1 2 3 4 5 6 7 8	GARRETT S. LLEWELLYN (SBN 2674 garrett.llewellyn@btlaw.com AMY C. POYER (SBN 277315) amy.poyer@btlaw.com BARNES & THORNBURG LLP 2029 Century Park East, Suite 300 Los Angeles, California 90067 Telephone: 310.284.3880 Facsimile: 310.284.3894 Attorneys for Plaintiff, H n V Holdings, LLC	Electronically FILED by Superior Court of California, County of Los Angeles 7/03/2023 1:44 PM David W. Slayton, Executive Officer/Clerk of Court, By Y. Tarasyuk, Deputy Clerk
9	SUPERIOR COURT FOR THE STATE OF CALIFORNIA	
10	COUNTY OF LOS ANGELES	
11	II a VIIOI DINCE II C a California	Case No. 238TCV15478
12	H n V HOLDINGS, LLC, a California limited liability company,	
13	Dlaintiff	COMPLAINT FOR:
14	Plaintiff,	(1)Breach of Contract;
15	V.	(2) Breach of Fiduciary Duty; (3) Violation of Colifornia Pus. & Prof. Code
16		(3) Violation of California Bus. & Prof. Code section 17200, et seq.;
17	Gilbert A. Milam, Jr., an individual; Parker Berling, an individual; Ian	(4) Violation of California Bus. & Prof. Code section 17500, et seq.;
18	Habenicht, an individual; Omar Flamenco, an individual; Wilder	(5) Conversion;
19	Ramsey, an individual; Lesjai Peronnet	(6)Fraud;
20	Chang, an individual; Cookies Creative Consulting & Promotions, LLC, a	(7) Intentional Interference with Contract;
21	California limited liability company;	(8) Intentional Interference with Prospective Economic Advantage;
22	Cookies Creative Consulting & Promotions, Inc., a California	(9) Breach of the Duty of Good Faith and
23	corporation; Biggerbizz, LLC, a	Fair Dealing;
24	California limited liability company;	(10) Common Law Unfair Competition;(11) Trade Libel; and
25	Cookies SF, LLC, a California limited liability company and DOES 1-25;	(12) Accounting
26		<i>()</i>
27	Defendants.	
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COMPLAINT

COMPLAINT

Plaintiff H n V HOLDINGS, LLC d/b/a SeedJunky ("SeedJunky"), by and through its undersigned attorneys, hereby brings this action against defendants Gilbert A. Milam, Jr. ("Berner"), Parker Berling ("Berling"), Ian Habenicht ("Habenicht"), Omar Flamenco ("Flamenco"), Wilder Ramsey ("Ramsey"), Lesjai Peronnet Chang ("Chang"), Cookies Creative Consulting & Promotions, LLC ("Cookies LLC"), Cookies Creative Consulting & Promotions, Inc. ("Cookies Inc."), Biggerbizz, LLC ("Biggerbiz"), and Cookies SF, LLC ("Cookies SF") (collectively, "Defendants") and alleges as follows:

PRELIMINARY STATEMENT

- 1. SeedJunky, and its affiliated entities, is a leader in the cannabis genetics industry and its name and proprietary cannabis genetics are renowned in the marketplace. Recognizing SeedJunky's extreme popularity, Defendants sought to partner with SeedJunky to form a joint venture, Minntz, LLC, that would provide high-quality and in demand cannabis genetics to cultivators and customers. Through the hard work and expertise of SeedJunky's principals, Minntz, LLC did exactly that. Minntz's products became incredibly popular in the industry. But Defendants were not content with their fair share of Minntz's success.
- 2. Defendants saw Minntz's popularity as a direct threat to their own cannabis brand, Cookies. Rather than compete fairly in the marketplace, Defendants resorted to fraud, theft, and intentional interference with SeedJunky's business to line their pockets at Minntz's and SeedJunky's expense and to unlawfully prop up their own Cookies brand. First, Defendants abused their power as Minntz LLC's Manager to cook Minntz's books to SeedJunky's detriment. As set forth in detail below, Defendants fraudulently saddled SeedJunky with false "expenses" without providing any support for them whatsoever. Defendants also misappropriated and failed to report Minntz's actual profits or to accurately report where Defendants were sending Minntz's products. Second, Defendants stole Minntz's proprietary cannabis genetics, mislabeled them, and fraudulently sold them as Cookies' own product and/or provided them to Cookies affiliated cultivators in

exchange for lucrative kickbacks and priority treatment. <u>Third</u>, when SeedJunky complained of Defendants' misconduct, Defendants torpedoed the Minntz brand, breached their fiduciary duties to SeedJunky, and intentionally interfered with SeedJunky's business by unlawfully pressuring third parties not to work with SeedJunky or to sell its products.

3. Defendants' misconduct was brazen – indeed, they bragged about their underhanded tactics to customers and the public. Defendants stole Minntz's property and then *advertised* that they had done so. Defendants admitted to destroying the Minntz brand and "shelving" the Minntz products in favor of their own Cookies brand. In short, Defendants simply could not tolerate sharing in Minntz's burgeoning success and unlawfully raided Minntz for their own personal again and in unabashed violation of their fiduciary duties.

THE PARTIES

- 4. Plaintiff SeedJunky is a California limited liability company that maintains its headquarters and principal place of business in Los Angeles, County California. SeedJunky owns 49% of the membership units in Minntz, LLC.
- 5. Defendant Cookies LLC was a California limited liability company with its principal place of business in Marin County, California. On information and belief, Defendant Cookies LLC was converted to Defendant Cookies Inc. on or about September 9, 2020. At the relevant times described below, Defendant Cookies LLC owned 51% of the membership units in Minntz, LLC and was the Manager of Minntz, LLC.
- 6. Defendant Cookies Inc. is a California corporation with its principal place of business in San Francisco County, California.
- 7. Defendant Cookies SF is a California limited liability company with its principal place of business in Marin County, California.
- 8. On information and belief, Defendant Biggerbizz LLC was the Manager and/or majority member of Defendant Cookies LLC.
- 9. Defendant Berner is an individual residing in the state of California. Defendant Berner was a manager of Cookies LLC and one of the incorporators of Cookies

Inc. On information and belief, Defendant Berner is also a manager and/or majority member of Defendant Biggerbizz LLC and Defendant Cookies SF. Defendant Berner is also the founder of the Cookies cannabis brand whose brand and products are managed and distributed by Defendants Cookies LLC, Cookies Inc., and Cookies SF.

- 10. Defendant Berling is an individual residing in the state of California and was a manager of Cookies LLC and one of the incorporators of Cookies Inc.
- 11. Defendant Chang is an individual residing in the state of California and was a manager of Cookies LLC and one of the incorporators of Cookies Inc.
- 12. Defendant Ramsey is an individual residing in the state of California and was a manager of Cookies LLC and one of the incorporators of Cookies Inc.
- 13. Defendant Habenicht is an individual residing in the state of California and, on information and belief, is the Chief Financial Officer of Defendant Cookies SF.
- 14. Defendant Flamenco is an individual residing in the state of California and, on information and belief, is the Financial Controller for the Cookies brand.
- 15. SeedJunky is unaware of the true names and capacities of defendants Does 1 through 25, inclusive, and therefore sues these defendants by fictitious names. SeedJunky will amend this Complaint to show the true names and capacities of these fictitiously named defendants when ascertained or upon proof at trial. SeedJunky is informed and believes that each of the fictitiously named defendants is legally responsible for the events and damages alleged herein.

Aiding, Abetting, and Conspiracy Allegations

- 16. At all times relevant to this Complaint, Defendants, and each of them, were acting in concert in a conspiracy to accomplish the acts set forth in detail below.
- 17. As members of the conspiracies alleged more fully below, each of the Defendants participated and acted with or in furtherance of said conspiracy, or aided or assisted in carrying out the purposes of the conspiracy, and have performed acts and made statements in furtherance of the conspiracy and other violations of California and other applicable law.

- 18. Each Defendant acted both individually and in alignment with the other Defendants with full knowledge of their respective wrongful conduct. As such, Defendants conspired together, building upon each other's wrongdoing, in order to accomplish the acts set forth in this Complaint.
- 19. Defendants are individually sued as principals, participants, aiders and abettors, and co-conspirators in the wrongful conduct complained of and the liability of each arises from the fact that each has engaged in all or part of the improper acts, plans, schemes, conspiracies, or transactions complained of herein.

Alter Ego Allegations

- 20. At all relevant times, as alleged more fully herein, each Defendant acted as an agent, servant, employee, co-conspirator, alter-ego, and/or joint venturer of the other Defendants, and in doing the things alleged herein acted within the course and scope of such agency, employment, alter-ego, and/or in furtherance of the joint venture. Each of the Defendant's acts alleged herein was done with the permission and consent of each of the other Defendants.
- 21. SeedJunky is informed and believe, and based thereon alleges that, at all times relevant hereto, Defendants Berner and Berling were the alter egos of Defendants Cookies LLC, Cookies, Inc., Biggerbizz, LLC, and/or Cookies SF and that there exists, and at all times herein mentioned has existed, a unity of interest and ownership between Defendants such that any separateness between them has ceased to exist in that Defendants Berner and Berling completely controlled, dominated, managed, and operated Defendants Cookies LLC, Cookies, Inc., Biggerbizz, LLC, and/or Cookies SF to suit their convenience. Defendants operated as a single enterprise and should be treated as such.
- 22. Specifically, without limitation and discussed below, Plaintiffs are informed and believe that Defendants Berner and Berling: (1) controlled the business and affairs of Defendants Cookies LLC, Cookies, Inc., Biggerbizz LLC, and/or Cookies SF, including any and all of their affiliates; (2) disregarded legal formalities and failed to maintain arm's length relationships among the corporate entities; (3) inadequately capitalized Defendants

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Cookies LLC, Cookies, Inc., Biggerbizz, LLC, and/or Cookies SF; (4) Defendants Cookies LLC, Biggerbizz LLC, and Cookies SF all used the same office or business location – 901 A Street, Suite C, San Rafael, California 94901; (5) used the corporate entities as a mere shells, instrumentalities or conduits for Berner and Berling and/or their individual businesses; (6) manipulated the assets and liabilities between the corporate entities so as to concentrate the assets in one and the liabilities in another; (7) used corporate entities to conceal their ownership, management and financial interests and/or personal business activities; and/or (8) used the corporate entities to shield against personal obligations, and in particular the obligations as alleged in this Complaint.

18. At all times relevant thereto, Defendants Cookies LLC, Cookies, Inc., Biggerbizz, LLC, and/or Cookies SF were not only influenced and governed by Defendants Berner and Berling, but there was such a unity of interest and ownership that the individuality, or separateness, of Defendants Cookies LLC, Cookies, Inc., Biggerbizz, LLC, and/or Cookies SF and Berner and Berling has ceased. Defendants acted inequitably, such that adherence to the fiction of the separate existence of these entities and failure to recognize Defendants as alter egos of one another would, under these particular circumstances, sanction a fraud or promote injustice.

JURISDICTION AND VENUE

- 23. Jurisdiction is proper in this Court pursuant to California Code of Civil Procedure Sections 410.10, because Defendants and their co-conspirators and alter egos purposefully availed themselves of this forum forming a California limited liability company and engaging in business within the state.
- Venue is proper in this Court pursuant to California Code of Civil Procedure Section 395.5, because Los Angeles County is the place where the misconduct set forth below occurred.

FACTUAL ALLEGATIONS

25. SeedJunky, and its associated affiliates, is a cannabis genetics cultivation company that, through its licensed affiliates and subsidiaries, grows and breeds high-

quality cannabis genetics that are in high demand in the marketplace. SeedJunky then contractually licenses these genetics to licensed cannabis cultivators. SeedJunky's proprietary cultivars are extremely popular in the cannabis market and are specifically designed to achieve high-quality results in categories which are critical to consumers – terpenes, THC content, large yields, and popular flavors. To achieve these desirable characteristics, SeedJunky, its affiliates, and its employees have spent years breeding, refining, and cultivating SeedJunky's proprietary and unique cannabis genetics. Based on these years of effort, SeedJunky's products have gained significant notoriety in the marketplace and are in high demand.

- 26. Defendant Berner first approached SeedJunky's principal, Anthony Hart ("J.B.") at an industry event in 2017. Defendant Berner stated that he was a fan of one of the proprietary cannabis strains that J.B. had developed that had gained significant notoriety in the marketplace. Later, in 2018, Defendant Berner again spoke with SeedJunky's principals, J.B. and Mr. Wesley Vasquez. At this time, Defendant Berner proposed that his Cookies brand would take control of 51% of SeedJunky in exchange for providing corporate infrastructure to the company. SeedJunky declined this proposal and stated that it was already established in the marketplace and had no need for infrastructure improvement. However, SeedJunky's principals stated that they would be open to a partnership in creating a new brand together with Defendant Berner. That new joint venture was Minntz.
- 27. In early 2019, SeedJunky and Defendants Berner and Berling entered into a joint-venture together to bring to market cannabis products under the brand name Minntz. To do so, the parties formed a new company, Minntz, LLC. The parties' rights and obligations are set forth in the Minntz, LLC Operating Agreement.

A. The Minntz, LLC Operating Agreement.

28. On April 9, 2019, Defendant Berling, on behalf of Cookies LLC, and Plaintiff SeedJunky, through its authorized officer, entered into the Limited Liability Company

Operating Agreement of Minntz, LLC ("Minntz Operating Agreement"). At all relevant times alleged herein, Defendant Cookies LLC owned 51% of Minntz, LLC's membership units, while Plaintiff SeedJunky owned 49% of Minntz, LLC's membership units.

- 29. At all relevant times alleged herein, Minntz, LLC was managed by a Management Board. At Defendants' insistence, the Minntz, LLC Management Board consisted of a single representative, Defendant Berling, who was solely appointed by Cookies LLC. Only Cookies LLC had the power to change the number of Managers on the Management Board and it had declined to allow any of SeedJunky's principals to sit on the Board.
- 30. At all relevant times alleged herein, Defendant Berling, as the sole member of the Management Board, had total control of the day to day operations of Minntz, LLC. Members of the Management Board could only be removed by affirmative vote or written consent of a majority interest, *i.e.* by Cookies LLC.
- 31. Defendants Cookies LLC, Cookies Inc., and Berling shall be collectively referred to herein as the Managing Defendants.
- 32. Non-Manager Members have no right or any authority to act for or bind the company under the Minntz Operating Agreement.
- 33. Section 2.10 of the Minntz Operating Agreement contained a non-competition and non-solicitation clause which states, *inter alia*:

Non-Competition and Non-Solicitation by Members. During the period of each Member's participation in the Company and for a period of twenty four (24) months (the "Noncompetition Period") from the day on which a Member's Percentage Interest is extinguished (the "Effective Date of Departure"), the withdrawing Member will not, in any capacity, and whether for compensation or not, without the prior written consent of the Company:

(a) engage in activities which are directly competitive with the Company either individually or on behalf of any competitor of the Company;

¹ The parties have subsequently amended the Minntz Operating Agreement, but at all relevant times alleged herein the parties were operating under the April 2019 Operating Agreement.

(b) directly or indirectly, alone, with, or for others, visit, call upon, contact, or communicate with any entity or person who on or as of the Effective Date of Departure was a customer of the Company for the purpose, directly or indirectly, of soliciting, seeking, inducing, persuading, requesting, encouraging, or otherwise attempting to provide services or to sell to any such customer any product that is similar in any way to the products or services offered by the Company; ... or

. . .

(d) be employed by, associated with, or have any direct or indirect financial and/or ownership interest in any entity that engages in any activity in which Employee could not engage under this section.

The Non-Competition Period shall be extended by a period of time equal to the greater of (a) the period of time during which the withdrawing Member was in violation the provisions of this section, or (b) the period of time required for the Company to enforce the provisions this section.

This Non-Competition provision shall only encompass the use and marketing of the assets contemplated to be used and commercialized by the Company herein (including, but not limited to, the assets contributed to the Company pursuant to that certain Contribution Agreement, dated as of April 5, 2019, by and between the Company and the H n V Holdings, LLC), and this clause shall in no way be interpreted to include any restriction on the development of any brands or creation of any products by any Member within the commercial cannabis market outside the scope of this Agreement. For the avoidance of doubt, Members may engage in lawful commercial cannabis activities, in any legal form, so long as those activities do not infringe on Members' ability to complete their obligations required hereunder.

34. The Minntz Operating Agreement also required the Company to promptly provide financial information to its members. Specifically, Section 9.2 of the Minntz Operating Agreement states:

Information; Tax Reporting. The Company shall promptly provide each Member with (a) any information that is reasonably necessary to enable such Member to make reports to taxing or tax withholding authorities; and (b) any other information relating to the Company that such Member may request in writing for purposes reasonably related to such Member's Interests in or rights with respect to the Company, including, but not limited to, the detailed general ledger, accounts receivable and payable, inventory, bank statements, and other

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books and records of similar detail. The Company shall provide to each Member within one hundred fifty (150) days after the end of each Fiscal Year a report containing a balance sheet, an income statement, and a statement of capital account for such Fiscal Year.

35. Moreover, the Minntz Operating Agreement requires the Company to make its records available to its members. Specifically, Section 9.3 of the Minntz Operating Agreement states:

Access to Records. Upon reasonable notice from a Member, the Company shall afford the Member and each of its duly-appointed representatives access during normal business hours to (a) the Company's properties, offices, plants, and other facilities, (b) the corporate, financial, and similar records, reports, and documents of the Company, including, without limitation, all books and records, minutes of proceedings, internal management documents, reports of operations, reports of adverse developments, copies of any management letters, and communications with Members (including the Manager), and permit the Member or and each of its respective representatives to examine such documents and make copies thereof, and (c) any Officers, senior employees, and public accountants of the Company, and afford the Member and each of its respective representatives the opportunity to discuss and advise on the affairs, finances, and accounts of the Company with such Officers, senior employees, and public accountants (and the Company hereby authorizes said accountants and other Persons to discuss with such Member and its representatives such affairs, finances, and accounts); in each case, to the extent such information is for a purpose reasonably related to the Member's interest as a Member.

- 36. Section 9.4 of the Minntz Operating Agreement requires the Management Board to open and maintain separate bank accounts in the Company's name and that "the funds in any such account shall be used solely for the business of the Company."
- 37. Section 6.1(h) of the Minntz Operating Agreement states that "no Manager is entitled to payment or reimbursement of expenses that are not incurred in the ordinary course of the Company's business."
 - 38. The Minntz Operating Agreement is governed by California law.
 - **B.** The Minntz Contribution Agreement.
- 39. On April 9, 2019, SeedJunky and Minntz, LLC entered into a Contribution Agreement whereby SeedJunky agreed to transfer certain assets to Minntz, LLC in

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exchange for an equity interest in Minntz, LLC. Specifically, SeedJunky agreed to transfer to Minntz, LLC the following intellectual property: (1) cannabis genetics resulting from the following genetic crosses: (a) Gelatti x Kush Mints #11 ("Georgia Pie"); (b) London Pound Cake x. Kush Mints #11; and (c) Snowman x. Kush Mints #11; and (2) any tradenames, trademarks, and related intellectual property rights associated exclusively with the foregoing genetic crosses. SeedJunky also contributed additional genetics to the Minntz brand other than those set forth in the Contribution Agreement, including but not limited to Genetics used to produce The Soap, Jealousy, The Big Apple, Emerald Cut, Emergency, Christmas Tree, and Gunpowder. Collectively, this Complaint refers to the SeedJunky genetic contributions as the "Minntz Genetics".

40. In exchange for the Minntz Genetics, SeedJunky received 49% of the membership units in Minntz, LLC.

C. SeedJunky's Efforts to Make Minntz Successful.

- 41. SeedJunky committed numerous resources towards making Minntz a successful brand with a strong following in the marketplace.
- Although not required to do so under the Minntz Operating Agreement, 42. SeedJunky set up the supply chain and leveraged its existing relationships to use for Minntz.
- 43. In 2019, SeedJunky approached one of its licensed cultivators, Qanna Bliss and taught them how to cultivate the specific Minntz Genetics that SeedJunky had contributed to Minntz LLC under the Contribution Agreement. Qanna Bliss then began cultivating the Minntz Genetics which were sold under the Minntz brand.
- 44. In 2019, SeedJunky also approached another of its existing licensees, FloraCal and agreed to license it the right to cultivate Minntz Genetics, which were also sold under the Minntz brand.
- 45. In 2019, Defendants directed SeedJunky's principals to work with an entity known as Southwest Caregivers to cultivate Minntz Genetics. To that end, SeedJunky's

principals spent considerable time and resources to renovate Southwest Caregiver's facilities; efforts which led to doubling Southwest Caregiver's revenues.

- 46. In 2019, SeedJunky's principals took the proprietary Minntz Genetics to Southwest Caregivers and pollinated cannabis plants with the proprietary genetics. When the resulting cannabis seeds were harvested, SeedJunky collected and kept half of the seeds while Southwest Caregivers retained half.
 - D. Defendants Cooked Minntz's Books, Stole Its Property, and Torpedoed Its Sales.
- 47. In stark contrast to SeedJunky's tireless efforts to make the Minntz brand successful, Defendants engaged in a coordinated scheme to steal from Minntz for themselves. Defendants did so by misreporting and falsely representing financial information to SeedJunky, stealing Minntz's property, and raiding Minntz's resources for their own gain, and then torpedoing the Minntz brand and unlawfully interfering with SeedJunky's business. Defendants did so to unjustly enrich themselves and to cannibalize Minntz's business so that it would not become a true competitor to Cookies.
 - 1. <u>Defendants' Improper Concealment of Minntz, LLC Financials and Misappropriation and Mismanagement of Corporate Funds.</u>
- 48. In connection with their operation of Minntz, LLC, the Managing Defendants established a dashboard by which SeedJunky and its principals could view certain financial information of the Company. These dashboards were controlled by the Managing Defendants and displayed summary financial information including, but not limited to, total sales, total gross revenue, and expenses broken down by the following categories: (1) "sales and marketing"; (2) "corporate"; (3) "retail"; (4) "operations"; and (5) "accounting".
- 49. During the course of operations of Minntz, LLC, SeedJunky's representatives noticed that the expenses the Managing Defendants had been allocating to Minntz, LLC were extraordinarily high. Accordingly, SeedJunky's representatives requested that the Managing Defendants provide SeedJunky with detailed financial reports and backup documentation substantiating these claimed expenses. SeedJunky's representatives repeatedly requested these materials numerous times, orally and in writing. Despite these

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repeated requests, Managing Defendants did not ever provide these documents and information.

- 50. Moreover, on numerous occasions, the dashboard maintained by Managing Defendants improperly omitted critical information concerning the distribution of Minntz's Genetics. When asked, Managing Defendants refused to disclose to SeedJunky any records with respect to the distribution, including, without limitation, reports from the company's licensees with respect to the distribution of Minntz's Genetics. These omissions precluded SeedJunky's representatives from assessing the amount of revenue that should have been received by Minntz and tracking location of Minntz's Genetics in the marketplace.
- 51. On information and belief, Managing Defendants did not provide the financial materials that SeedJunky's representatives had requested because there were no documents actually supporting the Managing Defendants' claimed expenses. Instead, Managing Defendants were fraudulently inflating alleged expenses and charging them to Minntz and/or in some instances unlawfully allocating the expenses of Managing Defendants' other companies, including Defendants, to Minntz.
- Additionally, on information and belief, Defendants were unlawfully 52. allocating profits that should have been allocated to Minntz instead to Defendants, and were selling Minntz Genetics as Cookies products without reporting the revenue to SeedJunky.
- 53. Rather than provide the financial information to which SeedJunky was entitled and to hide the evidence of their misconduct, Defendants Berner and Berling became confrontational with SeedJunky's representatives. For example, when discussing SeedJunky's representative's request to see Minntz's financials, Defendant Berner stated "Dude fuck that dude."
 - Defendants' Theft of Minntz's Property. 2.
- In 2019, Defendants Berner and Berling called SeedJunky's principals and 54. asked that they give Minntz Genetics directly to Defendants to sell under their Cookies brand. SeedJunky's principals declined to do so. But, Defendants would not take no for an

answer. Instead, Defendants leveraged their relationship with the owner of Southwest Caregivers and directed that individual to steal the proprietary Minntz Genetics seeds that SeedJunky had helped Southwest Caregivers to cultivate and to provide it to Defendants. On information and belief, Southwest Caregivers complied and Defendants went on to populate and sell these proprietary Minntz Genetics under the Cookies brand, including but not limited to the following products: Ocean Beach, Collins Avenue, Honey Buns, Sticky Buns, Sweet Tea, Georgia Pie, Berry Pie, and Pancakes.

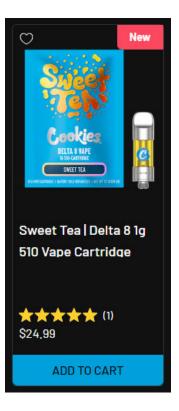
Stunningly, Defendants admitted that they had stolen these proprietary Minntz Genetics on the very packaging and in the advertisements of their products. Due to the extreme popularity of the Minntz Genetics contributed by SeedJunky, Defendants advertised their Cookies products as having been bred using the stolen Minntz Genetics. Examples of Defendants' advertising are depicted below:

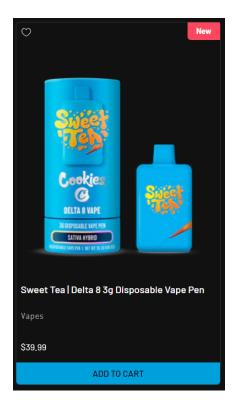






- 56. Defendants illicitly sold product produced from the stolen Minntz Genetics packaged in Cookies's packaging and with Cookies branding.
- 57. Defendants continued to misappropriate the stolen Minntz Genetics by using them to create additional products such as Delta 8 products, CBD Products, Hemp Products, vape products, and clones of the Minntz Genetics. Those products are still advertised on the Cookies website today. Examples of these products are depicted below:







- 58. Defendants also unlawfully used SeedJunky's logo to market and promote these stolen products.
- 59. Defendants further misappropriated the stolen Minntz Genetics by using them to create other product lines and brands such as Fiore and FidelSeedCo.
 - 3. <u>Defendants Sabotaged The Minntz Brand and Interfered With SeedJunky's Business Relationships</u>
- 60. Defendants' misconduct was not limited to cooking Minntz's books and stealing its property. Instead, Defendants took retribution against SeedJunky's principals for questioning their management of the company. Defendants did so by: (1) wrongfully shirking their duties to Minntz and (2) interfering with SeedJunky's business.

- 61. In response to SeedJunky's concerns, Defendants engaged in a coordinated scheme to "shelve" the Minntz brand. Specifically, Defendants ceased promoting and selling the Minntz brand, in favor of Cookies, in a further effort to misappropriate profits that should be flowing to Minntz. Indeed, internal Cookies employees admitted to contacting Minntz's licensees and telling them to stop cultivating Minntz product and to start cultivating Cookies product.
- 62. Defendants also sold poor-quality Cookies product, containing diseased plants with pathogens, in Minntz branded bags, which severely harmed the Minntz brand in the marketplace.
- 63. Defendants have also intentionally interfered with SeedJunky's business. Defendant Berner contacted SeedJunky's contractual partners and distributors, including but not limited to Gauge Michigan, and directed them not to work with or sell SeedJunky genetics.
- 64. Defendants also provided the proprietary Minntz Genetics to cultivators and allowed them to sell the resulting product to the public without enforcing Minntz's intellectual property rights, requiring any remuneration from these cultivators to Minntz, or reporting these sales to SeedJunky. Defendants did so for their own personal gain.
- 65. On information and belief, Defendants' conduct described above is part of a pattern and practice of illicit activity. In January 2023, a third party sued Defendants Cookies Inc. Cookies LLC, Cookies SF, Berner, Berling, Habenicht, and Flamenco in Los Angeles Superior Court Case No. 23STCV00185. The plaintiff in that lawsuit alleges that the above-referenced defendants unlawfully forced the plaintiff to use Defendant-affiliated suppliers to the exclusion of others and, as a result, received illicit financial compensation from their affiliated suppliers. When plaintiff challenged this process, Defendants employed the same tactics they did to SeedJunky namely harassing the plaintiff, threating to revoke their license, stealing their trade secrets, breaching their contract, and purposefully harming plaintiff's business operations.

- 66. Likewise, on February 7, 2023, Defendants Cookies Inc., Berner, Berling, and others working for Cookies Inc. were sued in a derivative action by BR CO I, LLC, in Los Angeles Superior Court Case No. 23STCV02764. In that case, the plaintiff alleges "[Berner] and his co-horts Berling, Roberts, and Ortiz (who are all Cookies' employees), use the popularity of the Cookies brand to engage in pervasive self-dealing without regard to inherent conflicts of interest and to strong arm and bully others into paying them millions of dollars in personal benefits and kickbacks. Third parties that dare to stand up to these demands or refuse to play Defendants' game are threatened, including with physical violence and slanderous blasts on social media, and refused opportunities to work with Cookies (often to Cookies' detriment). Defendants' pervasive wrongdoing has caused their own pockets to be lined while causing massive losses to Cookies and its shareholders."
 - 67. Defendants have employed these exact same tactics against SeedJunky.

FIRST CAUSE OF ACTION

BREACH OF CONTRACT

- 68. SeedJunky incorporates by reference each and every allegation contained in each paragraph above as though the same were set forth in full herein.
- 69. Cookies LLC and SeedJunky entered into a valid contract, the Minntz Operating Agreement.
- 70. Plaintiff SeedJunky has performed all covenants, conditions, and promises required on its part to be performed in accordance with the Minntz Operating Agreement, except to the extent that such performance was prevented or excused from performing.
- 71. By their actions set forth in detail above, Defendants Cookies LLC and Cookies Inc. materially breached their obligations under the Minntz Operating Agreement, including but not limited to Sections 2.10, 2.12, 9.2, 9.3, and 9.4. Defendants Berling, Chang, Ramsey, Habenicht, Flamenco, and Cookies SF and Biggerbizz LLC conspired with, aided, or abetted Defendant Cookies LLC and Defendant Cookies Inc. to breach the Operating Agreement and/or are the alter egos of each other.

- 72. As a result of Defendants' breaches, SeedJunky has sustained substantial harm in an amount to be proven at trial.
 - 73. Defendants' breaches were a substantial factor in causing SeedJunky's harm.
- Defendants' ongoing breaches of the Minntz Operating Agreement set forth 74. above pose a serious and immediate threat to SeedJunky and entitle SeedJunky to injunctive relief.
- Should Defendants and their co-conspirators be permitted to pursue the course 75. of conduct described above, the damage to SeedJunky would be irreparable and any later judgment would be rendered ineffectual. Thus, injunctive relief is appropriate to prevent the continuing breach of these obligations by Defendants. Further, as set forth below, Defendants' acts are in violation of the California Unfair Competition Law (Cal. Bus. & Prof. Code § 17200 et seq.) and injunctive relief is appropriate.

SECOND CAUSE OF ACTION

BREACH OF FIDUCIARY DUTY

- 76. SeedJunky incorporates by reference each and every allegation contained in each paragraph above as though the same were set forth in full herein.
- As the majority member of Minntz LLC, Defendants Cookies LLC and 77. Cookies Inc. owed SeedJunky fiduciary duties, including a strict duties of loyalty, good faith, and fair dealing.
- As the manager of Minntz LLC, Defendant Cookies LLC, Defendant Cookies Inc., and Defendant Berling owed SeedJunky fiduciary duties, including strict duties of loyalty, good faith, and fair dealing.
- SeedJunky was entitled to place its trust and confidence in the Managing 79. Defendants and to expect the Managing Defendants to act with the utmost good faith toward it in carrying out the business of Minntz LLC. The Managing Defendants breached this duty of loyalty by acting in his own self-interests at the expense of Minntz LLC by, inter alia, (1) stealing the Minntz Genetics and using them for Defendants' own personal

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6 and/or are the alter egos of the Managing Defendants and each other. 7 8 SeedJunky has been and is being irreparably harmed. 9 81.

gain and not for the benefit of Minntz; (2) falsifying Minntz's financial information in order to avoid compensating SeedJunky appropriately and to unjustly enrich Defendants; (3) deliberately harming the Minntz brand in favor of Defendants' own "Cookies" brand; and (4) negligently managing Minntz and failing to protect its property rights. Defendants Berling, Chang, Ramsey, Habenicht, Flamenco, and Cookies SF and Biggerbizz LLC conspired with, aided, or abetted the Managing Defendants to breach these fiduciary duties As a direct and proximate result of Defendants' breach of their fiduciary,

- SeedJunky is entitled to damages, in an amount to be determined at trial, as well as disgorgement from Defendants, and the forfeiture and return of all monies, compensation, and property paid to or transferred to Defendants.
- 82. The above-described acts were done willfully and maliciously, with the deliberate intent to injure SeedJunky and for Defendants' benefit and financial gain, as well as the benefit and financial gain of their co-conspirators, thereby entitling SeedJunky to exemplary damages pursuant to California Civil Code § 3294 and/or attorneys' fees to be proven at trial.

THIRD CAUSE OF ACTION

VIOLATION OF CALIFORNIA BUS. & PROF. CODE SECTION 17200, ET SEQ.

- 83. SeedJunky incorporates by reference each and every allegation contained in each paragraph above as though the same were set forth in full herein.
- 84. California Business Code section 17200 prohibits unfair, unlawful, and fraudulent business acts and practices.
- 85. The aforementioned acts of Defendants, including, but not limited to, their unfair and unlawful theft of SeedJunky / Minntz's Genetics for Defendants' own gain, constitutes unfair, unlawful, and fraudulent business acts and practices in violation of California Business and Professions Code section 17200 et seq.

86. As a direct and proximate result of Defendants' unfair, unlawful, and fraudulent business acts and practices, SeedJunky has suffered, and will continue to suffer, actual damages and losses in an amount in excess of the jurisdictional limits of this Court and in an amount to be proven at trial.

87. Additionally, SeedJunky has suffered and will continue to suffer irreparable harm. Pursuant to California Business and Professions Code sections 17203 and 17204, SeedJunky is entitled to preliminary and permanent injunctive relief enjoining Defendants, and individuals and entities acting with them, from engaging in further conduct constituting unfair, unlawful or fraudulent business acts and practices.

FOURTH CAUSE OF ACTION

VIOLATION OF CALIFORNIA BUS. & PROF. CODE SECTION 17500, ET SEQ.

- 88. SeedJunky incorporates by reference each and every allegation contained in each paragraph above as though the same were set forth in full herein.
- 89. As set forth in detail above, Defendants made, distributed, caused to be distributed, authorized the distribution of, and/or otherwise disseminated false and/or misleading statements in and directed to the State of California regarding the origin of the Minntz Genetics and Minntz cannabis products that it falsely and fraudulently mislabeled as Cookies products.
- 90. Defendants have made and continue to make these false and misleading statements alleged herein with the intent to deceive potential purchasers into believing that the mislabeled Minntz Genetics and Minntz cannabis products are Cookies's own.
- 91. On information and belief, Defendants' false and misleading statements as alleged herein have misled actual and potential purchasers into believing that the mislabeled that Minntz Genetics and Minntz cannabis products are Cookies's own.
- 92. Defendants knew or reasonably should have known that their conduct and misattribution of the products was false and misleading at the time the statements and misattribution was made.

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each paragraph above as though the same were set forth in full herein.

SeedJunky incorporates by reference each and every allegation contained in

100. In the course of managing Minntz LLC, the Managing Defendants regularly and consistently provided SeedJunky financial dashboards containing false and fraudulent financial data.

- 101. Managing Defendants knew that these financial dashboards contained false and fraudulent financial data at the time that they provided them to SeedJunky and/or recklessly presented this false and fraudulent financial data to SeedJunky without regard for its truth. Defendants Berling, Chang, Ramsey, Habenicht, Flamenco, and Cookies SF and Biggerbizz LLC conspired with, aided, or abetted the Managing Defendants to make these fraudulent statements and/or are the alter egos of the Managing Defendants and each other.
- 102. Defendants intended that SeedJunky would rely on this false and fraudulent financial data and SeedJunky reasonably relied on this false and fraudulent financial data.
- 103. Moreover, by their role as manager of Minntz, the Managing Defendants had exclusive control of the day-to-day operation of Minntz and were in a position of trust, confidence and fiduciaries to SeedJunky. Nonetheless, Managing Defendants failed to disclose that they had been falsely reporting expenses to SeedJunky and had been assigning non-Minntz expenses to Minntz in an effort to unjustly enrich themselves and their other businesses. Defendants Berling, Chang, Ramsey, Habenicht, Flamenco, and Cookies SF and Biggerbizz LLC conspired with, aided, or abetted the Managing Defendants to conceal these facts and/or are the alter egos of the Managing Defendants and each other.
- 104. Moreover, Managing Defendants intentionally failed to disclose to Plaintiffs the true amount of profits and expenses for Minntz, which were known only to Managing Defendants and which SeedJunky could not have discovered. Defendants Berling, Chang, Ramsey, Habenicht, Flamenco, and Cookies SF and Biggerbizz LLC conspired with, aided, or abetted the Managing Defendants to conceal these facts and/or are the alter egos of the Managing Defendants and each other.
- 105. Moreover, Managing Defendants disclosed some facts as to the amount of Minntz's profits and losses to SeedJunky, but intentionally failed to disclose the true

amount of these profits and losses, making the disclosure deceptive. Defendants Berling, Chang, Ramsey, Habenicht, Flamenco, and Cookies SF and Biggerbizz LLC conspired with, aided, or abetted the Managing Defendants to conceal these facts and/or are the alter egos of the Managing Defendants and each other.

- 106. Moreover, through their conduct set forth in detail above, Managing Defendants prevented SeedJunky from knowing the true amount of profits and losses for Minntz. Defendants Berling, Chang, Ramsey, Habenicht, Flamenco, and Cookies SF and Biggerbizz LLC conspired with, aided, or abetted the Managing Defendants to conceal these facts and/or are the alter egos of the Managing Defendants and each other.
- 107. Due to Managing Defendants' fraud, SeedJunky did not know the true amount of profits and losses for Minntz or that Managing Defendants had been falsely reporting expenses to SeedJunky and had been assigning non-Minntz expenses to Minntz in an effort to unjustly enrich themselves and their other businesses. Defendants Berling, Chang, Ramsey, Habenicht, Flamenco, and Cookies SF and Biggerbizz LLC conspired with, aided, or abetted the Managing Defendants to conceal these facts and/or are the alter egos of the Managing Defendants and each other.
- 108. Managing Defendants intended to conceal the true amount of profits and losses for Minntz or that Managing Defendants had been falsely reporting expenses to SeedJunky and had been assigning non-Minntz expenses to Minntz in an effort to unjustly enrich themselves and their other businesses from SeedJunky. Defendants Berling, Chang, Ramsey, Habenicht, Flamenco, and Cookies SF and Biggerbizz LLC conspired with, aided, or abetted the Managing Defendants to conceal these facts and/or are the alter egos of the Managing Defendants and each other.
- 109. Had Managing Defendants disclosed that they had disclosed the true amount of profits and losses for Minntz or not concealed that Managing Defendants had been falsely reporting expenses to SeedJunky and had been assigning non-Minntz expenses to Minntz in an effort to unjustly enrich themselves and their other businesses from

SeedJunky, SeedJunky would not have continued to work with Defendants and provide SeedJunky Genetics to Minntz.

- 110. Managing Defendants' fraud was a substantial factor in causing SeedJunky's harm.
- 111. The above-described acts were done willfully and maliciously, with the deliberate intent to injure SeedJunky and, on information and belief, for Defendants' benefit and financial gain, as well as the benefit and financial gain of their co-conspirators, thereby entitling Plaintiffs to exemplary damages pursuant to California Civil Code § 3294 and/or attorneys' fees to be proven at trial.

SEVENTH CAUSE OF ACTION INTENTIONAL INTERFERENCE WITH CONTRACT

(Against All Defendants)

- 112. SeedJunky incorporates by reference each and every allegation contained in each paragraph above as though the same were set forth in full herein.
- 113. At all times mentioned herein, SeedJunky had ongoing contractual business relationships with numerous third-parties as set forth above.
- 114. As set forth above, Defendants, and each of them, individually and as a result of and as part of the objectives of their conspiracy and the acts of their co-conspirators, intentionally interfered with the contracts between SeedJunky and the aforementioned third parties.
- 115. As a direct and proximate result of Defendants' acts, SeedJunky has suffered actual damages the precise amount of which will be proved at trial.
- 116. The above-described acts were done willfully and maliciously, with the deliberate intent to injure SeedJunky and, on information and belief, for Defendants' benefit and financial gain, as well as the benefit and financial gain of their co-conspirators, thereby entitling SeedJunky to exemplary damages pursuant to California Civil Code § 3294 and/or attorneys' fees to be proven at trial.

117. Defendants' misconduct described above is ongoing and SeedJunky has suffered and will continue to suffer irreparable harm. Accordingly, SeedJunky is entitled to preliminary and permanent injunctive relief enjoining Defendants, and individuals and entities acting with them, from engaging in further misconduct set forth above.

EIGHTH CAUSE OF ACTION

INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE

- 118. SeedJunky incorporates by reference each and every allegation contained in each paragraph above as though the same were set forth in full herein.
- 119. SeedJunky had an ongoing business and prospective business relationship with numerous third-parties as set forth above.
- 120. Knowing of these valid business relationships and expectancies, Defendants, intentionally interfered with the contracts between SeedJunky and the aforementioned third-parties through the acts and misconduct set forth above.
- 121. Defendants' acts and misconduct set forth above were independently wrongful because they constituted breaches of defendants fiduciary duty of loyalty to SeedJunky and Minntz and violated the Minntz Operating Agreement, violated California Business and Professions Code §§ 17200, et seq. and 17500 et seq., and were tortious. By engaging in such conduct, Defendants intended to interfere with the ability of SeedJunky / Minntz to benefit from the continued contractual and business relationships between SeedJunky and/or Minntz and the third parties for the purpose of damaging SeedJunky. Defendants' conduct was not justifiable by any law or privilege of competition.
- 122. As a direct and proximate result of Defendants' acts, SeedJunky has suffered actual damages the precise amount of which is not now known but which will be proved at trial.
- 123. The above-described acts were done willfully and maliciously, with the deliberate intent to injure SeedJunky and, on information and belief, for Defendants'

TENTH CAUSE OF ACTION

COMMON LAW UNFAIR COMPETITION

- 130. SeedJunky incorporates by reference each and every allegation contained in each paragraph above as though the same were set forth in full herein.
- 131. SeedJunky has invested significant time and resources in the development of, and in maintaining and protecting, the Minntz Genetics.
- 132. Defendants stole and used SeedJunky / Minntz's Genetics and sold it and otherwise provided it to third-parties for their own gain. Indeed, Defendants tried to pass off the source of the Minntz Genetics as its own by packaging it in packaging and labels containing Defendants' name and logos to make it appear as if the Minntz Genetics were Defendants'. SeedJunky / Minntz did not authorize or consent to Defendants' use of the Minntz Genetics in this manner.
- 133. Defendants falsely and wrongfully incorporated Defendants' branding and other information to make it appear as if the Minntz Genetics was Defendants. Defendants then sold the Minntz Genetics to third-parties, causing deception among consumers as well as falsely representing that Defendants were the true owner of the Minntz Genetics.
- 134. Defendants have unlawfully, unfairly, and deceptively engaged in practices violating California law, including but not limited to, passing off the Minntz Genetics to make it appear as if it were Defendants' own. Such conduct, creates a likelihood of confusion as to the source of the Minntz Genetics. Defendants' acts are a violation of California common law unfair competition.
- 135. As a result of Defendants' conduct set forth above, SeedJunky has suffered and will continue to suffer competitive injury including, but not limited to, damage to its business, reputation, and goodwill.
- 136. Upon information and belief, Defendants profited from their misconduct set forth above, including by receiving revenue and by obtaining non-monetary goodwill with customers as a result of the theft and sale of the Minntz Genetics, which thereby diminished

TWELFTH CAUSE OF ACTION

ACCOUNTING

(Against All Defendants)

- 145. SeedJunky incorporates by reference each and every allegation contained in each paragraph above as though the same were set forth in full herein.
- 146. As set forth in detail above, Defendants owe fiduciary duties to SeedJunky in connection with the operation of Minntz, LLC. Due to Defendants' misrepresentations and breaches of their fiduciary duties as set forth above, a need exists for an accounting of amounts owed to SeedJunky.
- 147. Due to Defendants' misconduct and control over Minntz, LLC an accounting is necessary to determine the amounts owed to SeedJunky.

PRAYER FOR RELIEF

WHEREFORE, SeedJunky prays that the Court:

- 1. Enter judgment in favor of SeedJunky and against Defendants on all Claims for Relief;
- 2. Order Defendants to pay SeedJunky the damages they sustained as a result of Defendants' unlawful acts;
- 3. Order Defendants to account for and pay to SeedJunky all gains, profits, and savings derived from their wrongful conduct;
- 4. Order Defendants to pay SeedJunky punitive damages for all other claims for which relief for such damages are authorized;
- 5. Issue an Order preliminarily and permanently enjoining Defendants and all persons or entities acting with them from directly or indirectly taking the following actions:
 - (a) Accessing, using, retaining, or disclosing any of the Minntz Genetics, data, documents, or property taken from or belonging to Minntz;
 - (b) Retrieving, copying, transmitting or disseminating any Minntz Genetics, data, documents, or property taken from or belonging to Minntz;
 - (c) Destroying, altering, erasing, or otherwise modifying, or causing or

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