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2 Mark G. Simons, Esq., NSB No. 5132

3 SIMONS LAW, PC

6490 S. McCarran Blvd., #C-20

Reno, NV 89509

Telephone: (775) 785-0088

Facsimile: (775) 785-0087

Email: [mark@mgsimonslaw.com](mailto:mark@mgsimonslaw.com)

*Attorneys for Plaintiffs*

7 **IN THE SECOND JUDICIAL DISTRICT FOR THE STATE OF NEVADA**

8 **IN AND FOR THE COUNTY OF WASHOE**

9 MEDIFARM I, LLC; a Nevada limited liability  
10 company; MEDIFARM REAL ESTATE I, LLC; a  
11 Nevada limited liability company; MEDIFARM II,  
12 LLC; a Nevada limited liability company; HEIDI  
13 LOEB HEGERICH, an individual; FOREVER  
14 GREEN NV, LLC, a Nevada Limited Liability  
Company; and FOREVER YOUNG  
INVESTMENTS, LLC, a Nevada Limited Liability  
Company,

Plaintiffs,

v.

17 TERRA TECH, INC., a Nevada Corporation;  
18 DEREK PETERSON, a.k.a. DEREK  
19 OPPEDISANO, an individual; AMY ALMSTEIER,  
20 a.k.a. AMY OPPEDISANO, an individual; MICHAEL  
21 NAHASS, an individual; MICHAEL JAMES, an  
22 individual; MIKEL ALVAREZ, an individual;  
23 GARRETT ALVAREZ, an individual; MIKEL  
24 ALVAREZ as the Trustee of the ALVAREZ FAMILY  
25 TRUST; JESSE HAW, an individual; NEVADA MF,  
26 LLC, a Nevada Limited Liability Company; NULEAF  
27 NATURALS, LLC, a Colorado Limited Liability  
28 Company; MIDGRUN EATS, a Nevada Limited  
Liability Company; WESTERN EATS, a Nevada  
Limited Liability Company, SAMENT CAPITAL  
INVESTMENTS, INC. a California corporation;  
POLARIS WELLNESS CENTER, LLC; a Nevada  
limited liability company; MEDIFARM III, LLC, a  
Nevada limited liability company; and DOES 1 to  
10;

Defendants.

**CASE NO.:** CV18-02322

**DEPT. NO.:** 15

**COMPLAINT**

**BUSINESS COURT**

**EXEMPT FROM  
ARBITRATION**

1     **I. PARTIES.**

2             1.     Plaintiff MEDIFARM I, LLC, is a Nevada limited liability company operating  
3     in Reno, Nevada using the trade name BLÜM ("Medi-1).  
4

5             2.     Plaintiff MEDIFARM REAL ESTATE I, LLC, is a Nevada limited liability  
6     company operating in Reno, Nevada ("Medi-RE").  
7

8             3.     Plaintiff MEDIFARM II, LLC, is a Nevada limited liability company  
9     operating in Reno, Nevada ("Medi-2.").  
10

11            4.     Plaintiff, HEIDI LOEB HEGERICH ("Loeb") is an individual who is  
12     currently, and was at all relevant times herein, a resident of the State of Nevada, County  
13     of Washoe.  
14

15            5.     Plaintiff FOREVER GREEN NV, LLC ("FG") is a Nevada Limited Liability  
16     Company. Loeb is the sole managing member of FG.  
17

18            6.     Plaintiff FOREVER YOUNG INVESTMENTS, LLC ("FY") is a Nevada  
19     Limited Liability Company. Loeb is the sole managing member of FY.  
20

21            7.     Defendant TERRA TECH CORPORATION is a Nevada Corporation  
22     ("TerraTech).  
23

24            8.     Based upon information and belief, Defendant DEREK PETERSON, a.k.a.  
25     DEREK OPPEDISANO, is an individual who is currently, and was at all relevant times  
26     herein, a resident of the State of California ("Peterson").  
27

28            9.     Based upon information and belief, Defendant AMY ALMSTEIER, a.k.a.  
AMY PETERSON, a.k.a. AMY OPPEDISANO, is an individual who is currently, and was  
at all relevant times herein, a resident of the State of California ("Almsteier").

          10.     Based upon information and belief, Defendant MICHAEL NAHASS is an  
individual who is currently, and was at all relevant times herein, a resident of the State  
of California ("Nahass).

1           11. Based upon information and belief, Defendant MICHAEL JAMES is an  
2 individual who is currently, and was at all relevant times herein, a resident of the State  
3 of California ("James").

4           12. Based upon information and belief, Defendant MIKEL ALVAREZ is an  
5 individual who is currently, and was at all relevant times herein, a resident of the State  
6 of Nevada, County of Clark, City of Las Vegas ("Alvarez").

7           13. Based upon information and belief, Defendant GARRETT ALVAREZ is an  
8 individual who is currently, and was at all relevant times herein, a resident of the State  
9 of Nevada, County of Clark, City of Las Vegas ("Garrett Alvarez").

10           14. Based upon information and belief, Defendant MIKEL ALVAREZ was at all  
11 relevant times the Trustee of the ALVAREZ FAMILY TRUST ("Alvarez Trust").

12           15. Defendant ALVY ENTERPRISES, LLC, is a revoked Nevada limited  
13 liability company ("Alvy"). Based on information and belief, Mikel Alvarez, Garret  
14 Alvarez and/or the Alvarez Trust were the managers and members of Alvy at the time of  
15 its revocation and are therefore personally liable for Alvy's debts and obligations  
16 pursuant to NRS 86.274(5).  
17

18           16. Based upon information and belief, Defendant JESSE HAW is an  
19 individual who is currently, and was at all relevant times herein, a resident of the State  
20 of Nevada, County of Washoe. ("Haw").

21           17. Defendant NEVADA MF LLC is a Nevada limited liability company  
22 ("Nevada MF").

23           18. Defendant NULEAF NATURALS, LLC, is a Colorado limited liability  
24 company doing business in Washoe County, Nevada ("Nuleaf").

25           19. Defendant MIDGRUN EATS, LLC is a Nevada limited liability company  
26 ("Midgrun").  
27  
28

1           20. Defendant WESTERN EATS, LLC is a Nevada limited liability company  
2 ("Western").

3           21. Defendant SAMENT CAPITAL INVESTMENTS, INC. is a California  
4 corporation ("Sament").

5           22. Defendant POLARIS WELLNESS CENTER, LLC. is a Nevada limited  
6 liability company ("Polaris").

7           23. Defendant MEDIFARM III, LLC, is a Nevada limited liability company  
8 ("Medi-3"). Based upon information and belief Medi-3 is conducting business in  
9 Washoe County, Nevada.

10           24. Plaintiffs do not know the true names and capacities of defendants sued  
11 herein as DOES 1 through 10, inclusive, and therefore sues these defendants by  
12 fictitious names. Plaintiffs are informed and believe, and thereon allege, that each of  
13 these fictitiously named defendants are responsible in some actionable manner for the  
14 damages herein alleged. Plaintiffs request leave of Court to amend their Complaint to  
15 name the defendants specifically when their identities become known.

16           25. Upon information and belief, at all times herein mentioned, each of  
17 the Defendants were the agent and employee of the other Defendants and was acting  
18 within the course, scope and authority of said agency; each Defendant approved,  
19 ratified and authorized the acts of each of the other Defendants as herein alleged; each  
20 Defendant was subject to a right of control by the other Defendants; each Defendant  
21 was authorized to act for each and all of the other Defendants; and each Defendant is a  
22 successor in interest to each of the other Defendants.

23  
24  
25  
26  
27 **II. GENERAL ALLEGATIONS.**

28 **A. THE JOINT VENTURE.**

26. In mid-2014, Loeb and TerraTech began discussions to jointly own an

1 operate a cannabis cultivation, production and distribution business enterprise to  
2 operate in Washoe County, Nevada.

3 27. From its initial contact with Loeb, TerraTech always represented to Loeb  
4 that it was a reputable, competent and financially sound company in the cannabis  
5 industry.  
6

7 28. TerraTech company touted its experience in managing and operating  
8 dispensaries as well as the public recognition of its "BLÜM" brand name.

9 29. Loeb and Terra Tech agreed to work cooperatively and as joint venture  
10 partners to obtain licensing to open and operate a distribution facility, a cultivation and  
11 production facility and to jointly own the real property upon which the facilities were  
12 operated.  
13

14 30. The parties agreed that they would operate the dispensary using a  
15 separate limited liability company and that the dispensary would be named "BLÜM" to  
16 capitalize on TerraTech's branding and good-will associated with that name.  
17

18 31. In addition, rather than lease a location to conduct their dispensary  
19 operations, the parties agreed to form a separate entity to buy a building and renovate it  
20 for the dispensary operations and to lease a portion of the building to the dispensary.  
21 By forming and operating a separate holding company for the real property, the parties  
22 intended to maximize their profits as this entity would receive favorable tax treatment on  
23 the rental income.  
24

25 32. The parties agreed that the cultivation and distribution facility would be  
26 owned and operated under a different limited liability company and would acquire real  
27 property via capital contribution from Defendant Haw and/or his entity Nevada MF upon  
28 which to build and operate the cultivation/production facility.

33. The parties' intent and objective were to grow and distribute their own

1 product from their cultivation/production facility and then sell the product via the parties'  
2 dispensary operations. However, the dispensary operations and dispensary building  
3 ownership would be initially pursued as the primary initial objectives of the joint venture.  
4

5 34. Pursuant to the parties' joint venture agreement, Loeb formed two (2)  
6 wholly-owned limited liability companies to hold her membership interests in multiple  
7 companies being formed to promote and run the parties' joint venture operations.

8 35. Loeb formed FG to own her interest in the dispensary and in the  
9 cultivation/production business.

10 36. Loeb also formed FY to own her interests in the commercial property in  
11 which the dispensary operations would be conducted.

12 37. After Loeb formed FG and FY, she and TerraTech established three (3)  
13 limited liability companies to conduct their joint venture operations as follows:  
14

- 15 A. Medifarm I, LLC ("Medi-1). Medi-1 was formed to operate the  
16 dispensary operations in Reno, Nevada using the trade name  
17 BLUM.  
18 B. Medifarm Real Estate I, LLC ("Medi-RE"). Medi-RE was formed to  
19 acquire and own the real property at which the parties' joint  
20 venture dispensary operations were conducted.  
21 C. Medifarm II, LLC ("Medi-2.") Medi-2 was formed to acquire real  
22 property, then build and operate the cultivation/production facility.

23 38. Medi-1, Medi-RE and Medi-2 will sometimes be referred to herein as the  
24 "Loeb Medifarm Entities".

25 39. According to the agreed upon joint venture, Loeb and TerraTech would  
26 each initially contribute \$500,000 to Medi-1 to facility the operation of the dispensary.

27 40. According to the agreed upon joint venture, the parties intended to acquire  
28 real property using Medi-RE, with both parties agreeing to initially contribute \$600,000  
to this venture. A portion of the property was intended to be leased to Medi-1 to

1 conduct the parties dispensary operations.

2 41. Medi-2's business was somewhat different. Medi-2 was structured to  
3 include Haw/Nevada MF as a member with Haw/Nevada MF contributing real property  
4 as its capital contribution into Medi-2. Medi-2 would then own the real property free and  
5 clear upon which Medi-2 would conduct the cultivation/production operations.  
6

7 **B. THE JOINT VENTURE'S BUSINESS ENTITIES.**

8 **1. MEDI-1.**

9 42. Medi-1 was formed by TerraTech and Loeb's company, FG on July 18,  
10 2014, by filing Articles of Organization with the Nevada Secretary of State.  
11

12 43. Pursuant to Medi-1's Operating Agreement, each party was required to  
13 make an initial capital contribution of \$500.00 and each received a fifty percent (50%)  
14 interest in the company.

15 44. In addition to the initial capital contribution, TerraTech and Loeb/FG were  
16 also each required to contribute a mandatory amount of \$500,000 as operating capital  
17 to the company and to enter into a written loan agreement evidencing repayment of this  
18 contribution.  
19

20 45. Further, TerraTech was required to contribute all additional funds as  
21 necessary to run the dispensary business.

22 46. Loeb made her \$500,000.00 contribution to Medi-1.

23 47. Loeb has since discovered that TerraTech has failed, neglected and  
24 refused to fund its \$500,000 contribution to Medi-1.  
25

26 48. Medi-1 made an application to the State of Nevada for a license to  
27 dispense cannabis products. Based upon information and belief, the company was  
28 granted its dispensary license on November 14, 2014, with Loeb named as the  
licensee.

1                   **2.     MEDI-RE.**

2           49.     On September 30, 2015, Medi-RE was formed by TerraTech and Loeb/FY  
3 by filing Articles of Organization with the Nevada Secretary of State.

4           50.     Similar to Medi-1, each party was required to make an initial capital  
5 contribution of \$600,000.00 to receive a fifty percent (50%) interest in this company.  
6  
7 Op. Ag. ¶5.1.

8           51.     To date, Loeb/FY has exceeded her required contribution, having  
9 contributed \$633,156.

10          52.     Terratech has failed, neglected and refused to meet its obligation having  
11 contributed only \$513,706.

12          53.     On October 6, 2015, Medi-RE purchased the real property located at 1085  
13 S. Virginia Street in Reno, Nevada for approximately \$1.2 million.

14          54.     In addition to the initial contribution to Medi-RE, Loeb is informed that  
15 approximately \$1 million was additionally spent on further improvements to the Medi-  
16 RE's property, more than half of which was contributed by Loeb/FY.  
17

18                   **3.     MEDI-2.**

19           55.     Medi-2 was formed by TerraTech and Loeb/FG and included the joinder of  
20 Haw's company, Defendant Nevada MF, on July 30, 2014, by filing Articles of  
21 Organization with the Nevada Secretary of State.  
22

23          56.     TerraTech made its initial capital contribution of \$800.00 for a fifty-five  
24 percent (55%) interest, Loeb/FG made her initial capital contribution of \$150.00 for a  
25 fifteen percent (15%) interest, and Haw/NEVADA MF made its \$50.00 initial capital  
26 contribution for a thirty percent (30%) interest in Medi-2.  
27

28          57.     In addition, subsequent to the company's formation, TerraTech was  
required to contribute an additional \$4.5 million to cover operating expenses and

1 buildout of the cultivation/production facility, Loeb was required to contribute  
2 \$750,000.00 and Haw/ Nevada MF was required to contribute the real property upon  
3 which the cultivation/production facility would be built.

4  
5 58. Based upon information and belief, Haw/Nevada MF contributed real  
6 property to Medi-2 pursuant to its capital contribution obligations.

7 59. However, rather than moving forward with Medi-2, TerraTech advised  
8 Loeb that it wanted to wait while the parties emphasized getting the dispensary  
9 operations up and running. At no time did TerraTech advise Loeb that it was secretly  
10 negotiating and entering into a secret business transaction with NuLeaf to open a  
11 competing cultivation/production facility.  
12

13 **C. BACKGROUND OF PLAINTIFF HEIDI LOEB.**

14 60. Heidi Loeb is a longtime Reno resident with a strong commitment to the  
15 community. Loeb has been actively involved in Reno charitable organizations,  
16 educational endeavors and the Reno arts community for many years.

17 61. Loeb has always been as strong and vocal supporter supportive of the  
18 Economic Development Authority of Western Nevada and its efforts to preserve and  
19 grow the arts in Northern Nevada. Loeb has donated \$500,000 to the Nevada Museum  
20 of Art, located in Reno, Nevada, and worked diligently to find a location for a new facility  
21 to house performing art events in Reno.  
22

23 62. Loeb regularly donates her time and money to local Girl Scout causes,  
24 sponsors a Wooster High School scholarship fund and contributes to the Nevada  
25 Women's Fund scholarship program. Loeb has also been committed for many years to  
26 helping fund the local Volunteers of America homeless shelter and the St. Vincent de  
27 Paul facility in Reno. Loeb also donates money and personally participates in the  
28 annual Shopping with the Sheriff campaign to help underprivileged children purchase

1 gifts for their family members during the holidays. Loeb is a longtime staunch supporter  
2 of local law enforcement and has purchased many dogs for the Washoe County Sheriffs  
3 Department K-9 program. She also supports the Nevada Humane Society, regularly  
4 participating in the annual event that gets residents out to fill their truck beds with food  
5 for needy local animals.  
6

7 63. Loeb and her late husband donated millions of dollars to our community,  
8 our children and our future. They were instrumental in developing the Sparks Wingfield  
9 Springs neighborhood and donated a significant amount of property to build the Golden  
10 Eagle Sports Complex, an elementary school and a fire station in that neighborhood.  
11

12 64. Loeb is an entrepreneurial person, having owned and operated an interior  
13 design business, three retail furnishing stores and the Tahoe Furniture Outlet and she is  
14 also an accomplished author.

15 65. Loeb decided to enter the cannabis business after the Nevada State  
16 legislature approved medical marijuana sales for medical purposes. Loeb had seen the  
17 deterioration of local public education through the experiences of her grandchildren.  
18

19 66. The new Nevada laws promised that much of the revenue generated from  
20 businesses engaging in this new business would go to our local public schools. Loeb  
21 saw the ability to start a new business and help a part of the community that not only  
22 benefitted her family, but also to help thousands of other families in the Truckee  
23 Meadows by bettering the education facilities in our community.  
24

#### 25 **D. BACKGROUND OF THE DEFENDANTS.**

26 67. TerraTech trades as an “over-the-counter” penny stock.

27 68. Loeb is informed and believes that Defendants Peterson, Nahass and  
28 James all hold significant restricted shares of TerraTech's penny stocks, which they  
have been consistently, as and when the restrictions expire, for the purpose of selling

1 out their interest to capture personal profit.

2 69. In 2014, TerraTech contacted Loeb to discuss becoming partners in a  
3 Reno dispensary and cultivation operation. Loeb agreed to meet with TerraTech to  
4 explore what TerraTech could bring to her potential venture. TerraTech advised Loeb  
5 that it was interested in expanding out of Las Vegas and into the Northern Nevada  
6 market.  
7

8 70. TerraTech also advised that it was going to operate other independently  
9 owned dispensaries in Las Vegas, Nevada and that the Loeb Medifarm Entities would  
10 receive additional benefits from TerraTech's other Blüm business locations in the State  
11 of Nevada.  
12

13 71. TerraTech insisted to Loeb that there was no need to hire an independent  
14 accounting firm to oversee and manage the financial affairs of Medi-1 because it could  
15 competently perform the same tasks in-house and that its financial reports were all  
16 "audited" by an independent outside accounting firm. Loeb relied upon TerraTech's  
17 representations.  
18

19 72. In addition, Defendants Peterson, Nahass and James all represented to  
20 Loeb that they had extensive business experience in running business ventures, such  
21 as the one they were contemplating, and that they were competent, credible and  
22 trustworthy and that they could trust them to protect and promote Loeb's financial  
23 interests.  
24

25 73. Unfortunately, it has been discovered that Defendants Peterson, Nahass  
26 and James all falsely represented their credentials, their competence and their  
27 trustworthiness.  
28

74. These Defendants also represented to Loeb that their financial operations  
were "audited" by an outside accounting firm so that all aspects of her investment would

1 be protected and not subject to theft, misappropriation or conversion by TerraTech for  
2 their other business ventures.

3 75. Loeb has since discovered that TerraTech's financials were not "audited"  
4 but were simply TerraTech's representation of its own "unaudited" financial condition  
5 and reporting. Loeb has since discovered that TerraTech has never engaged in a  
6 formal "audit" of their financial condition and instead, TerraTech's own "unaudited"  
7 financial records demonstrates they have relatively non-existent accounting practices  
8 and commingle all of the joint ventures' money with TerraTech's other operations.  
9

10 76. After not receiving any return on her investments for over a year, Loeb  
11 engaged legal counsel to commence investigating TerraTech's operations and why it  
12 appeared that TerraTech was "looting" all the money out of the highly successful Medi-1  
13 business operations and why she had not received a single penny in rent from Medi-  
14 RE's commercial property operations.  
15

16 77. Through such investigation, Loeb unfortunately discovered TerraTech and  
17 its corporate management team have been mired in fraudulent and deceptive activity for  
18 many years.  
19

20 78. It was subsequently discovered that the last two businesses that  
21 TerraTech's current CEO, Peterson, has been involved in resulted in people being  
22 convicted of crimes. One was convicted for embezzlement and the other, a union  
23 official, was convicted of taking bribes from his co-founder. Peterson was also fired by  
24 Morgan Stanley for failing to disclose to his employer that he was engaging in a  
25 prohibited outside business. Peterson subsequently disclosed in his personal  
26 bankruptcy filings that he owed Morgan Stanley over \$1.75 million in back debt.  
27

28 79. Peterson's filed for personal bankruptcy in March, 2012. Peterson's  
bankruptcy filings suggest a complete lack of financial prudence. With his house as his

1 only asset (secured by an unpaid Chase mortgage for \$800,000.00) Peterson managed  
2 to amass over \$1.75 million in debts to Morgan Stanley as well as \$50,000.00 in unpaid  
3 credit card debt. This information was never disclosed to Loeb when Peterson and  
4 TerraTech were trying to induce Loeb into entering into the joint venture with them.

5  
6 80. Peterson and his wife, Defendant Almsteier, a former TerraTech board  
7 member and also a major shareholder in TerraTech, were also accused of accepting  
8 illegally issued shares of Industrial Enterprises of America, Inc. ("IEAM") in a "pump and  
9 dump" stock promotion known as the Mazzuto Scheme. In a settlement they agreed to  
10 pay an undisclosed amount to IEAM shareholders in a Delaware bankruptcy court, after  
11 its stock price dropped to \$0.00 and there was a total shareholder wipeout in that  
12 business venture. This information was also never disclosed to Loeb when Peterson  
13 and TerraTech were trying to induce Loeb into entering into the joint venture with them.

14  
15 81. Defendant James, the current CFO of TerraTech, also has a track record  
16 of collapsing public companies and causing total shareholder wipeouts. James was  
17 involved in three previous companies that were listed on stock exchanges and all three  
18 resulted in total shareholder wipeouts, *i.e.*, all investors lost all their investments.

19  
20 82. Most recently Defendant James was both the CFO (started July 2010) and  
21 CEO (June 2012) of Inergetics, Inc. ("Inergetics"). Inergetics was a nutrition related  
22 penny stock wipeout. James orchestrated the same issuance of "death spiral"  
23 convertible debt at Inergetics that he has done at TerraTech in the first and second  
24 quarters of 2018. Inergetics stock price went from a peak of \$2.10 during his tenure to  
25 \$0.02, a 99% loss in value when he moved to TerraTech to become its CFO.

26  
27 83. Defendant James was also Chairman of Guided Therapeutics, where he  
28 oversaw another 99.9% penny stock wipeout of that company.

84. Defendant James was also on the board of Nestor, Inc., and served as its

1 CEO between 2006 and 2009. Nestor, Inc. was a one hundred percent wipeout with the  
2 stock plummeting to \$0.00 under Defendant James' leadership. Because of James'  
3 poor management of the company, the SEC revoked Nestor's registration as a listed  
4 company in 2014. This information was never disclosed to Loeb when James and  
5 TerraTech were trying to induce Loeb into entering into the joint venture with them.  
6

7 85. TerraTech's current COO, Defendant Nahass, filed for his own personal  
8 bankruptcy in 2009 listing \$0 in assets and \$1 million to \$10 million in debts, primarily to  
9 casinos for unpaid gambling debts. Defendant Nahass' debts include \$457,500.00 to  
10 the Bellagio, \$347,500.00 to the Mandalay Bay, \$705,000.00 to Caesar's Palace,  
11 \$12,375.00 to Discover Financial and \$60,651.00 to Chase Bank. The Bellagio alleges  
12 Nahass was able to run up these large gambling debts by deceiving the casino with  
13 false asset reports showing that he had sufficient assets to cover the credit it extended  
14 to him. From January 2012 to July, 2015, Defendant Nahass served as TerraTech's  
15 Treasurer, a surprising position considering his excessive gambling habit, his history of  
16 failing to pay debts and his history of accusations of deceiving casinos with false  
17 accounts. This information was never disclosed to Loeb when Nahass and TerraTech  
18 were trying to induce Loeb into entering into the joint venture with them.  
19  
20

21 86. TerraTech's newest Board Member, Alan Gladstone, is also not a stranger  
22 to bankruptcy court. He was the former CEO of Anna's Linens and also managed to  
23 take that company into Chapter 11 bankruptcy twice.  
24

25 87. Steven J. Ross adds to the list of TerraTech directors who has enjoyed a  
26 front row seat to a corporate bankruptcy. Ross was a vice president at Longhai Steel,  
27 having joined the company in 2012, three years before the company had its reverse  
28 merger IPO by Ladenburg in the peak of the China Hustle era. The company had its  
registration revoked by the SEC in 2015 and shareholders lost 100% of their investment

1 on his watch.

2 88. It has since been discovered that TerraTech itself is infested with fraud  
3 and deceit. The company has a long history of inaccurate bookkeeping practices and  
4 filing deceptive financial reports with government agencies.

5 89. As recently as March, 2018, the company's main accounting firm, Macias  
6 Gini & O'Connell LLP, issued an *ADVERSE OPINION* on TerraTech's internal financial  
7 controls, which opinion is extremely rare. There are four types of opinions, "adverse"  
8 being the worst. An Adverse Opinion is a professional opinion made by an accounting  
9 firm indicating that a company's financial statements are misrepresented, misstated and  
10 do not accurately reflect its financial performance and health.

11 90. Further demonstrating TerraTech's mismanagement and financial self-  
12 dealing, TerraTech represented in its Securities and Exchange Commission 10-Q dated  
13 May 10, 2018, affirmed and executed by Defendant James as TerraTech's CFO, the  
14 following:

- 15 a. "[O]ur disclosure controls and procedures were not effective  
16 as of March 31, 2018."  
17  
18 b. "[A]s of the year ended December 31, 2017, that our internal  
19 controls were not effective to detect the inappropriate  
20 application of U.S. GAAP rules."  
21  
22 c. "[O]ur internal controls were adversely affected by deficiencies  
23 in the design or operation of our internal controls, which  
24 management considered to be material weaknesses."  
25  
26 d. "The material weaknesses of TerraTech's internal accounting  
27 procedures and controls included, but were not limited to: lack  
28 of accounting procedures to ensure accounting errors did not  
happen; lack of monitoring and controls to ensure accurate  
reporting and accounting procedures followed."  
e. "TerraTech's internal controls over its financial reporting was  
insufficient to detect errors and fraud."

TerraTech's, 10-Q dated May 10, 2018 (emphasis added).

1           91. TerraTech's lack of accounting controls are not surprising, considering the  
2 complete lack of experience of its senior accounting staff. It has also subsequently  
3 been discovered that its current Director of Corporate Operations, Hailey Williams, was  
4 a bartender for the three years prior to her employment at TerraTech. Similarly, it has  
5 been discovered that TerraTech's Staff Accountant, Asia Hahn, was a barista at  
6 Starbucks until she joined the company. Both Williams and Hahn continue to manage  
7 the financial affairs of TerraTech, and on information and belief, the Loeb Medifarm  
8 Entities.  
9

10       **III. TERRATECH'S DEFICIENT AND ERROR-RIDDEN INTERNAL**  
11       **ACCOUNTING PRACTICES.**

12           92. In order to induce Loeb into their joint venture, TerraTech repeatedly  
13 represented that it was fully capable of handling the financial affairs of the parties'  
14 business entities and had trustworthy accounting practices that fully complied in all  
15 respects with Generally Accepted Accounting Principles ("GAAP").  
16

17           93. TerraTech represented to Loeb that she could trust and rely upon  
18 TerraTech's accounting practices because they were a publicly traded company (penny  
19 stock) and had very high accounting standards they had to maintain.  
20

21           94. TerraTech also advised Loeb that it would fully protect her investment and  
22 provide her with full transparency into all financial information for the Loeb Medifarm  
23 Entities.  
24

25           95. In addition, as added protection granted to Loeb, the Operating  
26 Agreements for the Loeb Medifarm Entities specifically detailed that Loeb and  
27 Defendant Peterson would be the co-Managers of Medi-1, Medi-RE and Medi-2 and  
28 that no manager could unilaterally operate the affairs of these businesses. Instead, the  
Operating Agreements required unanimous consent for all business and operational

1 decisions for the Loeb Medifarm Entities.

2 96. Initially, based upon TerraTech's representations and affirmations of  
3 transparency and trustworthiness, Loeb agreed and consented to TerraTech managing  
4 the accounting for the Loeb Medifarm Entities.

5  
6 **A. TERRATECH'S DECEIT.**

7 97. After Loeb fully funded her capital contribution obligations and paid for the  
8 renovation of the Medi-RE building, Loeb commenced inquiring to TerraTech as to the  
9 profitability of the Loeb Medifarm Entities.

10 98. TerraTech's initial responses were always along the line that some "other"  
11 type of expense was incurred that had to be paid and that the businesses were not  
12 making a profit but would be very soon and she would start receiving very large returns  
13 on her investments. It has been discovered that these representations were always  
14 known to be false statements as TerraTech was using all of the profits of the Loeb  
15 Medifarm Entities to fund TerraTech's other failing business ventures.

16  
17 99. At the end of 2017, TerraTech provided Loeb with a Profit and Loss  
18 statement that showed Medi-1 barely broke even although Medi-1 was not paying any  
19 rent to Medi-RE. This financial statement also contained a significant number of  
20 questionable and highly suspicious entries.

21  
22 100. Given the massive success of Medi-1's dispensary operations and the  
23 Medi-1 Profit and Loss statement with questionable entries, Loeb became suspicious of  
24 TerraTech's operation and oversight of the Loeb Buiness Entities and started  
25 demanding additional information from TerraTech.

26  
27 101. In February, 2018, Loeb's legal counsel requested detailed information  
28 from TerraTech relating to, among other things, the following: a complete accounting  
for each of the Loeb Medifarm Entities; and complete itemization of all advances and

1 payments taken by TerraTech to allegedly repay an alleged "loan" TerraTech had made  
2 to Medi-1. Not only was this information required to be produced pursuant to the terms  
3 of the various operating agreements, it was required be produced pursuant to NRS  
4 86.243.

5  
6 102. In response, Terra Tech provided a random mixture of information, none  
7 of which was fully responsive, and TerraTech also refused to provide answers to  
8 detailed questions posed.

9  
10 103. From the information provided by TerraTech, Loeb was able to discern  
11 what appeared to be TerraTech's "looting" of all the money out of the highly successful  
12 business operations.

13 104. After further extensive communication by and between legal counsel, and  
14 after TerraTech's continued refusal to provide responsive information, Loeb's counsel  
15 detailed the myriad of TerraTech's clear breaches of fiduciary duties and breaches of  
16 the Loeb Medifarm Entities' operating agreements. When faced with this onslaught of  
17 wrongdoing, TerraTech agreed that the Loeb Medifarm Entities would hire the CPA firm  
18 Casey Neilon, Inc. ("CaseyNeilon"), to perform a specific analysis of TerraTech's  
19 accounting, accounting practices and review to determine whether TerraTech was  
20 "looting" the Loeb Medifarm Entities as Loeb suspected (the "CaseyNeilon  
21 Investigation").  
22

23 105. During the CaseyNeilon Investigation, it became apparent that  
24 TerraTech's accounting procedures were egregiously inadequate, that TerraTech was  
25 refusing to provide the requested information (always prefaced with a nonsensical  
26 excuse) and/or the information that was provided was deficient and/or the information  
27 requests were just ignored.  
28

106. Further, during the CaseyNeilon Investigation, TerraTech admitted

1 numerous errors, and/or numerous instances were established demonstrating that:

- 2 • TerraTech was charging Medi-1 for expenses related to TerraTech's other  
3 business operations;
- 4 • TerraTech was actually using Medi-1 money to pay for TerraTech's other  
5 business ventures;
- 6 • TerraTech was inadequately accounting for income;
- 7 • TerraTech had failed to pay its capital contributions for Medi-1 and Medi-  
8 RE;
- 9 • TerraTech was writing off hundreds of thousands of dollars in inventory  
10 without explanation (such as to hide the inventory transfers to other  
11 TerraTech businesses); and
- 12 • TerraTech was charging Medi-1 for hundreds of thousands of dollars in  
13 phantom, unsupported expenses so as to pretend Medi-1 owed money to  
14 TerraTech.

15 107. Similarly, it was discovered that TerraTech was funneling hundreds of  
16 thousands of dollars from Medi-1 to its other business ventures such as Sament and  
17 Polaris without any explanation, justification, backup or disclosure to Loeb.

18 108. Similarly, once the investigation into TerraTech's fraudulent and deceitful  
19 operations of the Loeb Medifarm Entities was initiated, TerraTech systematically started  
20 firing all employees who it believed were loyal to and/or would provide Loeb with  
21 information relating to TerraTech's fraudulent business practices.

22 109. What has become apparent is that TerraTech's objective, along with the  
23 objective of Defendants Peterson, Nahass, James and Almsteier is to increase  
24 TerraTech's penny stock price as high as possible so that they can sell-out their shares  
25 of TerraTech in an effort to capture as much profit from those stock sales as possible  
26 without regard to Loeb, FG, FY, or the Loeb Medifarm Entities. Unwittingly, Loeb has  
27 become a victim of these Defendants' scheme to use her, her money and her good will  
28 to promote their own self-interests.

1           110. TerraTech actually disclosed this objective to Loeb only a few months ago  
2 during a face-to-face meeting (discussing Loeb's demand for information and concern  
3 about TerraTech's self-dealing) wherein Loeb and her counsel were informed of it by  
4 Defendants Peterson and Nahass. Specifically, Defendants Peterson and Nahass  
5 advised Loeb that they intended to "sell-out" all their shares in TerraTech within three  
6 (3) years and be done with that business.

8           111. At all times TerraTech, along with Defendants Peterson, Nahass, James  
9 have made it clear that TerraTech's interests supersede and are superior to Loeb's,  
10 FG's, FY's and the Loeb Medifarm Entities' regardless of their fiduciary duties owed to  
11 Loeb and the Loeb Medifarm Entities and regardless of their contractual duties to Loeb  
12 and the Loeb Medifarm Entities.

14           112. Unbeknownst to Loeb, it has become clear that TerraTech's scheme was  
15 to solicit and induce Loeb into entering into the joint venture with TerraTech, use her  
16 money to fund Medi-1's dispensary operations and Medi-RE's real estate operations  
17 then use the proceeds of those operations to fund TerraTech's other failing business  
18 ventures.

20           113. Stated simply, TerraTech's scheme was to fraudulently induce Loeb into a  
21 joint venture relationship to capitalize on Loeb's finances, her relationships in the  
22 community and her trusting nature to defraud her.

23 **IV. THE DISPENSARY VENTURE — "Medi-1".**

24           114. Medi-1 opened a licensed marijuana dispensary at the South Virginia  
25 Street location on January 2, 2017, doing business under the name "Blüm."

27           115. From the inception of the parties' joint venture and the formation of Medi-  
28 1, Loeb and TerraTech intended and agreed that Medi-1 would have an onsite  
supervisor to oversee the day-to-day operation of the dispensary. Initially the onsite

1 supervisor was designated as Alvarez.

2 116. However, Alvarez immediately became an employee of TerraTech and  
3 commenced overseeing all of TerraTech's facilities, not just the Medi-1 dispensary  
4 located in Reno, Nevada. However, Loeb is informed and believes that Medi-1 was  
5 charged for the full amount of Alvarez's salary and travel expenses even though the  
6 majority of Alvarez's activities related to the operations of TerraTech's other businesses.  
7

8 117. Unbeknownst to Loeb, Alvarez also began assisting TerraTech to funnel  
9 all of the cash out of Medi-1 to TerraTech, to TerraTech's other business ventures  
10 and/or used Medi-1's funds to pay TerraTech's other vendors and suppliers for  
11 TerraTech's other business operations.  
12

13 118. During this time period, Alvarez and TerraTech continued to falsely  
14 represent to Loeb that pursuant to their fiduciary duties and their contractual duties that  
15 all Medi-1 monies were being accurately document to ensure Loeb's investment was  
16 being protected, honored and respected. As the CaseyNeilon Investigation  
17 demonstrates, these were further false representations.  
18

19 **A. TERRATECH'S ATTEMPT TO REMOVE LOEB AS MANAGER.**

20 119. Defendant Peterson and Loeb are the two "Managers" of Medi-1.

21 120. However, in October, 2017, and in furtherance of TerraTech's scheme to  
22 defraud Loeb and FG, TerraTech presented Loeb with a proposed amendment to Medi-  
23 1's operating agreement pretending to "clarify the original intent of the agreement."  
24

25 121. Using this pretext, TerraTech sought to have Loeb resign her Managerial  
26 position in Medi-1 and to retroactively appoint TerraTech as the sole and exclusive  
27 Manager of Medi-1 from date of inception.  
28

122. TerraTech informed Loeb that it allegedly needed the amendment to Medi-  
1's Operating Agreement for purposes of an outside "audit" of TerraTech's business—

1 not for any legitimate reason related to Medi-1's operations. Stated another way,  
2 TerraTech sought to put its own personal interests ahead of Loeb and FG by stripping  
3 Loeb from any Managerial control over Medi-1.

4 123. Coincidentally and/or intentionally, TerraTech's actions would have had  
5 the additional benefit of arguably validating all of TerraTech's fraud and deceit  
6 perpetrated against Loeb.

7 124. Loeb refused TerraTech's request for her to relinquish complete control of  
8 Medi-1 to TerraTech and refused to sign TerraTech's requested amendment to the  
9 Medi-1 Operating Agreement. Instead, this activity heightened Loeb's concern that  
10 TerraTech was engaged in nefarious activities that TerraTech was attempting to hide.

11 **B. TERRATECH'S FALSE 10-Q.**

12 125. Knowing full well that Loeb refused to relinquish her Managerial position  
13 with Medi-1, TerraTech nonetheless misrepresented in its Securities and Exchange  
14 Commission 10-Q filing that it has "the power to manage and make decisions that affect  
15 the operation of [Medi-1] and that it is the "primary beneficiary" of the company.

16 126. TerraTech's above-referenced statement in its 10-Q is another false  
17 statement. Medi-1's Operating Agreement only allows for unanimous decision-making  
18 authority and therefore, TerraTech does not have the exclusive power to manage and  
19 make decisions that control the operations of Medi-1.

20 **C. TERRATECH'S FAILURE TO USE AN ACCOUNT FOR MEDI-1.**

21 127. Section 8.3 of the Medi-1 Operating Agreement requires that, "[t]he  
22 Company shall establish and maintain one or more separate accounts in the name of  
23 the Company in one or more federally insured banking institutions of its choosing **into**  
24 **which shall be deposited all funds of the Company and from which all Company**  
25 **expenditures and other disbursements shall be made.** Funds may be withdrawn

1 from such accounts on the signature of the Manager.” (Emphasis added).

2 128. TerraTech has not complied Section 8.3 of Medi-1’s Operating Agreement  
3 and has instead deposited funds into a multitude of accounts, none of which is in Medi-  
4 1’s name, and/or commingled Medi-1’s funds with TerraTech’s other failing businesses.  
5 Similarly, TerraTech has deposited funds into its own account and offsets phantom  
6 expenses it charges to Medi-1 to avoid depositing Medi-1’s funds into any segregated  
7 and independent account. TerraTech is breached the Medi-1 Operating Agreement so  
8 that it can commingle the Loeb Medifarm Entities’ funds with its own and use these  
9 funds to support TerraTech’s other failing business entities.  
10

11 **D. TERRATECH’S FAILURE TO PAY RENT.**

12 129. TerraTech failed to pay any rent from Medi-1 to Medi-RE for the purpose  
13 of depriving Loeb and FY from any rental income and because TerraTech needs Medi-  
14 1’s income to fund TerraTech’s other failing business operations.  
15

16 130. In this fashion, TerraTech is systematically monopolizing all of Medi-1’s  
17 money to fund its other business ventures by breaching its duty and obligation to pay  
18 rent to Medi-RE.  
19

20 **E. TERRATECH’S REFUSAL TO FILE 2017 TAX RETURNS.**

21 131. Further demonstrating TerraTech’s intentional and deceitful actions, Medi-  
22 1’s and Medi-RE’s 2017 Tax Returns, prepared by TerraTech, indicated that Medi-1  
23 owes almost \$600,000 to Medi-RE in unpaid rent.  
24

25 132. When confronted with this information, TerraTech initially agreed to pay  
26 the amounts owed to Medi-RE with 50% being distribute to Loeb as 50% owner of Medi-  
27 RE. However, TerraTech then reneged and claimed that Medi-1’s and Medi-RE’s 2017  
28 Tax Returns were prepared incorrectly. Instead, Loeb discovered that TerraTech paid  
itself over \$400,000 at or about this same time from Medi-1 funds—the same funds that

1 should have been paid to FY/Loeb.

2 133. To compound matters, TerraTech then refused to file Medi-1's and Medi-  
3 RE's 2017 Tax Returns claiming there was a dispute as to rent so this excused  
4 TerraTech from filing Medi-1's and Medi-RE's 2017 Tax Returns. There was no  
5 dispute—Loeb agreed to the rent charged detailed on the tax returns prepared by  
6 TerraTech.  
7

8 134. TerraTech's refusal to file the Medi-1's and Medi-RE's 2017 Tax Returns  
9 will result in significant penalties, late fees and other charges for which TerraTech is the  
10 sole cause. Stated another way, because TerraTech did not want to pay Loeb any  
11 return on her investments, TerraTech refused to file Medi-1's and Medi-RE's 2017 Tax  
12 Returns which will cause the Loeb Medifarm Entities to sustain further financial harm—  
13 which harm is the sole and direct responsibility of TerraTech.  
14

15 **F. TERRATECH'S USE OF MIDGRUN AND WESTERN.**

16 135. TerraTech created Midgrun and Western, entities in which Loeb does not  
17 own any interest, to funnel deposits for Medi-1's income so as to avoid disclosure to  
18 Loeb of the income and expenses attributable to the Loeb Medifarm Business entities.  
19

20 136. At this time, Loeb is unaware of who owns and/or controls Midgrun and  
21 Western.

22 137. However, it has been discovered that TerraTech has been depositing  
23 significant funds from Medi-1's business operations into Midgrun's and Western's bank  
24 accounts, then subsequently secretly transferring these funds to Alvarez, TerraTech  
25 Sament and Polaris.  
26

27 138. Similarly, it has been discovered that TerraTech has been using Medi-1's  
28 funds to pay the expenses of the five (5) other unrelated dispensaries that TerraTech  
owns and/or operates in Las Vegas, Nevada and California.

1           139. It is also believed that TerraTech has also been using Medi-1's money to  
2 fund TerraTech's secret cultivation and production business with Nuleaf.

3           140. It has also been discovered that TerraTech also purchased a significant  
4 amount of product and a point of sale system with Medi-1 funds and diverted the  
5 product and equipment to its unaffiliated entities in Las Vegas and California.  
6

7           141. It has also been discovered that TerraTech also paid significant expenses  
8 of its unaffiliated entities in Las Vegas with the Medi-1 funds, and, in spite of Loeb's  
9 frequent objections and instruction not to do so, continues to do so to this day.

10           142. It has also been discovered that TerraTech has not made its required  
11 initial \$500,000.00 capital contribution to Medi-1 and has failed to fully fund its  
12 contribution into Medi-RE.  
13

14           **G. TERRATECH'S PRETEND "LOAN".**

15           143. To further its scheme to defraud Loeb, TerraTech contends that it is  
16 personally continually paying for Medi-1's expenses for which Medi-1 must pay it back,  
17 *i.e.*, via a loan obligation that TerraTech is keeping track of—obviously TerraTech's sole  
18 determination of what is a Medi-1 expense and what TerraTech pays to itself is of  
19 utmost concern since this procedure leaves the fox in charge of the henhouse..  
20

21           144. To investigation TerraTech's alleged "loan", since February 2018, Loeb  
22 has repeatedly asked for an accounting and full back-up of the alleged charges that  
23 TerraTech has paid on behalf of Medi-1. At no time has TerraTech provided the  
24 accounting and back-up to Loeb, and TerraTech has also failed to provide the  
25 information requested to CaseyNeilon.  
26

27           145. As demonstrated by the CaseyNeilon Investigation, and as suspected by  
28 Loeb, many of the alleged charges TerraTech claims it paid and charged to Medi-1 are  
(1) charges incurred by TerraTech for its other business operations in Las Vegas and

1 California or are (2) phantom charges with no support or backup.

2 146. By engaging in this “pretend loan” scenario, TerraTech has been  
3 skimming off all the surplus income from Medi-1 contending that it is repaying itself for  
4 money it “pretended” to pay out on Medi-1’s behalf.

5 147. As of June 2018, TerraTech claims there is an outstanding loan owed to it  
6 by Medi-1 for \$2.3 million yet TerraTech has already paid itself millions of dollars in  
7 unapproved loan payments from Medi-1. Loeb has demanded as Manager of Medi-1  
8 that this pretend loan procedure stop and for TerraTech to cease and desist payments  
9 on the pretend loan until a full accounting has been conducted. Loeb believes that  
10 despite her directive, TerraTech continues to use Medi-1 funds to pay against this  
11 pretend loan.  
12

13 148. Loeb has never approved TerraTech’s alleged loan and has never agreed  
14 to use Medi-1’s monies to pay TerraTech’s other business expenses.  
15

16 **H. TERRATECH’S FAILURE TO MAINTAIN ACCURATE BOOKS AND**  
17 **RECORDS.**

18 149. Section 8.1(a) of the Medi-1 Operating Agreement requires that “[t]he  
19 **Company shall maintain or cause to be maintained with the State of Nevada,**  
20 **books of account that accurately reflect all items of income and expenditure**  
21 **relating to the business of the Company and that accurately and completely**  
22 **disclose the results of the operations of the Company.”** (Emphasis added).  
23

24 150. As the CaseyNeilson Investigation has revealed, and as supported by  
25 TerraTech’s own 10Q filing, TerraTech does not maintain books and accounts that  
26 accurately reflect all items of income and expenditures of the businesses. In fact,  
27 TerraTech’s accounting is admittedly woefully deficient and contains false and  
28 fraudulent entries all designed to allow TerraTech to siphon off millions of dollars in

1 profit from Medi-1 and Medi-RE.

2 **I. LOEB'S EFFORTS TO OBTAIN INFORMATION.**

3 151. Because Loeb was not receiving any income or financial reports from the  
4 business, she questioned TerraTech about the company's finances. She requested  
5 Medi-1's financial records on many occasions, only to be stonewalled by TerraTech, in  
6 violation of the operating agreement. The information TerraTech did provide to Loeb  
7 was superficial and incomplete so that Loeb would be unable to decipher TerraTech's  
8 fraud and deceit.  
9

10 152. Under the various operating agreements, TerraTech was obligated to  
11 provide Loeb with all financial information requested upon 72 hours' notice. Specifically,  
12 Section 8.1(a) of the Medi-1 Operating Agreement states that, "[e]ach member, upon  
13 not less than seventy-two (72) hours advance written notice to the Manager of the  
14 Company, at such Member's own expense, shall have the right to inspect, copy,  
15 and audit the Company's books and records at any time during normal Business  
16 Hours without notice to any other Member." (Emphasis added).  
17

18 153. After months of futile demands by Loeb to obtain information from  
19 TerraTech regarding the financial affairs of the Loeb Medifarm Entities, Loeb was  
20 compelled to engage an attorney to assist her in obtaining access to the business  
21 records.  
22

23 154. On March 5, 2018, Loeb, through her attorney, made an unambiguous  
24 written demand to inspect and audit all of the company's financial records for the years  
25 2014, 2015, 2016 and 2017. See NRS 86.243.  
26

27 155. On March 9, 2018, TerraTech's General Counsel, Joseph Segilia,  
28 responded to Loeb, agreeing to allow Loeb access to the requested records and  
providing copies via dropbox. However, the information provided by TerraTech was

1 incomplete and evasive.

2 156. The limited information provided by TerraTech was nowhere near  
3 complete and was missing critical and relevant information.

4 157. As a result, further communications between Loeb's attorney and  
5 TerraTech, and its attorneys, occurred regarding Loeb's request for and access to the  
6 Loeb Medifarm Entities' books and records.

7 158. After months of extensive communications regarding access for  
8 information (which was required to be provided within 72 hours of request pursuant to  
9 the various operating agreements), Loeb was still being deprived of access to the Loeb  
10 Medifarm Entities' books and records.

11 159. Finally, as detailed above, in September 2018, Loeb's attorney was able  
12 to negotiate TerraTech's agreement to engage in the CaseyNeilon Investigation.

13 160. Once the CaseyNeilon Investigation was initiated, TerraTech followed its  
14 established plan to avoiding production and disclosure of information relating to the  
15 Loeb Medifarm Entities. After over two months of investigation and numerous requests  
16 made to TerraTech for relevant documents, information and backup support,  
17 CaseyNeilon determined it could not complete its investigation. CaseyNeilon's final  
18 report corroborated TerraTech's terrible accounting practices, and confirmed significant  
19 discrepancies in the income, expenses and inventory counts of Medi-1 and Medi-RE as  
20 stated above. Not surprisingly, all discrepancies were in TerraTech's favor.

21 **V. THE REAL ESTATE VENTURE - "Medi-RE".**

22 161. Pursuant to the parties' joint venture agreement and the intent of the  
23 parties, Medi-1 (the dispensary) was required to pay rent to Medi-RE for its use of the  
24 ground floor of the South Virginia Street property used to conduct Medi-1's retail  
25 operations.

1 162. Given that there would be little, if any expense for ownership of the real  
2 property, TerraTech and Loeb/FY would each receive 50% of the profit from the rental  
3 income, which profit should be almost the entirety of the rental income received.

4 163. While Medi-1 has occupied the property since 2015, to date, TerraTech  
5 has refused and neglected to cause Medi-1 to make even a single rent payment to  
6 Medi-RE.  
7

8 164. The CaseyNeilon Investigation conducted an extensive review of the  
9 Medi-RE books and concluded in November 2018 that, “[r]ental income/expense of  
10 \$581,025 was recorded on the 2017 draft tax returns for Medifarm I Real Estate and  
11 Medifarm I, respectively. **These transactions have not been recorded in the general**  
12 **ledgers of either entity.**” (Emphasis added).  
13

14 165. In addition, the top floor of Medi-RE’s property has been leased to The  
15 Studio, LLC, a yoga studio business (“The Studio”), for \$5,700.00 per month.

16 166. Loeb is informed and believes that Medi-RE has not received a single  
17 rental payment from The Studio. Instead, TerraTech and/or Alvarez have taken all of  
18 Medi-RE’s rental income.  
19

20 167. TerraTech and Mikel Alvarez have been collecting rent from the second-  
21 floor tenant since October 2015 at the rate of \$5,700.00 per month, totaling over  
22 \$205,000.00 from The Studio rental income to date. This in addition to the \$581,025  
23 owed to Medi-RE for 2017 and the approximate amount of \$300,000 owed for 2016.  
24

25 168. Similar to Section 8.3 of the Medi-1 Operating Agreement, the Medi-RE  
26 Operating Agreement also requires that, “[t]he Company shall establish and  
27 maintain one or more separate accounts in the name of the Company in one or  
28 more federally insured banking institutions of its choosing into which shall be  
deposited all funds of the Company and from which all Company expenditures

1 **and other disbursements shall be made. Funds may be withdrawn from such**  
2 **accounts on the signature of the Manager.”** (Emphasis added).

3 169. Instead of depositing the tenant rental payments into Medi-RE's account,  
4 as required by the Medi-RE Operating Agreement, TerraTech and Mikel Alvarez  
5 diverted the payments to themselves and/or failed to pay the Medi-1 rent to Medi-RE.  
6

7 170. As of the filing of this Complaint, TerraTech's own records demonstrate  
8 that over \$700,000.00 in rental payments are outstanding and owed to Medi-RE.

9 171. TerraTech's refusal to make rental payments has deprived Loeb/FY of  
10 significant income to which they are entitled and is a clear breach of the parties' joint  
11 venture agreement.  
12

13 172. In addition, TerraTech's accounting records demonstrate that it is  
14 intentionally refusing to make rental payments from Medi-1 to Medi-RE so that it can  
15 continue to divert the money to fund TerraTech's five unaffiliated dispensaries in Las  
16 Vegas, Nevada; Oakland, California and Santa Ana, California without Loeb's  
17 knowledge.  
18

19 173. In spite of Loeb's insistence on numerous occasions that the diversion of  
20 the funds stop, TerraTech refuses and continues to divert Medi-RE's rental income.

21 174. It has become apparent that TerraTech, Peterson, Nahass, James,  
22 Almsteier and Alvarez have used the funds due to Medi-RE, to funnel those funds into  
23 TerraTech's other businesses in order to artificially increase the stock value of  
24 TerraTech so that these parties can further their “pump and dump” scheme, *i.e.*, using  
25 Medi-1's funds to fraudulently increase the value of the TerraTech stock so that these  
26 defendants can attempt to sell their shares at a profit while leaving Loeb, FG and FY  
27 holding an empty bag.  
28

1 **VI. THE CULTIVATION AND PRODUCTION VENTURE — “Medi-2”.**

2 175. A vital component of the joint venture agreement was the establishment of  
3 a licensed facility that would cultivate and produce products for sale at the Medi-1  
4 dispensary.

5 176. This vertical integration business model was intended to allow the parties  
6 to control all aspects of their business and they would be able to cut out expensive  
7 middlemen and implement processes from farm-to-sale that maximize efficiency, which  
8 would result in a far more profitable enterprise.

9 177. During its initial operation, Loeb has discovered that the Medi-1  
10 dispensary purchased its product through TerraTech’s purchasing agent.

11 178. However, TerraTech’s purchasing agent purchased all the product for  
12 TerraTech’s operations in Nevada and not just for Medi-1. In this fashion, it is believed  
13 that TerraTech charged the entirety of its product purchases to Medi-1 (including the  
14 product for TerraTech’s other ventures) then diverted the product paid for by Medi-1 to  
15 TerraTech’s other businesses.

16 179. Pursuant to the joint venture, because the product Medi-1 was purchasing  
17 by TerraTech would be more expensive than if the Medi-2 facility had been in operation.

18 180. Loeb was informed by TerraTech, and believed that TerraTech was,  
19 pursuant to the joint venture, furthering the purpose of Medi-2 by taking steps to  
20 establish the cultivation and production facility.

21 181. TerraTech was required to contribute \$4.5 million plus the initial operating  
22 expenses of the facility, Loeb was required to contribute \$750,000.00 in capital to  
23 establish the facility and Haw was required to contribute the real property upon which  
24 the facility would be built. Before TerraTech “looting” of Medi-1 and Medi-RE, Loeb  
25 stood ready to make her contribution as and when required for Medi-2.  
26  
27  
28

1           182. As recently as May 10, 2018, TerraTech admitted and ratified its  
2 agreement with Loeb to build and operate a cultivation and production facility through its  
3 Security and Exchange Commission 10-Q filing, stating, “[t]he Company has shared  
4 interest in the two entities, MediFarm I and MediFarm I RE, with another investor for the  
5 operation of a cultivation operation and dispensary in Nevada” and **“Under MediFarm  
6 II, we are constructing a state of the art cultivation and production facility, which  
7 will produce our IVXX proprietary brand of cannabis flowers and cannabis  
8 extracted products available throughout Nevada.”** (Emphasis added).  
9

10           183. TerraTech’s 10-Q filing again affirms the purpose, scope and intent of the  
11 parties’ joint venture and that the Medi-2 cultivation and that TerraTech was in the  
12 process of “constructing” the production facility. Because TerraTech was not  
13 communicating with Loeb, she understood that TerraTech had obtained the necessary  
14 funding to move forward with the construction without further capital contribution by the  
15 parties.  
16

17           184. TerraTech’s 10-Q filing contains materially false statements as Loeb has  
18 discovered that TerraTech is not taking any steps to “construct” the Medi-2 cultivation  
19 and production facility.  
20

21           185. Apparently, TerraTech decided that it could make more money and but  
22 Loeb out of the joint venture by pursuing a separate cultivation and production facility  
23 with NuLeaf at the exclusion of Loeb.  
24

25           **A. TERRATECH’S FORMATION OF MEDI-3.**

26           186. To further its scheme to defraud Loeb, without Loeb’s knowledge or  
27 consent, TerraTech and Nuleaf formed Medi-3 on August 21, 2017 by filing Articles of  
28 Organization with the Nevada Secretary of State.

          187. TerraTech, Peterson, Nahass, James and Alvarez never informed Loeb

1 that TerraTech was pursuing a separate secret side deal with NuLeaf to own and  
2 operate a cultivation and production facility in contravention of the purpose and intent of  
3 the parties' joint venture agreement and in violation of Medi-2's Operating Agreement.

4  
5 188. Loeb is informed and believes that TerraTech's new deal with Nuleaf is to  
6 fund a cultivation and production facility, thereby seeking to circumvent TerraTech's  
7 responsibilities under its joint venture agreement with Loeb and in breach of its fiduciary  
8 and contractual duties contained in the Medi-2 Operating Agreement.

9  
10 189. TerraTech has already admitted in its 10-Q filing that it is in clear violation  
11 of the parties' joint venture agreement and the Medi-2 Operating Agreement, by  
12 affirming that TerraTech and Nuleaf are actively pursuing a cultivation and production  
13 facility in Sparks, Nevada as follows: **"On October 26, 2017, the Company entered**  
14 **into agreements with NuLeaf Sparks Cultivation, LLC and NuLeaf Reno**  
15 **Production, LLC to build and operate cultivation and production facilities for our**  
16 **IVXX brand of cannabis products in Nevada."** (Emphasis added).

17  
18 190. TerraTech and Defendants Haw/Nevada MF never informed Loeb of  
19 TerraTech's repudiation of the parties' joint venture agreement or its repudiation of its  
20 obligations under the Medi-2 Operating Agreement.

21  
22 191. TerraTech and Defendants Haw/Nevada MF also never informed Loeb of  
23 TerraTech's secret deal with NuLeaf.

24  
25 192. Loeb is informed and believes that Nuleaf knew of her business  
26 relationship between TerraTech and Loeb, and knew of and understood Medi-2's  
27 purpose and intent, and that it intentionally interfered with that relationship in order to  
28 cut FG and Loeb out of the cultivation and production venture so that these parties  
could profit from the business venture at the expenses of FG and Loeb.

193. Defendant Haw and his entity Nevada MF, a party to the Medi-2 operating

1 agreement, also breached their fiduciary duties to Loeb by participating with TerraTech  
2 and Nuleaf in the new cultivation business by not informing Loeb of the secret deal to  
3 squeeze her and FG out of the cultivation and production facility.

4 194. In addition, from the information Loeb has been able to discover,  
5 TerraTech has used funds it took from Medi-1 to fund its joint business venture with  
6 Defendant Nuleaf since all of Medi-1's funds have been commingled in TerraTech's  
7 account and not separately segregated as required by the parties' operating  
8 agreements.  
9

10 **VII. THE ALVAREZ DEFENDANTS.**

11 195. Defendant Mikel Alvarez wrongfully misappropriated millions of dollars of  
12 cash from Medi-1 and Medi-RE. Mikel Alvarez failed and refused to account for the  
13 money that was the property of Medi-1 and Medi-2, and continues to refuse to account  
14 for the cash he has taken.  
15

16 196. In addition, Mikel Alvarez schemed to defraud Loeb by breaching his  
17 fiduciary duty to her by working for TerraTech at the same time he was obligated to  
18 protect Loeb's interests in the joint venture and in the Loeb Medifarm Entities as  
19 personal assistant.  
20

21 197. In addition, Mikel Alvarez and Garrett Alvarez acted to harm Loeb by  
22 secretly stealing significant personal property from Loeb's home and her storage units,  
23 including but not limited to clothing, accessories, jewelry, appliances, furniture and  
24 household furnishings all without her knowledge or consent.  
25

26 198. In addition, Mikel Alvarez charged Loeb multiple times for performing  
27 identical services for her. For instance, Mikel Alvarez charged Loeb to act as her  
28 personal assistant while simultaneously charging her over \$50,000.00 in "consulting  
fees" through his company, Alvy Enterprises, for performing the identical tasks he was

1 performing as Loeb's personal assistant.

2 199. In addition, Mikel Alvarez and Garrett Alvarez have refused to relinquish  
3 control of Loeb's internet domains and have, to this day, are believed to have been  
4 secretly monitoring her email communications, including those with her attorneys and  
5 consultants in this matter, through their control over these domains—through which  
6 Loeb's email traffic flows.  
7

8 **FIRST CLAIM FOR RELIEF**  
9 **(Joint Venture: Breach of Contract--TerraTech)**

10 200. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
11 herein.

12 201. A valid joint venture agreement existed between Loeb and TerraTech to  
13 establish a vertically integrated cannabis business enterprise consisting of three distinct  
14 parts: cultivation/production, distribution and real property ownership of the facility for  
15 the dispensary operations.  
16

17 202. As detailed herein, Defendant TerraTech has materially breached the joint  
18 venture agreement by failing and refusing to comply with its duties and responsibilities  
19 under the agreement, without excuse.

20 203. Loeb performed all conditions precedent to TerraTech's duty to perform.

21 204. As a direct and proximate result of TerraTech's numerous breaches, Loeb  
22 has been damaged in an amount in excess of Fifteen Thousand Dollars (\$15,000.00)  
23 and she is entitled to recover her reasonable and necessary attorneys' fees and costs  
24 incurred in this action.  
25

26 **SECOND CLAIM FOR RELIEF**  
27 **(Joint Venture: Contractual Breach of Implied Covenant of Good Faith and Fair**  
28 **Dealing—TerraTech)**

205. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth

1 herein.

2 206. In every contract there exists an implied covenant of good faith and fair  
3 dealing that mandates that all parties to the agreement do nothing to deprive the other  
4 parties of the benefits of the contract, a breach of which gives rise to an action for  
5 damages.  
6

7 207. A valid joint venture agreement existed between Loeb and TerraTech to  
8 establish a vertically integrated cannabis business enterprise consisting of three distinct  
9 parts: cultivation/production, distribution and real property ownership of the facility for  
10 the dispensary operations.  
11

12 208. Loeb had a justifiable expectation that she would receive certain benefits  
13 consistent with the terms, intent and spirit of the agreement, namely, that she would  
14 participate in the business enterprises and share in the profits of the businesses as set  
15 forth in the operating agreement of each entity.  
16

17 209. Defendant TerraTech performed in a manner that violated the terms and  
18 the spirit of the agreement.  
19

20 210. TerraTech's actions were unfaithful to Loeb and were a deliberate attempt  
21 to deny Loeb the ability to participate in the businesses and profits contemplated by the  
22 joint venture agreement.  
23

24 211. As a direct and proximate result of TerraTech's numerous breaches, Loeb  
25 has been damaged in an amount in excess of Fifteen Thousand Dollars (\$15,000.00)  
26 and she is entitled to recover her reasonable and necessary attorneys' fees and costs  
27 incurred in this action.  
28

**THIRD CLAIM FOR RELIEF**  
**(Joint Venture: Tortious Breach of Implied Covenant of Good Faith and Fair  
Dealing—TerraTech)**

212. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth

1 herein.

2 213. A valid joint venture agreement existed between Loeb and TerraTech to  
3 establish a vertically integrated cannabis business enterprise consisting of three distinct  
4 parts: cultivation/production, distribution and real property ownership of the facility for  
5 the dispensary operations.  
6

7 214. Loeb had a justifiable expectation that she would receive certain benefits  
8 consistent with the terms, intent and spirit of the agreement, namely, that she would  
9 participate in the business enterprises and share in the profits of the businesses as set  
10 forth in the operating agreement of each entity.  
11

12 215. Defendant TerraTech performed in a manner that violated the terms and  
13 the spirit of the agreement.

14 216. There exists a fiduciary duty and a special relationship of trust between  
15 TerraTech and Loeb based upon TerraTech's oversight and control of all the financial  
16 aspects of the parties' business venture.  
17

18 217. TerraTech's actions were unfaithful to Loeb and were a deliberate attempt  
19 to deny Loeb the ability to participate in the businesses and profits contemplated by the  
20 joint venture agreement.

21 218. As a direct and proximate result of TerraTech's numerous breaches, Loeb  
22 has been damaged in an amount in excess of Fifteen Thousand Dollars (\$15,000.00)  
23 and she is entitled to recover her reasonable and necessary attorneys' fees and costs  
24 incurred in this action.  
25

26 219. When TerraTech's actions were performed, TerraTech acted with  
27 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
28 Loeb's rights and interests, and, therefore, Loeb is entitled to punitive damages in  
excess of Fifteen Thousand Dollars (\$15,000.00).

**FOURTH CLAIM FOR RELIEF**  
**(Joint Venture: Breach of Fiduciary Duty—TerraTech)**

220. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth herein.

221. A valid joint venture agreement existed between Loeb and TerraTech to establish a vertically integrated cannabis business enterprise consisting of three distinct parts: cultivation/production, distribution and real property ownership of the facility for the dispensary operations.

222. The principles of law applying to general partnerships also apply to joint venturers.

223. TerraTech owed fiduciary duties to Loeb of the highest character to act with the utmost level of conscientious fidelity. Further, TerraTech had fiduciary duties to fulfill its obligations competently, honestly and with due regard for Loeb's interests and to ensure that it conducted the joint ventures' business operations with the utmost integrity, with full and frank disclosure and without deceit or dishonesty.

224. As detailed herein, TerraTech breached its fiduciary duties, by among other things, misappropriating and converting the joint venture's funds; using funds for other businesses in which Loeb was not involved; by deriving Loeb of her anticipated profits from the joint venture; and by secretly pursuing other business ventures to the detriment of Loeb.

225. As a direct and proximate result of TerraTech's numerous breaches, Loeb has been damaged in an amount in excess of Fifteen Thousand Dollars (\$15,000.00) and she is entitled to recover her reasonable and necessary attorneys' fees and costs incurred in this action.

226. When TerraTech's actions were performed, TerraTech acted with

1 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
2 Loeb's rights and interests, and, therefore, Loeb is entitled to punitive damages in  
3 excess of Fifteen Thousand Dollars (\$15,000.00).

4  
5 **FIFTH CLAIM FOR RELIEF**  
6 **(Joint Venture: Fraud—TerraTech)**

7  
8 227. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
9 herein.

10 228. Defendant TerraTech falsely represented to Loeb, among other things,  
11 that TerraTech would faithfully, honestly and with full disclosure manage the finances of  
12 the parties' joint venture operations; that TerraTech was a reputable and honest  
13 company; that TerraTech had the proper staff, training and support to ensure full and  
14 proper accounting of the joint venture's business enterprises; that Loeb would have full  
15 and transparent access to financial information for the joint venture's business  
16 enterprises; and that Loeb would share in the profits of the businesses as set forth in  
17 the operating agreement of each entity.

18 229. Defendant TerraTech knew that its representations to Loeb were false  
19 and/or had insufficient basis to make such representations to her.

20 230. TerraTech intended to induce Loeb to entering into the joint venture  
21 agreement based on its numerous false representations.

22 231. Loeb was justified in her reliance on TerraTech's false and/or misleading  
23 representations.

24 232. As a direct and proximate result of TerraTech's numerous breaches, Loeb  
25 has been damaged in an amount in excess of Fifteen Thousand Dollars (\$15,000.00)  
26 and she is entitled to recover her reasonable and necessary attorneys' fees and costs  
27 incurred in this action.  
28

1           233. When TerraTech's actions were performed, TerraTech acted with  
2 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
3 Loeb's rights and interests, and, therefore, Loeb is entitled to punitive damages in  
4 excess of Fifteen Thousand Dollars (\$15,000.00).

5  
6                           **SIXTH CLAIM FOR RELIEF**  
7                           **(Joint Venture: Constructive Fraud—TerraTech)**

8           234. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
9 herein.

10          235. Joint venture partners are fiduciaries obligated to act with the utmost level  
11 of conscientious fidelity. Further, TerraTech had fiduciary duties to fulfill its obligations  
12 competently, honestly and with due regard for Loeb's interests and to ensure that it  
13 conducted the joint ventures' business operations with the utmost integrity, with full and  
14 frank disclosure and without deceit or dishonesty.

15          236. Defendant TerraTech represented to Loeb, among other things, that  
16 TerraTech would faithfully, honestly and with full disclosure manage the finances of the  
17 parties' joint venture operations; that TerraTech was a reputable and honest company;  
18 that TerraTech had the proper staff, training and support to ensure full and proper  
19 accounting of the joint venture's business enterprises; that Loeb would have full and  
20 transparent access to financial information for the joint venture's business enterprises;  
21 and that Loeb would share in the profits of the businesses as set forth in the operating  
22 agreement of each entity.

23          237. TerraTech intended to induce Loeb to enter into the joint venture  
24 agreement based on its numerous false representations.

25          238. Loeb was justified in her reliance on TerraTech's false and/or misleading  
26 representations.  
27  
28

1           239. As a direct and proximate result of TerraTech's numerous breaches, Loeb  
2 has been damaged in an amount in excess of Fifteen Thousand Dollars (\$15,000.00)  
3 and she is entitled to recover her reasonable and necessary attorneys' fees and costs  
4 incurred in this action.

5           240. When TerraTech's actions were performed, TerraTech acted with  
6 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
7 Loeb's rights and interests, and, therefore, Loeb is entitled to punitive damages in  
8 excess of Fifteen Thousand Dollars (\$15,000.00).

9  
10                                   **SEVENTH CLAIM FOR RELIEF**

11           **(Joint Venture: Conspiracy— Peterson, Nahass, James, Mikel Alvarez, Haw,**  
12           **Nevada MF, Midgrun, Western, Sament, Polaris, NuLeaf)**

13           241. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
14 herein.

15           242. Defendants Peterson, Nahass, James, Mikel Alvarez, Haw, Nevada MF,  
16 Midgrun, Western, Sament, Polaris and NuLeaf joined to accomplish the unlawful act of  
17 depriving Loeb of her joint venture rights and interests, and the profits therefrom.

18           243. These Defendants agreed to act, intended to act, and in fact acted, in  
19 concert to take and convert and/or to assist TerraTech to take and convert Loeb's  
20 valuable property rights and to deprive her from the profits therefrom.

21           244. As a direct and proximate result of these Defendants' numerous breaches,  
22 Loeb has been damaged in an amount in excess of Fifteen Thousand Dollars  
23 (\$15,000.00) and she is entitled to recover her reasonable and necessary attorneys'  
24 fees and costs incurred in this action.

25           245. When these Defendants' actions were performed, they acted with  
26 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
27 Loeb's rights and interests, and, therefore, she is entitled to punitive damages in excess  
28

1 of Fifteen Thousand Dollars (\$15,000.00).

2 **EIGHTH CLAIM FOR RELIEF**

3 **(Joint Venture: Constructive Trust— Peterson, Nahass, James, Mikel Alvarez,**  
4 **Haw, Nevada MF, Midgrun, Western, Sament, Polaris, NuLeaf)**

5 246. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
6 herein.

7 247. Based upon information and belief, Defendants Peterson, Nahass, James,  
8 Mikel Alvarez, Haw, Nevada MF, Midgrun, Western, Sament, Polaris and NuLeaf  
9 received joint venture funds and/or property.

10 248. As an axillary remedy, in addition to recovery of damages, Loeb is entitled  
11 to the imposition of a constructive trust over the all of the joint venture property,  
12 including all personal property and funds taken, used, received and/or employed by any  
13 of these Defendants.  
14

15 249. When these Defendants' actions were performed, they acted with  
16 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
17 Loeb's rights and interests, and, therefore, Loeb is entitled to punitive damages in  
18 excess of Fifteen Thousand Dollars (\$15,000.00).  
19

20 **NINTH CLAIM FOR RELIEF**

21 **(MEDI-1: Member Derivative Claim for**  
22 **Breach of Fiduciary Duties—NRS 86.483—TerraTech, Peterson)**

23 250. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
24 herein.

25 251. TerraTech, as defacto manager, and Peterson as co-Manager, owed  
26 duties of care and duties of loyalty to act in the best interests of Medi-1.

27 252. These Defendants have breached their duties of care and loyalty owed to  
28 Medi-1, resulting in a financial loss or potential financial loss to Medi-1 by failing and  
refusing to comply with their duties and responsibilities under the agreement, without

1 excuse, including but not limited to: failing to pay TerraTech's \$500,000 mandatory  
2 contribution; by failing to establish a separate and segregated account in which to  
3 receive all of the income from Medi-1's operations; by failing to pay all of Medi-1's  
4 operational expenses out of said account; by failing to provide all financial information of  
5 the Medi-1 operations to Loeb; by failing to account for the profits of the business; by  
6 charging phantom expenses to Medi-1; by charging Medi-1 for expenses relating solely  
7 to TerraTech's other business operations; by failing to pay rent; and by establishing a  
8 pretend loan to funnel all of Medi-1's profits to TerraTech and/or its affiliates.  
9

10 253. FG owned its membership interest in Medi-1 prior to the conduct by these  
11 Defendants and continues to own its membership interest, thus qualifying FG as a  
12 proper plaintiff under NRS 86.485.  
13

14 254. Multiple demands have been made by FG without any corrective action  
15 having been taken. However, no demand upon Medi-1 is necessary because  
16 TerraTech is exclusively operating Medi-1's business and Peterson, the co-Manager of  
17 Medi-1 is not independent and disinterested, instead, he is the CEO of TerraTech and  
18 acts solely for the benefit of TerraTech.  
19

20 255. As a direct and proximate result of TerraTech's and Peterson's numerous  
21 breaches, FG has been damaged in an amount in excess of Fifteen Thousand Dollars  
22 (\$15,000.00) and it is entitled to recover its reasonable and necessary attorneys' fees  
23 and costs incurred in this action, pursuant to NRS 86.489.  
24

25 **TENTH CLAIM FOR RELIEF**  
26 **(MEDI-1: Breach of Contract—TerraTech)**

27 256. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
28 herein.

257. Defendant TerraTech and FG entered into an agreement to establish and

1 operate a distribution dispensary in Reno. The contract is memorialized in the Medi-1's  
2 Operating Agreement. Loeb was an intended third-party beneficiary of this agreement.

3 258. Defendant TerraTech materially breached the operating agreement by  
4 failing and refusing to comply with its duties and responsibilities under the agreement,  
5 without excuse, including but not limited to: failing to pay its \$500,000 mandatory  
6 contribution; by failing to establish a separate and segregated account in which to  
7 receive all of the income from Medi-1's operations; by failing to pay all of Medi-1's  
8 operational expenses out of said account; by failing to provide all financial information of  
9 the Medi-1 operations to Loeb; by failing to account for the profits of the business; by  
10 charging phantom expenses to Medi-1; by charging Medi-1 for expenses relating solely  
11 to TerraTech's other business operations; by failing to pay rent; and by establishing a  
12 pretend loan to funnel all of Medi-1's profits to TerraTech and/or its affiliates.  
13

14  
15 259. FG performed all conditions precedent to TerraTech's duty to perform.

16 260. As a direct and proximate result of TerraTech's numerous breaches, FG  
17 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
18 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
19 fees and costs incurred in this action.  
20

21 261. As a direct and proximate result of TerraTech's numerous breaches, FG  
22 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
23 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
24 fees and costs incurred in this action.  
25

26 **ELEVENTH CLAIM FOR RELIEF**  
27 **(MEDI-1: Contractual Breach of Implied Covenant of Good Faith and Fair**  
28 **Dealing—TerraTech)**

262. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
herein.

1           263. Defendant TerraTech and FG entered into an agreement to establish and  
2 operate a distribution dispensary in Reno. The contract is memorialized in the Medi-1's  
3 Operating Agreement. Loeb was an intended third-party beneficiary of this agreement

4           264. FG and Loeb had a justifiable expectation that they would receive certain  
5 benefits consistent with the terms, intent and spirit of the agreement, namely, that they  
6 would participate in the business enterprises and share in the profits of the businesses  
7 as set forth in the operating agreement.

8           265. Defendant TerraTech performed in a manner that violated the terms and  
9 the spirit of the agreement.

10           266. TerraTech's actions were unfaithful to FG and Loeb and were a deliberate  
11 attempt to deny FG and Loeb the ability to participate in the businesses and profits  
12 contemplated under the agreement.

13           267. As a direct and proximate result of TerraTech's numerous breaches, FG  
14 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
15 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
16 fees and costs incurred in this action.

17  
18  
19  
20                           **TWELTH CLAIM FOR RELIEF**  
21           **(MEDI-1: Tortious Breach of Implied Covenant of Good Faith and Fair Dealing—**  
22                           **TerraTech)**

23           268. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
24 herein.

25           269. Defendant TerraTech and FG entered into an agreement to establish and  
26 operate a distribution dispensary in Reno. The contract is memorialized in the Medi-1's  
27 Operating Agreement. Loeb was an intended third-party beneficiary of this agreement.

28           270. There exists a fiduciary duty and a special relationship of trust between  
TerraTech and FG and Loeb based upon TerraTech's oversight and control of all the

1 financial aspects of the parties' business entity, the parties' joint venture relationship  
2 and based upon TerraTech's status as co-member.

3 271. FG and Loeb had a justifiable expectation that they would receive certain  
4 benefits consistent with the terms, intent and spirit of the agreement, namely, that they  
5 would participate in the business enterprises and share in the profits of the businesses  
6 as set forth in the operating agreement.

7  
8 272. Defendant TerraTech performed in a manner that violated the terms and  
9 the spirit of the agreement.

10 273. TerraTech's actions were unfaithful to FG and Loeb and were a deliberate  
11 attempt to deny FG and Loeb the ability to participate in the businesses and profits  
12 contemplated under the agreement.

13  
14 274. As a direct and proximate result of TerraTech's numerous breaches, FG  
15 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
16 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
17 fees and costs incurred in this action.

18  
19  
20 **THIRTEENTH CLAIM FOR RELIEF**  
21 **(MEDI-1: Breach of Fiduciary Duty—TerraTech; Peterson)**

22 275. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
23 herein.

24 276. Defendant TerraTech and FG entered into an agreement to establish and  
25 operate a distribution dispensary in Reno. The contract is memorialized in the Medi-1's  
26 Operating Agreement. Loeb was an intended third-party beneficiary of this agreement.

27 277. Based upon TerraTech's oversight and control of all the financial aspects  
28 of the parties' business entity, the parties' joint venture relationship and based upon

1 TerraTech's status as co-member controlling all aspects of Medi-1's finances,  
2 accounting and business activities, and Peterson as co-Manager of Medi-1, owed  
3 fiduciary duties to FG and Loeb of the highest character to act with the utmost level of  
4 conscientious fidelity. Further, TerraTech had fiduciary duties to fulfill its obligations  
5 competently, honestly and with due regard for FG's and Loeb's interests and to ensure  
6 that it conducted Medi-1's business operations with the utmost integrity, with full and  
7 frank disclosure and without deceit or dishonesty.  
8

9 278. As detailed herein, TerraTech and Peterson breached their fiduciary  
10 duties, by among other things, misappropriating and converting Medi-1's funds; using  
11 funds for other businesses in which FG and Loeb were not involved; and by deriving FG  
12 and Loeb of their anticipated profits from Medi-1.  
13

14 279. As a direct and proximate result of TerraTech's and Peterson's numerous  
15 breaches, FG and Loeb have been damaged in an amount in excess of Fifteen  
16 Thousand Dollars (\$15,000.00) and they are entitled to recover their reasonable and  
17 necessary attorneys' fees and costs incurred in this action.  
18

19 280. When TerraTech's actions were performed, TerraTech and Peterson  
20 acted with oppression, fraud and malice and/or with the willful, intentional and reckless  
21 disregard of FG's and Loeb's rights and interests, and, therefore, FG and Loeb are  
22 entitled to punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).  
23

24 **FOURTEENTH CLAIM FOR RELIEF**  
**(MEDI-1: Fraud—TerraTech)**

25 281. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
26 herein.  
27

28 282. Defendant TerraTech falsely represented to FG and Loeb, among other  
things, that TerraTech would faithfully, honestly and with full disclosure manage the

1 finances of Medi-1; that TerraTech was a reputable and honest company; that  
2 TerraTech had the proper staff, training and support to ensure full and proper  
3 accounting for Medi-1's business enterprises; that TerraTech would provide full and  
4 transparent access to all of the financial information for Medi-1's business enterprise;  
5 that the affairs of the business would be managed according to unanimous consent and  
6 agreement; that TerraTech would not undertake any activity unilaterally that impaired  
7 Medi-1's business or assets; that TerraTech would pay its \$500,000 mandatory  
8 contribution; that TerraTech would establish a separate and segregated account in  
9 which to receive all of the income from Medi-1's operations; that TerraTech would pay  
10 all of Medi-1's operational expenses out of said account; that TerraTech would not  
11 charge phantom expenses to Medi-1; that TerraTech would not charge Medi-1  
12 expenses relating solely to TerraTech's other business operations; and that TerraTech  
13 would not establish a pretend loan to funnel all of Medi-1's profits to TerraTech and/or  
14 its affiliates.  
15

16  
17 283. Defendant TerraTech knew that its representations to FG and Loeb were  
18 false and/or had insufficient basis to make such representations to her.  
19

20 284. TerraTech intended to induce FG and Loeb to enter into the Medi-1  
21 Operating Agreement based on its numerous false representations.

22 285. FG and Loeb were justified in their reliance on TerraTech's false and/or  
23 misleading representations.

24 286. As a direct and proximate result of TerraTech's numerous breaches, FG  
25 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
26 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
27 fees and costs incurred in this action.  
28

287. When TerraTech's actions were performed, TerraTech acted with

1 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
2 FG's and Loeb's rights and interests, and, therefore, FG and Loeb are entitled to  
3 punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).  
4

5 **FIFTEENTH CLAIM FOR RELIEF**  
6 **(MEDI-1: Constructive Fraud—TerraTech)**

7 288. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
8 herein.

9 289. TerraTech had fiduciary duties to fulfill its obligations competently,  
10 honestly and with due regard for FG's and Loeb's interests and to ensure that it  
11 conducted Medi-1's operations with the utmost integrity, with full and frank disclosure  
12 and without deceit or dishonesty.

13 290. Defendant TerraTech represented to FG and Loeb, among other things,  
14 that TerraTech would faithfully, honestly and with full disclosure manage the finances of  
15 Medi-1; that TerraTech was a reputable and honest company; that TerraTech had the  
16 proper staff, training and support to ensure full and proper accounting for Medi-1's  
17 business enterprises; that TerraTech would provide full and transparent access to all of  
18 the financial information for Medi-1's business enterprise; that the affairs of the business  
19 would be managed according to unanimous consent and agreement; that TerraTech  
20 would not undertake any activity unilaterally that impaired Medi-1's business or assets;  
21 that TerraTech would pay its \$500,000 mandatory contribution; that TerraTech would  
22 establish a separate and segregated account in which to receive all of the income from  
23 Medi-1's operations; that TerraTech would pay all of Medi-1's operational expenses out  
24 of said account; that TerraTech would not charge phantom expenses to Medi-1; that  
25 TerraTech would not charge Medi-1 expenses relating solely to TerraTech's other  
26 business operations; and that TerraTech would not establish a pretend loan to funnel all  
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1 of Medi-1's profits to TerraTech and/or its affiliates.

2 291. TerraTech intended to induce FG and Loeb to enter into the Medi-1  
3 Operating Agreement based on its numerous representations.

4 292. FG and Loeb were justified in their reliance on TerraTech's false and/or  
5 misleading representations.

6 293. As a direct and proximate result of TerraTech's numerous breaches, FG  
7 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
8 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
9 fees and costs incurred in this action.

10 294. When TerraTech's actions were performed, TerraTech acted with  
11 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
12 FG's and Loeb's rights and interests, and, therefore, FG and Loeb are entitled to  
13 punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).

14 **SIXTEENTH CLAIM FOR RELIEF**

15 **(MEDI-1: Conspiracy—Peterson, Nahass, James, Mikel Alvarez, Haw, Nevada MF,  
16 Midgrun, Western, Sament, Polaris, NuLeaf)**

17 295. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
18 herein.

19 296. Defendants Peterson, Nahass, James, Mikel Alvarez, Haw, Nevada MF,  
20 Midgrun, Western, Sament, Polaris and NuLeaf joined to accomplish the unlawful act of  
21 depriving Loeb of her rights and interests in Medi-1, and the profits therefrom.

22 297. These Defendants agreed to act, intended to act, and in fact acted, in  
23 concert to take and convert and/or to assist TerraTech to take and convert FG's and/or  
24 Loeb's valuable property rights and to deprive her from the profits therefrom.

25 298. As a direct and proximate result of these Defendants' numerous breaches,  
26 FG and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
27  
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1 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
2 fees and costs incurred in this action.

3 299. When these Defendants' actions were performed, they acted with  
4 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
5 FG's and Loeb's rights and interests, and, therefore, FG and Loeb are entitled to  
6 punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).  
7

8 **SEVENTEENTH CLAIM FOR RELIEF**

9 **(MEDI-1: Constructive Trust— Peterson, Nahass, James, Mikel Alvarez, Haw,  
Nevada MF, Midgrun, Western, Sament, Polaris, NuLeaf)**

10 300. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
11 herein.  
12

13 301. Defendants Peterson, Nahass, James, Mikel Alvarez, Haw, Nevada MF,  
14 Midgrun, Western, Sament, Polaris and NuLeaf received Medi-1 funds and/or property.

15 302. As an axillary remedy, in addition to recovery of damages, FG and Loeb  
16 are entitled to the imposition of a constructive trust over all of Medi-1's property,  
17 including all personal property and funds taken, used, received and/or employed by any  
18 of these Defendants.  
19

20 **EIGHTEENTH CLAIM FOR RELIEF**

21 **(MEDI-1: Receiver)**

22 303. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
23 herein.

24 304. Pursuant to NRS 31.010(1), a receiver may be appointed by the Court  
25 between partners or parties jointly owning any interest in property or funds on  
26 application of the plaintiff where it is shown that the property or fund is in danger of  
27 being lost removed or materially injured. In addition, pursuant to NRS 31.010(6), a  
28 receiver may be appointed by the Court in those instances where a receiver has been

1 appointed by the courts of equity.

2 305. Due to TerraTech's conduct as detailed herein, Medi-1's property,  
3 business and assets are all in danger of being lost, removed and materially injured. In  
4 circumstances such as these, the courts of equity will appoint receivers to take over and  
5 manage the affairs of the business. In addition, due to the unanimous vote requirement  
6 contained in the operating agreement, the company is at a deadlock and, therefore,  
7 appointment of a receiver is appropriate and warranted.  
8

9 306. Plaintiffs FG and Loeb, request that the Court appoint a receiver to take  
10 over all of the finances, the accounting and the operation of Medi-1.  
11

12 **NINETEENTH CLAIM FOR RELIEF**  
**(MEDI-1: Judicial Dissolution—TerraTech)**

13 307. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
14 herein.  
15

16 308. Pursuant to NRS 86.495, upon application of a member of a limited liability  
17 company, the Court may "decree dissolution of a limited-liability company whenever it is  
18 not reasonably practicable to carry on the business of the company in conformity with  
19 the articles of organization or operating agreement."  
20

21 309. As detailed herein, it is not reasonably practical to carry on the business of  
22 Medi-1 since TerraTech, a non-Manager, is exercising total unfettered control over the  
23 finances, the accounting and the operation of Medi-1 in violation of and in contravention  
24 of Medi-1's Operating Agreement.

25 310. Accordingly, FG and Loeb request that the Court enter an order judicially  
26 dissolving Medi-1, appointing a receiver to wind-up the affairs of the business, including  
27 conducting a judicial sale of its assets and going concern.  
28

**TWENTIETH CLAIM FOR RELIEF**  
**(MEDI-1: Injunction—TerraTech, Peterson)**

311. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth herein.

312. FG and Loeb have a reasonable probability of success on the merits of their claims alleged in this Complaint, and they are threatened with great and irreparable harm if Defendant TerraTech and Defendant Peterson are not enjoined from further interfering with Medi-1's business operations.

313. FG and Loeb face irreparable harm in the absence of an injunction as these Defendants are continuing to breach the terms of the Medi-1 Operating Agreement and are actively funneling Medi-1's funds out of Medi-1 into TerraTech's other business operations.

314. On a balance of the equities, these Defendants will not be prejudiced by injunctive relief because their actions are wrongful and they are not permitted to ignore the terms and conditions of the Medi-1 Operating Agreement.

315. Injunctive relief is also in the public interest because it is Nevada's public policy to enforce parties' contracts and to prevent theft, waste and depletion of assets, property and money to the detriment and harm of another.

316. FG and Loeb have been forced to retain legal counsel and are entitled to an award of their legal fees and costs incurred in this action.

**TWENTY-FIRST CLAIM FOR RELIEF**  
**(MEDI-RE: Member Derivative Claim for  
Breach of Fiduciary Duties—NRS 86.483—TerraTech, Peterson)**

317. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth herein.

318. TerraTech, as defacto manager, and Peterson as co-Manager, owed

1 duties of care and duties of loyalty to act in the best interests of Medi-RE.

2 319. These Defendants have breached their duties of care and loyalty owed to  
3 Medi-RE, resulting in a financial loss or potential financial loss to Medi-RE by failing and  
4 refusing to comply with their duties and responsibilities under the agreement, without  
5 excuse, including but not limited to: failing to pay TerraTech's \$600,000 mandatory  
6 contribution; by failing to establish a separate and segregated account in which to  
7 receive all of the income from Medi-RE's operations; by failing to pay all of Medi-RE's  
8 operational expenses out of said account; by failing to provide all financial information of  
9 the Medi-RE operations to Loeb; by failing to account for the profits of the business; by  
10 charging phantom expenses to Medi-RE; by charging Medi-1 for expenses relating  
11 solely to TerraTech's other business operations; by failing to obtain rent from Medi-1; for  
12 failing to account for rent paid to Medi-RE; and by establishing a pretend loan to funnel  
13 all of Medi-RE's profits to TerraTech and/or its affiliates.  
14

15  
16 320. FY owned its membership interest in Medi-RE prior to the conduct by  
17 these Defendants and continues to own its membership interest, thus qualifying FY as a  
18 proper plaintiff under NRS 86.485.  
19

20 321. Multiple demands have been made by FY without any corrective action  
21 having been taken. However, no demand upon Medi-RE is necessary because  
22 TerraTech is exclusively operating Medi-RE's business as the defacto manager and  
23 Peterson, the co-Manager of Medi-RE is not independent and disinterested, instead, he  
24 is the CEO of TerraTech and acts solely for the benefit of TerraTech.  
25

26 322. As a direct and proximate result of TerraTech's and Peterson's numerous  
27 breaches, FY has been damaged in an amount in excess of Fifteen Thousand Dollars  
28 (\$15,000.00) and it is entitled to recover its reasonable and necessary attorneys' fees  
and costs incurred in this action, pursuant to NRS 86.489.

**TWENTY-SECOND CLAIM FOR RELIEF**  
**(MEDI-RE: Breach of Contract—TerraTech)**

323. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth herein.

324. Defendant TerraTech and FY entered into an agreement to own and operate a commercial property for lease to Medi-1. The contract is memorialized in the Medi-RE's Operating Agreement. Loeb was an intended third-party beneficiary of this agreement.

325. Defendant TerraTech materially breached the operating agreement by failing and refusing to comply with its duties and responsibilities under the agreement, without excuse, including but not limited to: failing to pay its \$600,000 mandatory contribution; by failing to establish a separate and segregated account in which to receive all of the income from Medi-RE's operations; by failing to pay all of Medi-RE's operational expenses out of said account; by failing to provide all financial information of the Medi-RE operations to Loeb; by failing to account for the profits of the business; by charging phantom expenses to Medi-RE; by charging Medi-RE for expenses relating solely to TerraTech's other business operations; and by establishing a pretend loan to funnel all of Medi-RE's profits to TerraTech and/or its affiliates.

326. FY performed all conditions precedent to TerraTech's duty to perform.

327. As a direct and proximate result of TerraTech's numerous breaches, FY and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys' fees and costs incurred in this action.

///

1                                    **TWENTY-THIRD CLAIM FOR RELIEF**  
2                                    **(MEDI-RE: Contractual Breach of Implied Covenant of Good Faith and Fair**  
3                                    **Dealing—TerraTech)**

4                    328. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
5 herein.

6                    329. Defendant TerraTech and FY entered into an agreement to own and  
7 operate a commercial property for lease to Medi-1. The contract is memorialized in the  
8 Medi-RE's Operating Agreement. Loeb was an intended third-party beneficiary of this  
9 agreement.

10                   330. FY and Loeb had a justifiable expectation that they would receive certain  
11 benefits consistent with the terms, intent and spirit of the agreement, namely, that they  
12 would participate in the business enterprises and share in the profits of the businesses  
13 as set forth in the operating agreement.

14                   331. Defendant TerraTech performed in a manner that violated the terms and  
15 the spirit of the agreement.

16                   332. TerraTech's actions were unfaithful to FY and Loeb and were a deliberate  
17 attempt to deny FY and Loeb the ability to participate in the businesses and profits  
18 contemplated under the agreement.

19                   333. As a direct and proximate result of TerraTech's numerous breaches, FY  
20 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
21 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
22 fees and costs incurred in this action.

23                                    **TWENTY-FOURTH CLAIM FOR RELIEF**  
24                                    **(MEDI-RE: Tortious Breach of Implied Covenant of Good Faith and Fair Dealing—**  
25                                    **TerraTech)**

26                    334. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
27 herein.

1           335. Defendant TerraTech and FY entered into an agreement to own and  
2 operate a commercial property for lease to Medi-1. The contract is memorialized in the  
3 Medi-RE's Operating Agreement. Loeb was an intended third-party beneficiary of this  
4 agreement.

5  
6           336. There exists a fiduciary duty and a special relationship of trust between  
7 TerraTech and FY and Loeb based upon TerraTech's oversight and control of all the  
8 financial aspects of the parties' business venture.

9           337. FY and Loeb had a justifiable expectation that they would receive certain  
10 benefits consistent with the terms, intent and spirit of the agreement, namely, that they  
11 would participate in the business enterprises and share in the profits of the businesses  
12 as set forth in the operating agreement.

13  
14           338. Defendant TerraTech performed in a manner that violated the terms and  
15 the spirit of the agreement.

16           339. TerraTech's actions were unfaithful to FY and Loeb and were a deliberate  
17 attempt to deny FG and Loeb the ability to participate in the businesses and profits  
18 contemplated under the agreement.

19  
20           340. As a direct and proximate result of TerraTech's numerous breaches, FY  
21 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
22 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
23 fees and costs incurred in this action.

24  
25                           **TWENTY-FIFTH CLAIM FOR RELIEF**  
26                   **(MEDI-RE: Breach of Fiduciary Duty—TerraTech; Peterson)**

27           341. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
28 herein.

          342. Defendant TerraTech and FY entered into an agreement to own and

1 operate a commercial property for lease to Medi-1. The contract is memorialized in the  
2 Medi-1's Operating Agreement. Loeb was an intended third-party beneficiary of this  
3 agreement.

4 343. TerraTech, in its capacity as member and as the entity controlling all  
5 aspects of Medi-RE's finances, accounting and business activities, and Peterson as co-  
6 Manager of Medi-RE, owed fiduciary duties to FY and Loeb of the highest character to  
7 act with the utmost level of conscientious fidelity. Further, TerraTech had fiduciary  
8 duties to fulfill its obligations competently, honestly and with due regard for FY's and  
9 Loeb's interests and to ensure that it conducted Medi-RE's business operations with the  
10 utmost integrity, with full and frank disclosure and without deceit or dishonesty.

11 344. As detailed herein, TerraTech and Peterson breached their fiduciary  
12 duties, by among other things, misappropriating and converting Medi-RE's funds; using  
13 funds for other businesses in which FG and Loeb were not involved; and by depriving  
14 FY and Loeb of their anticipated profits from Medi-RE.

15 345. As a direct and proximate result of TerraTech's and Peterson's numerous  
16 breaches, FY and Loeb have been damaged in an amount in excess of Fifteen  
17 Thousand Dollars (\$15,000.00) and they are entitled to recover their reasonable and  
18 necessary attorneys' fees and costs incurred in this action.

19 346. When TerraTech's actions were performed, TerraTech and Peterson  
20 acted with oppression, fraud and malice and/or with the willful, intentional and reckless  
21 disregard of FY's and Loeb's rights and interests, and, therefore, FY and Loeb are  
22 entitled to punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).

23 **TWENTY-SIXTH CLAIM FOR RELIEF**  
24 **(MEDI-RE: Fraud—TerraTech)**

25 347. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth

1 herein.

2 348. Defendant TerraTech falsely represented to FY and Loeb, among other  
3 things, that TerraTech would faithfully, honestly and with full disclosure manage the  
4 finances of Medi-RE; that TerraTech was a reputable and honest company; that  
5 TerraTech had the proper staff, training and support to ensure full and proper  
6 accounting for Medi-RE's business enterprises; that TerraTech would provide full and  
7 transparent access to all of the financial information for Medi-RE's business enterprise;  
8 that the affairs of the business would be managed according to unanimous consent and  
9 agreement; that TerraTech would not undertake any activity unilaterally that impaired  
10 Medi-RE's business or assets; that TerraTech would pay its \$600,000 mandatory  
11 contribution; that TerraTech would establish a separate and segregated account in  
12 which to receive all of the income from Medi-RE's operations; that TerraTech would pay  
13 all of Medi-RE's operational expenses out of said account; that TerraTech would not  
14 charge phantom expenses to Medi-RE; that TerraTech would not charge Medi-RE  
15 expenses relating solely to TerraTech's other business operations; and that TerraTech  
16 would not establish a pretend loan to funnel all of Medi-RE's profits to TerraTech and/or  
17 its affiliates.  
18  
19  
20

21 349. Defendant TerraTech knew that its representations to FY and Loeb were  
22 false and/or had insufficient basis to make such representations to her.

23 350. TerraTech intended to induce FY and Loeb to enter into the Medi-RE  
24 Operating Agreement based on its numerous false representations.  
25

26 351. FY and Loeb were justified in their reliance on TerraTech's false and/or  
27 misleading representations.

28 352. As a direct and proximate result of TerraTech's numerous breaches, FG  
and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars

1 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
2 fees and costs incurred in this action.

3 353. When TerraTech's actions were performed, TerraTech acted with  
4 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
5 FY's and Loeb's rights and interests, and, therefore, FY and Loeb are entitled to  
6 punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).  
7

8 **TWENTY-SEVENTH CLAIM FOR RELIEF**  
9 **(MEDI-RE: Constructive Fraud—TerraTech)**

10 354. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
11 herein.

12 355. TerraTech had fiduciary duties to fulfill its obligations competently,  
13 honestly and with due regard for FY's and Loeb's interests and to ensure that it  
14 conducted Medi-RE's operations with the utmost integrity, with full and frank disclosure  
15 and without deceit or dishonesty.  
16

17 356. Defendant TerraTech falsely represented to FY and Loeb, among other  
18 things, that TerraTech would faithfully, honestly and with full disclosure manage the  
19 finances of Medi-RE; that TerraTech was a reputable and honest company; that  
20 TerraTech had the proper staff, training and support to ensure full and proper  
21 accounting for Medi-RE's business enterprises; that TerraTech would provide full and  
22 transparent access to all of the financial information for Medi-RE's business enterprise;  
23 that the affairs of the business would be managed according to unanimous consent and  
24 agreement; that TerraTech would not undertake any activity unilaterally that impaired  
25 Medi-RE's business or assets; that TerraTech would pay its \$600,000 mandatory  
26 contribution; that TerraTech would establish a separate and segregated account in  
27 which to receive all of the income from Medi-RE's operations; that TerraTech would pay  
28

1 all of Medi-RE's operational expenses out of said account; that TerraTech would not  
2 charge phantom expenses to Medi-RE; that TerraTech would not charge Medi-RE  
3 expenses relating solely to TerraTech's other business operations; and that TerraTech  
4 would not establish a pretend loan to funnel all of Medi-RE's profits to TerraTech and/or  
5 its affiliates.  
6

7 357. TerraTech intended to induce FY and Loeb to enter into the Medi-RE  
8 Operating Agreement based on its numerous representations.

9 358. FY and Loeb were justified in their reliance on TerraTech's false and/or  
10 misleading representations.  
11

12 359. As a direct and proximate result of TerraTech's numerous breaches, FY  
13 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
14 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
15 fees and costs incurred in this action.

16 360. When TerraTech's actions were performed, TerraTech acted with  
17 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
18 FY's and Loeb's rights and interests, and, therefore, FY and Loeb are entitled to  
19 punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).  
20

21 **TWENTY-EIGHTH CLAIM FOR RELIEF**

22 **(MEDI-RE: Conspiracy—Nahass, James, Mikel Alvarez, Haw, Nevada MF,  
23 Midgrun, Western, Sament, Polaris, NuLeaf)**

24 361. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
25 herein.

26 362. Defendants Nahass, James, Mikel Alvarez, Haw, Nevada MF, Midgrun,  
27 Western, Sament, Polaris and NuLeaf joined to accomplish the unlawful act of depriving  
28 FY and Loeb of their rights and interests in Medi-RE, and the profits therefrom.

363. These Defendants agreed to act, intended to act, and in fact acted, in

1 concert to take and convert and/or to assist TerraTech to take and convert FG's and/or  
2 Loeb's valuable property rights and to deprive her from the profits therefrom.

3 364. As a direct and proximate result of these Defendants' numerous breaches,  
4 FY and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
5 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
6 fees and costs incurred in this action.  
7

8 365. When these Defendants' actions were performed, they acted with  
9 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
10 FY's and Loeb's rights and interests, and, therefore, FY and Loeb are entitled to  
11 punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).  
12

13 **TWENTY-NINTH CLAIM FOR RELIEF**

14 **(MEDI-RE: Constructive Trust— Peterson, Nahass, James, Mikel Alvarez, Haw,  
15 Nevada MF, Midgrun, Western, Sament, Polaris, NuLeaf)**

16 366. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
17 herein.

18 367. Defendants Peterson, Nahass, James, Mikel Alvarez, Haw, Nevada MF,  
19 Midgrun, Western, Sament, Polaris and NuLeaf received Medi-RE funds and/or  
20 property.

21 368. As an axillary remedy, in addition to recovery of damages, FY and Loeb  
22 are entitled to the imposition of a constructive trust over all of Medi-RE's property,  
23 including all personal property and funds taken, used, received and/or employed by any  
24 of these Defendants.  
25

26 **THIRTIETH CLAIM FOR RELIEF**

27 **(MEDI-RE: Receiver)**

28 369. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
herein.

1           370. Pursuant to NRS 31.010(1), a receiver may be appointed by the Court  
2 between partners or parties jointly owning any interest in property or funds on  
3 application of the plaintiff where it is shown that the property or fund is in danger of  
4 being lost removed or materially injured. In addition, pursuant to NRS 31.010(6), a  
5 receiver may be appointed by the Court in those instances where a receiver has been  
6 appointed by the courts of equity.  
7

8           371. Due to TerraTech's conduct as detailed herein, Medi-RE's property,  
9 business and assets are all in danger of being lost, removed and materially injured. In  
10 circumstances such as these, the courts of equity will appoint receivers to take over and  
11 manage the affairs of the business. In addition, due to the unanimous vote requirement  
12 contained in the operating agreement, the company is at a deadlock and, therefore,  
13 appointment of a receiver is appropriate and warranted.  
14

15           372. Plaintiffs FY and Loeb, request that the Court appoint a receiver to take  
16 over all of the finances, the accounting and the operation of Medi-RE.  
17

18                           **THIRTY-FIRST CLAIM FOR RELIEF**  
19                           **(MEDI-RE: Judicial Dissolution—TerraTech)**

20           373. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
21 herein.  
22

23           374. Pursuant to NRS 86.495, upon application of a member of a limited liability  
24 company, the Court may "decree dissolution of a limited-liability company whenever it is  
25 not reasonably practicable to carry on the business of the company in conformity with  
26 the articles of organization or operating agreement."  
27

28           375. As detailed herein, it is not reasonably practical to carry on the business of  
Medi-RE since TerraTech, a non-Manager, is exercising total unfettered control over the  
finances, the accounting and the operation of Medi-RE in violation of and in

1 contravention of Medi-RE's Operating Agreement.

2 376. Accordingly, FY and Loeb request that the Court enter an order judicially  
3 dissolving Medi-RE, appointing a receiver to wind-up the affairs of the business,  
4 including conducting a judicial sale of its assets and going concern.

5  
6 **THIRTY-SECOND CLAIM FOR RELIEF**  
7 **(MEDI-RE: Injunction—TerraTech, Peterson)**

8 377. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
9 herein.

10 378. FY and Loeb have a reasonable probability of success on the merits of  
11 their claims alleged in this Complaint, and they are threatened with great and  
12 irreparable harm if Defendant TerraTech and Defendant Peterson are not enjoined from  
13 further interfering with Medi-RE's business operations.

14 379. FY and Loeb face irreparable harm in the absence of an injunction as  
15 these Defendants are continuing to breach the terms of the Medi-RE Operating  
16 Agreement and are actively funneling Medi-RE's funds out of Medi-RE into TerraTech's  
17 other business operations.

18 380. On a balance of the equities, these Defendants will not be prejudiced by  
19 injunctive relief because their actions are wrongful and they are not permitted to ignore  
20 the terms and conditions of the Medi-RE Operating Agreement.

21 381. Injunctive relief is also in the public interest because it is Nevada's public  
22 policy to enforce parties' contracts and to prevent theft, waste and depletion of assets,  
23 property and money to the detriment and harm of another.

24 382. FY and Loeb have been forced to retain legal counsel and are entitled to  
25 an award of their legal fees and costs incurred in this action.  
26  
27  
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**THIRTY-THIRD CLAIM FOR RELIEF**  
**(MEDI-2: Member Derivative Claim for**  
**Breach of Fiduciary Duties—NRS 86.483—TerraTech, Peterson)**

383. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth herein.

384. TerraTech, as defacto manager, and Peterson as co-Manager, owed duties of care and duties of loyalty to act in the best interests of Medi-2.

385. These Defendants have breached their duties of care and loyalty owed to Medi-2, resulting in a financial loss or potential financial loss to Medi-2 by failing and refusing to comply with their duties and responsibilities under the agreement, without excuse, including but not limited to: failing to pay fund its mandatory contribution; by failing to pursue development of the cultivation and production facility and by breaching its duties and obligations to move forward with this business enterprise and instead secretly entering into a transaction with NuLeaf to establish and develop a cultivation and production facility to the exclusion of FG and Loeb.

386. FG owned its membership interest in Medi-2 prior to the conduct by these Defendants and continues to own its membership interest, thus qualifying FG as a proper plaintiff under NRS 86.485.

387. Multiple demand has been made by FG without any corrective action having been taken. However, no demand upon Medi-2 is necessary because TerraTech is exclusively operating Medi-2's business and Peterson, the co-Manager of Medi-2 is not independent and disinterested, instead, he is the CEO of TerraTech and acts solely for the benefit of TerraTech.

388. As a direct and proximate result of TerraTech's and Peterson's numerous breaches, FG has been damaged in an amount in excess of Fifteen Thousand Dollars (\$15,000.00) and it is entitled to recover its reasonable and necessary attorneys' fees

1 and costs incurred in this action, pursuant to NRS 86.489.

2 **THIRTY-FOURTH CLAIM FOR RELIEF**  
3 **(MEDI-2: Breach of Contract—TerraTech)**

4 389. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
5 herein.

6 390. Defendant TerraTech and FG entered into an agreement to own and  
7 operate a cultivation and production facility for purposes of supplying product to Medi-1.  
8 The contract is memorialized in Medi-2's Operating Agreement. Loeb was an intended  
9 third-party beneficiary of this agreement.  
10

11 391. Defendant TerraTech materially breached the operating agreement by  
12 failing and refusing to comply with its duties and responsibilities under the agreement,  
13 without excuse, including but not limited to: failing to fund its mandatory contribution; by  
14 failing to pursue development of the cultivation and production facility and by breaching  
15 its duties and obligations to move forward with this business enterprise and instead  
16 secretly entering into a transaction with NuLeaf to establish and develop a cultivation  
17 and production facility to the exclusion of FG and Loeb.  
18

19 392. FG performed all conditions precedent to TerraTech's duty to perform.

20 393. As a direct and proximate result of TerraTech's numerous breaches, FY  
21 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
22 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
23 fees and costs incurred in this action.  
24

25 **THIRTY-FIFTH CLAIM FOR RELIEF**  
26 **(MEDI-2: Contractual Breach of Implied Covenant of Good Faith and Fair**  
27 **Dealing—TerraTech)**

28 394. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
herein.

395. Defendant TerraTech and FG entered into an agreement to own and operate a cultivation and production facility for purposes of supplying product to Medi-1. The contract is memorialized in Medi-2's Operating Agreement. Loeb was an intended third-party beneficiary of this agreement. Loeb was an intended third-party beneficiary of this agreement .

396. FG and Loeb had a justifiable expectation that they would receive certain benefits consistent with the terms, intent and spirit of the agreement, namely, that they would participate in the business enterprises and share in the profits of the businesses as set forth in the operating agreement.

397. Defendant TerraTech performed in a manner that violated the terms and the spirit of the agreement.

398. TerraTech's actions were unfaithful to FG and Loeb and were a deliberate attempt to deny FG and Loeb the ability to participate in the businesses and profits contemplated under the agreement.

399. As a direct and proximate result of TerraTech's numerous breaches, FG and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys' fees and costs incurred in this action.

**THIRTY-SIXTH CLAIM FOR RELIEF**  
**(MEDI-2: Tortious Breach of Implied Covenant of Good Faith and Fair Dealing—**  
**TerraTech)**

400. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth herein.

401. Defendant TerraTech and FG entered into an agreement to own and operate a cultivation and production facility for purposes of supplying product to Medi-1. The contract is memorialized in the Medi-2's Operating Agreement. Loeb was an

1 intended third-party beneficiary of this agreement.

2 402. There exists a fiduciary duty and a special relationship of trust between  
3 TerraTech and FG and Loeb based upon TerraTech's oversight and control of all the  
4 financial aspects of the parties' business venture.

5 403. FG and Loeb had a justifiable expectation that they would receive certain  
6 benefits consistent with the terms, intent and spirit of the agreement, namely, that they  
7 would participate in the business enterprises and share in the profits of the businesses  
8 as set forth in the operating agreement.

9 404. Defendant TerraTech performed in a manner that violated the terms and  
10 the spirit of the agreement.

11 405. TerraTech's actions were unfaithful to FG and Loeb and were a deliberate  
12 attempt to deny FG and Loeb the ability to participate in the businesses and profits  
13 contemplated under the agreement.

14 406. As a direct and proximate result of TerraTech's numerous breaches, FG  
15 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
16 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
17 fees and costs incurred in this action.

18 **THIRTY-SEVENTH CLAIM FOR RELIEF**  
19 **(MEDI-2: Breach of Fiduciary Duty—TerraTech; Peterson)**

20 407. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
21 herein.

22 408. Defendant TerraTech and FG entered into an agreement to own and  
23 operate a cultivation and production facility for purposes of supplying product to Medi-1.  
24 The contract is memorialized in the Medi-2's Operating Agreement. Loeb was an  
25 intended third-party beneficiary of this agreement  
26  
27  
28

1           409. TerraTech, in its capacity as member and as the entity controlling all  
2 aspects of Medi-2's finances, accounting and business activities, and Peterson as co-  
3 Manager of Medi-2, owed fiduciary duties to FG and Loeb of the highest character to act  
4 with the utmost level of conscientious fidelity. Further, TerraTech had fiduciary duties to  
5 fulfill its obligations competently, honestly and with due regard for FG's and Loeb's  
6 interests and to ensure that it conducted Medi-RE's business operations with the utmost  
7 integrity, with full and frank disclosure and without deceit or dishonesty.  
8

9           410. As detailed herein, TerraTech and Peterson breached their fiduciary  
10 duties, by among other things, misappropriating and converting Medi-2's business  
11 opportunities and by depriving FG and Loeb of their anticipated profits from Medi-2.  
12

13           411. As a direct and proximate result of TerraTech's and Peterson's numerous  
14 breaches, FG and Loeb have been damaged in an amount in excess of Fifteen  
15 Thousand Dollars (\$15,000.00) and they are entitled to recover their reasonable and  
16 necessary attorneys' fees and costs incurred in this action.  
17

18           412. When TerraTech's actions were performed, TerraTech and Peterson  
19 acted with oppression, fraud and malice and/or with the willful, intentional and reckless  
20 disregard of FG's and Loeb's rights and interests, and, therefore, FG and Loeb are  
21 entitled to punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).  
22

23                           **THIRTY-EIGHTH CLAIM FOR RELIEF**  
24                           **(MEDI-2: Fraud—TerraTech)**

25           413. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
26 herein.  
27

28           414. Defendant TerraTech falsely represented to FG and Loeb, among other  
things, that TerraTech would faithfully, honestly and with full disclosure manage the  
finances of Medi-2; that TerraTech was a reputable and honest company; that

1 TerraTech would pay its mandatory contribution; that TerraTech would pursue  
2 development of the cultivation and production facility and that TerraTech would not  
3 secretly enter into a transaction with NuLeaf to establish and develop a cultivation and  
4 production facility to the exclusion of FG and Loeb.

5  
6 415. Defendant TerraTech knew that its representations to FG and Loeb were  
7 false and/or had insufficient basis to make such representations to her.

8 416. TerraTech intended to induce FG and Loeb to enter into the Medi-2  
9 Operating Agreement based on its numerous false representations.

10 417. FG and Loeb were justified in their reliance on TerraTech's false and/or  
11 misleading representations.

12  
13 418. As a direct and proximate result of TerraTech's numerous breaches, FG  
14 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
15 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
16 fees and costs incurred in this action.

17 419. When TerraTech's actions were performed, TerraTech acted with  
18 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
19 FG's and Loeb's rights and interests, and, therefore, FG and Loeb are entitled to  
20 punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).

21  
22 **THIRTY-NINTH CLAIM FOR RELIEF**  
23 **(MEDI-2: Constructive Fraud—TerraTech)**

24 420. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
25 herein.

26 421. TerraTech had fiduciary duties to fulfill its obligations competently,  
27 honestly and with due regard for FG's and Loeb's interests and to ensure that it  
28 conducted the Medi-2's operations with the utmost integrity, with full and frank

1 disclosure and without deceit or dishonesty.

2 422. Defendant TerraTech falsely represented to FG and Loeb, among other  
3 things, that TerraTech would faithfully, honestly and with full disclosure manage the  
4 finances of Medi-2; that TerraTech was a reputable and honest company; that  
5 TerraTech would pay its mandatory contribution; that TerraTech would pursue  
6 development of the cultivation and production facility and that TerraTech would not  
7 secretly enter into a transaction with NuLeaf to establish and develop a cultivation and  
8 production facility to the exclusion of FG and Loeb.  
9

10 423. TerraTech intended to induce FG and Loeb to enter into the Medi-2  
11 Operating Agreement based on its numerous representations.  
12

13 424. FG and Loeb were justified in their reliance on TerraTech's false and/or  
14 misleading representations.

15 425. As a direct and proximate result of TerraTech's numerous breaches, FG  
16 and Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
17 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
18 fees and costs incurred in this action.  
19

20 426. When TerraTech's actions were performed, TerraTech acted with  
21 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
22 FG's and Loeb's rights and interests, and, therefore, FG and Loeb are entitled to  
23 punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).  
24

25 **FORTIETH CLAIM FOR RELIEF**  
26 **(MEDI-2: Conspiracy—Peterson, Nahass, James, Mikel Alvarez,**  
**Haw, Nevada MF, NuLeaf, Medi-3)**

27 427. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
28 herein.

428. Defendants Peterson, Nahass, James, Mikel Alvarez, Haw, Nevada MF,

1 NuLeaf and Medi-3 joined to accomplish the unlawful act of depriving FG and Loeb of  
2 their rights and interests in Medi-2, and the profits therefrom.

3 429. These Defendants agreed to act, intended to act, and in fact acted, in  
4 concert to take subvert FG's and/or Loeb's valuable property rights and intended  
5 business opportunity contemplated by Medi-2 and to deprive her and FG from the  
6 profits therefrom.

7  
8 430. As a direct and proximate result of these Defendants' breaches, FG and  
9 Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
10 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
11 fees and costs incurred in this action.

12  
13 431. When these Defendants' actions were performed, they acted with  
14 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
15 FG's and Loeb's rights and interests, and, therefore, FG and Loeb are entitled to  
16 punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).

17 **FORTY-FIRST CLAIM FOR RELIEF**  
18 **(MEDI-2: Constructive Trust—Terra Tech, NuLeaf, Medi-3)**

19 432. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
20 herein.

21  
22 433. Defendants TerraTech, NuLeaf and Medi-3 are actively pursuing a  
23 cultivation and production business enterprise for the purpose of usurping Medi-2's  
24 business opportunity.

25 434. As an axillary remedy, in addition to recovery of damages, FG and Loeb  
26 are entitled to the imposition of a constructive trust over all of TerraTech's, NuLeaf's and  
27 Medi-3's property, to the extent all damages sustained by FG and Loeb from being  
28 deprived their opportunity to pursue the Medi-2 business enterprise.

**FORTY-SECOND CLAIM FOR RELIEF**  
**(MEDI-2: Receiver)**

435. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth herein.

436. Pursuant to NRS 31.010(1), a receiver may be appointed by the Court between partners or parties jointly owning any interest in property or funds on application of the plaintiff where it is shown that the property or fund is in danger of being lost removed or materially injured. In addition, pursuant to NRS 31.010(6), a receiver may be appointed by the Court in those instances where a receiver has been appointed by the courts of equity.

437. Due to TerraTech's conduct as detailed herein, Medi-2's property, business and assets are all in danger of being lost, removed and materially injured. In circumstances such as these, the courts of equity will appoint receivers to take over and manage the affairs of the business. In addition, due to the unanimous vote requirement contained in the operating agreement, the company is at a deadlock and, therefore, appointment of a receiver is appropriate and warranted.

438. Plaintiffs FG and Loeb, request that the Court appoint a receiver to take over all of the finances, the accounting and the operation of Medi-2.

**FORTY-THRID CLAIM FOR RELIEF**  
**(MEDI-2: Judicial Dissolution—TerraTech)**

439. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth herein.

440. Pursuant to NRS 86.495, upon application of a member of a limited liability company, the Court may "decree dissolution of a limited-liability company whenever it is not reasonably practicable to carry on the business of the company in conformity with the articles of organization or operating agreement."

1           441. As detailed herein, it is not reasonably practical to carry on the business of  
2 Medi-2 since TerraTech, has secretly breached Medi-2's Operating Agreement and had  
3 secretly formed Medi-3 with NuLeaf to pursue a competing cultivation and production  
4 facility.

5  
6           442. Accordingly, the Plaintiffs FG and Loeb, request that the Court enter an  
7 order judicially dissolving Medi-2 and appointing a receiver to wind-up the affairs of the  
8 business.

9  
10                   **FORTY-FOURTH CLAIM FOR RELIEF**  
11                   **(MEDI-2: Intentional Interference—NuLeaf, Medi-3)**

12           443. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
13 herein.

14           444. TerraTech and FG entered into an agreement to own and operate a  
15 commercial property for lease to Medi-1. The contract is memorialized in Medi-2's  
16 Operating Agreement. Loeb was an intended third-party beneficiary of this agreement.

17           445. Defendants NuLeaf and Medi-3 had actual knowledge of the existence of  
18 the contract between FG and TerraTech.

19           446. Defendants committed intentional acts intended or designed to disrupt the  
20 contractual relationship and to cause TerraTech to breach the contract.

21           447. As a direct and proximate result of these Defendants' conduct, FG and  
22 Loeb have been damaged in an amount in excess of Fifteen Thousand Dollars  
23 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
24 fees and costs incurred in this action.

25  
26           448. When these Defendants' actions were performed, they acted with  
27 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
28 FG's and Loeb's rights and interests, and, therefore, FG and Loeb are entitled to

1 punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).

2 **FORTY-FIFTH CLAIM FOR RELIEF**  
3 **(Aiding and Abetting Breach of Fiduciary Duties—Alvarez, Midgrun, Wester,**  
4 **Sament, Polaris, NuLeaf, Medi-3)**

5 449. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
6 herein.

7 450. The relation between Loeb and TerraTech as joint venture partners is a  
8 fiduciary relationship of the highest character and binds each partner to the utmost level  
9 of conscientious fidelity. TerraTech had fiduciary duties to fulfill its joint venture  
10 obligations competently, honestly and with due regard for Loeb's interests and to ensure  
11 that it conducted the joint ventures' business operations with the utmost integrity, with  
12 full and frank disclosure and without deceit or dishonesty.

13 451. Further, based upon TerraTech's oversight and control of all the financial  
14 aspects of the parties' business entity, the parties' joint venture relationship and based  
15 upon TerraTech's status as co-member controlling all aspects of Medi-1's finances,  
16 accounting and business activities, and Peterson as co-Manager of Medi-1, Medi-RE  
17 and Medi-2, owe fiduciary duties to Loeb, FG and FY.

18 452. As detailed herein, TerraTech and Peterson breached their fiduciary  
19 duties.

20 453. Defendants Alvarez, Midgrun, Wester, Sament, Polaris, NuLeaf and Medi-  
21 3, knowingly and actively participated in the various breaches and continue to  
22 participate in the ongoing breaches to this day.

23 454. As a direct and proximate result of these Defendants' conduct, Loeb, FG  
24 and FY have been damaged in an amount in excess of Fifteen Thousand Dollars  
25 (\$15,000.00) and they are entitled to recover their reasonable and necessary attorneys'  
26 fees and costs incurred in this action.  
27  
28

1           455. When these Defendants' actions were performed, they acted with  
2 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
3 Loeb's, FY's and FG's rights and interests, and, therefore, Loeb, FG and FY are entitled  
4 to punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).

5  
6                           **FORTY-SIXTH CLAIM FOR RELIEF**  
7                           **(Accounting--TerraTech)**

8           456. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
9 herein.

10          457. Pursuant to NRS 87.210, a business partner is accountable as a fiduciary  
11 and as such, must provide an accounting to the partnership for any benefit and hold as  
12 trustee for it any profits deprived by the partner.

13          458. Pursuant to NRS 87.220, any partner has the right to a formal accounting  
14 of the partnership affairs.

15          459. TerraTech has misappropriated and misallocated millions of dollars of  
16 revenue from the parties' joint venture to the detriment of Loeb.

17          460. TerraTech has failed and refused to account to Loeb for the funds of the  
18 joint venture, of Medi-1, of Medi-RE and of Medi-2.

19          461. TerraTech, therefore, owes Loeb and the Loeb Medifarm Entities a full  
20 and complete accounting of all income, expenses and use of proceeds of the parties'  
21 joint venture business operations.  
22

23  
24                           **FORTHY-SEVENTH CLAIM FOR RELIEF**  
25                           **(Conversion: Mikel Alvarez, Garrett Alvarez, Alvarez Trust, Alvy)**

26          462. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
27 herein.

28          463. Defendants Alvarez, Garrett Alvarez, Alvarez Trust and Alvy exercised  
distinct and intentional acts of dominion, wrongfully exerted over the personal property

1 and funds of Loeb.

2 464. These Defendants' acts were committed in denial of, and inconsistent with  
3 Loeb's use and enjoyment of the property and funds.

4 465. These Defendants' acts were committed in denial of Loeb's use and  
5 enjoyment of her property and her funds and in derogation, exclusion and defiance of  
6 Loeb's rights in the property and funds.

7 466. As a direct and proximate result of these Defendants' conduct, Loeb has  
8 been damaged in an amount in excess of Fifteen Thousand Dollars (\$15,000.00) and  
9 she is entitled to recover their reasonable and necessary attorneys' fees and costs  
10 incurred in this action.

11 467. When these Defendants' actions were performed, they acted with  
12 oppression, fraud and malice and/or with the willful, intentional and reckless disregard of  
13 Loeb's rights and interests, and, therefore, Loeb is entitled to punitive damages in  
14 excess of Fifteen Thousand Dollars (\$15,000.00).

15 **FORTY-EIGHTH CLAIM FOR RELIEF**  
16 **(Breach of Fiduciary Duties--Alvarez)**

17 468. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
18 herein.

19 469. Alvarez owed fiduciary duties to Loeb of the highest character to act with  
20 the utmost level of conscientious fidelity. Further, Mikel Alvarez had fiduciary duties to  
21 fulfill his obligations owed to Loeb competently, honestly and with due regard for Loeb's  
22 interests, including acting with the utmost integrity, with full and frank disclosure and  
23 without deceit or dishonesty.

24 470. Alvarez was retained as Loeb's personal assistant and was intimately  
25 familiar with Loeb's personal and business endeavors.

1           471. As detailed herein, Alvarez breached his fiduciary duties, by among other  
2 things, misappropriating and converting Loeb's money and property, by exploiting his  
3 position of trust and confidence to extort large payments of money from Loeb, by failing  
4 to disclose critical and material information relating to her joint venture with TerraTech,  
5 including but not limited to improper use of Loeb's funds, and by using artifice and  
6 deception, induced Loeb into paying for expenses, the payment of which resulted in  
7 Alvarez receiving financial remuneration. For instance, Loeb is informed and believes  
8 that Alvarez, while retained by Loeb, coordinated a private musical performance by a  
9 third-party and received kickbacks from vendors Loeb was required to pay, which  
10 kickbacks were never disclosed to Loeb.  
11

12  
13           472. As a direct and proximate result of Alvarez's conduct, Loeb has been  
14 damaged in an amount in excess of Fifteen Thousand Dollars (\$15,000.00) and she is  
15 entitled to recover her reasonable and necessary attorneys' fees and costs incurred in  
16 this action.  
17

18           473. When Alvarez's actions were performed, he acted with oppression, fraud  
19 and malice and/or with the willful, intentional and reckless disregard of Loeb's rights and  
20 interests, and, therefore, Loeb is entitled to punitive damages in excess of Fifteen  
21 Thousand Dollars (\$15,000.00).  
22

23                           **FORTY-NINTH CLAIM FOR RELIEF**  
24                           **(Conspiracy: Alvarez, Garrett Alvarez, Alvarez Trust, Alvy)**

25           474. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth  
26 herein.  
27

28           475. As detailed herein, Defendants Alvarez, Garrett Alvarez, Alvarez Trust and  
Alvy, by acting in concert, intended to accomplish an unlawful objective in deceiving and  
depriving Loeb of property and money.

476. As a direct and proximate result of these Defendants' conduct, Loeb has been damaged in an amount in excess of Fifteen Thousand Dollars (\$15,000.00) and she is entitled to recover her reasonable and necessary attorneys' fees and costs incurred in this action.

477. When these Defendants' actions were performed, they acted with oppression, fraud and malice and/or with the willful, intentional and reckless disregard of Loeb's rights and interests, and, therefore, Loeb is entitled to punitive damages in excess of Fifteen Thousand Dollars (\$15,000.00).

**FIFTIETH CLAIM FOR RELIEF**  
**(Constructive Trust: Alvarez, Garrett Alvarez, Alvarez Trust, Alvy)**

478. Plaintiffs hereby incorporate the preceding paragraphs as if fully set forth herein.

479. Based upon information and belief, Defendants Alvarez, Garrett Alvarez, Alvarez Trust and Alvy wrongfully received Loeb's property and/or funds.

480. In addition to recovery of damages against these Defendants, Loeb is entitled to the imposition of a constructive trust over the assets of these Defendants for all amounts found to be improperly acquired by all or any of these Defendants from Loeb.

### PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment against the Defendants, and each of them, as follows:

1. For compensatory damages according to proof in excess of \$15,000.00;
2. For general damages according to proof in excess of \$15,000.00;
3. For punitive damages according to proof in excess of \$15,000.00;
4. For the imposition of a constructive trust to be imposed on the assets of all

1 Defendants, for all profits Plaintiffs were entitled to receive and for which they were  
2 deprived by the conduct of the Defendants, and each of them.

3 5. For the appointment of a receiver to manage the Loeb Medifarm Entities  
4 until this action is concluded.

5 6 For winding-up and dissolution of the Loeb Medifarm Entities.

6 7. For injunctive relief as requested.

7 8. For damages, costs and attorney fees pursuant to NRS 86.243(3)(c) for  
8 Defendants' refusal to allow Plaintiffs access to the corporate records of Medi-1 and  
9 Medi-RE.  
10


11 9. For court costs and attorneys' fees incurred;

12 10. For such other relief as the Court determines appropriate.

13 **AFFIRMATION:** The undersigned does hereby affirm that the preceding  
14 document does not contain the social security number of any person.  
15

16 DATED this 21<sup>st</sup> day of November, 2018.

17 SIMONS LAW, PC  
18 6490 S. McCarran Blvd., #C-20  
19 Reno, NV 89509

20   
21 MARK G. SIMONS  
22 Attorneys for Plaintiffs  
23  
24  
25  
26  
27  
28