

**FILED**

Superior Court of California  
County of Riverside

**7/16/2020**

**V. Lopez**

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA**

**COUNTY OF RIVERSIDE, PALM SPRINGS BRANCH**

CORINA YOUNG, derivatively on behalf of  
Southern California Organic Treatment, a  
California Corporation,

Plaintiff,

vs.

DAVID GASH, as an individual and as a  
director of Southern California Organic  
Treatment, a California Corporation;  
MATTHEW YAMASHITA, as an individual  
and as a director of Southern California  
Organic Treatment, a California Corporation;  
JAMES HAMMERMEISTER, as an  
individual and as a director of Southern  
California Organic Treatment, a California  
Corporation; QUORUM GREEN  
INDUSTRIES, LLC, a California Limited  
Liability Company; GRIZZLY PEAK  
FARMS, LLC, a California Limited Liability  
Company; GRIZZLY PEAK FARMS II,  
LLC, a California Limited Liability  
Company; GRIZZLY PEAK FARMS 3,  
LLC, a California Limited Liability  
Company; TOUCH OF GREEN  
HOLDINGS, LLC, a California Limited  
Liability Company; GOLD COAST  
DESIGN, INC., a California Corporation;

Case No.: **PSC2003199**

**VERIFIED DERIVATIVE COMPLAINT  
FOR:**

- (1) BREACH OF FIDUCIARY DUTY;**
- (2) INTENTIONAL INTERFERENCE  
WITH PROSPECTIVE ECONOMIC  
RELATIONS; and**
- (3) COMMON COUNT – MONEY HAD  
AND RECEIVED – UNJUST  
ENRICHMENT**

1 and DOES 1 To 100,  
2 Defendants;  
3 And  
4 SOUTHERN CALIFORNIA ORGANIC  
TREATMENT, a California corporation;  
5 Nominal Defendant.

6 COMES NOW Plaintiff CORINA YOUNG (hereinafter referred to as “Plaintiff”), as  
7 shareholder of stock in SOUTHERN CALIFORNIA ORGANIC TREATMENT, a California  
8 Corporation and hereby alleges causes of action against Defendants, DAVID GASH; MATTHEW  
9 YAMASHITA; JAMES HAMMERMEISTER; QUORUM GREEN INDUSTRIES, LLC;  
10 GRIZZLY PEAK FARMS, LLC; GRIZZLY PEAK FARMS II, LLC; GRIZZLY PEAK FARMS  
11 3, LLC; TOUCH OF GREEN HOLDINGS, LLC; GOLD COAST DESIGN, INC.; and DOES 1  
12 TO 100 (collectively referred to herein as “Defendants”), based on the investigation of Plaintiff  
13 and her counsel, including review of legal and regulatory filings and first-hand knowledge of the  
14 operations of SOUTHERN CALIFORNIA ORGANIC TREATMENTS, nominal Defendant  
15 herein, as follows:

16 **PARTIES**

17 1. Plaintiff CORINA YOUNG is, and at all times mentioned herein was, an individual  
18 shareholder of SOUTHERN CALIFORNIA ORGANIC TREATMENT residing in the City of San  
19 Diego, County of San Diego, State of California.

20 2. Defendant SOUTHERN CALIFORNIA ORGANIC TREATMENT, named herein  
21 as a nominal Defendant, is and was at all relevant times herein a California corporation engaged  
22 in the business of retail sales of recreational and medical cannabis under the name “Green Pearl  
23 Organics,” with its operations and store front located in the city of Desert Hot Springs, County of  
24 Riverside, State of California.

25 3. Defendant DAVID GASH is, and was at all times mention herein, a resident of the  
26 State of California and a director of SOUTHERN CALIFORNIA ORGANIC TREATMENT.

27 4. Defendant MATTHEW YAMASHITA is, and was at all times mention herein, a  
28 resident of the State of California and a director of SOUTHERN CALIFORNIA ORGANIC

1 TREATMENT.

2 5. Defendant JAMES HAMMERMEISTER is, and was at all times mention herein, a  
3 resident of the State of California and a director of SOUTHERN CALIFORNIA ORGANIC  
4 TREATMENT.

5 6. Defendant QUORUM GREEN INDUSTRIES, LLC is a California Limited  
6 Liability Company engaged in the business of the cultivation and sale of recreational and medicinal  
7 cannabis with its principal executive office at 200 Hegenberger Road, Oakland, California.

8 7. Defendant GRIZZLY PEAK FARMS, LLC is a California Limited Liability  
9 Company engaged in the business of the cultivation and sale of recreational and medicinal  
10 cannabis with its principal executive office at 200 Hegenberger Road, Oakland, California.

11 8. Defendant GRIZZLY PEAK FARMS II, LLC is a California Limited Liability  
12 Company engaged in the business of the cultivation and sale of recreational and medicinal  
13 cannabis with its principal executive office at 200 Hegenberger Road, Oakland, California.

14 9. Defendant GRIZZLY PEAK FARMS 3, LLC is a California Limited Liability  
15 Company engaged in the business of the cultivation and sale of recreational and medicinal  
16 cannabis with its principal executive office at 200 Hegenberger Road, Oakland, California.

17 10. Defendant TOUCH OF GREEN HOLDINGS, LLC is a California Limited  
18 Liability Company with its principal executive office at 7667 Vickers Street, San Diego,  
19 California.

20 11. Defendant GOLD COAST DESIGN, INC. is a California Corporation with its  
21 principal executive office at 7667 Vickers Street, San Diego, California.

22 12. Plaintiff is unaware of the true names, capacities, or basis for liability of Defendants  
23 DOES 1 To 100, inclusive, and therefore sues said Defendants by their fictitious names. Plaintiff  
24 will seek leave of court to amend this Complaint to show the true names and capacities of DOES  
25 1 To 100 when their true names and capacities have been ascertained. The full extent of the facts  
26 linking Defendants DOES 1 To 100 with the causes of action alleged are unknown to Plaintiff and  
27 Plaintiff will seek leave of court to amend this Complaint to allege these additional facts when  
28 they have been determined. Plaintiff is informed and believes, and thereon alleges, that each of

1 the Defendants designated as DOES 1 To 100 are responsible in some manner for the events and  
2 happenings referred to herein. Plaintiff is informed and believes and thereon alleges that at all  
3 material times, DOES 1 To 100 were the agents, servants, employees and/or entities involved in a  
4 single enterprise with the remaining Defendants, and each of them, and were acting within the  
5 course and scope of that agency and employment and/or without any distinct separateness, and  
6 with the consent, express and implied, of the other Defendants with respect to all matters referred  
7 to in this Complaint.

8 13. Plaintiff is informed and believes that all Defendants named herein, and each of  
9 them, including DOES 1 To 100 are the alter egos of each other involved in a single enterprise on  
10 that basis allege that there exists a unity of interest and ownership between them such that any  
11 individuality and separateness between and among them does not exist based on, but not limited  
12 to, the following factors: commingling of funds and assets; the use of funds for something other  
13 than corporate uses; failure to maintain adequate corporate records and/or confusion of the records  
14 of the separate entities; the use of a corporation as a mere shell, instrumentality or conduit for a  
15 single venture; the failure to maintain arm's length relationships among related entities; and the  
16 use of corporate entity to procure labor, services or merchandise for another entity.

17 14. Adherence to the fiction of the separate existence of Defendants, including DOES  
18 1 To 100, as entities and individuals distinct from and among themselves with respect to all actions  
19 and omissions relevant to the causes of action herein would permit an abuse of the corporate  
20 privilege and would promote injustice in that Plaintiff is informed and believes, and on that basis  
21 allege, that Defendants, SOUTHERN CALIFORNIA ORGANIC TREATMENT, DAVID GASH,  
22 MATTHEW YAMASHITA, QUORUM GREEN INDUSTRIES, LLC; GRIZZLY PEAK  
23 FARMS, LLC; GRIZZLY PEAK FARMS II, LLC; GRIZZLY PEAK FARMS 3, LLC; TOUCH  
24 OF GREEN HOLDINGS, LLC; GOLD COAST DESIGN, INC.; and DOES 1 TO 100 are mere  
25 shells and shams with identical equitable ownership in the entities, with the same officers and  
26 directors, use of the same business locations, employment of the same employees, use of the  
27 corporation as a mere shell, with disregard of legal formalities and failure to maintain arms-length  
28 relationships among related equities and formed to transfer existing liability.



1           15. Further adherence to the fiction of the separate existence of Defendants,  
2 SOUTHERN CALIFORNIA ORGANIC TREATMENT, DAVID GASH, MATTHEW  
3 YAMASHITA, QUORUM GREEN INDUSTRIES, LLC; GRIZZLY PEAK FARMS, LLC;  
4 GRIZZLY PEAK FARMS II, LLC; GRIZZLY PEAK FARMS 3, LLC; TOUCH OF GREEN  
5 HOLDINGS, LLC; GOLD COAST DESIGN, INC.; and DOES 1 TO 100, as entities distinct from  
6 each other permits abuse of the corporate privilege and would sanction a fraud.

7                                   **VENUE AND JURISDICTION**

8           16. Venue is properly within the Palm Springs Division of the Riverside County  
9 Superior Court, on the basis Defendant SOUTHERN CALIFORNIA ORGANIC TREATMENT  
10 does business in the City of Desert Hot Springs, County of Riverside.

11                                   **GENERAL ALLEGATIONS**

12           17. Unless stated otherwise, the allegations set forth herein are based upon information  
13 and belief.

14           18. Plaintiff became the owner of record holder of shares of common stock of  
15 Defendant SOUTHERN CALIFORNIA ORGANIC TREATMENT (hereinafter referred to as  
16 “SCOT”) as a result of a Stock Purchase Agreement executed in or around April 2019, such shares  
17 amounting to a total of ten percent (10%) of the total shares issued by SCOT.

18           19. Defendants DAVID GASH, MATTHEW YAMASHITA, and JAMES  
19 HAMMERMEISTER constitute the duly elected and acting members of the board of directors of  
20 defendant corporation who at all times mentioned herein, dictated the corporate decision-making  
21 including the facilitation of all transactions, or any part thereof, complained of as hereinafter set  
22 forth.

23           20. Defendants DAVID GASH, MATTHEW YAMASHITA, and JAMES  
24 HAMMERMEISTER (hereinafter “Director Defendants”) engaged in wrongful acts for their  
25 personal benefit and for the benefit of their other businesses named herein as Defendants, and to  
26 the detriment of Defendant SOUTHERN CALIFORNIA ORGANIC TREATMENT and its  
27 shareholders, as follows:

28       ///

- 1 (a) Requiring SCOT employees to regularly perform work solely benefiting the  
2 Director Defendants and their other businesses and entities while the  
3 salaries and hourly wages of those employees were paid by SCOT;
- 4 (b) Forcing SCOT to regularly purchase certain quantities of specified products  
5 from the Director Defendants' other businesses and entities and taking  
6 immediate payment for such products knowing they were leaving SCOT  
7 with an inability to pay stale outstanding accounts payable due to other  
8 vendors/suppliers thereby jeopardizing those relationships;
- 9 (c) Demanding that Plaintiff spend the vast majority of her work time traveling  
10 throughout California acting for the sole benefit of Defendant GRIZZLY  
11 PEAK FARMS, LLC as its sales representative while her compensation was  
12 paid for solely by SCOT;
- 13 (d) Instructing hourly employees to cease from clocking in and out when the  
14 employees' hours would eclipse regular time and be considered overtime or  
15 double time, to avoid paying compensation according to the requirements  
16 of the law;
- 17 (e) Selling product to SCOT cultivated by Director Defendants' other  
18 businesses and entities at a price greater than they sold the same product to  
19 all other third-party clients to effectively skim profits from SCOT under the  
20 guise of those being ordinary business expenses thereby hindering SCOT's  
21 ability to operate as a profit-making enterprise;
- 22 (f) Arbitrarily converting SCOT money on a regular basis accumulated through  
23 its sales for the personal benefit of the Director Defendants and for the  
24 benefit of their other businesses and entities thereby leaving SCOT with an  
25 inability to pay outstanding tax debts and accounts payable;
- 26 (g) Informing SCOT's vendors that SCOT could not and would not be paying  
27 outstanding amounts due to vendors, including spreading rumors of  
28 bankruptcy to dissuade the vendors from pursuing SCOT as a debtor,  
thereby damaging SCOT's relationship with those vendors and SCOT's  
overall reputation in the industry;
- (h) Diverting funds paid as excise and other taxes collected by The Flower  
Market, SCOT's delivery service, for their own use and the use of their  
companies leaving SCOT to find other means to pay such taxes, thereby  
cutting into SCOT's profit margin and directly hindering SCOT's ability to  
do business;
- (i) Diverting/converting funds from SCOT sales to themselves and their  
entities and businesses thereby leaving SCOT unable to pay its vendors;

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- 1 (j) Falsely instructing vendors of SCOT that SCOT will not pay outstanding  
2 invoices because it is going to file for bankruptcy thereby undercutting  
3 SCOT's ability to pay amounts due to those vendors and jeopardizing  
4 SCOT's reputation in the community;
- 5 (k) Regularly instructing SCOT's bookkeepers to pay funds to the Director  
6 Defendants as supposed consulting and other non-defined fees claimed to  
7 be due to the Director Defendants and their companies without formal  
8 authorization of SCOT;
- 9 (l) Informing SCOT's employees that SCOT was being intentionally run at a  
10 loss and engaging in actions consistent with this stated intention;
- 11 (m) Refusing to purchase required insurance relative to security services after  
12 being informed SCOT did not have appropriate insurance for in-house  
13 security, and SCOT employees presented Director Defendants with  
14 complying policies and agreements by a registered security company in  
15 February 2019;
- 16 (n) Falsely representing to the Bureau of Cannabis Control on June 23, 2020  
17 that the premises security agreement was executed on behalf of SCOT and  
18 the corresponding required insurance was in place by presenting a forged  
19 security agreement and an inapplicable insurance certificate to the Bureau  
20 of Cannabis Control;
- 21 (o) Engaging in wholesale distribution of product from the SCOT facility  
22 without formal approval by the City of Desert Hot Springs;
- 23 (p) Creating Bills of Sale relative to stock purchases after-the-fact with  
24 signatures purporting to be corresponding to entities that do not exist;
- 25 (q) Failing to conduct regular meetings of the Board of Directors and  
26 Shareholders and to keep contemporaneous records of such meetings;
- 27 (r) Failing to issue corporate resolutions to document corporate decision-  
28 making contemporaneous with such decisions according to the  
requirements of the law; and
- (s) Engaging in other acts and omissions detrimental to SCOT to be proven at  
trial.

### **COMPLIANCE WITH STATUTORY PREREQUISITES**

21. On June 25, 2020 Plaintiff informed SCOT via correspondence to the Director Defendants, in compliance with the requirements of California *Corporations Code* section 800 *et seq.*, in which Plaintiff stated the ultimate facts supporting the causes of action herein against the above-named Defendants, and demanding, *inter alia*, the return of misappropriated funds and compliance with the law as sought in this action. [A true and correct copy of the June 25, 2020

correspondence is attached hereto as Exhibit “A” and incorporated herein by reference as though set forth in its entirety.]

22. The Director Defendants initially failed and/or refused to respond to Plaintiffs letter until after the July 6, 2020 deadline to do so set forth therein. Ultimately, Defendant DAVID GASH responded via telephone to Plaintiff’s counsel on July 8, 2020 indicating a willingness to substantively respond to the letter.

23. Defendants DAVID GASH and MATTHEW YAMASHITA presented a purported response to Plaintiff’s request for corporate documents and to remedy the deficiencies to meet the demands therein on July 13, 2020, but the response did not address the requests and demands, and in fact, affirmatively included documentation and information that are (1) not authentic, (2) not constituting business records maintained contemporaneously with corporate events and transactions, and (3) records that are contradicted by Plaintiff’s first-hand knowledge, documents in Plaintiff’s possession, and corroborating witness accounts by employees of SCOT who also have first-hand knowledge of the facts and circumstances giving rise to the claims and demands herein.

24. Defendants, and each of them, including DOES 1 To 100, refused and continue to refuse to remedy the issues and restore the capital to SCOT, and/or to affirmatively address any of the matters complained of herein, and any further demand and efforts by Plaintiff would be useless and futile as all of the members of the board of directors knew of and participated in the wrongs alleged herein, and concealed such wrongs from the Plaintiff and other shareholders.

**FIRST CAUSE OF ACTION**  
**(Breach of Fiduciary Duty)**

**(Against Defendants DAVID GASH; MATTHEW YAMASHITA; QUORUM GREEN INDUSTRIES, LLC; GRIZZLY PEAK FARMS, LLC; GRIZZLY PEAK FARMS II, LLC; GRIZZLY PEAK FARMS 3, LLC; TOUCH OF GREEN HOLDINGS, LLC; GOLD COAST DESIGN, INC.; and DOES 1 TO 100)**

25. Plaintiff realleges and incorporates by reference each of the preceding paragraphs set forth above, as though fully set forth here.

26. Plaintiff is a holder of shares of stock of SCOT, thereby making Defendant SCOT,

1 and Defendants DAVID GASH, MATTHEW YAMASHITA, JAMES HAMMERMEISTER, and  
2 DOES 1 To 100, as corporate officers and directors, fiduciaries to Plaintiff obligating said  
3 Defendants to act in Plaintiff's best interest due to the nature of said relationship.

4 27. Plaintiff's relation with said Defendants is such that Plaintiff reposed confidence in  
5 the such Defendants' integrity as a result of said Defendants' voluntary and knowing acceptance  
6 of Plaintiff and others as shareholders in SCOT, and of said Defendants' voluntary acceptance of  
7 Plaintiff's confidence so that those Defendants were and are duty bound to act with the utmost  
8 good faith for the benefit of Plaintiff and the other shareholders of SCOT.

9 28. As fiduciaries to Plaintiff and the other shareholders in SCOT, Plaintiff and the  
10 other shareholders had the right to expect said Defendants would act on the shareholders' behalf,  
11 to uphold Defendants' duty to act with the utmost good faith toward the shareholders in SCOT,  
12 and for their benefit in the development of the company, including making decisions based on full  
13 consideration of the shareholders' interests rather than the self-interests of said Defendants, and to  
14 transparently provide information to Plaintiff and the other shareholders, as opposed to creating  
15 sham documentation to perpetuate the guise that SCOT was being operated in accordance with,  
16 and in recognition of all obligations under California law, and in the furtherance of its  
17 shareholders' interests.

18 29. Said Defendants placed their interests above those of Plaintiff and the other  
19 shareholders by their actions and omissions alleged herein above, with the intent to benefit  
20 themselves without regard to the detriment of SCOT and its shareholders, by failing to utilize  
21 SCOT's income to timely pay the various taxing authorities, to timely pay vendor invoices, to  
22 accurately pay SCOT's employees, *inter alia*, and instead diverted funds for their own personal  
23 and business interests.

24 30. Defendants DAVID GASH, MATTHEW YAMASHITA, JAMES  
25 HAMMERMEISTER, and DOES 1 To 50, through their own efforts and by utilizing other  
26 business entities owned by them including QUORUM GREEN INDUSTRIES, LLC, GRIZZLY  
27 PEAK FARMS, LLC, GRIZZLY PEAK FARMS II, LLC; GRIZZLY PEAK FARMS 3, LLC,  
28 TOUCH OF GREEN HOLDINGS, LLC; GOLD COAST DESIGN, INC.; and DOES 1 TO 100,

1 in coordination with their efforts as Directors of SCOT to divert funds to themselves individually  
2 and to those entities, thereby making all Defendants a single enterprise without limitation.

3 31. Said Defendants further breached their fiduciary obligations to Plaintiff and the  
4 other shareholders by engaging in illegal employment practices, including failing to maintain  
5 current and accurate employment records, dictating that employees take actions known by  
6 Defendants to be illegal and contrary to the interests of SCOT, including Plaintiff.

7 32. Said Defendants and DOES 1 To 100, and each of them, have systematically  
8 reduced and nullified the value of SCOT, and of Plaintiff's and the other shareholders' interest in  
9 SCOT from the time of the acquisition, and various currently unknown entities who comprise  
10 DOES 51-100, by a systematic and coordinated campaign of disgorgement of funds from SCOT  
11 for their own personal interests.

12 33. Defendants DAVID GASH, MATTHEW YAMASHITA, JAMES  
13 HAMMERMEISTER, including their alter ego entities QUORUM GREEN INDUSTRIES, LLC,  
14 GRIZZLY PEAK FARMS, LLC, GRIZZLY PEAK FARMS II, LLC; GRIZZLY PEAK FARMS  
15 3, LLC; TOUCH OF GREEN HOLDINGS, LLC; GOLD COAST DESIGN, INC. and DOES 1  
16 To 100 failed to act as reasonably careful corporate officers/directors would have acted toward  
17 Plaintiff and the other shareholders under the same or similar circumstances.

18 34. Said Defendants' actions and omissions were and are a substantial factor, if not the  
19 exclusive factor, in causing Plaintiff and the other shareholders' harm, and Plaintiff is hereby  
20 advancing the claims of SCOT as against those Defendants given SCOT's unwillingness to redress  
21 the issues voluntarily, as the Directors of SCOT are the perpetrators of the acts and omissions  
22 causing such harm and are refusing to take affirmative steps to stop such actions and omissions  
23 and to return misappropriated funds to SCOT to restore the value of the corporation, in an amount  
24 which is currently believed to be in excess of \$500,000, and which will be ascertained and claimed  
25 by Plaintiff against said Defendants in this action.

26 35. The acts and omissions of said Defendants, including DOES 1 To 100, and each of  
27 them, in breach of their fiduciary duty to Plaintiff and the other shareholders were willful, wanton,  
28 malicious, fraudulent, oppressive and in conscious disregard of SCOT's, Plaintiff's, and SCOT's

1 other shareholders' rights so as to justify an award of exemplary damages in an amount sufficient  
2 to punish and make an example of said Defendants, and each of them, including DOES 1 To 100,  
3 to deter such conduct in the future.

4 36. The acts and omissions of said Defendants, including DOES 1 To 100, and each of  
5 them, justify the involuntary dissolution of SCOT under *Corporations Code* section 1800 et seq.  
6 in conjunction with the return of misappropriated funds and exemplary damages, on the basis that  
7 liquidation is reasonably necessary to protect Plaintiff and the other shareholders because said  
8 Defendants have knowingly countenanced persistent and pervasive fraud, mismanagement, abuse  
9 of authority and unfairness toward SCOT's shareholders, and the misapplication and waste of  
10 funds and property by SCOT's directors.

11 37. In conjunction with involuntary dissolution, Plaintiff is informed and believes and  
12 based thereon alleges that the appointment of a receiver under *Corporations Code* section 564 *et*  
13 *seq.* is necessary to take charge of the corporate estate and effects thereof to collect debts and  
14 property due and belonging to SCOT, and to pay the outstanding debts thereof, and to divide the  
15 moneys and other property that shall remain over among the stockholders.

16 **SECOND CAUSE OF ACTION**  
17 **(INTERFERENCE WITH PROSPECTIVE ECONOMIC RELATIONS)**

18 **(Against Defendants DAVID GASH; MATTHEW YAMASHITA; QUORUM GREEN**  
19 **INDUSTRIES, LLC; GRIZZLY PEAK FARMS, LLC; GRIZZLY PEAK FARMS II,**  
20 **LLC; GRIZZLY PEAK FARMS 3, LLC; TOUCH OF GREEN HOLDINGS, LLC; GOLD**  
21 **COAST DESIGN, INC.; and DOES 1 TO 100)**

22 38. Plaintiff realleges and incorporates by reference each of the preceding paragraphs  
23 set forth above, as though fully set forth herein.

24 39. Defendant SCOT were in an economic relationship with its employees, consultants  
25 and third-party vendors that were, and would have into the future, resulted in significant economic  
26 benefit to SCOT and its shareholders, including Plaintiff.

27 40. Defendants, including DOES 1 To 100, and each of them, knew of the relationships  
28 between and among SCOT and its employees, consultants, and third-party vendors.

41. Director Defendants DAVID GASH, MATTHEW YAMASHITA and JAMES  
HAMMERMEISTER knowingly engaged in acts, including but not limited to the following, that

1 were certain or substantially certain to disrupt the relationships with said parties and cause harm  
2 to SCOT:

- 3 (a) Requiring SCOT employees to regularly perform work solely benefiting the  
4 Director Defendants and their other businesses and entities while the  
salaries and hourly wages of those employees were paid by SCOT;
- 5 (b) Dictating to SCOT regularly that it had to purchase certain quantities of  
6 specified products from the Director Defendants' other businesses and  
7 entities and requiring immediate payment for such products knowing they  
were leaving SCOT with an inability to pay outstanding stale accounts  
8 payable due to other vendors thereby jeopardizing those relationships;
- 9 (c) Demanding that Plaintiff spend the vast majority of her work time traveling  
10 throughout California acting as Defendant GRIZZLY PEAK FARMS,  
LLC's sales representative while her compensation was paid for solely by  
SCOT;
- 11 (d) Instructing hourly employees to cease from clocking in and out when the  
12 employees' hours would eclipse regular time and be considered overtime or  
13 double time, to avoid paying compensation according to the requirements  
of the law;
- 14 (e) Selling product to SCOT cultivated by Director Defendants' other  
15 businesses and entities at a price greater than they sold the same product to  
16 all other third-party clients to effectively skim profits from SCOT under the  
guise of those being ordinary business expenses thereby hindering SCOT's  
ability to operate as a profit-making enterprise;
- 17 (f) Arbitrarily converting SCOT money on a regular basis accumulated through  
18 its sales for the benefit of the Director Defendants' personal benefit and for  
19 the benefit of their other businesses and entities thereby leaving SCOT with  
an inability to pay outstanding tax debts and accounts payable;
- 20 (g) Informing SCOT's vendors that SCOT could not and would not be paying  
21 outstanding amounts due to vendors, including spreading rumors of  
22 bankruptcy to dissuade the vendors from pursuing SCOT as a debtor,  
thereby damaging SCOT's relationship with those vendors and SCOT's  
overall reputation in the industry;
- 23 (h) Engaging in other willful and intentional acts and omissions detrimental to  
24 SCOT to be proven at trial.

25 42. Said Defendants' conduct, as alleged herein above, actually disrupted SCOT's  
26 relationship with its employees, consultants, and vendors, among others, and was a substantial  
27 factor in causing harm to SCOT.

28 43. Said Defendants, including DOES 1 To 100, and each of them, are the perpetrators



1 of the acts and omissions causing such harm and are refusing to take affirmative steps to stop such  
2 actions and omissions and to return misappropriated funds to SCOT to restore the value of the  
3 corporation, in an amount which is currently believed to be in excess of \$500,000, and which will  
4 be ascertained and claimed by Plaintiff against said Defendants in this action.

5 44. The acts and omissions of said Defendants, including DOES 1 To 100, and each of  
6 them, were willful, wanton, malicious, fraudulent, oppressive and in conscious disregard of  
7 SCOT's, Plaintiff's and SCOT's other shareholders' rights so as to justify an award of exemplary  
8 damages in an amount sufficient to punish and make an example of said Defendants, and each of  
9 them, including DOES 1 To 100, to deter such conduct in the future.

### 10 **THIRD CAUSE OF ACTION**

11 **(Common Count – Money Had and Received – Unjust Enrichment)**

12 **(Against Defendants DAVID GASH; MATTHEW YAMASHITA; QUORUM GREEN**  
13 **INDUSTRIES, LLC; GRIZZLY PEAK FARMS, LLC; GRIZZLY PEAK FARMS II,**  
14 **LLC; GRIZZLY PEAK FARMS 3, LLC; TOUCH OF GREEN HOLDINGS, LLC; GOLD**  
15 **COAST DESIGN, INC.; and DOES 1 TO 100)**

16 45. Plaintiff realleges and incorporates by reference each of the preceding paragraphs  
17 set forth above, as though fully set forth herein.

18 46. Plaintiff realleges and incorporates by reference each of the preceding paragraphs  
19 set forth above, as though fully set forth herein.

20 47. Defendants, including DOES 1 To 100, and each of them, are indebted to Plaintiff  
21 and the other shareholders of SCOT on the basis Defendants took and received money from SCOT  
22 which was intended for the benefit of SCOT, and its shareholders, including Plaintiff, but was  
23 instead diverted by Defendants DAVID GASH, MATTHEW YAMASHITA, and JAMES  
24 HAMMERSTEIN for their direct personal benefit and for the direct benefit of their other business  
25 entities named as Defendants herein.

26 48. Defendants' misappropriation of funds which in equity and good conscience belong  
27 to SCOT has resulted in unjust enrichment to Defendants, including DOES 1 To 100, and each of  
28 them, due to Defendant DAVID GASH's and MATTHEW YAMASHITA's taking undue  
advantage of their position as Directors of SCOT, and in violation of their express fiduciary duties  
to SCOT, to exact funds from SCOT's operations to which Defendants had no legal right, to

1 supplement their own finances and to fund the operations of those other businesses.

2 49. Plaintiff demanded said Defendants return misappropriated funds to SCOT but  
3 Defendants refused to return said funds and should be forced to pay restitution to SCOT for the  
4 benefit of Plaintiff and the other shareholders.

5 **PRAYER**

6 WHEREFORE, Plaintiff prays that judgment be entered against Defendants, and each of  
7 them, as follows:

8 **ON THE FIRST AND SECOND CAUSES OF ACTION:**

- 9 1. For compensatory damages against all Defendants;  
10 2. For restitution, disgorgement of all illicit proceeds generated as a result of wrongful  
11 conduct alleged herein;  
12 3. For exemplary damages;  
13 4. For appropriate equitable relief, including any injunctive or declaratory relief  
14 necessary to change and/or reform SCOT's corporate governance, policies, and culture;  
15 5. For Involuntary Dissolution of Defendant SOUTHERN CALIFORNIA ORGANIC  
16 TREATMENT;  
17 6. For appointment of a Receiver;  
18 7. For Attorney Fees according to proof.

19 **ON THE THIRD CAUSE OF ACTION:**

- 20 1. For restitution, disgorgement of all illicit proceeds generated as a result of wrongful  
21 conduct alleged herein;

22 **ON ALL CAUSES OF ACTION:**

- 23 1. For prejudgment interest;  
24 2. For costs of suit according to proof; and

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1 3. For such other and further relief as the Court may deem fair, just, proper and  
2 equitable.

3 DATED: July 16, 2020

GAPPY & VERBICK LLP

4 BY: 

5 TODD E. VERBICK, ESQ.

6 DENA M. GAPPY, ESQ.

7 Attorneys for Plaintiff CORINA YOUNG

8  
9 VERIFICATION

10 I, CORINA YOUNG, declare:

11 I am the lead Plaintiff in this action. I am also a shareholder of Southern California Organic  
12 Treatment, a California corporation, and have been during the time period relevant herein. I certify  
13 under penalty of perjury that I have read and reviewed the Verified Derivative Complaint and  
14 authorized its filing. Based on my investigation and the investigation of my legal counsel, the  
15 contents of the Verified Derivative Complaint are true to the best of my knowledge, information  
16 and belief.

17 DATED: 7/16/2020

18 BY: 

19 CORINA YOUNG

EXHIBIT “1”

**From:** [Todd E Verbick](#)  
**To:** [dave@goldcoastdesigninc.com](mailto:dave@goldcoastdesigninc.com); [matt@grizzlypeakfarms.com](mailto:matt@grizzlypeakfarms.com)  
**Cc:** [Dena M Gappy](#)  
**Subject:** Southern California Organic Treatment (Corina Young) - Shareholder Notice Pursuant to California Corp. Code section 800  
**Date:** Thursday, June 25, 2020 5:34:00 PM  
**Attachments:** [2020.06.25 Gash-Yamashita re Corp Code 800 Notice FINAL.pdf](#)

---

Dear Mr. Gash and Mr. Yamashita:

Please see the attached correspondence. Please feel free to contact our firm if you have questions.

Regards,

Todd E. Verbick, Esq.  
**GAPPY & VERBICK LLP**  
411 Camino del Rio South, Suite 202  
San Diego, California 92108  
T: (619) 537-0031  
F: (619) 550-4680  
E: [Todd@GappyLaw.com](mailto:Todd@GappyLaw.com)

The preceding email message may be confidential or protected by the attorney-client privilege. It is not intended for transmission to, or receipt by, any unauthorized persons. If you have received this message in error, please (i) do not read it, (ii) reply to the sender that you received the message in error, and (iii) erase or destroy the message. Legal advice in the preceding message is solely for the benefit of Gappy & Verbick LLP and its clients and may not be relied upon by any other party.

# GAPPY & VERBICK LLP

411 Camino del Rio South, Suite 202  
San Diego, California 92108  
T: (619) 537-0031 • F: (619) 550-4680

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June 25, 2020

***Sent via email only: dave@goldcoastdesigninc.com; matt@grizzlypeakfarms.com***

David Gash

Matt Yamashita

**SOUTHERN CALIFORNIA ORGANIC TREATMENT**

7667 Vickers Street

San Diego, CA 92111

**Re: Southern California Organic Treatment, a California Corporation  
Shareholder Notice Pursuant to California Corporations Code section 800  
Our Client: Corina Young**

Dear Mr. Gash and Mr. Yamashita:

Our firm has been retained by Corina Young (“Young”) to represent her relative to her interests as a shareholder in the California Corporation, Southern California Organic Treatment (“the Corporation”). We understand that you may be represented by an attorney, but you have expressly instructed my client to communicate directly with you for issues related to the Corporation. Our firm was informed of the same by attorney Wolfenzon in a telephone conference at 2:00 p.m. on June 16, 2020. For that reason, we are directing our communications to you. Should this understanding be incorrect, please inform us immediately so that we may direct communications to whomever you deem appropriate. It is not our intent to circumvent your legal counsel.

**However, please take notice that all further communications regarding any issues related to the matters herein must be directed to Gappy & Verbick LLP.**

Corina Young became a 10% shareholder in the Corporation as of April 30, 2019 by virtue of the Agreement between Young and Quorum corresponding with Quorum’s acquisition of 100% of the shares of the Corporation on April 5, 2019. On June 10, 2020 our firm issued a formal request to the Corporation’s attorney, Jill Wolfenzon, under *Corporations Code* 1600, et seq., demanding an inspection of the entirety of the Corporations bylaws, stock certificates, stock transfer sheets, meeting minutes, formal resolutions, accounting records, and other items all required to be available to shareholders under the Code. Instead of allowing Ms. Young unfettered access to those records as she is entitled to under the law as a shareholder, you and your counsel produced summary accounting information for 2019 and unexecuted versions of the bylaws and other documents represented to be the current and operative versions of those documents. When Ms. Young asked for the current, formally executed bylaws, she was informed by Mr. Yamashita that there either were no bylaws adopted or that those were in the possession of the Corporation’s attorney. Then, the Corporation’s attorney represented that the bylaws adopted by the previous owners of the Corporation constituted the operative bylaws.

David Gash  
Matt Yamashita  
SOUTHERN CALIFORNIA ORGANIC TREATMENT  
Re: Shareholder Notice pursuant to *Corporations Code* section 800  
June 25, 2020  
Page 2

To date, both Ms. Young and our firm have been unsuccessful in obtaining an executed version of the bylaws confirmed to be the operative bylaws of the Corporation. Additionally, the accounting records provided in response to my client's request show a financial picture of a "moving target" that my client is construing as having been prepared with something far less than "generally accepted accounting principles" as required under the law, to say the least. Given her knowledge of the Corporation and its practices, she has a fairly clear idea of what is going on in this regard. It is our understanding that there has been significant self-dealing, price manipulations, transfers of funds between and among you and your other businesses, and a whole host of other issues in contravention of the Corporation's bylaws, the Bureau of Cannabis Control Regulations and California Corporations law.

Presuming the Third Amended Bylaws of Southern California Organic Treatment dated December 28, 2018 produced to us constitute the current and operative bylaws, it is clear the Corporation has violated Sections 1 through 6 of the "Corporate Records and Reports; Inspection" portion of that governing document. Regardless of whether this version of the bylaws is the current version under which the Corporation is operating, the *Corporations Code* does not allow for bylaws to undercut or circumvent a shareholder's right to fully inspect the Corporation's records. For this reason, my client intends to reiterate the same request for a full and open inspection of all of the corporate books, not just those financial statements and other bits of information you have cherry-picked for her to see.

***Furthermore, this constitutes formal notice to the directors and officers of the Corporation that the Corporation has been significantly devalued and otherwise harmed by the actions and omissions of the directors and officers in violation of their fiduciary duties to the Corporation and the shareholders by (1) fraudulently misappropriating funds including the transfer of assets to the directors/officers personally and to their other business entities, (2) failing to timely and accurately pay corporate tax obligations, (3) failing to maintain regular and accurate corporate records including a broad and general failure to follow corporate formalities, and (4) engaging in illegal sales practices in violation of BCC regulations and the requirements of other regulatory bodies.***

My client, as a shareholder in the Corporation, demands that the following actions be taken by the board of directors and officers to remedy the continuing damage to the Corporation:

1. Produce the entirety of the Corporate records within ten (10) days of this reiterated request in compliance with *Corporations Code* section 1600, et seq., according to the scope of the request made to the Corporation's attorney on June 10, 2020 (attached hereto as **Attachment No. 1**) which was never adequately and formally responded to in a meaningful manner;



**David Gash**

**Matt Yamashita**

**SOUTHERN CALIFORNIA ORGANIC TREATMENT**

**Re: Shareholder Notice pursuant to *Corporations Code* section 800**

**June 25, 2020**

**Page 3**

2. Immediately cease engaging in illegal sales practices in violation of local and state regulations;
3. Return the misappropriated funds to the Corporation that were diverted to the directors and officers personally, and to their other businesses;
4. Pay all of the Corporation's outstanding tax debts to make current the Corporation's standing with all taxing agencies, including the California Franchise Tax Board, the Internal Revenue service, and any other taxing authorities; and
5. Convene a formal shareholder meeting within 20 days of this Notice under *Corporations Code* 800 to report to all shareholders the affirmative actions taken to remedy the violations identified herein and to hold an election for new officers and a new board of directors.


Should you fail to comply with all of these demands, we will pursue a court action for all relief available under the law, including fraud allegations, injunctive relief temporarily freezing operations of the Corporation, the appointment of a receiver and an attachment of assets. As you know, Mr. Gash/Mr. Yamashita, such a lawsuit will have far-ranging implications to all of your businesses given the fact you have inextricably intertwined their operations with your illegal dealings (as outlined herein).

Ms. Young is a reasonable person, but she has come to the end of her tolerance of the behavior of you, the directors, and the officers of the Corporation. She is willing to engage in a dialogue to explore other options which will not necessitate a shining of a public spotlight on the operations of the Corporation. We invite a call to this firm toward that end. (Further, should this letter prompt you to take retaliatory action against the Corporation's employee, Savannah Young, that issue will be dealt with through appropriate legal channels as well.)

We demand a formal response to this letter by **July 6, 2020**, including a plan for allowing my client and this firm to conduct a complete review of the Corporation's records and for the remedying of all of the issues negatively affecting the value and operation of the Corporation outlined herein above.

Very Truly Yours,

**GAPPY & VERBICK LLP**



Todd E. Verbick, Esq.

Todd@GappyLaw.com

TEV:dmg

ENCS: Attachment No. 1

Cc: Corina Young



Attachment No. 1

# GAPPY & VERBICK LLP

411 Camino del Rio South, Suite 202  
San Diego, California 92108  
T: (619) 537-0031 • F: (619) 550-4680

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June 10, 2020

***Sent via email only: [jill@wolfenzon.com](mailto:jill@wolfenzon.com)***

Jill Wolfenzon, Esq.  
**WOLFENZON ROLLE**  
4690 Executive Drive, Suite 125  
San Diego, CA 92121

**Re: Southern California Organic Treatment, a California Corporation**  
**Shareholder Request for Corporate Documents**  
**Our Client: Corina Young**

Dear Ms. Wolfenzon:

Our firm has been retained by Corina Young (“Young”) to represent her relative to her interests as a shareholder in the California Corporation, Southern California Organic Treatment (“the Corporation”). We understand that you represent David Gash, Quorum Green Industries (“Quorum”) and the Corporation and, for that reason, we are directing our communications to your office.

Corina Young became a 10% shareholder in the Corporation as of April 30, 2019 by virtue of the Agreement between Young and Quorum corresponding with Quorum’s acquisition of 100% of the shares of the Corporation on April 5, 2019. In addition to being a shareholder in the Corporation, the Statement of Information on file with the California Secretary of State as of July 30, 2019 indicates Young occupied the position of Chief Financial Officer and Director of the Corporation at that time. Despite her positions with the Corporation, Young has never been provided with any documentation confirming her stock ownership, or any other corporate documents outlining the operation of the Corporation and/or the rights and obligations attendant to her interests in the Corporation as a shareholder/officer/director. While information with the California Secretary of State indicates she no longer holds the title of Director or Officer in the Corporation, she remains a shareholder.

In order for Ms. Young to confirm her ownership interest in the Corporation, and to plan her personal business dealings going forward, she needs documentation from the Corporation evidencing her interest and outlining her rights with respect to thereto. The purpose of this correspondence is to request pursuant to California *Corporations Code* section 1600, et seq., the following documents from the Corporation:

1. The Corporation’s operative By-Laws;
2. Stock certificate(s) showing the shares in the Corporation held by Young;
3. Stock Transfer sheets and or transfer ledger(s) showing the names of shareholders and the disposition of shares in the Corporation since Young’s acquisition of shares on or around April of 2019 to the present;

**Jill Wolfenzon, Esq.**

**WOLFENZON ROLLE**

**Re: Southern California Organic Treatment, a California Corporation**

**June 10, 2020**

**Page 2**

4. Meeting minutes of the Corporation since Young's acquisition of shares on or around April of 2019 to the present;
5. Any and all Resolutions of the Corporation since Young's acquisition of shares on or around April of 2019 to the present; and
6. The accounting books and records of the Corporation since Young's acquisition of shares on or around April of 2019 to the present.

Section 1600 of the *Corporations Code* states the following:

(a) ...The list [of shareholders] shall be made available on or before the later of five business days after the demand is received or the date specified therein as the date as of which the list is to be compiled.

...

(c) The record of shareholders shall also be open to inspection and copying by any shareholder...at any time during usual business hours upon written demand on the corporation, for a purpose reasonably related to such holder's interests as a shareholder... .

(d) ...The rights provided in this section ***may not be limited by the articles or bylaws***. This section applies to any domestic corporation and to any foreign corporation having its principal executive office in this state... .

Similarly, under section 1601 of the *Corporations Code*,

"[t]he accounting books, records, and minutes of proceedings of the shareholders and the board and committees of the board of any domestic corporation,...or a true and accurate copy thereof if the original has been lost, destroyed, or is not normally physically located within this state shall be open to inspection at the corporation's principal office in this state,...upon the written demand on the corporation of any shareholder...at any reasonable time during usual business hours, for a purpose reasonably related to the holder's interest as a shareholder...."

Based on the foregoing, Plaintiff demands the right to inspect the documents listed herein above on **June 17, 2020**. Given the current circumstances caused by the pandemic, we expect electronic versions of the documents to be provided to our office by this deadline to allow for remote reviewing.

**Jill Wolfenzon, Esq.**

**WOLFENZON ROLLE**

**Re: Southern California Organic Treatment, a California Corporation**

**June 10, 2020**

**Page 3**

We thank you in advance for attention to Ms. Young's demand for inspection and we look forward to coordinating this with your office and your clients.

Very Truly Yours,

**GAPPY & VERBICK, LLP**

A handwritten signature in black ink, appearing to read "Todd E. Verbick", is written over the printed name of the law firm.

Todd E. Verbick, Esq.

Todd@GappyLaw.com

TEV:dmg

Cc: Corina Young