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7 Attorneys for Plaintiff  
8 SALAM RAZUKI

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

11 SALAM RAZUKI, an individual,  
12 Plaintiff,

13 v.

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

22 Defendants.  
23

Case No.: 37-2018-00034229-CU-BC-CTL

**PLAINTIFF SALAM RAZUKI  
OBJECTIONS TO RECEIVER'S EX  
PARTE APPLICATION TO SEEK  
APPROVAL OF THE SALE TO  
PRODIGIOUS AND TO DITRIBUTE  
SALES PROCEEDS**

**DATE: April 14, 2021  
TIME: 8:30 a.m.  
DEPT: C-67**

Judge: Hon. Eddie C. Sturgeon  
Action Filed: July 10, 2018

24 Plaintiff SALAM RAZUKI ("Plaintiff") hereby submits the following opposition to the  
25 Receiver's ex parte application to approve the sale of the Balboa Properties to Prodigious  
26 Collectives, LLC ("Prodigious") and to distribute any sales proceeds.

27 This is a complex lawsuit with many litigants, intervenors, and lienholder. There are  
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1 absolutely no exigent circumstances to warrant relief sought under the Receiver's ex parte  
2 application. This ex parte application should be brought on a noticed motion where the parties have  
3 an adequate opportunity meaningfully respond. The Receiver has given the parties three (3) days'  
4 notice to respond to the distribution of over \$3,200,000 which is absurd.

5 **PLAINTIFF OBJECTS TO THE SALE TO PRODIGIOUS**

6 The Receiver has a fiduciary duty to the parties to advocate and obtain the highest and best  
7 sale of the receivership assets. In this case, there was a non-contingent \$6,000,000 offer by Pick  
8 Axe Holdings ("Pick Axe") that would have netted the receivership estate millions of dollars more  
9 than Prodigious' offer. This Court asked the Receiver to voice his opinion during the auction  
10 hearing and provide his recommendations at the auction hearing and the Receiver failed to advocate  
11 for the highest and best offer. This was a breach of the Receiver's fiduciary duty to the parties in  
12 this action. Instead, the Court chose Prodigious' offer of \$3,280,000 instead of the \$6,000,000 offer  
13 that would have yielded the Receivership estate an additional \$2,872,000 in funds. Pick Axe  
14 waived all contingencies and showed proof of fund of \$10,000,000. To this day, nearly two (2)  
15 months later, Prodigious has still failed to show proof of funds to close. The Receiver and the Court  
16 should immediately require Prodigious to show proof of funds sufficient to close.

17 **PLAINTIFF HAS A 1<sup>ST</sup> POSITION UCC-1 LIEN ON**  
18 **THE IMPROVEMENTS THAT ARE BEING SOLD**

19 On or about March 15, 2017, Razuki Investments, Inc. ("Razuki Investments") sold the  
20 Balboa Dispensary business and the Balboa Dispensary Units to Balboa Ave Cooperative, a  
21 California Corporation ("Balboa Ave Coop."), for a total of \$1,575,000 with a seller carryback  
22 financing through a Secured Promissory Note in favor of Plaintiff in the amount of \$1,575,000 (the  
23 "Note"), a copy of which has already been provided to the Court. The transaction was  
24 consummated through Allison McClusky Escrow. A true and correct copy of the Buyer's Closing  
25 Statement and various escrow documents including, but not limited to, the Bill of Sale, which was  
26 previously provided to the Court.

27 The Note provided that: (i) interest in the amount of 8.5% per annum would commence on  
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1 March 21, 2017; (ii) all principal and interest would be due and payable on or before March 20,  
2 2022; and, (iii) the “*[l]ender may declare immediately due and payable all sums due herein upon*  
3 *the sale or transfer of all or substantially all of the assets of the Business.*”

4 On or about March 15, 2017, Malan, on behalf of the debtor, Balboa Ave Coop., and  
5 Plaintiff, as the secured party, also executed a Security Agreement in the amount of \$1,575,000  
6 which also authorized Plaintiff to file a UCC Financing Statement (“UCC 1”) with the California  
7 Secretary of State to perfect its security interest in the collateral. A true and correct copy of the  
8 Security Agreement was previously provided to the Court. Plaintiff subsequently *perfected* the  
9 Security Agreement by filing a UCC-1 with the California Secretary of State on March 21, 2017. A  
10 true and correct copy of the UCC-1 was previously provided to the Court.

11 No payments were ever made towards the Note because it did not require payments, but  
12 instead a balloon payment of principal and interest due on March 20, 2022. The Note further  
13 provided that all principal and interest is due and payable upon the sale or transfer of the Business at  
14 the election of Plaintiff. *Approximately \$2,182,727.45 is currently owed under the Note and*  
15 *Pliantiff notified the Receiver and the relevant parties through counsel in this action that he*  
16 *intends to accelerate the Note upon sale or transfer of the Balboa Dispensary as per the terms of*  
17 *the note. Id.*

18 This lien is on the improvements to the personal property of the dispensary which is now  
19 being sold. Plaintiff asserts his first position interest which was perfected in March of 2017, over a  
20 year and a half prior to the commencement of this litigation and obviously, before any Receivership  
21 order. There is no legal basis to strip Plaintiff’s lien and he should be paid before all other  
22 lienholders because his interest is first in time.

### 23 CONCLUSION

24 Plaintiff respectfully requests that the Receiver’s ex parte application be denied, or at a  
25 minimum, it should be brought by a noticed motion so that the lienholders who have millions of  
26 dollars to lose have a fair opportunity to present their legal position.

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DATED: April 14, 2021

ELIA LAW FIRM, APC

By: /s/ Steven A. Elia  
Steven A. Elia  
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Attorneys for Plaintiff,  
SALAM RAZUKI