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SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO

CENTRAL DIVISION

SALAM RAZUKI, an individual,  
  
Plaintiff,

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

Assigned: Hon. Judge Sturgeon  
Dept.: C-67

vs.

**Verified Cross-Complaint**

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.

Date filed: July 10, 2018  
Trial: None set

Cross-Complaint

1 NINUS MALAN; an individual ;  
2 CALIFORNIA CANNABIS GROUP, a  
3 California nonprofit mutual benefit  
4 corporation; DEVILISH DELIGHTS, INC., a  
5 California nonprofit mutual benefit  
6 corporation; BALBOA AVE  
7 COOPERATIVE, a California nonprofit  
8 mutual benefit corporation; AMERICAN  
9 LENDING AND HOLDINGS, LLC, a limited  
10 liability company; MONARCH  
11 MANAGEMENT CONSULTING, INC., a  
12 California corporation; FLIP  
13 MANAGEMENT, LLC, a limited liability  
14 company; SAN DIEGO UNITED  
15 HOLDINGS GROUP, LLC, a limited liability  
16 company

11 Cross-complainants

12 vs.

13 SALAM RAZUKI, an individual; RAZUKI  
14 INVESTMENTS, LLC, a limited liability  
15 company; MARVIN RAZUKI, an individual;  
16 SARAH RAZUKI, an individual;  
17 MATTHEW RAZUKI, an individual; SH  
18 WESTPOINT GROUP, LLC, a limited  
19 liability company; EL CAJON  
20 INVESTMENTS GROUP, LLC, a California  
21 limited liability company; SAN DIEGO  
22 PRIVATE INVESTMENTS, LLC, a  
23 California limited liability company;  
24 STONECREST PLAZA, LLC, a California  
25 limited liability company; SUNRISE  
26 PROPERTY INVESTMENTS, LLC, a  
27 California limited liability company; LEMON  
GROVE PLAZA, LP, a California limited  
partnership; SOCAL BUILDING  
VENTURES, LLC, a Delaware limited  
liability company; RM PROPERTY  
HOLDINGS, LLC, a limited liability  
company; MELROSE PLACE, INC. a  
Delaware corporation; ALL PERSONS  
UNKNOWN, CLAIMING ANY LEGAL OR  
EQUITABLE RIGHT, TITLE, ESTATE,  
LIEN, OR INTEREST IN THE PROPERTY

Cross-Complaint



1 DESCRIBED IN THE COMPLAINT  
2 ADVERSE TO CROSS-COMPLAINANTS'  
3 TITLE, OR ANY CLOUD ON CROSS-  
COMPLAINANTS' TITLE THERETO, and  
ROES 1 through 50, Inclusive,

4 Cross-defendants.

### 5 6 **Summary**

7 Plaintiff Salam Razuki filed this lawsuit to try to steal companies he does not own, to  
8 convert money to which he has no right, and to destroy the livelihood of his former business  
9 associate, Defendant and Cross-Complainant Ninus Malan. Razuki's complaint accuses Malan  
10 of reneging on a deal to turn over marijuana dispensaries to a holding company from which  
11 Razuki would derive profits. But that "deal" is not real. Razuki does not own or have any rights  
12 in any of the companies in this lawsuit.

13 In reality, Malan is the majority owner of the companies sued by Razuki. Some of the  
14 companies run an active marijuana dispensary and others merely manage it and other  
15 commercial real property. Earlier this year, Malan hired a management company, Plaintiff-in-  
16 intervention SoCal Building Ventures, LLC ("SoCal"), to operate the active dispensary. SoCal  
17 was bad at their job. Its employees ate the marijuana, drank alcohol on the job, and "misplaced"  
18 half the inventory. Malan fired them.

19 Behind the scenes, Razuki had been trying to convince SoCal to breach their contract  
20 with Malan and turn over the companies to Razuki. Razuki falsely told SoCal that Razuki  
21 owned Malan's companies. Using Razuki's fake ownership as an excuse, SoCal stopped making  
22 payments to Malan. Then Razuki filed this lawsuit. SoCal joined a few days later.

23 Razuki and SoCal have damaged Malan and his companies. It's not just damage to his  
24 profits, but also damage to the companies' reputations with their customers and government  
25 regulators. Cross-complainants are entitled to compensation and a declaration that what Razuki  
26 and SoCal have done is illegal, and their "contracts" with Cross-complainants are void.

### 27 **Cross-Complaint**

## Parties

1  
2 1. Cross-complainant/defendant Ninus Malan is an individual residing in San Diego  
3 County, California. He owns, either in whole or in part, or manages the other cross-  
4 complainants who are parties to this cross-complaint.

5 2. Defendant Chris Hakim is an individual who owns in part some of the companies  
6 that are cross-complainants and defendants in this lawsuit.

7 3. Cross-complainant California Cannabis Group is a nonprofit mutual benefit  
8 corporation, of which Cross-complainant Ninus Malan is the president. Plaintiff/Cross-  
9 defendant Salam Razuki is not and never has been an officer, employee, shareholder, member,  
10 or owner of California Cannabis Group.

11 4. Cross-complainant Devilish Delights, Inc. is a nonprofit mutual benefit  
12 corporation of which Malan is the president and Defendant Chris Hakim is the vice president.  
13 Plaintiff/Cross-defendant Salam Razuki is not and never has been an officer, employee,  
14 shareholder, member, or owner of Devilish Delights, Inc.

15 5. Cross-complainant Balboa Ave Cooperative is a nonprofit mutual benefit  
16 corporation. Malan is the sole managing member of Balboa Ave Cooperative. Plaintiff/Cross-  
17 defendant Salam Razuki is not and never has been an officer, employee, shareholder, member,  
18 or owner of Balboa Ave Cooperative.

19 6. Cross-complainant American Lending and Holdings, LLC is a limited liability  
20 company owned and managed by Malan.

21 7. Mira Este Properties, LLC is a limited liability company owned in equal parts by  
22 Malan and Hakim. Plaintiff/Cross-defendant Salam Razuki is not and never has been an officer,  
23 employee, shareholder, member, or owner of Mira Este Properties, LLC. Mira Este Properties,  
24 LLC owns the real property at 9212 Mira Este Court, San Diego, CA 92126 ("Mira Este  
25  
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## Cross-Complaint

Facility”) in fee simple. There is a marijuana manufacturing facility at the Mira Este Facility, whose license to operate is held by California Cannabis Group.

8. Roselle Properties, LLC is a limited liability company owned in equal parts by Malan and Hakim. Roselle Properties, LLC owns real property located at 10685 Roselle Street, San Diego, CA 92121 (“Roselle Facility”) in fee simple. There is no marijuana dispensary located at the Roselle Facility. Plaintiff/Cross-defendant Salam Razuki is not and never has been an officer, employee, shareholder, member, or owner of Roselle Properties, LLC.

9. Cross-complainant Monarch Management Consulting, Inc. is a corporation owned in equal parts by Malan and Hakim. Plaintiff/Cross-defendant Salam Razuki is not and never has been an officer, employee, shareholder, member, or owner of Monarch Management Consulting, Inc.

10. Cross-complainant Flip Management, LLC is a limited liability company owned entirely by Malan. Plaintiff/Cross-defendant Salam Razuki is not and never has been an officer, employee, shareholder, member, or owner of Flip Management, LLC.

11. Cross-complainant San Diego United Holdings Group, LLC (“San Diego United”) is a limited liability company owned entirely by Malan. It owns parcels of real property where some of the other cross-complainants conduct business. San Diego United bought real property located at 8863 Balboa Ave. and 8861 Balboa Ave. (“Balboa Properties”) in San Diego from Razuki Investments, LLC in March 2017. A true and correct copy of the deed dated March 2, 2017 and recorded March 20, 2017 showing this purchase is attached to this cross-complaint as **Exhibit A**. **Exhibit B** is a true and correct copy of another deed, showing San Diego United’s purchase of two other contingent parcels in 2017.

12. On information and belief, cross-defendant Razuki Investments, LLC is a limited liability company owned or controlled by Plaintiff/Cross-defendant Salam Razuki and/or his family members under his control, ROES 1-50. Razuki Investments, LLC used to own real

1 property located at 8863 Balboa Ave. and 8861 Balboa Ave. in San Diego ("Balboa  
2 Properties"), but San Diego United bought the Balboa Properties from Razuki Investments, LLC  
3 in March 2017. Today, neither Razuki nor Razuki Investments, LLC has any property interests  
4 in the Balboa Properties.

5 13. Cross-defendant/plaintiff Salam Razuki ("Razuki") is an individual who is  
6 believed to reside in San Diego County. On information and belief, he owns or controls Razuki  
7 Investments, LLC.

8 14. Cross-defendant Marvin Razuki is the son of Salam Razuki. Razuki transferred  
9 real property to his son Marvin to conceal it from creditors. Among the real property so  
10 transferred are several parcels belonging to Ninus Malan.

11 15. Cross-defendant Sarah Razuki is related to Salam Razuki. Razuki transferred real  
12 property to Sarah Razuki to conceal it from creditors. Among the real property so transferred are  
13 several parcels belonging to Ninus Malan.

14 16. Cross-defendant Matthew Razuki is the son of Salam Razuki. Razuki transferred  
15 real property to his son Matthew to conceal it from creditors. Among the real property so  
16 transferred are several parcels belonging to Ninus Malan.

17 17. Cross-defendant SH Westpoint Group, LLC is an entity controlled by Razuki. Its  
18 name is on various deeds and documents purporting to own real property which is, in reality,  
19 owned in part or in whole by Ninus Malan.

20 18. Cross-defendant El Cajon Investments Group, LLC is a California limited  
21 liability company controlled by Salam Razuki. Its name is on record title to real property which  
22 is actually owned, in part or in whole, by Malan or a partnership consisting of Malan and  
23 Razuki.

24 19. Cross-defendant San Diego Private Investments, LLC is a California limited  
25 liability company controlled by Salam Razuki. Its name is on record title to real property which  
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1 is actually owned, in part or in whole, by Malan or a partnership consisting of Malan and  
2 Razuki.

3 20. Cross-defendant Stonecrest Plaza, LLC is a California limited liability company  
4 controlled by Salam Razuki. Its name is on record title to real property which is actually owned,  
5 in part or in whole, by Malan or a partnership consisting of Malan and Razuki.

6 21. Cross-defendant Sunrise Property Investments, LLC is a California limited  
7 liability company controlled by Salam Razuki. Its name is on record title to real property which  
8 is actually owned, in part or in whole, by Malan or a partnership consisting of Malan and  
9 Razuki. It also owns or controls ownership shares in a marijuana dispensary which Razuki  
10 purports to own but which Razuki promised to transfer to the Holding Company.

11 22. Cross-defendant Lemon Grove Plaza, LP is a California limited partnership  
12 controlled by Salam Razuki. Its name is on record title to real property which is actually owned,  
13 in part or in whole, by Malan or a partnership consisting of Malan and Razuki.

14 23. Cross-defendant/plaintiff-in-intervention SoCal Building Ventures, LLC is a  
15 Delaware limited liability company with its principal place of business located in California.  
16 Cross-defendant/plaintiff-in-intervention San Diego Building Ventures, LLC is a Delaware  
17 limited liability company with its principal place of business in California. Their complaint-in-  
18 intervention alleges facts showing a unity of interest, ownership, and activities between the two  
19 LLCs, such that the companies are alter egos of each other. It would be unjust to treat them  
20 separately, since they claim to have identical claims for breach of contract against Malan, even  
21 though San Diego Building Ventures, LLC's name does not appear in any of the contracts  
22 attached to the complaint-in-intervention. Because the two companies are apparently  
23 interchangeable and lack any separate identity, this cross-complaint will refer to them  
24 collectively as "SoCal". They were hired to manage businesses at the Balboa Properties, Roselle  
25 Facility, and Mira Este Facility, and they operated there for several months. Because they  
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1 mismanaged the operations, consumed marijuana and alcohol on the job, and failed to make  
2 payments required under their management agreements, they were fired in July 2018 after  
3 failing to cure their defaults.

4 24. Cross-defendant RM Property Holdings, LLC (“Holding Company”) is a limited  
5 liability company with its principal place of business in San Diego County, California. It was  
6 formed by Malan and Razuki to act as a holding company for their properties and businesses,  
7 but it was never capitalized, funded, or given any property to “hold.” Malan and Razuki  
8 canceled the agreement to fund the Holding Company in January/February 2018, and the  
9 company has sat dormant since then.

10 25. Cross-defendant Melrose Place, Inc., is a corporation organized under the laws of  
11 the state of Delaware, but doing business legally in California. On information and belief, it is  
12 owned by Salam Razuki, and purports to own a Chevron gas station at 1590 S Melrose Dr. in  
13 Vista, California (“Chevron Station”). Razuki promised to give partial ownership in the Chevron  
14 Station and Melrose Place, Inc. to Malan, but reneged on that promise.

15 26. Cross-defendants herein named as “All persons unknown, claiming any legal or  
16 equitable right, title, estate, lien, or interest in the property described in the complaint adverse to  
17 Cross-complainants’ title, or any cloud on Cross-complainants’ title thereto” (hereinafter  
18 sometimes referred to as the “unknown defendants”) are unknown to Plaintiff. These unknown  
19 defendants, and each of them, claim some right, title, estate, lien, or interest in the hereinafter  
20 described property adverse to Cross-complainants title; and their claims, and each of them,  
21 constitute a cloud on Cross-complainants title to the real properties described in this complaint.

22 27. The true names and capacities of Cross-defendants ROES 1 through 50, inclusive,  
23 whether individual, corporate, associated, or otherwise, are unknown to cross-complainants,  
24 who therefore sues said Cross-Defendants by such fictitious names. Cross-complainants will  
25 seek leave of court to amend this cross-complaint to show their true names and capacities when  
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1 the same have been ascertained. Cross-complainants are informed and believe and thereon that  
2 each of these fictitiously named cross-defendants claims some right, title, estate, lien, or interest  
3 in the hereinafter-described property adverse to Cross-complainants' title, and their claims, and  
4 each of them, constitute a cloud on Cross-complainants' title to real property.

5 28. Cross-complainants allege on information and belief that each of the cross-  
6 defendants herein was at all relevant times the employer, employee, contractor, principal,  
7 partner, agent, member, subsidiary, affiliate, joint venture, co-conspirator, or alter ego of each of  
8 the other defendants, and at all times herein mentioned was acting within the course and scope  
9 of such agency, employment, joint venture, conspiracy, alter ego relationship, or partnership,  
10 with the full authority and knowledge of each of the other cross-defendants. Cross-complainants  
11 further allege that each of the cross-defendants has adopted or ratified the acts, conduct,  
12 omissions or commissions of the other cross-defendants set forth herein.

13  
14 29. On information and belief, Razuki, Razuki Investments, LLC, San Diego Private  
15 Investments, LLC, Melrose Place, Inc., SH Westpoint Group, LLC, Stonecrest Plaza, LLC, and  
16 Roes 1-50, have been acting as each other's alter ego, commingling funds, and demonstrating a  
17 unity of ownership and purpose such that it would be unjust to treat them as separate entities  
18 rather than alter egos of each other. Any allegation in this cross-complaint that any cross-  
19 defendant did any particular thing should be read to include an allegation on information and  
20 belief that Roes 1-50 also committed that act with the same intent.

#### 21 **Facts**

22 30. Cross-complainant Malan has known Cross-defendant Razuki for over a decade.  
23 They worked on business ventures together, but disputes arose between them recently.

24 31. In November 2017, Razuki and Malan signed an agreement, a true and correct  
25 copy of which is attached to this pleading as **Exhibit L** ("Transfer Agreement"). The purpose of  
26 the agreement was to establish a right to future revenues from real property and businesses,  
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1 including several businesses selling marijuana, by establishing a method for accounting for  
2 profits from those businesses and parcels of real property, which included a proposal to transfer  
3 shares in the businesses and real property to a holding company, RM Holdings, LLC (“Holding  
4 Company”).

5 32. The Transfer Agreement was void on the day it was signed, or, alternatively,  
6 became void when the parties mutually canceled it soon after.

7 33. The Transfer Agreement says that Malan owns 100 percent of “San Diego United  
8 Holding Group, LLC,” a clause intended to refer to Malan’s 100 percent ownership of San  
9 Diego United Holdings Group, LLC (“San Diego United”), one of the co-defendants in this  
10 action.

11 34. The Transfer Agreement says Malan owns 100 percent of Flip Management, LLC  
12 (“Flip”) and 50 percent of Mira Este Properties, LLC and Roselle Properties, LLC.

13 35. The Transfer Agreement acknowledges that San Diego United owns real property  
14 in the City of San Diego at 8859 Balboa Ave. (Suites A), and 8861 Balboa Ave. Suite B, and  
15 8863 Balboa Ave. Suite E (the “Balboa Properties”).

16 36. The Transfer Agreement acknowledges that Roselle Properties, LLC owns the  
17 real property at 10685 Roselle St., San Diego, CA 92121, and Mira Este Properties, LLC owns  
18 the real property at 9212 Mira Este Ct., San Diego, CA 92126.

19 37. Razuki does not own any of the real property mentioned in the Transfer  
20 Agreement.

21 38. Razuki Investments, LLC does not own any of the real property mentioned in the  
22 Transfer Agreement.

23 39. The Transfer Agreement says that Razuki owns 20 percent of Sunrise Property  
24 Investments, LLC (“Sunrise”), which owns the real property at 3385 Sunrise Street, San Diego,  
25 CA 92012. This clause was included in the Transfer Agreement because Razuki told Malan that  
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1 Razuki had this ownership interest in Sunrise Property Investments, LLC. Razuki said this to  
2 Malan before the parties signed the Transfer Agreement, and he intended that Malan rely on it.

3 40. On information and belief, when Razuki told Malan that Razuki owned part of  
4 Sunrise Property Investments, LLC, Razuki did not actually own any part of Sunrise. In reality,  
5 Razuki owns none of it, and never has. Razuki lied to Malan to deceive him, to convince him to  
6 sign the Transfer Agreement, and to trick Malan into transferring property, including real  
7 property, to Razuki's control.

8 41. The Transfer Agreement says that Razuki owns 27 percent of Super 5 Consulting  
9 Group, LLC ("Super 5"), which operates a medical marijuana dispensary at 3385 Sunrise St.  
10 San Diego, CA 92012. This clause was included in the Settlement Agreement because Razuki  
11 told Malan that Razuki had this ownership interest in Super 5. Razuki said this to Malan before  
12 the parties signed the Transfer Agreement, and he intended that Malan rely on it.

13 42. On information and belief, when Razuki told Malan that Razuki owned part of  
14 Super 5, Razuki did not actually own any part of Super 5. In reality, cross-complainants are  
15 informed and belief that Razuki owns none of it, and never has, and that Razuki lied to Malan to  
16 deceive him, to convince him to sign the Transfer Agreement, and to trick Malan into  
17 transferring property, including real property, to Razuki.

18 43. The Transfer Agreement says that Razuki and Malan will use their best efforts to  
19 perform an accounting of the various companies mentioned in the agreement and the amounts of  
20 their respective investments into each of those companies. After performing the accounting, the  
21 Transfer Agreement says they will transfer their ownership interests of those companies to the  
22 Holding Company.

23 44. Razuki and Malan never finished their accounting of the companies and their  
24 respective investments in them. On information and belief, they never even started the  
25 accounting.  
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1           45.     Razuki never transferred any of his purported ownership interests in Sunrise or  
2 Super 5 to the Holding Company.

3           46.     The written terms of the Transfer Agreement did not incorporate all of the terms  
4 that Razuki and Malan intended to include in the agreement. Among other terms, Razuki and  
5 Malan intended for Razuki to transfer his ownership interests in other, additional companies and  
6 real property to the Holding Company. Razuki and Malan agreed that Malan owned, in whole or  
7 in part, these companies and real property.

8           47.     The companies and real property which Razuki and Malan intended for Razuki to  
9 transfer to the Holding Company, but which Razuki refuses to transfer, include, without  
10 limitation:

11           a.     212 - 216 S 37<sup>th</sup> St, San Diego, CA 92113. When the property was purchased, it  
12 was purchased using a line of credit extended by the **Loan Company** ("Loan  
13 Company Credit"), of which Ninus Malan is and was the guarantor. This real  
14 property was purchased by Razuki and Malan with the intent that Razuki and  
15 Malan would share ownership and divide the proceeds from the real property's  
16 rent and other income between them. On information and belief, Razuki  
17 Investments, LLC or San Diego Private Investments, LLC holds title to this real  
18 property, but it is owned in part by Malan.

19           b.     4750 70<sup>th</sup> St, Unit 20, La Mesa CA. This real property was purchased by  
20 American Lending and Holdings, LLC, using the Loan Company Credit of which  
21 Malan is the guarantor. This real property was purchased by Razuki and Malan  
22 with the intent that Razuki and Malan would divide the proceeds from the real  
23 property's rent and other income between them. On information and belief, San  
24 Diego Private Investments, LLC holds record title to the property, but it is still  
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1 owned in part by Malan and American Lending and Holdings, LLC, which is  
2 Malan's company.

3 c. 12455 Beatitude Dr., Valley Center, CA. This real property was purchased by  
4 American Lending and Holdings, LLC, using money loaned by Salas Financial  
5 and money contributed by Malan by virtue of Malan's share of profits from other  
6 jointly owned real estate. This real property was purchased by Razuki and Malan  
7 with the intent that Razuki and Malan would divide the proceeds from the real  
8 property's rent and other income between them. On information and belief, San  
9 Diego Private Investments, LLC holds record title to the property, but it is still  
10 owned in part by Malan and American Lending and Holdings, LLC, which is  
11 Malan's company.  
12

13 d. 745 E Bradley Ave # 129, El Cajon CA 92021. This real property was purchased  
14 in the name of Razuki Investments, LLC using money loaned by the Loan  
15 Company to Malan and Razuki. Razuki used Malan's money to pay the down  
16 payment. On information and belief, San Diego Private Investments, LLC holds  
17 record title to the property, but it is still owned in part by Malan.

18 e. 2437 Camino De Las Palmas, Lemon Grove CA 91945. This real property was  
19 purchased using the Loan Company Credit of which Malan is the guarantor. Any  
20 money purportedly contributed by Razuki to buy the property actually consisted  
21 of money derived from Malan's personal funds. On information and belief, San  
22 Diego Private Investments, LLC holds record title to the property, but it is still  
23 owned in part by Malan.

24 f. 2995 Cowley Way Unit 68, San Diego CA. This real property was purchased by  
25 Razuki and Malan using money derived from Malan's personal funds, consisting  
26 of Malan's portions of profits from other real estate investments. On information  
27

1 and belief, Razuki's son Marvin Razuki holds record title to the property, but it is  
2 still owned in part by Malan.

3 g. 9320 Earl St. Unit 52, La Mesa CA. This real property was purchased by Razuki  
4 and Malan in the name of Stonecrest Plaza, LLC using funds consisting in part of  
5 \$72,500 of money contributed by Ninus Malan. When the property was  
6 purchased, Razuki and Malan agreed that Malan would own one-third, or 33.33%,  
7 of the real property, due to the money contributed by Malan and the use of  
8 Malan's professional skills to negotiate a low purchase price from the seller. On  
9 information and belief, San Diego Private Investments, LLC holds record title to  
10 the property, but it is still owned in part by Malan.

11 h. 1415 Eckman Ave, Chula Vista CA 91911. This real property was purchased  
12 using the Loan Company Credit, of which Malan is the guarantor. This real  
13 property was purchased by Razuki and Malan with the intent that Razuki and  
14 Malan would divide the proceeds from the real property's rent and other income  
15 between them. On information and belief, the property is held in the name of  
16 Salam Razuki, but it is still owned in part by Malan.

17 i. 3215 Glancy Dr., San Ysidro CA. This property was purchased by Razuki and  
18 Malan together, using Malan's money. On information and belief, the property is  
19 held in the name of SH Westpoint Group, LLC, but it is still owned in part by  
20 Malan.

21 j. 1398 Ivory Ct., El Cajon CA. This property was purchased using the Loan  
22 Company Credit, of which Malan is the guarantor. This real property was  
23 purchased by Razuki and Malan with the intent that Razuki and Malan would  
24 divide the proceeds from the real property's rent and other income between them.  
25 On information and belief, San Diego Private Investments, LLC holds record title  
26 to the property, but it is still owned in part by Malan.

1 k. 1558 N Magnolia, El Cajon CA. This property was purchased using the Loan  
2 Company Credit, of which Malan is the guarantor. In addition, Malan helped  
3 Razuki procure financing and obtain a purchase agreement after he was being  
4 evicted from this property by the previous owner. This real property was  
5 purchased by Razuki and Malan with the intent that Razuki and Malan would  
6 divide the proceeds from the real property's rent and other income between them.  
7 On information and belief, El Cajon Investments Group, LLC holds record title to  
8 the property, but it is still owned in part by Malan.

9 l. 4301 Market St., San Diego CA. This property was purchased under Stonecrest  
10 Plaza, LLC. Malan helped Razuki negotiate and acquire this property from a bank  
11 directly for \$242,000, and in exchange, Razuki promised that Malan has a 25  
12 percent ownership interest in this real property. On information and belief,  
13 Stonecrest Plaza, LLC holds record title to the property, but it is still owned in  
14 part by Malan.

15 m. 1137 Naranca Ave., El Cajon CA. This real property was purchased with Malan's  
16 money and a loan that Malan helped Razuki obtain. When the real property was  
17 purchased, it was the intent of the purchasers that Malan would have a 25 percent  
18 ownership interest. On information and belief, Razuki's family member Sarah  
19 Razuki holds record title to the property, but it is still owned in part by Malan.

20 n. 1473 Naranca Ave, El Cajon CA. This property was purchased using the Loan  
21 Company Credit, of which Malan is the guarantor. This real property was  
22 purchased by Razuki and Malan with the intent that Razuki and Malan would  
23 divide the proceeds from the real property's rent and other income between them.  
24 On information and belief, Salam Razuki holds record title to the property, but it  
25 is still owned in part by Malan.

26 o. 3201 National Ave., San Diego CA. When this real property was purchased,  
27 Malan helped negotiate a refinancing of the mortgage, helped obtain secured

1 financing from the Loan Company, and helped ensure that competition for the  
2 business's liquor license was kept to a minimum in order to help the business at  
3 this location thrive. On information and belief, this property was purchased in the  
4 name of Salam Razuki, but Malan always held an ownership interest in the real  
5 property here. On information and belief, Stonecrest Plaza, LLC holds record title  
6 to the property today, but Malan is still an owner.

7 p. 2602 - 2604 Newton, San Diego CA. When this real property was purchased, it  
8 was bought using Malan's money, and Razuki promised Malan that Malan would  
9 own 25 percent of it. In addition, as part of the consideration for Malan's help in  
10 buying it, Razuki promised to sign a settlement agreement for \$675,000, which is  
11 mentioned elsewhere in this pleading. On information and belief, SH Westpoint  
12 Investments Group, LLC holds record title to the property today, but Malan is still  
13 an owner.

14 q. 4041 Oakcrest Dr. Unit 102, San Diego CA. This property was originally  
15 purchased in the name of Razuki Investments LLC using Malan's money for the  
16 down payment, in exchange for which Malan was promised a 25 percent  
17 ownership interest. On information and belief, San Diego Private Investments,  
18 LLC holds record title to the property today, but Malan is still an owner.

19 r. 1440 Oakdale Ave Unit 15, El Cajon CA. This property was bought using the  
20 Loan Company Credit, for which Malan is a guarantor. Razuki promised Malan  
21 that Malan would own 25 percent of this real property. On information and belief,  
22 San Diego Private Investments, LLC holds record title to the property today, but  
23 Malan is still an owner.

24 s. 747 Osage St., Spring Valley CA. When this property was purchased, it was  
25 bought in the name of Razuki Investments LLC using Malan's money for the  
26 down payment, and for which Razuki promised Malan would receive a 25 percent  
27

- 1 ownership interest. On information and belief, San Diego Private Investments,  
2 LLC holds record title to the property today, but Malan is still an owner.
- 3 t. 2912 Pine Grove Ct., Spring Valley CA. This property was purchased using the  
4 Loan Company Credit for which Malan is a guarantor. Razuki promised Malan a  
5 25 percent ownership interest in this real property in exchange for Malan's help in  
6 purchasing it. On information and belief, San Diego Private Investments, LLC  
7 holds record title to the property today, but Malan is still an owner.
- 8 u. 7335 Prairie Mound Way, San Diego CA. This property was purchased in the  
9 name of American Lending and Holdings, LLC using the Loan Company Credit,  
10 and for which Malan would receive a 25 percent ownership interest. On  
11 information and belief, San Diego Private Investments, LLC holds record title to  
12 the property today, but Malan is still an owner.
- 13 v. 3385 Sunrise St., San Diego CA. Malan and Razuki purchased this property using  
14 Malan's money, as shown by a \$191,000 check given by Malan to Razuki's agent,  
15 Rick Aljabi. Malan was promised an ownership interest in this real property in  
16 exchange for the use of Malan's money to buy it. On information and belief,  
17 Sunrise Property Investments, LLC holds record title to the property today, but  
18 Malan is still an owner.
- 19 w. 302 Sycamore Rd., San Diego CA 92173. This real property was purchased in the  
20 name of Salam Razuki, with help from Malan in evicting the previous owner,  
21 procuring loans to fund the purchase, and obtaining management services for the  
22 real property. In exchange for Malan's services, Razuki promised Malan a 25  
23 percent ownership in the real property. On information and belief, San Diego  
24 Private Investments, LLC holds record title to the property today, but Malan is  
25 still an owner.
- 26 x. 2544 Violet St., Unit #46, San Diego CA 92105. This property was purchased  
27 using Malan's assistance in procuring financing, and using Malan's money.

1 Malan personally guaranteed loans related to buying the property. In exchange for  
2 Malan's money and help, Razuki promised Malan a 25 percent ownership  
3 interest. On information and belief, San Diego Private Investments, LLC holds  
4 record title to the property today, but Malan is still an owner.

5 y. 2319 Westwood St, San Diego CA 92130. This property was purchased using  
6 Malan's assistance in procuring financing, and using Malan's money for the down  
7 payment. In exchange for Malan's money and help, Razuki promised Malan a 25  
8 percent ownership interest. On information and belief, San Diego Private  
9 Investments, LLC holds record title to the property today, but Malan is still an  
10 owner.

11 z. 3892 Z St., San Diego CA 92113. This property was purchased using Malan's  
12 money for the down payment. In exchange for Malan's money, Razuki promised  
13 Malan a 25 percent ownership interest. On information and belief, San Diego  
14 Private Investments, LLC holds record title to the property today, but Malan is  
15 still an owner.

16 aa. 630 2nd Ave., Chula Vista CA 91910. This property was purchased using  
17 Malan's money for the down payment. Malan helped evict the previous owner,  
18 manage the property, and collect rents. In exchange for Malan's money and  
19 services as property manager, Razuki promised Malan an ownership interest in  
20 the real property. On information and belief, San Diego Private Investments, LLC  
21 holds record title to the property today, but Malan is still an owner.

22 bb. 1350 Taft St., Lemon Grove CA 91945. This property was purchased using  
23 Malan's money for the down payment. In exchange for Malan's money, Razuki  
24 promised Malan an ownership interest in the real property. On information and  
25 belief, San Diego Private Investments, LLC holds record title to the property  
26 today, but Malan is still an owner.



1 cc. 9749 Campo Rd. Spring Valley CA 91977. When this real property was  
2 purchased, Malan helped Razuki get approved for a type-21 liquor license in an  
3 area where such licenses are not normally granted. A type-21 liquor license  
4 authorizes the sale of beer, wine and distilled spirits for consumption off the  
5 premises where sold. The licenses are very valuable and difficult to obtain, but  
6 because of Malan's expertise and skills, a license was obtained for this real  
7 property. Malan also obtained financing from the Loan Company to buy this real  
8 property. In exchange for Malan's contributions, Razuki promised Malan a 25  
9 percent ownership interest in the property. On information and belief, Razuki  
10 Investments, LLC holds record title to the property today, but Malan is still an  
11 owner.

12 dd. 110,120, and 130 S. Mollison Ave., El Cajon CA 92020. There is a shopping  
13 center at this property that was built out because of Malan's help. Malan helped  
14 Razuki obtain construction financing at a time when construction loans were  
15 unheard of, and Malan managed the entire project consisting of a complete build-  
16 out of the shopping center. In exchange for Malan's services, Razuki promised  
17 Malan a 25 percent ownership interest in the land and improvements.

18 ee. 1869 Avocado Ave., Vista CA 92083. Malan bought this property for \$278,000  
19 using a line of credit from the Loan Company to American Lending and Holdings,  
20 LLC – Malan's company. Malan owns 25 percent of the real property. On  
21 information and belief, Razuki Investments, LLC holds record title to the property  
22 today, but Malan is still an owner.

23 ff. 592 Lone Oak, Chula Vista CA 91914. This property was purchased using  
24 Malan's money. In fact, Malan's money was necessary to prevent another lender  
25 from foreclosing on the property. In exchange for Malan's money, Razuki  
26 promised Malan a 25 percent ownership in the real property. On information and  
27

1 belief, Lemon Grove Plaza, LP holds record title to the property today, but Malan  
2 is still an owner.

3 gg. 3927 Arey Dr., San Diego CA 92154. This property was purchased using Malan's  
4 money. In fact, Malan's money was used to pay off unpaid bills owed by the  
5 previous owners, saving the property from foreclosure by previous lenders. In  
6 exchange for Malan's money, Razuki promised Malan a 25 percent ownership in  
7 the real property. On information and belief, SH Westpoint Investments Group,  
8 LLC holds record title to the property today, but Malan is still an owner.

9 hh. 6780 Friars Rd Unit 133, San Diego CA 92108. This property was purchased  
10 using Malan's money, and a settlement agreement between Malan and Razuki  
11 confirms that Razuki owes over \$675,000 to Malan related to this property. On  
12 information and belief, SH Westpoint Investments Group, LLC holds record title  
13 to the property today, but Malan is still an owner.

14 ii. 2246 Irving Ave., San Diego CA 92113. This property was purchased using  
15 Malan's money. In fact, Malan's money was used to pay off unpaid bills owed by  
16 the previous owners, saving the property from foreclosure by previous lenders. In  
17 exchange for Malan's money, Razuki promised Malan a 25 percent ownership in  
18 the real property. On information and belief, SH Westpoint Investments Group,  
19 LLC holds record title to the property today, but Malan is still an owner.

20 jj. 13034 Old Barona Rd., Lakeside CA 92040. This property was purchased using  
21 Malan's money. In exchange for Malan's money, Razuki promised Malan a 25  
22 percent ownership in the real property. On information and belief, SH Westpoint  
23 Investments Group, LLC holds record title to the property today, but Malan is still  
24 an owner.

25 kk. 8316 Ora Belle Ln., El Cajon CA 92021. Razuki purchased this property in the  
26 name of his son, Matthew Razuki, but Razuki used Malan's money to buy the  
27 property, including using Malan's money as the down payment. In exchange for

1 Malan's money, Razuki promised Malan an ownership interest in the real  
2 property. On information and belief, Matthew Razuki holds record title to the  
3 property today, but Malan is still an owner.

4 ll. 807 S 33rd St. #11, San Diego CA 92113. Razuki bought this property in the  
5 name of Razuki Investments, LLC using Malan's money. Malan contributed  
6 money to pay the previous owners' unpaid mortgage payment in addition to  
7 contributing money to the purchase price of the property. At a later date, a deed  
8 was executed purporting to transfer title to the property to Salam Razuki. On  
9 information and belief, Salam Razuki holds record title to the property today, but  
10 Malan is still an owner.

11 mm. 2389 Bar Bit Rd., Spring Valley CA 91978. Razuki bought this property  
12 in the name of Razuki Investments, LLC using Malan's money. Malan  
13 contributed money to pay the previous owners' unpaid mortgage payment in  
14 addition to contributing money to the purchase price of the property. On  
15 information and belief, Razuki Investments, LLC holds record title to the property  
16 today, but Malan is still an owner.

17 nn. 1814 Bluehaven Ct., San Diego CA 92154. Razuki bought this property in the  
18 name of Razuki Investments, LLC using Malan's money. Malan contributed  
19 money to pay the previous owners' unpaid mortgage payment in addition to  
20 contributing money to the purchase price of the property. On information and  
21 belief, Razuki Investments, LLC holds record title to the property today, but  
22 Malan is still an owner.

23 oo. 932-938 Gillespie Dr., Spring Valley, CA 91977. Razuki bought this property in  
24 the name of Razuki Investments, LLC using Malan's money. Malan contributed  
25 money to pay the previous owners' unpaid mortgage payment in addition to  
26 contributing money to the purchase price of the property. On information and  
27

1 belief, Razuki Investments, LLC holds record title to the property today, but  
2 Malan is still an owner.

3 pp. Chevron Gas Station located at 1590 S Melrose Dr., Vista CA. In early 2017,  
4 Razuki and Malan entered an agreement under which Malan promised to assist  
5 Razuki in obtaining a liquor license at the Chevron gas station at 1590 S Melrose  
6 Dr. in Vista, CA and the company Melrose Place, Inc., located at 7977 Broadway  
7 in Lemon Grove, CA 91945, and to testify in litigation involving that station. In  
8 exchange for Malan's assistance in that litigation, *Melrose Place, Inc. v. ASN Oil,*  
9 *Inc.*, case 37-2016-00004689-CU-BC-CTL in the Superior Court of San Diego  
10 County ("Melrose Litigation"), Razuki promised to give Malan, immediately after  
11 the judge renders a decision in that case, a 25 percent ownership in Melrose Place,  
12 Inc. and the Chevron gas station, and a 25 percent interest in any leases derived  
13 from either, and a 25 percent interest in the liquor license and all other personal  
14 and real property owned or controlled by those entities. The judge rendered the  
15 decision, so Malan has a 25 percent ownership interest in the gas station, the real  
16 property underneath it, and the Melrose Place, Inc. corporation.

17 48. These real properties identified in the preceding paragraph, all of which are missing from  
18 Razuki's complaint in this action, will be referred to as the "Missing Properties." The  
19 legal descriptions of each of them are attached to this pleading as **Appendix 1**, which is  
20 incorporated by this reference as if fully restated.

21 49. Razuki and Malan intended for the Transfer Agreement to transfer these Missing  
22 Properties to the Holding Company.

23 50. Razuki and Malan intended for the Transfer Agreement to transfer the companies  
24 that own these Missing Properties to the Holding Company. These companies include:

- 25 a. Razuki Investments, LLC
- 26 b. SH Westpoint Investments Group, LLC

- c. San Diego Private Investments, LLC
- d. Lemon Grove Plaza, LP
- e. Sunrise Property Investments, LLC (Razuki's ownership interest)
- f. Super 5 Consulting Group, LLC (Razuki's ownership interest)

51. The companies identified in the preceding paragraph, which Razuki omits from his complaint in this action, will be referred to as "Missing Companies."

52. Malan and/or entities acting at Malan's behest funded, in whole or in part, the purchase of the Missing Properties, even if some of them are held in the name of Razuki or entities controlled by Razuki, such as the Missing Companies. The Missing Properties were purchased with the intent that Malan and/or entities controlled by him would own the Missing Properties in whole or in part. The Missing Properties were purchased as assets of a partnership consisting of Malan and Razuki, and are the property not of Razuki individually, but of the partnership, no matter the name in which title to the Missing Properties is held.

53. San Diego United Holdings Group, LLC ("San Diego United"), owns 7 of about 39 units at the commercial complex where the Balboa Dispensary is located. Not all of those 7 units are involved in active dispensary operations. San Diego United acquired them at different times.

54. Around October 2016, Razuki Investments purchased 8861 Balboa, Suite B from the Melagrano Trust and 8863 Balboa, Suite E from a company named High Sierra, LLC, with Malan and San Diego United owning a partial share of those units. Razuki was the one to fund the majority of the purchase because he had the capital at the time, but the intent of the purchase was for Razuki (and his companies) and Malan (and his company) to jointly own those units. The overall purchase price for the two units was around \$750,000, of which Malan paid two deposits of \$25,000 each to the sellers.

55. After Razuki purchased the 8861 and 8863 Balboa properties, Razuki had attempted to negotiate a deal with a company named San Diego Patients Consumer Cooperative, under which

1 San Diego Patients Consumer Cooperative would operate a marijuana dispensary out of 8861  
2 and 8863 Balboa – a deal which was never completed. Razuki then attempted to find a different  
3 operator for the licensed marijuana dispensary. This task was difficult, in part because the  
4 Balboa Properties are subject to a commercial condominium association (“Association”) that  
5 had consistently objected to the marijuana dispensary. Because of the unresolved issues with the  
6 Association (as defined elsewhere in this cross-complaint), namely its unwillingness to allow the  
7 dispensary to operate, it was considered too speculative of a situation and no one was willing to  
8 commit. Without an operator, the marijuana dispensary could not open and generate business.  
9 Because Malan invested \$50,000 of his own money to help buy the properties, Malan offered to  
10 step up and become the operator. Razuki agreed.

11  
12 56. In January 2017, Malan formed Balboa Ave Cooperative. Malan performed all tasks  
13 associated with forming Balboa and paid for all operational start-up costs, while Razuki paid  
14 nothing and took no steps to establish Balboa.

15 57. After Malan formed Balboa Ave Cooperative and agreed to undertake operations, the  
16 Association reiterated that it had rules forbidding marijuana dispensaries, and its board told  
17 Malan and Razuki that it would enforce those rules by taking steps to legally preclude the  
18 marijuana dispensary from opening. Razuki, knowing it would be very difficult to overcome the  
19 Association’s objections, did not want to deal with the dispute and therefore did not want to deal  
20 with owning the 8861 and 8863 Balboa. Razuki offered to sell the entirety of his interests in the  
21 Balboa Properties to Malan. Razuki said he would indemnify Malan with any past problems  
22 should they arise with San Diego Patients Consumer Cooperative and any other problems with  
23 the Balboa Properties, if Malan agreed to buy out his interest in both Balboa Properties for what  
24 he paid and the Balboa Ave Cooperative business assets at a sale price of approximately \$1.5  
25 million. Thus the combined amount Razuki agreed to sell the real property and the marijuana  
26 dispensary was \$2.25 million.  
27

1 58. Malan signed a promissory note for \$1.5 million to buy the Balboa Dispensary business  
2 operations. Under the terms of the note, payments are deferred until 2020. San Diego United  
3 purchased the buildings through escrow in March 2017.

4 59. Balboa started operating in May 2017. But because the Balboa Dispensary could not get  
5 Association approval, the Association shut it down around August/September 2017.

6 60. The promissory note says that if the Association does not approve the dispensary within  
7 90 days of the note's issuance, Malan does not have to pay back the note. Because the  
8 Association did not grant approval to operate within the first 90 days, the promissory note is  
9 invalid.

10 61. Nevertheless, Razuki filed a lien against the Balboa property. That lien remains in place  
11 today. In a recorded UCC financing statement, Razuki claims a right to "all personal property"  
12 used by Balboa Ave Cooperative in connection with the business at "8863 Balboa Avenue, Unit  
13 E" and "8861 Balboa Avenue, Unit B". These are the addresses of the Balboa Dispensary. The  
14 statement says Balboa Dispensary's property is "collateral for Debtor's performance of a  
15 secured promissory note in favor of" Razuki.

16 62. The UCC financing statement is invalid and should be deemed void because the  
17 promissory note upon which it is based is also void.

18 63. At the time Malan bought the two Balboa units from Razuki, Malan bought them subject  
19 to a \$475,000 loan that Razuki still owed. The \$475,000 loan came due about three months later,  
20 and Malan had to pay it off. Razuki did not pay off that loan – Malan did.

21 64. Around April 2017, Malan began the process of buying an additional five units at the  
22 Balboa complex. Malan spoke with Peter Michelet, who owned the five units at the Balboa  
23 complex. Peter wanted to sell his five units for about \$1.6 million, and Malan agreed to buy  
24 them through San Diego United.  
25  
26  
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1       65. Malan sought a loan from Salas Financial to fund the purchase of Peter Michelet's five  
2 units. Razuki does not appear on those loan documents and did not participate in the transaction.  
3 Escrow closed June 5, 2017, after which those other five units at the Balboa complex belonged  
4 to San Diego United.

5       66. To keep the Balboa properties, San Diego United and Malan must pay mortgage  
6 payments, taxes, insurance payments, and payments to the Association. Razuki does not and  
7 never has paid any of these. The monthly payments for these expenses come from Malan's  
8 money and companies associated with Malan, not from Razuki or his companies.

9       67. In early 2017, Razuki and Malan entered an agreement under which Malan promised to  
10 assist Razuki in litigation involving the Chevron gas station at 1590 S Melrose Dr. in Vista, CA  
11 and the company Melrose Place, Inc., located at 7977 Broadway in Lemon Grove, CA 91945,  
12 and to help obtain a liquor license there. In exchange for Malan's assistance in obtaining a  
13 license and in that litigation, *Melrose Place, Inc. v. ASN Oil, Inc.*, case 37-2016-00004689-CU-  
14 BC-CTL in the Superior Court of San Diego County ("Melrose Litigation"), Razuki promised to  
15 give Malan, immediately after the judge renders a decision in that case, a 25 percent ownership  
16 in Melrose Place, Inc. and the Chevron gas station, and a 25 percent interest in any leases  
17 derived from either, and a 25 percent interest in the liquor license and all other personal and real  
18 property owned or controlled by those entities.

19       68. Judge Joel Wohlfeil issued a statement of decision in the Melrose Litigation on  
20 May 8, 2017, a true and correct copy of which is attached to this cross-complaint as **Exhibit D**.  
21 As shown by the statement of decision, Ninus Malan dutifully (and truthfully) testified in  
22 support of Razuki's company's claim to the Chevron gas station as required by Razuki's  
23 agreement with Malan. He also helped with the liquor license, as requested. Razuki, however,  
24 reneged on his promise to transfer 25 percent of the promised entities and property to Malan,  
25  
26  
27



1 breaching that agreement and causing damages to Malan consisting of at least 25 percent of the  
2 value of the entities and property.

3         69. Razuki also assured Malan that their oral agreement alone, irrespective of the  
4 Transfer Agreement, was sufficient to bind Razuki to transfer the Missing Properties and  
5 businesses to the Holding Company. Razuki promised to transfer his ownership interests in  
6 these additional companies and properties to the Holding Company regardless of what the  
7 written contract said. On information and belief, Razuki was lying when he said this, and  
8 actually had no intent of ever transferring anything to the Holding Company or to Malan, but  
9 Malan was not aware of this at the time Razuki made the statements.

10         70. Just minutes before Razuki and Malan signed the Transfer Agreement in  
11 November 2017, Razuki had called Malan into an office with a lawyer named Rick Aljabi  
12 (spelling approximate). Razuki and Aljabi knew that Malan was represented at the time by  
13 attorneys Tamara Leetham and Gina Austin, but they insisted on speaking to Malan about the  
14 Transfer Agreement without Leetham or Austin in the room and without giving Malan a chance  
15 to speak to his attorneys. Aljabi and Razuki insisted that the agreement they set before Malan  
16 would do what Razuki and Malan had talked about: It would combine dozens of real properties  
17 and businesses into a holding company. Aljabi told Malan that the agreement encompassed all  
18 the businesses and properties Razuki and Malan had worked on together. Aljabi said any  
19 omissions in the Transfer Agreement were immaterial and would be corrected after it was  
20 signed, but it was important that Malan sign it immediately. Aljabi and Razuki pressured Malan  
21 into signing it; Razuki told Malan that Razuki's partners at Sunrise wanted it signed  
22 immediately, and the failure to sign it immediately could jeopardize the entire arrangement.

23         71. Based on their long history of working together, the trust Malan held in Razuki,  
24 the supposed urgency conveyed by Razuki and the attorney, and the coercive influence of a  
25 licensed attorney who Malan believed to be working in his interests, Malan believed Razuki  
26  
27

1 and, relying on Razuki's promise, signed the agreement without carefully reading it and without  
2 having a chance to speak with Malan's own attorneys about it.

3 72. After signing the Transfer Agreement, Malan periodically reminded Razuki of  
4 Razuki's promise to transfer the other properties and businesses into the Holding Company. In  
5 or around January or February 2018, Malan again reminded Razuki of his promise to transfer his  
6 ownership in additional companies to the Holding Company. Razuki said he had changed his  
7 mind about the entire Transfer Agreement and preferred that each of them keep their respective  
8 existing ownership interests separately without transferring them to the Holding Company.

9 73. On information and belief, Razuki said he "changed his mind" because he  
10 believed owning the Roselle, Mira Este, and Balboa properties would be considerably more  
11 work with lower rewards than owning the Sunrise and Super 5 entities, not to mention the real  
12 properties and businesses listed earlier in this cross-complaint. For the same reason, Razuki  
13 neglected to include Sunrise and Super 5 in this lawsuit. In January 2018, for example, the  
14 Sunrise dispensary began selling marijuana recreationally. As of January 2018, on information  
15 and belief, it was earning more than \$1 million per month in sales or profits. Razuki thought he  
16 did not need the Balboa property, and he certainly did not need Mira Este or Roselle, neither of  
17 which was doing any marijuana-related business at the time. He preferred the immediate  
18 rewards of Sunrise to a speculative investment in new businesses that required real work to get  
19 off the ground.

20 74. Alternatively, based on Razuki's complete failure to transfer any properties to the  
21 Holding Company, his refusal to participate in the accounting process, and his use of an attorney  
22 to pressure Malan into signing the Transfer Agreement without reading it, cross-complainants  
23 are informed and believe that Razuki intentionally lied to Malan in November 2017 when  
24 Razuki promised to transfer multiple businesses and real properties to the Holding Company.  
25 Razuki intended for Malan to rely on these false statements to his detriment. Razuki intended to  
26  
27

1 deprive Malan of his right to sue Razuki and to deprive Malan of Malan's own property rights in  
2 the operations of the businesses and properties involved in this lawsuit. Malan did indeed rely  
3 on the statements to his detriment, as Malan did not sue Razuki in November 2017 and signed  
4 the Transfer Agreement – albeit under the coercive, undue influence of Razuki and his attorney,  
5 as explained above.

6         75. In January or February 2018, at Razuki's suggestion, Malan and Razuki mutually  
7 rescinded or canceled the Transfer Agreement and any oral agreements that had been  
8 incorporated into it, and they agreed that neither of them considered the Transfer Agreement or  
9 the oral agreements a valid contract any more.

10         76. Even if the Transfer Agreement had not been rescinded and canceled, though, the  
11 Transfer Agreement is unenforceable because it is vague and ambiguous. Specifically, it says  
12 that "Razuki is entitled to a seventy-five percent...interest in the capital, profits, and losses of  
13 each Partnership Asset," yet "no Party is entitled to receive any profits whatsoever until [and]  
14 unless the Parties have first been repaid their investment in full."

- 15
- 16         a. The Transfer Agreement does not say what the parties' respective "investments"  
17 consist of. It does not say what those "investments" were in. It does not say  
18 whether the "investment" refers to a party's contribution of start-up capital to a  
19 particular company, or a party's overall contribution of capital to the group of  
20 companies, or whether it includes labor and services as well as cash, or if it  
21 includes a party's contribution of good will or business relationships, or anything  
22 else. The phrase "investment in full" is so ambiguous and vague that it could  
23 mean almost anything. It renders the contract unenforceable because it is  
24 meaningless and not capable of determination with reasonable certainty.
- 25         b. The clause stating that "no Party is entitled to receive any profits...unless the  
26 Parties have first been repaid their investment in full" is internally contradictory,  
27

1 and thus meaningless. If a party cannot receive profits from a business, he can  
2 never be repaid his investment, because the “repayment” must come from profits;  
3 it is impossible to use *losses* to repay someone. If a party cannot be repaid from  
4 profits, but he is simultaneously banned from receiving any profits until he is  
5 repaid, then he can never be repaid and never receive profits – despite having a  
6 “75%...interest in the capital, profits, and losses.” The clause is impossible to  
7 decipher, rendering the entire contract void.

8  
9 77. The Transfer Agreement is vague and unenforceable because it is missing material  
10 terms. It states that “The Parties agree to work in good faith to calculate each of their respective  
11 cash investment amounts” and “shall execute an amendment or exhibit to this Agreement to  
12 memorialize the same”. The parties were not finished negotiating; the Transfer Agreement is  
13 merely preliminary, and not binding on anyone until the parties “execute an amendment” to the  
14 Transfer Agreement.

15 78. The Transfer Agreement is unenforceable because it has an illegal object and affects the  
16 rights of third parties without notice to them.

- 17 a. “No principle of law is better settled than that a party to an illegal contract cannot  
18 come into a court of law and ask to have his illegal objects carried out.” *Yoo v.*  
19 *Jho* (2007) 147 Cal.App.4th 1249, 1251. When “the evidence establishe[s] both  
20 parties entered into the business purchase agreement with the knowledge that the  
21 business was substantially involved in the sale of [illegal] goods, and buyer  
22 specifically intended to continue selling such merchandise after taking over the  
23 business,” courts will not enforce the contract. *Id.* at 1255.
- 24 b. The Transfer Agreement states that its purpose is to coordinate the revenue from  
25 businesses that sell marijuana. Civil Code section 1608 provides: “If any part of a  
26 single consideration for one or more objects, or of several considerations for a  
27

1 single object, is unlawful, the entire contract is void.” See, e.g., *Bovard v.*  
2 *American Horse Enterprises, Inc.*, supra, 201 Cal.App.3d at p. 838, 247 Cal.Rptr.  
3 340.); *Yoo v. Jho* (2007) 147 Cal.App.4th 1249, 1255. The sale, manufacture,  
4 distribution, and possession of marijuana is illegal under federal law. Here,  
5 irrespective of whether marijuana sales accounted for .01% or 100% of sales  
6 receipts from the businesses in the written Transfer Agreement or the parties’  
7 oral agreement, the businesses were substantially involved in the sale of federally  
8 unlawful goods, rendering the object of the Transfer Agreement and the oral  
9 agreement illegal.

10  
11 79. The Transfer Agreement is unenforceable because performance is impossible. If  
12 Razuki does not own the companies and real property he said he owns, he cannot perform his  
13 duties under the Transfer Agreement.

14 80. The Transfer Agreement is unenforceable because it violates the statute of frauds.  
15 It incorporates by reference an oral agreement to transfer Razuki’s purported ownership of real  
16 property, an agreement that is unenforceable unless in writing.

17 81. The Transfer Agreement is void for failure of consideration. On information and  
18 belief, the consideration offered by Razuki, his promise to transfer his purported ownership in  
19 Sunrise and Super 5 and the real properties mentioned in this cross-complaint, is illusory.  
20 Razuki does not own Sunrise and Super 5 or at least some of the real properties, so the  
21 consideration he offered does not actually exist. Without an exchange of bargained-for  
22 consideration, the Transfer Agreement is void.

23 82. In the alternative, if the Transfer Agreement is enforceable, Malan is excused  
24 from performing because Razuki materially breached the contract:

- 25 a. Razuki did not transfer his ownership interests in Sunrise or Super 5 to the  
26 Holding Company.  
27

- 1 b. Razuki did not participate in good faith in performing an accounting of the  
2 parties' respective investments, as required by the Transfer Agreement.
- 3 c. Razuki did not capitalize the Holding Company and failed to pay \$750 to it as  
4 required by the Transfer Agreement.
- 5 d. Razuki did not "effectuate the transfer of the Partnership Assets to the [Holding]  
6 Company within thirty (30) days," as required by section 2.1 of the Transfer  
7 Agreement.
- 8 e. Razuki did not "execute any and all further documents as may be necessary to  
9 carry out" the transfer described in section 2.1 of the Transfer Agreement.
- 10 f. Razuki did not "work in good faith to calculate...their respective cash investment  
11 amounts in the Partnership Assets within thirty (30) days", as required by section  
12 2.2 of the Transfer Agreement.
- 13 g. Razuki did not "execute an amendment or exhibit to" the Transfer Agreement to  
14 "memorialize" the calculation of the parties' "respective cash investment  
15 amounts", as required by section 2.2 of the Transfer Agreement.
- 16 h. Razuki violated the non-disparagement clause. He told multiple third parties,  
17 including SoCal, that (a) Malan was not the owner of the entities described in the  
18 Transfer Agreement, (b) Malan was untrustworthy, and (c) that they should not  
19 do business with Malan. This violated section 3.4 of the Transfer Agreement, in  
20 which Razuki agreed "not to make any statement or take any action, directly or  
21 indirectly, that harms, or could harm, [Malan's] business interests, reputation or  
22 good will, including any statements that may be made to any past, current, or  
23 prospective employees, vendors, or any other third parties whatsoever," and to  
24 not make any statements, written or oral, which disparage the other. Razuki's  
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1           disparaging statements damaged Malan by inducing SoCal not to make payments  
2           due to Malan and his companies.

3           83.     After mutually canceling the Transfer Agreement and the related oral agreements,  
4 Razuki began a campaign to destroy Malan's business interests.

5           84.     Specifically, on information and belief, Razuki reached out to SoCal and falsely  
6 told SoCal that Malan did not have an ownership interest in the various dispensaries and  
7 businesses which SoCal had been hired to operate. Razuki falsely told SoCal that SoCal did not  
8 need to make payments due under its management agreements for those companies. Razuki told  
9 SoCal that Malan was lying to SoCal about his ownership interests, and asked SoCal to breach  
10 its contracts with Malan and his companies by ceasing payments due under its agreements.

11           85.     These disparaging statements violate section 3.4 of the Transfer Agreement.

12           86.     On information and belief, Razuki told SoCal that he would soon gain control of  
13 Malan's businesses, and promised SoCal that if it helped Razuki gain control of the businesses,  
14 Razuki would continue to hire SoCal.

15           87.     By making these statements, Razuki intentionally sought to damage the business  
16 and contractual relationship between SoCal and Malan, and between SoCal and the other entities  
17 controlled by Malan with whom SoCal had contractual relationships.

18           88.     Razuki's disparaging and false statements to SoCal did in fact interfere with these  
19 existing contractual relationships. He convinced SoCal to stop making payments required under  
20 its management agreements.

21           89.     Those management agreements include:

- 22           a.     An agreement between SoCal Building Ventures, LLC as "manager" and  
23 California Cannabis Group, Devilish Delights, Inc., Mira Este Properties, LLC,  
24 Chris Hakim, and Ninus Malan, dated January 2, 2018, a true and correct copy of  
25 which is attached as **Exhibit M** to this pleading ("Mira Este Management  
26  
27

1 Agreement"). The Mira Este Management Agreement required SoCal to manage  
2 what would become a marijuana manufacturing facility at 9212 Mira Este Court,  
3 San Diego, CA 92126 ("Mira Este Facility").

4 b. An agreement between SoCal Building Ventures, LLC as "manager" and Balboa  
5 Ave Cooperative, San Diego United Holdings Group, LLC, Monarch  
6 Management Consulting, Inc., Chris Hakim, and Ninus Malan, dated January 2,  
7 2018, a true and correct copy of which is attached as **Exhibit N** to this pleading  
8 ("Balboa Management Agreement"). The Balboa Management Agreement  
9 requires SoCal to manage the marijuana dispensary operating at 8863 Balboa  
10 Ave., San Diego, CA ("Balboa Dispensary").

11 c. An agreement between SoCal Building Ventures, LLC as "manager" and Roselle  
12 Properties, LLC, Chris Hakim, and Ninus Malan, dated January 2, 2018, a true  
13 and correct copy of which is attached as **Exhibit O** to this pleading ("Roselle  
14 Management Agreement"). The Roselle Management Agreement required SoCal  
15 to manage real property located at 10685 Roselle Street, San Diego, CA 92121  
16 ("Roselle Facility").

17 90. After SoCal was hired to manage Mira Este, Balboa, and Roselle, SoCal soon  
18 began breaching the respective management agreements.

19 91. For example, the Balboa Dispensary is subject to a settlement agreement with the  
20 Montgomery Field Business Condominiums Association ("Association"), a commercial owners'  
21 association which governs the Balboa Facility. The Association's rules ban marijuana  
22 dispensaries, among other things. The Association sued San Diego United Holdings Group, LLC  
23 and Malan, among others, in 2017, alleging the sale of marijuana at the Balboa Facility. The  
24 parties eventually settled the dispute. A true and correct copy of the settlement agreement with  
25 the Association is attached as **Exhibit P**.  
26  
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1       92.       Settling the dispute with the Association required Ninus Malan to personally pay  
2 \$142,572 in damages and attorney fees to the Association. Malan timely paid that amount.

3       93.       Under the settlement, the Association granted a special use variance allowing the  
4 Balboa Dispensary to continue operating despite the Association policy banning marijuana  
5 activities. The settlement and variance are contingent on the Balboa Dispensary regularly paying  
6 fees to the Association, hiring security guards, maintaining and complying with the conditions  
7 of its conditional use permit from the City of San Diego, paying for the Association's insurance,  
8 keeping the area clean, avoiding city code violations, and complying with the conditional use  
9 permit requirements, among other terms.

10       94.       If the Balboa Dispensary does not strictly comply with the settlement, the terms  
11 of the special use variance, or the conditional use permit, the settlement authorizes the  
12 Association to revoke the use variance.

13       95.       Section 2.2 of the settlement with the Association says the Association will  
14 revoke the variance "upon sale or transfer of" San Diego United or the Balboa Dispensary. At  
15 the time the settlement was signed, Malan owned and controlled 100 percent of San Diego  
16 United and had ultimate authority over the Balboa Ave Cooperative's dispensary.

17       96. Section 2 of the Balboa Management Agreement requires SoCal to provide services  
18 necessary and appropriate for day-to-day administration and management of the marijuana  
19 dispensary and consistent with good business practices, including hiring competent personnel,  
20 complying with state and local laws, using proper accounting procedures, keeping books and  
21 records, and providing Balboa Ave Cooperative and San Diego United Holdings Group with  
22 timely operating reports on a quarterly basis.

23       97. The Mira Este Management Agreement and Roselle Management Agreement contain  
24 similar provisions requiring SoCal to act professionally and comply with local and state laws.  
25  
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1 98. On information and belief, SoCal's employees did not undergo timely criminal  
2 background checks as SoCal had promised.

3 99. SoCal's employees stole marijuana from the dispensary and consumed it themselves.

4 100. SoCal's employees smoked marijuana on the dispensary's premises, which is  
5 illegal, a violation of the conditional use permit, and a violation of the settlement with the  
6 Association.

7 101. SoCal's record-keeping was substandard, and they "lost" a lot of inventory – i.e.  
8 marijuana. According to state regulations, if there's greater than a 5% discrepancy in a  
9 dispensary's inventory, that's grounds for revoking the dispensary's ability to operate. SoCal's  
10 inventory counts had discrepancies of up to 50%. This jeopardizes the Balboa Dispensary's  
11 license to operate.

12 102. SoCal did not pay their employees correctly, violating state law. They did not  
13 maintain formal records of employee work hours; they used Post-It Notes. According to those  
14 Post-It Notes, several employees were working more than eight hours in a day, entitling them to  
15 overtime pay, but there are no records showing they were paid overtime, or that SoCal complied  
16 with other Labor Code provisions, including withholding requirements and providing pay period  
17 statements.

18 103. SoCal did not make insurance payments on time to the Association, violating the  
19 settlement agreement with the Association. This breach of the settlement agreement jeopardizes  
20 the variance from the Association, which can be revoked if insurance payments are not timely  
21 made.

22 104. On information and belief, SoCal did not maintain adequate insurance to cover its  
23 activities at any of the premises where it served as manager.

24 105. SoCal violated the San Diego City Code by not having security guards as  
25 required by law, at times having only one security guard on duty, using security guards as  
26  
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1 receptionists when the law requires them to secure the facility and do no other work, using the  
2 garage at 8861 Balboa Ave. to store marijuana instead of using it for its sole legal purpose  
3 (namely, storing cars), and lacking an armed guard.

4 106. The City of San Diego issued a notice on June 7, 2018, describing some of the  
5 code violations at the Balboa Dispensary that existed during SoCal's management. These  
6 violations put the Association variance at risk because the HOA can revoke the variance if the  
7 dispensary violates the Municipal Code, and it jeopardizes the dispensary's license because the  
8 State of California will not allow a marijuana dispensary to operate in violation of local  
9 ordinances. The code violation could destroy the entire business.

10 107. SoCal hired a security guard named Jorge Emilio Aguilar, who owns a company  
11 called Archstone International, to work at the Balboa Dispensary. At the time SoCal employed  
12 him, there was a criminal case pending against Aguilar (Case M238783 in San Diego Superior  
13 Court), and the court had issued a warrant for Aguilar's arrest.

14 108. According to the State of California's online records, Aguilar's license to carry a  
15 firearm expired June 30, 2017.

16 109. According to the State of California's online records, Aguilar's license to act as a  
17 private security officer was canceled on July 31, 2017.

18 110. By employing a wanted criminal whose license to carry a firearm has been  
19 revoked, SoCal has violated the terms of the conditional use permit and the settlement with the  
20 Association; both the settlement and the conditional use permit require licensed, bonded,  
21 professional security guards to protect the dispensaries, and those guards must be capable of  
22 legally carrying a weapon. Aguilar is not such a person.

23 111. SoCal failed to implement accounting procedures and failed to present quarterly  
24 reports for periods ending March 2018 and June 2018.  
25  
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1       112.       SoCal failed to produce employment/independent contractor agreements, failed  
2 to produce copies of tax returns and EDD filings, failed to produce financial statements for the  
3 Balboa Dispensary, and failed to keep detailed check registers and accounting journals  
4 chronicling Balboa Dispensary's financial transactions.

5       113.       SoCal disclosed confidential information about the Mira Este Facility, Roselle  
6 Facility, and Balboa Dispensary to Razuki, a man who was prosecuted and convicted for  
7 violating laws governing the conduct of landlords of real property, and who was under a court  
8 order not to engage in any unlicensed marijuana businesses in San Diego. SoCal knew or should  
9 have known that disclosing confidential information to such a person would harm cross-  
10 complainant and his companies by exposing them to significant liability.

11       114.       On information and belief, SoCal promised Razuki they would intentionally  
12 withhold payments due under the Mira Este Management Agreement, which would cause Mira  
13 Este Properties, LLC to default on a loan. They withheld payments on the Mira Este loan for at  
14 least two months, accumulating an overdue balance of approximately \$317,848.

15       115.       SoCal employee Dan Spillane told employees at the Mira Este Facility that he  
16 and Socal were conspiring with Razuki to hijack the companies and businesses operating at the  
17 Mira Este Facility, Roselle Facility, and Balboa Dispensary. They would accomplish this,  
18 Spillane said, by filing this very lawsuit, in which they would falsely claim that Razuki owned  
19 the businesses.  
20

21       116.       On information and belief, SoCal intended to use Razuki's false claims of  
22 ownership as an excuse to stop making payments to the businesses' true owners, including  
23 Malan, Hakim, and the defendants in this lawsuit. Malan learned of this scheme from SoCal's  
24 own employees on July 2<sup>nd</sup> and 3<sup>rd</sup>, 2018.

25       117.       The City of San Diego began conducting an audit of the Balboa Dispensary using  
26 a company called MGO. MGO demanded documents that SoCal has failed to provide despite  
27

1 having a duty to provide, including a business license, copies of written policies governing  
2 security procedures and security guards, the names of the bookkeeper/accountant/tax preparer,  
3 an organizational chart with names of all employees, a copy of the security guard company's  
4 license, sales details, names of customers, names of vendors, and other information.

5 118. In sum, SoCal's employees drank alcohol and smoked marijuana on the job –  
6 marijuana they stole from the Balboa Dispensary – and they stopped making payments required  
7 by the conditional use permit and the settlement with the Association, among other failures. By  
8 June 2018, they were more than \$500,000 behind on payments, jeopardizing Balboa's permit  
9 and its variance from the HOA. They did not have two armed guards, they left trash all over the  
10 property, and the City of San Diego issued code enforcement violation notices. One of the  
11 guards they hired had a warrant out for his arrest.

12 119. Malan gave SoCal 25 days' notice to cure defaults, as required by the  
13 management agreements. SoCal did not cure its defaults, so Malan fired them and replaced them  
14 with a new, competent management company.

15 120. After they were fired, SoCal and Razuki tried to retake the properties through  
16 deception and forgery.

17 121. On July 13, 2018, SoCal's employee Dan Spillane showed up at the Mira Este  
18 Facility with a forged lease purporting to give him access to the building. He was accompanied  
19 by another man who falsely claimed to be the owner of the building, and who said he was in  
20 charge of Sunrise Properties, LLC, a company which Razuki claims to own. Together they tried  
21 to gain access to the building. The police were called. Spillane and the fake owner tried to  
22 convince the police that they owned the building. The police did not believe them. The police  
23 were shown the real deed to the building, and the police removed Spillane and the other fake  
24 owner.  
25  
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1       122.       As the police escorted Spillane from the premises, SoCal employee Spillane  
2 called out to Ninus Malan, “Salam says hello!” This was a reference to Salam Razuki, the  
3 plaintiff in this action, and shows that Razuki and SoCal were conspiring to take over the Balboa  
4 Dispensary, Mira Este Facility, Roselle Facility, and related businesses.

5       123.       In his declaration in support of his application for a receiver in this lawsuit,  
6 Plaintiff Razuki said he owns Sunrise Properties, LLC – the same company SoCal employee  
7 Spillane pretended to own when he tried to trick the police into giving him possession of the  
8 Mira Este Facility.

9       124.       In addition, on July 13<sup>th</sup>, Jorge Emilio Aguilar showed up to Mira Este location.  
10 Mira Este employees called the police. Aguilar – who had an outstanding warrant for his arrest –  
11 claimed *he* was the owner of the Mira Este Facility, holding forged documents. The police did  
12 not believe his forged documents either, and he was told to leave.

13       125.       Plaintiff Razuki had falsely told SoCal Building Ventures, LLC that he owned  
14 some interest in the Balboa Properties, the Balboa Dispensary, and other businesses and  
15 properties he does not actually own. Because Razuki refused to stop telling people he owned the  
16 properties, San Diego United was forced to forced to spend money to file an action to quiet title  
17 against Razuki and Razuki Investments, LLC.

18       126.       The natural and probable consequence of Razuki intentionally interfering with  
19 cross-complainants’ contractual relationship with SoCal was that cross-complainants would  
20 have to spend money hiring a new manager, suffering the damages of SoCal withholding money  
21 owed to cross-complainants, and cross-complainants spending attorney fees to clear title to the  
22 various properties involved in this litigation and to defend against spurious claims by SoCal and  
23 Razuki. Cross-complainants are entitled to recover compensation for the reasonably necessary  
24 loss of time, attorney’s fees, and other expenditures suffered or incurred because of Razuki’s  
25  
26  
27

1 wrongful acts. *Prentice v. North Am. Title Guaranty Corp., Alameda Division* (1963) 59 Cal.2d  
2 618, 620.

3 127. The natural and probable consequence of SoCal breaching its duties to act  
4 competently and professionally and breaching its duty to make payments due was that cross-  
5 complainants would have to spend money hiring a new manager, suffering the damages of  
6 SoCal withholding money owed to cross-complainants, and cross-complainants spending  
7 attorney fees to clear title to the various properties involved in this litigation and to defend  
8 against spurious claims by SoCal and Razuki. Cross-complainants are entitled to recover  
9 compensation for the reasonably necessary loss of time, attorney's fees, and other expenditures  
10 suffered or incurred because of SoCal's wrongful acts. *Prentice v. North Am. Title Guaranty*  
11 *Corp., Alameda Division* (1963) 59 Cal.2d 618, 620.

12  
13 128. SoCal complains in this lawsuit that they have an option to acquire some portion  
14 of the Mira Este Facility under the Mira Este Management Agreement, but this is false. That  
15 option was only valid if SoCal paid an option fee by the deadline stated in the agreement, and  
16 SoCal never paid the option fee before the deadline. SoCal therefore does not have an option to  
17 acquire the Mira Este Facility, despite what SoCal alleges in its complaint.

18 129. SoCal complains in this lawsuit that they have an option to acquire some portion  
19 of the Roselle Facility under the Roselle Management Agreement, but this is false. That option  
20 was only valid if SoCal paid an option fee by the deadline stated in the agreement, and SoCal  
21 never paid the option fee before the deadline. SoCal therefore does not have an option to acquire  
22 the Roselle Facility, despite what SoCal alleges in its complaint.

23 130. SoCal complains in this lawsuit that they have an option to acquire some portion  
24 of the Balboa Dispensary under the Balboa Management Agreement, but this is false. Although  
25 SoCal did pay the option fee under the Balboa Management Agreement, SoCal had to exercise  
26 that option by paying more than \$3 million before the end of June 2018. SoCal did not exercise  
27

1 the option, so that option expired according to the terms of the agreement. SoCal therefore does  
2 not have an option to acquire the Balboa Dispensary, despite what SoCal alleges in its  
3 complaint.

4 131. In July 2018, a receiver was appointed over some of the cross-complainants and  
5 their property. The receiver hired SoCal to manage the Balboa Dispensary, Mira Este Facility,  
6 and Roselle Facility.

7 132. As before, SoCal was incompetent. They used Aguilar, a wanted criminal, to  
8 guard the Balboa Dispensary. They failed to maintain records and accounting. They failed to  
9 account for inventory, and their "counts" of the inventory did not match the actual inventory.  
10 They did not have guards at the front door of the Balboa Dispensary at all times. They failed to  
11 make payments due to the Association and failed to make other payments due under their  
12 management agreements.

13 133. On information and belief, when SoCal was re-appointed, they withheld money  
14 owed to cross-complainants, and transferred money that they had previously withheld to  
15 themselves and their co-conspirators, Roes 1-50.

16 134. The receiver was removed at the end of July 2018. For a brief period, cross-  
17 complainants had the ability to go into their businesses and examine what SoCal had taken. It  
18 was discovered that approximately \$57,122.96 of inventory had been removed without any  
19 discernible reason during SoCal's second tenure as manager of the Balboa Dispensary. It was  
20 also discovered that approximately \$23,000 of inventory was in the Balboa Dispensary that  
21 SoCal neglected to list in the database system where such inventory is supposed to be listed.

22 135. Failure to account for all inventory that comes into and out of a dispensary is a  
23 violation of the rules and regulations that govern a dispensary and could cause Balboa to lose its  
24 license. The Bureau of Cannabis Control ("BCC") requires a reconciliation of physical inventory  
25 with track-and-trace at least every 14 days. (Cal. Code Regs. §5049.) The fines for violations  
26  
27



1 range from \$1,000 to \$144,000 and may include a revocation of the permit or a suspension of  
2 activity for up to 45 days. (Cal. Code Reg. §5814.)

3 136. On information and belief, SoCal unlawfully took personal property and money  
4 from the Balboa Dispensary, Mira Este Facility, and Roselle Facility and did not return it,  
5 instead converting it to their own use and benefit.

6 137. By alleging these compulsory cross-claims against SoCal, cross-complainants do  
7 not intend to waive their right to mediate and arbitrate their disputes with SoCal as required by  
8 section 9.3 of the three management agreements. However, because SoCal breached the  
9 agreements by asserting its claims in a lawsuit rather than mediating and arbitration, cross-  
10 complainants are forced to file this cross-complaint to preserve their causes of action. Cross-  
11 complainants intend to file a motion to compel arbitration/mediation of the disputes with SoCal,  
12 after those claims have been severed from the remainder of this lawsuit.

13 138. Cross-complainants incorporate by reference the previous paragraphs of this  
14 cross-complaint into each of the following causes of action as if those paragraphs were fully  
15 restated.  
16

17 **Cause of Action 1**

18 **Declaratory Relief**

19 **By Malan against all cross-defendants**

20 139. Malan and Razuki acquired property, including the companies and real property  
21 described elsewhere in this pleading, together as business partners, and thus formed a  
22 partnership.

23 140. "Property acquired by a partnership is property of the partnership and not of the  
24 partners individually." Corp. Code §16203.

25 141. "Partners may use and possess partnership property on the partnership's behalf."  
26 Corp. Code §16401(g).  
27

**Cross-Complaint**

1 142. An action for damages is appropriate when a partner's "tort is of such a nature  
2 that it not only terminates the partnership but wrongfully destroys it, and where the  
3 erring partner converts to his own use its entire assets." *Laughlin v. Haberfelde* (1946)  
4 72 Cal. App. 2d 780, 788.

5 143. "It is also proper to combine an action at law with an accounting and dissolution  
6 of the partnership, when circumstances require, in order to afford full and adequate relief  
7 to the parties." *Prince v. Hartin* (1960) 177 Cal. App. 2d 720, 736-737.

8 144. An actual controversy exists between the parties concerning the legal ownership  
9 of the Missing Properties and Missing Companies and Malan's entitlement to  
10 compensation from Razuki for services rendered for Razuki's benefit.

11 145. An actual controversy has now arisen and now exists between Razuki and Malan  
12 concerning their respective rights and duties, in that Malan contends he is entitled to an  
13 interest according to proof in all assets, earnings, and property obtained and earned by  
14 Razuki and Malan during their partnership in furtherance of the partnership's business,  
15 including those derived from the Missing Properties and Missing Companies, whereas  
16 Razuki, on information and belief, disputes these contentions and contends that Malan is  
17 not entitled to such interest. Malan desires a judicial determination of his rights and  
18 duties, and a declaration concerning the nature and extent of Malan's share in the  
19 aforementioned acquired assets, earnings, and property.

20 146. An actual controversy has arisen and now exists between Malan and Razuki in  
21 that Malan contends, and Razuki denies, that either (1) the property, both real and  
22 personal, is owned by the partnership and is thus a partnership asset; or that (2) Razuki  
23 and/or his companies have only legal title to the properties, but the partnership and/or  
24 Malan has equitable title to the Property, and Razuki and/or his companies and co-  
25 conspirators are holding the Property in trust for the benefit of the partnership or for  
26 Malan.  
27

1 147. Plaintiff Malan is entitled to a declaration that he is the legal owner of no less  
2 than 50 percent of the partnership's assets, including each of the Missing Properties and  
3 the Missing Companies.

4 148. Malan is entitled to a declaration that Razuki wrongfully dissociated Malan from  
5 the partnership by wrongfully seizing control of RM Property Holdings, LLC and the  
6 Missing Properties and Missing Companies, excluding Malan from the partnership's  
7 properties and businesses, including cutting off Malan's access to checking accounts,  
8 books, and records, and therefore caused damages to Malan in an amount to be proven at  
9 trial.

10 149. Malan is entitled to declaratory relief on each of the causes of action stated in this  
11 pleading, in a form sufficient to vindicate Malan's rights and compensate Malan for  
12 damages incurred and ensure title to the Missing Properties and Missing Companies is  
13 restored to the partnership or to Malan, but not to Razuki.

14 150. Malan is entitled to a declaration that Razuki owes Malan reasonable  
15 compensation for services rendered during their partnership in an amount to be proven at  
16 trial.

17 151. Malan is also entitled to declaratory relief that:

- 18 a. the Transfer Agreement is void and unenforceable, or alternatively, has been  
19 rescinded and canceled.
- 20 b. RM Property Holdings, LLC should be dissolved.
- 21 c. Malan has an ownership interest in the Missing Properties.
- 22 d. Other declaratory relief as requested throughout this pleading.

23 152. Cross-complainants and SoCal dispute their duties under the respective  
24 management agreements. SoCal contends it owns an option to acquire ownership in the  
25 Mira Este Facility, Balboa Dispensary, and Roselle Facility, while cross-complainants  
26 dispute this and contend the opposite.

27 153. SoCal did not exercise its options, so its options expire. Cross-complainants ask  
for a declaration that SoCal's options have expired.

1 154. SoCal also contends that it cannot be fired from its management duties unless the  
2 parties first go to mediation and arbitration, while cross-complainants contend that the  
3 management agreements allow cross-complainants to terminate SoCal with 25 days'  
4 notice if SoCal does not cure its defaults. SoCal was given 25 days' notice and failed to  
5 cure, so cross-complainants are entitled to a declaration that SoCal was terminated using  
6 the proper procedure specified in the management agreements.

7 155. The acts and omissions described were the proximate cause of damages to cross-  
8 complainants.

### 9 **Cause of Action 2**

#### 10 **Reformation of Contract**

#### 11 **By Malan against Razuki, Roes 1-50**

12 156. This cause of action is pleaded in the alternative to the cause of action for  
13 declaratory relief and any others which are inconsistent with it.

14 157. As a result of mistake, failure of consideration, fraud, duress, and undue  
15 influence, Malan signed the Transfer Agreement even though it did not reflect the terms  
16 upon which the parties had agreed.

17 158. The Transfer Agreement should be reformed so that Razuki is obligated to  
18 transfer his ownership interest in the Missing Properties and Missing Companies to the  
19 Holding Company.

20 159. The acts and omissions described were the proximate cause of damages to cross-  
21 complainants.

### 22 **Cause of Action 3**

#### 23 **Rescission of Contract**

#### 24 **By Malan against Razuki, Roes 1-50**

25 160. A contract can be rescinded when procured by undue influence, fraud, or when  
26 the object of the contract is illegal.  
27

### **Cross-Complaint**

1 161. The Transfer Agreement was procured by the undue influence of Razuki's  
2 attorney, who forced Malan to sign the contract and impressed upon him the need to sign  
3 it urgently, without reading it.

4 162. The Transfer Agreement was procured by fraud because Razuki and his attorney  
5 promised Malan that the Missing Properties and Missing Companies were or would be  
6 included in the Transfer Agreement, when this was actually false.

7 163. The object of the Transfer Agreement was illegal when it was signed because it  
8 distributes proceeds from the sale of a substance banned by the federal Controlled  
9 Substances Act.

10 164. Malan seeks a declaration rescinding the Transfer Agreement.

11 165. The acts and omissions described were the proximate cause of damages to cross-  
12 complainants.

#### 13 Cause of Action 4

#### 14 Breach of Contract – Transfer Agreement

#### 15 By Malan against Razuki, Roes 1-50

16 166. Malan was excused from performing under the Transfer Agreement because of  
17 Razuki's material breaches.

18 167. Razuki breached the Transfer Agreement by making disparaging comments about  
19 Malan to SoCal and other third parties, as described in this pleading.

20 168. Razuki breached the Transfer Agreement by failing to perform an accounting  
21 within 30 days.

22 169. Razuki breached the Transfer Agreement by failing to transfer his ownership  
23 interest in Sunrise and Super 5 to the Holding Company.

24 170. Razuki breached the Transfer Agreement by violating its confidentiality  
25 provisions, telling SoCal and other third parties about its terms without Malan's  
26 permission.  
27

#### Cross-Complaint

1 171. Razuki breached the Transfer Agreement in the other ways shown by the facts  
2 alleged in this pleading.

3 172. The acts and omissions described were the proximate cause of damages to cross-  
4 complainants.

### 5 Cause of Action 5

#### 6 Breach of Contract – Balboa Management Agreement

7 By Malan, Balboa Ave Cooperative, San Diego United Holdings Group, LLC, and  
8 Monarch Management Consulting, Inc. against SoCal, Roes 1-50

9 173. SoCal breached the Balboa Management Agreement by drinking alcohol on the  
10 job, consuming marijuana at the Balboa Dispensary or allowing people to consume it  
11 there, stealing marijuana from the Balboa Dispensary, failing to make payments to the  
12 Association, failing to make other payments required by the Balboa Management  
13 Agreement, mishandling payroll, failing to comply with the terms of the use variance  
14 from the Association, failing to provide reasonable training to personnel, failing to have  
15 two armed guards on duty at all time, hiring a wanted criminal to guard the Balboa  
16 Dispensary, leaving trash at the Balboa Dispensary and around it, incurring code  
17 enforcement violations from the City of San Diego, and committing the other acts  
18 described in this pleading which are not “consistent with good business practice”.

19 174. Section 2.1 of the Balboa Management Agreement requires SoCal to conduct its  
20 operations “in a manner consistent with good business practice, including without  
21 limitation: Human Resources, Information Technology, Equipment and Supplies,  
22 Banking, Accounting and Finance, Insurance Procurement, Risk Management, Contract  
23 Negotiation, Manufacturing, Marketing, and Licensing of Intellectual Property, Trade  
24 Names and Trademarks.”

25 175. Among other acts, SoCal failed to provide reasonable training to personnel  
26 (violating §2.1.3), failed to provide adequate insurance (§2.1.4), failed to administer  
27 accounting procedures and systems and failed to keep accurate books and records

### Cross-Complaint

(§2.1.5), failed to meet tax obligations (§2.1.6), failed to furnish timely reports (§2.1.7), failed to create budgets (§2.1.8), failed to make appropriate expenditures on fees due (§2.1.9), failed to advise cross-complainants before signing contracts (§2.1.10), failed to establish billing and collection policies and implement such policies in a professional way (§2.1.11), failed to make reasonable repairs (§2.1.12), failed to adequately market operations (§2.2.5), failed to make guaranteed payments to Monarch (§2.2.8), failure to acknowledge cross-complainants' termination of the contract (§6.2), failure to follow dispute resolution procedures (§9.3), and failure to meet and confer (§9.3.1) or mediate (§9.3.2) or arbitrate (§9.3.3).

176. SoCal breached the Balboa Management Agreement by committing the acts described in this pleading, which are not "consistent with good business practice".

177. The acts and omissions described were the proximate cause of damages to cross-complainants.

#### **Cause of Action 6**

#### **Breach of Contract – Mira Este Management Agreement**

**By Malan, California Cannabis Group, and Devilish Delights, Inc. against**

**SoCal, Roes 1-50**

178. Section 2.1 of the Mira Este Management Agreement requires SoCal to conduct its operations "in a manner consistent with good business practice, including without limitation: Human Resources, Information Technology, Equipment and Supplies, Banking, Accounting and Finance, Insurance Procurement, Risk Management, Contract Negotiation, Manufacturing, Marketing, and Licensing of Intellectual Property, Trade Names and Trademarks."

179. Among other acts, SoCal failed to provide reasonable training to personnel (violating §2.1.3), failed to provide adequate insurance (§2.1.4), failed to administer accounting procedures and systems and failed to keep accurate books and records

#### **Cross-Complaint**

1 (§2.1.5), failed to meet tax obligations (§2.1.6), failed to furnish timely reports (§2.1.7),  
2 failed to create budgets (§2.1.8), failed to make appropriate expenditures on fees due  
3 (§2.1.9), failed to advise cross-complainants before signing contracts (§2.1.10), failed to  
4 establish billing and collection policies and implement such policies in a professional  
5 way (§2.1.11), failed to make reasonable repairs (§2.1.12), failed to adequately market  
6 operations (§2.2.5), failed to make guaranteed payments to Monarch (§2.2.8), failure to  
7 acknowledge cross-complainants' termination of the contract (§6.2), failure to follow  
8 dispute resolution procedures (§9.3), and failure to meet and confer (§9.3.1) or mediate  
9 (§9.3.2) or arbitrate (§9.3.3).

10 180. SoCal breached the Mira Este Management Agreement by committing the acts  
11 described in this pleading, which are not "consistent with good business practice".

12 181. The acts and omissions described were the proximate cause of damages to cross-  
13 complainants.

#### 14 Cause of Action 7

#### 15 Breach of Contract – Roselle Management Agreement

#### 16 By Malan against SoCal, Roes 1-50

17 182. Section 2.1 of the Roselle Management Agreement requires SoCal to conduct its  
18 operations "in a manner consistent with good business practice, including without  
19 limitation: Human Resources, Information Technology, Equipment and Supplies,  
20 Banking, Accounting and Finance, Insurance Procurement, Risk Management, Contract  
21 Negotiation, Manufacturing, Marketing, and Licensing of Intellectual Property, Trade  
22 Names and Trademarks."

23 183. Among other acts, SoCal failed to provide reasonable training to personnel  
24 (violating §2.1.3), failed to provide adequate insurance (§2.1.4), failed to administer  
25 accounting procedures and systems and failed to keep accurate books and records  
26 (§2.1.5), failed to meet tax obligations (§2.1.6), failed to furnish timely reports (§2.1.7),  
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#### Cross-Complaint



1 failed to create budgets (§2.1.8), failed to make appropriate expenditures on fees due  
2 (§2.1.9), failed to advise cross-complainants before signing contracts (§2.1.10), failed to  
3 establish billing and collection policies and implement such policies in a professional  
4 way (§2.1.11), failed to make reasonable repairs (§2.1.12), failed to adequately market  
5 operations (§2.2.5), failed to make guaranteed payments to Monarch (§2.2.8), failure to  
6 acknowledge cross-complainants' termination of the contract (§6.2), failure to follow  
7 dispute resolution procedures (§9.3), and failure to meet and confer (§9.3.1) or mediate  
8 (§9.3.2) or arbitrate (§9.3.3).

9 184. SoCal breached the Roselle Management Agreement by committing the acts  
10 described in this pleading, which are not "consistent with good business practice".

11 185. The acts and omissions described were the proximate cause of damages to cross-  
12 complainants.

### 13 Cause of Action 8

#### 14 Intentional Interference with Contract

#### 15 By Malan against Razuki, Roes 1-50

16 186. As described in this pleading, Razuki intentionally interfered with the existing  
17 contractual relationship as shown in the Mira Este Management Agreement, the Balboa  
18 Management Agreement, and the Roselle Management Agreement.

19 187. Razuki's intentional interference caused damages to cross-complainant, and was  
20 so malicious and oppressive that punitive damages are appropriate.

21 188. The acts and omissions described were the proximate cause of damages to cross-  
22 complainants.

### 23 Cross-Complaint

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**Cause of Action 9**

**Quiet Title**

**By Malan and San Diego United against all Cross-Defendants**

189. On information and belief, the partnership between Razuki and Malan owns the Missing Properties in fee simple absolute.

190. Alternatively, if the partnership has dissolved, Razuki and Malan own the Missing Properties in fee simple absolute as tenants-in-common, with interests in the Missing Properties in an amount to be determined by this Court, but in no instance is Malan's ownership interests in each of the Missing Properties any less than a 25 percent or 50 percent undivided interest, depending on the property.

191. On information and belief, Razuki and cross-defendants claim an interest in the Missing Properties adverse to Malan's claim and to the claim of the partnership. Razuki and cross-defendants claim that they own the Missing Properties to the exclusion of Malan and cross-complainants, but their contention is meritless.

192. Malan seeks in this action to quiet title against Razuki and cross-defendants' claims.

193. Malan seeks an order quieting title and clarifying that Razuki and cross-defendants do not own a 100 percent interest in the Missing Properties, and either (a) the partnership owns each of the Missing Properties, and Malan and Razuki each own an interest in the partnership in shares to be determined by this Court, or, alternatively, (b) Malan and Razuki own the Missing Properties in fee simple absolute as tenants-in-common in proportions to be determined by this Court in the cause of action for declaratory relief.

194. The acts and omissions described were the proximate cause of damages to cross-complainants.

**Cross-Complaint**

1 profits and diverting money from the partnership to Razuki without the consent of the  
2 partnership or Malan.

3 201. Razuki breached his duties as a partner by failing to provide Malan with an  
4 accurate accounting of the partnership books and records, including an accurate  
5 accounting of the profits derived from the partnership's property.

6 202. Razuki breached his duties as a partner by failing to compute the partnership net  
7 profits and each partner's capital account in accordance with generally accepted  
8 accounting principles, consistently applied.

9 203. As a direct and foreseeable result of the breaches of Razuki's duties as a partner  
10 and his failure to wind up, dissolve, and distribute the partnership's property, Malan has  
11 been damaged in an amount according to proof within the jurisdiction of this Court.

12 204. Corp. Code §16405 empowers Malan to file an action for equitable relief to  
13 enforce his rights and protect his interests as a partner, including those rights arising  
14 independently of the partnership arrangement.

15 205. Upon application by a partner, Corp. Code §16803(a) empowers this court to  
16 order judicial supervision of the winding up process.

17 206. Malan asks this Court to order the partnership wound up and dissolved, to  
18 supervise the winding up process, and to order its assets – the Missing Properties and  
19 Missing Companies – liquidated and the proceeds distributed between Malan and Razuki  
20 according to their respective accounts in the partnership, as determined by this Court  
21 according to proof at trial.

22 207. In addition, because of Razuki's failure to wind up and distribute the  
23 partnership's assets, Malan has been damaged in an amount to be proven at trial and  
24 which should constitute a credit accruing to Malan's partnership account.  
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**Cause of Action 10**

**Winding Up and Dissolution of Partnership**

**By Malan against Razuki, Roes 1-50**

195. When Malan and Razuki purchased the Missing Properties and expressed to each other their mutual intent to own, manage, and operate the Missing Properties for profit, they formed a general partnership, or a general partnership at will, pursuant to one or both of Sections 16101(9) and 16101(11) of the Cal. Corporations Code. Cal. Corp. Code §16202(a).

196. A “partnership is not terminated until winding up is complete.” (*Zapara v. County of Orange* (1994) 26 Cal.App.4th 464, 469; Corp. Code, §§ 16802.)

197. “A partner may use or possess partnership property only on behalf of the partnership.” Cal. Corp. Code §16401(g).

198. Razuki failed to initiate, participate in, or complete the winding up of the partnership and the distribution of its assets.

199. Although Razuki was prohibited from taking any action adverse to Malan in the “winding up of the partnership business” (Corp. Code § 16404 (b)(2)-(3)), on information and belief, none of the following events occurred with regard to the partnership:

- a. A buy-out of Malan’s interest if he was dissociated (Corp. Code, § 16701 (buy-out procedure for “dissociated partner's interest in the partnership”));
- b. A “settlement of all partnership accounts upon winding up the partnership business” with “a distribution to a partner in an amount equal to any excess of the credits over the charges in the partner's account.” (Corp. Code § 16807 (b));

200. On information and belief, Razuki has breached his statutory and common law duties as a partner by failing to distribute to Malan his pro rata share of the partnership

**Cross-Complaint**

1 **Cause of Action 11**

2 **Expulsion of Partner**

3 **By Malan against Razuki, Roes 1-50**

4 208. A court may expel a partner from a partnership if (A) The partner engaged in  
5 wrongful conduct that adversely and materially affected the partnership business, (B)  
6 The partner willfully or persistently committed a material breach of the partnership  
7 agreement or of a duty owed to the partnership or the other partners under Section  
8 16404, or (C) The partner engaged in conduct relating to the partnership business that  
9 makes it not reasonably practicable to carry on the business in partnership with the  
10 partner. Corp. Code § 16601(5)

11 209. As alleged in this pleading, Razuki willfully and persistently committed material  
12 breaches of his duty of loyalty to the partnership and to Malan, acted in a grossly  
13 negligent manner with regard to Malan and the partnership, committed intentional  
14 misconduct in contravention of the partnership's and Malan's interests, and breached his  
15 duty of good faith and fair dealing to the partnership and to Malan. Cal. Corp. Code  
16 §16404(a)-(d). Razuki refuses to provide an accounting for the partnership, without  
17 which it is not reasonably practicable to carry on the business in partnership with  
18 Razuki. As alleged elsewhere in this pleading, Razuki has committed other acts which  
19 make it not reasonably practicable to carry on the business in partnership with him.

20 210. Plaintiff asks this court to expel Razuki from the partnership and revoke his  
21 ownership interests in the partnership's assets and property, including the Missing  
22 Properties and the Missing Companies.

23 211. Upon the expulsion of Razuki from the partnership, the partnership should be  
24 dissolved and its assets distributed to the remaining partner: Malan.

25 212. The acts and omissions described were the proximate cause of damages to cross-  
26 complainants.  
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**Cause of Action 12**

**Partnership Accounting**

**By Malan against Razuki, Roes 1-50**

213. Each partner is deemed to have an account subject to credits and charges. Cal. Corp. Code §16401, et. seq.

214. A partner is entitled to reimbursement by the partnership for payments made, and indemnified for liabilities incurred, in the ordinary course of business or for the preservation of the partnership business or property. Corp. Code §16401(c). Similarly, a partner is entitled to reimbursement for advances to the partnership in excess of capital the partner agreed to contribute. Corp. Code §16401(d).

215. A partnership's books must be kept at the principal place of business of the partnership, and at all times every partner must have access to, and may inspect and copy, any of the partnership's books. Corp. Code §§16403(a), 16103(b)(2). Each partner and the partnership must provide to a partner without demand, any information concerning the partnership's business and affairs reasonably required to exercise the partner's rights, and any other information concerning the partnership's business and affairs. Corp. Code §16403(c),

216. Malan and Razuki formed a general partnership for the purpose of purchasing, selling, and managing real property and various businesses for profit.

217. The Missing Properties were purchased by the general partnership as described in this cross-complaint and should have been operated for the benefit of the partnership since that time.

218. At various times, the Missing Properties were held in the name of one or both of Malan or Razuki or one or more companies controlled by either or both of them, all of which had the ability as general partners to hold title to the partnership's assets in their own names.

**Cross-Complaint**

1 219. However, Razuki has exercised sole control over the Missing Properties and  
2 Missing Companies and has not permitted Malan to access, inspect, and copy the  
3 partnership's books.

4 220. On information and belief, Razuki has improperly absconded with the  
5 partnership's most valuable assets.

6 221. Corp. Code §16405 empowers Malan to file an action for equitable relief to  
7 enforce his rights and protect his interests as a partner, including those rights arising  
8 independently of any partnership arrangement.

9 222. Because of Razuki's mismanagement of the Missing Properties and Missing  
10 Companies and failure to abide by his duties as a partner, Malan seeks to dissolve the  
11 partnership through this action. As a general partner, Malan is entitled to an accounting  
12 of the partnership's assets so that the partnership may be dissolved and its assets  
13 distributed according to each partner's share in the partnership.

14 223. Malan therefore prays for an accounting of the partnership's assets and liabilities,  
15 and the right to inspect and copy the partnership's books before dissolution.

16 224. The acts and omissions described were the proximate cause of damages to cross-  
17 complainants.

### 18 Cause of Action 13

#### 19 Imposition of Constructive Trust

#### 20 By Malan against all cross-defendants

21 225. "By violating his fiduciary duties, the offending party constituted himself a  
22 constructive trustee for the benefit of the others." *Kaljia v. Menezes* (1995) 36  
23 Cal.App.4th 573, 584.

24 226. On information and belief, Razuki and agents under his direct control, named as  
25 cross-defendants in this pleading, converted the Missing Properties and Missing  
26 Companies to his own use without compensation to the partnership or to his partner,  
27

### Cross-Complaint

1 Maln. Razuki and his agents took possession of the Missing Properties without ever  
2 paying back the partnership or Malan.

3 227. Razuki breached the fiduciary duties he owed to Malan as a co-owner of the  
4 partnership by not buying his interest in the partnership, not winding up the partnership,  
5 not providing accountings of the profits of the partnership, converting the partnership's  
6 assets, and not providing notice of Malan's right to receive compensation commensurate  
7 with his partnership interest.

8 228. As a result, Razuki is in possession of assets belonging to Maln in the form of his  
9 partnership ownership interest which was wrongfully converted to Razuki's individual  
10 use and possession. Malan is an equitable owner of the partnership's assets, consisting  
11 primarily of the Missing Properties, which are in the current possession of Razuki or his  
12 agents.

13 229. Corp. Code §16405 empowers Malan to file an action for equitable relief to  
14 enforce his rights and protect his interests as a partner, including those rights arising  
15 independently of the partnership arrangement.

16 230. Razuki, as the person in possession of the assets belonging to Malan (or in control  
17 of the companies that are in possession of those assets), should be declared by this Court  
18 to be an involuntary trustee, holding the partnership's assets, including the Missing  
19 Properties and Missing Companies, for the benefit of Malan with the duty to convey the  
20 interest to Malan forthwith.

21 231. Because of Razuki's violation of fiduciary duties, violation of the confidence  
22 Malan had placed in Razuki, and Razuki's repudiation of their mutual understanding  
23 respecting the treatment of all property acquired and accumulated through their skills,  
24 efforts, labor, and earnings, Razuki should be declared by this Court to be involuntary  
25 trustee, holding an interest in the partnership's assets, including the Missing Properties  
26 and Missing Companies, and the rents, issues and profits therefrom, in constructive trust  
27 for Malan, with the duty to convey the same to Malan forthwith.



232. The acts and omissions described were the proximate cause of damages to cross-complainants.

### Cause of Action 14

## Slander of Title

## By Malan against Razuki, Roes 1-50

233. By making statements explained in this pleading, Razuki intentionally made a publication, without privilege or justification, which is false, casts doubt about Malan and cross-complainants' ownership of real property that they do in fact own, and has caused damages to Malan. *Howard v. Schaniel* (1980) 113 Cal.App.3d 256.

234. The acts and omissions described were the proximate cause of damages to cross-complainants.

235. Razuki's statements were made with malice and intent to harm, and thus justify punitive and exemplary damages.

## Cause of Action 15

## Negligence

**By Malan, Balboa Ave Cooperative, California Cannabis Group, Devilish Delights, Inc.,  
Monarch Management Consulting, Inc., and San Diego United against SoCal, Roes 1-50**

236. SoCal had a duty to act professionally when managing the various businesses described in this pleading.

237. SoCal breached its duty as described in this cross-complaint.

238. As a result, cross-complainants suffered damages in an amount to be proven at trial.

### Cross-Complaint

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**Cause of Action 16**

**Fraud**

**By Malan against Razuki, Roes 1-50**

239. Joint venturers and partners are fiduciaries, and any transaction by one securing advantage over the other is presumptively fraudulent. *Boyd v. Bevilacqua* (1966) 247 Cal. App. 2d 272, 290. Neither partner has the right, while a joint venture exists, to acquire property to the exclusion of the other. *Boyd v. Bevilacqua* (1966) 247 Cal.App.2d 272, 290.

240. By repudiating the partnership, converting its assets to his own personal use, and taking possession of the Missing Properties and Missing Companies to the exclusion of Malan when he knew he had no right to do so, Razuki committed fraud against Malan.

241. By repudiating the partnership, converting its assets to his own personal use, and taking possession of the Missing Properties and Missing Company when he knew he had no right to do so, Razuki committed fraud against the partnership.

242. Malan is entitled to damages suffered because of Razuki's fraud in an amount to be proven at trial.

243. Razuki's fraud was malicious, oppressive, and intentional, and designed to vindictively harm Malan, so punitive damages should be assessed against Razuki in an amount sufficient to deter future conduct.

**Cause of Action 17**

**Conversion**

**By Malan, Balboa Ave Cooperative, California Cannabis Group, Devilish Delights, Inc.,  
Monarch Management Consulting, Inc., and San Diego United against Razuki and SoCal,**

**Roes 1-50**

244. On information and belief, Razuki excluded Malan from the partnership and its Missing Properties and Missing Companies, repudiated the existence of the partnership, and converted the partnership's assets to his own use.

**Cross-Complaint**

1 245. On information and belief, Razuki intentionally converted Malan's proportional  
2 share of the partnership to Razuki's own use, without Malan's consent and by means of  
3 deception and fraud.

4 246. By taking title to the partnership's assets to his own use and failing to  
5 compensate Malan for his share of the partnership, cross-defendant Razuki wrongfully  
6 converted the assets of the partnership and Malan, damaging Malan in the process.

7 247. Malan is entitled to damages in the amount of no less than 50 percent of the fair  
8 market value of the partnership's assets, or in an amount to be proven at trial, plus fair  
9 compensation for time and money expended in pursuit of the property and assets owed  
10 him.

11 248. On information and belief, Razuki's refusal to turn over the partnership's assets  
12 or money equivalent to Malan's share in the partnership's assets is intentional, and done  
13 in the face of extensive documentation and Razuki's own acknowledgment that the  
14 Missing Properties and Missing Companies are owned by the partnership. Given such  
15 facts, forcing Malan to expend attorney's fees and costs to recover the money is  
16 malicious, fraudulent, and oppressive, and thus deserving of punitive and exemplary  
damages against Razuki in an amount according to proof at trial.

17 249. SoCal conspired with Razuki to keep and convert property, including money,  
18 which does not belong to SoCal and instead belongs to one or more of the cross-  
19 complainants. SoCal intentionally refuses to return the property, including money, and  
20 instead converted such property to its own use. Given such facts, forcing cross-  
21 complainants to expend attorney's fees and costs to recover the money and property is  
22 malicious, fraudulent, and oppressive, and thus deserving of punitive and exemplary  
23 damages against SoCal in an amount according to proof at trial.

24 250. The acts and omissions described were the proximate cause of damages to cross-  
25 complainants.  
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**Cause of Action 18**

**Appointment of a Receiver**

**By Malan against all cross-defendants**

251. Unless a receiver is appointed, the property and accounts of the partnership, including the Missing Properties and Missing Companies, are in danger of being lost, removed, transferred, or materially injured because Razuki is in control of those assets and is applying those assets to his own use.

252. Malan is informed that Razuki is in the process of leveraging the Missing Properties and Missing Companies in order to obtain a loan for his own personal use. To protect these entities from further waste and subjecting them and Malan to significant liability, the Court must appoint a receiver to take control of the Missing Properties and Missing Companies.

253. Malan requests a temporary restraining order and preliminary and permanent injunctions appointing a receiver and prohibiting Razuki, cross-defendants, and their agents, employees, and co-conspirators from engaging in, or performing, directly or indirectly, any or all of the following acts: committing or permitting any waste of the Missing Properties or Missing Companies, using the Missing Properties or Missing Companies as collateral for any loan or debt, interfering, hindering or molesting in any way whatsoever the receiver in the performance of the receiver's duties and in this performance of any duties incidental to his duties; transferring, directly or indirectly, any interest by sale, assignment or encumbrance in any manner any of the property or assets held in the name of or for the benefit of or derived from the use of the Missing Properties or Missing Companies, moving any of the assets of the Missing Properties or Missing Companies, transferring, concealing, destroying, defacing and altering any of the books and records of the Missing Properties or Missing Companies, and demanding, collecting, receiving or in any way diverting or using the assets of the Missing Properties or Missing

**Cross-Complaint**

1 Companies or the proceeds from them, failing or refusing to immediately turn over to  
2 the receiver all assets of the Missing Properties or Missing Companies.

3 254. The acts and omissions described were the proximate cause of damages to cross-  
4 complainants.

### 5 Cause of Action 19

#### 6 Dissolution of limited liability company

#### 7 By Malan against RM Property Holdings, LLC and Razuki, Roes 1-50

8  
9 255. Because of the facts alleged in this pleading and Razuki's complaint, it is not  
10 reasonably practicable to carry on the business of RM Property Holdings, LLC in  
11 conformity with its operating agreement.

12 256. The entity is undercapitalized and the members refuse to further capitalize it. This  
13 means that the LLC or corporation's business activities cannot be done in a manner that  
14 follows the governing documents.

15 257. Dissolution is reasonably necessary for the protection of the rights or interest of  
16 its members.

17 258. In addition, the business of the entity had been abandoned earlier this year when  
18 its two organizers, Malan and Razuki, decided to cancel their agreement, whose purpose  
19 was the sole raison d'etre for RM Property Holdings, LLC. The Holding Company has  
20 stopped doing business and the court must order it to wind down and close out its  
21 business affairs.

22 259. In addition, the management of the business is deadlocked and subject to internal  
23 dissention, in that its only two organizers are engaged in this litigation over its existence  
24 and purpose.

25 260. Razuki, one of those members, is guilty of, or knowingly permitted, persistent and  
26 persuasive fraud, mismanagement, and abuse of authority by committing fraud upon  
27 Malan.

#### Cross-Complaint

261. The court should wind up and dissolve RM Property Holdings, LLC.

262. The acts and omissions described were the proximate cause of damages to cross-complainants.

### Cause of Action 20

## Quantum Meruit

**By Malan against Razuki, Marvin Razuki, Sarah Razuki, Matthew Razuki, SH Westpoint Group, LLC, El Cajon Investments Group, LLC, San Diego Private Investments, LLC, Stonecrest Plaza, LLC, Razuki Investments, LLC, Lemon Grove Plaza, LP, RM Property Holdings, LLC, Melrose Place, Inc. , Roes 1-50**

263. For nearly a decade, Malan performed services managing the partnership's assets for the benefit of the partnership and Malan's partner, Razuki. On information and belief, Malan negotiated with renters at the various Missing Properties, ensured the Missing Properties were maintained and kept in good condition, deposited rent checks, kept track of various Missing Properties' finances, and performed other tasks related to the management of some of the Missing Properties and Missing Company. At the time Malan began undertaking these responsibilities and performing these services, Malan had a reasonable expectation that he would be compensated by Razuki and cross-defendants for his services. Cross-defendants enjoyed the benefits of Malan's services without expending equivalent money or incurring equivalent costs of their own.

264. Despite Malan's performance and expenditures for their benefit, cross-defendants have not paid Malan reasonable compensation for the services Malan performed.

265. As a direct and proximate result of cross-defendants' failure to pay Malan for the reasonable value of the services Malan provided, Malan suffered damages in an amount to be proven at trial.

### Cross-Complaint

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**Cause of Action 21**

**Breach of Fiduciary Duty**

**By Malan against Razuki, Roes 1-50**

266. On information and belief, Malan and Razuki own the Missing Properties in fee simple absolute as tenants-in-common on behalf of their partnership.

267. Malan has a right to a share of all the rental income generated by the Missing Properties since the date on which the partnership was created, in an amount to be determined by proof at trial, but no less than that equal to his proportional ownership interest in the partnership or each of the Missing Properties, whichever is greater.

268. As a tenant-in-common, Razuki owes a fiduciary duty to Malan.

269. Since forming the partnership, Razuki has owed, and today continues to owe, a fiduciary duty of loyalty and care to the partnership and to his partner, Malan. Cal. Corp. Code §16404(a).

270. Razuki's duty of loyalty requires him to account to the partnership and hold as trustee for it any property, profit, or benefit derived from the use of partnership business, property, or information. Cal. Corp. Code §16404(b); Corp. Code, § 16404(a)(b)(1).

271. Razuki's duty of loyalty requires him to refrain from competing with the partnership business prior to the partnership's dissolution. Cal. Corp. Code §16404(b).

272. Razuki's duty of loyalty requires him not to take unfair advantage of Malan during transactions related to the partnership, to deal with Malan in good faith, and not to deprive Malan of the benefits of the partnership.

273. As "partners in the ownership and operation of the entire property", Malan and Razuki "bore a confidential and fiduciary relationship to each other." *Laux v. Freed* (1960) 53 Cal.2d 512, 522. "As partners, neither had the right to take an unfair advantage or secure an undue benefit, and the burden is on the one seeking an advantage to show complete good faith and fairness toward the other. The duty of good faith and the burden of showing it extend to the dissolution and liquidation of

1 partnership affairs, as well as to the sale by one partner to another of his interest in the  
2 partnership.” *Id.*

3 274. Razuki’s fiduciary duties of loyalty and good faith to Malan cannot be waived.  
4 *BT-Iv. Equitable Life Assurance Society* (1999) 75 Cal.App.4th 1406, 1410-1412.

5 275. Razuki’s “fiduciary duty extend[ed] to the dissolution and liquidation of  
6 partnership affairs” prohibiting him from “dissolv[ing] a partnership to gain the benefits  
7 of the business for himself, unless he fully compensates his copartner for his share of the  
8 prospective business opportunity.” *Everest Investors 8 v. McNeil Partners* (2003) 114  
9 Cal.App.4th 411, 424-425.

10 276. On information and belief, without compensating Malan, Razuki has assumed  
11 sole control of the Missing Properties and Missing Companies and excluded Malan from  
12 participating in those businesses and properties or enjoying any of their benefits.

13 277. On information and belief, Razuki has always known that Malan had made  
14 capital contributions and contributions of skill and labor to the partnership, entitling  
15 Malkan to an additional ownership interest in the Missing Properties upon dissolution of  
16 the partnership. On information and belief, Razuki has always known that the Missing  
17 Properties and Missing Companies were owned by the partnership and not by Razuki or  
18 Malan individually.

19 278. Despite such knowledge, on information and belief, Razuki induced Malan to  
20 execute the Transfer Agreement, which misstated the parties’ assets and liabilities. In  
21 doing so, Razuki took advantage of Malan, acted contrary to the interests of the  
22 partnership, and breached his fiduciary duty to Malan and to the partnership.

23 279. On information and belief, Razuki breached his duty of loyalty as a partner by  
24 failing to hold the Missing Properties and Missing Companies as trustee for the  
25 partnership and failing to account to the partnership for benefits derived from the use of  
26 those assets.

27 280. To the extent Razuki might claim to have been operating the Property for his  
own profit, Razuki further breached his duty of loyalty as a partner by competing with



1 the partnership's business of operating the Missing Properties and Missing Companies  
2 for profit.

3 281. Razuki further breached his fiduciary duties by converting the partnership's  
4 assets to his own use, entitling Malan, as the sole remaining partner, to damages from  
5 Razuki in an amount equal to the value of the assets so converted. See *Gherman v.*  
6 *Colburn* (1977) 72 Cal. App. 3d 544, 568-569.

7 282. In addition to their relationship as tenants-in-common, Malan placed his trust and  
8 confidence in Razuki as a friend, and Razuki owed Malan a fiduciary duty by virtue of  
9 their close and trusting relationship. Razuki voluntarily assumed this position of trust  
10 and confidence.

11 283. "Confidential and fiduciary relations are, in law, synonymous, and may be said to  
12 exist whenever trust and confidence is reposed by one person in the integrity and fidelity  
13 of another." *Estate of Cover* (1922) 188 Cal. 133, 143. In a fiduciary relationship, "the  
14 party in whom the confidence is reposed, if he voluntarily accepts or assumes to accept  
15 the confidence, can take no advantage from his acts relating to the interest of the other  
16 party without the latter's knowledge or consent." *Wolf v. Superior Court* (2003) 107  
17 Cal.App.4th 25, 29. "When a fiduciary enters into a transaction with a beneficiary  
18 whereby the fiduciary's position is improved, or he obtains a favorable opportunity, or  
19 where he otherwise gains, benefits, or profits, it may fairly be said that an advantage has  
20 been obtained." *Bradner v. Vasquez* (1954) 43 Cal.2d 147, 152.

21 284. Razuki breached his fiduciary duty to Malan by the acts described in this  
22 pleading, causing Malan to suffer damages in an amount to be proven at trial.

23 285. Razuki knew Malan trusted Razuki, and Razuki intentionally took advantage of  
24 Malan's trust, acting with malice and oppression sufficient to justify punitive and  
25 exemplary damages in an amount to be proven at trial.  
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**Cause of Action 22**

**Sale of Partnership Assets**

**By Malan against all Cross-defendants**

286. Property acquired by a partnership is property of the partnership and not of the partners individually. Corp. Code §16203.

287. Partners may use and possess partnership property on the partnership's behalf. Corp. Code §16401(g).

288. The Missing Properties were purchased by the partnership, and therefore have been and remain today the property of the partnership and not of the partners, or either partner, individually. The fact that one or both partners used or possessed the Missing Properties does not mean that either or both of them had any legal claim of individual ownership to the Missing Properties.

289. After a partnership is dissolved and an accounting is performed of its assets, liabilities, and partners' accounts, its assets must be distributed to the general partners in accordance with their respective accounts.

290. This action seeks to dissolve the partnership, so its assets must be distributed to the general partners, Malan and Razuki. Because the partnership's primary asset is real property, which cannot be easily divided, the Missing Properties should be ordered sold and the proceeds distributed to the partners according to their respective accounts.

291. The acts and omissions described were the proximate cause of damages to cross-complainants.

**Cause of Action 23**

**Promissory Estoppel**

**By Malan against Razuki, Roes 1-50**

292. Malan holds a license to manage real property.

293. At various times, Razuki promised Malan that Malan would be fairly compensated for taking care of the Missing Properties when Razuki could not do so.

**Cross-Complaint**

1 294. Reasonably and detrimentally relying on Razuki's promise, Malan expended  
2 considerable time, energy, and expense caring for various parts of the Missing Properties  
3 and ensuring they kept generating income, or were properly purchased, or cleared of  
4 previous tenants, or maintained as described elsewhere in this pleading.

5 295. Razuki has broken his promise by failing to reasonably compensate Malan, and  
6 instead converting the Missing Properties to Razuki's own individual use without  
7 compensating Malan.

8 296. Malan is entitled to damages suffered because of Razuki's breach of his promise,  
9 in an amount to be proven at trial.

#### 10 **Cause of Action 24**

##### 11 **Negligence**

##### 12 **By Malan against Razuki, Roes 1-50**

13 297. Razuki breached his duties to Malan as described in this pleading.

14 298. As a proximate result of those breaches, Malan suffered damages in an amount to  
15 be proven at trial.

#### 16 **Cause of Action 25**

##### 17 **Cancellation of Instrument**

18 **By Malan against Razuki, Matthew Razuki, Sarah Razuki, Marvin Razuki, SH Westpoint**  
19 **Group, LLC, El Cajon Investments Group, LLC, San Diego Private Investments, LLC,**  
20 **Stonecrest Plaza, LLC, Sunrise Property Investments, LLC, Lemon Grove Plaza, LP,**

##### 21 **Razuki Investments, LLC, Roes 1-50**

22 299. On information and belief, there are grant deeds evincing ownership of the  
23 Missing Properties that were executed and recorded improperly, and which do not reflect  
24 the actual equitable ownership of each of the Missing Properties.

25 300. On information and belief, it is alleged that either this mistake was mutual –  
26 neither party intended for the grant deed to reflect improper ownership – or that this  
27 mistake was a palpable unilateral mistake and that Razuki, who executed such deeds,

#### **Cross-Complaint**

1 knew that Malan had an interest in each of the Missing Properties and did not intend to  
2 surrender that interest to a third party.

3 301. On information and belief, if these deeds are left outstanding, Malan may lose his  
4 interests in the Missing Properties to a purchaser of the Missing Properties from Razuki  
5 (or Razuki's agents) for value and without notice of the deeds' invalidity. Consequently,  
6 there is a reasonable apprehension that if left outstanding the deeds may cause serious  
7 injury to Malan, so the deeds should be canceled.

8 **Cause of Action 26**

9 **Breach of Oral Contract**

10 **By Malan against Razuki, Roes 1-50**

11 302. As they bought each of the Missing Properties, Razuki and Malan agreed orally  
12 that they would share in the profits derived from the Missing Properties.

13 303. Despite their agreement, Razuki has not fully paid Malan the profits owed to him,  
14 thereby breaching the oral contract and damaging Malan in an amount according to proof  
15 at trial.

16 304. The acts and omissions described were the proximate cause of damages to cross-  
17 complainants.

18 **Cause of Action 27**

19 **Breach of Fiduciary Duty**

20 **By Balboa Ave Cooperative and San Diego United against SoCal, Roes 1-50**

21 305. By executing the Balboa Management Agreement, especially Section 1.3 of the  
22 Balboa Management Agreement, Balboa Ave Cooperative and San Diego United placed  
23 SoCal in a position of trust and confidence, giving SoCal authority to manage and hold  
24 their businesses and properties until termination of the agreement. The agreement gave  
25 SoCal power of attorney and power over bank accounts and other confidential and  
26 financial information belonging to cross-complainants.  
27

**Cross-Complaint**

1 306. "Confidential and fiduciary relations are, in law, synonymous, and may be said to  
2 exist whenever trust and confidence is reposed by one person in the integrity and fidelity  
3 of another." *Estate of Cover* (1922) 188 Cal. 133, 143. In a fiduciary relationship, "the  
4 party in whom the confidence is reposed, if he voluntarily accepts or assumes to accept  
5 the confidence, can take no advantage from his acts relating to the interest of the other  
6 party without the latter's knowledge or consent." *Wolf v. Superior Court* (2003) 107  
7 Cal.App.4th 25, 29. "When a fiduciary enters into a transaction with a beneficiary  
8 whereby the fiduciary's position is improved, or he obtains a favorable opportunity, or  
9 where he otherwise gains, benefits, or profits, it may fairly be said that an advantage has  
10 been obtained." *Bradner v. Vasquez* (1954) 43 Cal.2d 147, 152.

11 307. On information and belief, SoCal disclosed confidential information, including  
12 financial statements, to third parties, including Razuki, without cross-complainants'  
13 consent, and while knowing that cross-complainants would object to such disclosure.

14 308. As described elsewhere in this pleading, SoCal breached its fiduciary duties by  
15 mismanaging the properties and businesses and converting cross-complainants' assets to  
16 its own use.

17 309. SoCal's duty of loyalty requires it not to take unfair advantage of cross-  
18 complainants during transactions related to the businesses, to deal with cross-  
19 complainants in good faith, and not to deprive cross-complainants of the benefits of the  
20 fiduciary relationship.

21 310. SoCal's fiduciary duties of loyalty and good faith Malan cannot be waived. *BT-  
22 Iv. Equitable Life Assurance Society* (1999) 75 Cal.App.4th 1406, 1410-1412.

23 311. SoCal's breaches entitle cross-complainants to damages in an amount equal to  
24 the value of the assets so converted. See *Gherman v. Colburn* (1977) 72 Cal. App. 3d  
25 544, 568-569.

26 312. SoCal knew cross-complainants trusted SoCal, and SoCal intentionally took  
27 advantage of that trust, acting with malice and oppression sufficient to justify punitive  
and exemplary damages in an amount to be proven at trial.

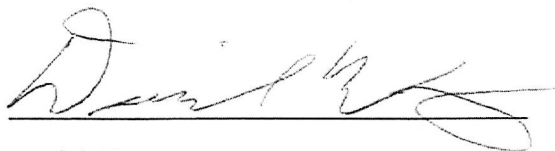
1 **PRAYER**

2 WHEREFORE, Cross-complainants pray for judgment against Cross-defendants, and  
3 each of them, as follows:

4 **ON ALL CAUSES OF ACTION**

- 5 1. For damages in an amount, plus interest thereon, to be proven at trial;  
6 2. For prejudgment interest at the legal rate according to proof;  
7 3. For interest at the rate of ten percent (10%) per annum on all amounts due;  
8 4. For reasonable attorney's fees according to contract or statute;  
9 5. For all costs of suit herein incurred;  
10 6. For punitive and exemplary damages;  
11 7. For declaratory relief as described in this pleading; and  
12 8. For such other and further relief as the Court deems just and proper.

13 Dated: September 6, 2018



14 Daniel Watts

15 Steven W. Blake

16 **GALUPPO & BLAKE, APLC**

17 Attorneys for Cross-complainants Ninus Malan, American  
Lending and Holdings

18 Dated: September 6, 2018



19 Tamara Leetham

20 Gina Austin

21 **AUSTIN LEGAL GROUP**

22 Attorneys for Cross-complainants California Cannabis  
Group, Devilish Delights, Inc., Balboa Ave Cooperative;  
23 Monarch Management Consulting, Inc., Flip Management,  
24 LLC, San Diego United Holdings Group, LLC  
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