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Case No. _____
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<http://www.justice.gov/eoir/vll/libindex.html>
.
<http://www.bizjournals.com/washington/print-edition/2012/04/06/harvest-bank-of-maryland-faces.html>
.
<http://www.bizjournals.com/search?q=U.S.+Immigration+Investment+Center+LLC>

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF SANTA CLARA

CASE NO. 175CV282380

12 AVVA LLC, a California Limited Liability
Company; MEHRDAD ELIE, an
13 individual,

14 Plaintiffs,

15 v.

16 U.S. IMMIGRATION AND
INVESTMENT CENTER LLC, a
17 California Limited Liability Company;
USIIC, LLP, a Delaware Limited Liability
18 Partnership; USIIC I, LP a Delaware
Limited Partnership; MAHNAZ KHAZEN,
19 an individual; MICHAEL SHADMAN, an
individual; and DOES 1 through 50,
20 inclusive;

21 Defendants.

COMPLAINT FOR:

- (1) FRAUD;
- (2) BREACH OF FIDUCIARY DUTY;
- (3) NEGLIGENCE;
- (4) NEGLIGENT MISREPRESENTATION;
- (5) BREACH OF ORAL CONTRACT;
- (6) BREACH OF IMPLIED CONTRACT;
- (7) CONVERSION/THEFT;
- (8) VIOLATION OF CALIFORNIA SECURITIES LAW;
- (9) FEDERAL SECURITIES FRAUD;
- (10) DECLARATORY RELIEF
- (11) IMPOSITION OF CONSTRUCTIVE TRUST

24 Plaintiffs AVVA, LLC and Mehrdad Elie allege as follows:

25 IDENTIFICATION OF NAMED PARTIES

26 1. AVVA, LLC ("AVVA") is, and all times herein mentioned was, a California
27 Limited Liability Company with its principal place of business in San Mateo County, California.
28

1 2. Mehrdad Elie (“Elie”) is, and at all times herein mentioned, was an individual
2 residing in San Mateo County, California.

3 3. AVVA and Elie are hereinafter referred to as “Plaintiffs.”

4 4. Plaintiffs are informed and believe and thereon allege that Defendant U.S.
5 Immigration and Investment Center, LLC (“USIIC LLC”) is, and all times herein mentioned was,
6 a California Limited Liability Company with its principal place of business in Santa Clara County,
7 California and authorized to do business in California. USIIC LLC was formed with the
8 purported goal of becoming a “Regional Center,” as designated by United States Citizenship and
9 Immigration Services (“USCIS”). According to the USCIS, it sets aside “EB-5” visas for
10 “immigrant investors” who invest at least \$500,000 to \$1,000,000 in “Regional Centers.”
11 Regional Centers are entities that are eligible to receive immigrant investor capital for the purpose
12 of establishing a “new commercial enterprise” or preserving “troubled” commercial enterprises.
13 USIIC LLC was, and is, the parent company for many limited partnerships and holding
14 companies.

15 5. Plaintiffs are informed and believe and thereon allege that USIIC, LLP is, and all
16 times herein mentioned was, a Delaware Limited Liability Partnership doing business in
17 California and or with its principal place of business in California.

18 6. Plaintiffs are informed and believe and thereon allege that USIIC I, LP
19 (“USIIC I”) is, and all times herein mentioned was, a Delaware Limited Partnership doing
20 business in California and or with its principal place of business in California. USIIC LLC is the
21 General Partner of USIIC I. USIIC I was purportedly formed as an investment vehicle to provide
22 funding to USIIC LLC.

23 7. Plaintiffs hereinafter refer to USIIC LLC, USIIC, LLP, and USIIC I as “USIIC.”

24 8. Plaintiffs are informed and believe and thereon allege that Defendant Mahnaz
25 Khazen (“Khazen”) is, and at all times herein mentioned was, an individual residing in Santa
26 Clara County, California. Plaintiffs are further informed and believe that Khazen is and was the
27 owner of USIIC and held herself out to be the President of USIIC LLC and an officer purporting
28 to act on behalf of USIIC. Khazen also held herself out as a “broker” of securities in California.

1 Plaintiff has recently become informed and now believes that Khazen is a real estate salesperson
2 and broker licensed by the California Bureau of Real Estate, but holds no specialized licensure
3 relating to the sale of securities.

4 9. Plaintiffs are informed and believe and thereon allege that Defendant Michael
5 Shadman ("Shadman"), is, and at all times herein mentioned was, an individual residing in Santa
6 Clara County, California. Plaintiffs are further informed and believe that Shadman held himself
7 out to be an officer purporting to act on behalf of USIIC.

8 10. Plaintiffs are unaware of the true names or capacities of defendants DOES 1
9 through 50, inclusive, and therefore sue these Defendants by such fictitious names. Plaintiffs will
10 seek leave of court to allege said true names and capacities when the same have been ascertained.

11 11. Plaintiffs are informed and believe and thereon allege that defendants DOES 1
12 through 50, inclusive, and each of them, are in some means or manners legally obligated and
13 liable for the obligations, duties and claims hereinafter set forth. Plaintiffs are informed and
14 believe that Does 25 through 50 are each the agent, partner, employee and/or alter-ego of one or
15 more of the remaining defendants and in doing the things herein alleged were acting within the
16 course and scope of said agency, partnership and/or employment.

17 12. Plaintiffs sometimes hereinafter refers to Defendants USIIC, Khazen, Shadman
18 and DOES 1 through 50 collectively as "Defendants."

19 **GENERAL ALLEGATIONS**

20 13. This action is properly before this court because at least some of the Defendants
21 reside in and are physically present within the state of California and because a substantial portion
22 of the events which give rise to the claims set forth herein occurred in the State of California.
23 *Inter alia*, California was the focal point of Defendants' scheme to induce the Plaintiffs to deliver
24 funds to Defendants, which funds were not used for the intended investment purposes and were
25 used to convert property for the benefit of the Defendants.

26 14. This action is properly venued in this county because defendant USIIC and/or USIIC
27 LLC's principal place of business is in Santa Clara County and defendant Khazen resides within
28 Santa Clara County.

1
2 **Defendants Convinced Plaintiffs to Enter Into a Partnership or Joint Venture**
3 **Intended To Gain A Controlling Interest In a Distressed Bank.**

4 15. In approximately October 2010, Elie sought to invest in a bank located in
5 Washington, D.C. that was in jeopardy of failing due to a diminution in the value of the Bank's
6 total assets. Several other investors, including Khazen and/or USIIC, were concurrently seeking
7 to invest in the same bank. Khazen was introduced to Elie through the bank's owners.
8 Ultimately the investment efforts failed when a large investor pulled out of the deal. Days later,
9 the bank was seized by Federal bank regulators.

10 16. Following the unsuccessful investment efforts, Khazen continued to contact Elie,
11 purportedly seeking to enter into a business relationship with him and/or an entity controlled by
12 him. Eventually, Khazen "pitched" a scheme to Elie wherein he or AVVA LLC would join
13 forces with Khazen and an entity she controlled, USIIC, and jointly obtain a controlling interest in
14 another bank. Khazen urged Elie to jointly invest with her in Tri-Valley Bank, located in
15 Livermore, California (the "Bank").

16 17. As a result of various discussions between Khazen and Elie, Defendants convinced
17 Plaintiffs to enter into a partnership and/or joint venture, with Defendants wherein Plaintiffs and
18 Defendants each invested approximately \$400,000.00, for a total of \$800,000.00, to purchase
19 shares of stock in the Bank. Their agreed upon goal and purpose of the partnership or joint
20 venture was to obtain at least a ten percent share ownership in the Bank so that one or both of
21 them could join the Board of Directors and influence the Bank's business strategies with their
22 expertise, thereby increasing the value of the shares and profit from their cooperative ownership
23 of the shares. Specifically, the two agreed that the Bank could benefit from Elie's vast experience
24 in the mortgage industry and that Khazen and Elie would utilize their control over the shares and
25 their power on the board of directors of the Bank to open a mortgage division at the Bank with
26 Elie at the helm. Profits from this venture were to be evenly divided.

27 18. Khazen convinced Elie that in order to implement their venture it was best if one
28 of Khazen's companies, USIIC LLC, was seen as the investment mechanism used by the two. In

1 order to assure Elie that this change would not affect their agreed-upon plans, Khazen purported
2 to grant Elie 10% of the outstanding shares in USIIC. Khazen indicated that this would act as
3 “security” that their original venture and/or partnership remained in effect.

4 19. In reliance on Defendants’ promises, inducements and in furtherance of the
5 partnership or joint venture, Plaintiffs transferred approximately \$400,000.00 to Defendants’
6 control.

7 20. In August 2012, at Khazen’s direction, 2,285,715 shares of Tri-Valley Bank
8 common stock was purchased (the “Bank Shares”). Khazen represented to Elie that half of the
9 monies for those shares came from Plaintiffs and half from Khazen.

10 21. Although Khazen stated that the purchase had been made, Plaintiffs never received
11 any of the Bank Shares and never received any documentation evidencing Plaintiffs’ 10%
12 ownership in USIIC.

13 **Defendants Attempted to Convince Plaintiffs to Sign Documents For a Completely
14 Different Deal.**

15 22. After obtaining Plaintiffs’ funds, and after purchasing the Bank Shares,
16 Defendants, through their counsel, emailed Plaintiffs a voluminous series of documents and
17 directed Plaintiffs to execute them. These documents included an Offering Circular, a Limited
18 Partnership Agreement, and a Subscription Agreement.

19 23. Plaintiffs did not execute those documents and instead had them reviewed by their
20 counsel. Without waiving the privilege between attorney and client, shortly after the review,
21 Plaintiffs discovered that the documents provided by Defendants set forth a completely different
22 arrangement than had been agreed-upon by Elie and Khazen.

23 24. Specifically, the documents called for AVVA LLC to invest in USIIC I. USIIC I
24 would then take the invested funds and loan them to a separate entity, USIIC LLC. USIIC LLC
25 would then purchase the Bank Shares. Contrary to the prior agreement with, and representations
26 of, Khazen, under this new mechanism, Elie would have no interest in the Bank, no control over
27 or within the Bank, and would be relegated to a simple creditor of a separate entity unrelated to
28 the Bank or even the entity purchasing the Bank Shares. In short, Plaintiffs would risk ½ of the

1 funds for the venture, but enjoy none of the upside if it was successful (except presumably for any
2 interest that might be paid on the loan).

3 25. Plaintiffs also discovered that notwithstanding the plans discussed between
4 Khazen and Elie with respect to Elie's involvement in the Bank and the anticipated opening of a
5 mortgage division within the Bank, Bank representatives themselves had no interest in
6 implementing any such plan.

7 26. Unsurprisingly, Plaintiffs refused to sign any of the documents presented by
8 Defendants. Nevertheless, Defendants continued to assure Plaintiffs that nothing was wrong and
9 that the original partnership or venture remained in effect, notwithstanding Plaintiffs' refusal to
10 execute the documents presented to them.

11 **Defendants Subsequently Refused to Provide Plaintiffs With the Bank Shares or The**
12 **Ownership Share in USIIC.**

13 27. Subsequent to the purchase of the Bank Shares, Khazen admitted to Elie that
14 unbeknownst to Plaintiffs, Defendants had sold, encumbered, or otherwise generated a profit from
15 the Bank Shares. According to Khazen, Defendants did so by selling some of the shares or
16 offering the shares as collateral for a "loan" to generate monies at approximately \$1.00 per share,
17 or roughly three times the value of the Bank Shares when purchased.

18 28. Defendants did not share the profits they made from the Bank Shares with
19 Plaintiffs.

20 29. When confronted, Khazen indicated that the profits were generated from "her half"
21 of the Bank Shares, and that Elie's half of the shares remained intact. Khazen repeatedly
22 promised to transfer "Elie's half" of the shares to him, but at all times failed to do so.

23 30. In February 2014, Khazen agreed to transfer one half of the Bank Shares into
24 Elie's name, but only if Plaintiffs agreed to abide by certain conditions. Plaintiffs did not agree to
25 the conditions and no transfer was made. Elie continued to demand the shares.

26 31. In December 2014, Shadman represented to Elie that, pursuant to Shadman's
27 instructions, the Bank's transfer agent, ComputerShare, had transferred one half of the Bank
28 Shares to Elie and that Elie would soon be receiving the share certificates. Elie never received

1 the share certificates. At this point it became apparent that Defendants had no intention of even
2 partially performing their various promises.

3 32. Plaintiff never received documentation of the 10% interest in USIIC that Khazen
4 gave him.

5 33. During subsequent investigation, Plaintiffs learned that USIIC, which purports to
6 offer EB-5 investment services to foreign nationals has never been granted status as an authorized
7 Regional Center with the USCIS.

8 **FIRST CAUSE OF ACTION**
9 (Fraud - Against All Defendants)

10 34. Plaintiffs reallege and incorporate herein by reference, as though separately set
11 forth herein, the allegations contained in paragraphs 1 through 33 above, inclusive.

12 35. Defendants misrepresented to Plaintiffs that they would use Plaintiffs' investment
13 in USIIC to purchase shares of the Bank as a fiduciary for Plaintiffs. Defendants concealed the
14 profits they derived from the partnership's assets when they sold, encumbered, or otherwise
15 profited from the Bank Shares. Defendants, in promising Plaintiffs a 10% share of USIIC as
16 "security" to further incentivize Plaintiffs' continued investment, expressly or impliedly promised
17 to provide documentation of that transfer but failed to provide the same.

18 36. Defendants knew when they made the misrepresentations above that their
19 statements were false.

20 37. Defendants intended to induce Plaintiffs reliance on their misrepresentations
21 because Plaintiffs would not have agreed to transmit the funds to USIIC, or to maintain said
22 investment, had Defendants been truthful that they never intended to provide Plaintiffs with
23 control over any of the Bank Shares; that they intended to sell, encumber or otherwise profit from
24 the Bank Shares without informing Plaintiffs and without sharing said profits with Plaintiffs; that
25 they intended to retroactively recharacterize the investment as a loan to a separate USIIC entity,
26 and that they never intended to provide Plaintiffs with any documentation of the grant of a 10%
27 ownership share in USIIC. Defendants intended to conceal the profits they derived from selling,
28 encumbering or otherwise profiting from the Bank Shares so that they could keep the profits for

1 themselves.

2 38. Plaintiffs justifiably relied on Defendants misrepresentations. Khazen and
3 Shadman repeatedly referred to Elie as a "partner." When Elie demanded that Defendants
4 transfer half of the Bank Shares into his name, Khazen and Shadman provided assurances that
5 they would do so.

6 39. Plaintiffs have been significantly damaged by the misrepresentations and
7 concealment described above. Plaintiffs have incurred damages exceeding \$2 Million, including
8 but not limited to, the loss of the \$400,000.00 that was to be invested in the Bank Shares; one half
9 of the secret profits Defendants made from selling, encumbering, or otherwise profiting from the
10 Bank Shares believed to be at least approximately \$720,000.00 (~\$.63/share for one half of the
11 Bank Shares); and the value of the 10% ownership share of USIIC that was promised as part of
12 Plaintiffs' investment (since absent documentation of the ownership right, Plaintiffs are unable to
13 secure or exploit said value).

14 40. Defendants' statements were willful, fraudulent, malicious, and oppressive. As a
15 result, Plaintiffs are entitled to punitive damages.

16 WHEREFORE, Plaintiffs pray for judgment against Defendants as hereinafter set forth.

17 **SECOND CAUSE OF ACTION**
18 (Breach of Fiduciary Duty - Against All Defendants)

19 41. Plaintiffs reallege and incorporate herein by reference, as though separately set
20 forth herein, the allegations contained in paragraphs 1 through 40 above, inclusive.

21 42. At all times mentioned herein, Defendants were acting as partners and/or joint
22 venturers, and owed fiduciary duties to Plaintiffs. Furthermore, in acting as described above,
23 Khazen, Does 1-3, Does 25-27, and USIIC acted as securities brokers who owed fiduciary duties
24 and the highest good faith to Plaintiffs. Khazen and USIIC LLC did not exercise the care
25 required of a securities broker, partner, or joint venture, and failed to protect the best interests of
26 Plaintiffs. Defendants had a duty to Plaintiffs to render services based upon a standard of skill
27 and care that exists within their profession, stood in a position of trust and confidence with
28 respect to their relationship with Plaintiffs, and owed a fiduciary duty to act in the best interests of

1 Plaintiffs.

2 43. Defendants failed to protect Plaintiffs' interests when they, *inter alia*: obtained
3 secret profits and failed to share profits with Plaintiffs which they reaped from the partnership's
4 or joint venture's assets; failed to register the purchased shares in Plaintiffs' name or to otherwise
5 memorialize the joint ownership of the same; failed to provide half of the shares to Plaintiff as
6 promised; attempted to or did shift Plaintiff's assets into (and for the sole benefit of) Defendants'
7 USIIC entities; and failed to document the purported transfer to Plaintiffs of a 10% ownership
8 interest in USIIC, all to the detriment of Plaintiffs.

9 44. As a proximate cause of Defendants' breaches, Plaintiffs have been damaged in an
10 amount to be proved at trial and exceeding \$2 Million, including but not limited to, the loss of the
11 \$400,000.00 that was to be invested in the Bank Shares; one half of the secret profits Defendants
12 made from selling, encumbering, or otherwise profiting from the Bank Shares believed to be at
13 least approximately \$720,000.00 (~\$.63/share for one half of the Bank Shares), and the value of
14 the 10% ownership share of USIIC that was promised as part of Plaintiffs' investment (since
15 absent documentation of the ownership right, Plaintiffs are unable to secure or exploit said value).

16 45. The aforementioned acts of Defendants were willful, wanton, malicious, and
17 oppressive, and done in reckless disregard of the rights and interests of Plaintiffs, and with the
18 intent to injure Plaintiffs and deprive them of their rights. As a result, Plaintiffs are entitled to an
19 award of punitive and exemplary damages against Defendants in an amount to be determined at
20 trial.

21 WHEREFORE, Plaintiffs pray for judgment against Defendants as hereinafter set forth.

22 **THIRD CAUSE OF ACTION**
23 (Negligence - Against All Defendants)

24 46. Plaintiffs reallege and incorporate herein by reference, as though separately set
25 forth herein, the allegations contained in paragraphs 1 through 45 above, inclusive.

26 47. Defendants owed a duty to exercise due care in acting as partners and/or joint
27 venturers.

28

1 48. Defendants Khazen, Does 1-3, Does 25-27, and USIIC owed a duty to exercise
2 due care in acting as securities brokers.

3 49. Defendants owed a duty to exercise due care in their business dealings with
4 Plaintiffs.

5 50. Defendants breached their duties to Plaintiffs by failing to exercise due care in
6 their interactions with Plaintiffs.

7 51. As a direct and proximate result of Defendants' negligence, Plaintiffs suffered
8 harm and were forced to bring the instant litigation.

9 52. The damages sustained by Plaintiffs were caused solely by Defendants'
10 negligence, without any fault of Plaintiffs contributing thereto. Plaintiffs are therefore entitled to
11 recover from Defendants the full amount of their damages.

12 WHEREFORE, Plaintiffs pray for judgment against Defendants as hereinafter set forth.

13 **FOURTH CAUSE OF ACTION**
14 (Negligent Misrepresentation - Against All Defendants)

15 53. Plaintiffs reallege and incorporate herein by reference, as though separately set
16 forth herein, the allegations contained in paragraphs 1 through 52 above, inclusive.

17 54. Defendants negligently misrepresented to Plaintiffs that they would use Plaintiffs'
18 investment in USIIC to purchase shares of the Bank as a fiduciary for Plaintiffs. Defendants
19 concealed the profits they derived from the partnership's assets when they sold, encumbered, or
20 otherwise profited from the Bank Shares. Defendants negligently represented, expressly or
21 impliedly, to Plaintiffs that Defendants would receive documentation evidencing their 10%
22 ownership share of USIIC.

23 55. Defendants did not have reasonable grounds to believe the misrepresentations
24 were true.

25 56. Defendants made the representations intending that Plaintiffs would act in reliance
26 on their oral and written representations.

27 57. Plaintiffs reasonably relied upon Defendants' representations and based on those
28 representations, they transmitted approximately \$400,000.00 to Defendants.

1 WHEREFORE, Plaintiffs pray for judgment against Defendants as hereinafter set forth.

2 **SIXTH CAUSE OF ACTION**
3 (Breach of Implied Contract- Against All Defendants)

4 64. Plaintiffs reallege and incorporate herein by reference, as though separately set
5 forth herein, the allegations contained in paragraphs 1 through 63 above, inclusive.

6 65. As set forth above, Defendants entered into an implied agreement with Plaintiffs to
7 use Plaintiffs' approximately \$400,000.00 and Khazen's approximately \$400,000.00 to purchase
8 at least a ten percent share of the Bank so that they could use their control over the shares and
9 power on the Board of Directors to open a mortgage division at the Bank with Elie at the Helm.
10 Both Plaintiffs and Defendants would benefit by the increase in value of the Bank Shares. At no
11 time did Plaintiffs agree that Defendants could sell, encumber, or otherwise profit from the Bank
12 Shares. Defendants also agreed to provide Plaintiffs with 10% ownership of USIIC, as an
13 inducement to use Khazen's company as the investment mechanism.

14 66. Defendants manifested their assent by accepting Plaintiffs' approximately
15 \$400,000.00 and purchasing the Bank Shares.

16 67. Plaintiffs performed all conditions, covenants, and promises under oral agreement
17 to be performed on their part.

18 68. Defendants breached the implied agreement by, among other things, failing to
19 provide Plaintiffs with one half of the Bank Shares, failing to provide Plaintiffs with
20 documentation of Plaintiffs' 10% ownership of USIIC, and selling, encumbering, or otherwise
21 profiting from the Bank Shares.

22 69. As a result of the breach of the implied contract, Plaintiffs suffered damages in an
23 amount to be proven at trial.

24 WHEREFORE, Plaintiffs pray for judgment against Defendants as hereinafter set forth.

25 **SEVENTH CAUSE OF ACTION**
26 (Conversion/Theft - Against All Defendants)

27 70. Plaintiffs reallege and incorporate herein by reference, as though separately set
28 forth herein, the allegations contained in paragraphs 1 through 69 above, inclusive.

1 Shares.

2 84. Khazen and the Does knew when she made the misrepresentations above that their
3 statements were false.

4 85. Khazen and the Does intended to induce Plaintiffs' reliance on her
5 misrepresentations because Plaintiffs would not have agreed to transmit the funds had she been
6 truthful that she never intended to provide Plaintiffs with control over any of the Bank Shares;
7 that she intended to sell, encumber or otherwise profit from the Bank Shares without informing
8 Plaintiffs and without sharing said profits with Plaintiffs; that she intended to retroactively
9 recharacterize the investment as a loan to a separate USIIC entity, and that she never intended to
10 document Plaintiffs 10% ownership share of USIIC, or ownership share in the Bank. Defendants
11 intended to conceal the profits they derived from selling, encumbering or otherwise profiting
12 from the Bank Shares so that they could keep the profits for themselves.

13 86. Plaintiffs justifiably relied on Khazen and the Doe's misrepresentations.

14 87. Plaintiffs have been significantly damaged by the misrepresentations and
15 concealment described above. As a direct and proximate cause of Khazen's misrepresentations,
16 Plaintiffs have incurred damages exceeding \$2 Million, as set forth above.

17 88. Defendants' statements were willful, fraudulent, malicious, and oppressive. As a
18 result, Plaintiffs are entitled to punitive damages.

19 WHEREFORE, Plaintiffs pray for judgment against Defendants as hereinafter set forth.

20 **TENTH CAUSE OF ACTION**
21 (Declaratory Relief – Against All Defendants)

22 89. Plaintiffs reallege and incorporate herein by reference, as though separately set
23 forth herein, the allegations contained in paragraphs 1 through 88 above, inclusive.

24 90. An actual and judicial controversy now exists between the parties as to their
25 respective rights and duties. Elie requested the Defendants transfer title to the Bank Shares to
26 him and provide him with documentation of his 10% ownership of USIIC.

27 91. Defendants failed and refused and continue to fail and refuse to direct the Bank to
28 transfer the shares to Plaintiffs and to provide Plaintiffs with documentation of Elie's 10%

1 ownership of USIIC.

2 92. Defendants' refusal to instruct the Bank to transfer the Bank Shares to Plaintiffs
3 has resulted in, and will result in, irreparable harm and damage to Plaintiff.

4 93. Plaintiffs desire a judicial determination and a declaration that Plaintiff is the true
5 owner of at least 1,142,857 shares of the Bank, unencumbered in any way, presently in the
6 possession, custody or control of Defendants.

7 94. Plaintiffs desire a judicial determination and a declaration that Plaintiff is the true
8 owner of 10% of the ownership shares of USIIC.

9 95. An additional actual and judicial controversy now exists between the parties as to
10 the respective rights, duties and obligations of each of the Defendants. Plaintiff is informed and
11 believes, and on that basis alleges that defendants Khazen, USIIC LLC, USIIC, LLP, USIIC I LP,
12 and Does 25-50 (hereafter the "Alter-Ego Entities") are each the *alter-ego* of the other.

13 Specifically, Plaintiff is informed and believes that :

- 14 • There exists and at all times herein relevant there existed a unity of interest and
15 ownership between each of the Alter-Ego Entities, such that any individuality
16 and separateness between each has ceased, and each is the *alter-ego* of the
17 other;
- 18 • USIIC LLC, USIIC, LLP, USIIC I LP, and Does 25-50 were each a mere shell
19 and sham without capital, assets, stock, members, owners, or stockholders and
20 Defendants have used those entities as a device to avoid individual liability and
21 for the purpose of hindering, delaying, or defrauding Defendant's then or
22 future creditors, including Plaintiff;
- 23 • Defendants have utilized the assets of the Alter-Ego Entities for their personal
24 use, have caused assets of the Alter-Ego Entities to be transferred to them
25 without adequate consideration and *vice-versa*;
- 26 • USIIC LLC, USIIC, LLP, USIIC I LP, and Does 25-50 failed to observe legal
27 formalities and were each a mere shell, instrumentality, and conduit through
28 which Defendants carried on business exactly as they had conducted business

1 prior to organization or absent organization, exercising complete control and
 2 dominance of such;
 3 • Adherence to the fiction of the separate existence of the Alter-Ego Entities as
 4 distinct from Defendants would permit an abuse of the corporate/LLC/LP
 5 privilege and would sanction fraud and permit injustice in that Plaintiff would
 6 be prohibited or hampered in obtaining full recovery for the wrongs
 7 committed.

8 96. Plaintiff is informed and believes that Defendants dispute these contentions.

9 97. These controversies have resulted in a denial of rights and benefits owed to
 10 Plaintiff and will result in irreparable harm and damage to Plaintiff.

11 98. Plaintiff desires a judicial determination and declaration that each of the Alter-
 12 Ego Entities is the *alter-ego* of each of Defendants and *vice-versa*.

13 99. A judicial determination and declaration of each of the aforementioned issues is
 14 appropriate and necessary at this time in order that the parties may ascertain their respective
 15 rights.

16 WHEREFORE, Plaintiffs pray for judgment against Defendants as hereinafter set forth.

17 **ELEVENTH CAUSE OF ACTION**
 18 (Constructive Trust – Against All Defendants)

19 100. Plaintiffs reallege and incorporate herein by reference, as though separately set
 20 forth herein, the allegations contained in paragraphs 1 through 95 above, inclusive.

21 101. By virtue of Defendants’ fraudulent and wrongful acts alleged hereinabove, they
 22 hold the Plaintiffs’ assets including but not limited to at least 1,142,857 shares of the Bank;
 23 approximately \$700,000 in secret profits obtained from selling, encumbering, or otherwise
 24 profiting from the Bank Shares; and 10% ownership of USIIC, as constructive trustees for the
 25 Plaintiffs’ benefit.

26 102. Plaintiffs are informed and believe and thereon allege that Defendants would be
 27 unjustly enriched if Defendants were permitted to retain control over the assets described
 28 immediately above.

1 WHEREFORE, Plaintiffs pray for judgment against Defendants as hereinafter set forth.

2 PRAYER

3 WHEREFORE, Plaintiffs pray for relief against defendants, and each of them, as follows:

4 **ON THE FIRST CAUSE OF ACTION (Fraud) and SECOND CAUSE OF ACTION**
5 **(Breach of Fiduciary Duty):**

6 1. For damages according to proof at the time of trial in an amount in excess of the
7 minimum jurisdiction of this Court;

8 2. For punitive damages, to punish Defendants for their fraudulent conduct;

9 3. For prejudgment interest at 10% per annum;

10 4. For costs of suit incurred herein, including reasonable attorney fees as permitted
11 by law; and

12 5. For such other and further relief as the Court deems just and proper.

13 **ON THE THIRD CAUSE OF ACTION (Negligence), THE FOURTH CAUSE OF ACTION**
14 **(Negligent Misrepresentation), THE FIFTH CAUSE OF ACTION (Breach of Oral**
15 **Contract) and SIXTH CAUSE OF ACTION (Breach of Implied Contract):**

16 1. For damages according to proof at the time of trial in an amount in excess of the
17 minimum jurisdiction of this Court;

18 2. For interest thereon accruing at the maximum legal rate; For costs of suit incurred
19 herein, including reasonable attorney fees as permitted by law; and

20 3. For such other and further relief as the Court deems just and proper.

21 **ON THE SEVENTH CAUSE OF ACTION (Conversion/Theft):**

22 1. Damages according to proof at trial, including but not limited to damages
23 sufficient to compensate the Plaintiffs for the time and money expended in pursuit of Plaintiffs'
24 half of the Bank Shares plus damages in the amount of the value of the Bank Shares and the
25 profits Defendants made from the converted Bank Shares;

26 4. For punitive damages, to punish Defendants for their fraudulent conduct;

27 5. For prejudgment interest at 10% per annum;

28 6. For costs of suit incurred herein, including reasonable attorney fees as permitted
by law; and

7. For such other and further relief as the Court deems just and proper.

ON THE EIGHTH CAUSE OF ACTION (Violation of California Corporations Code 25501.5):

1. For damages in the amount of the difference between the price at which the security was bought plus interest at the legal rate from the date of purchase (August 31, 2012) and the value of the security at the time it was disposed of by the plaintiff plus the amount of any income received on the security by the plaintiff;

2. For prejudgment interest at 10% per annum; and

3. For such other and further relief as the Court deems just and proper.

ON THE NINTH CAUSE OF ACTION (Federal Securities Fraud):

1. For damages according to proof at the time of trial in an amount in excess of the minimum jurisdiction of this Court;

2. For prejudgment interest at 10% per annum;

3. For costs of suit incurred herein, including reasonable attorney fees as permitted by law; and

4. For such other and further relief as the Court deems just and proper.

ON THE TENTH CAUSE OF ACTION (Declaratory Relief):

1. For a judicial determination declaring that Plaintiff is entitled to 1,142,857 shares of the Bank, unencumbered in any way;

2. For a judicial determination declaring that Plaintiffs are entitled to 10% ownership of USIIC.

3. For a judicial determination declaring Plaintiffs are entitled to half of the secret profits Defendants obtained from selling, encumbering, or otherwise profiting from the Bank Shares;

4. For a judicial determination and declaration that each of the Alter-Ego Entities is the *alter-ego* of each of Defendants and *vice-versa*.

5. For costs of suit incurred herein; and

6. For such other and further relief as the Court deems just and proper.

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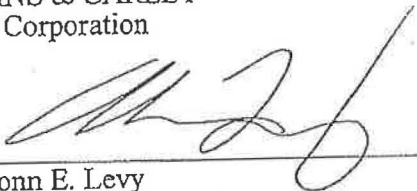
ON THE ELEVENTH CAUSE OF ACTION (Constructive Trust):

1. For an order declaring that Defendants hold 1,142,857 shares of the Bank in trust for the Plaintiffs;
2. For an order declaring that Defendants hold secret profits in trust for the Plaintiffs;
3. For an order declaring that Defendants hold 10% ownership of USIIC in trust for the Plaintiffs;
4. For an order compelling Defendants to transfer 1,142,857 shares of the Bank to Elie;
5. For an order compelling Defendants to deliver half of the secret profits they made from the Bank Shares to Plaintiffs;
6. For an order compelling Defendants to deliver 10% ownership of USIIC to Plaintiffs, including any profits related thereto;
7. For costs of suit incurred herein, including reasonable attorney fees as permitted by law; and
8. For such other and further relief as the Court deems just and proper.

Dated: June 26, 2015

HOPKINS & CARLEY
A Law Corporation

By: _____


Allonn E. Levy
Attorneys for Plaintiffs
AVVA LLC and MEHRDAD ELIE