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F I L E D
Clerk of the Superior Court

SEP 26 2018

By: I. QUIRARTE, Deputy

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 CONFIRMING
RECEIVER AND GRANTING
PRELIMINARY INJUNCTION**

Judge: Hon. Eddie C. Sturgeon
Dept: C-67
Date: September 7, 2018
Time: 1:30 p.m.

This matter came on for hearing on September 7, 2018 at 1:30 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 confirmed as this Court's appointed Receiver in this matter and
3 shall retain 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. The Court finds that Plaintiff has established a likelihood of success on the merits
12 and the probability of irreparable injury if a preliminary injunction is not issued. The Court grants
13 Plaintiff's request for the issuance of a preliminary injunction, thereby confirming the appointment
14 of Receiver.

15 3. Plaintiff shall post its injunction bond in the amount of \$350,000.00 no later than
16 September 21, 2018.

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. Receiver shall continue to work with Certified Public Accountant Justus Henkus IV
2 to provide accounting services for the Marijuana Operations, specifically including the active
3 operations at the Balboa Ave Dispensary and the Mira Este Property. All outgoing payments made
4 in the course of business for the Marijuana Operations shall first be approved by the Receiver.

5 7. Receiver shall retain Brian Brinig of Brinig Taylor Zimmer, Inc. to conduct a
6 comprehensive forensic audit of the Marijuana Operations, as well as of all named parties in this
7 matter as it relates to financial transactions between and among such parties related to the issues in
8 dispute.

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

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

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

- 23 a. To pay the expenses and charges of Receiver, and his counsel Richardson
24 Griswold of Griswold Law, APC, in the carrying out of Receiver's Court-ordered
25 duties and obligations;

1 b. To pay all expenses reasonably necessary or incidental to the continued operation,
2 care, preservation and maintenance of the Mira Este Property to maintain the
3 status quo;

4 c. To pay all installments of principal and interest presently due or to become due
5 pursuant to notes secured against the Mira Este Property.

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

8 11. To the greatest extent reasonably possible, Receiver shall ensure the Marijuana
9 Operations remain operating at status quo. All parties to this matter shall cooperate with Receiver
10 and keep the Receiver informed regarding all updates, statuses, notices or otherwise regarding the
11 Marijuana Operations.

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

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

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

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

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

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

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

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

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

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

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

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

18 d) Entering into any contract, lease, or agreement with any third party in relation
19 to the Marijuana Operations without the written consent of the Receiver first obtained.

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

22 22. Plaintiffs-In-Intervention SoCal Building Ventures, LLC and San Diego Building
23 Ventures, LLC are authorized to retrieve its equipment from the Mira Este Property. Receiver shall
24 coordinate and attend the retrieval from the Mira Este Property.

25 23. Receiver shall attempt in good faith to coordinate Plaintiffs-In-Intervention SoCal
26 Building Ventures, LLC and San Diego Building Ventures, LLC's retrieval of any equipment or
27 personal property located at the Balboa Ave Property. Plaintiffs-In-Intervention SoCal Building
28 Ventures, LLC and San Diego Building Ventures, LLC will first be required to provide appropriate

1 documentation proving ownership of its equipment and property to Receiver for review and
2 confirmation. Receiver shall use his discretion in determining whether the removal of any such
3 equipment or property would substantially affect the Marijuana Operations.

4 24. This Court will hold a receivership status hearing on November 16, 2018 at 1:30 p.m.
5 in Department C-67 before the Honorable Judge Eddie C. Sturgeon, presiding.

6 25. Additional Orders: _____
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12 IT IS SO ORDERED.

13 Dated: September 26, 2018

Eddie C. Sturgeon

Judge Eddie C Sturgeon
Judge of the Superior Court

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