

DISTRICT COURT, DENVER COUNTY COLORADO 1437 Bannock Street Denver, CO 80202 (720) 865-8301	DATE FILED: June 5, 2017 5:44 PM FILING ID: 6DEB9BB9D7713 CASE NUMBER: 2017CV32068 ▲ COURT USE ONLY ▲ Case No.: ____ cv ____
Plaintiff: ANNE HOLLAND VENTURES INC., a Rhode Island corporation; v. Defendant: GEORGE JAGE, an individual	
Attorney for Plaintiff Reed F. Morris, Esq., No. 36170 MALLON LONNQUIST MORRIS & WATROUS, PLLC 3200 Cherry Creek South Drive, Suite 650 Denver, CO 80209 Phone: (303) 777-1411 (main) Email: rmorris@mlmw-law.com	
COMPLAINT	

Anne Holland Ventures Inc. (“**Plaintiff**” or “**AHV**”), by and through undersigned counsel, states its complaint against George Jage (“**Defendant**” or “**Jage**”) as follows:

INTRODUCTION

1. This matter concerns the breakdown and termination of the business relationship between Plaintiff-AHV, the employer, and the Defendant-employee, George Jage.

2. From June 9, 2014 through April 24, 2017, Jage was employed by Plaintiff as the President & Publisher of Marijuana Business Daily (the “**Business**”), a division of Plaintiff’s company. After Jage made an unsuccessful oral offer to purchase the Business in April 2017, Jage reiterated a threat that he “would not be a part of” any transaction involving the Business being sold to a buyer other than Jage and his “investors.” After AHV rejected Jage’s oral offer to purchase the Business a second time in April 2017, Jage repudiated his agreement to company policy including the written terms of the noncompete, non-solicitation and nondisclosure agreement that Jage agreed to and returned executed in 2014 and again in 2017 (the “**Noncompete Agreement**”).

3. AHV terminated Jage’s employment on April 24, 2017.

4. On May 24, 2017, AHV received and reviewed information that Jage is engaging in business activities in conflict with the terms of the Noncompete Agreement and otherwise in violation of AHV's policies protecting its confidential information. Upon information and belief, Jage's current business partnership involves the "investors" originally behind Jage's failed attempt to purchase the Business prior to his termination.

5. Plaintiff seeks legal and equitable relief for violation of the parties' agreements and declaratory judgements to resolve the following immediate controversies existing between the parties resulting from:

- a. Jage refusing to acknowledge any obligation to maintain Plaintiff's confidential information,
- b. Jage contesting the validity and binding nature of the Noncompete Agreement Jage executed in May of 2014 and Jage provided again in January of 2017,
- c. Jage failing to provide basic information regarding his ongoing business activities with parties (persons or entities or both) declaring to be in a business "partnership" with Jage in the field of cannabis-related media,
- d. Jage demanding payment of additional sums as unpaid wages while failing to specify any evidence therefore,
- e. Jage demanding payment of amounts from any sale of the Business after unequivocally stating to AHV, after his own offer to purchase was rejected the first time, that if AHV "intend[s] to sell to another party, I will not be a part of the transaction...", and
- f. Jage threatening to use or publically disclose confidential information and compete with AHV unless his demands are met.

PARTIES, JURISDICTION & VENUE

6. The Plaintiff, Anne Holland Ventures Inc., is a Rhode Island corporation with its place of business in Denver County, Colorado.

7. The Defendant, George Jage, is a resident of the state of Colorado, making his home in Broomfield County, Colorado.

8. This Court has jurisdiction over the subject matter at issue because this is a civil action for damages and/or equitable relief. Colo. Const. Art. VI, § 9(1).

9. This court has further jurisdiction over the matter under the Colorado Uniform Declaratory Judgment Act, C.R.S. §13-51-101 *et seq.*

10. Venue is proper in this Court under C.R.C.P 98 because Defendant does business in Denver County, Colorado and it is in Denver, Colorado where the services underlying the contracts in question here were being performed by Defendant.

GENERAL ALLEGATIONS

A. Jage Enters Into Confidentiality, Non-Solicitation and Noncompetition Agreements with Plaintiff.

11. By letter dated May 16, 2014, AHV offered Jage the position of President & Publisher of CannaBusiness Media (now Marijuana Business Daily) (the “**Offer Letter**”).

12. As President & Publisher, Jage performed management and executive-level functions for the Business and within the scope of his employment by AHV.

13. The Offer Letter generally outlined the terms of Jage’s employment, including his generous salary and incentive plan, vacation, benefits, support and job description.

14. The Offer Letter stated, “This offer of employment is contingent on the following requirements:

- You agree to sign a non-compete / non-disclosure / non-solicitation agreement as a condition of your employment.

[...]

- You certify your understanding that your employment will be on an at-will basis...

- [...] Employment is dependent on agreeing to and signing standard activity and behavior policies typical of a media company...

(emphasis added)

15. The Offer Letter tendered to Jage contained a 2-page Noncompete Agreement.

16. On May 20, 2014, Jage accepted the Offer Letter and the terms of his employment with AHV as stated therein.

17. On May 20, 2014, Jage specifically accepted the offer to be bound by the written Noncompete Agreement as a condition of his employment.

18. At all times pertinent hereto, Jage knew that his employment with AHV was and continued to be contingent on his acceptance and agreement to the Noncompete Agreement.

19. On May 20, 2014, Jage expressed his acceptance of the Offer Letter including the Noncompete Agreement by placing his signature on both, marking his initials on each and every page he did not physically sign.

20. Also on May 20, 2014, Jage further expressed his unequivocal acceptance of the Offer Letter, including the Noncompete Agreement, through his email to AHV's President, Cassandra Farrington, after executing both documents:

From: George [<mailto:georgejage@gmail.com>]
Sent: Tuesday, May 20, 2014 9:21 AM
To: Cassandra Farrington
Subject: Re: Thank you

Dear boss,

It is officially official! Gotta run to work, but on email through day.

George Jage
georgejage@gmail.com
www.linkedin.com/in/georgejage/

21. Pursuant to the Noncompete Agreement's terms upon which Jage's offer of employment was contingent, Jage agreed, without limitation, to be prohibited from the following:

- a. **Pursuant to its NONCOMPETE COVENANT:** for 24 months, directly or indirectly engaging in any business that competes with the Company's existing business or that under active consideration, whether association consists of direct employment, consulting, advisory or other paid or non-paid roles.
- b. **Pursuant to its NON-SOLICITATION COVENANT:** for 24 months, soliciting any of the Company's customers, clients, or employees.
- c. **Pursuant to its CONFIDENTIALITY clause:** directly or indirectly using, divulging, disclosing or communicating any information that is proprietary to the Company.

Exhibit 1 (Noncompete Agreement as executed on May 20, 2014)

22. From time-to-time Jage also agreed to AHV's additional policies, including providing his written acknowledgment thereto. Such policies included AHV's policy on Confidentiality of Company Information to which Jage agreed, without limitation, that the following types of information were confidential:

- a. **Member, Source and Prospect Data ("Lists")**, including but not limited to: identifying information about sales leads, free subscriptions, paid members, other customers or identified potential customers of the Company, content or editorial sources, numbers of members or readers, paid or unpaid, active canceled or expired, and demographic breakdowns of a list.
- b. **Financial Data** including but not limited to: the Company's financial data, income statements and valuation estimates, sales or subscription rates, or other publication-specific or company financial information.
- c. **Privacy of Member Information** including but not limited to: member or customer information whether of personal-identifying or financial nature.

Exhibit 2 (Confidentiality of Company Information)

Exhibit 3 (G. Jage Acknowledgement)

23. As Publisher of one of AHV's divisions, Marijuana Business Daily, Jage was specifically listed as one of the individuals that was an "authorized user" of the Company's financial data. *Exh 2*.

24. As President & Publisher of Marijuana Business Daily, Jage had access to confidential, proprietary and trade-secret information in the course of his employment, including but not limited to that set forth in the Confidentiality of Company Information policy that Jage acknowledged.

B. Jage Sets Up Companies To Further Competitive Outside Business Interests or Offer to Buy the Business, or Both:

25. Unbeknownst to AHV, on November 2, 2016, Jage formed Shennong Holdings, LLC, a Delaware limited liability company.

26. Jage has recently stated, through his legal counsel, that Shennong Holdings was formed for the "sole purpose of purchasing the Business."

27. After having formed such entity without AHV's knowledge to, upon information and belief, solicit investors to back his own bid to purchase the Business, Jage failed to disclose such activities and failed to disclose then-existing conflicts of interest when, for example, offering advice where he "strongly recommended against" AHV pursuing discussions involving a sale with a third party. Jage offered advice such as this on several occasions after having formed his own entity, Shennong, that was a vehicle for Jage to raise capital for his own bid for the Company to come at a later date.

28. However, Jage did not make an offer to purchase the Business until doing so orally on April 10, 2017, such offer being purportedly on behalf of Frost Media, LLC, a Colorado limited liability company.

29. Unbeknownst to AHV, Frost Media, LLC, was organized on February 14, 2017.

30. Upon information and belief, Jage is currently operating Shennong Holdings in a partnership with other parties (persons or entities or both) in furtherance of cannabis-media related enterprise.

31. Upon information and belief, on May 24, 2017, Jage attended a meeting in Las Vegas, NV with parties (individuals or entities) which claimed by written email that Jage, "is launching his next set of ventures in partnership with [them], under the name Shonnong Holdings, Inc. [sic]..." and that such ventures were positioned within "the media-space of Cannabis [with] George at the head of Shennong..."

32. Upon information and belief, Jage attended further meetings in Las Vegas, NV on May 25, 2017 including representatives of the parties "in partnership" with Jage. Such meetings were set by introduction of Jage to additional parties that may assist him "for this next phase" of Jage's above-stated business ventures and partnership.

33. Upon AHV receiving and reviewing the information including Jage's "next set of ventures" in the "media-space of Cannabis," AHV, through legal counsel, on May 25, 2017 requested that Jage provide to AHV by May 30, 2017 the following information:

- a. when Jage first began discussions with the parties he is now "in partnership with" regarding any business venture in the cannabis-related media space,
- b. his anticipated roles and responsibilities with such parties,
- c. his current association with such parties,
- d. the involvement of the parties in the business of media in the cannabis market space,
- e. the purpose of his meeting scheduled for May 25, 2017,

34. AHV was clear that such information was requested to allow AHV to evaluate Mr. Jage's compliance with his noncompete, non-disclosure and non-solicitation obligations under the Agreement.

35. Given information that AHV now has in its possession demonstrating that Jage's discussions with the current parties with which he and his company (Shennong) are now "in partnership" began in earnest in the spring of 2017 and during Jage's employment with AHV, AHV provided Jage an opportunity to explain his position as to why such activities would not be in violation of Noncompete Agreement.

36. Jage refused to respond to the May 25, 2017 requests.

C. Jage will Continue to Irreparably Damage Plaintiff if not Restrained Immediately.

37. If not restrained from doing so by the Court, Jage will continue to breach his duties of confidentiality and nondisclosure and by wrongfully competing with AHV and impermissibly using the confidential information to compete with AHV.

38. Even after receiving multiple letters from AHV reminding Jage of his confidentiality obligations, reminding Jage that he agreed to the Noncompete Agreement, requesting he return any confidential materials, records or documents (whether electronic or not), and also to return an acknowledgement that Jage will not use confidential materials, Jage has not returned any records or even acknowledged such information while taking steps to launch "his next set of ventures" in cannabis media through an entity (Shennong) Jage formed more than five months before he was terminated.

39. Jage is keenly aware that his activities will have an ongoing negative effect on AHV's Business for his even having threatened them or continuing with the implied threat that such activities will occur or are ongoing, even if they are not. Jage seeks to continue to use such threats (implied or actual) as leverage against AVH now after his termination just as he attempted to do leading to his termination.

40. Jage has recently threatened to publish confidential financial information in a court filing related to this dispute.

D. An Existing Controversy Exists as to Jage's Claim to Unpaid Wages.

41. On April 24, 2017, AHV paid to Jage all wages through that date in addition to all amounts then due, owing, and otherwise determinable pursuant to Jage's "Incentive Pay" plan through April 30, 2017 (the "**Final Paycheck**"). Jage was further informed in writing on April 24, 2017 that, "the final payment to you of any further bonus, if any, will be based on year end numbers and will occur at the end of the year adjusted for the duration of your employment in 2017 (through April 2017)."

42. Jage's additional "Incentive Plan" or bonus payment included in his last paycheck included estimated amounts through the end of April 2017.

43. AHV has previously estimated additional payment amounts to Jage and provided him with such figures that would be payable at year end 2017 if targets are reached.

44. When actual numbers providing the basis of the "Incentive Plan" are known and the amounts due to Jage are then determinable, AHV will pay and has promised to pay such to Jage.

45. On or about May 1, 2017, Jage, through his legal counsel, demanded certain dollar amounts denominated as Jage's "2017 Base" and "2017 Bonus" that Jage claims were owed to him "pursuant to an oral agreement between [Jage] and [AHV], which was renewed annually...."

46. In essence, Jage's demand is that he be paid his entire year 2017 salary though he was terminated on April 24, 2017 and that he be further paid the entire year's payment under the Incentive Plan rather than the balance of 4/12^{ths} (through April 2017) AHV has committed, in writing, to pay Jage when such amounts are determinable.

47. AHV denies the existence of any "oral agreement... renewed annually..." as alleged by Jage.

48. AHV has asserted that the Offer Letter – an executed copy of which Jage provided again in January 2017—controls, and clearly states his employment was "at-will" and provided that he was paid a *pro-rata* portion of his Incentive Plan payment when he started his employment in 2014.

49. On May 12, 2017, AHV wrote Jage, through legal counsel, seeking to understand Jage's position and requesting of Jage as follows:

The Company takes the allegations that Mr. Jage was not paid his then-fully due and owing compensation with his final paycheck very seriously. If you have any basis or evidence to support the claims made in your letter—including your claim that Mr. Jage was not at-will and is somehow due salary or incentive pay on a full calendar year basis—please provide that to me as soon as possible.

50. Jage did not respond to AHV's May 12, 2017 request to provide a basis for Jage's claim for additional compensation.

51. On May 17, 2017, AHV again wrote, through legal counsel providing the above quoted language from the May 12, 2017 letter as “restated and emphasized”.

52. Jage did not respond to AHV’s May 17, 2017 “restated and emphasized” request to provide a basis for Jage’s claim for additional compensation.

53. On May 23, 2017, AHV again wrote Jage, though legal counsel, stating it was “following up on this email ...[May 17, 2017] last week below. We had been expecting you to provide your client’s written articulation of the basis for his claim. Let me know if you still intend to do that, and if so, when.”

54. Jage did not respond to AHV’s May 23, 2017 request to provide a basis for Jage’s claim for additional compensation.

E. An Existing Controversy Exists as to Jage’s Agreement to Maintain AHV’s Confidential Information.

55. On April 24, 2017, AHV served Jage his written Notice of Termination including a Request for Acknowledgement of Nondisclosure of Confidential Information (“**Termination Notice**”).

56. In connection with the Termination Notice AHV requested of Jage as follows:

Please also confirm, by signing and returning the enclosed acknowledgement within 48 hours, that you have not disclosed any of the Company’s confidential, propriety, or trade secrets to any third parties.

57. The “acknowledgement” provided to Jage with his April 24, 2017 Termination Notice stated as follows:

By signing below, I acknowledge and confirm that I have not, and will not, disclose or use any confidential information, proprietary information or trade secrets of Anne Holland Ventures, Inc.

George Jage

Date

58. On May 1, 2017, although Jage did respond, through his legal counsel, demanding cash amounts be paid to him as set forth above, Jage did not return the “acknowledgement” regarding AHV’s confidential information as AHV had requested.

59. On May 25, 2017, through legal counsel, Jage was again requested among other items to return the “acknowledgement” regarding confidential information by May 30, 2017 even though the 48 hour deadline set forth in the April 24, 2017 Termination Notice had long passed.

60. Jage did not respond to AHV’s May 25, 2017 renewed request to return a copy of the acknowledgement.

61. To date, Jage refuses to acknowledge he holds any obligation to AHV regarding its confidential information.

F. An Existing Controversy Exists as to Jage’s Agreement to any Noncompete Agreement.

62. As set forth above, Jage unequivocally manifested his intent to be bound by the Noncompete Agreement on which his employment was “contingent” having provided his executed copies of the same on at least two occasions. Most recently, Jage provide an executed copy of the Noncompete Agreement in January 2017.

63. The Offer Letter and its concurrent tender of the Noncompete Agreement on which the offer was “contingent” were clearly AHV’s offer to Jage, which Jage accepted the benefits from (including generous salary and Incentive Plan payments) for years.

64. The Noncompete Agreement states that it is “effective as of the date first above written.” The date above written is: June 9, 2014.

65. The Noncompete Agreement does not state that its effectiveness is in any way tied to it being countersigned by AHV.

66. Jage never, himself, reasonably believed that the offer and employment terms he received the benefit from for years were ever conditioned on receiving the counter-signature of AHV on the Noncompete Agreement AHV offered Jage with the Offer Letter and Jage unequivocally accepted.

67. Jage understood the stated signature block for AHV’s execution on the Noncompete Agreement to be exactly what it was—for authentication purposes of the document and not a component of conditioning its validity with AHV having already been a party to an offer to Jage that was accepted through Jage’s words, conduct, including Jage’s own signature, initials, email in response (“It’s officially official!”) and acceptance of benefits of his employment offer that were “contingent on” the same.

68. Jage has articulated an understanding that the purpose of any countersignature by AHV was for his own records to have an authenticated copy of the Noncompete Agreement.

69. Upon information and belief, Jage will allege that:
- a. Jage never received a Noncompete Agreement countersigned by AHV; and
 - b. As such, Jage was freely able, in April 2017, to “revoke” his signatures accepting his offer of employment (the Offer Letter) and including its Noncompete Agreement.
 - c. Having “revoked” his signatures from 2014 on the Offer Letter and Noncompete Agreement, he is no longer bound by either.

G. An Existing Controversy Exists as to Jage’s Entitlement to Payment From AHV on Any Future Sale of The Business.

70. On a few occasions during the course of the employment relationship with AHV, Jage expressed interest in becoming a small percentage owner of AHV.

71. Agreements as to any ownership interest belonging to Jage in AHV were never reached between AHV and Jage.

72. AHV made no unfulfilled promises to Jage with regard to any ownership interest in AHV.

73. Agreements as to any payments to Jage by AHV in the event of any sale of the Business were never reached between AHV and Jage.

74. AHV made no unfulfilled promises to Jage with regard to any payments he would receive in the event of any sale of the Business.

75. On December 19, 2016 Jage stated to one of AHV’s owners that, as to his participation in the proceeds of any sale of the Business, that he was, “moving forward under the current assumption of zero.”

76. To the extent any of AHV’s owners’ or officers’ statements were considered an offer or promise to Jage to provide him with an incentive payment on the sale of the Business, which AHV denies, Jage affirmatively rejected any such offer or promise in December 2016 or when Jage stated to AHV on April 12, 2017 that he would not be part of or aid in any smooth transition of the Business sale to any party other than himself.

H. Relief Sought:

77. A declaratory judgement will serve the useful purpose of clarifying the rights of the parties, status or legal relations, by establishing whether any such relationships exist as alleged by the parties.

78. A declaratory judgment will terminate the controversy and remove the uncertainty between the parties by defining the terms of any such relationship.

79. A declaratory judgment would serve the particular purpose of resolving the controversy between the parties that include establishing:

- a. Whether, or not AHV is obligated to pay Jage any additional salary beyond the salary paid to Jage in his Final Paycheck issued on April 24, 2017.
- b. Whether, or not AHV is obligated to pay Jage any additional “incentive pay” beyond that portion of the incentive pay paid to Jage in his Final Paycheck.
- c. Whether Jage is bound by the terms any noncompetition, non-solicitation, and nondisclosure agreements with AHV and, if so, whether Jage’s ongoing business “ventures” are in violation of its terms.
- d. Whether AHV is bound by any “oral agreement... renewed annually” with Jage and, if so, what are its terms.
- e. Whether, or not AHV is obligated to pay Jage any additional amounts when and if AHV ever sells the Business.

80. Each of the above stated controversies are actual.

81. Determination of the parties’ rights as to each of the above stated controversies would terminate the controversy and remove uncertainty by defining the terms of the parties’ relationship.

82. AHV is without any other speedy remedy.

83. AHV has performed all conditions precedent to bringing this action and specifically sought to not have to bring this most unfortunate action.

**FIRST CLAIM FOR RELIEF
(Breach of Contract)**

84. Plaintiff incorporates all paragraphs above as though fully set forth here.

85. Defendant entered into agreements with Plaintiff regarding his employment, the terms of which involved Defendant’s agreement to not compete, not-solicit, and not disclose confidential business information.

86. Plaintiff fully performed its obligations under the agreement including but not limited to paying Defendant his salary and incentive plan and providing to Defendant full consideration for his return assent to policies on Confidentiality of Company Information and the Noncompete Agreement.

87. Defendant has breached his agreements with Plaintiff and threatens to breach the agreements with Plaintiff.

88. Plaintiff has been damaged as a cause of Defendant's breach and threatened breach in an amount to be determined at trial.

89. Among other damages Plaintiff may seek is monetary relief in the form of damages for amounts paid to Jage during times he was acting solely for his own benefit, including efforts now appearing to be in furtherance of his new business ventures while he was employed by AHV.

90. As a result of Defendant's breaches and threatened breaches, Plaintiff is also entitled to and seeks appropriate injunctive relief.

SECOND CLAIM FOR RELIEF
(Declaratory Judgment)

91. Plaintiff incorporates all paragraphs above as though fully set forth here.

92. A declaratory judgement will serve the useful purpose of clarifying the rights of the parties, status or legal relations, by establishing whether any such relationships exist as alleged by the parties.

93. A declaratory judgement will terminate the controversy and remove the uncertainty between the parties by defining the terms of any such relationship.

94. A declaratory judgment would serve the particular purpose of resolving the controversy between the parties that include establishing:

- a. Whether, or not, AHV is obligated to pay Jage any additional salary beyond the salary paid to Jage in his Final Paycheck issued on April 24, 2017. AHV's position is that it is not.
- b. Whether, or not, AHV is obligated to pay Jage any additional "incentive pay" beyond that portion of the incentive pay paid to Jage in his Final Paycheck. AHV's position is that it is not.

- c. Whether, or not, Jage is bound by the terms any noncompetition, non-solicitation, and nondisclosure agreements with AHV and, if so, whether Jage's ongoing business "ventures" are in violation of its terms. AHV's positions are that he is and that it is.
- d. Whether, or not, AHV is bound any "oral agreement... renewed annually" Jage alleges and, if so, what is its terms. AHV's position is that it is not.
- e. Whether, or not, AHV is obligated to pay Jage any additional amounts when and if AHV ever sells the Business. AHV's position is that it is not.

95. Each of the above stated controversies are actual.

96. Determination of the parties' rights as to each of the above stated controversies pursuant to C.R.C.P. 57 and C.R.S. §13-51-101 *et seq.* would terminate the controversy and remove uncertainty by defining the terms of the parties' relationship.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff respectfully prays for the following relief against the Defendant:

- (a) An order preliminarily and permanently enjoining Defendant from directly or indirectly violating his confidentiality, non-solicitation, and non-compete agreements;
- (b) An order preliminarily and permanently enjoining the Defendant from directly or indirectly misappropriating AHV's Confidential Information;
- (c) Monetary damages against the Defendant in an amount to be proven at trial for his breaches of contract;
- (d) Declaratory Judgements resolving the parties' controversies as set forth above;
- (e) Pre-judgment and post-judgment interest on all damages recovered or awarded;
- (f) An award of attorneys' fees and costs; and
- (g) Such other relief as the Court deems just and proper.

Dated: June 5, 2017

MALLON LONNQUIST MORRIS & WATROUS, PLLC

/s/ Reed F. Morris

Reed F. Morris, #36170

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