

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES**

**Civil Division**

Central District, Stanley Mosk Courthouse, Department 36

**BC641097**

**SERGIO TELLEZ ET AL VS JAMES SHAW ET AL**

December 17, 2018

8:00 AM

Judge: Honorable Gregory W. Alarcon

Judicial Assistant: C. Mason

Courtroom Assistant: G. Rodriguez

CSR: Mark Schweitzer, #10514, Pro Tem

ERM: None

Deputy Sheriff: None

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**APPEARANCES:**

For Plaintiff(s): Michael O. Azat, Esq.; Issa Y. Azat, Jr., Esq.

For Defendant(s): Stanley H. Kimmel, Esq.

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**NATURE OF PROCEEDINGS:** Jury Trial

**COURT TRIAL IN PROGRESS**

Trial resumes from 12/14/18 with counsel and parties present.

James Shaw is sworn and testifies on his own behalf.

Plaintiffs' exhibits:

#58, 1041, 1011, and 1009 are admitted into evidence this date.

Plaintiffs' exhibits:

#110 and 1015 are marked for identification this date.

Defendants' exhibits:

#90, 40, 41, and 47 are admitted into evidence this date.

Defendants' exhibit:

#91 is marked for identification this date.

Counsel and parties are ordered to return at 1:30 pm in this department.

**LATER THIS SAME DATE AT 1:30 PM:**

**OUT OF THE PRESENCE OF THE JURY:**

Court and counsel confer regarding jury instructions and the verdict form.

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IN THE PRESENCE OF THE JURY:

Testimony resumes with James Shaw, previously sworn, on the stand.

Plaintiff's exhibits:

#105 and 106 are admitted into evidence this date.

Defendants' exhibit:

#1043 is admitted into evidence this date.

Defendant rests.

Plaintiff makes an oral motion to amend the complaint to conform to proof and motion for directed verdict. The motions are argued. The Court does not rule on the motions at this time.

The Court instructs the jury.

Plaintiff makes opening argument.

Defendant makes opening argument.

Plaintiff makes rebuttal argument.

At 5:02 pm, the Courtroom Assistant is sworn to take charge of the jury.

At 5:04 pm, the jury retires in to the juryroom to commence deliberations.

At 6:15 pm, the jury buzzes indicating that they have a question. The question regarding Cause of Action 2 is file stamped this date.

At 6:25 pm, the jury buzzes indicating that they have a question. The question form states that the jury no longer needs a response to the previous question.

At 6:28 pm, the jury buzzes indicating that they have a question. The question regarding California Institute is file stamped this date.

At 6:30 pm, a response to the question is sent in to the jury.

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Deputy Sheriff: None

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At 6:48 pm, the jury buzzes indicating that they have reached a verdict.

At 6:52 pm, the jury returns to the Courtroom with the following verdict:

"TITLE OF COURT AND CAUSE,

Question No. 1

Cause of Action 1 - Fraud

We, the jury in the above-entitled action, find in favor for the following parties:

Sergio Tellez;

Polo Capital and Consulting, LLC;

Polo Capital and Consulting, LP;

California Institute of Cannabis, Inc.;

James Shaw;

Arts District Patients' Collective, Inc. dba Arts District Healing Center;

And award damages in the amount of \$ 1 million

After you answer the above entitled question, please proceed to QUESTION No. 2.

Question No. 2

Cause of Action 2 - Breach of Oral Contract

We, the jury in the above-entitled action, find in favor for the following parties:

Sergio Tellez;

Polo Capital and Consulting, LLC;

Polo Capital and Consulting, LP;

California Institute of Cannabis, Inc.;

James Shaw;

Arts District Patients' Collective, Inc. dba Arts District Healing Center;

And award damages in the amount of \$ 700K

After you answer the above entitled question, please proceed to QUESTION No. 3.

Question No. 3

Cause of Action 4 - Rescission

We, the jury in the above-entitled action, find that the Management Transfer Agreement should be rescinded.

Yes

No

If you answered Yes to the above entitled questions, please proceed to QUESTION No. 5, and do not answer QUESTION No. 4.

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ERM: None

Deputy Sheriff: None

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If you answered No to the above entitled questions, please proceed to QUESTION No. 4.

Question No. 4

Cause of Action 5 - Breach of Written Contract

We, the jury in the above-entitled action, find in favor for the following parties:

Sergio Tellez;

Polo Capital and Consulting, LLC;

Polo Capital and Consulting, LP;

California Institute of Cannabis, Inc.;

James Shaw;

Arts District Patients' Collective, Inc. dba Arts District Healing Center;

And award damages in the amount of \$ \_\_\_\_\_

After you answer the above entitled question, please proceed to QUESTION No. 5.

Question No. 5

Cause of Action 6 - Breach of the Covenant of Good Faith and Fair Dealing

We, the jury in the above-entitled action, find in favor for the following parties:

Sergio Tellez;

Polo Capital and Consulting, LLC;

Polo Capital and Consulting, LP;

California Institute of Cannabis, Inc.;

James Shaw;

Arts District Patients' Collective, Inc. dba Arts District Healing Center;

And award damages in the amount of \$ 400K

After you answer the above entitled question, please proceed to QUESTION No. 6.

Question No. 6

Cause of Action 7 - Negligence

We, the jury in the above-entitled action, find in favor for the following parties:

Sergio Tellez;

Polo Capital and Consulting, LLC;

Polo Capital and Consulting, LP;

California Institute of Cannabis, Inc.;

James Shaw;

Arts District Patients' Collective, Inc. dba Arts District Healing Center;

And award damages in the amount of \$ 300K

After you answer the above entitled question, please proceed to QUESTION No. 7.

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ERM: None

Courtroom Assistant: G. Rodriguez

Deputy Sheriff: None

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Question No. 7

Cause of Action 8 - Negligent Misrepresentation

We, the jury in the above-entitled action, find in favor for the following parties:

Sergio Tellez;

Polo Capital and Consulting, LLC;

Polo Capital and Consulting, LP;

California Institute of Cannabis, Inc.;

James Shaw;

Arts District Patients' Collective, Inc. dba Arts District Healing Center;

And award damages in the amount of \$ 600K

After you answer the above entitled question, please proceed to QUESTION No. 8.

Question No. 8

Cause of Action 9 - Breach of Fiduciary Duty

We, the jury in the above-entitled action, find in favor for the following parties:

Sergio Tellez;

Polo Capital and Consulting, LLC;

Polo Capital and Consulting, LP;

California Institute of Cannabis, Inc.;

James Shaw;

Arts District Patients' Collective, Inc. dba Arts District Healing Center;

And award damages in the amount of \$ 200K

After you answer the above entitled question, please proceed to QUESTION No. 9.

Question No. 9

Cause of Action 10 - Quantum Merit

We, the jury in the above-entitled action, find in favor for the following parties:

Sergio Tellez;

Polo Capital and Consulting, LLC;

Polo Capital and Consulting, LP;

California Institute of Cannabis, Inc.;

James Shaw;

Arts District Patients' Collective, Inc. dba Arts District Healing Center;

And award damages in the amount of \$ 175K

After you answer the above entitled question, please proceed to QUESTION No. 10.

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Courtroom Assistant: G. Rodriguez

Deputy Sheriff: None

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Question No. 10

Cause of Action 11 - Constructive Fraud

We, the jury in the above-entitled action, find in favor for the following parties:

Sergio Tellez;

Polo Capital and Consulting, LLC;

Polo Capital and Consulting, LP;

California Institute of Cannabis, Inc.;

James Shaw;

Arts District Patients' Collective, Inc. dba Arts District Healing Center;

And award damages in the amount of \$ 175K

After you answer the above entitled question, please proceed to QUESTION No. 11.

Question No. 11

Punitive Damages

We, the jury in the above-entitled action, find in favor for the following parties:

Sergio Tellez;

Polo Capital and Consulting, LLC;

Polo Capital and Consulting, LP;

California Institute of Cannabis, Inc.;

James Shaw;

Arts District Patients' Collective, Inc. dba Arts District Healing Center;

And award damages in the amount of \$ 750K

Signed: \_\_\_\_\_/S/\_\_\_\_\_

Presiding Juror

Dated: 12/17/18

After all QUESTIONS that require an answer have been answered, have the presiding juror sign and date the verdict form and notify the court attendant that you are ready to present your verdict in the courtroom."

The verdict is read. The verdict is ordered recorded. Re-reading of the verdict as recorded is waived. The jury is polled and answer as fully reflected in the notes of the official Court Reporter and incorporated herein by reference.

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ERM: None

Courtroom Assistant: G. Rodriguez

Deputy Sheriff: None

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The jury is thanked and discharged.

The verdict form and the jury instructions given are filed this date.

The Court orders all exhibits/depositions that were lodged, marked and/or admitted be returned to the proffering party to be held in good condition through the pendency of appeal.

Plaintiff to submit a proposed judgment, in conformity with the above verdict, within 10 days from today's date.

Further notice deemed waived.