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SUPERIOR COURT OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO

SALAM RAZUKI, an individual,

Plaintiff,

v.

NINUS MALAN, an individual; CHRIS
HAKIM, an individual; MONARCH
MANAGEMENT CONSULTING, INC. a
California corporation; SAN DIEGO UNITED
HOLDING GROUP, LLC, a California limited
liability company; FLIP MANAGEMENT,
LLC, a California limited liability company;
MIRA ESTE PROPERTIES, LLC, a California
limited liability company; ROSELLE
PROPERTIES, LLC, , a California limited
liability company; BALBOA AVE
COOPERATIVE, a California nonprofit mutual
benefit corporation; CALIFORNIA CANNABIS
GROUP, a California nonprofit mutual benefit
corporation; DEVILISH DELIGHTS, INC., a
California nonprofit mutual benefit corporation;
and DOES 1-100, inclusive,

Defendants.

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

~~[PROPOSED]~~ ORDER APPOINTING
RECEIVER

Judge: Hon. Eddie C. Sturgeon
Dept: C-67
Date: August 20, 2018
Time: 2:00 p.m.

This matter came on for hearing on August 20, 2018 at 2:00 p.m. in Department C-67, the Honorable Judge Eddie C. Sturgeon, presiding. Upon reviewing the papers and records filed in this matter and taking into account argument by counsel at the hearing, and good cause appearing,

1 NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

2 1. Michael W. Essary is hereby appointed as Receiver in this matter and shall
3 immediately take control and possession of the following business entities:

- 4 a. San Diego United Holdings Group, LLC;
- 5 b. Mira Este Properties, LLC;
- 6 c. Balboa Ave Cooperative;
- 7 d. California Cannabis Group;
- 8 e. Devilish Delights, Inc.;
- 9 f. Flip Management, LLC.

10 Collectively, these business entities will be referred to as the “Marijuana Operations.”

11 2. Receiver has already filed his Oath of Receiver and proof of Receiver’s Bond, in the
12 previously-ordered amount of \$10,000, with the Court.

13 3. Defendant Roselle Properties, LLC and the property located at 10685 Roselle Street,
14 San Diego, California 92121 (“Roselle Property”) will not be under the Receiver’s control at this
15 time. Defendant Roselle Properties, LLC and Defendant Chris Hakim are prohibited from
16 transferring or selling any portion of the Roselle Property until further order of this Court.

17 4. Receiver shall maintain and oversee the current management agreement in place with
18 Far West Management, LLC for the marijuana dispensary operations at the property located at 8861
19 Balboa Avenue, Suite B, San Diego, California 92123 and 8863 Balboa Avenue, Suite E, San Diego,
20 California 92123 (“Balboa Ave Dispensary”). The Court permits Receiver to pay the management
21 fee and/or minimum guarantee payments, according to the management agreement, if funds are
22 available.

23 5. Receiver shall maintain and oversee the current management agreement in place with
24 Synergy Management Partners, LLC for the production facility operations at the property located at
25 9212 Mira Este Court, San Diego, California 92126 (“Mira Este Property”). The Court permits
26 Receiver to pay the management fee and/or minimum guarantee payments, according to the
27 management agreement, if funds are available.

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1 6. Plaintiff-In-Intervention SoCal Building Ventures, LLC's Management Service and
2 Option Agreement for the management of the Balboa Ave Cooperative is stayed until further order
3 of this Court. Plaintiff-In-Intervention SoCal Building Ventures, LLC's Management Service and
4 Option Agreement for the management of the production facility at the Mira Este Property is stayed
5 until further order of this Court. Plaintiff-In-Intervention SoCal Building Ventures, LLC's
6 Management Service and Option Agreement for the management of the Roselle Property is stayed
7 until further order of this Court.

8 7. Receiver shall interview and consider retaining Certified Public Accountant Justus
9 Henkus IV to provide accounting services for the Marijuana Operations, specifically including the
10 active operations at the Balboa Ave Dispensary and the Mira Este Property. In the event Receiver
11 decides against retaining Mr. Henkus, Receiver shall retain Brian Brinig of Brinig Taylor Zimmer,
12 Inc. to provide accounting services for the Balboa Ave Dispensary and the Mira Este Property.

13 8. From the proceeds that shall come into Receiver's possession from the Balboa Ave
14 Dispensary, Receiver shall apply and disburse said monies in the following general order, subject to
15 Receiver's discretion:

- 16 a. To pay the expenses and charges of Receiver, and his counsel Richardson
17 Griswold of Griswold Law, APC, in the carrying out of Receiver's Court-ordered
18 duties and obligations;
- 19 b. To pay all expenses reasonably necessary or incidental to the continued operation,
20 care, preservation and maintenance of the Balboa Ave Dispensary to maintain the
21 status quo;
- 22 c. To pay all installments of principal and interest presently due or to become due
23 pursuant to notes secured against the Balboa Ave Dispensary property.

24 9. From the proceeds that shall come into Receiver's possession from the Mira Este
25 Property, Receiver shall apply and disburse said monies in the following general order, subject to
26 Receiver's discretion:

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- 1 a. To pay the expenses and charges of Receiver, and his counsel Richardson
- 2 Griswold of Griswold Law, APC, in the carrying out of Receiver's Court-ordered
- 3 duties and obligations;
- 4 b. To pay all expenses reasonably necessary or incidental to the continued operation,
- 5 care, preservation and maintenance of the Mira Este Property to maintain the
- 6 status quo;
- 7 c. To pay all installments of principal and interest presently due or to become due
- 8 pursuant to notes secured against the Mira Este Property.

9 10. Receiver shall hold all proceeds derived from the Marijuana Operations, less all costs,
10 expenses and payments outlined above.

11 11. To the greatest extent reasonably possible, Receiver shall ensure the Marijuana
12 Operations remain operating at status quo until the hearing in this matter on September 7, 2018. All
13 parties to this matter shall cooperate with Receiver and keep the Receiver informed regarding all
14 updates, statuses, notices or otherwise regarding the Marijuana Operations.

15 12. Receiver shall take possession of all funds held for or arising out of the real property
16 owned by any of the Marijuana Operations, the operation of the Marijuana Operations, and/or on
17 deposit in any and all bank and savings demand deposit accounts, including without limitation,
18 money on deposit at any bank, or located elsewhere, certificates of deposit, warrants, Letter(s) of
19 Credit, drafts, notes, deeds of trust and other negotiable instruments, choses in action, chattel paper,
20 accounts receivable, collateral of any kind and otherwise, in the name of, or held for the benefit of
21 the Marijuana Operations. All of the foregoing shall include, without limitation, such accounts
22 and/or instruments held in the name of the Marijuana Operations for which any director, officer or
23 employee of the Marijuana Operations is a signatory or authorized agent of the Marijuana
24 Operations, notwithstanding the actual name under which the account or instrument is held. The
25 Receiver shall exercise full control over said assets and Receiver shall have the right to assume any
26 existing accounts.

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1 13. Each and every banking, savings and thrift institution having funds on deposit for, or
2 held for the benefit of the Marijuana Operations, shall deliver all of such funds and accrued interest,
3 if any, and all certificates and/or books, statements and records of account representing said funds,
4 directly to the Receiver without further inquiry or impediment to the exercise of the powers of the
5 Receiver herein. Receiver shall establish new bank accounts and transfer existing Marijuana
6 Operations account funds from their current account locations into the new bank accounts
7 established by Receiver. Receiver is empowered to establish such accounts as he may deem
8 necessary at such federally insured bank(s) as he may determine appropriate. Specifically, Receiver
9 shall open and maintain one bank account for the operations at the Balboa Ave Dispensary and shall
10 open and maintain one bank account for the operations at the Mira Este Property.

11 14. All rents, issues and profits that may accrue from the Marijuana Operations,
12 Marijuana Operations Property, or any part thereof, or which may be received or receivable from
13 any hiring, operating, letting, leasing, sub-hiring, using, subletting, subleasing, renting thereof shall
14 be subject to this Order and controlled by the Receiver. Rents, issues and profits shall include,
15 without limitation, gross receipts from business operations, all rental proceeds of the Marijuana
16 Operations' premises, if any, discounts and rebates of every kind, any right arising from the
17 operation of the Marijuana Operations and/or Marijuana Operations Property and payment for
18 storage, product development and preparation of any kind, equipment rental, delivery, commercial
19 rental of any Marijuana Operations Property and any other service or rental rendered, whether or not
20 yet earned by performance including, but not limited to, accounts arising from the operations of the
21 Marijuana Operations Property, rent, security and advance deposits for use and/or hiring, in any
22 manner, of the Marijuana Operations, and to payment(s) from any consumer, credit/charge card
23 organization or entity (hereinafter collectively called "Rents and Profits").

24 15. Receiver is empowered to execute and prepare all documents and to perform all
25 necessary acts, whether in the name of the Marijuana Operations, named parties in this matter and/or
26 directors, officers, or members of the Marijuana Operations or in the Receiver's own name, that are
27 necessary and incidental to demanding, collecting and receiving said money, obligations, funds,
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1 licenses, Rents and Profits and payments due the Marijuana Operations and/or named parties in this
2 matter and subject to enforcement under this Order.

3 16. Receiver is authorized to endorse and deposit into his receiver account(s) all of said
4 funds, cash, checks, warrants, drafts and other instruments of payment payable to the Marijuana
5 Operations, named parties in this matter and/or the agents of the Marijuana Operations as such
6 payments relate to the Marijuana Operations.

7 17. Plaintiff, Plaintiff-In-Intervention, Defendants, and members of the Marijuana
8 Operations and their servants, agents, attorneys, accountants, employees, successors-in-interest and
9 assigns, and all other persons acting under and/or in concert with any of them shall provide, turn
10 over and deliver to the Receiver within forty-eight (48) hours of entry of this Order any and all
11 instruments, profit and loss statements, income and expense statements, documents, ledgers, receipts
12 and disbursements journals, books and records of accounts, including canceled checks and bank
13 statements, for all Marijuana Operations and Marijuana Operations Property, including electronic
14 records consisting of hard and floppy disks, checking and savings records, cash register tapes and
15 sales slips and all check book disbursement registers and memoranda and savings passbooks.

16 18. Plaintiff, Plaintiff-In-Intervention, Defendants, and/or any of the directors, officers,
17 members of the Marijuana Operations shall notify the Receiver forthwith whether there is sufficient
18 insurance coverage in force on the Marijuana Operations Property, including the Marijuana
19 Operations premises, if any. Said persons shall inform the Receiver of the name, address and
20 telephone number of all insurance agents and shall be responsible for and are ordered to cause the
21 Receiver to be named as an additional insured on such policy(ies) of liability, casualty, property loss
22 and Worker's Compensation for the period the Receiver shall be in possession of the Marijuana
23 Operations and the Marijuana Operations Property, if any such insurance exists.

24 19. If there is insufficient or no insurance, the Receiver shall have thirty (30) business
25 days from entry of this Order within which to procure such insurance, if possible, provided he has
26 funds from the business to do so. During this "procurement" period, the Receiver shall not be
27 personally liable for any and all claims arising from business operations nor for the procurement of
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1 said insurance. The cost thereof shall be payable by and become an obligation of the receivership,
2 and not at the personal expense of the Receiver. If there is insufficient operating revenue to pay for
3 such insurance, the Receiver shall apply to the Court for instructions.

4 20. Plaintiff, Plaintiff-In-Intervention, Defendants, and their respective agents,
5 employees, servants, representatives, and all other persons and entities acting in concert with them
6 or under their direction or control, or any of them, shall be, and hereby are, enjoined and restrained
7 from engaging in or performing, directly or indirectly, any of the following acts:

8 a) Expending, disbursing, transferring, assigning, selling, conveying, devising,
9 pledging, mortgaging, creating a security interest in, encumbering, concealing, or in any manner
10 whatsoever disposing of the whole or any part of the Marijuana Operations or Marijuana Operations
11 Property, without the written consent of the Receiver first obtained;

12 b) Doing any act which will, or which will tend to impair, defeat, divert, prevent
13 or prejudice the preservation of the proceeds of the Marijuana Operations or the receivership's
14 interest in the subject Marijuana Operations Property in whatever form the interest is held or used;
15 and,

16 c) Destroying, concealing, transferring, or failing to preserve any document
17 which evidences, reflects or pertains to any aspect of the Marijuana Operations or Marijuana
18 Operations Property.

19 21. Receiver is authorized to make entry onto any and all business premises utilized by
20 the Marijuana Operations and/or the Marijuana Operations Property.

21 22. This Court will hold a hearing regarding an Order To Show Cause why the
22 Appointment of Receiver should not be confirmed and an Order To Show Cause why a preliminary
23 injunction should not be granted on September 7, 2018 at 1:30 p.m. in Department C-67 before the
24 Honorable Judge Eddie C. Sturgeon, presiding.

25 23. The parties, if they choose to, are required to file and serve additional briefing,
26 including briefing on the amount required for Plaintiff's bond in the event this Court grants a
27 preliminary injunction, on or before September 4, 2018.
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24. Receiver shall file and serve his Receiver's Report on or before September 5, 2018.

25. Additional Orders: _____

IT IS SO ORDERED.

Dated: August 28, 2018



Judge of the Superior Court

Judge Eddie C. Sturgeon