they refused to cooperate and ultimately it was revealed that they never had any plans to honor their obligations under the joint venture agreement. They represented that they had formed a new corporation AG Harvest, Inc. and that it was taking possession of the inventory and would retain sole and exclusive rights over all inventory and the sales proceeds therefrom. They then terminated the joint venture without any lawful or equitable basis solely so as not to have to share in the profits from the sale of the inventory.

38. GABRIEL also terminated the lease without justification or provocation and is in possession of personal property owned the Plaintiffs despite Plaintiffs being current on their monthly obligations.

39. However GABRIEL represented that she would present a written proposal to buy out Plaintiffs interest in the venture and that it would be delivered no later than January 25, 2019. As of the filing of this suit no such offer or any further communications have been presented to Plaintiffs.

CAUSES OF ACTION

FIRST CAUSE OF ACTION

(Breach of Contract against GABRIEL, KOENIG and HARVEST as successor in interest)

40. Plaintiff re-alleges and incorporates by reference the allegations set forth in paragraphs 1-40, inclusive.

41. Plaintiff performed all duties and obligations required of them pursuant to this agreement.

42. Despite Plaintiffs performance Defendants refuse to honor the agreements regarding the distribution of profits.

1 43. Plaintiff is informed and believes, and on that basis alleges, that Defendants have
2 breached this agreement by their misappropriation of profits.

3 44. Defendants' breach of contract not only cost Plaintiff's profits, as well as out of
4 pocket expenses, but also damaged its professional reputation in the industry.

5 **SECOND CAUSE OF ACTION**

6 **(Breach of Fiduciary Duty against GABRIEL and KOENIG)**

7 45. Plaintiff re-alleges and incorporates by reference the allegations set forth in
8 paragraphs 1-45, inclusive.

9 46. The Defendant GABRIEL helped start the initial joint venture and Defendants
10 GABRIEL and KOENIG were instrumental in bringing together the second joint venture and are
11 thus considered cofounders of the venture.

12 47. Defendants' position in the partnership creates a fiduciary relationship between
13 them and the venture.

14 48. Defendants' misappropriation of funds and inventory as well as the unilateral
15 termination of the joint venture was a breach of their fiduciary duty to Plaintiffs and their
16 shareholders.

17 49. The Defendants acted inequitably by retaining profits from the Plaintiffs for
18 personal enrichment therefore causing damage to Plaintiffs.

19 **THIRD CAUSE OF ACTION**

20 **(Conversion of Chattel as to all Defendants)**

21 50. Plaintiff re-alleges and incorporates by reference the allegations set forth in
22 paragraphs 1-50, inclusive.

23 51. Under the Defendants' watch, \$2,000,000 worth of inventory belonging to
24 Plaintiffs disappeared.

25 52. As such, Defendants' actions damaged Plaintiff's in their being unable to lawfully
26 sell the finished product in that Defendants refuse to turn over possession of the same.

27 **FOURTH CAUSE OF ACTION**

(Fraud in the Inducement against GABRIEL, KOENIG and HARVEST as successor in interest)

53. Plaintiff re-alleges and incorporates by reference the allegations set forth in paragraphs 1-53, inclusive.

54. Defendants made a representation to the Plaintiff that they would keep track of the inventory, deliver the goods, and accept as well as report payment in the day-to-day running of the venture.

55. With the willful refusal to cooperate in the sale of the finished product Plaintiff believes and alleges that when the Defendants made representations to the Plaintiff regarding the need for additional funds to finish trimming, curing and ultimately preparing the harvest for sale, they knew them to be false, and that Defendants made such misrepresentations to Plaintiff with the intent to deceive and defraud.

56. Defendants intended to induce Plaintiff to rely on their misrepresentations and intentional concealment of side dealings with SAADATMANDI as evinced by the fact that Defendants had received a valid offer from a broker procured by Plaintiffs and had misappropriated the inventory for personal gain. Defendants had reason to expect that Plaintiff would rely on the misrepresentations that it made to it because of the continuous business relationship between Plaintiff and Defendants.

57. Plaintiff reasonably relied on Defendants' representations made during the course of their business relationship.

58. Plaintiff was justified in relying upon Defendants' misrepresentations and concealment of profits because of the contractual relationship between Plaintiff and Defendants.

59. As a result of Plaintiff's reliance upon the truth of the representations referenced herein, Plaintiff has been damaged in, at least, the amount of \$3,000,000 from lost profits and out of pocket expenses.

60. The actions of the Defendants, as alleged herein, were done with such malice and oppression that Plaintiff is entitled to an award of punitive damages in an amount according to proof for sake of example, by way of punishment, and to deter such conduct in the future.

1 **FIFTH CAUSE OF ACTION**

2 **(Unfair Business Practices Pursuant to Business & Professions Code §§ 17200, et seq.**
3 **against all Defendants)**

4 61. Plaintiff re-alleges and incorporates by reference the allegations set forth in
5 paragraphs 1-61, inclusive.

6 62. California Business & Professions Code Section 17200, et seq., prohibits acts of
7 unfair competition, which means and includes any "fraudulent business act or practice..." and
8 conduct which is "likely to deceive" and is "fraudulent" within the meaning of Section
9 17200.120. As more fully described above, Defendants' acts and practices are likely to deceive,
10 constituting a fraudulent business act or practice.

11 63. Specifically, as fully set forth above, Defendants intentionally failed to report
12 profits from meeting with broker and attempted to unjustly enrich themselves with the
13 misappropriated profits.

14 64. Plaintiff alleges that by engaging in the above described acts and/or practices as
15 alleged herein, Defendants have violated several California laws, Court Rules and regulations,
16 and said predicate acts are therefore per se violations of California Business and Professions
17 Code Section 17200, et seq.

18 65. Plaintiff alleges that Defendants' misconduct, as alleged herein, gave, and has
19 given the Defendants an unfair competitive advantage over their competitors. The scheme
20 implemented by the Defendants is designed to defraud the Plaintiff and enrich the Defendants.

21 66. The foregoing acts and practices have caused substantial harm to the Plaintiff.

22 67. Plaintiff alleges that as a direct and proximate result of the aforementioned acts,
23 Defendants have prospered and benefitted from Plaintiff.

24 68. By reason of the foregoing, Defendants, have been unjustly enriched and should
25 be required to disgorge their illicit profits and/or make restitution to Plaintiff who has been
26 harmed, and be enjoined from continuing in such practices pursuant to California Business &
27 Professions Code Sections 17203 and 17204. Moreover, as a result of the aforementioned acts
28

1 and conduct, Plaintiff has lost money and property and suffered injury in fact, and has fallen
2 victim to Defendants' schemes which are injurious.

3 69. The harm to the Plaintiff outweighs the utility of Defendants' policy and
4 practices. Consequently, their policy and practices constitute an unlawful business act or
5 practice within the meaning of Business and Professions Code §17200.

6 70. Defendants' practices described above are likely to mislead the courts of
7 competent jurisdiction and the general public, and therefore, constitute a fraudulent business act
8 of practice within the meaning of Business and Professions Code §17200. The Defendants'
9 unfair, unlawful, and fraudulent business practices present a continuing threat to the Plaintiff, to
10 courts, and to members of public in that others may be defrauded. Plaintiff and other members
11 of the business community have no other adequate remedy of law.

12 71. Plaintiff is therefore entitled to injunctive relief and attorneys' fees as available
13 under California Business and Professions Code Sec. 17200 and related sections. These acts and
14 practices, as described in the previous paragraphs, are unfair and violate Business and
15 Professions Code §17200 because their policies and practices described above violate all the
16 statutes previously listed as well as California Civil Code §1709, and consequently, constitute an
17 unlawful business act of practice within the meaning of Business and Professions Code §17200.

18 **SIXTH CAUSE OF ACTION**

19 **(Breach of Implied Covenant of Good Faith and Fair Dealing against all Defendants)**

20 72. Plaintiff re-alleges and incorporates by reference the allegations set forth in
21 paragraphs 1-72, inclusive.

22 73. As set forth above, in 2017, Plaintiff and Defendants entered into a contractual
23 agreement detailing Defendants' obligations to Plaintiff.

24 74. Plaintiff performed all obligations and duties required on its part to be performed
25 in accordance with the terms and conditions of that agreement, except to the extent that such
26 obligations have been excused or Defendants prevented Plaintiff from performing them, and all
27 conditions precedent to Plaintiff's obligations under the agreement have been satisfied or
28 waived.

75. Defendants' breached the implied covenant of good faith and fair dealing in the agreement by its actions described above, among other things, by concealing and misrepresenting their actions and misappropriating profits.

76. As a proximate result of Defendants' conduct, Plaintiff has been deprived of the benefit they expected under the Agreement. By reason of the Defendants' breach of the implied covenant of good faith and fair dealing, Plaintiff is entitled to recover its damages caused by Defendants' breach thereof in an amount to be shown at trial, plus attorneys' fees, interests, and costs.

77. Plaintiffs are informed and believes and, on that basis, alleges that Defendants' conduct as described above was undertaken without justification and with the deliberate intent to cause injury to Plaintiff and with a conscious disregard of Plaintiff's rights, and have subjected Plaintiff to unjust hardship. Plaintiff is therefore entitled to recover exemplary and punitive damages in addition to its actual damages in an amount to be proved at trial.

SEVENTH CAUSE OF ACTION

(Declaratory Relief against all Defendants)

78. Plaintiffs re-alleges and incorporates by reference the allegations set forth in paragraphs 1-78, inclusive.

79. An actual controversy has arisen and now exists between the parties to this action based upon their respective contentions as hereinafter alleged.

80. Plaintiff contends that Defendants' were contractually obligated to Plaintiff.

81. Plaintiff requests the Court to declare that Defendants' failed to honor the agreement.

82. Such declaration is necessary and appropriate at this time to determine the rights, duties, and obligations of the parties to one another.

EIGHTH CAUSE OF ACTION

(Tortious Interference with Business Contract against KOENIG and SAADATMANDI)

83. Plaintiff re-alleges and incorporates by reference the allegations set forth in paragraphs 1-83, Inclusive.

84. An Actual agreement existed between GABRIEL and Plaintiffs.

85. Defendants KOENIG and SAADATAMANDI had actual knowledge of this agreement.

86. Defendants actions to dissuade and interfere with the respective parties under the contract including but not limited to false and misleading statements did induce GABRIEL to breach the joint venture agreement.

87. As set forth herein GABRIEL did in fact breach the joint venture agreement when she refused to honor her obligations therein resulting in out of pocket damages, future profits and the costs of enforcing the terms of the joint venture agreement.

NINETH CAUSE OF ACTION

(Common Counts against GABRIEL and DOWNEY)

88. Plaintiff re-alleges and incorporates by reference the allegations set forth in paragraphs 1-88, inclusive.

89. Defendant GABRIEL and DOWNEY have been unjustly enriched by the improvements to her real property, have an established infrastructure for future operations at no cost to her and effectively keeping all of the profits from the sale of the product that could not have been procured but for the capital infusion provided by Plaintiffs.

90. Accordingly, Plaintiff is entitled to damages.

WHEREFORE, Plaintiffs pray for judgment against Defendants as follows:

1. For Compensatory damages in an amount to be proven at trial;
2. For general and special damages according to proof at the time of trial and as provided by law;
3. For Punitive and Exemplary Damages in an amount appropriate to punish Defendants and deter them and others from engaging in similar misconduct;
4. For damages for breach of contract in amount to be determined at time of trial, but no less than \$3,000,000.00;
5. For reliance damages in an amount to be determined at trial;

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

- 6. For interest at the maximum rate allowed by law;
- 7. For attorneys' fees and costs incurred and expended to date, according to proof, to the extent allowed by applicable law and per contract; and
- 8. For Costs of suit and any and all such other relief as the Court deems just and proper.

Date: MARCH 1, 2019



Brian D. Alexander
Attorney for Plaintiffs,
CENTRAL COAST CONSULTING, LLC,
HSAKG CONSULTING, INC.,
SLOIG, INC.,
CCCIG, INC. and
SLO INVESTMENT GROUP III, INC