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11 **EIGHTH JUDICIAL DISTRICT COURT**
12 **CLARK COUNTY, NEVADA**

13 NATUREX, LLC, a Nevada limited)
14 liability company; and, BB MARKETING,)
15 LLC, a Nevada limited liability company,)

16 Plaintiffs,)

17 vs.)

18 VERANO HOLDINGS, LLC, an Illinois)
19 limited liability company; LONE)
20 MOUNTAIN PARTNERS, LLC, a Nevada)
21 limited liability company; NEVADA)
22 NATURAL TREATMENT SOLUTIONS,)
23 LLC, a Nevada limited liability company;)
24 SCYTHIAN BIOSCIENCES CORP., a)
25 Canadian corporation; GEORGE)
26 ARCHOS, an individual; SAM DORF, an)
27 individual; CARL ROSEN, an individual;)
28 JULIE NAGLE, an individual; DOES I-X;)
and ROE COMPANIES I-X;)

Defendants.)

CASE NO: A-19-787873-C

DEPT NO.: Department 8

COMPLAINT FOR:

1. **USURPATION OF CORPORATE OPPORTUNITY**
2. **BREACH OF FIDUCIARY DUTY**
3. **FRAUD**
4. **BREACH OF DUTY OF LOYALTY**
5. **MISAPPROPRIATION OF TRADE SECRETS**
6. **BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING**
7. **IMPOSITION OF CONSTRUCTIVE TRUST**
8. **TORTIOUS INTERFERENCE WITH BUSINESS RELATIONS**
9. **CIVIL CONSPIRACY**
10. **MISAPPROPRIATION OF CORPORATE ASSETS (EMBEZZLEMENT)**
11. **DECLARATORY RELIEF**

Arbitration Exemption Claims:

- *Involves Declaratory Relief*
- *Involves Equitable or Extraordinary Relief*
- *Involves Claims in Excess of \$50,000*

1 Plaintiffs NATUREX, LLC, and BB MARKETING, LLC, by and through their
2 Counsel, Jared B. Kahn, Esq., of JK Legal & Consulting, LLC, hereby complains and alleges
3 against Defendants VERANO HOLDINGS, LLC, LONE MOUNTAIN PARTNERS, LLC,
4 NEVADA NATURAL TREATMENT SOLUTIONS, LLC, SCYTHIAN BIOSCIENCES
5 CORP., GEORGE ARCHOS, SAM DORF, CARL ROSEN, and JULIE NAGLE, the
6 following:
7

8 **I. THE PARTIES, JURISDICTION AND VENUE**

9 1. At all material times herein, Plaintiff Naturex, LLC (“Naturex”) was a limited
10 liability company operating pursuant to the laws of the State of Nevada.

11 2. At all material times herein, Plaintiff BB Marketing, LLC (“BBM”) was a
12 limited liability company operating pursuant to the laws of the State of Nevada.

13 3. Naturex and BBM are collectively referred herein as “Plaintiffs”.

14 4. At all material times herein, Defendant VERANO HOLDINGS, LLC (“Verano”)
15 was a limited liability company operating pursuant to the laws of the State of Illinois. On
16 information and belief, Defendant Verano owns or maintains an interest and controls the
17 business operations of Defendant Lone Mountain, Defendant Nevada Natural Treatment
18 Solutions, LLC and Naturex. On Verano’s website, it represents it owns the Nevada dispensary
19 “Zen Leaf”, which the dispensary is actually owned by Naturex. Verano further represents it
20 owns a marijuana cultivation facility in Nevada, which on information and belief, is actually
21 owned by Defendant Lone Mountain Partners, LLC.
22

23 5. At all material times herein, Defendant LONE MOUNTAIN PARTNERS, LLC
24 (“Lone Mountain”) was a limited liability company operating pursuant to the laws of the State
25 of Nevada.
26

27 6. At all material times herein, Defendant NEVADA NATURAL TREATMENT
28

1 SOLUTIONS, LLC (“NNTS”) was a limited liability company operating pursuant to the laws of
2 the State of Nevada.

3 7. At all material times herein, Defendant SCYTHIAN BIOSCIENCES CORP
4 (“SCYTHIAN”) was a Canadian corporation, and on information and belief, maintained
5 ownership and a controlling interest in Verano, and will financially benefit from the
6 wrongdoings alleged herein.
7

8 8. At all material times herein, Defendant GEORGE ARCHOS (“ARCHOS”) was
9 an individual residing in the State of Illinois and routinely and continuously maintained
10 ownership and operated companies doing business in the State of Nevada, particularly
11 Defendants Lone Mountain, Verano and NNTS.

12 9. At all material times herein, Defendant SAM DORF (“DORF”) was an
13 individual residing in the State of Illinois and routinely and continuously maintained ownership
14 and operated companies doing business in the State of Nevada, particularly Defendants Lone
15 Mountain, Verano and NNTS.
16

17 10. At all material times herein, Defendant CARL ROSEN (“ROSEN”) was, on
18 information and belief, an individual residing in the State of New York and routinely and
19 continuously maintained ownership and operated companies doing business in the State of
20 Nevada, particularly Defendants Lone Mountain, Verano and NNTS.
21

22 11. At all material times herein, Defendant JULIE NAGLE (“NAGLE”) was, on
23 information and belief, an individual residing in the State of Illinois and routinely and
24 continuously maintained ownership and operated companies doing business in the State of
25 Nevada, particularly Defendants Lone Mountain, Verano and NNTS.

26 12. Lone Mountain, Verano, NNTS, Scythian, Archos, Dorf, Rosen and Nagle are
27 referred collectively herein as “Defendants”.
28

1 13. The true names and capacities, whether individual, corporate, association or
2 otherwise of the Defendants DOES I through X and/or ROE COMPANIES I through X,
3 inclusive, are unknown to Plaintiffs, who therefore sue said Defendants by such fictitious
4 names. Plaintiffs are informed and believe, and thereupon allege, that each of the Defendants
5 designated herein as DOES and/or ROE COMPANIES are responsible in the same manner for
6 the events and happenings herein referred to, and in some manner, caused the injuries and
7 damages to Plaintiffs alleged herein. Plaintiffs will seek leave of the Court to amend this
8 Complaint to insert the true names and capacities of said Defendants DOES I through X and/or
9 ROE COMPANIES I through X, inclusive when the same have been ascertained by Plaintiffs,
10 together with the appropriate charging allegations, and to join such Defendants in this action.
11

12 14. All of the acts alleged herein took place in the County of Clark, State of Nevada,
13 where Naturex, BBM, Verano, Lone Mountain, NNTS and the individual Defendants subject of
14 this action conducted their business affairs and caused the harm alleged herein.
15

16 **II. PERTINENT FACTS AND ALLEGATIONS**

17 **a. The Department of Taxation Retail Dispensary Licensing Applications**

18 15. The Department of Taxation, pursuant to Nevada State Legislature Assembly
19 Bill 422, transferred responsibility for the registration, licensing and regulation of marijuana
20 establishments from the State of Nevada’s Division of Public and Behavioral Health to the
21 Department of Taxation (the “Department”).
22

23 16. Pursuant to Section 80(3) of Adopted Regulation of the Department of Taxation,
24 LCB File No. R092-17, the Department being responsible for allocation the licenses of retail
25 marijuana dispensaries, issued a public notice for an application period wherein the Department
26 sought applications from qualified applicants to award sixty-four (64) retail marijuana
27 dispensary licenses throughout various jurisdictions in Nevada (the “Applications”).
28

1 17. The application period for those retail dispensary licenses was only available to
2 existing State of Nevada licensed marijuana entities, which opened on September 7, 2018 and
3 closed on September 20, 2018 (the “Application Period”).

4 18. Despite repeated assurances relied upon by Defendants that Plaintiffs would
5 submit an application on behalf of Naturex during the Application Period, as further detailed
6 below, Defendants instead through a concerted effort nefariously conspired for Naturex to not
7 submit an application, and instead, Defendants submitted an application on behalf of
8 Defendants’ other licensed cultivation entity Lone Mountain.

9 19. On December 5, 2018, the Department issued conditional licenses to those
10 applicants who scored and ranked high enough in each jurisdiction. On information and belief,
11 Defendant Lone Mountain was awarded eleven (11) retail dispensary licenses (the “Licenses”).
12

13 **b. The Naturex Ownership and Partnership Between Plaintiffs and Defendants**

14 20. Naturex owns and operates a lawfully licensed medical and retail marijuana
15 dispensary doing business as “Zen Leaf” in Clark County, Nevada.

16 21. Prior to April 2016, Naturex was owned by BBM (or its member entities),
17 Kessler and Wyloge.

18 22. In or around April 2016, pursuant to a Membership Interest Purchase Agreement
19 and for valuable consideration, Defendant NNTS purchased fifty percent (50.0%) of the
20 membership interest in Naturex. Plaintiff BBM and another member comprised of the
21 remaining fifty (50.0%) membership interest of Naturex.
22

23 23. Subsequent to the acquisition by NNTS of the membership interest in Naturex,
24 the Parties acted accordingly and operated the Zen Leaf dispensary collaboratively, particularly,
25 BBM and NNTS each acted as Managers of the entity dividing up operational and managerial
26 duties, acted in concert for the benefit of the entity Naturex, and regularly and routinely
27
28

1 communicated and agreed upon the decisions in the best interest of Naturex – until the
2 Application Period.

3 24. Until the Application Period, the Managers of Naturex, BBM and NNTS
4 (controlled by Verano), would operate and make business operation decisions together for the
5 benefit of Naturex and its members.

6 25. The Membership Interest Purchase Agreement provided for a supply and
7 inventory provision such that the dispensary would be required to purchase inventory, as
8 applicable, from both the BBM affiliated cultivation facility and from the Defendant’s affiliated
9 cultivation facility (the “Inventory Purchase Agreement”).

10
11 **c. Defendants’ Bad Faith and Fraudulent Conduct in Pursuit of the Licenses**

12 26. During the summer of 2018, it was decided between the Managers of Naturex
13 that Defendants would take the lead on and control the Applications to be submitted on behalf
14 of Naturex.

15 27. Defendants hired their own “licensing consultants” known as Sara and Troy, who
16 would be tasked with preparing, compiling and submitting the Naturex Applications.

17 28. On July 31, 2018, Defendants contacted Erin Buckner, who is a licensing and
18 compliance consultant for Plaintiffs, for the purpose of Ms. Buckner providing assistance for
19 compiling the BBM ownership documents necessary for the Applications. The information
20 requested would include personal and financial information of the owners of BBM, for purposes
21 of submitting such information for the Naturex Applications.

22 29. In August 2018, Defendants again contacted Ms. Buckner to seek her assistance
23 in obtaining similar personal and financial documents from the remaining owners of Naturex for
24 Defendants to submit the Naturex Applications.

25 30. On September 5, 2018, Defendant Dorf contacted Ms. Buckner and requests she
26
27
28

1 start “feeding us the info for the app” and seeking additional inquiries of associations and
2 donations the members of Naturex made.

3 31. On September 7, 2018, Defendant Dorf contacted Ms. Buckner to “run through
4 everything” with Defendants’ application team. Ms. Buckner advised the application team on
5 various matters regarding portions for completing the Applications. Ms. Buckner then created a
6 Dropbox folder to share with the Defendants and their application team. Defendants then
7 tasked Ms. Buckner with completing all parts of the “unidentified portion” of the Applications.
8

9 32. On September 10, 2018, Defendants reveal there are certain ownership issues
10 with Defendants’ ownership structure and membership interests in Naturex, such that certain
11 individuals are not supposed to be owners of Defendants any longer, however, Defendants had
12 not yet taken the appropriate steps to inform the State of Nevada and process a Change of
13 Ownership. Defendant Dorf informs Ms. Buckner he desires to immediately file a Change of
14 Ownership to adjust the ownership interests of the Defendants so it will be pending before the
15 State of Nevada during the review of the Applications. Ms. Buckner is then asked to prepare
16 personal biographies and resumes for the owners of BBM and Naturex – besides Defendants -
17 which Ms. Buckner completes and delivers to Defendants by September 11, 2018. Ms. Buckner
18 also prepares and delivers the Organizational Chart for Plaintiffs necessary for the Applications.
19

20 33. On September 11, 2018, counsel for Plaintiffs informs Defendants their
21 ownership predicament cannot be avoided and all current-owners known to and licensed by the
22 State of Nevada listed for Naturex for Defendants’ ownership structure must be submitted for
23 the Naturex Applications.
24

25 34. On September 12, 2018, Defendant Dorf again contacts Ms. Buckner for
26 assistance preparing Defendants Dorf and Archos’ fingerprint cards, which Ms. Buckner
27 completes such task.
28

1 35. On September 14, 2018, Defendant Dorf contacts Ms. Buckner for assistance to
2 completing proposed “Board Member” information for the Naturex Applications.

3 36. On September 18, 2018, after Defendants repeatedly failed to respond to Ms.
4 Buckner’s repeated email communications seeking information regarding the Defendants to
5 complete the “unidentified portion” of the Naturex Applications, Ms. Buckner delivers a full
6 table of contents for the “unidentified portion” to Defendants with indications of missing
7 information she required from Defendants. Defendants did not respond.
8

9 37. On September 19, 2018, Defendants contacted the principal of BBM to request
10 the principal owner obtain his stepfather’s tax returns and approval to include him on the
11 application as a Board Member of the entity because of his notable financial successes for
12 purposes of improving the Naturex Applications’ financials in order to receive a better score
13 and ranking for the application review. The principal of BBM was unable to acquire his
14 stepfather’s financials for purposes of the Naturex Application nor did the principal of BBM
15 offer such assistance. At the time BBM received the request the day prior to the expiration of
16 the Application Period, Plaintiffs were still of the belief and understanding the Defendants were
17 submitting the Naturex Applications on behalf of Naturex. The Defendants communications the
18 day prior to the expiration of the Application Period never revealed an intent Defendants would
19 not be submitting the Naturex Applications, but in fact, such communications requesting the
20 aforementioned financials indicated to Plaintiffs the Naturex Applications were still be prepared
21 by Defendants for purpose of submitting Naturex Applications.
22

23 38. On the morning of September 20, 2018, the last day for submitting the
24 Applications during the Application Period, Defendants informed Plaintiffs the Defendants
25 would not be submitting the Applications. Defendants claimed the Applications would be
26 incomplete without locations specified in the Application materials – albeit an incorrect analysis
27
28

1 and unsubstantiated excuse proffered by Defendants, to which Plaintiffs reasonably relied on
2 such misrepresentation at the time.

3 39. Defendants receive prior advice from Defendants' personal counsel and
4 corporate counsel for the Plaintiffs informing Defendants that actual locations and land use
5 approvals were not required for the Applications, yet, despite the repeated advice, Defendants'
6 claimed the lack of sufficient locations to identify in the Applications rendered the submittal of
7 the Applications pointless.

8
9 40. Despite the extensive efforts by the Plaintiffs and compliance with all requested
10 items to be completed for the Naturex Applications, and despite the fact locations would not be
11 required for the Applications, Defendants purposefully, with an intent to cause financial harm
12 and to eliminate Plaintiffs from applying for the Applications, instead applied for the
13 Applications through their cultivation facility Lone Mountain with the express and deliberate
14 intent to cut out Plaintiffs from the Licenses.

15
16 41. Defendants had made repeated representations – in hindsight misrepresentations
17 – to Plaintiffs that Defendants would submit the Applications on behalf of Naturex.

18 42. Plaintiffs relied upon the Defendants representations by extensively providing
19 the necessary materials required for the Applications to be submitted on behalf of Naturex, and,
20 relied upon Defendants to submit the Naturex Applications rather than Plaintiffs completing the
21 Naturex Applications and submitting themselves.

22
23 43. As a result of the detrimental reliance upon the Defendants intentional
24 misrepresentations fraudulently inducing Plaintiffs not to submit the Naturex Applications,
25 Plaintiffs did not submit any Applications during the Application Period.

26 44. Instead of submitting the Naturex Applications, Defendants intentionally
27 concealed the fact Defendants instead submitted the Applications on behalf of Lone Mountain
28

1 without including Plaintiffs, yet, on information and belief, the Lone Mountain Application
2 would reference the “Zen Leaf” dispensary actually owned by Naturex.

3 45. Until late-November 2018, Defendants repeatedly communicated to Plaintiffs
4 that Applications were not submitted, and it was not until late-November 2018 that an employee
5 of Defendants informed a co-owner of BBM that Defendants did indeed submit Applications.
6 Upon Plaintiffs confronting Defendants with such information, Defendants acknowledged it
7 submitted Applications on behalf of their cultivation entity Lone Mountain and purposefully did
8 not include Plaintiffs.
9

10 46. Upon discovery of Defendants’ award of the Licenses, Plaintiffs repeatedly
11 confronted Defendants whether they intended to include Plaintiffs in the newly awarded
12 dispensary licenses, to which Defendants refuse.
13

14 47. Defendants’ Licenses are premised on the fact they will use the “Zen Leaf” brand
15 for the dispensaries, which is in fact a fictitious firm name belonging to Plaintiff Naturex. On
16 information and belief, Defendants’ misappropriated the fictitious firm name “Zen Leaf” for
17 Defendant Lone Mountain’s Application.

18 48. On further information and belief, in furtherance of Defendants’ Lone Mountain
19 Application submittal, Defendants’ misappropriated, without permission, Plaintiffs’ trade
20 secrets and proprietary information belonging to Plaintiff Naturex, such as Plaintiffs’ Standard
21 Operating Procedures (“SOPs”), financials, business plans, business designs, business models,
22 and other personal and confidential financial information belonging to Plaintiff Naturex (the
23 “Naturex Proprietary Information”).
24

25 49. As a result of Defendants’ repeated assertions and conduct, Plaintiffs relied upon
26 such representations and did not submit any Applications for Naturex. Naturex is now not
27 eligible to obtain additional recreational dispensary licenses.
28

1 50. On information and belief, subsequent to the Defendants’ receipt of the Licenses,
2 Defendants have utilized, at Naturex’ cost but without Plaintiffs’ approval, certain Naturex
3 employees to perform services for the benefit of Defendants for the Licenses and for
4 Defendants’ other businesses, evidencing Defendants’ intent to utilize corporate assets for
5 Defendants’ own use in furtherance of the usurped corporate opportunity.
6

7 51. Defendants have asserted the value of just the existing Naturex “Zen Leaf”
8 dispensary at Fifteen Million Dollars (\$15,000,000.00). Defendants were awarded, on
9 information and belief, ten (10) new recreational dispensaries, gaining an estimated One
10 Hundred Fifty Million Dollars (\$150,000,000.00) in equity.

11 52. As a result of Defendant’s conduct, Plaintiff will suffer damages by losing 50.0%
12 of the \$150,000,000.00 in equity, therefore, the damages are in excess of Seventy-Five Million
13 Dollars (\$75,000,000.00).
14

15 53. As a result of Defendants’ conduct, Plaintiffs are entitled to fifty percent (50.0%)
16 of the value of the equity obtained by the awarded Licenses, or otherwise, Plaintiffs are entitled
17 to their respective fifty percent (50.0%) ownership interest in the newly awarded Licenses.

18 54. Pursuant to the Inventory Purchase Agreement, the Zen Leaf dispensary and the
19 dispensaries for the Licenses – had they been submitted as part of the Natuerx Application -
20 would ordinarily have been obligated to purchase inventory from BBM’s affiliated cultivation
21 entity, however, due to Defendants’ usurpation and fraudulent conduct to attempt to evade its
22 obligations due to Plaintiffs, BBM will suffer damages by not having an Inventory Purchase
23 Agreement with the Licenses despite that the dispensary licenses should have been awarded to
24 Naturex. As a result, BBM will suffer damages in excess of Fifty Million Dollars
25 (\$50,000,000.00).
26

27 55. On information and belief, Defendants are attempting to selling one or more of
28

1 the Licenses to third-party purchasers with the intent to exclude Plaintiffs from the proceeds of
2 any such sale.

3 **FIRST CLAIM FOR RELIEF**

4 **USURPATION OF CORPORATE OPPORTUNITY**

5 **(All Defendants)**

6
7 56. Plaintiffs reallege and incorporate herein the allegations of paragraphs 1 through
8 55, inclusive.

9 57. As directors and/or officers of Naturex, including comprising of the purported
10 Board for Naturex as Defendants would propose each of the Defendants would be Board
11 members on the Naturex Applications, each of the Defendants owe fiduciary duties of care,
12 loyalty and good faith to Naturex's members, including Plaintiffs. Defendants' fiduciary duties
13 include obligations to exercise good business judgment, to act prudently in the operation of
14 Naturex's business, to discharge their actions in good faith, to act in the best interests of
15 Naturex and its members, and to put the interests of Naturex before their own.

16
17 58. Defendants breached their fiduciary duty owed to Naturex and its members, by
18 among other things, appropriating for their own use, the opportunity to apply for the
19 Applications, which was an opportunity that should belong to Naturex.

20
21 59. The newly awarded Licenses will be directly competing businesses because the
22 Licenses will be utilized to open additional recreational marijuana dispensaries in direct
23 competition of Naturex and operated to the detriment of Plaintiffs.

24 60. Defendants maintain an interest and expectancy in the Licenses and the
25 competing businesses' opportunity opened thereto with the Licenses because Defendants
26 explicitly applied under Defendant Lone Mountain, which is owned and operated by the
27 Defendants.
28

1 61. Defendants repeated conduct of informing Plaintiffs the Applications would be
2 submitted on behalf of Naturex, obtaining all of the Naturex Proprietary Information, and then
3 utilizing the Naturex tradename Zen Leaf, was a direct exploit of the opportunity available to
4 Naturex, which Naturex relied upon the representations by Defendants the Application would
5 be submitted on behalf of Naturex. Defendants then intentionally and maliciously usurped the
6 opportunity available and belonging to Naturex and instead utilized the Naturex materials for its
7 own entity Defendant Lone Mountain to apply without including Plaintiffs and without
8 informing Plaintiffs of Defendants intended course of action.

10 62. The opportunity to apply for the Licenses belonged to Naturex, the Plaintiffs
11 maintained an expectancy interest in the opportunity to apply for the Licenses, and the equitable
12 interest and expectancy grew out of a pre-existing right of Naturex, therefore, Defendants – as
13 fiduciaries to Plaintiffs – could not keep the opportunity for themselves.

15 63. The proposed activity to apply for the Licenses was developed through Naturex’
16 assets and it is reasonably incident to the Naturex business, therefore, a protected opportunity
17 the Defendants usurped for their own personal benefit for the purposeful exclusion of the
18 Plaintiffs.

19 64. As a direct result of Defendant’s actions to usurp the opportunity belonging to
20 Naturex and instead utilizing the Naturex materials for Defendants to apply for and obtain the
21 Licenses directly caused the Plaintiffs’ damages because Plaintiffs were unable to apply for the
22 Licenses after detrimentally relying on Defendant’s representations the Application would be
23 submitted on behalf of Naturex, when in fact, Defendants did not intend to do so. Instead, it
24 was not until the day of the expiration of the Application Period the Defendants informed
25 Plaintiffs the Application would not be submitted, therefore, making it impossible for Plaintiffs
26 to submit their own Application after detrimentally relying upon Defendants’ course of conduct
27
28

1 and representations the Defendants would prepare and submit the Application for Plaintiffs.

2 65. As a direct result, Plaintiffs were unable to apply for and obtain the Licenses.

3 66. As a result of the usurpation of the corporate opportunity by Defendants,
4 Plaintiffs suffered damages in an amount in excess of \$10,000.00.

5 67. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
6 Licenses, or, entitled to their fifty percent ownership in the Licenses. Plaintiffs are further
7 entitled to an implied trust imposed on the Licenses and interest at the legal rate thereon the
8 profits, which exceed \$75,000,000.00 based upon the Defendants' valuation of the Licenses.

9 68. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
10 Inventory Purchase Agreement that otherwise would have supplied the Licenses' dispensaries,
11 which exceeds \$50,000,000.00 based on the projected sales to the Licenses.

12 69. Plaintiffs are therefore entitled to the proceeds from the sale of any of the
13 Licenses the Defendants are seeking to sell. Furthermore, Plaintiffs are entitled to injunctive
14 relief to prevent the disposal of any such License assets prior to the final adjudication of the
15 Plaintiffs claims.

16 70. As a result of the actions by Defendants, Plaintiffs incurred attorney fees and
17 costs and are entitled to reimbursement pursuant to NRS 18 *et seq.*

18
19
20 **SECOND CLAIM FOR RELIEF**

21 **BREACH OF FIDUCIARY DUTY**

22 **(All Defendants)**

23
24 71. Plaintiffs reallege and incorporate herein the allegations of paragraphs 1 through
25 70, inclusive.

26 72. As directors and/or officers of Naturex, including comprising of the purported
27 Board for Naturex as Defendants would propose each of the Defendants would be Board
28 members on the Naturex Applications, each of the Defendants owe fiduciary duties of care,

1 loyalty and good faith to Naturex's members, including Plaintiffs. Defendants' fiduciary duties
2 include obligations to exercise good business judgment, to act prudently in the operation of
3 Naturex's business, to discharge their actions in good faith, to act in the best interests of
4 Naturex and its members, and to put the interests of Naturex before their own.

5
6 73. The fiduciary duty existing between Plaintiffs and Defendants requires
7 Defendants to act with a duty for or give advice for the benefit of Plaintiffs upon the matters
8 within the scope of their business relationship.

9 74. Defendants breached their fiduciary duty owed to Naturex and its members, by
10 among other things, appropriating for their own use, the opportunity to apply for the
11 Applications, which was an opportunity that should belong to Naturex. Defendants failed to use
12 due care or diligence, failed to act with the utmost faith, exercise ordinary skill, and act with
13 reasonable intelligence in exercising their fiduciary duty to Plaintiffs.
14

15 75. Defendants breached their fiduciary duties of loyalty and good faith by, among
16 other things, intentionally appropriating for their own use the Naturex Proprietary Information,
17 by failing to submit the Naturex Applications, by failing to afford the opportunity in the
18 Applications and Licenses to Plaintiffs, and by purposefully misrepresenting to Plaintiffs'
19 detriment the Naturex Application would be prepared and submitted, when in fact, Defendants
20 instead intended and did submit the Lone Mountain Application to Naturex's detriment.
21

22 76. Plaintiffs have been damaged by the Defendants' breach of their fiduciary duties.

23 77. As a direct result, Plaintiffs were unable to apply for and obtain the Licenses.

24 78. As a result of the Defendants breach of their fiduciary duties, Plaintiffs suffered
25 damages in an amount in excess of \$10,000.00.

26 79. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
27 Licenses, or, entitled to their fifty percent ownership in the Licenses. Plaintiffs are further
28

1 entitled to an implied trust imposed on the Licenses and interest at the legal rate thereon the
2 profits, which exceed \$75,000,000.00 based upon the Defendants' valuation of the Licenses..

3 80. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
4 Inventory Purchase Agreement that otherwise would have supplied the Licenses' dispensaries,
5 which exceeds \$50,000,000.00 based on the projected sales to the Licenses.

6 81. Plaintiffs are therefore entitled to the proceeds from the sale of any of the
7 Licenses the Defendants are seeking to sell. Furthermore, Plaintiffs are entitled to injunctive
8 relief to prevent the disposal of any such License assets prior to the final adjudication of the
9 Plaintiffs claims.
10

11 82. As a result of the actions by Defendants, Plaintiffs incurred attorney fees and
12 costs and are entitled to reimbursement pursuant to NRS 18 *et seq.*

13 **THIRD CLAIM FOR RELIEF**

14 **FRAUD**

15 **(All Defendants)**

16 83. Plaintiffs reallege and incorporate herein the allegations of paragraphs 1 through
17 82, inclusive.

18 84. Defendants made false representations or misrepresentations to Plaintiffs when
19 Defendants indicated the Applications would be prepared and submitted on behalf of Naturex.
20

21 85. Defendants knew during the Application Period the Defendants' representations
22 were false and the Naturex Application would not be submitted.
23

24 86. Defendants intended to induce Plaintiffs to act in reliance on the representations
25 the Applications would be submitted so the Plaintiffs could not submit the Application on
26 behalf of Naturex.

27 87. Plaintiffs justifiably relied upon the Defendants' representations by completing
28

1 the requested sections of the Naturex Application and relying upon Defendants, through their
2 repeated promises and representations Defendants would handle the preparation and submittal
3 of the Application using Defendants' 'application team'.

4 88. Plaintiffs justifiable reliance on the Defendants' representations led to Plaintiffs
5 inability to submit the Application themselves since Defendants only informed Plaintiffs on the
6 last day of the Application Period the Application for Naturex would not be submitted.
7 Defendants did not inform Plaintiffs that Defendants would instead submit an Application for
8 Defendants' own entity Lone Mountain.

9
10 89. The failure to submit the Application on behalf of Naturex, which Plaintiffs were
11 relying upon Defendants to submit, led to financial damages because Naturex was unable to
12 apply for the limited available dispensary licenses. Instead, Defendants were awarded the
13 Licenses, with, on information and belief, Naturex Proprietary Information and trade name "Zen
14 Leaf" utilized for the Lone Mountain Application.

15
16 90. Plaintiffs have been damaged by the Defendants' fraudulent conduct.

17 91. As a direct result, Plaintiffs were unable to apply for and obtain the Licenses.

18 92. As a result of the Defendants fraudulent conduct, Plaintiffs suffered damages in
19 an amount in excess of \$10,000.00.

20
21 93. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
22 Licenses, or, entitled to their fifty percent ownership in the Licenses. Plaintiffs are further
23 entitled to an implied trust imposed on the Licenses and interest at the legal rate thereon the
24 profits, which exceed \$75,000,000.00 based upon the Defendants' valuation of the Licenses.

25 94. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
26 Inventory Purchase Agreement that otherwise would have supplied the Licenses' dispensaries,
27 which exceeds \$50,000,000.00 based on the projected sales to the Licenses.

28

1 95. Plaintiffs are therefore entitled to the proceeds from the sale of any of the
2 Licenses the Defendants are seeking to sell. Furthermore, Plaintiffs are entitled to injunctive
3 relief to prevent the disposal of any such License assets prior to the final adjudication of the
4 Plaintiffs claims.

5 96. As a result of the actions by Defendants, Plaintiffs incurred attorney fees and
6 costs and are entitled to reimbursement pursuant to NRS 18 *et seq.*

8 **FOURTH CLAIM FOR RELIEF**
9 **BREACH OF DUTY OF LOYALTY**
10 **(All Defendants)**

11 97. Plaintiffs reallege and incorporate herein the allegations of paragraphs 1 through
12 96, inclusive.

13 98. As directors and/or officers of Naturex, including comprising of the purported
14 Board for Naturex as Defendants would propose each of the Defendants would be Board
15 members on the Naturex Applications, each of the Defendants owe fiduciary duties of care,
16 loyalty and good faith to Naturex's members, including Plaintiffs. Defendants' fiduciary duties
17 include obligations to exercise good business judgment, to act prudently in the operation of
18 Naturex's business, to discharge their actions in good faith, to act in the best interests of
19 Naturex and its members, and to put the interests of Naturex before their own.

20 99. The fiduciary duty existing between Plaintiffs and Defendants requires
21 Defendants to maintain, in good faith, Naturex's and its members' best interests over anyone
22 else's interests.
23

24 100. Defendants breached their fiduciary duty owed to Naturex and its members, by
25 among other things, appropriating for their own use, the opportunity to apply for the
26 Applications, which was an opportunity that should belong to Naturex. Defendants failed to use
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1 due care or diligence, failed to act with the utmost faith, exercise ordinary skill, and act with
2 reasonable intelligence in exercising their fiduciary duty to Plaintiffs.

3 101. Defendants breached their fiduciary duties of loyalty and good faith by, among
4 other things, intentionally appropriating for their own use the Naturex Proprietary Information,
5 by failing to submit the Naturex Applications, by failing to afford the opportunity in the
6 Applications and Licenses to Plaintiffs, and by purposefully misrepresenting to Plaintiffs'
7 detriment the Naturex Application would be prepared and submitted, when in fact, Defendants
8 instead intended and did submit the Lone Mountain Application to Naturex's detriment.
9

10 102. Plaintiffs have been damaged by the Defendants' breach of their fiduciary duties.

11 103. As a direct result, Plaintiffs were unable to apply for and obtain the Licenses.

12 104. As a result of the Defendants breach of their fiduciary duties, Plaintiffs suffered
13 damages in an amount in excess of \$10,000.00.
14

15 105. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
16 Licenses, or, entitled to their fifty percent ownership in the Licenses. Plaintiffs are further
17 entitled to an implied trust imposed on the Licenses and interest at the legal rate thereon the
18 profits, which exceed \$75,000,000.00 based upon the Defendants' valuation of the Licenses.
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20 106. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
21 Inventory Purchase Agreement that otherwise would have supplied the Licenses' dispensaries,
22 which exceeds \$50,000,000.00 based on the projected sales to the Licenses.

23 107. Plaintiffs are therefore entitled to the proceeds from the sale of any of the
24 Licenses the Defendants are seeking to sell. Furthermore, Plaintiffs are entitled to injunctive
25 relief to prevent the disposal of any such License assets prior to the final adjudication of the
26 Plaintiffs claims.

27 108. As a result of the actions by Defendants, Plaintiffs incurred attorney fees and
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1 costs and are entitled to reimbursement pursuant to NRS 18 *et seq.*

2 **FIFTH CLAIM FOR RELIEF**
3 **MISAPPROPRIATION OF TRADE SECRETS**
4 **(Violation of Nevada Trade Secrets Act NRS 600A *et seq.*)**
5 **(All Defendants)**

6
7 109. Plaintiffs reallege and incorporate herein the allegations of paragraphs 1 through
8 108, inclusive.

9 110. Naturex possess a viable trade secret as part of its business, including but not
10 limited to market research, customer lists, customer and product pricing information, formulas,
11 patterns, compilations, programs, devices, methods, techniques, products, systems, processes,
12 designs, prototypes, procedures and computer programming instructions, including the Naturex
13 Proprietary Information, which are extremely confidential and derive independent economic
14 value from not being generally known to, and not being readily ascertainable by proper means
15 by the public or any other persons who can obtain commercial or economic value from their
16 disclosure or use.

17
18 111. Naturex took adequate measures and maintained the foregoing information and
19 technology as trade secrets, which secrecy was guarded and not readily available to others.

20
21 112. On information and belief, Defendants intentionally, and with reason to believe
22 that its actions would cause injury to Plaintiffs, misappropriated and exploited the trade secret
23 information through use and disclosure of the trade secret for Defendants' own use and personal
24 gain when it utilized the Naturex Proprietary Information for the Lone Mountain Application.

25 113. The misappropriation is wrongful because it was made in breach of an expressed
26 or implied contract that the information would only be used for the Naturex Application, and,
27 by Defendants' who maintained a fiduciary duty not to disclose the trade secret.
28

1 114. On information and belief, Defendants misappropriated the trade secret
2 information with willful, wanton, or reckless disregard of Plaintiffs' rights for Defendants' Lone
3 Mountain Application instead of utilizing the information for the Naturex Application that was
4 never submitted.

5 115. Plaintiffs have been damaged by the Defendants' misappropriation of trade secrets
6 because Defendants would not have been successful in obtaining the Licenses without the trade
7 secrets, which the Licenses will not be directly competing with Naturex.

8 116. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
9 Licenses, or, entitled to their fifty percent ownership in the Licenses, which exceed
10 \$75,000,000.00 based upon the Defendants' valuation of the Licenses. Plaintiffs are further
11 entitled to an implied trust imposed on the Licenses and interest at the legal rate thereon the
12 profits for the effectuation of justice.

13 117. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
14 Inventory Purchase Agreement that otherwise would have supplied the Licenses' dispensaries,
15 which exceeds \$50,000,000.00 based on the projected sales to the Licenses.

16 118. Plaintiffs are therefore entitled to the proceeds from the sale of any of the
17 Licenses the Defendants are seeking to sell. Furthermore, Plaintiffs are entitled to injunctive
18 relief to prevent the disposal of any such License assets prior to the final adjudication of the
19 Plaintiffs claims.

20 119. As a direct result of the Defendants misappropriation, Plaintiffs suffered
21 damages in an amount in excess of \$10,000.00.

22 120. As a result of the actions by Defendants, Plaintiffs incurred attorney fees and
23 costs and are entitled to reimbursement pursuant to NRS 600A.060.

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1 **SIXTH CLAIM FOR RELIEF**

2 **BREACH OF THE IMPLIED COVENANT**
3 **OF GOOD FAITH AND FAIR DEALING**

4 **(All Defendants)**

5 121. Plaintiffs reallege and incorporate herein the allegations of paragraphs 1 through
6 120, inclusive.

7 122. The Parties entered into that particular Membership Interest Purchase Agreement
8 for the Defendant to purchase fifty percent (50.0%) of the membership interest of Naturex and
9 be partners with Plaintiffs.
10

11 123. The Membership Interest Purchase Agreement contains an implied covenant to
12 act in good faith in performance and enforcement of the contract.

13 124. The Membership Interest Purchase Agreement contained various provisions
14 regarding the management and partnership between the Parties going forward for the operations
15 of the business of Naturex.
16

17 125. Plaintiffs maintained a justifiable expectation to receive certain benefits
18 consistent with the provisions of the Agreement, such as a co-manager acting with a duty of
19 loyalty and fiduciary duty to Naturex and the members.

20 126. Defendants conduct was in violation of or unfaithful to the spirit of the
21 Agreement because Defendants duty of loyalty and fiduciary duty were breached when
22 Defendants failed to submit the Naturex Application and instead usurped the opportunity by
23 only submitting the Lone Mountain Application.
24

25 127. Defendants actions were deliberate because Defendants waited until the last day
26 of the Application Period to inform Naturex the Application would not be submitted despite all
27 the while Defendants were preparing and submitted the Lone Mountain Application to the
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1 detriment of Plaintiffs.

2 128. Plaintiffs have been damaged by the Defendants' breach of the implied covenant
3 of good faith and fair dealing because Plaintiffs were unable to apply for and obtain the
4 Licenses.

5 129. As a result of the Defendants breach, Plaintiffs suffered damages in an amount in
6 excess of \$10,000.00.

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8 130. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
9 Licenses, or, entitled to their fifty percent ownership in the Licenses. Plaintiffs are further
10 entitled to an implied trust imposed on the Licenses and interest at the legal rate thereon the
11 profits, which exceed \$75,000,000.00 based upon the Defendants' valuation of the Licenses.

12 131. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
13 Inventory Purchase Agreement that otherwise would have supplied the Licenses' dispensaries,
14 which exceeds \$50,000,000.00 based on the projected sales to the Licenses.

15
16 132. Plaintiffs are therefore entitled to the proceeds from the sale of any of the
17 Licenses the Defendants are seeking to sell. Furthermore, Plaintiffs are entitled to injunctive
18 relief to prevent the disposal of any such License assets prior to the final adjudication of the
19 Plaintiffs claims.

20 133. As a result of the actions by Defendants, Plaintiffs incurred attorney fees and
21 costs and are entitled to reimbursement pursuant to NRS 18 *et seq.*, and the Membership
22 Interest Purchase Agreement.
23

24 **SEVENTH CLAIM FOR RELIEF**

25 **IMPOSITION OF CONSTRUCTIVE TRUST**

26 **(All Defendants)**

27 134. Plaintiffs reallege and incorporate herein the allegations of paragraphs 1 through
28

1 135, inclusive.

2 135. As directors and/or officers of Naturex, including comprising of the purported
3 Board for Naturex as Defendants would propose each of the Defendants would be Board
4 members on the Naturex Applications, each of the Defendants owe fiduciary duties of care,
5 loyalty and good faith to Naturex's members, including Plaintiffs. Defendants' fiduciary duties
6 include obligations to exercise good business judgment, to act prudently in the operation of
7 Naturex's business, to discharge their actions in good faith, to act in the best interests of
8 Naturex and its members, and to put the interests of Naturex before their own.

9
10 136. The fiduciary duty existing between Plaintiffs and Defendants requires
11 Defendants to maintain, in good faith, Naturex's and its members' best interests over anyone
12 else's interests and was a confidential relationship between the Parties.

13
14 137. Defendants breached their fiduciary duty owed to Naturex and its members, by
15 among other things, appropriating for their own use, the opportunity to apply for the
16 Applications, which was an opportunity that should belong to Naturex. Defendants failed to use
17 due care or diligence, failed to act with the utmost faith, exercise ordinary skill, and act with
18 reasonable intelligence in exercising their fiduciary duty to Plaintiffs.

19
20 138. Defendants breached their fiduciary duties of loyalty and good faith by, among
21 other things, intentionally appropriating for their own use the Naturex Proprietary Information,
22 by failing to submit the Naturex Applications, by failing to afford the opportunity in the
23 Applications and Licenses to Plaintiffs, and by purposefully misrepresenting to Plaintiffs'
24 detriment the Naturex Application would be prepared and submitted, when in fact, Defendants
25 instead intended and did submit the Lone Mountain Application to Naturex's detriment.

26 139. Plaintiffs have been damaged by the Defendants' breach of their fiduciary duties.

27 140. As a direct result, Plaintiffs were unable to apply for and obtain the Licenses and
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1 retention of legal title by Defendants would be inequitable under the circumstances.

2 141. As a result of the Defendants breach of their fiduciary duties, Plaintiffs suffered
3 damages in an amount in excess of \$10,000.00.

4 142. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
5 Licenses, or, entitled to their fifty percent ownership in the Licenses, which exceed
6 \$75,000,000.00 based upon the Defendants' valuation of the Licenses. Plaintiffs are further
7 entitled to an implied trust imposed on the Licenses and interest at the legal rate thereon the
8 profits for the effectuation of justice.

9 143. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
10 Inventory Purchase Agreement that otherwise would have supplied the Licenses' dispensaries,
11 which exceeds \$50,000,000.00 based on the projected sales to the Licenses.

12 144. Plaintiffs are therefore entitled to the proceeds from the sale of any of the
13 Licenses the Defendants are seeking to sell. Furthermore, Plaintiffs are entitled to injunctive
14 relief to prevent the disposal of any such License assets prior to the final adjudication of the
15 Plaintiffs claims.

16 145. As a result of the actions by Defendants, Plaintiffs incurred attorney fees and
17 costs and are entitled to reimbursement pursuant to NRS 18 *et seq.*

18 **EIGHTH CLAIM FOR RELIEF**

19 **TORTIOUS INTERFERENCE WITH BUSINESS RELATIONS**

20 **(All Defendants)**

21 146. Plaintiffs reallege and incorporate herein the allegations of paragraphs 1 through
22 145, inclusive.

23 147. Plaintiffs maintained a prospective economic interest to apply for the Licenses.

24 148. Defendants had knowledge of the prospective economic interest.

1 149. Defendants intended to harm Plaintiff by preventing the prospective economic
2 interest when Defendants failed to prepare and submit the Application on behalf of Naturex.

3 150. There exists no justification or privilege for Defendants' conduct.

4 151. Plaintiffs have been damaged by the Defendants' tortuous interference with the
5 prospective economic interest.

6 152. As a direct result, Plaintiffs were unable to apply for and obtain the Licenses.

7 153. As a result of the Defendants tortuous interference with the prospective
8 economic interest, Plaintiffs suffered damages in an amount in excess of \$10,000.00.

9 154. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
10 Licenses, or, entitled to their fifty percent ownership in the Licenses, which exceed
11 \$75,000,000.00 based upon the Defendants' valuation of the Licenses. Plaintiffs are further
12 entitled to an implied trust imposed on the Licenses and interest at the legal rate thereon the
13 profits for the effectuation of justice.

14 155. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
15 Inventory Purchase Agreement that otherwise would have supplied the Licenses' dispensaries,
16 which exceeds \$50,000,000.00 based on the projected sales to the Licenses.

17 156. Plaintiffs are therefore entitled to the proceeds from the sale of any of the
18 Licenses the Defendants are seeking to sell. Furthermore, Plaintiffs are entitled to injunctive
19 relief to prevent the disposal of any such License assets prior to the final adjudication of the
20 Plaintiffs claims.

21 157. As a result of the actions by Defendants, Plaintiffs incurred attorney fees and
22 costs and are entitled to reimbursement pursuant to NRS 18 *et seq.*

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1 **NINTH CLAIM FOR RELIEF**
2 **CIVIL CONSPIRACY**

3 **(All Defendants)**

4 158. Plaintiffs reallege and incorporate herein the allegations of paragraphs 1 through
5 157, inclusive.

6 159. Defendants, through their various entities, officers, board members, and
7 members, intended to accomplish an unlawful objective together by causing the Naturex
8 Application to not be submitted in order to provide Defendants an advantage for the application
9 process.

10 160. Defendants acted in concert and by agreement of a meeting of the minds to
11 pursue the Lone Mountain Application while purposefully disregarding the Naturex Application
12 and the failure to submit it for review.

13 161. The Defendants intentions of waiting until the day of the expiration of the
14 Application Period to inform Naturex it would not submit the Naturex Application while
15 contemporaneously concealing the fact Defendants intended to submit an Application on behalf
16 of Lone Mountain instead were to accomplish the unlawful objection of harming Naturex
17 because it would be too late for Naturex to complete and submit its Application.

18 162. By misappropriating the Naturex Proprietary Information and defrauding
19 Plaintiffs into believing the Application would be submitted based on the repeated promises
20 despite Defendants' intent to submit the Application instead under Lone Mountain, Defendants
21 committed an unlawful act in furtherance of the agreement to harm Naturex.

22 163. Plaintiffs have been damaged by the Defendants' civil conspiracy setout to cause
23 the Naturex Application to not be submitted.

24 164. As a direct result, Plaintiffs were unable to apply for and obtain the Licenses.

25 165. As a result of the Defendants civil conspiracy, Plaintiffs suffered damages in an
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1 amount in excess of \$10,000.00.

2 166. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
3 Licenses, or, entitled to their fifty percent ownership in the Licenses, which exceed
4 \$75,000,000.00 based upon the Defendants' valuation of the Licenses. Plaintiffs are further
5 entitled to an implied trust imposed on the Licenses and interest at the legal rate thereon the
6 profits for the effectuation of justice.
7

8 167. Plaintiffs are therefore entitled to their fifty percent profits to be earned from the
9 Inventory Purchase Agreement that otherwise would have supplied the Licenses' dispensaries,
10 which exceeds \$50,000,000.00 based on the projected sales to the Licenses.

11 168. Plaintiffs are therefore entitled to the proceeds from the sale of any of the
12 Licenses the Defendants are seeking to sell. Furthermore, Plaintiffs are entitled to injunctive
13 relief to prevent the disposal of any such License assets prior to the final adjudication of the
14 Plaintiffs claims.
15

16 169. As a result of the actions by Defendants, Plaintiffs incurred attorney fees and
17 costs and are entitled to reimbursement pursuant to NRS 18 *et seq.*

18 **TENTH CLAIM FOR RELIEF**

19 **MISAPPROPRIATION OF CORPORATE ASSETS**

20 **(EMBEZZLEMENT)**

21 **(All Defendants)**

22
23 170. Plaintiffs reallege and incorporate herein the allegations of paragraphs 1 through
24 169, inclusive.

25 171. Naturex possesses certain assets, including its employees, who are financially
26 remunerated by Naturex to perform services for Naturex.

27 172. Naturex assets, including its employees, are not readily available for use by
28

1 others.

2 173. On information and belief, Defendants intentionally, and with reason to believe
3 that its actions would cause injury to Plaintiffs, misappropriated the Naturex assets for
4 Defendants' own use and personal gain when it utilized the Naturex employees for the benefit
5 of the Licenses and for Defendants' other businesses while Defendants' relied upon Naturex to
6 pay for those employees' salaries.
7

8 174. The misappropriation is wrongful because Defendants are utilizing the Naturex
9 assets, without authority nor compensation, while furthering Defendants' improper usurped
10 corporate opportunity by utilizing Naturex assets for Defendants' own use.

11 175. On information and belief, Defendants misappropriated the Naturex assets with
12 willful, wanton, or reckless disregard of Plaintiffs' rights for Defendants' Licenses and other
13 businesses of Defendants.
14

15 176. Plaintiffs have been damaged by the Defendants' misappropriation because
16 Plaintiffs' assets are being utilized without compensation and to further Defendants' corporate
17 opportunity and Licenses that should have belonged to Naturex.

18 177. As a direct result of the Defendants misappropriation, Plaintiffs suffered
19 damages in an amount in excess of \$10,000.00.
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21 178. As a result of the actions by Defendants, Plaintiffs incurred attorney fees and
22 costs and are entitled to reimbursement pursuant to NRS 18 *et seq.*

23 **ELEVENTH CLAIM FOR RELIEF**

24 **DECLARATORY RELIEF**

25 **(All Defendants)**

26
27 179. Plaintiffs reallege and incorporate herein the allegations of paragraphs 1 through
28 178, inclusive.

1 180. A justifiable controversy exists that warrants a declaratory judgment pursuant to
2 Nevada’s Uniform Declaratory Judgments Act, NRS 30.010 to 30.160, inclusive.

3 181. Plaintiffs and Defendants have adverse and/or competing interests pursuant to
4 the Membership Interest Purchase Agreement and the Defendants’ conduct of usurping the
5 corporate opportunity by failing to submit the Naturex Application and instead submitting the
6 self-serving Application for Defendant Lone Mountain.
7

8 182. The Defendants’ conduct of failing to submit the Naturex Application and then
9 the Licenses awarded to the Defendants affects Plaintiff’s rights afforded to it under the
10 Membership Interest Purchase Agreement and the Uniform Trade Secrets Act.

11 183. The Defendants’ actions and/or inactions also created an actual justifiable
12 controversy ripe for judicial determination between Plaintiffs and Defendants with respect to the
13 construction, interpretation and implementation of the Membership Interest Purchase
14 Agreement and the fiduciary duties owed between officers, directors and members to Naturex.
15

16 184. Plaintiffs have been harmed, and will continue to be harmed, by Defendants’
17 actions.

18 185. Accordingly, Plaintiffs seek a declaration from this Court that, *inter alia*:

- 19 a. Defendants improperly usurped Naturex’s opportunity to obtain the
20 Licenses;
21 b. Defendants improperly breached their fiduciary duties owed to Plaintiffs;
22 c. Defendants improperly breached their covenants of good faith and fair
23 dealing pursuant to the agreements and partnership between the Parties;
24 d. Defendants improperly misrepresented and defrauded Plaintiffs by
25 informing them Naturex would be applying for the Licenses, when
26 Defendants did not intend to submit the Naturex Application and instead
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- were only going to submit a self-serving Lone Mountain Application;
- e. Defendants civil conspiracy to interference with Naturex’s prospective business interests caused financial harm to the Plaintiffs;
- f. Plaintiffs are entitled to their fifty percent profits to be earned from the Licenses;
- g. Plaintiffs are entitled to their fifty percent ownership in the Licenses;
- h. Plaintiffs are entitled to their fifty percent of profits pursuant to the Inventory Purchase Agreement;
- i. Plaintiffs are entitled to injunctive relief enjoining Defendants from continued exclusion from ownership interest in the Licenses;
- j. Plaintiffs are entitled to injunctive relief enjoining Defendants from selling any of the Licenses prior to the relief afforded to Plaintiffs herein.

186. Plaintiffs assert and contend that a declaratory judgment is both necessary and proper at this time for the Court to determine the respective rights, duties, responsibilities and liabilities of the Parties.

187. As a result of the actions by Defendants, Plaintiffs incurred attorney fees and costs and are entitled to reimbursement pursuant to NRS 18 *et seq.*

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment as follows:

1. For declaratory relief as set forth above.
2. For a preliminary and permanent injunction enjoining the Defendants from excluding Plaintiffs from ownership of the Licenses and/or to receive the profits generated by the Licenses, including profits pursuant to the Inventory Purchase Agreement.

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3. For preliminary and permanent injunction enjoining the Defendants from selling or otherwise disposing of the Licenses to the exclusion of Plaintiffs.
4. For Judgment on Plaintiffs' First through Tenth Claims for Relief that Plaintiffs are entitled to their fifty percent profits to be earned from the Licenses, or, entitled to their fifty percent ownership in the Licenses.
5. For compensatory and special damages as set forth herein.
6. For attorneys' fees and costs.
7. For all other relief the Court deems just and proper.

JURY DEMAND

Plaintiffs hereby demand on all claims and issues to be triable by jury.

DATED: January 18, 2019.

/s/ Jared B. Kahn _____
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