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ORIGINAL FILED  
Superior Court of California  
County of Los Angeles

NOV 30 2017

Shawn R. Carter, Executive Officer/Clerk  
By: Giorrella Robinson, Deputy

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 COUNTY OF LOS ANGELES, CENTRAL DISTRICT

10 HONGFEI QU;  
11 HONGYAN LAI;  
12 XIONGXIAN ZHENG;  
13 RONGXIN FU;  
14 YUE YI;  
15 PENG JI;  
16 HANMEI ZOU;  
17 PEIHONG DUAN;  
18 YAN LIANG;  
19 SHAO MEI LU;  
20 LIWEN RONG;  
21 BIN WU;  
22 MEI XU;  
23 LAN LUO;  
24 CHAOLI LEI;  
25 JIANG CHUNHONG;  
26 XUPING HU;  
27 GUANGYU WU;  
28 XIAOFENG ZHAO;  
SHUAI WANG;  
CHANGQIAN DU;  
TING HE;  
JIANJU HE;  
XIAOYUN DONG;  
LI YAO;  
BAOPING WANG;  
ZHE LIAO;  
BOLONG DU;  
JINSHAN HU;  
RAN NI;  
BINBIN YU;  
WEI XIU;  
JUNYANG HUANG;  
ZHIZHONG ZHANG;  
SHENGCHAO TANG;  
CHUNYU ZOU;

CASE NO.

BC 6 8 5 0 3 5

COMPLAINT FOR:

1. FRAUD
2. BREACH OF FIDUCIARY DUTY
3. BREACH OF CONTRACT
4. INJUNCTIVE RELIEF
5. ACCOUNTING
6. RELEASE OF RECORDS
7. B&P § 17200

HON.  
DEPT.

TRIAL DATE: NONE  
COMPLAINT FILED:

1 SHENG HONG CHENG;  
RUI LI;  
2 YIYUN HU;  
DANXIA ZHEN;  
3 DA XU;  
YING XU;  
4 MEILING ZHANG;  
NIMING WANG;  
5 XIAOLE CHEN;  
BINGHUI ZHENG;  
6 BAO WANG;  
YUAN LI;  
7 HONGHUI DAI;  
MAO HU;  
8 WEIHUA LI;  
XIAOLI CHEN;  
9 HANZHENG WANG;  
XIULAN WU;  
10 JUN XU;  
JING LIU;  
11 QING DONG;  
ZHIYING CHENG;  
12 YING WANG; and  
PEIHUA MA, in their individual and  
13 representative capacity,

14 Plaintiffs,

15 vs.

16 HENRY GLOBAL CONSULTING;  
CELONA ASSET MANAGEMENT (USA)  
17 LIMITED;  
AMERICAN DREAM FUND, LLC;  
18 LAS VEGAS REGIONAL CENTER;  
LAS VEGAS RESORT INVESTMENT  
19 COMPANY, LLC;  
SLS TRANCHE 1 LENDER, LLC;  
20 LAS VEGAS RESORT HOLDING, LLC;  
STOCKBRIDGE CAPITAL GROUP, LLC;  
21 SBE VOTECO COMPANY, LLC;  
SBEHG LAS VEGAS I, LLC;  
22 SBE ENTERTAINMENT GROUP;  
EVANS, CARROLL & ASSOCIATES,  
23 INC.;  
PAN-AMERICA BUSINESS  
24 CONSULTING LIMITED;  
GOLDSTONE ADVISORS LIMITED;  
25 DOES 1 TO 200, INCLUSIVE,

26 Defendants.

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## I. INTRODUCTION

1. Plaintiffs are Class B Members of the SLS Tranche 1 Lender, LLC (Hereafter “**Phase II, LLC**”) and each invested \$545,000 into the Phase II, LLC as part of an immigrant investor program that would provide both a USA green card and a return on their investment. All Plaintiffs were non-USA citizens and were not accredited investors at the time of their investment. All Plaintiffs, except for five or six, have limited English language skills. None of the Plaintiffs have any real level of knowledge regarding USA investments of the type involved in this matter. None of the Plaintiffs had independent USA legal counsel to review any of the documents prior to signing them or investing in the Phase II, LLC. Many of the investment documents were only provided in English. Plaintiffs were not given time to review the documents before signing them. The documents were hidden from the Plaintiffs after they signed them. Plaintiffs were not even given some of the critical documents to review. The Plaintiffs relied on the Defendants for translation/explanation of the English documents.

2. The total investment by all Class B Members of the Phase II, LLC combined was \$198,000,000. The Class B Members’ money was used to give a Loan to Defendant Las Vegas Resort Investment Company, LLC for remodeling the old Sahara Casino in Las Vegas to become the current SLS Las Vegas Hotel. Although Phase II, LLC was named SLS Tranche 1 Lender, LLC. In reality, SLS Tranche 1 Lender was the second Phase of immigrant investor financing. The SLS Lender, LLC (Hereafter “**Phase I, LLC**”) was the first group of immigrant investors that invested a combined \$200,000,000 to similarly remodel the old Sahara Hotel in hopes of getting a USA green card and return on their money. This play on words, where Tranche 1 really means Phase 2, is synonymous of the deception that was employed by the defendants in this matter.

3. Because the Loan was designed to allow the Plaintiffs to obtain a USA green card, there were restrictions on how the Phase II, LLC member funds could be invested and how the recipient of those funds could operate their business until Phase II, LLC members obtained their permanent green cards. These restrictions, which were set forth in the marketing material given to Plaintiffs and the Private Placement Memorandum prepared by the Defendants, were

1 used to convince the Plaintiffs that their investment would allow them to obtain a USA green  
2 card and obtain a return on their money. Eventually, the restrictions, in a sometime contradictory  
3 fashion, were laid out in the Loan Agreement and other contractual documents between the  
4 Defendants and the Plaintiffs.

5 4. Phase I, LLC's Loan was signed on May 1, 2013. The Phase II, LLC's Loan was  
6 signed on January 31, 2014. The Loan money from both Phase I, LLC and Phase II, LLC was  
7 depleted by April 15, 2015. Both loans had five-year maturity dates and had an interest rate of  
8 0.5% which was not required to be paid until the loan maturity date. Construction commenced in  
9 February 2013 with a total budget of \$320,000,000. When the construction was finished and the  
10 SLS Hotel opened in August 2014, the total construction budget had risen to over \$422,000,000.  
11 Once the SLS Hotel opened, it has allegedly not turned a profit from day one and is currently on  
12 the verge of bankruptcy. Defendant Las Vegas Resort Investment Company, LLC and all the  
13 other Defendants are currently attempting to sell the SLS Hotel. However, if the sale is  
14 completed as currently structured would violate many of the immigrant investor program  
15 restrictions. Therefore, the Plaintiffs' investment in the Phase II, LLC will be completely wiped  
16 out and many of the Plaintiffs will not be able to get their permanent green cards.

17 5. During the pending SLS Hotel sales process, the Defendants had to provide  
18 Plaintiffs' legal counsel with various financial information and supporting documentation. It  
19 was only after receipt of these documents, in October 2017, that Plaintiffs were able to discover a  
20 series of agreements between the Defendants for the payment of commissions and management  
21 fees from the Phase II, LLC loan proceeds. The Defendants have refused to produce or even  
22 acknowledge the existence of these agreements, yet the financial records show payments totaling  
23 more than \$50,000,000 in these types of fees being paid with another \$50,000,000 still being  
24 owed. The payment of these fees violates the agreements between Plaintiffs and Defendants.

25 6. In this case, the Plaintiffs primarily seek to require the Defendants to abide by the  
26 Loan restrictions so that the Plaintiffs can get their USA green cards and a chance of getting a  
27 return on their investment. The Plaintiffs also seek damages for multiple other acts of fraud,  
28 deceit and concealment carried out by the Defendants. These damages would include the return

1 of the improperly earned fees mentioned above. While the claims related to the failure to comply  
2 with the Loan restrictions are straightforward, the other wrongful acts of the Defendants are a  
3 part of a very complex and often confusing series of business transactions that were intentionally  
4 designed to make it almost impossible to uncover the truth of what the defendants were doing  
5 with the Plaintiffs' investments.

## 6 **II. PARTIES**

7 7. Plaintiff Yue Yi is an individual and resides in Los Angeles County. Yue Yi is a  
8 Class B member of the SLS Tranche 1 Lender, LLC.

9 8. Plaintiff Hanmei Zou is an individual and resides in Los Angeles County. Hanmei  
10 Zou is a Class B member of the SLS Tranche 1 Lender, LLC.

11 9. Plaintiff Lan Luo is an individual and resides in Los Angeles County. Lan Luo is  
12 a Class B member of the SLS Tranche 1 Lender, LLC.

13 10. Plaintiff Hongfei Qu is an individual. Hongfei Qu is a Class B member of the SLS  
14 Tranche 1 Lender, LLC.

15 11. Plaintiff Hongyan Lai is an individual. Hongyan Lai is a Class B member of the  
16 SLS Tranche 1 Lender, LLC.

17 12. Plaintiff Xiongxian Zheng is an individual. Xiongxian Zheng is a Class B member  
18 of the SLS Tranche 1 Lender, LLC.

19 13. Plaintiff Rongxin Fu is an individual. Rongxin Fu is a Class B member of the SLS  
20 Tranche 1 Lender, LLC.

21 14. Plaintiff Peng Ji is an individual. Peng Ji is a Class B member of the SLS Tranche  
22 1 Lender, LLC.

23 15. Plaintiff Peihong Duan is an individual. Peihong Duan is a Class B member of the  
24 SLS Tranche 1 Lender, LLC.

25 16. Plaintiff Yan Liang is an individual. Yan Liang is a Class B member of the SLS  
26 Tranche 1 Lender, LLC.

27 17. Plaintiff Shao Mei Lu is an individual. Shao Mei Lu is a Class B member of the  
28 SLS Tranche 1 Lender, LLC.

1           18.     Plaintiff Liwen Rong is an individual. Liwen Rong is a Class B member of the  
2 SLS Tranche 1 Lender, LLC.

3           19.     Plaintiff Bin Wu is an individual. Bin Wu is a Class B member of the SLS  
4 Tranche 1 Lender, LLC.

5           20.     Plaintiff Mei Xu is an individual. Mei Xu is a Class B member of the SLS  
6 Tranche 1 Lender, LLC.

7           21.     Plaintiff Chaoli Lei is an individual. Chaoli Lei is a Class B member of the SLS  
8 Tranche 1 Lender, LLC.

9           22.     Plaintiff Jiang Chunhong is an individual. Jiang Chunhong is a Class B member  
10 of the SLS Tranche 1 Lender, LLC.

11          23.     Plaintiff Xuping Hu is an individual. Xuping Hu is a Class B member of the SLS  
12 Tranche 1 Lender, LLC.

13          24.     Plaintiff Guangyu Wu is an individual. Guangyu Wu is a Class B member of the  
14 SLS Tranche 1 Lender, LLC.

15          25.     Plaintiff Xiaofeng Zhao is an individual. Xiaofeng Zhao is a Class B member of  
16 the SLS Tranche 1 Lender, LLC.

17          26.     Plaintiff Shuai Wang is an individual. Shuai Wang is a Class B member of the  
18 SLS Tranche 1 Lender, LLC.

19          27.     Plaintiff Changqian Du is an individual. Changqian Du is a Class B member of  
20 the SLS Tranche 1 Lender, LLC.

21          28.     Plaintiff Ting He is an individual. Ting He is a Class B member of the SLS  
22 Tranche 1 Lender, LLC.

23          29.     Plaintiff Jianju He is an individual. Jianju He is a Class B member of the SLS  
24 Tranche 1 Lender, LLC.

25          30.     Plaintiff Xiaoyun Dong is an individual. Xiaoyun Dong is a Class B member of  
26 the SLS Tranche 1 Lender, LLC.

27          31.     Plaintiff Li Yao is an individual. Li Yao is a Class B member of the SLS Tranche  
28 1 Lender, LLC.

1           32.     Plaintiff Baoping Wang is an individual. Baoping Wang is a Class B member of  
2 the SLS Tranche 1 Lender, LLC.

3           33.     Plaintiff Zhe Liao is an individual. Zhe Liao is a Class B member of the SLS  
4 Tranche 1 Lender, LLC.

5           34.     Plaintiff Bolong Du is an individual. Bolong Du is a Class B member of the SLS  
6 Tranche 1 Lender, LLC.

7           35.     Plaintiff Jinshan Hu is an individual. Jinshan Hu is a Class B member of the SLS  
8 Tranche 1 Lender, LLC.

9           36.     Plaintiff Ran Ni is an individual. Ran Ni is a Class B member of the SLS Tranche  
10 1 Lender, LLC.

11          37.     Plaintiff Binbin Yu is an individual. Binbin Yu is a Class B member of the SLS  
12 Tranche 1 Lender, LLC.

13          38.     Plaintiff Wei Xiu is an individual. Wei Xiu is a Class B member of the SLS  
14 Tranche 1 Lender, LLC.

15          39.     Plaintiff Junyang Huang is an individual. Junyang Huang is a Class B member of  
16 the SLS Tranche 1 Lender, LLC.

17          40.     Plaintiff Zhizhong Zhang is an individual. Zhizhong Zhang is a Class B member  
18 of the SLS Tranche 1 Lender, LLC.

19          41.     Plaintiff Shengchao Tang is an individual. Shengchao Tang is a Class B member  
20 of the SLS Tranche 1 Lender, LLC.

21          42.     Plaintiff Chunyu Zou is an individual. Chunyu Zou is a Class B member of the  
22 SLS Tranche 1 Lender, LLC.

23          43.     Plaintiff Sheng Hong Cheng is an individual. Sheng Hong Cheng is a Class B  
24 member of the SLS Tranche 1 Lender, LLC.

25          44.     Plaintiff Rui Li is an individual. Rui Li is a Class B member of the SLS Tranche 1  
26 Lender, LLC.

27          45.     Plaintiff Yiyun Hu is an individual. Yiyun Hu is a Class B member of the SLS  
28 Tranche 1 Lender, LLC.

1           46.     Plaintiff Danxia Zhen is an individual. Danxia Zhen is a Class B member of the  
2 SLS Tranche 1 Lender, LLC.

3           47.     Plaintiff Da Xu is an individual. Da Xu is a Class B member of the SLS Tranche 1  
4 Lender, LLC.

5           48.     Plaintiff Ying Xu is an individual. Ying Xu is a Class B member of the SLS  
6 Tranche 1 Lender, LLC.

7           49.     Plaintiff Meiling Zhang is an individual. Meiling Zhang is a Class B member of  
8 the SLS Tranche 1 Lender, LLC.

9           50.     Plaintiff Niming Wang is an individual. Niming Wang is a Class B member of the  
10 SLS Tranche 1 Lender, LLC.

11          51.     Plaintiff Xiaole Chen is an individual. Xiaole Chen is a Class B member of the  
12 SLS Tranche 1 Lender, LLC.

13          52.     Plaintiff Binghui Zheng is an individual. Binghui Zheng is a Class B member of  
14 the SLS Tranche 1 Lender, LLC.

15          53.     Plaintiff Bao Wang is an individual. Bao Wang is a Class B member of the SLS  
16 Tranche 1 Lender, LLC.

17          54.     Plaintiff Yuan Li is an individual. Yuan Li is a Class B member of the SLS  
18 Tranche 1 Lender, LLC.

19          55.     Plaintiff Honghui Dai is an individual. Honghui Dai is a Class B member of the  
20 SLS Tranche 1 Lender, LLC.

21          56.     Plaintiff Mao Hu is an individual. Mao Hu is a Class B member of the SLS  
22 Tranche 1 Lender, LLC.

23          57.     Plaintiff Weihua Li is an individual. Weihua Li is a Class B member of the SLS  
24 Tranche 1 Lender, LLC.

25          58.     Plaintiff Xiaoli Chen is an individual. Xiaoli Chen is a Class B member of the  
26 SLS Tranche 1 Lender, LLC.

27          59.     Plaintiff Hanzheng Wang is an individual. Hanzheng Wang is a Class B member  
28 of the SLS Tranche 1 Lender, LLC.



1           60.     Plaintiff Xiulan Wu is an individual. Xiulan Wu is a Class B member of the SLS  
2 Tranche 1 Lender, LLC.

3           61.     Plaintiff Jun Xu is an individual. Jun Xu is a Class B member of the SLS Tranche  
4 1 Lender, LLC.

5           62.     Plaintiff Jing Liu is an individual. Jing Liu is a Class B member of the SLS  
6 Tranche 1 Lender, LLC.

7           63.     Plaintiff Qing Dong is an individual. Qing Dong is a Class B member of the SLS  
8 Tranche 1 Lender, LLC.

9           64.     Plaintiff Zhiying Cheng is an individual. Zhiying Cheng is a Class B member of  
10 the SLS Tranche 1 Lender, LLC.

11          65.     Plaintiff Ying Wang is an individual. Ying Wang is a Class B member of the SLS  
12 Tranche 1 Lender, LLC.

13          66.     Plaintiff Peihua Ma is an individual. Peihua Ma is a Class B member of the SLS  
14 Tranche 1 Lender, LLC.

15          67.     The individuals from paragraphs 7 to 66 are hereinafter collectively known as the  
16 **“Plaintiffs.”**

17          68.     Defendant American Dream Fund, LLC (Hereafter **“ADF”**) is incorporated under  
18 the laws of the state of California and has its principal executive offices in El Segundo,  
19 California. ADF is the Class A Member and Manager of the SLS Tranche 1 Lender, LLC as  
20 well as the Class A Member and Class A and Class B Manager of the SLS Lender, LLC.

21          69.     Defendant Las Vegas Resort Investment Company, LLC formerly known as  
22 Stockbridge/SBE Investment Company, LLC (Hereafter **“Developer”**) is incorporated under the  
23 laws of the State of Delaware and has its principal executive offices in Las Vegas, Nevada. The  
24 Developer is the owner and operator of the SLS Las Vegas Hotel.

25          70.     Defendant Las Vegas Regional Center (Hereafter **“Regional Center”**) is  
26 authorized under the United States Citizenship & Immigration Services under the EB-5  
27 Immigrant Investor Pilot Program to establish and solicit investment from foreign investors  
28 under the EB-5 pilot program.

1           71. Defendant Stockbridge Capital Group, LLC (Hereafter “**Stockbridge**”) is  
2 incorporated under the laws of the state of Delaware and is a registered foreign corporation with  
3 in the state of California with its principal executive offices in San Francisco, California.  
4 Stockbridge is the owner and operator of Developer.

5           72. Defendant SBE Entertainment Group (Hereafter “**SBE**”) is incorporated under the  
6 laws of the state of Delaware and is registered foreign corporation in the state of California with  
7 offices in Los Angeles, California.

8           73. Defendant Celona Asset Management (USA) Limited (Hereafter “**Celona**”) is  
9 incorporated in Hong Kong. Celona is the Class B Manager of the SLS Tranche 1 Lender, LLC.

10           74. Defendant SLS Tranche 1 Lender, LLC (Hereafter “**Phase II, LLC**”) is a  
11 Delaware limited liability corporation with principal offices in Las Vegas, Nevada. Defendant  
12 SLS Tranche 1 Lender, LLC is the limited liability company of which the Plaintiffs are members  
13 as EB-5 investors. SLS Tranche 1 Lender, LLC was created as a new commercial enterprise for  
14 the purpose of raising the \$199 million-dollar loan for the reconstruction and creation of the SLS  
15 Hotel & Casino.

16           75. Defendant Las Vegas Resort Holding, LLC formerly known as Stockbridge/SBE  
17 Holdings, LLC (Hereafter “**Holdings**”) is a Delaware limited liability company. Defendant Las  
18 Vegas Resort Holding, LLC is the owner of the property formerly known as Sahara Hotel and  
19 Casino in Las Vegas, Nevada.

20           76. Defendant SBE Voteco Company, LLC (Hereafter “**Voteco**”) now known as Las  
21 Vegas Resort Voteco Company, LLC is a Delaware limited liability company. Defendant SBE  
22 Voteco Company, LLC is one of the two Class A Members of Las Vegas Resort Investment  
23 Company, LLC and holds 100% of the voting rights with no economic interest.

24           77. Defendant SBEHG Las Vegas I, LLC is a Nevada limited liability company  
25 (Hereafter “**SBEHG**”). Defendant SBEHG Las Vegas I, LLC is a subsidiary of SBE Las Vegas  
26 Holdings, LLC that managed and operated the hotel, food and beverage facilities and retail  
27 facilities, including performing the accounting, cash management, budgeting, operational, sales,  
28 advertising, legal, personnel and purchasing functions up until October 2015.

1           78. Defendant Evans, Carroll & Associates, Inc. is a Florida company (Hereafter  
2 **“Evans”**). Evans, Carroll & Associates, Inc. prepared the economic study that Plaintiffs relied on  
3 before becoming investors.

4           79. Defendant Pan-America Business Consulting Limited is an entity of unknown  
5 form (Hereafter **“Pan-America”**). Defendants have represented in various documents that Pan-  
6 America Business Consulting Limited was an EB-5 agent for Phase II LLC.

7           80. Defendant Goldstone Advisors Limited is an entity of unknown form (Hereafter  
8 **“Goldstone”**). Phase II LLC bank records show that Defendant Goldstone Advisors Limited  
9 received more than \$22 million dollars in wire transfers out of the account. They are referenced  
10 in the loan agreement as a party to a management fee agreement that is still yet to be discovered.

11           81. Defendant Henry Global Consulting is an immigration consulting business  
12 operating in China, Canada, and Alhambra, California (Hereafter **“Henry Global”**). Defendant  
13 Henry Global Consulting operates several offices in China designed to market and solicit  
14 investors for numerous EB-5 immigrant investor programs in the United States. Their Alhambra  
15 office is used to provide their services in the United States.

16           82. In this case, Defendant Henry Global Consulting was retained by ADF, Phase I,  
17 LLC and Phase II, LLC and Developer to market and solicit investors for the Phase I, LLC and  
18 Phase II, LLC. In exchange for these efforts, Defendant Henry Global Consulting charged each  
19 Plaintiff \$5,000 up front and then received additional commissions and fees. The compensation  
20 agreements and the details of the agreements were concealed by all Defendants and are still  
21 being concealed by the Defendants to this date. However, the audited financial records of the  
22 Developer set forth in specific detail that Defendant Henry Global Consulting has been paid  
23 more than \$50,000,000 for commissions and fees and is owed another \$50,000,000. This money  
24 has been paid in part to Defendant Goldstone Advisor Limited.

25           83. Defendant Henry Global Consulting was apparently able to demand these high  
26 fees because of the service it was willing to provide. Put simply, Defendant Henry Global  
27 Consulting was willing to say and do anything to mislead, lie, conceal or cheat the Plaintiffs out  
28 of their money. Defendant Henry Global Consulting was able to accomplish this task because

1 they completely controlled the Plaintiffs and the information given to the Plaintiffs along with  
2 Defendant ADF.

3 84. Defendant Henry Global Consulting provided their own marketing material to the  
4 Plaintiffs. Defendant Henry Global Consulting was the entity that explained and translated all  
5 the contractual documents signed by the Plaintiffs to join the Phase II, LLC. Defendant Henry  
6 Global Consulting provided the attorneys for the Plaintiffs for their immigration documents. In  
7 fact, most of the Plaintiffs have never spoken or communicated with their Immigration Attorneys  
8 and have relied exclusively on Defendant Henry Global to provide information.

9 85. Now that the Plaintiffs have found their own attorneys and have stepped away  
10 from the control of Defendant Henry Global Consulting, Defendant Henry Global Consulting has  
11 stepped up their efforts to lie, mislead and conceal facts from the Plaintiffs. They are making  
12 threats and harassing Plaintiffs to do whatever they could to stop the Plaintiffs from bringing this  
13 lawsuit.

14 86. The true names and capacities, whether individual, corporate, associate, or  
15 otherwise, of defendants sued herein as Does 1 through 200, inclusive, are currently unknown to  
16 Plaintiffs, who therefore sue defendants by such fictitious names under California Code of Civil  
17 Procedure § 474. Plaintiffs are informed and believe, and based thereon allege, that each of the  
18 defendants designated as a Doe is legally responsible in some manner for the unlawful acts  
19 referred to herein. Plaintiffs will seek leave of court to amend this Complaint to reflect the true  
20 names and capacities of the defendants designated hereinafter as Does when such identifies  
21 become known.

22 87. The parties referenced in paragraphs 68 to 86 are collectively known as the  
23 **“Defendants.”**

24 88. **Conspiracy:** Plaintiffs contend that due to the complexity and vast nature of the  
25 wrongful conduct in this case that the Plaintiffs were the victims of a conspiracy amongst all of  
26 the name Defendants along with the Does 1 to 200, inclusive. Each Defendants, including all of  
27 them, were aware and/or had agreed to take whatever action, omission or concealment that was  
28 necessary to convince Plaintiffs to invest in the Phase II, LLC, to keep Plaintiffs money invested

1 as long as possible and to conceal accurate information about the Plaintiffs' investment so as to  
2 allow the Defendants to take as much financial gain from the plan as possible. Defendants and  
3 each of them in this case agreed with the above described plan, actively participated in the plan  
4 as will be more fully described in this Complaint and took whatever action possible to help all of  
5 the Defendants to hide and conceal their plan from the Plaintiffs. The Defendants and each of  
6 them want their plan to work and the Defendants to this date are still following their plan.  
7 Plaintiffs as will be described herein have been harmed by the Defendant conspiracy. As co-  
8 conspirators, the Defendants and each of them should be responsible for all of the wrongful  
9 conduct as alleged in this matter.

### 10 **III. VENUE & JURISDICTION**

11 89. This Court is the proper Court because a defendant principle place of business  
12 within Los Angeles County and the wrongful conduct, in part, took place in Los Angeles County.

13 90. The relief sought by Plaintiffs is within jurisdiction of this Court to grant such  
14 relief.

### 15 **IV. GENERAL FACTUAL ALLEGATIONS**

16 91. In 2007, Developer purchased the Sahara Hotel and Casino for roughly  
17 \$350,000,000. The entity used about \$50,000,000 of its own money to purchase the hotel while  
18 obtaining financing to cover the rest of the purchase. The Developer's name was representative  
19 of the two different entities with ownership in Developer. 90% of Developer was owned by  
20 Defendant Stockbridge Capital Group and its various affiliated investment LLC and limited  
21 partnerships. While the balance of Developer was owned by Defendant SBE Entertainment  
22 Group headed by Sam Nazarian. Mr. Nazarian had become an entertainment icon for his brand  
23 SLS which stands for "Service, Luxury, Style." Mr. Nazarian was the driving force behind SLS  
24 brand image. The plan was to run the Sahara until financing could be obtained to construct a  
25 mega hotel and casino under the SLS brand name. However, the economy went into recession  
26 and the plans were altered several times. Eventually, the plan was to simply remodel the existing  
27 Sahara Hotel & Casino and rebrand it under the SLS banner. However, Developer was not able  
28

1 to secure traditionally financing for the plan and instead turned to mix of loan vehicles including  
2 EB-5 Investor Financing.

### 3 **JP Morgan Loan-First Lender Loan**

4 92. On May 2, 2012, Developer entered into a loan agreement with JP Morgan, but  
5 this was not a traditional bank loan. Instead, JP Morgan had secured a group of investors that  
6 would loan the money under the JP Morgan name. The loan amount was \$300,000,000 but with  
7 a 5% or \$15,000,000 upfront financing costs that made the actual amount received \$285,000,000.  
8 The person at JP Morgan in charge of this capital raising was Sam Bakhshandehpour. The JP  
9 Morgan loan was secured by a deed of trust and contained several restrictions prior to the release  
10 of funds. Primarily, Developer was required to secure an additional \$115,000,000 in financing  
11 before any of the JP Morgan fund would be released, which also had time limits by which the  
12 funds would be required to be obtained without penalties.

### 13 **EB-5 Investor Financing**

14 93. **EB-5 Program:** The United States Immigration Laws, which are carried out by  
15 the United States Custom and Immigration Service or USCIS, allow for foreign citizens to obtain  
16 a green card, which can eventually lead to US Citizenship, if they invest money into the United  
17 States. The requirements of the typical EB-5 program for the immigrant investor appears to be  
18 quite straightforward: (1) the investor must invest \$500,00 and put their money at risk into an  
19 employment generating economic enterprise; (2) the invested funds must be lawfully obtained; &  
20 (3) the investor must create 10 full-time jobs from the invested money. However, there are  
21 several significant restrictions related to the EB-5 program beyond the rather simple upfront  
22 requirements. Some of these restrictions and those that are pertinent to this case are as follows:

23 (i) There cannot be a "material change" in the Business Plan or Business Operation of  
24 the economic enterprise that received the investor's money during the first 24 months the  
25 investor has a green card.

26 (ii) The economic enterprise must create the 10 full-time jobs within 24 months of the  
27 investor obtaining initial approval of his or her green card.

28 (iii) The investor must play an active role in the management of the economic enterprise

1 receiving the invested money.

2 (iv) The investor must “sustain” their investment in job creating activities for at least 24  
3 months after obtaining their initial green card.

4 (v) The investor will initial receive a “Conditional Green” that is valid for 2 years and  
5 then will need to apply to remove the conditions in order to receive a “Permanent Green.”

6 94. As is apparent from most of the above restrictions, many restrictions disappear  
7 after the investor has their initial green card for 24 months. In this case, none of the Plaintiffs  
8 have received permanent green cards. Only a small few have reached 24 months after receiving  
9 their initial green card. Most of the Plaintiffs have not even received their initial green card yet.  
10 There also many Plaintiffs that have an initial green card but have not had it for 24 months. The  
11 Plaintiffs are attempting to obtain their investor green cards through an EB-5 Pilot Program.  
12 Under the Pilot Program, the foreign investor invests their money into large projects overseen by  
13 entitles called “Regional Centers” that are to invest in Target Employment Areas under certain  
14 conditions. These projects typically involve the investors becoming a limited partner or a  
15 member of a LLC in exchange for the \$500,000 investment. Thereafter, when a large enough  
16 investor group is formed, the limited partnership or limited liability company will loan money to  
17 a larger entity for some type of construction related project that requires large capital outlays.  
18 This matter involves a EB-5 Pilot Program investment project.

19 95. The unique aspect of the EB-5 Pilot Program is how the investors’ capital  
20 investment is invested into the Project. Because the investor’s money must be invested and at  
21 risk to obtain a green card, the USCIS allows investors to place their money in escrow accounts  
22 that require that the investor’s money be disbursed and put at risk upon the approval of the  
23 investor’s initial green card application. It is important to note that this initial approval does not  
24 mean the investor has a green card. Instead, the investor will still need to wait about a year for  
25 the investor’s home country USA embassy to interview the investor and give final approval to  
26 the green card.

27 96. **Las Vegas Regional Center EB-5:** To secure the \$115,000,000 additional  
28 financing needs to allow the release of the JP Morgan loan funds, Developer had already secured

1 an agreement with the Regional Center, owned and operated by ADF, to secure EB-5 funds. The  
2 initial plan was to obtain \$115,000,000 with the option of securing an additional \$85,000,000, if  
3 possible. To put this plan in action, the Developer created the Matter of Ho Business Plan dated  
4 June 19, 2012 (Hereafter “**Original Business Plan**”). For a point of clarification, the Matter of  
5 Ho is an EB-5 case that deals with the requirements of a business plan associated with EB-5  
6 businesses. The Original Business Plan called for the creation of the Phase I, LLC that would  
7 solicit up to 400 foreign investors willing to invest \$500,000 into the limited liability company  
8 along with a \$45,000 per investor administration fee. In exchange for the investments, the  
9 investors would qualify to obtain EB-5 green card as well as become equity owners in the Phase  
10 I, LLC. By May 1, 2013, a Loan agreement was signed between Phase I, LLC and the  
11 Developer for up to \$200,000,000 in EB-5 financing, which was secured by a deed of trust on the  
12 hotel property. A revised business plan called the Addendum to Matter of Ho Business Plan  
13 dated August 1, 2013 was issued in August 2013. This revised business plan called for an  
14 additional \$100,000,000 of EB-5 investor money to be raised with the option of \$100,000,000 to  
15 allow up to \$400,000,000 in EB-5 investor money. This new money would be invested into the  
16 Phase II, LLC and by January 31, 2014 a Loan Agreement was signed by the Phase II, LLC and  
17 the Developer which was also secured by a deed of trust that would be senior to the Phase I, LLC  
18 deed of trust. However, the job allocation for green card purposes would go first to the Phase I,  
19 LLC members. By April 15, 2015, all of Phase I, LLC Loan money had been withdrawn by  
20 Developer and \$199,000,000 of Phase II, LLC Loan money had been withdrawn by Developer.

21 97. **EB-5 Loan Restrictions:** Because the Phase II, LLC Loan was part of an EB-5  
22 Pilot Program, the Loan itself as well as all of the documents associated with the Loan  
23 Agreement contained restrictions so that the Developer would comply with all EB-5  
24 requirements for the specific benefit of the Plaintiffs. The most broad and important of  
25 Restriction is contained in section 5.14(a) of the Phase II, LLC Loan where it states that the  
26 Developer must, “Adhere in all material respects to that certain Business Plan Dated July 19,  
27 2012 and the Addendum to the Business Plan dated August 1, 2013 . . .” In looking at the  
28 Matter of Ho Business Plan, it also contains a broad and important Restriction. On Page 12 of



1 the Addendum of Matter of Ho Plan, the documents states in bold letters “**All EB-5 funds will**  
2 **be invested in job creating activities and not held in reserve.**” Another Restriction relates to  
3 the raising of a \$22,500,000 credit facility to be used to cover initial operating expenses. Both  
4 the Loan Agreement (Section 6.01(f)) and the Business Plan limit amount of any credit facility to  
5 \$22,500,000. A further Restriction involves the repayment of the Loan prior to its maturity date.  
6 The Loan Agreement prohibited the prepayment of the Loan and disbursement of any funds back  
7 to the Phase II, LLC Class B Member unless that Class B Member had already received an  
8 approved permanent green card.

### 9 **SLS Las Vegas Hotel**

10 98. Construction of the SLS Las Vegas Hotel commenced in February 2013 and was  
11 completed by July 2014 with the SLS Las Vegas Hotel opening on August 24, 2014. The  
12 original construction budget was \$298,400,000, but by the time the Hotel was completed the  
13 actual final construction costs, according to the Defendants, had ballooned to \$422,000,000.  
14 Since its opening, the SLS Las Vegas Hotel has, according to the Defendants, lost money and  
15 has yet to turn a profit. Four months after its opening, the Las Vegas Gaming Board denied Sam  
16 Nazarian’s application to personally operate the SLS Las Vegas Hotel. It was discovered that  
17 Mr. Nazarian had a cocaine and alcohol problem and that he had lied to Gaming Board  
18 investigators during their interview about some other matters. Upon this news, Mr. Nazarian  
19 completely withdrew from the SLS Las Vegas Hotel project, which left the project leaderless.  
20 Eventually in October 2015, Defendant SBE sold its interest in the SLS Las Vegas Hotel to  
21 defendant Stockbridge. Once SBE is out of the project, W Hotel leased an entire tower of the  
22 hotel and operated it under the W brand.

### 23 **Meruelo Sale**

24 99. In May 2017, SLS Las Vegas Hotel announced it was being sold to the Meruelo  
25 Group. The Defendants and Meruelo are on the 3<sup>rd</sup> Revised Proposal which is slated to be  
26 completed by February 2018. The 3<sup>rd</sup> Revised Proposal does detrimentally effect and harm the  
27 Plaintiffs both financially and for the green card. As to the financial harm, the Phase II, LLC  
28 Loan will be replaced or exchanged for a new Loan, which still has not been shown to the

1 Plaintiffs. It has been represented by the Defendants that the new Loan contains the following  
2 changes:

3 (i) A new borrower who is still to be identified;

4 (ii) A loss of lien priority whereby any new financing will be superior in line to the  
5 Phase II, LLC Loan;

6 (iii) Phase II, LLC Loan will not be superior to the Phase I, LLC Loan;

7 (iv) A new maturity date in 2023;

8 (v) The new borrower will not be required to pay the balance of the loan when due but  
9 instead a contingent amount based on a percentage of the equity value of the property (14%)  
10 when the maturity date occurs;

11 (vi) A portion of the Phase I, LLC Loan will get repaid prior to the Phase II, LLC Loan;

12 (vii) The new Loan will be interest free; and

13 (viii) The borrower is permitted to make prepayments to Defendants Celona and ADF so  
14 that Defendant Celona and ADF can pay their legal costs for being sued by the Plaintiffs and  
15 others related to their wrongdoing by agreeing to the 3<sup>rd</sup> Revised Proposal.

16 100. Without addressing the merits of the proposal, the Meruelo sale violates the  
17 original Loan Agreement and the Phase II, LLC Operating Agreement. Further, Phase II, LLC  
18 Manger Celona has already agreed and signed the 3<sup>rd</sup> Revised Proposal on behalf of the Phase II,  
19 LLC, despite the fact a vote of the Class B Members is require before Defendant Celona could  
20 enter into the agreement.

21 101. While the 3rd Revised Proposal provides money for legal fees for Defendant  
22 Celona and ADF, there is no mention on how the Phase II, LLC will have money to operate. As  
23 promised in the Business Plan and Private Placement Memorandum, the Phase II, LLC operating  
24 costs would be paid by Defendant Developer. These Operating Costs are substantial in that there  
25 are more than \$20,000,000 in management fees that would be due from the new loan agreement  
26 not to mention the apparent \$50,000,000 that is still outstanding. Defendant Henry Global  
27 Consulting has now started to threaten the Plaintiffs that they will be responsible for these fees if  
28 they file a lawsuit.



1 applicant would still need to wait up to a year or more before they would have a green card to  
2 enter the United States. Put simply, investors did not want their money invested until they had a  
3 green card to enter the United States. While the Defendants wanted the money as quickly as  
4 possible so they could finish the remodeling project.

5 108. The solution to this problem was simple. Lie about the processing time to make it  
6 appear that there was no waiting time between the green card application and receipt of the green  
7 card to enter the United States.

8 109. One may suggest that the Plaintiffs should have known better to rely on the  
9 Defendants' lies. However, this is where the political maneuvering of then Senate Majority  
10 Leader, Senator Harry Reid, comes into play. Senator Reid had been a backer of the SLS Las  
11 Vegas project from the beginning and even offered a letter of support that was provided to each  
12 Plaintiff as proof that the project had the United States Government backing. Senator Reid was  
13 not done yet. There is a United States Inspector General Report in 2015 that details the efforts  
14 made by Senator Reid that resulted in the expedited approval of the Plaintiffs' initial green cards  
15 applications. This aided the Defendants by allowing them to show that the green card  
16 applications were getting quickly approved and allowing for the Defendants to get the invested  
17 money disbursed as quickly as possible. The only problem is that Senator Reid apparently could  
18 not manipulate the time it took for the Plaintiffs' home country to process their actual green  
19 cards so while the Plaintiffs' money was invested in the project a large portion of the Plaintiffs  
20 are still waiting to get their actual green cards to enter the United States.

21 110. The Defendants' misrepresentation and concealment of the actual time helped the  
22 Defendants' overcome the problem they faced with the actual time it was taking to get EB-5  
23 green card approvals. However, this deception and the actions of Senator Reid has created  
24 another series of problems for the Plaintiffs, which has to do with another USCIS EB-5 rule.  
25 The rule in question essentially requires that all of the EB-5 project jobs be created within 2  
26 years of the initial green card approval or I-526 approval. In this case, the problem arises from  
27 the fact that the majority of the jobs would be created from the hotel's revenue after it reopened.  
28 Only about 25% jobs came from the actual construction of the hotel itself. The issue arises from

1 the fact that the almost immediate green card approvals meant that the clock for job creation  
2 started to run while the defendants still needed another year to construct the hotel. This meant  
3 that there was only one year of hotel revenue that would be available to use for job creation  
4 numbers with USCIS. To make matters worse, the SLS Hotel revenue was less than 50% of  
5 what was projected so the project has not created sufficient jobs to allow all investors, including  
6 some of the Plaintiffs, to get green cards for all members of the Phase II, LLC. To hide this fact,  
7 the Defendants, specifically Mr. Evans, has created a fake job creation report that has only been  
8 shown to Plaintiffs and other Phase II, LLC members to try to convince them that there is  
9 sufficient job creation, but this fabricated report is not the report that is being submitted by the  
10 Plaintiffs and others as part of their I-829 applications to get their permanent green cards.  
11 Defendants Celona and ADF controlled the material contained in the I-829 material so they were  
12 providing the USCIS with one report that showed there was not enough jobs created but at the  
13 same time show their investors a different report to pacify them into believing everything is OK.

14 111. Here again, the importance of this restriction cannot be unstated. For EB-5  
15 immigrant investors to obtain a green card, they must invest \$500,000 but that investment must  
16 directly or indirectly result in the creation of 10 full-time jobs. Using the Loan funds for other  
17 than job creating purposes has the potential to result in an insufficient number of jobs being  
18 created to allow the Plaintiffs to get a green card. Moreover, using the Loan funds for non-job  
19 creating activities also jeopardizes the viability of the project and the Plaintiffs' investment.  
20 Both of these events have occurred in this case by the improper use of the Loan Funds as will be  
21 described below in more detail. Additionally, there were not sufficient jobs created to allow all  
22 members of Phase II, LLC to get green cards and a substantial portion of the Loan Funds were  
23 not used for job creating activities but instead went into the pockets of the Defendants.

24 112. (ii) **Use of Proceeds Deception:** Defendants promised on page 12 of the Matter  
25 of Home Business Plan Addendum that "All EB-5 funds will be invested in job creating  
26 activities and not held in reserve." Additionally, the Private Placement Memorandum also  
27 contained similar language on the use of Loan Proceeds. The majority of the EB-5 funds were  
28 not used for job creating activities. Instead, more than \$150,000,000 was used to pay

1 commissions, fees, salaries and other expenses of the Defendants that had nothing to job creating  
2 activities. The Defendants hid these commissions, fees, salaries and other expenses from the  
3 Plaintiffs. Some of these expenses are part of a Management Fee Agreement with Defendant  
4 Goldstone Advisor Limited that is made reference to in the Loan Agreement, which was never  
5 provided to the Plaintiffs' until October 2017, but the actual agreement has never been provided  
6 to the Plaintiffs. The fees and expenses were hidden as General Operating Expenses within the  
7 SLS Hotel Financial Statement. One example of how the fees were hidden is where at the end of  
8 the construction project, the SLS Hotel allegedly spent \$20,000,000 on stationary for the Hotel.

9 113. (iii) **Cap on Management Fees:** Page 37 of the Private Placement Memorandum,  
10 states "NO PORTION OF AN INVESTING MEMBER'S CAPITAL CONTRIBUTION SHALL  
11 BE USED TO PAY THE ADMINISTRATION FEE, OFFERING COSTS, SALES  
12 COMMISSIONS, FINDERS' FEES OR IMMIGRATION EXPENSES." This statement is  
13 repeated several times in the Private Placement Memorandum. Despite this clear prohibition set  
14 forth in the Private Placement Memorandum, the actual Phase II, LLC Loan Agreement  
15 specifically allows the Developer to use the Loan proceeds to pay the administration fees,  
16 operating costs, sales commissions, finders' fees and immigration expenses from the Loan  
17 Proceeds. The Defendants had no money other than the Loan proceeds to pay the nearly  
18 \$50,000,000 in fees that were due on or before the hotel opening. The Defendants went to great  
19 lengths to hide this fact from the Plaintiffs which is evidence by the fact they never provided the  
20 Loan Agreement to the Plaintiffs and have still not provided the Management Fee Agreement.

21 114. (iv) **\$22,500,000 Credit Facility and Capital Reserve:** Defendants represent in  
22 the Matter of Ho Business Plan that Defendant Developer would not acquire any Credit Facility  
23 greater than \$22,500,000 for operating capital and that there would be an \$81,000,000 capital  
24 reserve in place when the Hotel opened for business. However, because the Hotel did not have  
25 revenue and the Defendants did not want to put their own money to operate the hotel, the  
26 Defendants used all of the \$81,000,000 Capital Reserve to pay the fees and costs related to the  
27 financing of the project. When this money ran out, the Defendants obtained a \$64,000,000 line  
28 of credit. The Defendants knew that they would never have sufficient revenue to pay the

1 Management Fees and Costs and that would have to use the Loan Proceeds to pay this money  
2 from the very beginning.

3 115. (v) **Financing Cost Deception:** The Defendants represented in the Matter of Ho  
4 Business Plan and to the USCIS in green card applications that the EB-5 Loans would reducing  
5 the debt financing costs and would allow the Defendants to have sufficient capital to repay the  
6 Loans and to operate the business. This representation was false and deceptive. While the interest  
7 rate on the EB-5 Loans was only 0.5%, the financing costs in the form of Management Fees and  
8 other immigration related fees made the actual financing costs more than the original lenders on  
9 the project.

10 116. (vi) **Job Creation Deception:** The Defendants represented in the Matter of Ho  
11 Business Plan that the project would create 8,700 new jobs more than enough for all EB-5  
12 investors. This job creation claim was false and deceptive. The actual job creation numbers that  
13 have been submitted to the USCIS in support of actual green card applications has be no greater  
14 than 7,600 when actual expenditures are put in place. The Defendants have continued to provide  
15 more false and deceptive information to the Plaintiffs regarding the job creation numbers. While  
16 the actual green card applications show only 7,600 jobs created, the Defendants, including  
17 Defendant Evans, have prepared special job creation reports showing more than 8,100 jobs being  
18 created. These special reports were created to convince the Plaintiffs to approve one of the  
19 Meruelo Sales Proposals. Defendants are still claiming the 8,100 numbers is accurate to the  
20 Plaintiffs even though they report a different number to USCIS.

21 (i) The Defendants representations as set forth above were false.

22 (ii) The Defendants knew that their representations were false when they made them  
23 and/or they made them recklessly and without regard for the truth.

24 (iii) The Defendants intended that the Plaintiffs would rely on their representations.

25 (iv) Plaintiffs were harmed by the Defendants false representations.

26 (v) Plaintiffs' reliance on the Defendants' representations was a substantial factor in  
27 causing the Plaintiffs Harm.

28 **Count Two-Concealment**

1           117. Defendants and Plaintiffs had a fiduciary relationship as follows: (1) Defendants  
2 Celona, ADF and Regional Center had a contract with the Plaintiffs whereby they agreed to have  
3 a fiduciary relationship with the Plaintiffs and be bound by the obligations of a fiduciary; (2)  
4 Defendants Celona, ADF, Regional Center, Developer and Phase II, LLC were soliciting  
5 Plaintiffs through a Private Placement Memorandum to join the Phase II, LLC which created a  
6 fiduciary obligation; & (3) As to all other defendants, the Defendants aided and abetted the other  
7 Defendants in breaching their fiduciary duties by either providing false information or aiding in  
8 concealing information to the Plaintiffs.

9           118. Defendants intentionally failed to disclose facts only known to the Defendants as  
10 well as disclosed other facts in a deceptive manner to conceal the true facts from the Plaintiffs.  
11 The facts that were not disclosed or deceptively disclosed to the Plaintiffs include:

12           119. **EB-5 Processing Deception by Defendants:** The marketing material from the  
13 Defendants as well as the verbal representations by Henry Global Consulting representatives  
14 provided a deceptive and false timeline on how long it would take Plaintiffs to get both their  
15 conditional and permanent green cards. On Page 72 of the Matter of Ho Business Plan, the  
16 Developer provided a flow chart detailing the timeline from initial green card application to the  
17 filing of the application for a permanent green card. A process at that time took nearly 4 to 4 ½  
18 years was represented to take only 2 ½ years. What was intentionally omitted from the flow  
19 chart was the processing time from when the initial green card was approved to when the  
20 immigrant was interviewed in their home country which added an additional 12 months to the  
21 process. They also represented that there would be almost instant approval of their I-526, which  
22 was important to the Plaintiffs.

23           120. The Defendants misrepresented this time line for the sole purpose of getting the  
24 Plaintiffs to invest in the PHASE II, LLC. The Defendants faced the following marketing  
25 problem: For the USCIS to approve the initial green card application, the applicant's money  
26 would need to be invested upon the approval of the green card application. However, the  
27 applicant would still need to wait up to a year or more before they would have a green card to  
28 enter the United States. Put simply, investors did not want their money invested until they had a



1 green card to enter the United States. While the Defendants wanted the money as quickly as  
2 possible so they could finish the remodeling project.

3 121. The solution to this problem was simple: lie about the processing time to make it  
4 appear that there was no waiting time between the green card application and receipt of green  
5 card to enter the United States.

6 122. One may suggest that the Plaintiffs should have known better than to rely on the  
7 Defendants' lies. However, this is where the political maneuvering of then Senate Majority  
8 Leader, Senator Harry Reid, comes into play. Senator Reid had been a backer of the SLS Las  
9 Vegas project from the beginning and even offered a letter of support that was provided to each  
10 Plaintiff as proof that the project had the United States Government backing. Senator Reid was  
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16 not manipulate the time it took for the Plaintiffs' home country to process their actual green  
17 cards so while the Plaintiffs' money was invested in the project a large portion of the Plaintiffs  
18 are still waiting to get their actual green cards to enter the United States.

19 123. The Defendants' misrepresentation and concealment of the actual time helped the  
20 Defendants' overcome the problem they faced with the actual time it was taking to get EB-5  
21 green card approvals. However, this deception and the actions of Senator Reid has created  
22 another series of problems for the Plaintiffs, which has to do with another USCIS EB-5 rule.  
23 The rule in question essentially requires that all of the EB-5 project jobs be created within 2  
24 years of the initial green card approval or I-526 approval. In this case, the problem arises from  
25 the fact that the majority of the jobs would be created from the hotel's revenue after it reopened.  
26 Only about 25% jobs came from the actual construction of the hotel itself. The issue arises from  
27 the fact that the almost immediate green card approvals meant that the clock for job creation  
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10 USCIS with one report and that report show there was not enough jobs created but at the same  
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16 created to allow the Plaintiffs to get a green card. Moreover, using the Loan funds for non-job  
17 creating activities also jeopardizes the viability of the project and the Plaintiffs' investment.  
18 Both of these events have occurred in this case by the improper use of the Loan Funds as will be  
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26 used for job creating activities. Instead, more than \$150,000,000 was used to pay commissions,  
27 fees, salaries and other expenses of the Defendants that had nothing to job creating activities.  
28 The Defendants hid these commissions, fees, salaries and other expenses from the Plaintiffs.

1 Some of these expenses are part of a Management Fee Agreement with Defendant Goldstone  
2 Advisor Limited that is made reference to in the Loan Agreement, which was never provided to  
3 the Plaintiffs' until October 2017, but the actual agreement has never been provided to the  
4 Plaintiffs. The fees and expenses were hidden as General Operating Expenses within the SLS  
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10 COSTS, SALES COMMISSIONS, FINDERS' FEES OR IMMIGRATION EXPENSES." This  
11 statement is repeated several times in the Private Placement Memorandum. Despite this clear  
12 prohibition set forth in the Private Placement Memorandum, the actual Phase II, LLC Loan  
13 Agreement specifically allows the Developer to use the Loan proceeds to pay the administration  
14 fees, operating costs, sales commissions, finders' fees and immigration expenses from the Loan  
15 Proceeds. This is in fact what happened. The Defendants had no money other than the Loan  
16 proceeds to pay the nearly \$50,000,000 in fees that were due on or before the hotel opening. The  
17 Defendants went to great lengths to hide this fact from the Plaintiffs which is evidence by the  
18 fact they never provided the Loan Agreement to the Plaintiffs and have still not provided the  
19 Management Fee Agreement.

20 127. (iv) **\$22,500,000 Credit Facility and Capital Reserve:** Defendants represent in  
21 the Matter of Ho Business Plan that Defendant Developer would not acquire any Credit Facility  
22 greater than \$22,500,000 for operating capital and that there would be an \$81,000,000 capital  
23 reserve in place when the Hotel opened for business. However, because the Hotel did not have  
24 revenue and the Defendants did not want to put their own money to operate the hotel, the  
25 Defendants used all of the \$81,000,000 Capital Reserve to pay the fees and costs related to the  
26 financing of the project. When this money ran out, the Defendants obtained a \$64,000,000 line  
27 of credit. The Defendants knew that they would never have sufficient revenue to pay the  
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1 Management Fees and Costs and that would have to use the Loan Proceeds to pay this money  
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7 interest rate on the EB-5 Loans was only 0.5%, the financing costs in the form of Management  
8 Fees and other immigration related fees made the actual financing costs more than the original  
9 lenders on the project.

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11 Business Plan that the project would create 8,700 new jobs more than enough for all EB-5  
12 investors. This job creation claim was false and deceptive. The actual job creation numbers that  
13 have been submitted to the USCIS in support of actual green card applications has be no greater  
14 than 7,600 when actual expenditures are put in place. The Defendants have continued to provide  
15 more false and deceptive information to the Plaintiffs regarding the job creation numbers. While  
16 the actual green card applications show only 7,600 jobs created, the Defendants, including  
17 Defendant Evans, have prepared special job creation reports showing more than 8,100 jobs being  
18 created. These special reports were created to convince the Plaintiffs to approve one of the  
19 Meruelo Sales Proposals. Defendants are still claiming the 8,100 numbers is accurate to the  
20 Plaintiffs even though they report a different number to USCIS.

21 130. Plaintiffs did not know of the concealed facts.

22 131. Defendants intended to deceive Plaintiffs by concealing the facts.

23 132. Had the omitted information been disclosed to Plaintiffs, Plaintiffs would have  
24 behaved differently.

25 133. Plaintiffs were harmed by the Defendants wrongful conduct.

26 134. Defendants concealment of facts was a substantial factor in causing Plaintiffs'  
27 harm.

28 **Count Three-False Promise**

1           135. Defendants made promises to the Plaintiffs as follows:

2           136. (i) **EB-5 Processing Deception by Defendants:** The marketing material from  
3 the Defendants as well as the verbal representations by Henry Global Consulting representatives  
4 provided a deceptive and false timeline on how long it would take Plaintiffs to get both their  
5 conditional and permanent green cards. On Page 72 of the Matter of Ho Business Plan, the  
6 Developer provided a flow chart detailing the timeline from initial green card application to the  
7 filing of the application for a permanent green card. A process at that time took nearly 4 to 4 ½  
8 years was represented to take only 2 ½ years. What was intentionally omitted from the flow  
9 chart was the processing time from when the initial green card was approved to when the  
10 immigrant was interviewed in their home country which added an additional 12 months to the  
11 process. They also represented that there would be almost instant approval of their I-526, which  
12 was important to the Plaintiffs.

13           137. The Defendants misrepresented this time line for the sole purpose of getting the  
14 Plaintiffs to invest in the PHASE II, LLC. The Defendants faced the following marketing  
15 problem:

16           138. For the USCIS to approve the initial green card application, the applicant's money  
17 would need to be invested upon the approval of the green card application. However, the  
18 applicant would still need to wait up to a year or more before they would have a green card to  
19 enter the United States. Put simply, investors did not want their money invested until they had a  
20 green card to enter the United States. While the Defendants wanted the money as quickly as  
21 possible so they could finish the remodeling project.

22           139. The solution to this problem was simple. Lie about the processing time to make it  
23 appear that there was no waiting time between the green card application and receipt of green  
24 card to enter the United States.

25           140. One may suggest that the Plaintiffs should have known better to rely on the  
26 Defendants' lies. However, this is where the political maneuvering of then Senate Majority  
27 Leader, Senator Harry Reid, comes into play. Senator Reid had been a backer of the SLS Las  
28 Vegas project from the beginning and even offered a letter of support that was provided to each

1 Plaintiff as proof that the project had the United States Government backing. Senator Reid was  
2 not done yet. There is a United States Inspector General Report in 2015 that details the efforts  
3 made by Senator Reid that resulted in the expedited approval of the Plaintiffs' initial green cards  
4 applications. This aided the Defendants by allowing them to show that the green card  
5 applications were getting quickly approved and allowing for the Defendants to get the invested  
6 money disbursed as quickly as possible. The only problem is that Senator Reid apparently could  
7 not manipulate the time it took for the Plaintiffs' home country to process their actual green  
8 cards so while the Plaintiffs' money was invested in the project a large portion of the Plaintiffs  
9 are still waiting to get their actual green cards to enter the United States.

10 141. The Defendants' misrepresentation and concealment of the actual time helped the  
11 Defendants' overcome the problem they faced with the actual time it was taking to get EB-5  
12 green card approvals. However, this deception and the actions of Senator Reid has created  
13 another series of problems for the Plaintiffs, which has to do with another USCIS EB-5 rule.  
14 The rule in question essentially requires that all of the EB-5 project jobs be created within 2  
15 years of the initial green card approval or I-526 approval. In this case, the problem arises from  
16 the fact that the majority of the jobs would be created from the hotel's revenue after it reopened.  
17 Only about 25% jobs came from the actual construction of the hotel itself. The issue arises from  
18 the fact that the almost immediate green card approvals meant that the clock for job creation  
19 started to run while the defendants still needed another year to construct the hotel. This meant  
20 that there was only one year of hotel revenue that would be available to use for job creation  
21 numbers with USCIS. To make matters worse, the SLS Hotel revenue was less than 50% of  
22 what was projected so the project has not created sufficient jobs to allow all investor, including  
23 some of the plaintiffs, to get green cards for all members of the PHASE II, LLC. To hide this  
24 fact, the Defendants, specifically Mr. Evans, has created a fake job creation report that has only  
25 been shown to Plaintiffs and other PHASE II, LLC members to try to convince them that there is  
26 sufficient job creation, but this fabricated report is not the report that is being submitted by the  
27 Plaintiffs and others as part of their I-829 applications to get permanent green. Defendants  
28 Celona and ADF control the material contained in the I-829 material so they are providing the

1 USCIS with one report and that report show there was not enough jobs created but at the same  
2 time show their investors a different report to pacify them into believing everything is OK.

3 142. Here again, the importance of this restriction cannot be unstated. For EB-5  
4 immigrant investors to obtain a green card, they must invest \$500,000 but that investment must  
5 directly or indirectly result in the creation of 10 full-time jobs. Using the Loan funds for other  
6 than job creating purposes has the potential to result in an insufficient number of jobs being  
7 created to allow the Plaintiffs to get a green card. Moreover, using the Loan funds for non-job  
8 creating activities also jeopardizes the viability of the project and the Plaintiffs' investment.  
9 Both of these events have occurred in this case by the improper use of the Loan Funds as will be  
10 described below in more detail. Additionally, there were not sufficient jobs created to allow all  
11 members of PHASE II, LLC to get green cards and a substantial portion of the Loan Funds were  
12 not used for job creating activities but instead went into the pockets of the Defendants

13 143. (ii) **Use of Proceeds Deception:** Defendants promised on page 12 of the Matter  
14 of Home Business Plan Addendum that "All EB-5 funds will be invested in job creating  
15 activities and not held in reserve." Additionally, the Private Placement Memorandum also  
16 contain similar language on the use of Loan Proceeds. The majority of the EB-5 funds were not  
17 used for job creating activities. Instead, more than \$150,000,000 was used to pay commissions,  
18 fees, salaries and other expenses of the Defendants that had nothing to job creating activities.  
19 The Defendants hid these commissions, fees, salaries and other expenses from the Plaintiffs.  
20 Some of these expenses are part of a Management Fee Agreement with Defendant Goldstone  
21 Advisor Limited that is made reference to in the Loan Agreement, which was never provided to  
22 the Plaintiffs' until October 2017, but the actual agreement has never been provided to the  
23 Plaintiffs. The fees and expenses were hidden as General Operating Expenses within the SLS  
24 Hotel Financial Statement. One example of how the fees were hidden is where at the end of the  
25 construction project, the SLS Hotel allegedly spent \$20,000,000 on stationary for the Hotel.

26 144. (iii) **Cap on Management Fees:** On page 37 of the Private Placement  
27 Memorandum, its states "NO PORTION OF AN INVESTING MEMBER'S CAPITAL  
28 CONTRIBUTION SHALL BE USED TO PAY THE ADMINISTRATION FEE, OFFERING

1 COSTS, SALES COMMISSIONS, FINDERS' FEES OR IMMIGRATION EXPENSES." This  
2 statement is repeated several times in the Private Placement Memorandum. Despite this clear  
3 prohibition set forth in the Private Placement Memorandum, the actual Phase II, LLC Loan  
4 Agreement specifically allows the Developer to use the Loan proceeds to pay the administration  
5 fees, operating costs, sales commissions, finders' fees and immigration expenses from the Loan  
6 Proceeds. This is in fact what happened. The Defendants had no money other than the Loan  
7 proceeds to pay the nearly \$50,000,000 in fees that were due on or before the hotel opening. The  
8 Defendants went to great lengths to hide this fact from the Plaintiffs which is evidence by the  
9 fact they never provided the Loan Agreement to the Plaintiffs and have still not provided the  
10 Management Fee Agreement.

11 145. (iv) **\$22,500,000 Credit Facility and Capital Reserve:** Defendants represent in  
12 the Matter of Ho Business Plan that Defendant Developer would not acquire any Credit Facility  
13 greater than \$22,500,000 for operating capital and that there would be an \$81,000,000 capital  
14 reserve in place when the Hotel opened for business. However, because the Hotel did not have  
15 revenue and the Defendants did not want to put their own money to operate the hotel, the  
16 Defendants used all of the \$81,000,000 Capital Reserve to pay the fees and costs related to the  
17 financing of the project. When this money ran out, the Defendants obtained a \$64,000,000 line  
18 of credit. The Defendants knew that they would never have sufficient revenue to pay the  
19 Management Fees and Costs and that would have to use the Loan Proceeds to pay this money  
20 from the very beginning.

21 146. (v) **Financing Cost Deception:** The Defendants represented in the Matter of Ho  
22 Business Plan and to the USCIS in green card applications that the EB-5 Loans would reducing  
23 the debt financing costs and would allow the Defendants to have sufficient capital to repay the  
24 Loans and to operate the business. This representation was false and deception. While the  
25 interest rate on the EB-5 Loans was only 0.5%, the financing costs in the form of Management  
26 Fees and other immigration related fees made the actual financing costs more than the original  
27 lenders on the project.



1           147. (vi) **Job Creation Deception:** The Defendants represented in the Matter of Ho  
2 Business Plan that the project would create 8,700 new jobs more than enough for all EB-5  
3 investors. This job creation claim was false and deceptive. The actual job creation numbers that  
4 have been submitted to the USCIS in support of actual green card applications has be no greater  
5 than 7,600 when actual expenditures are put in place. The Defendants have continued to provide  
6 more false and deceptive information to the Plaintiffs regarding the job creation numbers. While  
7 the actual green card applications show only 7,600 jobs created, the Defendants, including  
8 Defendant Evans, have prepared special job creation reports showing more than 8,100 jobs being  
9 created. These special reports were created to convince the Plaintiffs to approve one of the  
10 Meruelo Sales Proposals. Defendants are still claiming the 8,100 numbers is accurate to the  
11 Plaintiffs even though they report a different number to USCIS.

12           148. Defendants did not intend to perform this promise when Defendants made it.

13           149. Defendants intended the Plaintiffs to rely on the Defendants' false promises.

14           150. Plaintiffs reasonably relied on the Defendants promises.

15           151. Defendant did not perform the promised act.

16           152. Plaintiffs were harmed.

17           153. The Plaintiffs reliance on the Defendants' promises was a substantial factor in  
18 causing Plaintiffs harm.

19           **SECOND CAUSE OF ACTION FOR BREACH OF FIDUCIARY DUTY**

20           **(Against Defendants Henry Global Consulting; American Dream Fund, LLC; Las Vegas**  
21 **Regional Center; Celona Asset Management (USA) Limited; Las Vegas Resort Investment**  
22 **Company, LLC; and Does 1 to 200, Inclusive)**

23           154. Plaintiffs reincorporate and allege paragraphs 1 to 153 and fully set forth in.

24           155. Defendants owed a fiduciary duty to Plaintiffs.

25           156. Defendants breached their fiduciary duty by among other things, repeatedly  
26 violated the terms of the Phase II, LLC Loan Agreement, Phase II, LLC Operating Agreement,  
27 the Memorandum of Understanding and other documents when the Defendants (1) entered into a  
28 series of inter-creditor agreements among themselves and with third parties; (2) concealed all

1 financial transaction involving the Phase II, LLC; (3) concealed the existence of the Management  
2 Fee Agreement with Defendant Goldstone Advisors Limited; (4) Placed the defendants interest  
3 above those of the Plaintiffs without even letting Plaintiffs know that was transpiring when they  
4 engaged in acts that were solely designed to allow the Defendants to make money from the  
5 Plaintiffs and would actually harm the Plaintiffs at the same time: & (5) Mislead and conceal  
6 facts related to the 3rd Revised Proposal for the sole benefit of the Defendants.

7 157. Plaintiff was harmed by the Defendants wrongful conduct.

8 158. Defendants wrongful conduct was a substantial factor in causing Plaintiffs harm.

9 **THIRD CAUSE OF ACTION FOR BREACH OF CONTRACT-THIRD PARTY**

10 **BENEFICIARY**

11 **(Against Defendants SLS Tranche 1 Lender, LLC; American Dream Fund, LLC; Las**  
12 **Vegas Regional Center; Celona Asset Management (USA) Limited; Las Vegas Resort**  
13 **Investment Company, LLC, and Does 1 to 200, Inclusive)**

14 159. Plaintiffs reincorporate and allege paragraphs 1 to 158 and fully set forth in.

15 160. Defendants Phase II, LLC, ADF, Regional Center, Celona, Developer and Does 1  
16 to 200 inclusive were signatories to both the Memorandum of Understanding and to the Loan  
17 Agreement.

18 161. Both the Memorandum of Understanding and the Loan Agreement contained  
19 specific provisions that were set forth for the specific benefit of the Plaintiffs as EB-5 green card  
20 applicants. Specifically, the Loan Agreement contains an entire section that is entitled “EB-5  
21 Immigrant Investor Program Compliance” Within this section (Section 5.14), its states that the  
22 Developer must, in subsection (a), “adhere in all material respects to the certain Business Plan  
23 dated June 19, 2012 and the Addendum to the Business Plan dated August 1, 2013;. . .”

24 Subsection (c) states “within twenty-one of the date of any Investing Member has received  
25 condition status in respect of its \$500,000 investment in Lender, create a minimum of ten (10)  
26 qualifying jobs under the EB-5 Immigrant Investor Program attributable to such Investing  
27 Members \$500,000 investment in the Project.” Subsection (d) states that Developer “Comply  
28

1 with such other requirements as Lender may reasonably require in its reasonable discretion after  
2 due inquiry to ensure compliance with the EB-5 Investor Program.”

3 162. Plaintiffs relied on the benefits provided to them under the Memorandum of  
4 Understanding and Loan Agreement in order to agree to invest in the Phase II, LLC.

5 163. All Defendants that were parties to the Memorandum of Understanding and Loan  
6 Agreement have breached those agreement as it relates to the specific provision that were to the  
7 benefit of the Plaintiffs that have been identified above.

8 164. All Defendants failed to adhere in all material respects to the Business Plan Dated  
9 June 19, 2012 and to the Addendum Business Plan Dated August 1, 2013 to include but not  
10 limited to not using all EB-5 investor money for job creating activities as required by the  
11 Business Plan and Addendum. The Defendants and each of them failed to ensure and make  
12 certain that at least 10 qualifying jobs within 21 months of any Investing Member receiving  
13 conditional green card status. There are not sufficient jobs to provide for all Investing Members  
14 to have 10 qualifying jobs attributed to them so that they may obtain a permanent green card.  
15 Defendants and each of them have failed to comply with other aspects of the EB-5 Immigrant  
16 Investor Program.

17 165. Defendants’ breach of the Memorandum of Understanding and Loan Agreement  
18 resulted in harm to the Plaintiffs in that the value of their interest in the Phase II, LLC has been  
19 substantially reduced to zero or worse and that the Plaintiffs ability to obtain a permanent green  
20 has been put at risk and some Plaintiffs will not be able to get a permanent green card from their  
21 investment in the Phase II, LLC.

22 166. Defendants’ breach of the Memorandum of Understanding and Loan Agreement  
23 was a substantial factor in causing the Plaintiffs’ harm.

24 **FOURTH CAUSE OF ACTION FOR PERMANENT INJUNCTION**

25 **(Against Defendants SLS Tranche 1 Lender, LLC; American Dream Fund, LLC; Las**  
26 **Vegas Regional Center; Celona Asset Management (USA) Limited; and Does 1 to 200,**  
27 **Inclusive)**

28 167. Plaintiffs reincorporate and allege paragraphs 1 to 166 and fully set forth in.

1           168. The Phase II, LLC Operating Agreement provides that in Section 4.8 that  
2 “Notwithstanding any contrary provision of this Agreement and notwithstanding any rights or  
3 powers otherwise granted to the Managers hereunder, Member shall be provided those rights  
4 afforded members of a limited liability company formed pursuant to the Act and the sole and  
5 exclusive right to approve or disapprove the following (and only the following) matters: . . . 4.8.3  
6 the sale, exchange, lease mortgage, pledge or other transfer of all or substantial part of the assets  
7 of the Company other than in the ordinary course of the Company’s business. . .”

8           169. On or about October 25, 2017, Defendant Phase II, LLC with the signature of  
9 Defendant Celona signed a 3<sup>rd</sup> Revised Proposal related documents without a vote from the  
10 Phase II, LLC Class B Members as required by the Operating Agreement.

11           170. The 3<sup>rd</sup> Revised Proposal would result in a transfer or exchange of substantially  
12 all of the PHASE II, LLC assets. The asset that would be transferred or exchanged would be the  
13 Phase II, LLC Loan made to Developer. The Phase II, LLC Loan made to Developer would be  
14 transferred or exchanged with a new Loan made to a yet to be identified new Venture Entity that  
15 is substantially and materially different than the original Loan.

16           171. The 3<sup>rd</sup> Revised Proposal would further result in a partial repayment of the Loan  
17 prior to the maturity date of the Loan and prior to all Class B Members receiving permanent  
18 Green Cards. The Operating Agreement specifically provides that the Class B Manager may not  
19 enter into any agreement that would result in a prepayment of the Loan prior to all Class B  
20 Members receiving permanent Green Cards.

21           172. Defendant Celona exceeded its authority under the Operating Agreement when it  
22 signed the 3<sup>rd</sup> Revised Proposal.

23           173. Plaintiffs have previously demanded that Defendant Phase II, LLC and Defendant  
24 Celona cease and desist from taking any further action in furtherance of the 3<sup>rd</sup> Revised Proposal  
25 and have cited the above referenced section of the Operating Agreement. Defendant Phase II,  
26 LLC and Defendant Celona have failed stop their wrongful conduct.

27           174. Plaintiffs seek an injunction against Defendant Phase II, LLC and Defendant  
28 Celona from taking any further action in support of the 3<sup>rd</sup> Revised Proposal without first

1 obtaining the approval of the PHASE II, LLC Class B Members by way of a vote on the 3<sup>rd</sup>  
2 Revised Proposal.

3 **FIFTH CAUSE OF ACTION FOR ACCOUNTING**

4 **(Against Defendants SLS Tranche 1 Lender, LLC; American Dream Fund, LLC; Las**  
5 **Vegas Regional Center; Celona Asset Management (USA) Limited; and Does 1 to 200,**  
6 **Inclusive)**

7 175. Plaintiffs reincorporate and allege paragraphs 1 to 174 and fully set forth in.

8 176. Plaintiffs are Class B Member of Phase II, LLC.

9 177. Defendants and each of them are the Managers of Phase II, LLC and complete  
10 control over the financial information and bank accounts of Phase II, LLC.

11 178. Defendants and each of them are in possession of a Management Fee Agreement  
12 between PHASE II, LLC and others that provides income to Phase II, LLC, which has been  
13 hidden and concealed by the Managers of Phase II, LLC. Certain bank records show that at least  
14 \$22,000,000 has been paid under this Management Fee agreement to Defendant Goldstone  
15 Advisors Limited.

16 179. Plaintiffs have requested an explanation and accounting for the monies paid to  
17 Goldstone Advisors Limited, which has not been provided by the Defendants. Any further  
18 attempts to collect information without this lawsuit is futile as the Defendants refuse to provide  
19 any useful information.

20 180. Plaintiffs are therefore seeking an accounting from the Defendants of all income  
21 and expenses related to the PHASE II, LLC from the date of its inception to the present time.

22 **SIXTH CAUSE OF ACTION FOR FAILURE TO RELEASE RECORDS**

23 **(Against Defendants SLS Tranche 1 Lender, LLC; American Dream Fund, LLC; Las**  
24 **Vegas Regional Center; Celona Asset Management (USA) Limited; and Does 1 to 200,**  
25 **Inclusive)**

26 181. Plaintiffs reincorporate and allege paragraphs 1 to 180 and fully set forth in.

27 182. Plaintiffs are Class B Member of Phase II, LLC.

1 183. Defendants and each of them are the Managers of Phase II, LLC and complete  
2 control over the financial information, Phase II, LLC business records and bank accounts of  
3 Phase II, LLC.

4 184. Plaintiffs have a statutory right under Delaware Code Section 18-305 to have  
5 access the tax records, business records, financial records and a list of all Phase II, LLC members  
6 with contact information.

7 185. Defendants and each of them have refused Plaintiffs' request to provide financial,  
8 business records and a list of all Phase II, LLC members with contact information. Any further  
9 attempt to obtain this information with filing this lawsuit is futile.

10 **SEVENTH CAUSE OF ACTION FOR VIOLATION OF BUSINESS AND PROFESSION**

11 **CODE §17200**

12 **(Against Defendants American Dream Fund, LLC; Henry Global Consulting; and Does 1**  
13 **to 200, Inclusive)**

14 186. Plaintiffs reincorporate and allege paragraphs 1 to 185 and fully set forth in.

15 187. Defendants ADF and Henry Global Consulting were engaged in the business of  
16 soliciting, marketing and managing Immigration Investor EB-5 projects including the Las Vegas  
17 Regional Center Project in this matter as well as many more projects in the United States.

18 188. Defendants business was based on false, misleading and deception sales  
19 tactics. Defendants would fraudulent claim to be able to get investor green cards quicker than  
20 other program and that they had higher approval rates than other EB-5 programs. The  
21 Defendants would also falsely claim that they have verified the investments and that they have  
22 investigated them thoroughly before offering them to their investors. The Defendants also  
23 falsely claimed that none of their management fees would be paid by investor money.

24 189. Defendants continued their deception once the EB-5 investor joined the  
25 Defendants. First, the Defendants would make the investors signed documents making the  
26 Defendants their representatives for all communications related to the EB-5 projects. The  
27 Defendants would select and control the attorneys that were retained by the Plaintiffs to prepare  
28

1 their immigration application. Many times, including the Plaintiffs in this case, never spoke or  
2 communicated with their own attorneys.

3 190. Defendants would further lie and mislead EB-5 investor as to the status of the  
4 investment projects as they have done to the Plaintiffs in this case. Despite the SLS Las Vegas  
5 Hotel being in financial trouble since 2015, Defendants never informed the Plaintiffs of this in  
6 fact. Instead, when Plaintiffs asked the Defendants what was the status of the project they were  
7 told that the project is great and that the plaintiffs will get their money back and their green card.

8 191. Defendants did their wrongful conduct for the sole purpose of collecting their  
9 Management Fees and Commission from the Regional Center projects controlled by the  
10 Defendants. The Fees generated just by the Las Vegas Regional Center were more than  
11 \$100,000,000. All of these fees were hidden from the Plaintiffs.

12 192. Defendants practice is unfair because it is unethical, oppressive and unscrupulous.  
13 Defendants unfair business practice is fraudulent as described above.

14 193. Plaintiffs as well as other similarly situated person have been harmed.

15 194. Defendants conduct was a substantial factor in causing Plaintiffs harm.

16 **PRAYER FOR RELIEF**

17 Wherefore, Plaintiffs pray for judgment against Defendants as follows:

18 First Cause of Action

- 19 1. For special/compensatory damages in the amount of \$35,000,000.
- 20 2. For punitive damages in amount as provided for under the law.
- 21 3. For attorney fees pursuant to a contractual agreement.

22 Second Cause of Action

- 23 4. For special/compensatory damages in the amount of \$50,000,000.
- 24 5. For attorney fees pursuant to a contractual agreement.

25 Third Cause of Action

- 26 6. For specific performance of the Contract
- 27 7. For special/compensatory damages in the amount of \$35,000,000.
- 28 8. For attorney fees pursuant to a contractual agreement.

1 Fourth Cause of Action

2 9. A permanent injunction against Defendants that they may not proceed forward and  
3 may not anything in furtherance of the 3rd Revised Proposal without first having a vote by the  
4 Class B Members whereby the Class B Members approve the 3rd Revised Proposal.

5 10. Attorney fees pursuant to a contractual agreement.

6 Fifth Cause of Action

7 11. For an accounting of all monies received, collected or paid by the Phase II, LLC.

8 Sixth Cause of Action

9 12. For an Order that Defendants must produce all records of the Phase II, LLC as  
10 requested by Plaintiffs consistent with the Delaware Limited Liability Act including but not  
11 limited to all financial records of the Phase II, LLC and a complete list of all Class B Members  
12 with their contact information.

13 13. For Attorney fees pursuant to a contractual agreement and by statute.

14 Seventh Cause of Action

15 14. For special/compensatory damages in the amount of \$35,000,000.

16 15. For a disgorgement of all profits from the Defendants unfair business practice which  
17 is estimated to be at least \$100,000,000.

18 16. For an injunction against Defendants prohibiting them to engage in the same or  
19 similar activity in the future.

20 17. For attorney fees pursuant to statute.

21 General Relief

22 18. Pre-judgment interest where permitted by law or contract.

23 19. For all costs.

24 20. For such other and further relief as the Court may deem just and proper.

25 DATED: 11-30-17

26  
27 BY: Jeffrey T. Bell  
28 Jeffrey T. Bell, Esq.  
Attorney for Plaintiffs