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 21 *a Delaware limited liability company*

22 **UNITED STATES DISTRICT COURT**
 23 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

24 LA METROPOLIS CONDO I, LLC,)
 25 a Delaware limited liability company)

26 Plaintiff,)

27 vs.)

28 LAW OFFICE OF KRUG; and)
 29 JAMES KRUG, an individual,)

30 Defendants.)

CASE No.: 2:18-cv-2284 _____

**COMPLAINT FOR
 DECLARATORY AND
 INJUNCTIVE RELIEF**

[JURY TRIAL DEMANDED]

1 **COMPLAINT FOR DECLARATORY**
2 **AND INJUNCTIVE RELIEF**

3 Plaintiff LA Metropolis Condo I, LLC (hereinafter “LA Metropolis” or
4 “Plaintiff” or “Company”), by and through its counsel, alleges as follows:

5 **NATURE OF ACTION**

6 1. By this action, LA Metropolis seeks declaratory relief pursuant to 28
7 U.S.C. § 2201(a) that its long-standing Class B Manager and sole existing
8 Manager, A&J Capital, Inc. (formerly known as A&J Capital Investment, Inc.)
9 (“A&J”), remains the Manager of the company and to enjoin the Defendants, a
10 single person law firm called the “Law Office of Krug” and its only known
11 employee, Mr. James Krug (hereinafter collectively “Defendants” or “Krug”),
12 from wrongfully interfering with LA Metropolis’ business operations by, among
13 other things, (i) holding itself out as Plaintiff’s Class B Manager in charge of the
14 day-to-day operations of LA Metropolis, despite the fact that it has not been
15 validly appointed as such, (ii) contacting Plaintiff’s Class B Members for the
16 purpose of making false and misleading representations to them about the activities
17 or conduct of LA Metropolis or A&J, and (iii) taking any action on behalf of LA
18 Metropolis. Pursuant to Local Rule 8-1, Plaintiff states that this Court has
19 jurisdiction over the subject matter of this suit pursuant to 28 U.S.C. § 1332(a)(1)
20 and 28 U.S.C. § 2201.

21 2. Defendants have failed and refused to provide evidence to support the
22 claim that a majority of Plaintiff’s Class B Members, all of whom reside outside of
23 the United States (mostly in China), have allegedly voted to terminate A&J as the
24 Class B Manager, or that, if a vote took place, it complied with the specific terms
25 of the Company’s Operating Agreement. Critically, the LA Metropolis Operating
26 Agreement requires that such a vote be for cause, under narrow circumstances, and
27 under certain conditions. None of which are present here. Among other
28 requirements not met, the Class B Manager may only be removed upon a majority

1 vote of the Class B Members that A&J has committed “gross negligence,
2 intentional misconduct, fraud or deceit” and such votes must have been set forth in
3 writing and signed and delivered by the voting Class B Members to LA
4 Metropolis. To date, Defendants have failed and refused to provide any
5 documentation or evidence to support a claim that the Class B Members have made
6 the requisite determinations. LA Metropolis’ A&J has done nothing of the sort
7 and, therefore, cannot be removed for cause. Further, it appears that not all Class
8 B Members have been notified or informed of an alleged vote, in breach of the
9 Company’s course of dealing and industry common practice. For these reasons, as
10 more fully set forth below, LA Metropolis is informed and believes and thereupon
11 alleges that the purported vote is a sham and, as such, any alleged “termination” of
12 A&J or “appointment” of Krug related thereto is void, fraudulent, and ineffective.

13 **JURISDICTION & VENUE**

14 3. This Court has jurisdiction over the subject matter of this suit pursuant
15 to 28 U.S.C. § 1332(a)(1), because the amount in controversy exceeds \$75,000 and
16 this action is between citizens of different states. This Court also has jurisdiction
17 over Plaintiff’s claims for declaratory and injunctive relief pursuant to 28 U.S.C. §
18 2201, which affords this Court power to issue declaratory judgments in cases of
19 actual controversy, and under Federal Rules of Civil Procedure 57 and 65.

20 4. Venue is proper in the Central District of California, Western
21 Division, pursuant to 28 U.S.C. § 1391(b), because Defendants are located in this
22 District, many of the events giving rise to Plaintiff’s claims are believed to have
23 occurred here, are now occurring here, and will occur here in the future if not
24 prevented through actions of this Court, and because Plaintiff’s Operating
25 Agreement specifically provides for jurisdiction and venue in any State or Federal
26 Court located in Los Angeles County.

PARTIES

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2 5. Plaintiff LA Metropolis is a Delaware limited liability company,
3 registered with the Delaware Division of Corporations as File No. 5520352. LA
4 Metropolis brings this action on its own behalf to seek declaratory relief that its
5 long-standing Class B Manager and sole existing Manager, A&J remains the
6 Manager of the company and to enjoin the Defendants from wrongly acting on LA
7 Metropolis' behalf. LA Metropolis' agent for service of process in Delaware is
8 InCorp Services, Inc., 919 North Market Street, Suite No. 950, Wilmington,
9 Delaware 19801, and its registered agent for service of process as a foreign
10 company doing business in California is Qingfu Xu, 1609 W. Valley Blvd. Suite
11 No. 328, Alhambra, California 91803. All of LA Metropolis' members are foreign
12 nationals who have applied to gain access into the United States under the EB-5
13 Immigrant Investor Program; none of them reside in or are domiciled in California.
14 As such, since the citizenship of LA Metropolis (a limited liability company) is
15 determined by the citizenship of its members for purpose of this Court's diversity
16 jurisdiction, LA Metropolis is not a citizen of the State of California.

17 6. Defendant the Law Office of Krug is an entity of unknown business
18 association, with no known registration with the California Secretary of State. On
19 information and belief, the Law Office of Krug is a single-person law firm with its
20 office located at 1000 South Fremont Avenue, Suite 1216, Unit 28, Alhambra,
21 California 91803.

22 7. Defendant James Krug is an attorney associated with the Law Office
23 of Krug, with his principal place of business located at 1000 South Fremont
24 Avenue, Suite 1216, Unit 28, Alhambra, California 91803. Mr. Krug is licensed to
25 practice law in the State of California, Cal. Bar No. 82168. On information and
26 belief, Mr. Krug is also a resident of the County of Los Angeles.

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FACTS COMMON TO ALL CLAIMS

The EB-5 Immigrant Investor Program:

8. Congress created the EB-5 Immigrant Investor Program (“EB-5 Program”) in 1990 to stimulate the U.S. economy through job creation and capital investment by foreign investors. The U.S. Citizenship & Immigration Services (“USCIS”) administers the EB-5 Program. Under the EB-5 Program, foreign entrepreneurs (and their spouses and unmarried children under 21) are eligible to apply to become lawful permanent residents — *i.e.*, “green card” holders — if they:

- Make the necessary investment in a “new commercial enterprise” (“NCE”) in the United States; and
- Plan to create or preserve 10 permanent full-time jobs for qualified U.S. workers.¹

9. To qualify, the immigrant investor must be actively engaged in the commercial enterprise; serving as either a limited partner of an enterprise that creates the requisite number of jobs, or as an investor in an entity that makes a loan to an enterprise that creates the requisite number of jobs, is sufficient. The investment must create 10 jobs per each foreign investor that last for at least two years.

10. The minimum investment required to qualify for an EB-5 visa is \$1,000,000 per investor, unless the project is located in a “targeted employment area,” in which case the minimum investment required per investor is \$500,000.

LA Metropolis and the Metropolis Project:

11. LA Metropolis is an NCE that was formed for the purpose of raising immigrant investor capital under the EB-5 Program in order to make a \$100,000,000 construction loan (the “Loan”) to Greenland LA Metropolis

¹ This program is known as EB-5 for the name of the employment-based fifth preference visa that participants receive. *See* USCIS EB-5 Program Description (<https://www.uscis.gov/eb-5>).

1 Development I, LLC (the “Borrower”), for the development of a condominium
2 residential tower, representing one phase (the “Phase 1 Condo Project”) of the
3 Borrower and its affiliate’s multi-million dollar “Metropolis” project in downtown
4 Los Angeles, a multi-phase real estate development project that includes multiple
5 condominium towers, mixed-use space, and a hotel (collectively, the “Project”).
6 Metropolis is one of the largest construction projects in Los Angeles, totaling over
7 3.5 million square feet of development.² LA Metropolis was formed on April 22,
8 2014, and is organized as a Delaware limited liability company. LA Metropolis is
9 governed by an Operating Agreement made and entered into effective as of July
10 11, 2014 (the “Operating Agreement”) by and among Urban Harmony, LLC, a
11 Wyoming limited liability company (“Urban Harmony”), as the Class A Member
12 of the Company, and those Persons admitted as Class B Members of the Company.
13 A true and correct copy of the Operating Agreement is attached hereto as **Exhibit**
14 **“A”**, excluding the internal schedules.

15 12. The Operating Agreement provides that LA Metropolis is to be
16 manager-managed. *See* Ex. A, ¶ 5.1. Urban Harmony, which operated a Regional
17 Center required by the EB-5 Program, was originally designated to serve as the
18 sole Class A Member and the Class A Manager with no economic interest in the
19 Company. *See* Ex. A, ¶ 3.1(a). The Class A Manager had limited responsibilities
20 as a Manager, which were primarily related to compliance with EB-5 requirements
21 as well as executing subscription agreements for Immigrant Investors. *See* Ex. A,
22 ¶ 5.3(d)(i).

23 13. The Operating Agreement further provides that all of the Class B
24 Members consist of foreign investors subject to the EB-5 Program that would have
25 limited management rights in the Company. The Class B Manager was initially
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28 ² *See, e.g.*, <http://www.latimes.com/business/la-fi-metropolis-phase-one-20170713-story.html>.

1 appointed on an interim basis, to be later elected my majority vote of the Class B
2 Members, and would actively manage the Company, including, *inter alia*:

- 3 • Administering the day-to-day aspects of the business of the Company;
- 4 • Paying compensation due Managers or Members;
- 5 • Declaring periodic dividends to Class B Members;
- 6 • Making tax elections and decisions;
- 7 • Investing Company funds;
- 8 • Entering into loans made by the Company to the Developer;
- 9 • Enforcing the rights of the Company with respect to loans to the
10 Developer;
- 11 • Entering into agreements reasonably appropriate for any purpose
12 beneficial to the Company;
- 13 • Distributing funds to the Class B members; and
- 14 • Exercising the Company’s rights and remedies under loan documents.

15 See Ex. A at ¶ 5.3(d)(ii)(1)-(12).

16 **Selection of A&J as the Class B Manager:**

17 14. On or about July 11, 2014, LA Metropolis entered into a Management
18 Agreement with A&J, by which A&J became the Company’s sole Class B Member
19 and assumed the day-to-day operations of the Company. A true and correct copy
20 of the Management Agreement is attached hereto as **Exhibit “B”**.

21 15. A&J is a financial services and advisory firm with significant
22 experience in EB-5, private equity, turnaround and investment management.
23 A&J’s professionals have diverse backgrounds in areas such as private equity,
24 investment banking, real estate investing, hospitality, distressed investing,
25 turnaround consulting, and investment management.

26 16. A&J has served as LA Metropolis’ Class B Manager since July 2014.
27 During that time, it has been responsible for all of the operational day-to-day
28 activities of the Company, including negotiation of the Loan to the Borrower and

1 managing and administering the Loan on behalf of the Company. This is no small
2 task and it often requires financial, real estate, and immigration expertise and
3 acumen. Using USCIS terms, the lending entity, here LA Metropolis, is the
4 “NCE,” and the borrowing entity, here the Borrower, is known as the Job Creating
5 Entity (“JCE”). As in other EB-5 Programs, the JCE is required to submit detailed
6 construction budgets, cash flow projections and sources and uses summaries, all of
7 which are subject to the NCE’s prior approval. The JCE is not permitted to expend
8 EB-5 funds that are not provided in the approved budgets without the NCE’s
9 consent. In addition, with respect to each advance of loan funds, the JCE is
10 obligated to provide a detailed draw package, which requires certain documents be
11 submitted before the NCE will advance the construction funds. For example, as
12 part of the draw package, the JCE must provide documents evidencing that the
13 funds have been or will be used for purposes included in the approved budget.
14 A&J must receive and approve this documentation before the NCE will disburse
15 funds to JCE.

16 17. Although A&J does not assist investors in completing any USCIS
17 immigration forms (the investors each have their own attorney that assists them in
18 these matters) or generally have significant input in information provided by the
19 Regional Center to the USCIS relating to EB-5 Visas, A&J does generally assist
20 the Regional Center by providing information relating to the Phase 1 Condo
21 Project and the Loan to allow reporting and compliance relative to USCIS.

22 18. The Phase 1 Condo Project, of which the Borrower and its affiliate
23 both serve as developers, as noted above, is substantially complete. A substantial
24 portion of the condominium units have been sold and approximately \$65 million
25 has been built-up, which serves as collateral to satisfy the outstanding Loan.
26 Another \$35 million is in the process of being collected. Further, approximately
27 197 of the 200 Immigrant Investors have received approval notices for their I-526
28 petitions filed with USCIS, the initial regulatory hurdle toward permanent resident

1 status. The others remain pending. LA Metropolis remains committed to ensuring
2 the final completion of the LA Metropolis project and the successful adjudication
3 of its Class B Member's underlying immigration petitions.

4 **The Voluntary Resignation of the Class A Manager:**

5 19. Urban Harmony voluntarily resigned its position as LA Metropolis'
6 Class A Manager and Class A Member in 2017. No new Class A Member has yet
7 been selected. Accordingly, A&J is the sole Manager of LA Metropolis.

8 **The Purported "Termination" of A&J:**

9 20. On March 14, 2018, A&J received a letter purporting to give A&J
10 notice, after the fact, that A&J had been "terminated" as the Class B Manager for
11 LA Metropolis, effective immediately, and that the "Law Office of Krug" had been
12 appointed as the Interim Class B Manager. The letter was purportedly sent on
13 behalf of Defendant Law Office of Krug and asserts that "[a] majority of [LA
14 Metropolis'] Class B members have, in writing, voted to remove A&J Investment,
15 Inc. as the Class B Manager."

16 21. Defendant Law Office of Krug further threatens that if A&J fails to
17 acknowledge the termination and provide a "written assurance that [it] will not
18 attempt to undertake any further action as Class B Manager", that, beginning on
19 Monday March 19, 2018, the Law Office of Krug and its counsel will "reach out to
20 [LA Metropolis'] bankers, accountants, counsel, vendors, partners and other
21 affiliates to advise them of [A&J's purported] termination."

22 22. Prior to the March 14 letter, neither A&J nor LA Metropolis had
23 received any notice of an alleged default or vote (either pending, ongoing, or
24 completed) by the Class B Members to either remove A&J or to appoint the Law
25 Office of Krug as a new Class B Manager.

26 23. Among other requirements, LA Metropolis' Management Agreement
27 with A&J requires A&J to "observe and comply with all *valid* resolutions of the
28 Members of which it has notice." Ex. B at §3(a) (emphasis added). To-date,

1 however, LA Metropolis has not been given any credible evidence that either a
2 valid termination of A&J as its Class B Manager and/or an appointment of the Law
3 Office of Krug as its new Class B Manager has taken place. On information and
4 belief, no such valid vote has taken place.

5 24. Indeed, in addition to Defendants failure to provide the requested
6 information, a number of facts make such assertions suspect:

- 7 • First, all of LA Metropolis' 200 Class B Members are predominantly
8 in China and are not residents of the United States and their official
9 contact information is not publicly or readily available. LA
10 Metropolis, by and through A&J, the Regional Center and the agents,
11 have access to the official Member roster but do not readily share that
12 information with outside parties. Further, notice to, and
13 communication with, the LA Metropolis Class B Members is
14 oftentimes arduous and time consuming, largely due to the Members'
15 often changing mailing and personal email addresses, as well as the
16 material language barriers. Indeed, when LA Metropolis, through
17 A&J, provides notice to the Class B Members regarding official
18 business relating to LA Metropolis, such as a member vote like that
19 alleged here, that notice is typically provided in both English and
20 Mandarin, as is normal and customary practice.
- 21 • Second, while section 5.3(c)(2) of the Company's Operating
22 Agreement provides that the Class B Manager can be terminated by a
23 majority vote of the Class B Members, such a removal is permissible
24 only "for gross negligence, intentional misconduct, fraud or deceit."
25 Ex. A at §5.3(c)(2); *see also* Ex. B at §12(b). This is a high burden.
26 To-date, there has been no showing, or even a factual allegation,
27 either from the Law Office of Krug or anyone else that A&J has
28 engaged in any conduct that would invoke this termination provision,

1 nor that a hundred and one (*i.e.*, a majority) of LA Metropolis' Class
2 B Members ever made such a determination. Nor is there any
3 indication that adequate disclosures and the relevant risk factors were
4 provided to the Class B Members for them to make an informed
5 decision.

6 25. Critically, despite repeated requests for full and complete information
7 to support Defendants' assertions about the alleged vote, such information has not
8 been provided. Instead, after refusing to send A&J the requested information, on
9 March 19, 2018, Defendants allowed LA Metropolis, by and through its counsel, to
10 review one small binder of documents maintained by Defendants' counsel related
11 to the alleged vote. That binder contained exactly 105-pages of one-sided, letter
12 size pieces of paper, all 3-hole punched. LA Metropolis' counsel was allowed to
13 conduct a "visual inspection" of the documents in the binder only, while in the
14 presence of Defendants' counsel, and was not allowed to take any pictures, make
15 any copies, or make notes of the names of the alleged Class B Members purported
16 to be listed on the documents.³ These documents do not support Defendants'
17 assertions that A&J has been validly terminated, do not provide the information
18 necessary for LA Metropolis to authenticate that any vote actually took place, more
19 less that it was a "valid" vote upon proper notice and disclosures, nor do they
20 contain even minimal markers of reliability. For example:

- 21 • While the documents purport to reflect the one page "votes" of 105
22 Class B Members, Defendants refuse to give LA Metropolis the
23 names of the people alleged to have issued the votes so that it can
24 confirm that they are, in fact, actual Class B Members.
- 25 • Defendants refuse to give LA Metropolis the documents that were
26 purportedly sent to the Members to give notice of the vote (it is also

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28 ³ One redacted copy of one of the documents was provided upon Plaintiff's
counsel's request; it suffers from the same deficiencies outlined herein and is also
somewhat illegible due to poor copy quality.

1 unclear that all of the Class B Members were even notified of the
2 purported vote), or to otherwise explain the voting process, who
3 initiated or solicited the vote, to whom notice was sent, whether such
4 notice was translated into Chinese, whether any Class B Members had
5 questions about the vote, whether any Class B Members abstained
6 from the vote or issued a negative note, or any of the myriad of other
7 pertinent facts related to the alleged notice and vote.

- 8 • None of the documents are wet-ink “originals”; instead, all of the
9 documents appear to be black and white photocopies and/or print-outs
10 of scanned documents. A few look to have been created by taking a
11 picture of a printed document and then printing the photograph image.
- 12 • None of the documents indicate how they came to be in the possession
13 of Defendants or their counsel or even how the documents were
14 allegedly transmitted from the Class B Members to anyone else.
- 15 • All of the documents are in English only; there are no translations.
- 16 • None of the documents reflect the contact information of any of the
17 Class B Members, or provide any information as to where the
18 documents were actually sent to or received from (either
19 electronically or otherwise).
- 20 • Many of the documents appear to have been “signed” and written on
21 with the same type of thick-tipped black felt tip marker, rather than a
22 regular pen, indicating that they were likely filled in by the same
23 person or at the same time.
- 24 • Rather than a signature or other unique identifying mark, most of the
25 documents simply contain a printed, handwritten name; at least two of
26 them appear to contain the same name. Again, LA Metropolis’
27 counsel was not allowed to copy down the names or to compile a list
28 of the alleged “voters” to compare to LA Metropolis’ official list of

1 Class B Members in order to confirm that those individuals are, in
2 fact, Members.

- 3 • None of the documents contained an explanation to the Class
4 Members that the Class B Manager may only be terminated for cause,
5 nor do they reference the specific language of the governing
6 documents, *i.e.*, cause for termination is “gross negligence, intentional
7 misconduct, fraud or deceit.”
- 8 • None of the documents contain any allegations of “gross negligence,
9 intentional misconduct, fraud or deceit” by A&J (or factual recitals to
10 support such allegations), nor do they indicate that the Class B
11 Members were asked to make any determination as to whether A&J
12 committed any act that would give rise to termination under these
13 provisions for cause.

14 26. Further, it is undisputed that none of the alleged votes or other
15 materials related to the alleged votes were delivered to the Company, as provided
16 for by Sections 4.4 and 11.4 of the Operating Agreement. Instead, to the extent
17 they are legitimate at all and not forgeries, the “votes” appear to have been
18 solicited by, delivered to, and tallied by, the Defendants themselves, who had no
19 right to act on behalf of the Company, and who have unknown motivations and
20 conflicting interests. This is entirely improper.

21 27. Until and unless LA Metropolis is given adequate proof that a valid
22 termination has taken place, it is LA Metropolis’ position that A&J remains LA
23 Metropolis’ Class B Manager and may conduct business in ordinary course,
24 including, but not limited to, reviewing and approving sale activity in connection
25 with the condominium units, ensuring timely payment of ongoing operating
26 expenses of the Company, and communicating with Class B Members.

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1 **The Threat of Irreparable Injury to LA Metropolis and its Members**
 2 **and Need For Injunctive Relief:**

3 28. As set forth above, the Metropolis project is a very large construction
 4 project with many moving parts that remains ongoing. Adding to that complexity
 5 is the fact that this is an EB-5 foreign investment project, and, as such, the
 6 immigration status of all 200 of LA Metropolis' Class B Members needs to be
 7 attended to by an experienced manager familiar with both immigration and real
 8 estate financing issues. Further, and as discussed more fully below, \$65 million of
 9 sales proceeds are at risk. Plaintiff believes that the recent actions may be
 10 designed to obtain control of these funds in order to “redeploy”⁴ them in ways
 11 inconsistent with the objectives of the Company and to which Plaintiff has
 12 previously objected.

13 29. LA Metropolis and its Members collectively have a \$100,000,000
 14 stake in the Phase 1 Condo Project, pursuant to the Loan, as described above. A
 15 substantial portion of those funds, about \$65,000,000, are currently sitting in a
 16 bank account held in the name of the Borrower but pledged to the Company
 17 pursuant to the Loan, as described above. LA Metropolis—*solely through its*
 18 *Class B Manager*—has the express authority to direct, authorize, and/or reject, the
 19 expenditure of these funds until the Loan is repaid. If access to such funds is
 20 secured by the Law Office of Krug, any action taken in regards thereto could place
 21 the Phase 1 Condo Project in jeopardy or compromise the Loan, which would in
 22 turn compromise the investors' ability to secure the immigration status that they
 23 have relied upon. No amount of “damages” would or could rectify this harm.
 24 Indeed, even if a portion of such “damages” were later to be awarded, there is no
 25 indication whatsoever that LA Metropolis or its Members would ever actually

26 _____
 27 ⁴ Redeployment is a new concept in the EB-5 world addressed in proceedings
 28 promulgated by the USCIS in June of 2017. Any failure to comply with these new
 and industry-specific rules will directly and negatively impact the immigration
 statuses of investors. These types of issues are well-known to A&J Capital, an
 expert in the field. Also *see* ¶ 30.

1 obtain relief; the Law Office of Krug appears to be a single person law firm, with
2 no indication whatsoever to believe that it would have the financial ability to pay a
3 substantial judgment.

4 30. Moreover, under the EB-5 Program, investors' EB-5 funds need to
5 remain "at risk" until sufficient jobs related to the project have been created and
6 such investors have been present in the U.S. in conditional lawful permanent
7 resident status for two years; thereafter, such EB-5 funds may be returned as
8 distributions to such EB-5 investors by the Company. As a result, as of late, some
9 EB-5 companies have been required to redeploy EB-5 capital in "at risk"
10 investments following repayment of EB-5 investments in order to maintain such
11 "at risk" investment status. The redeployment process is a fairly new one to the
12 EB-5 industry with a majority of the related activity occurring in 2017. The
13 process requires sophistication not just in real estate matters, but also rules,
14 procedures, and guidelines inherent in the EB-5 Program. An elaborate and
15 coordinated effort amongst the financial professionals, securities counsel, and
16 immigration counsel is often required to ensure that the investors and the impacted
17 company are protected on a number of different fronts. The Plaintiff believes the
18 recent activity of the Law Office of Krug is designed to obtain control of the \$65
19 million of cash currently reserved as collateral for the Loan (and additional \$35
20 million to come into such reserve account) in order to invest, redeploy or otherwise
21 utilize same in a manner that A&J and the investors would not agree to and which
22 may compromise the immigration and economic status of the Class B Members.
23 This type of harm would be irreparable and not compensable by money damages.

24 31. Further, as to the EB-5 applications themselves, LA Metropolis does
25 not currently have a Class A Manager. As such, those obligations, in addition to
26 the obligations of the Class B Manager, are presently being performed by A&J.
27 Any misstep in the handling of the Class B Member's EB-5 applications —
28 including the failure to promptly and correctly communicate with the USCIS and

1 comply with ongoing detailed and complicated record-keeping required by the
2 USCIS — could cause the pending applications to be denied, and could even cause
3 the USCIS to review and retract the applications that have already been granted.
4 These risks are compounded by the current tumultuous political climate, which has
5 placed the EB-5 Program under heightened scrutiny.

6 32. All of these risks are further exacerbated by the fact that Mr. Krug
7 appears to be a single member law firm with no experience in managing large
8 immigration-related construction projects such as the Metropolis Project. As such,
9 his alleged appointment not only places at risk substantial funds, it threatens the
10 viability of the entire Project, the immigration statuses of Plaintiff’s 200 Class B
11 Members (all of whom are foreign citizens), and the public’s interest in seeing the
12 Metropolis Project efficiently completed.

13 **FIRST CAUSE OF ACTION**

14 Declaratory Relief, 28 U.S.C. § 2201(a)
15 *(As to all Defendants)*

16 33. Plaintiff incorporates and realleges as if fully set forth herein, the
17 allegations of paragraphs 1-32.

18 34. As set forth above, the Metropolis project is a very large construction
19 project with many moving parts, and remains ongoing.

20 35. A present and continuing controversy exists between Plaintiff and
21 Defendants with respect to a determination of who may rightfully act on behalf of
22 LA Metropolis as its Class B Manager. This controversy is likely to continue.
23 Consequently, Plaintiff desires a judicial determination of the respective rights and
24 obligations of the interested parties as to the management of LA Metropolis. Such
25 a declaration is necessary and appropriate at this time because the paralysis created
26 by the Defendants’ improper actions and demands is creating immediate
27 irreparable harm, confusion, and discord which must be immediately addressed.

28 36. Plaintiff is entitled to judgment declaring that Defendants’ asserted
“vote” failed to comply with the terms of the LA Metropolis Operating Agreement

1 or other governing documents and/or applicable law, and, therefore, that A&J
2 remains the Class B Manager of LA Metropolis and Defendant Law Office of Krug
3 shall not act on behalf of LA Metropolis as its Class B Manager.

4 37. Plaintiff is further entitled to preliminary and permanent equitable and
5 injunctive relief to prevent Defendants from attempting to act in the capacity of
6 Class B Manager or otherwise act on behalf of LA Metropolis because Defendants'
7 unlawfully acting on behalf of LA Metropolis without a valid vote terminating
8 A&J has already and will continue to cause Plaintiff and its members to suffer
9 irreparable harm for which they have no adequate remedy at law. Such equitable
10 and injunctive relief would further the public's interest and the balance of equities
11 tips in favor of such an order.

12 38. Plaintiff is also entitled to a speedy hearing of this declaratory
13 judgment action pursuant to Federal Rules of Civil Procedure 57.

14 **PRAYER FOR RELIEF**

15 WHEREFORE, Plaintiff demands judgment in its favor and against
16 Defendants and prays for relief from the Court as follows:

17 1. Judgment declaring that Defendants' conduct is unlawful and that the
18 purported vote taken by the Class B Members, as described above, to remove A&J
19 as Plaintiff's Class B Manager is null and void, that A&J remains as the Class B
20 Manager of the Company, and that Defendants may take no action on behalf of the
21 Company;

22 2. Preliminary and permanent injunctions prohibiting and enjoining
23 Defendants and their servants, shareholders, employees, officers, directors, agents,
24 successors, assigns and any other person or entity in active concert or participation
25 with them, from (i) taking any action on behalf of LA Metropolis, either as its
26 purported Class B Manager or otherwise, and (ii) using any confidential or
27 proprietary information of LA Metropolis for the intent or purpose of harming LA
28 Metropolis, its Members, or its Manager(s), including contacting Class B

1 Members, other than Defendants' three known clients, related to termination or
2 appointment of a Class B Manager or to otherwise disseminate false or misleading
3 information;

4 3. Mandatory injunction requiring Defendants to do the following:

- 5 • transfer to Plaintiff all documents in their possession pertaining to or
6 reflecting the confidential or proprietary information of LA
7 Metropolis and/or its Class B Members (other than as to Defendants'
8 three know clients); and
9 • file with the Court and serve upon Plaintiff within thirty (30) days
10 after entry of the mandatory injunction a report in writing under oath
11 setting forth in detail the manner and form in which Defendants have
12 complied with each of the terms of the Order entered by this Court in
13 this matter in favor of the Plaintiff.

14 4. Judgment against Defendants for any and all damages allowed by law,
15 specifically including but not limited to (a) monetary damages sustained by
16 Plaintiff incidental to the requested declaratory and injunctive relief; (b) any
17 revenues and/or profits unlawfully earned as a result of the unlawful acts of
18 Defendants as set forth herein; (d) costs and prejudgment interest; and (e)
19 reasonable attorneys' fees, as provided by law and adjudged appropriate by this
20 Court; and

21 5. For such other and further preliminary and final relief as the Court
22 may deem just and proper.

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Dated: March 20, 2018

Respectfully submitted,
HOLLAND & KNIGHT LLP

By: /s/ Kristina S. Azlin
Vince Farhat
Kristina S. Azlin
Michael T. Boardman

*Attorneys for Plaintiff, LA Metropolis Condo
I, LLC, a Delaware limited liability
company*