

Assigned for all purposes to: Stanley Mosk Courthouse, Judicial Officer: Steven Kleifield

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Attorneys for Plaintiffs and Proposed Class Members

SUPERIOR COURT FOR THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

20STCV05126

Case No.:

SUSAN BAKER, an individual; BUEL
BARNETT, an individual; BRUCE
BOSTON, an individual; JIM BRADT, an
individual; BONNIE BRADT, an
individual; GEORGE BURKHARDT, an
individual; CAROLL BURKHARDT, an
individual; BRENDA CANARIS, an
individual; STAN CANARIS, an
individual; CHRISTINE ECKHOUT, an
individual; KATHLEEN DELLE DONNE,
an individual; JOAN DIETRICH, an
individual; JOAN DOTSON, an individual;
JIM W. EDWARDS III, an individual;
ROGER B. FOSDICK, an individual;
FUMIKO FOSDICK-FISHER, an
individual; MARY FRANCE GOMEZ, an
individual; ELAINE GRAND, an
individual; STEPHEN GRAN, an
individual; MARIA GROEN, an
individual; STANLEY GROEN, an
individual; ANKE HAGEDORN, an
individual; DONNA HAGENS, an
individual; CLINT HUBBARD, an
individual; DAVID KANE, an individual;
LINDA KANE, an individual; JIM
KLESS, an individual; KENNETH KUHN,
an individual; KATHRYN KUHN, an
individual; LAWRENCE LEHNER, an
individual; KAREN Y. MALLORY, an
individual; VICKI MILLS, an individual;

COMPLAINT FOR:

- 1. FINANCIAL ELDER ABUSE –
WELFARE & INSTITUTIONS CODE
§15610.30**
- 2. BREACH OF FIDUCIARY DUTY**
- 3. CONSTRUCTIVE FRAUD**
- 4. NEGLIGENCE**
- 5. CONSTRUCTIVE TRUST**
- 6. VIOLATION OF BUSINESS &
PROFESSIONS CODE §17200**
- 7. CONVERSION**

1 JAMES L. MURPHY, an individual;)
2 CAROLYN NOYES, an individual;)
3 WILLIAM NOYES, an individual;)
4 SANDRA R. PRICE, an individual; ED)
5 QUINTAL, an individual; GIOVANNA)
6 SCHENINI, an individual; LEE SADEG,)
7 an individual; LEONARD A. SEMAS, an)
8 individual; RICHARD L. SHELLEY, an)
9 individual; DOROTHY D. SHELLEY, an)
10 individual; JOSEPH SIMS, an individual;)
11 MARTHA B. SISSON, an individual;)
12 WARREN E. SISSON, JR., an individual;)
13 LARRY SMITH, an individual; DIANE)
14 SMITH, an individual; RAY)
15 WEISMANN, an individual; ELEANOR)
16 WEISMANN, an individual; ALAN P.)
17 WOLOCHUK, an individual; NANCY J.)
18 WOLOCHUK, an individual,)

19 Plaintiffs,)

20 vs.)

21 DEAN MEILING, an individual;)
22 MADYLON MEILING, an individual;)
23 MEILING FAMILY PARTNERS, LTD;)
24 JAMES PROCTOR, an individual; JANET)
25 CHUBB, an individual; TIFFANY)
26 SCHWARTZ, an individual; CHEMEON)
27 SURFACE TECHNOLOGY, LLC, a)
28 Nevada Limited Liability Company; DSM)
PARTNERS, LP, a Nevada Limited)
Partnership; DSM P GP LLC, a Nevada)
Limited Liability Company;)
ARMSTRONG TEASDALE, LLP, a)
Missouri Limited Liability Partnership;)
MERIDIAN ADVANTAGE, an unknown)
entity; SUITE B, LLC., a Nevada Limited)
Liability Company, and DOES 1-100,)
inclusive,)

Defendants.)

_____)

1 Plaintiffs SUSAN BAKER, an individual; BUEL BARNETT, an individual; BRUCE
2 BOSTON, an individual; JIM BRADT, an individual; BONNIE BRADT, an individual; GEORGE
3 BURKHARDT, an individual; CAROLL BURKHARDT, an individual; BRENDA CANARIS, an
4 individual; STAN CANARIS, an individual; CHRISTINE ECKHOUT, an individual; KATHLEEN
5 DELLE DONNE, an individual; JOAN DIETRICH, an individual; JOAN DOTSON, an individual;
6 JIM W. EDWARDS III, an individual; ROGER B. FOSDICK, an individual; FUMIKO FOSDICK-
7 FISHER, an individual; MARY FRANCE GOMEZ, an individual; ELAINE GRAND, an individual;
8 STEPHEN GRAN, an individual; MARIA GROEN, an individual; STANLEY GROEN, an individual;
9 ANKE HAGEDORN, an individual; DONNA HAGENS, an individual; CLINT HUBBARD, an
10 individual; DAVID KANE, an individual; LINDA KANE, an individual; JIM KLESS, an individual;
11 KENNETH KUHN, an individual; KATHRYN KUHN, an individual; LAWRENCE LEHNER, an
12 individual; KAREN Y. MALLORY, an individual; VICKI MILLS, an individual; JAMES L.
13 MURPHY, an individual; CAROLYN NOYES, an individual; WILLIAM NOYES, an individual;
14 SANDRA R. PRICE, an individual; ED QUINTAL, an individual; GIOVANNA SCHENINI, an
15 individual; LEE SADEG, an individual; LEONARD A. SEMAS, an individual; RICHARD L.
16 SHELLEY, an individual; DOROTHY D. SHELLEY, an individual; JOSEPH SIMS, an individual;
17 MARTHA B. SISSON, an individual; WARREN E. SISSON, JR., an individual; LARRY SMITH, an
18 individual; DIANE SMITH, an individual; RAY WEISMANN, an individual; ELEANOR WEISMANN,
19 an individual; ALAN P. WOLOCHUK, an individual; NANCY J. WOLOCHUK, an individual
20 (hereinafter referred to as “Plaintiffs”), as Proposed Class Members, allege against Defendants, and
21 Does 1 through 100, inclusive (hereinafter collectively referred to as “Defendants”), and each of them,
22 as follows:

23 **PARTIES**

24 1. Metalast International, LLC was an established, specialized metal coatings and finishes
25 company, (referred to herein as the “Investment LLC”), into which Plaintiffs, as elderly investors of a
26 larger investor constituency, had poured their life savings. The Meiling Defendants (as hereinafter
27 defined) feigned furthering their investments in the company in order to acquire confidential and
28 privileged financial information which they then shared with their attorneys and the receiver, without

1 any of the investors' (or the company's owner's) knowledge or consent. They thereafter used that
2 information in unnoticed court proceedings to gain ownership and control of the company, to the
3 detriment of all the investors, who have since had their retirements depleted and investments eradicated
4 through a premeditated sham "credit bid" sale, which stripped away all of the assets in the company,
5 in an amount within the jurisdiction of this court. The company is now being run by the Meiling
6 Defendants and their co-conspirators, who continue to reap all the profits and benefits.

7 2. Plaintiff Susan Baker is an individual residing in the State of Nevada. Plaintiff Buel
8 Barnett is an individual residing in the State of California. Plaintiff Bruce Boston is an individual
9 residing in the State of California. Plaintiff Jim Bradt is an individual residing in the State of California.
10 Plaintiff Bonnie Bradt is an individual residing in the State of California. Plaintiff George Burkhardt is
11 an individual residing in the State of California. Plaintiff Carol Burkhardt is an individual residing in
12 the State of California. Plaintiff Brenda Canaris is an individual residing in the State of California.
13 Plaintiff Stan Canaris is an individual residing in the State of California. Plaintiff Christine Eckhout is
14 an individual residing in the State of Nevada. Plaintiff Kathleen Delle Donne is an individual residing
15 in the State of California. Plaintiff Joan Dietrich is an individual residing in the State of Nevada.
16 Plaintiff Joan Dotson is an individual residing in the State of Nevada. Plaintiff Jim W. Edwards III is
17 an individual residing in the State of California. Plaintiff Roger Fosdick is an individual residing in
18 the State of California. Plaintiff Fumiko Fosdick-Fisher is an individual residing in the State of
19 California. Plaintiff Mary Frances Gomez is an individual residing in the State of California. Plaintiff
20 Elaine Grand is an individual residing in the State of California. Plaintiff Stephen Gran is an individual
21 residing in the State of California. Plaintiff Maria Groen is an individual residing in the State of
22 California. Plaintiff Stanley Groen is an individual residing in the State of California. Plaintiff Anke
23 Hagedorn is an individual residing in the State of Nevada. Plaintiff Donna Hagens is an individual
24 residing in the State of Nevada. Plaintiff Clint Hubbard is an individual residing in the State of
25 California. Plaintiff David Kane is an individual residing in the State of California. Plaintiff Linda
26 Kane is an individual residing in the State of California. Plaintiff Jim Kless is an individual residing
27 in the State of California. Plaintiff Kenneth Kuhn is an individual residing in the State of California.
28 Plaintiff Kathryn Kuhn is an individual residing in the State of California. Plaintiff Lawrence Lehner

1 is an individual residing in the State of Nevada. Plaintiff Karen Y. Mallory is an individual residing in
2 the State of Nevada. Plaintiff Vicki Mills is an individual residing in the State of California. Plaintiff
3 James L. Murphy is an individual residing in the State of California. Plaintiff Carolyn Noyes is an
4 individual residing in the State of California. Plaintiff William Noyes is an individual residing in the
5 State of California. Plaintiff Sandra R. Price is an individual residing in the State of California.
6 Plaintiff Ed Quintal is an individual residing in the State of Nevada. Plaintiff Giovanna Schenini is an
7 individual residing in the State of California. Plaintiff Lee Sadeg is an individual residing in the State
8 of California. Plaintiff Leonard Semas is an individual residing in the State of Nevada. Plaintiff
9 Richard L. Shelley is an individual residing in the State of California. Plaintiff Dorothy D. Shelley is
10 an individual residing in the State of California. Plaintiff Joseph Sims is an individual residing in the
11 State of Nevada. Plaintiff Martha B. Sisson is an individual residing in the State of California. Plaintiff
12 Warren E. Sisson, Jr., is an individual residing in the State of California. Plaintiff Larry Smith is an
13 individual residing in the State of California. Plaintiff Diane Smith is an individual residing in the
14 State of California. Plaintiff Eleanor Weismann is an individual residing in the State of California.
15 Ray Weismann is an individual residing in the State of California. Plaintiff Alan P. Wolochuk is an
16 individual residing in the State of California. Plaintiff Nancy J. Wolochuk is an individual residing in
17 the State of California (all collectively referred to herein as “Plaintiffs”). All Plaintiffs were at least 65
18 years old at the time of the conduct alleged herein, which has continued to date.

19 3. Plaintiffs are informed and believe, and thereon allege, that Defendant Dean Meiling,
20 an individual, was at all times relevant herein, an investor and member of Investment LLC, who
21 actively plotted a conspiracy meant to injure and harm Plaintiffs, as set forth below.

22 4. Plaintiffs are informed and believe, and thereon allege, that Defendant Madylon
23 Meiling, an individual, was at all times relevant, an active participant and co-conspirator in the acts
24 meant to injure and harm Plaintiffs, as set forth below.

25 5. Plaintiffs are informed and believe, and thereon allege, that Defendant Meiling Family
26 Partners, Ltd., was a Colorado limited partnership.

27
28

1 6. Plaintiffs are informed and believe, and thereon allege, that Defendant James Proctor,
2 an individual, was at all times relevant herein, an active participant and co-conspirator in the acts meant
3 to injure and harm Plaintiffs, as set forth below.

4 7. Plaintiffs are informed and believe, and thereon allege, that Defendant Janet Chubb, an
5 individual, was at all times relevant herein, an active participant and co-conspirator in the acts meant
6 to injure and harm Plaintiffs, as set forth below.

7 8. Plaintiffs are informed and believe, and thereon allege, that Defendant Tiffany
8 Schwartz, an individual, was at all times relevant herein, an active participant and co-conspirator in the
9 acts meant to injure and harm Plaintiffs, as set forth below.

10 9. Plaintiffs are informed and believe, and thereon allege, that Defendant Chemeon
11 Surface Technology, LLC (formerly D&M-MI, LLC) is a duly formed Nevada limited liability
12 company.

13 10. Plaintiffs are informed and believe and thereon allege, that Defendant Armstrong
14 Teasdale, LLP is a duly formed Missouri limited liability partnership and law firm.

15 11. Plaintiffs are informed and believe and thereon allege that the Defendant Meridian
16 Advantage is business entity of unknown form in the State of Nevada.

17 12. Plaintiffs are informed and believe, and thereon allege, that Defendant DSM Partners,
18 LP is a duly formed Nevada Limited Partnership.

19 13. Plaintiffs are informed and believe, and thereon allege, that Defendant DSM P GP LLC
20 is a duly formed Nevada Limited Liability Company.

21 14. Plaintiffs are informed and believe, and thereon allege, that Defendant SUITE B, LLC,
22 is a duly formed Nevada Limited Liability Company.

23 15. Plaintiffs will refer to Defendants Janet Chubb, Tiffany Schwartz, and Armstrong
24 Teasdale, LLP as “Attorney Defendants” throughout this complaint whenever referring to them
25 collectively.

26 16. Plaintiffs will refer to Defendants James Proctor and Meridian Advantage as “Receiver
27 Defendants” throughout this complaint whenever referring to them collectively.

28

1 17. Plaintiffs will refer to Defendants Dean Meiling, an individual, Madylon Meiling, an
2 individual, Meiling Family Partners, Ltd., Chemeon Surface Technology, LLC, DSM Partners, LP, DSM
3 P GP LLC and SUITE B, LLC, as the “Meiling Defendants” throughout this complaint whenever
4 referring to them collectively.

5 18. The true names and capacities, whether individual, corporate, associate or otherwise of
6 the Defendants names herein as Does 1 through 100, inclusive, are currently unknown to Plaintiffs who
7 therefore sue said Defendants by such fictitious names. Plaintiffs are informed and believe that each of
8 these fictitiously named defendants is in some manner responsible for the events and damages alleged
9 herein and Plaintiffs will seek leave of Court to amend this Complaint to show the true names and
10 capacities when the same have been ascertained.

11 19. Plaintiffs are informed and believe and thereon allege that at all times relevant herein
12 each and every Defendant: (a) was the agent, servant, employee, joint venturer, partner, affiliate and/or
13 conspirator of each other co-Defendant; (b) in performing or failing to perform the acts herein alleged,
14 was acting individually and in the foregoing alleged capacity within the course and scope of such
15 agency, employment, joint venture, partnership, affiliation and/or conspiracy; (c) ratified and affirmed
16 the acts and omissions of the other Defendants; (d) in taking the actions alleged herein, acted for their
17 own financial and individual advantage; and (e) was an alter ego for the other Defendants. Plaintiffs
18 further believe that there may be others, including attorneys, law firms, entities, and individuals, that
19 participated in the wrongful acts complained of herein. Plaintiffs reserve the right to amend this
20 Complaint to add such additional parties when said actions and identities become known.

21
22 **JURISDICTION AND VENUE**

23 20. Jurisdiction in California is proper since: (1) The predominant majority of the
24 members of the Plaintiffs’ Class are residents of California, and as such the majority of the witnesses
25 to the tortious conduct alleged herein are located in this state; (2) Defendants, and each of them,
26 have generally purposefully availed themselves of the benefits and protections of California laws
27 through their acts alleged herein, and specifically have solicited each of the California based Plaintiffs
28 and obtained their investment monies from California bank accounts, and continued to receive such

1 funds through additional distributions from these elderly California investors; (3) this controversy is
2 related to, and predominantly arises out of, the Defendants' contacts with this state since the
3 conspiracy alleged herein, and the acts, omissions and misrepresentations discussed below, were
4 made to and directed toward the Plaintiff Class of California residents; and (4) the assertion of personal
5 jurisdiction in this state would comport with fair play and substantial justice since Defendants,
6 and each of them, in committing the tortious conduct alleged herein, availed themselves of the laws
7 and privileges of this state, including banking and interstate commerce laws, as well as California
8 pension laws, in acquiring the California Plaintiffs' retirement and savings accounts funds. *See Cal.*
9 *Code Civ. Proc.*, § 410.10; *Snowney v. Harrah's Entertainment, Inc.*, 35 Cal. 4th 1054, 1062 (Cal.
10 2005); *Fireman's Fund Ins. Co. v. National Bank of Coops*, 103 F. 3d 888, 894 (9th Cir. 1996).

11 21. Venue in Los Angeles County is proper because the predominant majority of the
12 California resident Plaintiffs who compose the lion's share of investors reside in Los Angeles and are
13 knowledgeable Class members regarding the acts and omissions alleged herein. As such, not only are
14 the predominant majority of party witnesses located in this state, but the facts giving rise to each such
15 Plaintiffs' allegations occurred in this state, and the documentary evidence that was generated from the
16 acts and occurrences alleged herein was generated in this state. Further, Plaintiffs and the Class are
17 informed and believe that Los Angeles County is most judiciously equipped to handle cases of this
18 magnitude with the complexity of issues presented herein.

19 **CLASS ACTION ALLEGATIONS**

20 22. As to all representative claims requiring class action certification under Code of Civil
21 Procedure § 382, Plaintiffs were all investors who were at least 65 years old at the time of the tortious
22 acts alleged herein, all of whom have all been damaged by Defendants' conduct, and who are referred
23 to herein as "Class Members." The Class Members will be defined as follows:

24 **CLASS DEFINITION:** All members, investors, and their successors, in Metalast
25 International, LLC subsequently named MI94, LLC, ("Investment LLC"), the largest proportion of
26 whom are residents of California, together with the elderly Class members who are residents off
27 Nevada, who owned membership interests and were at least 65 years old at the time of the conduct
28

1 alleged herein, which has continued to date. Plaintiffs are informed and believe that said Class
2 comprises less than 100 members.

3 23. Excluded from the Class are all Metalast members and investors, and their successors,
4 who are residents of states other than California and Nevada, as well as Defendants, Defendants'
5 officers, members, owners, directors, affiliates, legal representatives, employees, co-conspirators,
6 successors, subsidiaries, and assigns, and any entity in which any Defendant has a controlling interest,
7 as well as all judicial officers and staff presiding over this matter and counsel of record. Also
8 specifically excluded from the Class is Marc Harris, an individual who resides in Orange County,
9 California, and was representative plaintiff of the class in the action styled *Marc Harris, et al. v. Dean*
10 *Meiling, et al.*, Case No.: 8:19-cv-00595-JLS-SEM, originally filed in the United States District Court
11 - Central District of California, Southern Division. Also specifically excepted from the Class are any
12 named Plaintiffs in the action styled *Jerry Alexander, et al. v. Dean Meiling, et al.*, Case No.: 3:16-cv-
13 00572-MMD-CBC, filed in the United States District Court – District of Nevada. Plaintiffs reserve the
14 right to revise the Class Definition as a result of discovery proceedings and further investigation.

15 24. **Common Questions of Law and Fact Predominate**: Plaintiffs and the Class Members
16 share a community of interest in that there are numerous common questions of law and fact which
17 predominate over questions, if any, that may affect individual Class members. There are numerous
18 parties such that it is impracticable to bring them all before the court, so that one may sue for the benefit
19 of all Plaintiffs' Class members. Questions of law and fact common to the Plaintiffs and Class that
20 predominate include, but are not limited to, *inter alia*:

- 21 a. Whether any or all of the Defendants breached fiduciary duties owed to
22 Investment LLC and Plaintiffs;
- 23 b. Whether Receiver Defendants were at minimum Professionally Negligent in the
24 performance of their duties as receiver;
- 25 c. Whether any or all of the Defendants engaged in a civil conspiracy to commit the
26 wrongful conduct;
- 27 d. Whether any or all of the Defendants converted Plaintiffs' funds and assets for
28 their own benefit;

- 1 e. Whether Defendants' misrepresentations and concealments were made
2 intentionally, with the intent to defraud Plaintiffs;
- 3 f. Whether Defendants were unjustly enriched because of their misrepresentations
4 and collusion;
- 5 g. Whether Plaintiffs are entitled to the imposition of a constructive trust on the
6 assets they have acquired by virtue of their participation in the takeover of
7 Investment LLC;
- 8 h. Whether the Defendants violated the Unfair Competition Law under Business
9 and Professions Code §17200;
- 10 i. The amount of compensatory and incidental damages to which the Class members
11 are entitled, and whether the Class members are entitled to treble or punitive
12 damages;
- 13 j. Whether the members of the Class are entitled recovery of attorneys' fees; and
14 k. Whether the members of the Class are entitled to the requested equitable relief,
15 and if so, the nature of such relief.

16 Defendants' conduct was applied uniformly to all members of the Class so that questions of law
17 and fact are common to the Plaintiffs and all members of the Class.

18 25. **Numerosity:** Based on the number of elderly investors in Investment LLC harmed by
19 Defendants, joinder of all the Class members individually would be impractical, if not impossible.
20 Membership in the Class is easily distinguishable from the records in possession of all the parties.

21 26. **Typicality:** The claims asserted by Plaintiffs in this action are typical of, and in fact,
22 mirror the claims of the Class. The claims arise from the same course of conduct by Defendants, and
23 the relief sought by the Class is common to each of the Class members.

24 27. **Adequacy:** Plaintiffs will fairly and adequately represent and protect the interests of
25 the Class. Plaintiffs have no interests which are contrary to, or in conflict with, other Class Members.
26 Plaintiffs are not subject to any individual defenses unique from those conceivably applicable to the
27 Class as a whole. Plaintiffs have retained counsel competent and experienced in business litigation and
28 class action litigation. Plaintiffs anticipate no management difficulties in this litigation.

1 28. **Superiority:** Class litigation is superior to any other alternative because:

- 2 a. Questions of law or fact common to the Plaintiffs and respective members of the
- 3 Class predominate over questions of law or fact affecting only individual
- 4 members of the Class;
- 5 b. Absent a class action, it would be highly unlikely that members of the Class
- 6 would be able to protect their own interests because the cost of litigation through
- 7 individual lawsuits might exceed expected recovery. This point is especially
- 8 pronounced herein because Defendants' chicanery has wiped out the Class
- 9 Member's retirements and they have no means of income;
- 10 c. Given the large number of the Class, allowing individual actions to proceed in
- 11 lieu of a class action would run the risk of yielding inconsistent and conflicting
- 12 adjudications;
- 13 d. A class action will permit a large number of claims to be resolved in a single
- 14 forum simultaneously, efficiently, and without the unnecessary hardship that
- 15 would result from the prosecution of numerous individual actions and the
- 16 duplication of discovery, efforts, expenses and the tremendous burden on the
- 17 courts that individual actions would engender; and
- 18 e. The benefits of proceeding as a class action, including providing a method for
- 19 obtaining redress for claims that would not be practical to pursue individually,
- 20 outweigh any difficulties that may be contended regarding to the management
- 21 of this class action.

22 **BACKGROUND REGARDING THE MEMBERSHIP INTERESTS OF PLAINTIFF AND**

23 **THE CLASS MEMBERS**

24 29. Plaintiffs reallege, and incorporate by reference, all preceding paragraphs as though

25 fully set forth herein.

26 30. Plaintiffs, including all others similarly situated, invested significant sums of money,

27 including but not limited to, retirement funds and funds from family trusts, in Metalast International,

28 LLC, which subsequently became known as MI94, LLC (hereinafter collectively referred to as the

1 "Investment LLC"). The total amount of the investments is, including from Plaintiffs and others
2 similarly situated members, in an amount within the jurisdiction of this court.

3 31. Plaintiffs are informed and believe, and thereon allege, that at all times relevant herein,
4 Investment LLC was established in 1994 for the primary purposes of marketing and licensing a
5 patented and proprietary aluminum surface treatment technology, enhancing computer software for
6 related process control systems, researching and developing additional uses for the technology, and
7 creating additional products including proprietary and patented environmentally friendly specialty
8 chemical products, such as TCP-HF. Additionally, Investment LLC licensed intellectual property and
9 invented, created and developed specialized coatings and metal finishes, many of which are sold to,
10 and applied within, the defense, aerospace and automotive industries.

11 32. Over 900 investors, including Plaintiffs and the Class Members, made capital
12 investments in Investment LLC totaling an amount within the jurisdiction of this court, and upon
13 making said investments, each investor became a member of Investment LLC, and became subject to
14 Investment LLC's operating agreement, and the various duties, rights, and obligations contained
15 therein.

16 33. The Meiling Defendants, either through direct investments in Investment LLC, or
17 through transfers amongst each other, were members of Investment LLC, and otherwise subject to its
18 Operating Agreement.

19 34. The managers and members of Investment LLC, all times herein, had a duty of loyalty
20 and good faith to one another imposed under statutory and common law.

21
22 **DEFENDANTS CONSPIRE TO TAKE OVER THE COMPANY, AND THEREBY COMMIT**
23 **ELDER ABUSE, FRAUD, AND NUMEROUS BREACHES OF FIDUCIARY DUTY**

24 35. Plaintiffs are informed and believe, and thereon allege, that each of the Defendants
25 planned, schemed and conspired to use the Meiling Defendants' contributions and usurious loans
26 to Investment LLC, to fraudulently convert, overtake, and acquire the assets of Investment LLC
27 (hereinafter the "Fraudulent Scheme"). The Fraudulent Scheme was orchestrated by the Meiling
28 Defendants with the contrived efforts of the other Defendants, who actively concealed their

1 allegiance to the Meilings and facilitated their scheme in advancement of their own pecuniary
2 interests.

3 36. In furtherance of the Fraudulent Scheme, the Meiling Defendants concocted a plan
4 to feign interest in making an additional \$3M investment in Investment LLC in order to
5 surreptitiously access private and confidential financial information (“Insider Information”) about
6 the company and its impending profitability to procure the appointment of Receiver Defendants,
7 who facilitated the takeover of Investment LLC under entirely false pretenses. Specifically, in
8 reliance upon, and as a result of the Meiling Defendants' false promises of additional investment
9 funding for Investment LLC, and acts feigned in furtherance thereof, Investment LLC ceased
10 efforts to obtain funding from other sources, as it had successfully done on many prior occasions.

11 37. Under the Fraudulent Scheme, the Meiling Defendants feigned negotiating and
12 entering into an additional funding arrangement, and defendant Janet Chubb misrepresented that
13 Defendant James Proctor was the Meilings’ “Accountant,” using the guise of conducting “due
14 diligence” to infiltrate Investment LLC’s business and financial affairs in purported furtherance
15 of the additional funding agreement. As such, Defendants obtained access to the Insider
16 Information, which they secretly and improperly used to designate a receiver to assume control of
17 Investment LLC on the false premise that the company could not “make payroll.” This occurred
18 without notice to Investment LLC’s majority owner and managing member David Semas,
19 Plaintiffs, or any of the Class members, and resulted in the Meiling Defendants taking over and
20 ultimately acquiring the assets of Investment LLC, with their righthand man Proctor becoming the
21 Receiver, and Attorney Defendants earning substantial fees at Plaintiffs’ and the Class members’
22 ultimate expense.
23

24 38. In furtherance of the Fraudulent Scheme, Receiver Defendants removed and
25 prevented Mr. Semas from contacting Investment LLC’s 900 plus members (or any vendors or
26 partners), many of whom were elderly, which precluded said members from protecting their
27 interests in Investment LLC, or from being notified of, or participating in, any proceedings.

28 39. Further, Receiver Defendants improperly, and to the detriment of Plaintiffs and the

1 Class, and under the guise of being “advisors” to the company, appointed the Meiling Defendants
2 to take over the operations of Investment LLC – even prior to their surreptitious “credit bid” sale
3 discussed below - for the purpose of causing its devaluation so as to misrepresent that the
4 company could no longer continue as a going concern, and artificially lower the sale price to the
5 Meilings.

6 40. Additionally, in furtherance of the conspiracy, Plaintiffs are informed and believe
7 that attorney Defendant Tiffany Schwartz, an attorney with Chubb’s law firm at the time,
8 fraudulently filed a forged document with the USPTO entitled “Amended Security Agreement”
9 (the “Fraudulent USPTO Filing”) with a purported date of **June 17, 2013**. This document was
10 represented as containing an Exhibit “B” that purportedly gave the Meilings a secured interest in
11 seven (7) trademarks held in the name of Investment LLC’s former manager, Metalast
12 International, **Inc.**, that the Meilings had purportedly received as collateral for a loan made to
13 Investment LLC **in 2009**. In actuality, the parties to the Security Agreement never executed **any**
14 Exhibit “B” to the agreement. In fact, it was impossible for an Exhibit “B” to exist in 2009 (when
15 the security agreement was executed) **because the very first trademark listed in Exhibit “B”**
16 **did not exist until April 17, 2012 [Registration No. 4128211]**.

17
18 41. Additionally, prior to the submission of the Fraudulent USPTO Filing, Defendant
19 Dean Meiling, attorney Bruce Leslie (another attorney in Chubb’s office) and Defendants Chubb
20 and Receiver Defendants engaged in an email thread discussing the legal effect of the **real** security
21 agreement that the Meilings **actually** procured in exchange for their loans to Investment LLC,
22 which never gave them any interest in any trademark held by Metalast International, **Inc.** (the
23 “Real Security Agreement”). In fact, attorney Leslie informed Defendant Dean Meiling that the
24 Real Security Agreement conferred no secured interest in any trademarks because none was listed.
25 This was in fact, common sense because the borrower in the security agreement, Metalast
26 International, **LLC**, could not collateralize marks it did not own. (The “Leslie Email Exchange”.)

27 42. Shortly after the Leslie Email Exchange, Defendant Schwartz filed a Notice of
28 Recordation of Assignment with the USPTO. For good reason, the USPTO refused to

1 acknowledge this assignment. However, as set for the below, the conspiring Defendants did not
2 relent.

3 43. None of the Plaintiffs could have discovered the conspiracy or plot to overtake
4 Investment LLC until several months after a deposition of Defendant James Proctor that occurred
5 in the latter half of September 2016, in a different lawsuit in Nevada, at which documents were
6 produced, including the Leslie Email Exchange. Plaintiffs are informed and believe that the
7 earliest date any plaintiff was able to discover the existence of these documents was March 3,
8 2017, when one or more of them received an email notifying them of a February 22, 2017 ruling
9 in the other Nevada lawsuit regarding Proctor's potential liability arising from Defendants'
10 conspiratorial conduct evidenced in these documents. Prior to this date, due to the "gag order" (in
11 Receiver Defendants' own terms), neither Plaintiffs nor Mr. Semas had any knowledge or notice
12 of the existence of any of the documents or that any proceedings occurred, including the
13 deposition, nor could they have discovered the existence of the Leslie Email Exchange, as they
14 were all expressly prohibited from communicating or making any inquiries whatsoever as to
15 Defendants' dealings. Further, Receiver Defendants did not notify Plaintiffs of any of the events
16 regarding the credit bid sale, nor did Receiver Defendants send them any necessary tax information
17 such as a K-1 form. As such, these documents could not have been discovered prior to this date.
18

19 44. With the fix in, Receiver Defendants were ready to strip away the value in Plaintiffs'
20 and the Class members' interests in Investment LLC. To that end, the Fraudulent Scheme
21 culminated with a rigged credit bid "sale," whereby the company was sold for the amount of the
22 claimed debt, all of Investment LLC's assets were transferred to the Meiling Defendants. Receiver
23 Defendants sought no appraisal of the assets of Investment LLC, failed to advertise the sale,
24 refused to give notice to the members of the sale, sought no independent valuation services from
25 any third parties, and did nothing but carry out the Meiling Defendants' wishes. In fact, in
26 conducting the purported credit bid sale, Receiver Defendants surreptitiously allocated the entirety
27 of the proceeds from the alleged sale to pay off defendant Chemeon Surface Technology, LLC (then
28 known as D&M-MI, LLC) as a "secured creditor," and ensured that Chemeon would be the winning

1 bidder. The purported credit bid sale was an unlawful method of foreclosing on Chemeon’s alleged
2 secured interest and was in total breach of the Uniform Commercial Code and adoptive governing law,
3 in that it was neither “commercially reasonable” nor sold at a maximized value. In fact, the Receiver
4 Defendants’ entire goal was to sell the company for the bare credit bid amount made by Chemeon,
5 effectively ensuring the company’s liquidation in the ultimate and exclusive favor of the Meiling
6 Defendants.

7 45. As part of the sham sale and their undivided loyalty to the Meilings, and despite
8 their knowledge of the Leslie Email Exchange (on which they were copied), Receiver Defendants
9 **misrepresented that Investment LLC owned the seven trademarks held by Metalast**
10 **International, Inc., and knowingly conducted the “sale” to the Meilings under those false**
11 **pretenses**. In doing so, Receiver Defendants assigned the “Metalast” name, brand and trademark
12 to the Meilings, without notifying the Plaintiffs. With the consummation of this sale, the Receiver
13 Defendants’ mission was accomplished, the Meiling Defendants took over the company, and
14 ownership and control (and all profits) remains with them to date, to the continuing detriment of
15 Plaintiffs and all Class members.

16 46. In furtherance of the Fraudulent Scheme, immediately after the Receiver
17 Defendants were formally in place to “manage” the company, they realized Investment LLC had
18 a monthly cashflow from between \$50,000 to \$100,000. The Receiver Defendants knew they could
19 have easily qualified the company for Chapter 11 reorganization protection, which was in the best
20 interest of the company as a whole. This would have protected the Plaintiffs and Class, along with the
21 company’s employees, creditors and the secured and unsecured Lenders, but would have been
22 detrimental to Defendants Dean and Madyon Meiling because it would have prevented their takeover
23 of the company. As such, the decision was made to proceed with the “credit bid” sale, which only
24 benefited the Meilings, to whom the Receiver Defendants held their exclusive allegiance.
25

26 **FIRST CAUSE OF ACTION**

27 **FINANCIAL ELDER ABUSE UNDER WELFARE & INSTITUTIONS CODE**

28 **SECTIONS 15610.30**

1 **[Against All Defendants]**

2 47. Plaintiffs re-allege and incorporate all of the preceding paragraphs as though set
3 forth fully herein.

4 48. Through the Fraudulent Scheme, the Meiling Defendants, Receiver Defendants, and
5 Attorney Defendants wrongfully took, misappropriated, and retained the personal property of
6 Plaintiffs and the Class, specifically the equity and membership interests of Plaintiffs and the Class
7 members in Investment LLC.

8 49. At the time of the taking, secreting, appropriation, obtaining, and retention of
9 Plaintiffs' and the Class' personal property, Plaintiffs and the Class were all elders as defined in
10 Welfare & Institutions Code Section 15610.27.

11 50. At the time the Meiling Defendants, Receiver Defendants, and Attorney Defendants
12 engaged in, assisted in, or conspired to wrongfully take, misappropriate, and retain the personal
13 property of Plaintiffs, for their wrongful use and with an intent to defraud. Additionally, all said
14 Defendants knew, or should have known, their conduct was likely to injure the elderly Plaintiffs;
15 therefore, said Defendants' conduct violated Welfare & Institutions Code Section 15610.30.

16 51. All the Defendants' actions and course of conduct was a substantial factor in causing
17 damages to the Plaintiffs and Class and the Plaintiffs' and the Class' losses, which are in excess
18 of several hundred million dollars.

19 52. The Defendants' course of conduct, to conspire, and to actually deprive, elderly
20 Plaintiffs and the Class of their property, and their life savings in many instances, was done with
21 malice, oppression, and with fraud, so that said despicable behavior must be deterred by awarding
22 Plaintiffs and the Class punitive and exemplary damages under Civil Code Section 3294, as well
23 as attorneys' fees and costs under Welfare and Institutions Code Section 15657.5, for at least the
24 following particular reasons:
25

- 26 (a) The Fraudulent Scheme was undertaken by the Defendants with the full
27 knowledge that the Plaintiffs and Class were elderly and that many of them
28

1 had invested significant sums, in many instances their life savings;

2 (b) The Fraudulent Scheme caused many of the Class members to lose their
3 entire financial interest in a Company that was poised to reap significant
4 gains after years of research, toil and patience; and

5 (c) The Fraudulent Scheme was perpetrated with levels of sophistication, deceit
6 and premeditated cunning to wipe out the life savings of the members of the
7 Class just for Defendants' own personal gain. The constant pattern of lies,
8 including perjurious statements, and fraudulent filings with numerous courts
9 and administrative bodies, including the United States Patent and Trademark
10 Office, make Defendants' behavior all the more grotesque and reprehensible,
11 warranting exemplary and punitive damages.
12

13 **SECOND CAUSE OF ACTION**

14 **BREACH OF FIDUCIARY DUTY**

15 **[Against All Defendants Except Attorney Defendants]**

16 53. Plaintiffs re-allege and incorporate all of the preceding paragraphs as though set
17 forth fully herein.

18 54. Receiver Defendants were appointed as receivers of Investment LLC. Resultantly,
19 Receiver Defendants owed the company and all its investors, including Plaintiffs and the Class,
20 the highest duties of good faith and fair dealing as fiduciaries.
21

22 55. Additionally, the Meiling Defendants, as members of Investment LLC owed
23 Investment LLC and all of its members duties of good faith and fair dealing arising from the
24 special relationship formed between the Plaintiffs and the Class members and the Meiling
25 Defendants, which provided that the nature of all dealings between them would entail loyalty and
26 good faith with the company and other members in all matters affecting the company's interests.

27 56. At least beginning in April 2013 through December 2013, the Meiling Defendants
28 and the Attorney Defendants on the one hand, all conspired with, and aided and abetted the

1 Receiver Defendants, on the other hand, in breaching their fiduciary duties to the Company and
2 all investors and members, including Plaintiffs and the Class members.

3 57. As set forth above, the Receiver Defendants, conspired with and aided and abetted
4 the Meiling Defendants in breaching their fiduciary duties to the Plaintiffs and Class in acting as
5 a shill and a puppet for the Meiling Defendants, and failing to disclose Proctor's preexisting
6 relationship with the Meilings, and secret loyalties to Dean Meiling, as well as in feigning that he
7 was a neutral receiver, thereby ensuring the Receiver Defendants' employment under false
8 circumstances. In furtherance of this scheme, Receiver Defendants feigned a public credit bid sale
9 of the company, which as set forth above was geared to ensure that the entirety of the proceeds
10 from the alleged sale would be used to pay off defendant Chemeon as a "secured creditor," and that
11 Chemeon would be the winning bidder. Receiver Defendants also misrepresented that the financial
12 wherewithal of Investment LLC was much worse than it actually was in order to effectuate the
13 sham "credit bid" award without the Meiling Defendants incurring any out of pocket expenditures
14 on their part, which was conducted without any prior notice to Plaintiffs and the Class, and without
15 any appraisal of the Investment LLC in order to hand over Investment LLC to the Meilings. Even
16 though the Receiver Defendants were to run the operations of Investment LLC, they allowed the
17 Meiling Defendants unfettered access to the company's financials and gave them free reign to run
18 the day-to-day operations of the company, to the direct detriment of the Plaintiffs and the Class.
19

20 58. In orchestrating this conduct, the Meiling Defendants stripped all the assets from
21 the Company, virtually eradicating the Plaintiffs' and Class' ownership interests and ensuring their
22 acquisition of the assets of Investment LLC.

23 59. Defendants' conspiracy, aiding and abetting, and breach of fiduciary duties were a
24 substantial factor in causing damages to the Plaintiffs and the Class. Plaintiffs' and the Class'
25 losses will be subject of proof at the time of trial, in an amount within the jurisdiction of this court.

26 60. The Defendants' course of conduct, to conspire together, and aid and abet in the
27 breach of fiduciary duties and to deprive elderly Plaintiffs and the Class of their property, their
28 life savings in many instances, was done with malice, oppression, and with fraud, so that said

1 despicable behavior must be deterred by awarding Plaintiffs and the Class punitive and exemplary
2 damages under Civil Code Section 3294, for at least the following particular reasons:

- 3 (a) The Fraudulent Scheme was undertaken by the Defendants with the full
4 knowledge that the Plaintiffs and Class were elderly and that many of them
5 had invested significant sums, in many instances their life savings;
- 6 (b) The Fraudulent Scheme caused many of the Class members to lose their
7 entire financial interest in a Company that was poised to reap significant
8 gains after years of research, toil and patience; and
- 9 (c) The Fraudulent Scheme was perpetrated with levels of sophistication, deceit
10 and premeditated cunning such that it was malicious to wipe out the life
11 savings of the members of the Class just for Defendants' own personal gain.
12 The constant pattern of lies, including perjurious statements, and fraudulent
13 filings with numerous courts and administrative bodies, including the United
14 States Trademark and Patent Office make Defendants' behavior all the more
15 grotesque and reprehensible, warranting exemplary and punitive damages.
16

17 **THIRD CAUSE OF ACTION**

18 **CONSTRUCTIVE FRAUD**

19 **[Against All Defendants]**

20
21 61. Plaintiffs re-allege and incorporate all of the preceding paragraphs as though set
22 forth fully herein.

23 62. The Receiver Defendants were appointed as receivers of Investment LLC in April
24 2013. Resultantly, the Receiver Defendants owed the Investment LLC members and all creditors,
25 including Plaintiffs and the Class, the highest punctilio of good faith and fair dealing as fiduciaries,
26 which prohibited them from engaging in constructive fraud against Plaintiffs and the Class.

27 63. Under the operating agreement of Investment LLC, the Meiling Defendants each
28 owed Investment LLC and its members, including the Plaintiffs and the Class, duties of good faith

1 and fair dealing.

2 64. At least beginning in April 2013 through December 2013, the Meiling Defendants
3 and the Attorney Defendants each conspired with and aided and abetted the Receiver Defendants
4 in breaching their fiduciary duties to the Company and the Plaintiffs and Class and engaging in
5 constructive fraud.

6 65. None of the Plaintiffs could have discovered the conspiracy or plot to overtake
7 Investment LLC until several months after a deposition of Defendant James Proctor that occurred
8 in the latter half of September 2016, in a different lawsuit in Nevada, at which documents were
9 produced, including the Leslie Email Exchange. Plaintiffs are informed and believe that the
10 earliest date any plaintiff was able to discover the existence of these documents was March 3,
11 2017, when one or more of them received an email notifying them of a February 22, 2017 ruling
12 in the other Nevada lawsuit regarding Proctor’s potential liability arising from Defendants’
13 conspiratorial conduct evidenced in these documents. Prior to this date, due to the “gag order” (in
14 Receiver Defendants’ own terms), neither Plaintiffs nor Mr. Semas had any knowledge or notice
15 of the existence of any of the documents or that any proceedings occurred, including the
16 deposition, nor could they have discovered the existence of the Leslie Email Exchange, as they
17 were all expressly prohibited from communicating or making any inquiries whatsoever as to
18 Defendants’ dealings. Further, Receiver Defendants did not notify Plaintiffs of any of the events
19 regarding the credit bid sale, nor did Receiver Defendants send them any necessary tax information
20 such as a K-1 form. As such, these documents could not have been discovered prior to this date.

21 66. From April 2013 through December 2013, Defendants James Proctor, Meridian,
22 Janet Chubb, Tiffany Schwartz, Armstrong Teasdale LLP, and the Meiling Defendants concealed
23 the following material facts from the Plaintiffs and Class: (1) the Receiver Defendants were not
24 independent and neutral receivers working on behalf of all creditors equally; (2) the Receiver
25 Defendants allowed Meiling Defendants access to Investment LLC’s confidential information and
26 financials and allowed them day to day control in flagrant contradiction to their representations
27 otherwise; (3) that Investment LLC was in receivership and funds were needed to sustain
28

1 operations; (4) that the Receiver Defendants made no publications or announcements seeking
2 offers to bid on Investment LLC's assets; and (5) that the Receiver Defendants sought no
3 independent valuation or appraisal of any assets of Investment LLC's assets in connection with
4 the virtually unannounced credit bid sale. The Meiling Defendants orchestrated these
5 nondisclosures in furtherance of the Fraudulent Scheme.

6 67. Plaintiffs and the Class reasonably relied on the fact that the above facts would be
7 disclosed in the normal course of the company's operations, and had they known of the true facts,
8 they would have acted to raise additional funding to support Investment LLC to protect their
9 investment.

10 68. Defendants' conspiracy, aiding and abetting, and constructive fraud was a
11 substantial factor in causing damages to the Plaintiffs and Class. Plaintiffs' and the Class's losses
12 will be subject of proof at the time of trial, but on information and belief are in an amount within
13 the jurisdiction of this court.

14 69. The Defendants' course of conduct, to conspire together, and aid and abet in the
15 constructive fraud and to deprive elderly Plaintiffs and Class of their property, their life savings
16 in many instances, was done with malice, oppression, and with fraud, so that said despicable
17 behavior must be deterred by awarding Plaintiffs punitive and exemplary damages under Civil
18 Code Section 3294 for at least the following reasons:

- 19
- 20 (a) The Fraudulent Scheme was undertaken by the Defendants with the full
21 knowledge that the Plaintiffs and Class were elderly and that many of them
22 had invested significant sums, in many instances their life savings;
 - 23 (b) The Fraudulent Scheme caused many of the Class members to lose their
24 entire financial interest in a Company that was poised to reap significant
25 gains after years of research, toil and patience; and
 - 26 (c) The Fraudulent Scheme was perpetrated with levels of sophistication, deceit
27 and premeditated cunning such that it was malicious to wipe out the life
28

1 savings of the members of the Class just for Defendants' own personal gain.
2 The constant pattern of lies, including perjurious statements, and fraudulent
3 filings with numerous courts and administrative bodies, including the United
4 States Trademark and Patent Office make Defendants' behavior all the more
5 grotesque and reprehensible, warranting exemplary and punitive damages.

6 **FOURTH CAUSE OF ACTION**

7 **NEGLIGENCE**

8 **[Against Attorney Defendants and Receiver Defendants]**

9
10 70. Plaintiffs and the Class re-allege and incorporate all of the preceding paragraphs as
11 though set forth fully herein.

12 71. Under the false pretenses set forth above, the Receiver Defendants were made
13 receivers of Investment LLC, thereby inheriting duties of professional care to Plaintiffs and all
14 Class members.

15 72. The Receiver Defendants were negligent in the discharge of their duties owed to
16 Plaintiffs and the Class by failing to exercise them in an even-handed manner and placing their
17 own and the Meilings' interests ahead of those of Plaintiffs and the Class members. Defendants
18 breached their duties, *inter alia*, by: failing to notify the Plaintiffs and any of the Class members
19 of the receivership proceedings; failing to obtain an appraisal of Investment LLC's assets; failing
20 to advertise the auction and sale of any of the Investment LLC assets; and, allowing Defendants
21 Dean and Madyon Meiling day to day control of Investment LLC during the pendency of the
22 receivership and to date.

23
24 73. In the course and scope of their representation of the Meiling Defendants, who were
25 members of Investment LLC, and in ultimately facilitating and cooperating with their takeover of
26 Investment LLC under the false pretenses alleged herein, Attorney Defendants necessarily and
27 proactively undertook and assumed duties of care to Plaintiffs and the Class, particularly because
28 they at all times represented they were acting in the best interests of the company and its member

1 investors as a whole, when in actuality they were at all times acting in furtherance of the
2 conspiracy by the Meiling Defendants to take over the company, and to further their own
3 pecuniary interests. Attorney Defendants' actions necessarily sought to oust each Class member
4 of his or her membership interests and their respective investments in the company, which was
5 the intended result of the conspiratorial conduct alleged herein.

6 74. In committing the acts of malfeasance alleged herein, Attorney Defendants
7 breached their duties of care to Plaintiffs and the Class members, and in their undivided allegiance
8 to the Meiling Defendants, necessarily placed their own pecuniary interests above those of
9 Plaintiffs and the Class, thereby divesting Plaintiffs and the Class members of hundreds of millions
10 of dollars and stripping away and all equity they would have otherwise possessed in the company,
11 which has since flourished and profited to the Meiling Defendants' exclusive benefit.

12 75. Defendants' breaches were the proximate cause of the Plaintiffs' and Class
13 members' damages as alleged herein. The Plaintiffs' and Class members' losses will be subject
14 of proof at the time of trial, but on information and belief are in an amount within the jurisdiction
15 of this court.

16
17 **FIFTH CAUSE OF ACTION**

18 **CONSTRUCTIVE TRUST**

19 **[Against All Defendants]**

20 76. Plaintiffs re-allege and incorporate all of the preceding paragraphs as though set
21 forth fully herein.

22 77. Plaintiffs and the Class members are informed and believe, and thereon allege, that
23 under the Fraudulent Scheme described herein above, Defendants obtained the value and assets
24 rightfully owned by Plaintiffs and the Class members. By virtue of Defendants' despicable and
25 wrongful acts as alleged herein, Defendants received money and property that must be held in a
26 constructive trust for Plaintiffs' and the Class members' benefit.

27 78. A constructive trust is necessary to preclude the unjust enrichment of Defendants
28

1 that is ongoing and continuing.

2 **SIXTH CAUSE OF ACTION**

3 **VIOLATION OF BUSINESS & PROFESSIONS CODE SECTION 17200**

4 **[Against All Defendants]**

5 79. Plaintiffs re-allege and incorporate all of the preceding paragraphs as though set
6 forth fully herein.

7 80. California Business and Professional Code (“Cal. Bus. & Prof. Code”) section
8 17200, *et. seq.* (the “Unfair Competition Law” or “UCL”) prohibits any “unlawful, unfair or
9 fraudulent business act or practice.”

10 81. Defendants’ Fraudulent Scheme and other wrongdoings alleged throughout this
11 Complaint constitute unlawful, unfair and/or fraudulent business acts and/or practices including,
12 but not limited to, Defendants’ acts of elder abuse, concealment, intentional misrepresentation,
13 breaches of fiduciary duties, and professional negligence.

14 82. Defendants have been unjustly enriched by their unlawful, unfair and/or fraudulent
15 business acts and/or practices. Moreover, Plaintiffs and the Class members have suffered real
16 harm as a proximate result of Defendants’ unlawful, unfair and/or fraudulent activities and seek
17 restitution of all sums gained by Defendants’ unlawful, unfair and/or fraudulent acts and/or
18 practices.

19 83. An order enjoining the Defendants from continuing the operations of Chemeon,
20 including any sale, transfer or divestiture of any funds, assets or interests held by Chemeon or any
21 of its principals or affiliates, is necessary to prevent further loss of the Plaintiffs’ and Class
22 Members’ interests fraudulently and maliciously converted by Defendants. Plaintiffs and the
23 Class members respectfully request that the Court order any other and further equitable remedies
24 as deemed necessary by the Court.

25 84. An order declaring that Defendants and their agents, servants and employees be
26 enjoined from directly or indirectly using Investment LLC’s proprietary product name of Metalast
27 or any other word, name, symbol or device or any combination thereof similar to Plaintiffs’
28

1 proprietary product name which is likely to cause confusion is necessary to prevent further loss of
2 the Plaintiffs' and Class Members' interests fraudulently and maliciously converted by
3 Defendants.

4 85. Temporary, preliminary and permanent injunctions against Defendants and their
5 agents, servants and employees enjoining and restraining them from directly or indirectly using
6 Investment LLC's proprietary product name of Metalast or any other word, name, symbol or
7 device or any combination thereof similar to Plaintiffs' proprietary product name which is likely
8 to cause confusion, construction or dilution is necessary to prevent further loss of the Plaintiffs'
9 and Class Members' interests fraudulently and maliciously converted by Defendants.

10 **SEVENTH CAUSE OF ACTION**

11 **CONVERSION**

12 **[Against All Defendants]**

13 86. Plaintiffs re-allege and incorporates all of the preceding paragraphs as though set
14 forth fully herein.

15 87. Plaintiffs and the Class were at all times the true and rightful owners of all value
16 and equity in their membership interests in Investment LLC as described herein, which had both
17 tangible and intangible value. All such value was unlawfully and wrongfully acquired and
18 converted by Defendants without Plaintiffs' and the Class members' consent, including but not
19 limited to, through the conspiracy to commit, and commission of elder abuse, breaches of
20 fiduciary, fraud and negligence in the manner alleged herein.

21 88. Defendants intentionally and knowingly and substantially interfered with Plaintiffs'
22 and Class members' respective rights and assets by engaging in the tortious conduct described
23 herein.

24 89. As a direct, legal, and proximate result of the aforementioned conduct, Defendants
25 were unjustly enriched and the Plaintiffs and Class members have suffered, and will continue to
26 suffer, general and special damages within the jurisdictional limits of this Court and in an amount
27 to be proven at trial.
28

1 90. Plaintiffs and the Class members are informed and believe that the aforementioned
2 conduct of Defendants, and each of them, was carried out as part of a deliberate and systematic
3 Fraudulent Scheme to misappropriate, convert and sabotage Plaintiffs' and the Class members'
4 membership interests through Defendants' breaches of fiduciary duty, fraud, and elder abuse. Such
5 conduct was oppressive, fraudulent, and malicious, and subjected Plaintiffs and the Class to cruel
6 and unjust hardship in a willful and conscious disregard of their rights, warranting exemplary and
7 punitive damages pursuant to Civil Code Section 3294, for the reasons set forth herein and for at
8 least the following reasons:

- 9 (a) The Fraudulent Scheme was undertaken by the Defendants with the full
10 knowledge that Plaintiffs and the Class members were elderly and that many
11 of them had invested significant sums, in many instances their life savings,
12 that was eradicated through Defendants' conduct undertaken only for
13 Defendants' benefit;
- 14 (b) The Fraudulent Scheme would culminate in the Class losing their entire
15 financial interest in a company that was poised to reap significant gains after
16 years of research, toil and patience; and
- 17 (c) The Fraudulent Scheme was perpetrated with levels of sophistication, deceit
18 and premeditated cunning with the purpose and intent of placing
19 Defendants' own pecuniary interests ahead of Plaintiffs' and the Class
20 members' interests, in furtherance of a willful scheme to deprive Plaintiffs and
21 the Class Members of their life savings, retirement funds and livelihood. The
22 conduct of perpetrating the aforementioned lies, including perjurious
23 statements and fraudulent filings with numerous courts and administrative
24 bodies, including the United States Trademark and Patent Office make
25 Defendants' behavior all the more grotesque and reprehensible, warranting
26 exemplary and punitive damages.

1 **PRAYER FOR RELIEF**

2 WHEREFORE, Plaintiffs and the Class Members pray for judgment against Defendants
3 as follows:

4 **ON THE FIRST THROUGH THIRD CAUSES OF ACTION**

- 5 1. For exemplary, punitive, and treble damages to the extent allowed by law;

6 **ON THE FIFTH CAUSE OF ACTION**

- 7 1. For the imposition of a constructive trust according to proof;
8 2. For recovery of costs and expenses of suit as allowed by law;

9 **ON THE SIXTH CAUSE OF ACTION**

- 10 1. For actual damages according to proof or as otherwise required by statute;
11 2. For costs of suit and attorneys' fees pursuant to statute;
12 3. For the complete disgorgement of ill-gotten gains according to proof and as otherwise
13 required by statute;
14 4. For an order declaring that Defendants and their agents, servants and employees be
15 enjoined from directly or indirectly using Investment LLC's proprietary product name
16 of Metalast or any other word, name, symbol or device or any combination thereof;
17 5. For temporary, preliminary and permanent injunctions against Defendants and their
18 agents, servants and employees enjoining and restraining them from directly or
19 indirectly using Investment LLC's proprietary product name of Metalast or any other
20 word, name, symbol or device or any combination thereof;
21 6. For such equitable, other and further relief as the Court deems just and proper.

22 **ON THE SEVENTH CAUSE OF ACTION**

- 23 1. For compensatory and incidental damages;
24 2. Attorneys' fees and costs of suit incurred herein, including but not limited to, those under
25 California Civil Code Section 3426.4; and
26 3. Punitive damages.
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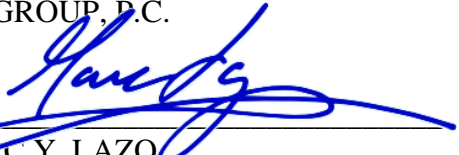
ON ALL CAUSES OF ACTION

1. For general and special damages according to proof;
2. For recovery of costs and expenses of suit as allowed by law; and
3. For such equitable, other and further relief as the Court deems just and proper.

Dated: February 5, 2020

K&L LAW GROUP, P.C.

By:



MARC Y. LAZO
Attorney for Plaintiffs