

MJ HOLDINGS, INC.

FORM 8-K (Current report filing)

Filed 04/21/21 for the Period Ending 04/21/21

| | |
|-------------|---|
| Address | 7320 S RAINBOW BLVD #102-210 LAS VEGAS, NV, 89139 |
| Telephone | 702-879-4440 |
| CIK | 0001456857 |
| Symbol | MJNE |
| SIC Code | 7389 - Services-Business Services, Not Elsewhere Classified |
| Industry | Fishing & Farming |
| Sector | Consumer Non-Cyclicals |
| Fiscal Year | 12/31 |

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 21, 2021 (April 16, 2021)



MJ Holdings, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction
of incorporation)

000-55900

(Commission
File Number)

20-8235905

(IRS Employer
Identification No.)

7320 S. Rainbow Blvd., Suite 102-210, Las Vegas, NV 89139

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:

(702) 879-4440

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|--------------------------|--|
| Common Stock, \$0.001 par value per share | MJNE | OTC Markets "PINK" |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Forward-looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “anticipate,” “estimate,” “believe,” “continue,” or other similar words. Readers of this report should be aware that there are various factors that could cause actual results to differ materially from any forward-looking statements made in this report. Factors that could cause or contribute to such differences include, but are not limited to, changes in general economic, regulatory and business conditions in Colorado, and or changes in U.S. Federal law. Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report.

Item 8.01. OTHER EVENTS.

On March 19, 2021, a Complaint was filed against the Company, Jim Mueller, John Mueller, MachNV, LLC, Acres Cultivation, Paris Balaouras, Dimitri Deslis, ATG Holdings, LLC and Curaleaf, Inc. (collectively, the “Defendants”) by DGMD Real Estate Investments, LLC, ARMPRO, LLC, Zhang Springs LV, LLC, Prodigy Holdings, LLC and Green Organics, LLC (collectively, the “Plaintiffs”) in the District Court of Clark County, Nevada.

In the Complaint, the Plaintiffs allege that the Defendants: (i) intended to fraudulently obtain money from the Plaintiffs in order to put that money towards the Acres dispensary and to make Acres look more appealing to potential buyers as well as pay off Defendants’ agents, and (ii) the Defendants acted together in order to find investors to invest money into the Acres and MJ Holdings “Investment Schemes”, and (iii) the Defendants intended to fraudulently obtain Plaintiffs’ money for the purpose of harming the Plaintiffs to benefit the Defendants, and (iv) the Defendants committed unlawful fraudulent misrepresentation in the furtherance of the agreement to defraud the Plaintiffs. The Plaintiffs allege that damages are in excess of \$15,000.

As the complaint pleads only the statutory minimum of damages, the Company is unable to estimate the potential exposure, if any, resulting from this matter but believes it is without merit as to liability and otherwise de minimis as to damages. Thus, the Company does not expect this matter to have a material effect on the Company’s consolidated financial position or its results of operations. The Company will vigorously defend itself against this action and has filed an appropriate and timely answer to the Complaint including a lengthy and comprehensive series of affirmative defenses and liability and damage avoidances.

Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|---|
| 10.1 | <u>Complaint dated March 19, 2021</u> |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MJ HOLDINGS, INC.

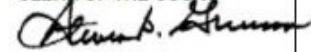
Date: April 21, 2021

By: /s/ Roger Bloss

Roger Bloss

Interim Chief Executive Officer

Electronically Filed
3/19/2021 5:37 PM
Steven D. Grierson
CLERK OF THE COURT


COMPB

PHILIP M. HYMANSON, ESQ.
Nevada State Bar No. 2253
HENRY JOSEPH HYMANSON, ESQ.
Nevada State Bar No. 14381
ARIANA CARUSO
Nevada Bar No. 15520
HYMANSON & HYMANSON
8816 Spanish Ridge Avenue
Las Vegas, NV 89148
(702) 629-3300 Telephone
(702) 629-3332 Facsimile
Phil@HymansonLawNV.com
Hank@HymansonLawNV.com
Ariana@HymansonLawNV.com

CASE NO: A-21-831496-B
Department 11

Attorneys for Plaintiffs

DISTRICT COURT**CLARK COUNTY, NEVADA**

DGMD Real Estate Investments, LLC;
ARMPRO, LLC; Zhang Springs LV, LLC;
Prodigy Holdings, LLC; and Las Vegas
Green Organics, LLC

CASE NO.:

DEPT. NO.:

Plaintiff,

vs.

COMPLAINT**DEMAND FOR JURY TRIAL**

Jim Mueller, an individual; John Mueller,
an individual; MachNV, LLC; Acres
Cultivation, LLC; Paris Balaouras, an
individual; MJ Holdings, Inc.; Dimitri
Deslis, an individual; ATG Holdings, LLC;
Curaleaf, Inc.; and DOES I through X,
inclusive,

Defendants.

Plaintiffs Zhang Springs LV, LLC, DGMD Real Estate Investments, LLC,
ARMPRO, LLC, Prodigy Holdings, LLC, and Las Vegas Green Organics, LLC (collectively
"Co-Op Investors" or "Plaintiffs"), by and through their attorneys of record, Hymanson &
Hymanson, hereby file this Complaint against Jim Mueller, an individual; John Mueller, an
individual; MachNV, LLC; Acres Cultivation, LLC; Paris Balaouras, an individual; MJ Holdings,
Inc.; Dimitri Deslis, an individual; ATG Holdings, LLC; Curaleaf, Inc.; and DOES I through X,

1 inclusive (collectively, "Defendants") as follows.

2 **PARTIES**

3 1. Plaintiff Zhang Springs LV, LLC ("Zhang Springs") is a Nevada limited liability
4 company with its principal place of business in Clark County, Nevada.

5 2. Plaintiff DGMD Real Estate Investment, LLC ("DGMD") is a Nevada limited
6 liability company with its principal place of business in Clark County, Nevada.

7 3. Plaintiff ARMPRO, LLC ("ARMPRO") is a Nevada limited liability company
8 with its principal place of business in Clark County, Nevada.

9 4. Plaintiff Prodigy Holdings, LLC ("Prodigy") is an Ohio limited liability company
10 with its principal place of business in Columbus, OH.

11 5. Plaintiff Las Vegas Green Organics, LLC ("LVGO") is a Nevada limited liability
12 company with its principal place of business in Wayzata, Minnesota.

13 6. Defendant Jim Mueller is the brother of defendant John Mueller and an individual
14 who resides in Texas.

15 7. Defendant John Mueller is the brother of defendant Jim Mueller and an individual
16 who resides in Missouri.

17 8. Defendant MachNV, LLC ("MachNV") is a Nevada limited liability company
18 with its principal place of business in Clark County, Nevada.

19 9. Defendant Acres Cultivation, LLC ("Acres") is a Nevada limited liability company
20 with its principal place of business in Clark County, Nevada.

21 10. Defendant Paris Balaouras is an individual who resides in Nevada.

22 11. Defendant MJ Holdings, Inc. ("MJ Holdings") is a Nevada limited liability
23 company with its principal place of business in Clark County, Nevada.

24 12. Defendant Dimitri Deslis is an individual who resides in Nevada.

25 13. Defendant ATG Holdings, LLC ("ATG") is a Nevada limited liability company
26 with its principal place of business in Clark County, Nevada.

27 14. Defendant Curaleaf, Inc. ("Curaleaf") is a Delaware corporation with its principal
28

1 place of business in Wakefield, Massachusetts.

2 15. The true names, identities or capacities, whether individual, corporate, political,
3 associate, or otherwise of any Doe Defendant are unknown to Plaintiffs. Plaintiffs therefore sue
4 said Doe Defendants by fictitious names. Plaintiffs are informed and believe and thereon allege
5 that each of the Doe Defendants are responsible in some manner for the acts, actions, and
6 omissions herein referred to; each of the Doe Defendants has proximately caused actual and
7 special damages to Plaintiffs as alleged herein; and Plaintiffs will ask leave of Court to amend
8 this Complaint to insert the true names and capacities of any Doe Defendants when the same have
9 been ascertained.

10 JURISDICTION AND VENUE

11 16. This Court has personal jurisdiction over Defendants, as they either reside in and /
12 or conduct business in Nevada, and Defendants have continuous and systematic contacts with the
13 State of Nevada. Additionally, Defendants' conduct at issue occurred in whole or in part in the
14 State of Nevada.

15 17. Venue is appropriate in Clark County, Nevada because the conduct at issue
16 occurred in whole or in part in Clark County, Nevada.

17 GENERAL ALLEGATIONS

18 18. Acres is a company that legally cultivates, manufactures, and sells cannabis in
19 Nevada.

20 19. MachNV was the parent corporation of Acres.

21 20. Curaleaf is the successor in interest corporation to Acres pursuant to a de facto
22 merger under Nevada law. Accordingly, Curaleaf is legally liable for the conduct of Acres and its
23 respective agents and representatives. Any alleged conduct of Acres or its agents is Curaleaf's
24 conduct, and any cause of action against Acres is a cause of action against Curaleaf.

25 21. Acres owns a parcel of land located at 950 Anvil Rd., Amargosa Valley, NV
26 89020 in Nye County, Nevada (the "Acres Site").

27 22. In or around 2017 Acres planned to expand its operation at the Acres Site in Nye
28

1 County to add an additional eight to ten 20,000 square foot greenhouses for cannabis cultivation.

2 23. Defendants collectively conspired to use false information to entice unwitting
3 entities to invest in the construction of new 20,000 square foot greenhouses at the Acres Site.
4 When Acres was the central entity driving this scheme, it is referred to as the "Acres Investment
5 Scheme" throughout this complaint, and when MJ Holdings was the central entity driving this
6 scheme it is referred to as the "MJ Holdings Investment Scheme" throughout this complaint.

7 24. The Acres Investment Scheme was represented to Zhang Springs, DGMD, and
8 ARMPRO as a very lucrative investment opportunity. Acres, MJ Holdings, John Mueller, Jim
9 Mueller, and Paris Balaouras told Zhang Springs, DGMD, and ARMPRO that each investor
10 would own its greenhouse for a term of eight years. During those eight years, the investors would
11 keep all of the first \$2.5 million in profit generated from the cultivation and sale of cannabis
12 grown in their greenhouses, and then ninety percent of the profits over \$2.5 million each year. At
13 the end of the eight years, the greenhouses would be surrendered to Acres. All of these terms
14 were confirmed in the Acres Management Agreement that Zhang Springs, DGMD, and
15 ARMPRO signed in late 2017 or early 2018.

16 25. Although Zhang Springs, DGMD, and ARMPRO would only own their respective
17 greenhouses for eight years under the terms of the Acres Management Agreement, each was
18 convinced by Acres, MJ Holdings, John Mueller, Jim Mueller, and Paris Balaouras that they
19 would make a profit of at least \$10 million over that eight-year ownership term, even if Acres
20 was not sold to another entity.

21 26. The Acres Investment Scheme was further presented as an opportunity to be
22 involved with an extremely lucrative sale within a few years. Acres, MJ Holdings, John Mueller,
23 Jim Mueller, and Paris Balaouras represented that Acres was actively trying to find a large buyer
24 to purchase all of Acres, including the Co-Op Greenhouses constructed at the Acres Site. Acres,
25 MJ Holdings, John Mueller, Jim Mueller, and Paris Balaouras told Plaintiffs that they expected
26 Plaintiffs to make even more money than the projected \$10 million through the expected sale of
27 Acres.

1 27. Andy Zhang ("Mr. Zhang"), who is the principle of Zhang Springs, met with John
2 Mueller in November 2017. During that meeting John Mueller solicited an investment into the
3 Acres Investment Scheme from Mr. Zhang.

4 28. At all times, Zhang Springs was represented by Mr. Zhang.

5 29. At that meeting on or around November 15, 2017, John Mueller represented to Mr.
6 Zhang that Acres was operating its existing cultivation facility at near maximum capacity and that
7 the sales from the product cultivated at Acres's existing cultivation facility were so lucrative that
8 Acres was looking to expand its cultivation capacity. Upon information and belief, this was false.

9 30. During that same meeting, John Mueller also represented to Mr. Zhang that the
10 Acres Site was ready utility-wise to have a greenhouse constructed upon it, and that the Acres
11 Site had adequate power and clean water to properly operate the greenhouses. This information
12 was false, as Acres did not have adequate power for the proposed Acres Investment Scheme nor
13 sufficient clean water on site.

14 31. At that same meeting, John Mueller represented to Mr. Zhang that Acres had all
15 the necessary permits, and that construction could start the day the greenhouses arrived. This
16 information was false.

17 32. Sometime between November 19, 2017 and November 21, 2017, Mr. Zhang met
18 with John Mueller and Mr. Balaouras. At this meeting the false information regarding the success
19 of Acres's existing cultivation facility and the existence of adequate power and clean water at the
20 Acres Site was repeated.

21 33. Mr. Balaouras was a founder of Acres and its managing agent until February 2016.

22 34. On or about November 28, 2017, Zhang Springs signed a contract with Acres
23 entitled the Acres Management Agreement. This Acres Management Agreement was for
24 construction of a greenhouse owned by Zhang Springs to be constructed at the Acres Site.

25 35. On or about December 5, 2017, Defendant Jim Mueller presented the Acres
26 Investment Scheme to Plaintiff DGMD.

27 36. At all times DGMD was represented by Richard Gonzales ("Mr. Gonzales") and
28

1 Blake Dietzmann ("Mr. Dietzmann"), both attorneys licensed in Texas.

2 37. Jim Mueller made the same representations to DGMD that John Mueller had made
3 to Zhang Springs. Specifically, that Acres was operating its existing cultivation facility at near
4 maximum capacity and that the sales from the product cultivated at Acres's cultivation facility
5 were so lucrative that Acres was looking to expand its cultivation capacity. Upon information and
6 belief, this was false.

7 38. Jim Mueller also represented to DGMD that the Acres Site was ready utility-wise
8 to have a greenhouse constructed upon it, and that the Acres Site had adequate power and clean
9 water to properly operate the greenhouses. This information was false, as Acres did not have
10 adequate power or sufficient clean water for the proposed Acres Investment Scheme.

11 39. In or around early January 2018, Plaintiff ARMPRO was put in contact with Jim
12 Mueller regarding the Acres Investment Scheme.

13 40. At all times ARMPRO was represented by Kerwin Muller ("Mr. Muller") and
14 Scott Dejong ("Mr. Dejong").

15 41. Jim Mueller made the same representations to ARMPRO that he had made to
16 DGMD and that John Mueller had made to Zhang Springs. Specifically, that Acres was operating
17 its existing cultivation facility at near maximum capacity and that the sales from product
18 cultivated at Acres's cultivation facility were so lucrative that Acres was looking to expand its
19 cultivation capacity. Upon information and belief, this was false.

20 42. Jim Mueller also represented to ARMPRO that the Acres Site was ready utility-
21 wise to have a greenhouse constructed upon it, and that the Acres Site had adequate power and
22 clean water to properly operate the greenhouses. This information was false, as Acres did not
23 have adequate power or sufficient clean water for the proposed Acres Investment Scheme.

24 43. John Mueller and Jim Mueller represented to Zhang Springs, DGMD, and
25 ARMPRO that the Acres Investment Scheme required a \$250,000 deposit per greenhouse to be
26 paid to MachNV.

27 44. According to the terms of the Acres Management Agreement that Zhang Springs,
28

1 DGMD, and ARMPRO signed, \$50,000 of the initial \$250,000 deposit was to vest and be
2 considered earned upon execution of the Management Agreement and was non-refundable. Every
3 year thereafter, an additional \$50,000 was supposed to vest and be considered earned and be non-
4 refundable.

5 45. Jim Mueller represented to DGMD and ARMPRO that Acres would handle
6 everything regarding greenhouse construction, except for paying for these greenhouses.

7 46. Jim Mueller also represented to DGMD and ARMPRO that they would make back
8 their total investment back in full within the first year of operation.

9 47. In or around late 2017 Jim Mueller and John Mueller provided Zhang Springs,
10 DGMD, and ARMPRO with an initial pro forma estimating that each investor would make over
11 \$10 million dollars over the eight-year period each would own the greenhouse.

12 48. Acres suggested to Zhang Springs, DGMD, and ARMPRO that they each purchase
13 a greenhouse manufactured in China from a Chinese company called Sangreen International
14 Agritech Co., Ltd. ("Sangreen").

15 49. On or around December 19, 2017, Mr. Zhang discovered that the Sangreen
16 greenhouses were not engineered for use in the United States and Zhang Springs therefore chose
17 not to purchase its greenhouse from Sangreen.

18 50. On or around December 20, 2017, DGMD wired \$100,000 to MachNV as the first
19 payment towards the deposit.

20 51. On or around December 27, 2017, Zhang Springs wired \$250,000 to MachNV as
21 the total payment for the deposit.

22 52. In or around early 2018, both DGMD and ARMPRO executed a Management
23 Agreement with Acres which was similar to that executed by Zhang Springs on or around
24 November 28, 2017. Each of these Management Agreements had identical terms regarding how
25 the \$250,000 initial deposit was to be handled.

26 53. On or around January 19, 2018, DGMD wired \$150,000 to MachNV as the second
27 payment towards the deposit.

1 54. On or around February 12, 2018, DGMD signed a contract with Top Rank
2 Builders ("Top Rank") for construction of the greenhouse to be completed within 120 days.

3 55. Top Rank was selected by Acres and Acres dictated how the greenhouses were to
4 be constructed.

5 56. On February 13, 2018, Jim Mueller emailed Mr. Gonzales and Mr. Dietzmann and
6 said that 70% of the civil engineering for the Acres Investment Scheme was complete. On
7 information and belief, this was false.

8 57. In the same email, Jim Mueller told DGMD that the construction budget for each
9 greenhouse would be \$850,642.

10 58. Also, on February 13, 2018, Zhang Springs received an email from John Mueller
11 with a construction budget for \$856,110.

12 59. On March 18, 2018, Jim Mueller sent a text to Mr. Muller stating that: 1) the
13 manufacturing of the greenhouses was underway; 2) all the civil engineering was completed; and
14 3) the greenhouses would be on the water in the next two weeks. On information and belief, all
15 three of these representations were false.

16 60. On April 3, 2018, Kurt Koerner ("Mr. Koerner"), the construction manager placed
17 in charge of constructing the Co-Op Greenhouses by Acres, sent an email to John Mueller with a
18 new and increased construction budget for the Acres Investment Scheme of \$858,274.

19 61. In the same email, Mr. Koerner included a construction timeline stating that
20 construction for the Co-Op Greenhouses was scheduled to start on April 2, 2018 and would
21 conclude by September 11, 2018.

22 62. At all times, Mr. Koerner was acting as an agent of Acres, as he was placed in his
23 position as construction manager for the Co-Op Greenhouses at the direction of Acres.

24 63. In or around June 2018, Acres replaced Top Rank with Desert Star Construction,
25 LLC ("Desert Star") as the construction company assigned with building the Co-Op Greenhouses.
26 Acres kept Mr. Koerner as the construction manager for the Co-Op Greenhouses.

27 64. On April 4, 2018, John Mueller sent an email to Jim Mueller and Mr. Koerner
28

1 stating that, among other things, civil engineering was not yet complete. This statement was in
2 direct contrast to the representations that had previously been made to Zhang Springs, DGMD,
3 and ARMPRO.

4 65. In the same email, John Mueller claimed Acres would be submitting a grading
5 permit to Nye County immediately.

6 66. On June 7, 2018, Jim Mueller sent an email to Mr. Gonzales, Mr. Dietzmann, and
7 Mr. Muller stating that all the planning, zoning, and permitting was complete for the site and that
8 Acres was starting to move dirt. However, Acres did not have the necessary permits to conduct
9 this work and no construction had started yet.

10 67. On June 19, 2018, Mr. Koerner gave Mr. Zhang an updated timeline for
11 completion of the greenhouses stating that Nye County had not yet approved the greenhouse
12 permits. According to the updated timeline from Mr. Koerner, the completion date for the project
13 was moved from September 11, 2018 to November 13, 2018.

14 68. On June 20, 2018, Jim Mueller emailed Mr. Gonzales, Mr. Dietzmann, and Mr.
15 Muller stating that the development plans, construction plans, greenhouse design plans, and
16 greenhouse structure plans were approved. In that same email, Jim Mueller stated that Acres
17 could "get rolling." However, upon information and belief, these statements were false.

18 69. On July 8, 2018, Jim Mueller texted Mr. Muller to tell him that there were still no
19 final approvals from the state and that construction of the greenhouses was underway. However,
20 on information and belief Jim Mueller's statement regarding the progress of the greenhouse
21 construction was false.

22 70. A grading application for Acres was submitted to Nye County on or around June
23 28, 2018. On July 10, 2018, Acres was issued a permit to have the Acres Site graded.
24 Accordingly, Acres could not begin the physical construction process at the Acres Site until July
25 10, 2018.

26 71. On July 25, 2018, Jim Mueller sent a text to Mr. Muller and Mr. Gonzales stating
27 that the grading was done on the site, the pads were next, and the final approved greenhouses
28

1 would be on the water soon. Upon information and belief, these representations were false.

2 72. On information and belief, Acres started grading for the Acres Investment Scheme
3 in July 2018 and that work was not completed until in or around February 2019.

4 73. On August 23, 2018, Jim Mueller sent a text to Mr. Muller and Mr. Gonzales
5 claiming that all state and local approvals had been acquired and that the Sangreen greenhouse
6 plans had been stamped. However, upon information and belief, on August 23, 2018, Acres had
7 not obtained all necessary state and local approvals and the Sangreen greenhouse plans had not
8 been stamped.

9 74. In order for engineering plans and drawings to be submitted to a public authority
10 for approval, the plans must be stamped by an engineer. Stamped engineering plans establish that
11 the engineering plans have been reviewed and approved by an independent engineer who was not
12 involved in the creation of those plans and who did not have personal knowledge or direct
13 supervisory control and responsibility for those plans. Building permits cannot be issued until the
14 construction plans are stamped by an independent engineer.

15 75. In another text on August 23, 2018, Jim Mueller also claimed that the pads were
16 completed and the utilities were being run. However, on information and belief, on August 23,
17 2018, the pads had not been started and the utilities had not been run.

18 76. On September 11, 2018, the day the project was originally supposed to be
19 completed, Mr. Koerner sent an email to John Mueller and Jim Mueller which included an
20 updated timeline for construction with a new completion date of February 4, 2019.

21 77. On September 17, 2018, Jim Mueller sent a text to Mr. Muller, Mr. Gonzales, and
22 Mr. Dietzmann stating that all grading was done, and all plans had been "finally" approved.
23 However, the grading was not completed, and the plans had still not been approved.

24 78. On September 26, 2018, Mr. Zhang received an email from John Mueller stating
25 that Acres was giving Zhang Springs the opportunity to execute an option agreement for a second
26 greenhouse for a discounted cost of \$50,000, rather than the previous deposit rate of \$250,000.

27 79. On or around October 4, 2018, Acres submitted an application for a Steel/Metal
28

1 Building permit on greenhouse Building C. Building C corresponds to the greenhouse that was
2 being constructed for Zhang Springs.

3 80. On October 31, 2018, Mr. Koerner sent an email to Mr. Zhang, John Mueller, and
4 Jim Mueller stating that Acres was working on getting concrete slab bids.

5 *Prodigy Pitch and Investment*

6 81. In October of 2018, Prodigy was presented with an opportunity to join with an
7 alleged group of investors to build a greenhouse on the Acres Site.

8 82. At all times, Prodigy was represented by Todd Bridges ("Mr. Bridges") and
9 Melissa Bridges ("Mrs. Bridges") (collectively "the Bridges").

10 83. In or around October 2018, Mr. and Mrs. Bridges met with Mr. Balaouras on
11 behalf of MJ Holdings. During this meeting, Mr. Balaouras provided the Bridges with details
12 regarding joining an allegedly already existing group of investors who were planning to build a
13 greenhouse at the Acres Site similar to the Acres Investment Scheme ("MJ Holdings Investment
14 Scheme").

15 84. Mr. Balaouras, on behalf of MJ Holdings, informed the Bridges that Acres was
16 operating its existing cultivation facility at near maximum capacity and that the sales from the
17 product cultivated at Acres's cultivation facility were so lucrative that Acres was looking to
18 expand its cultivation capacity. Upon information and belief, this was false.

19 85. Mr. Balaouras also represented to the Bridges that the Acres Site was ready utility-
20 wise to have a greenhouse constructed upon it, and that the Acres Site had adequate power and
21 clean water to properly operate the greenhouses. This information was false, as Acres did not
22 have adequate power for the proposed MJ Holdings Investment Scheme nor sufficient clean water
23 on site.

24 86. Prodigy received an Acres construction budget, an Acres construction schedule,
25 and the Acres proformas from a representative of MJ Holdings.

26 87. Mr. Balaouras and his associate, Dimitri Deslis ("Mr. Deslis") informed Prodigy
27 that the estimated construction budget for completion of the greenhouse belonging to the alleged
28

1 pre-existing group of investors was \$858,274. This was the same construction budget that Mr.
2 Koerner had sent to John Mueller in relation to the Zhang Springs, DGMD, and ARMPRO
3 greenhouses on April 3, 2018, as discussed above in Paragraph 60.

4 88. At all times, Mr. Deslis acted on behalf of both MJ Holdings and ATG. Mr. Deslis
5 held himself out to Prodigy as a representative of MJ Holdings. However, Mr. Deslis was also a
6 manager of ATG.

7 89. On or around November 6, 2018, Mr. Balaouras informed Prodigy that the MJ
8 Holdings Investment Scheme was one investor away from being fully funded. Mr. Balaouras also
9 told Prodigy that the MJ Holdings Investment Scheme was primarily funded by a celebrity
10 investor who wished to remain anonymous.

11 90. In or around November 2018, Mr. Balaouras and Mr. Deslis introduced the
12 Bridges to ATG Holdings, LLC ("ATG"). Mr. Balaouras and Mr. Deslis told Prodigy that ATG
13 had a pre-existing agreement with Acres to build a greenhouse (the "ATG Greenhouse") at the
14 Acres Site. Mr. Balaouras and Mr. Deslis further informed Prodigy that if it wanted to become an
15 investor in the MJ Holdings Investment Scheme, that Prodigy would need to enter an agreement
16 with ATG. Based on these representations, on or around November 12, 2018, Prodigy signed a
17 letter of intent with ATG. In that letter of intent the total investment cost for a new greenhouse at
18 the Acres Site was listed as \$2.5 million dollars.

19 91. In or around November 2018, Mr. Balaouras and Mr. Deslis told Prodigy that the
20 "ATG Greenhouse" was fully funded, except for one last investor and that Prodigy only needed to
21 invest \$500,000 to finish the project. In return, Mr. Balaouras and Mr. Deslis informed Prodigy
22 that it would own 20% of "ATG's Greenhouse." However, upon information and belief, neither
23 ATG nor any other entity besides Prodigy ever paid any money towards the construction of an
24 "ATG Greenhouse" at the Acres Site.

25 92. John Mueller also represented to Prodigy that the "ATG Greenhouse" was fully
26 funded and just needed one last investor. Again, these representations were false.

27 93. In the aforementioned November 12, 2018 Letter of Intent, Prodigy was told that
28

1 \$250,000 of its \$500,000 investment would go to Acres as a Co-Op fee and the other \$250,000
2 would go towards construction costs.

3 94. On or around November 19, 2018, Prodigy sent the first deposit of \$250,000 to an
4 account in the name of the Meelesa Irrevocable Spendthrift Trust, the account designated by MJ
5 Holdings, ATG, and Acres.

6 95. On December 3, 2018, Prodigy executed an operating agreement to join a
7 company called Las Vegas Green Organics, LLC ("LVGO"). Prodigy did this based on
8 instructions from MJ Holdings, ATG, and Acres. This December 3, 2018 LVGO Operating
9 Agreement identified another company named Enzo Capital as the manager of LVGO. However,
10 the LVGO Operating Agreement also listed Prodigy as the sole investor in LVGO.

11 96. Travis Hills ("Mr. Hills") is the agent for Enzo Capital.

12 97. Mr. Hills was the managing member for LVGO.

13 98. On December 6, 2018, Prodigy sent the second deposit for the remaining \$250,000
14 to the Meelesa Irrevocable Spendthrift Trust. Again, this was the account Prodigy was instructed
15 to send the money to by MJ Holdings, ATG and Acres.

16 *Continued Greenhouse Construction*

17 99. On December 6, 2018, Nye County issued the Steel/Metal Building permit for
18 greenhouse Building C belonging to Zhang Springs.

19 100. On January 1, 2019, Jim Mueller sent a text to Mr. Muller, Mr. Gonzales, and Mr.
20 Dietzmann stating that he had visited the Acres Site, that construction was almost complete, and
21 that the greenhouses looked great. However, it was impossible for the greenhouses to look great
22 at the Acres Site on January 1, 2019 because the Sangreen greenhouses did not arrive from China
23 until in or around February 2019.

24 101. On January 14, 2019, Jim Mueller sent an email to Mr. Muller, Mr. Gonzales, and
25 Mr. Dietzmann claiming that the greenhouses were on the property and the pads were being
26 poured. However, on information and belief, the pads were not completed at this time and the
27 greenhouses had not arrived at the Acres Site.

1 102. On January 15, 2019, Mr. Koerner sent an email to Mr. Muller, Mr. Gonzales, and
2 Mr. Dietzmann with an updated timeline for construction. This new timeline had a new
3 completion date of July 14, 2019, five months after the previously projected February 4, 2019
4 completion date.

5 103. On January 16, 2019, John Mueller emailed Mr. Zhang a document entitled
6 "Cultivation and Sales Agreement" and instructed him to sign it. This Cultivation and Sales
7 Agreement was expressly meant to supersede the 2017 Management Agreement entered into
8 between Zhang Springs and Acres.

9 104. In that same January 16, 2019 email, John Mueller also told Mr. Zhang that the
10 Cultivation and Sales Agreement included all changes that MJ Holdings' counsel wanted. This
11 was strange, however, because MJ Holdings was not a party to the proposed Cultivation and Sales
12 Agreement, which was instead an agreement between Zhang Springs and Acres.

13 105. That same day John Mueller called Mr. Zhang and told him that no changes could
14 be made to the Cultivation and Sales Agreement because the Nevada Department of Taxation
15 ("NV DOT") had already approved it "as is" and would not allow changes. However, based on
16 information and belief, this was false.

17 106. During that same January 16, 2019 phone call between John Mueller and Mr.
18 Zhang, John Mueller falsely stated that Mr. Gonzales had already signed a similar Cultivation and
19 Sales Agreement on behalf of DGMD.

20 107. On January 18, 2019, Zhang Springs signed the Cultivation and Sales Agreement.

21 108. The Cultivation and Sales Agreement Zhang Springs signed was for a term of
22 eight years and, upon expiration of the eight years, Acres would be able to buy the Zhang Springs
23 Greenhouse for \$1.

24 109. On January 28, 2019, John Mueller told Mr. Zhang that the option agreement for
25 the second greenhouse that was discussed on September 26, 2018 (as described above in
26 Paragraph 78) would actually cost Zhang Springs the full \$250,000, not the previously promised
27 \$50,000. John Mueller also said that if Zhang Springs decided not to move forward with the
28

1 second greenhouse, the \$250,000 would either be refunded or would be put towards construction
2 of the first greenhouse. However, neither he, MachNV nor Acres ever honored this agreement.

3 110. In early 2019, John Mueller sent ARMPRO's representative, Mr. Muller, a similar
4 Cultivation and Sales Agreement to the one executed by Zhang Springs. This Cultivation and
5 Sales Agreement was meant to supersede the 2017 Management Agreement entered into between
6 ARMPRO and Acres. John Mueller told Mr. Muller a similar story to what he had told Mr.
7 Zhang: that the Cultivation and Sales Agreement had been reviewed by the NV DOT and could
8 not be changed. Additionally, John Mueller told Mr. Muller that DGMD's representative, Mr.
9 Gonzales, had already signed the Cultivation and Sales Agreement on DGMD's behalf. However,
10 each of these representations by John Mueller were false.

11 111. On or around February 4, 2019, ARMPRO signed the Cultivation and Sales
12 Agreement that was substantially similar to the one executed by Zhang Springs.

13 112. Like the similar agreement signed by Zhang Springs, the Cultivation and Sales
14 Agreement ARMPRO signed with Acres was for a term of eight years and, upon expiration of the
15 eight years, Acres would be able to buy the ARMPRO Greenhouse for \$1.

16 113. On February 7, 2019, Zhang Springs wired \$50,000 for its second greenhouse to
17 MachNV.

18 114. On February 7, 2019, Acres applied for a steel/metal building permit for
19 greenhouse Building A. Greenhouse Building A corresponds to DGMD's greenhouse. The
20 steel/metal building permit for Building A was issued on February 21, 2019.

21 115. On February 8, 2019, a Nye County inspector signed off on the slab grade for
22 greenhouse Building C (Zhang Springs's Greenhouse).

23 116. On or around February 9, 2019, the slab was poured for Zhang Springs's
24 Greenhouse.

25 117. On February 22, 2019, a Nye County inspector signed off on the slab grade for
26 DGMD's greenhouse.

27 118. On or around February 23, 2019, the slab was poured for DGMD's greenhouse.
28

1 119. On February 28, 2019, Zhang Springs wired the remaining \$200,000 for its second
2 greenhouse to MachNV.

3 120. Between January 2019 and March 2019, Mr. Bridges, as a representative of
4 Prodigy and LVGO, received updates from Mr. Deslis stating that the construction was going
5 according to plan.

6 121. Sometime between March 1, 2019 and March 5, 2019, ARMPRO wired \$185,000
7 to MachNV as its initial deposit for the ARMPRO Greenhouse.

8 122. In early 2019, John Mueller sent DGMD's representative, Mr. Gonzales, a
9 Cultivation and Sales Agreement that was substantially similar to the ones executed by Zhang
10 Springs and ARMPRO. Again, this Cultivation and Sales Agreement was meant to supersede the
11 2017 Management Agreement entered into between DGMD and Acres. On March 9, 2019, John
12 Mueller sent a follow-up email to Mr. Gonzales stating that Mr. Gonzales had to sign the
13 Cultivation and Sales Agreement quickly in order to be "protected" in the pending sale to
14 Curaleaf.

15 123. Just as he had claimed to Mr. Zhang and Mr. Muller, John Mueller told Mr.
16 Gonzales that the NV DOT had approved the Cultivation and Sales Agreement, and that the
17 language in the agreement could not be changed. However, based on information and belief, this
18 was false.

19 124. On or about March 15, 2019, Mr. Gonzales signed the Cultivation and Sales
20 Agreement on behalf of DGMD.

21 125. The Cultivation and Sales Agreement DGMD signed was for a term of eight years
22 and, upon expiration of the eight years, Acres would be able to buy the DGMD Greenhouse for
23 \$1.

24 126. In March 2019, LVGO signed a contract with ATG allowing LVGO to execute a
25 Cultivation and Sale agreement directly with Acres. This was done because allegedly in 2017,
26 ATG signed a management agreement for the construction of the "ATG Greenhouse" with Acres
27 that was similar to the management agreements executed by Zhang Springs, DGMD, and
28

1 ARMPRO described above. This 2019 Cultivation and Sales Agreement between LVGO and
2 Acres was meant to supersede the 2017 management agreement between ATG and Acres.

3 127. The contract that LVGO executed with ATG in early March also reclassified how
4 the \$500,000 investment from Prodigy would be distributed. When Prodigy initially executed its
5 letter of intent with ATG on November 12, 2018, \$250,000 was supposed to go to Acres as a
6 licensing fee and \$250,000 was supposed to go towards construction of the greenhouse.

7 128. The terms of the March 2019 ATG/LVGO contract changed the designation for
8 the second \$250,000 from going towards construction costs to going to ATG. Specifically, ATG
9 would retain the \$250,000 as a "consulting fee" as compensation for its services. ATG claimed to
10 retain this fee in return for reducing its Co-Op royalty fee from 20% to 12.5%. The first \$125,00
11 of the newly allocated \$250,000 ATG fee was allegedly to vest upon the funding of an additional
12 \$1.75 million to the "ATG Greenhouse" and the other \$125,000 would vest 120 days after the
13 "ATG Greenhouse" received its \$1.75 million additional funding. But, because Prodigy was the
14 only actual investor for the MJ Holdings Investment Scheme, even according to ATG's own
15 contract (the ATG/LVGO contract) the \$250,000 "consulting fee" never vested because the
16 "ATG Greenhouse" never received its additional \$1.75 million in additional funding.

17 129. Sometime in early 2019, LVGO signed an agreement with Acres entitled the
18 Cultivation and Sales Agreement. This agreement was substantially similar to the Cultivation and
19 Sales Agreement signed by Zhang Springs, DGMD, and ARMPRO with Acres discussed above.

20 130. The Cultivation and Sales Agreement LVGO signed was for a term of eight years
21 and, upon expiration of the eight years, Acres would be able to buy the LVGO Greenhouse for
22 \$1.

23 131. On March 18, 2019, Curaleaf and Acres signed an agreement for the sale of Acres
24 to Curaleaf. Upon information and belief, Curaleaf paid approximately \$70 million to acquire
25 Acres. Also on information and belief, the total cost of Curaleaf's acquisition of Acres would
26 increase if Acres met certain financial targets. Purportedly, \$45 million of the \$70 million sale
27 price was paid to Acres stakeholders in the form of Curaleaf stock. Accordingly, John Mueller,
28

1 Jim Mueller, and several of the other high level Acres employees became shareholders in
2 Curaleaf. On information and belief as of the date this complaint is filed John Mueller, Jim
3 Mueller, and other former Acres owners or employees still own Curaleaf stock.

4 133. On information and belief, the sale of Acres to Curaleaf included the Co-Op
5 greenhouses. This is based on a paragraph from Curaleaf's March 18, 2019 press release
6 announcing Curaleaf's "aggressive expansion west." In that press release Curaleaf stated "(t)he
7 addition of Acres' cultivation platform will provide Curaleaf with 42,000 sq. ft. of functioning
8 climate-controlled greenhouses and 227,000 sq. ft. of outdoor cultivation in Amargosa Valley.
9 *The site is currently under construction, adding another 133,000 sq. ft. of capacity.* At over
10 400,000 sq. ft., the facility is expected to generate 100,000 pounds of dry flower per year at full
11 scale. During the fourth quarter of 2018, Acres harvested over 5,000 pounds of flower."

12 132. After the acquisition of Acres by Curaleaf, Curaleaf continued to employ Acres's
13 former management team and most of Acres's employees. Acres continued to operate its business
14 out of its existing locations in Nevada. It also continued to operate under the name "Acres,"
15 although it did add "by Curaleaf" to its name, operating as "Acres by Curaleaf" starting at some
16 point after the acquisition. However, the dispensary located at 2320 Western Ave, Las Vegas, NV
17 89102 still displays the same Acres logo that Acres has used since it was created.

18 133. Just over a mile from the Western Avenue Acres dispensary is another dispensary
19 owned by Curaleaf. This dispensary is located at 1736 Las Vegas Boulevard, Las Vegas, Nevada
20 89104. The Las Vegas Boulevard Curaleaf dispensary has no Acres branding in its name or in its
21 signage.

22 134. As of the date this complaint was filed, Curaleaf also continues to market and sell
23 cannabis products under the name of "Acres Cultivation".

24 135. On October 31, 2019, Curaleaf released a press release announcing that it had
25 completed the acquisition of Acres's cultivation and processing facilities. In that press release
26 Curaleaf quoted John Mueller as saying, "(s)ince announcing the transaction this March, we have
27 seen the professionalism and extensive management expertise of the Curaleaf team and Acres
28

1 *could not be happier about the future for our dedicated staff. We selected the best partner in the*
2 *industry."*

3 136. Upon information and belief, Curaleaf also assumed all of Acres's obligations that
4 were necessary for Acres to continue its normal business operation. This included assuming the
5 agreements necessary to maintain operation at Acres's pre-existing Nevada locations, including
6 but not limited to, the Acres dispensary and production facility in Las Vegas and Acres'
7 cultivation facility in Amargosa Valley. Curaleaf also assumed the 2019 Cultivation and Sales
8 Agreements executed with Zhang Springs, DGMD, ARMPRO, and LVGO.

9 137. On or around March 21, 2019, Acres applied for a steel/metal building permit for
10 greenhouse Building B which is ARMPRO's Greenhouse. The steel/metal building permit was
11 issued the same day.

12 138. On March 22, 2019, a Nye County inspector signed off on the slab grade for
13 ARMPRO's Greenhouse.

14 139. On March 23, 2019, the slab was poured for ARMPRO's Greenhouse.

15 140. On or around April 3, 2019, Acres informed Prodigy that construction on its
16 greenhouse was scheduled to start on April 15, 2019 and would be completed by August 20,
17 2019.

18 141. On April 10, 2019, Mr. Deslis sent Mr. Bridges correspondence allegedly from
19 Mr. Hills stating that the concrete was about to be poured for LVGO's Greenhouse.

20 142. On April 26, 2019 Mr. Koerner emailed Mr. Gonzales the current construction bill
21 for DGMD. This email also contained a breakdown of the payments that had been received from
22 DGMD and a description of how each of those payments had been applied to construction line
23 items.

24 143. On April 29, 2019 Mr. Gonzales responded to Mr. Koerner's April 26, 2019 email
25 and informed Mr. Koerner that he believed the accounting was wrong. In that same email, Mr.
26 Gonzales listed out the date and amount of each payment DGMD had made towards construction
27 of its greenhouse. This included a \$125,664 payment directly to MachNV on February 22, 2018.

1 Up to that point, DGMD had paid \$743,571 towards construction in addition to \$250,000 for the
2 initial deposit.

3 144. Through April 2019 ARMPRO had paid \$690,000 directly towards construction
4 costs in addition to the \$185,000 it had paid as the initial deposit, totaling \$875,000 paid towards
5 the Acres Investment Scheme.

6 145. Through April 2019 Zhang Springs had paid \$1,160,000 towards the Acres
7 Investment Scheme for greenhouse construction and the initial deposit.

8 146. On April 29, 2019 Mr. Koerner responded to Mr. Gonzalez's email and informed
9 Mr. Gonzales that his records reflected all of the payments listed in Mr. Gonzales's email, except
10 for the \$125,664 payment from February 22, 2018.

11 147. Later on April 29, 2019, Mr. Gonzales emailed Mr. Koerner the wire confirmation
12 from DGMD's February 22, 2018 wire of \$125,664 to MachNV.

13 148. Curaleaf scheduled a meeting for May 10, 2019 with Zhang Spring, DGMD, and
14 ARMPRO to discuss the Acres Investment Scheme. Before this meeting, Zhang Springs, DGMD,
15 and ARMPRO were sent a new increased construction budget reflecting a new total cost of
16 construction of roughly \$1,200,000. This new construction budget was substantially larger than
17 the \$858,274 budget that Zhang Springs, DGMD, and ARMPRO had been provided in late April
18 2018.

19 149. During that meeting, Zhang Springs, DGMD, and ARMPRO discussed the new
20 proposed construction budget with Ed Gehres ("Mr. Gehres") and James Pickworth ("Mr.
21 Pickworth"), both agents of Curaleaf. From their initial decision to invest in the Acres Investment
22 Scheme until Curaleaf sent the new construction budget in or around May 2019, Zhang Springs,
23 DGMD, and ARMPRO had been operating with the understanding that the total construction cost
24 for each of their greenhouses was roughly \$850,000. Accordingly, Zhang Springs, DGMD, and
25 ARMPRO were surprised and dismayed when Curaleaf attempted to increase the total cost of
26 each greenhouse by roughly \$350,000. Zhang Springs, DGMD, and ARMPRO were initially
27 unwilling to increase their total construction costs. However, Mr. Gehres and Mr. Pickworth as
28

1 representatives of Curaleaf, told Zhang Springs, DGMD, and ARMPRO that if they agreed to the
2 increased construction budget of \$1.2 million, that Curaleaf would pay any and all costs above
3 that to complete the greenhouses.

4 150. Based on Curaleaf's promise to cover any and all costs beyond \$1.2M to complete
5 the construction of the greenhouses, Zhang Springs, DGMD, and ARMPRO each reluctantly
6 increased their total investment towards constructing their greenhouses to \$1.2 million. However,
7 to date, Curaleaf still has not fulfilled its end of the agreement and the greenhouses have not been
8 completed.

9 151. At that same May 10, 2019 meeting, Zhang Springs, DGMD, and ARMPRO
10 learned, for the first time, that the Acres Site did not have adequate power to properly power the
11 Co-Op Greenhouses. During that meeting Mr. Gehres and Mr. Pickworth told the Zhang Springs,
12 DGMD, and ARMPRO representatives that the issue with the power was being taken care of by
13 Curaleaf and that the Co-Op Greenhouse owners would not have to do anything to address the
14 inadequate power issues.

15 152. In May 2019, the Bridges, on behalf of LVGO, visited the Acres Site and saw four
16 completed slabs. Mr. Deslis and an Acres representative told Mr. Bridges that one of the slabs
17 belonged to the "ATG Greenhouse" funded by LVGO. On information and belief, this
18 information was not true, as two of the slabs that the Bridges saw belonged to Zhang Springs and
19 the other two belonged to DGMD and ARMPRO, respectively.

20 153. In an email from Mr. Koerner to Mr. Gonzales and Mr. Muller dated June 23,
21 2019, Mr. Koerner stated that fixing the inadequate power issues at the Acres Site for the Co-Op
22 Greenhouses could take several months to fix.

23 154. On August 1, 2019, Mr. Koerner emailed Mr. Gonzales and informed him that the
24 DGMD greenhouse was structurally complete.

25 155. On September 4, 2019, in an email allegedly from Mr. Hills, Mr. Bridges was
26 informed that construction was set to start on his greenhouse the following week. However, based
27 on information and belief, this representation was false.

28

1 156. On October 7, 2019, Mr. Hills contacted Mr. Bridges and informed him that
2 construction of the "ATG Greenhouse" was not proceeding as had been represented by John
3 Mueller, Mr. Balaouras, and Mr. Deslis. Instead, Mr. Hills informed Mr. Bridges that nothing had
4 been done at the site for the "ATG Greenhouse."

5 157. Mr. Hills stated that the assertions from Mr. Balaouras, Mr. Deslis, and John
6 Mueller that the project was fully funded were also false.

7 158. Mr. Hills also stated that all the updates Mr. Bridges had been receiving from Mr.
8 Deslis claiming to be from Mr. Hills, including the September 4, 2019 email, were fabricated by
9 Mr. Deslis or Mr. Balaouras and were not written by Mr. Hills.

10 159. In October 2019, the sale of Acres to Curaleaf was finalized.

11 160. On November 6, 2019, A Nye County inspector partially signed off on the pad
12 certificate for greenhouse Buildings A, B, and C, belonging respectively to DGMD, ARMPRO,
13 and Zhang Springs.

14 161. In November 2019, Mr. Bridges was told that the Acres Site did not have adequate
15 power for the greenhouses.

16 162. In January 2020, Mr. Zhang called John Mueller to tell him that Zhang Springs did
17 not want to continue with the second Zhang Springs Greenhouse. Mr. Zhang requested that the
18 \$250,000 either be refunded to Zhang Springs or applied to the construction on the first Zhang
19 Springs Greenhouse. To this day, neither of these requests have been honored.

20 163. In March 2020, Mr. Zhang once again called John Mueller to request that the
21 \$250,000 for the second Zhang Springs Greenhouse be refunded or applied to the construction of
22 the first greenhouse. Again, neither of these requests were honored.

23 164. On May 22, 2020, Mr. Zhang texted John Mueller, again requesting either a refund
24 or to apply the \$250,000 payment from the second greenhouse to the construction on the first
25 Zhang Springs Greenhouse. Yet again, neither of these requests were honored.

26 165. Finally, on July 21, 2020, Mr. Zhang again texted John Mueller in another attempt
27 to get the \$250,000 from the second greenhouse either refunded or applied to construction on the
28

1 first greenhouse. Again, neither of these requests were honored and have not been honored as of
2 the filing of this Complaint.

3 166. Furthermore, on information and belief, in or around 2020 Curaleaf had extensive
4 electrical work done at the Acres Site and in the process of that work Curaleaf re-wired the power
5 was designated for the Co-Op greenhouses to other non Co-Op Greenhouses. This action had the
6 effect of depriving the Co-Op Greenhouses of their already inadequate power supply.

7 167. To date, the Zhang Springs Greenhouse is not operational.

8 168. To date, the DGMD Greenhouse is not operational.

9 169. To date, the ARMPRO Greenhouse is not operational.

10 170. To date, the "ATG Greenhouse" has not been constructed.

11 171. To date, there is not adequate power at the Acres Site to properly supply Zhang
12 Springs, DGMD, ARMPRO, and "ATG's" Greenhouses.

13 172. Because none of Zhang Springs, DGMD, ARMPRO, or "ATG's" Greenhouses are
14 operational, none of them have any cannabis plants growing in them.

15 173. On information and belief, in 2017 and 2018 Acres was producing, at best, only a
16 small quantity of marketable cannabis from its cultivation facility in Amargosa Valley.

17 174. On information and belief, in 2017 and 2018 Acres was making little to no profit
18 from its Amargosa Valley cultivation facility, despite its claims to the contrary.

19 175. On information and belief, Acres, Jim Mueller, John Mueller, Mr. Balaouras, MJ
20 Holdings, and ATG were utilizing the initial deposits obtained from Zhang Springs, DGMD,
21 ARMPRO, and Prodigy to invest in and improve the Acres dispensary, to make Acres look more
22 appealing to potential buyers, and to personally enrich themselves.

23 176. On information and belief, the water at the Acres Site was not clean and could not
24 be used for properly growing cannabis without treatment. Specifically, the water contains heavy
25 metals which would have caused any plants grown to fail state-mandated testing. This was in
26 direct contradiction to the representations that had been made by Acres, MJ Holdings, and their
27 respective representatives.

28

1 177. On information and belief Curaleaf has installed some sort of filter, potentially a
2 reverse osmosis filter, to clean and filter the water at the Acres Site.

3 **FIRST CAUSE OF ACTION**

4 **State Civil RICO, NRS 207.350, et seq.**

5 **(Against Jim Mueller, John Mueller, MachNV, Paris Balaouras, MJ Holdings, Dimitri**
6 **Deslis, ATG, and Curaleaf)**

7 178. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

8 179. Defendants Jim Mueller, John Mueller, Acres, MachNV, Paris Balaouras, MJ
9 Holdings, Dimitri Deslis, ATG, and Curaleaf, and each of them, engaged in conduct which
10 constitutes crimes related to racketeering activity pursuant to Nevada Revised Statute ("NRS")
11 207.360, including "multiple transactions involving fraud or deceit" and "obtaining possession of
12 money or property valued at \$650 or more ... by means of false pretenses."

13 180. Defendants, and each of them, engaged in conduct which constitutes a pattern of
14 racketeering activity in violation of NRS 207.470. The Defendants function as a continuing unit
15 and constitute an enterprise within the meaning of NRS 207.380. There may also be other
16 members of the enterprise who are unknown at this time.

17 181. Defendants' activities are in violation of NRS 207.470 in that they have the same
18 or similar pattern, intent, results, accomplices, victims, or methods of commission, or are
19 otherwise interrelated by distinguishing characteristics and are not isolated events as defined by
20 NRS 207.390.

21 182. The enterprise's ultimate goal was to maximize the sale price of Acres by using
22 Plaintiffs' money to: 1) improve Acres existing properties, most specifically its Las Vegas
23 dispensary; 2) make Acres's cultivation capacity look bigger and better on paper than it really
24 was; and 3) personally enrich all of the defendants involved.

25 183. Each defendant engaged in a similar pattern of behavior to fraudulently induce
26 Plaintiffs to invest in the Acres Investment Scheme and/or the MJ Holdings Investment Scheme.
27 This included: 1) falsely claiming that Acres had been successfully cultivating cannabis in its
28

1 existing greenhouses in Amargosa Valley; 2) falsely representing that the Acres Site had adequate
2 power to supply new greenhouses; 3) falsely claiming that the Acres Site had virtually unlimited
3 clean water; 4) falsely claiming that Plaintiffs would be included in any sale of Acres; 5)
4 providing Plaintiffs' false information regarding the process of the greenhouse construction
5 process so that Plaintiffs would continue to spend money to have the greenhouses built and not
6 demand a refund; and 6) providing Plaintiffs false information regarding the Cultivation and Sales
7 Agreement.

8 184. But for these representations, Plaintiffs would not have invested in the Acres and
9 MJ Holdings Investment Schemes.

10 185. On information and belief, once Plaintiffs were fraudulently induced to invest in
11 the Acres and MJ Holdings Investment Schemes, Acres, MachNV, John Mueller, Jim Mueller,
12 Paris Balaouras, Dimitri Deslis, and MJ Holdings used the initial deposit from Plaintiffs to
13 improve Acres's Las Vegas dispensary in an attempt to drive up the ultimate sale price of Acres.
14 Moreover, by fraudulently inducing Plaintiffs to fund the various greenhouses to be constructed
15 in Amargosa Valley, Acres was able to further increase its sale price by claiming to either have or
16 to soon thereafter acquire an additional 80,000 square feet of cultivation capacity.

17 186. Predicate acts of racketeering activity are acts which are defined as crimes related
18 to racketeering defined under NRS 207.360. Defendants committed at least two crimes related to
19 racketeering or aided and abetted such acts.

20 187. Plaintiffs specifically allege that all Defendants participated in the operation and
21 management of the enterprise by overseeing and coordinating the commission of multiple crimes
22 of racketeering.

23 188. Defendants, and each of them, committed at least two separate crimes related to
24 racketeering constituting a pattern of racketeering activity.

25 *Phase One of the Scheme: Enticing Initial Investments*

26 *Predicate Act – Initial Fraudulent Misrepresentations to Induce Investments*

27 189. Defendants devised a scheme to defraud Zhang Springs, DGMD, ARMPRO,
28

1 Prodigy, and LVGO to obtain money from each of them by means of false or fraudulent
2 pretenses, representations, or promises.

3 190. Specifically, Defendants Acres, MJ Holdings, Mr. Balaouras, both in his
4 individual capacity and as an agent of MJ Holdings, and John Mueller, both in his individual
5 capacity and as an agent of Acres, falsely represented to Zhang Springs in or around November
6 2017 that Acres was operating its existing cultivation facility at near maximum capacity and that
7 the sales from the cultivated product were so lucrative that Acres was looking to expand its
8 cultivation capacity.

9 191. Acres, MJ Holdings, Mr. Balaouras, both in his individual capacity and as an agent
10 of MJ Holdings, and John Mueller, both in his individual capacity and as an agent of Acres,
11 further falsely represented to Zhang Springs in or around November 2017 that the Acres Site had
12 sufficient clean water and adequate power for the Zhang Springs Greenhouse. Acres, MJ
13 Holdings, Mr. Balaouras, and John Mueller further represented that Acres would be selling to a
14 larger corporation after a few years and that when that sale occurred Zhang Springs would make a
15 profit well in excess of its initial investment.

16 192. Acres, MJ Holdings, Mr. Balaouras, both in his individual capacity and as an agent
17 of MJ Holdings, and John Mueller, both in his individual capacity and as an agent of Acres,
18 presented the Acres Investment Scheme to Zhang Springs as an opportunity to be involved with
19 an extremely lucrative sale within a few years. Acres, MJ Holdings, Mr. Balaouras, and John
20 Mueller represented that Acres was actively trying to find a large buyer to purchase all of Acres,
21 including the Co-Op Greenhouses constructed at the Acres Site. Acres, MJ Holdings, Mr.
22 Balaouras, and John Mueller told Zhang Springs that they expected Zhang Springs to make even
23 more money than the projected profits in the proformas through the expected sale of Acres.

24 193. Shortly after meeting with Zhang Springs, Acres and Defendant Jim Mueller, both
25 in his individual capacity and as an agent of Acres, made substantially similar representations to
26 DGMD about the Acres Site and the Acres Investment Scheme. Specifically, in or around
27 December 2017, Jim Mueller falsely represented to DGMD that Acres was operating its existing
28

1 cultivation facility at near maximum capacity and that the sales from the cultivated product were
2 so lucrative that Acres was looking to expand its cultivation capacity.

3 194. Jim Mueller, both in his individual capacity and as an agent of Acres, further
4 falsely represented to DGMD that the Acres Site had sufficient clean water and that the Acres
5 Site had adequate power for the greenhouses. These representations were all made in order to
6 fraudulently induce DGMD into investing in the Acres Investment Scheme in order for Acres to
7 misappropriate the investment money for Defendants use.

8 195. Acres and Jim Mueller, both in his individual capacity and as an agent of Acres,
9 presented the Acres Investment Scheme to DGMD as an opportunity to be involved with an
10 extremely lucrative sale within a few years. Acres and Jim Mueller represented that Acres was
11 actively trying to find a large buyer to purchase all of Acres, including the Co-Op Greenhouses
12 constructed at the Acres Site. Acres and Jim Mueller told DGMD that Acres expected DGMD to
13 make even more money than the projected profits in the proformas through the expected sale of
14 Acres.

15 196. In or around January 2018 Acres and Jim Mueller, both in his individual capacity
16 and as an agent of Acres, made substantially similar representations to ARMPRO as had been
17 made to Zhang Springs and DGMD. Specifically, Acres and Jim Mueller falsely represented to
18 ARMPRO that Acres was operating its existing cultivation facility at near maximum capacity and
19 that the sales from the cultivated product were so lucrative that Acres was looking to expand its
20 cultivation capacity.

21 197. Acres and Jim Mueller, both in his individual capacity and as an agent of Acres,
22 also falsely represented to ARMPRO that the Acres Site had sufficient clean water and that the
23 Acres Site had adequate power for the greenhouses. These representations were all made in order
24 to fraudulently induce ARMPRO into investing in the Acres Investment Scheme in order for
25 Acres to misappropriate the investment money for Defendants use.

26 198. Acres and Jim Mueller, both in his individual capacity and as an agent of Acres,
27 presented the Acres Investment Scheme to ARMPRO as an opportunity to be involved with an
28

1 extremely lucrative sale within a few years. Acres and Jim Mueller represented that Acres was
2 actively trying to find a large buyer to purchase all of Acres, including the Co-Op Greenhouses
3 constructed at the Acres Site. Acres and Jim Mueller told ARMPRO that Acres expected
4 ARMPRO to make even more money than the projected profits in the proformas through the
5 expected sale of Acres.

6 199. In or around November 2018, Acres, MJ Holdings, Mr. Balaouras, both in his
7 individual capacity and as an agent of MJ Holdings, John Mueller, both in his individual capacity
8 and as an agent of Acres, and Mr. Deslis, both in his individual capacity and as an agent of MJ
9 Holdings and ATG, made substantially similar false representations to Prodigy to fraudulently
10 induce yet another investment. Just like with Zhang Springs, DGMD, and ARMPRO, Defendants
11 falsely represented to Prodigy that Acres was operating its existing cultivation facility at near
12 maximum capacity and that the sales from the cultivated product were so lucrative that Acres was
13 looking to expand its cultivation capacity.

14 200. Acres, MJ Holdings, John Mueller, both in his individual capacity and as an agent
15 of Acres, Mr. Balaouras, both in his individual capacity and as an agent of MJ Holdings, and Mr.
16 Deslis, both in his individual capacity and as an agent of MJ Holdings and ATG, told Prodigy that
17 the Acres Site had sufficient clean water and adequate power for the greenhouses. These
18 Defendants further represented to Prodigy that the MJ Holdings Investment Scheme was fully
19 funded by an anonymous celebrity investor and needed only one last investor.

20 201. Defendants knew at the time that each of their aforementioned false
21 representations were false.

22 202. Defendants intended for Plaintiffs to rely on these representations and invest
23 money into the Acres Investment Scheme and the MJ Holdings Investment Scheme so
24 Defendants could then utilize other people's money (Plaintiffs') to improve the Acres dispensary
25 and make Acres look more valuable to potential buyers.

26 203. Plaintiffs relied on the aforementioned false representations when each decided to
27 invest into the Acres and/or MJ Holdings Investment Schemes. But for Defendants
28

1 aforementioned false representations, Plaintiffs would not have invested in the Acres or MJ
2 Holdings Investment Schemes.

3 *Predicate Act – Defendants MachNV and Acres, Embezzled the Initial Deposits Zhang Springs,*
4 *DGMD, and ARMPRO Paid to the Acres and MJ Holdings Investment Schemes.*

5 204. Plaintiffs Zhang Springs, DGMD, and ARMPRO entrusted their initial deposits to
6 MachNV to be used in the manner specified in the Management Agreement. However, MachNV
7 misappropriated these funds and used the money for their own benefit constituting embezzlement
8 pursuant to NRS 205.300.

9 205. The Management Agreements that Zhang Springs, DGMD, and ARMPRO all
10 signed stated that \$50,000 of the initial \$250,000 deposit would vest and be considered earned
11 upon execution of the Management Agreement and would be non-refundable. Every year
12 thereafter, another \$50,000 of the \$250,000 total initial deposit would vest and be considered
13 earned.

14 206. However, upon information and belief, instead of using only the \$50,000 from the
15 initial \$250,000 deposit that had vested, MachNV improperly utilized the remaining initial
16 investments each from Zhang Springs, DGMD, and ARMPRO to improve the Acres Dispensary
17 and to pay the agents involved in the Acres Investment Scheme.

18 *Predicate Act – Defendants MachNV and Acres, Defrauded DGMD and embezzled \$125,664*
19 *from DGMD*

20 207. Defendants Acres and MachNV, through Jim and John Mueller, represented to
21 DGMD that it needed to wire \$125,664, on top of the \$250,000 that DGMD had already paid, to
22 MachNV to be applied to construction costs.

23 208. On February 22, 2018, in reliance on this representation, DGMD wired \$125,664
24 to MachNV.

25 209. Instead of applying this money to construction as represented, MachNV
26 misappropriated the \$125,664 and used it for Acres instead of towards the construction of
27 DGMD's greenhouse. Accordingly, MachNV misappropriated these funds and used the money
28

1 for their own benefit constituting embezzlement pursuant to NRS 205.300.

2 210. Defendants knew at the time that their representation about how the \$125,664
3 would be used was false and that the money would not be applied to construction.

4 211. Defendants intended for DGMD to rely on this representation and invest additional
5 money into the Acres Investment Scheme so Defendants could utilize DGMD's money to
6 improve the Acres dispensary to make Acres look more valuable to potential buyers.

7 212. Plaintiff DGMD relied on the aforementioned false representation when deciding
8 to invest the additional money into the Acres Investment Scheme. But for Defendants'
9 aforementioned false representations, Plaintiff DGMD would not have invested additional money
10 in the Acres Investment Scheme.

11 *Phase Two of the Scheme: Keeping Plaintiffs Content With Misinformation*

12 *Predicate Acts – Repeated False Misrepresentations Regarding the Construction Progress to*
13 *Prevent Plaintiffs from Withdrawing from the Investment Schemes.*

14 213. Jim Mueller, both in his individual capacity and as an agent of Acres, made several
15 false representations regarding the status of construction and permits to DGMD and ARMPRO.
16 For example, on or around February 13, 2018, Jim Mueller, falsely represented to DGMD that the
17 civil engineering was mostly complete.

18 214. On or around March 18, 2018, Jim Mueller falsely represented to ARMPRO that
19 all civil engineering was completed, and that the greenhouses would be on the water in the next
20 two weeks.

21 215. On or around June 7, 2018, Jim Mueller falsely represented to DGMD and
22 ARMPRO that all the planning, zoning, and permitting was done and Acres was starting to move
23 dirt.

24 216. On or around June 20, 2018, Jim Mueller falsely represented to DGMD and
25 ARMPRO that the development plans, the construction plans, the greenhouse design plans, and
26 the greenhouse structure plans were approved.

27 217. On or around July 25, 2018, Jim Mueller falsely represented to DGMD and
28

1 ARMPRO that grading was completed, the pads were completed, and the final greenhouses were
2 approved.

3 218. On or around August 23, 2018, Jim Mueller falsely represented to DGMD and
4 ARMPRO that the pads were complete and the utilities were being run.

5 219. On or around September 17, 2018, Jim Mueller falsely represented to DGMD and
6 ARMPRO that all the grading was done at the Acres Site.

7 220. Defendants Mr. Balaouras, both in his individual capacity and as an agent of MJ
8 Holdings, MJ Holdings, and Mr. Deslis, both in his individual capacity and as an agent of MJ
9 Holdings and ATG, made similar misrepresentations to Prodigy and LVGO regarding the status
10 of their greenhouse construction.

11 221. On or around April 10, 2019, Mr. Deslis sent Mr. Bridges correspondence
12 allegedly from Mr. Hills falsely stating that the concrete was about to be poured for LVGO's
13 Greenhouse.

14 222. In or around May 2019, the Bridges, on behalf of LVGO, visited the Acres Site
15 and saw four completed slabs. Mr. Deslis and an Acres representative falsely told Mr. Bridges
16 that one of the slabs belonged to LVGO. On information and belief, two of the slabs that the
17 Bridges saw belonged to Zhang Springs and the other two belonged to DGMD and ARMPRO,
18 respectively.

19 223. On or around September 4, 2019, in an email allegedly from Mr. Hills, Mr.
20 Bridges was falsely told that everything was lined up for construction on his greenhouse to start
21 the following week.

22 224. Defendants knew at the time that each of their aforementioned false
23 representations were false.

24 225. Defendants intended for Plaintiffs to rely on these representations to ensure that
25 Plaintiffs did not stop sending money or back out of the Acres Investment Scheme or the MJ
26 Holdings Investment Scheme. Defendants intended for the Plaintiffs to fund the construction of
27 the greenhouses so that Acres could utilize the greenhouses as leverage in a sale to a larger
28

1 corporation.

2 226. Plaintiffs relied on the aforementioned false representations when each decided to
3 continue funding the construction of their greenhouses.

4 *Phase Three of the Scheme: Setting Up Plaintiffs For Curaleaf*

5 *Predicate Acts– Fraudulently Inducing Plaintiffs into Signing the Cultivation and Sales*
6 *Agreement*

7 227. Defendants Acres and John Mueller represented to Zhang Springs that it had to
8 sign the 2019 Cultivation and Sales Agreement in order to be protected when the sale to Curaleaf
9 was finalized. John Mueller also represented that DGMD had already signed its Cultivation and
10 Sales Agreement and that Zhang Springs could not make any changes to the agreement because
11 the NV DOT had already approved the agreement and would not allow changes.

12 228. Soon after, Defendants John Mueller and Acres made similar representations to
13 DGMD regarding the Cultivation and Sales Agreement. John Mueller told DGMD that it had to
14 sign immediately otherwise DGMD would not be protected in the sale to Curaleaf, and DGMD
15 would have to get Curaleaf's approval to sign the Agreement once Curaleaf finalized its merger
16 with Acres. John Mueller and Acres further represented that the NV DOT had already approved
17 the agreement and would not allow changes. John Mueller also falsely represented to DGMD that
18 ARMPRO had already signed the Cultivation and Sales agreement. However, ARMPRO did not
19 sign the cultivation and sales agreement until several weeks after DGMD signed the Cultivation
20 and Sales Agreement.

21 229. Finally, Defendants Acres and John Mueller made similar misrepresentations to
22 ARMPRO. Acres and John Mueller told ARMPRO that it had to sign the 2019 Cultivation and
23 Sales Agreement to be protected in the sale to Curaleaf. John Mueller further represented that
24 DGMD had already signed its Cultivation and Sales Agreement and that ARMPRO could not
25 make any changes to the agreement because the NV DOT had already approved the agreement
26 and would not allow changes. This agreement was the same or substantially similar to the one that
27 Zhang Springs signed
28

230. Before Zhang Springs signed the Cultivation and Sales Agreement it was told that although Zhang Springs could not make changes to the agreement, the agreement did contain changes requested by MJ Holdings, which was not a party to the contract. After Zhang Springs signed the Cultivation and Sales Agreement with Acres, DGMD, ARMPRO, and LVGO signed substantially similar agreements with Acres.

231. Defendants knew at the time that each of their aforementioned false representations were false.

232. Defendants intended for Plaintiffs to rely on these representations and sign the Cultivation and Sales Agreement. In signing this agreement, Defendants ensured that Plaintiffs were continuing with the Acres Investment Scheme and that the merger with Curaleaf could move ahead without incident.

233. Plaintiffs relied on the aforementioned false representations when each decided to invest into the Acres and MJ Holdings Investment Schemes. But for Defendants aforementioned false representations, Plaintiffs would not have signed the Cultivation and Sales Agreement.

Phase Four of the Scheme: Curaleaf's Fraud

Predicate Act – Fraudulent Misrepresentations by Curaleaf to get more Money for the Greenhouse Construction

234. After Acres merged with Curaleaf, Curaleaf represented to Zhang Springs, DGMD, and ARMPRO that if they increased their construction budget from roughly \$850,000 to \$1.2 million that Curaleaf would fund the rest of construction of the Co-Op Greenhouses.

235. Reluctantly, based on Curaleaf's representation, Zhang Springs, DGMD, and ARMPRO increased their investment towards construction of the Co-Op Greenhouses to \$1.2 million.

236. When Curaleaf made the representation about covering any and all costs towards the construction of the Co-Op Greenhouses over \$1.2 million that representation was false. On information and belief, to date Curaleaf has not invested any money towards completing Zhang Springs, DGMD, or ARMPRO's greenhouses.

1 237. Curaleaf knew at the time that this representation was false.
2 238. Curaleaf intended for Plaintiffs to rely on this representation.
3 239. Plaintiffs Zhang Springs, DGMD, and ARMPRO relied on this representation by
4 investing more money into their greenhouse construction.
5 240. Defendants' crimes are interrelated by distinguishing characteristics and are not
6 isolated incidents but are part of a pattern of criminal activity.
7 241. Defendants, and each of them, violated NRS 207.400.
8 242. Defendants caused Plaintiffs to collectively invest millions of dollars towards
9 construction of greenhouses (that to date are still not operational) based on Defendants'
10 misrepresentations.
11 243. Defendants' shared objective was to divert funds for their own benefit.
12 244. Defendants have conducted or participated, directly or indirectly, in the conduct of
13 the affairs of the enterprise through racketeering activity as defined in NRS 207.390 and in
14 violation of NRS 207.470.
15 245. The unlawful actions of Defendants have directly, illegally, and proximately
16 caused and continue to cause injuries to Plaintiffs and their businesses.
17 246. As a direct and proximate result of Defendants' conduct, Plaintiffs have been
18 damaged in excess of \$15,000.
19 247. Plaintiffs are entitled to treble damages against Defendants, and each of them.
20 248. Plaintiffs are entitled to punitive damages.
21 249. As a direct and proximate result of Defendants' conduct, Plaintiffs have been
22 required to retain the services of an attorney and are entitled to recover reasonable attorney fees
23 and costs in bringing this suit.
24
25 ///
26 ///
27 ///
28 ///

1 SECOND CAUSE OF ACTION

2 Conspiracy to Violate State Civil RICO, NRS 207.350, et seq.

3 (Against Jim Mueller, John Mueller, MachNV, Acres, Paris Balaouras, MJ Holdings,
4 Dimitri Deslis, ATG, and Curaleaf)

5 250. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

6 251. Defendants Jim Mueller, John Mueller, Mr. Balaouras, Acres, Curaleaf, MachNV,
7 Mr. Deslis, and MJ Holdings knowingly, willfully, and unlawfully conspired to facilitate a
8 scheme which included the operation or management of a RICO enterprise through racketeering
9 activity as alleged above.

10 252. The conspiracy commenced as early as 2016 and is ongoing.

11 253. The conspiracy's ultimate goal was to fraudulently induce Plaintiffs to invest in
12 Acres, and to continue investing in Acres/Curaleaf so that Defendants could maximize their
13 profit. This included, but is not limited to, maximizing the sale price of Acres by using Plaintiffs'
14 money to: 1) improve Acres existing properties, most specifically its Las Vegas dispensary; and
15 2) make Acres's cultivation capacity look bigger and better on paper than it really was.

16 254. Each defendant engaged in a similar pattern of behavior to fraudulently induce
17 Plaintiffs to invest in the Acres Investment Scheme. This included: 1) falsely claiming that Acres
18 had been successfully cultivating cannabis in its existing greenhouses in Amargosa Valley;
19 2) falsely representing that the Acres Site had adequate power to supply new greenhouses;
20 3) falsely claiming that the Acres Site had virtually unlimited clean water; 4) providing Plaintiffs'
21 false information regarding the process of the greenhouse construction process so that Plaintiff's
22 would continue to spend money to have the greenhouses built and not demand a refund; and
23 5) providing Plaintiff's false information regarding the Cultivation and Sales Agreement.

24 255. As a direct and proximate result of Defendants' conduct, Plaintiffs have been
25 damaged in excess of \$15,000.

26 256. Plaintiffs are entitled to treble damages.

27 257. Plaintiffs are entitled to punitive damages.

258. As a direct and proximate result of Defendants' conduct, Plaintiffs have been required to retain the services of an attorney and are entitled to recover reasonable attorney fees and costs in bringing this suit.

THIRD CLAIM FOR RELIEF

FRAUD

(Against Jim Mueller, John Mueller, Acres, Paris Balaouras, MJ Holdings, and Curaleaf)

259. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

260. In or around late 2017 and early 2018 Defendants Acres, John Mueller and Jim Mueller represented to Zhang Springs, DGMD, and ARMPRO that Acres' cultivation facility was a profitable entity and that, therefore, investing in expanded cultivation with Acres would be profitable.

261. In or around October 2018, Mr. Balaouras represented to Prodigy that Acres' cultivation facility was a profitable entity and that, therefore, investing in expanded cultivation with Acres would be profitable.

262. In November 2017, John Mueller, acting as an individual and an agent of Acres, represented to Zhang Springs that Acres was operating its existing cultivation facility at near maximum capacity and that the sales from the cultivated product were so lucrative that Acres was looking to expand its cultivation capacity. Upon information and belief, this was false.

263. In December 2017, Jim Mueller, acting as an individual and an agent of Acres, represented to DGMD that Acres was operating its existing cultivation facility at near maximum capacity and that the sales from the cultivated product were so lucrative that Acres was looking to expand its cultivation capacity. Upon information and belief, this was false.

264. In January 2018, Jim Mueller, acting as an individual and an agent of Acres, represented to ARMPRO that Acres was operating its existing cultivation facility at near maximum capacity and that the sales from the cultivated product were so lucrative that Acres was looking to expand its cultivation capacity. Upon information and belief, this was false.

265. In October 2018, Mr. Balaouras, acting as an individual and an agent of MJ

1 Holdings, represented to Prodigy that Acres was operating its existing cultivation facility at near
2 maximum capacity and that the sales from the cultivated product were so lucrative that Acres was
3 looking to expand its cultivation capacity. Upon information and belief, this was false.

4 266. On information and belief, from at least 2016 through 2017 Acres was unable to
5 successfully cultivate much cannabis at its Amargosa Valley cultivation site, and the cultivation
6 facility was never running at capacity nor generating much, if any, profit.

7 267. Defendants knew at the time that each of these representations were false.

8 268. Defendants intended for Zhang Springs, DGMD, ARMPRO, and Prodigy to invest
9 money into the Acres and MJ Holdings Investment Schemes based on their misrepresentations.

10 269. Zhang Springs, DGMD, ARMPRO, and Prodigy justifiably relied on these
11 misrepresentations by investing money into the Acres and MJ Holdings Investment Schemes.

12 270. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
13 DGMD, ARMPRO, and Prodigy have been damaged in excess of \$15,000.

14 271. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
15 DGMD, ARMPRO, and Prodigy have been required to retain the services of an attorney and are
16 entitled to recover reasonable attorney fees and costs in bringing this suit.

17 272. Defendants' conduct was willful and wanton or done in reckless disregard of the
18 rights of Plaintiffs Zhang Springs, DGMD, ARMPRO, and Prodigy and, as a result, Plaintiffs are
19 entitled to punitive damages in an amount to be proven at trial.

20 **FOURTH CLAIM FOR RELIEF**

21 **FRAUD**

22 **(Against Jim Mueller, John Mueller, Acres, Paris Balaouras, MJ Holdings, Dimitri Deslis,**
23 **ATG, and Curaleaf)**

24 273. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

25 274. Defendants Acres, John Mueller, Jim Mueller, Mr. Balaouras, Mr. Deslis, ATG,
26 and / or MJ Holdings represented to Zhang Springs, DGMD, ARMPRO, and Prodigy that the
27 Acres Site was fully equipped with sufficient power to manage the greenhouses.

1 275. In November 2017, John Mueller, acting as an individual and an agent of Acres,
2 represented to Zhang Springs that the Acres Site had sufficient power for the greenhouses.

3 276. In December 2017, Jim Mueller, acting as an individual and an agent of Acres,
4 represented to DGMD that the Acres Site had sufficient power for all the greenhouses.

5 277. In January 2018, Jim Mueller, acting as an individual and an agent of Acres,
6 represented to ARMPRO that the Acres Site had sufficient power for all the greenhouses.

7 278. In October 2018, John Mueller, acting as an individual and an agent of Acres, Mr.
8 Balaouras, acting as an individual and an agent of MJ Holdings, and Mr. Deslis, acting as an
9 individual and an agent of MJ Holdings and ATG, represented to Prodigy that the Acres Site had
10 sufficient power for all the greenhouses.

11 279. On information and belief, at all relevant times the Acres Site never had adequate
12 power to adequately supply the Co-Op Greenhouses.

13 280. Defendants knew at the time that each of these representations were false.

14 281. Defendants intended for Zhang Springs, DGMD, ARMPRO, and Prodigy to invest
15 money into the Acres and MJ Holdings Investment Schemes based on their misrepresentations.

16 282. Zhang Springs, DGMD, ARMPRO, and Prodigy justifiably relied on these
17 misrepresentations by investing money into the Acres and MJ Holdings Investment Schemes.

18 283. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
19 DGMD, ARMPRO, and Prodigy have been damaged in excess of \$15,000.

20 284. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
21 DGMD, ARMPRO, and Prodigy have been required to retain the services of an attorney and are
22 entitled to recover reasonable attorney fees and costs in bringing this suit.

23 285. Defendants' conduct was willful and wanton or done in reckless disregard of the
24 rights of Plaintiffs Zhang Springs, DGMD, ARMPRO, and Prodigy and, as a result, Plaintiffs are
25 entitled to punitive damages in an amount to be proven at trial.

26 ///

27 ///

28

FIFTH CLAIM FOR RELIEF

FRAUD

**(Against Jim Mueller, John Mueller, Acres, Paris Balaouras, MJ Holdings, Dimitri Deslis,
ATG, and Curaleaf)**

286. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

287. Defendants Acres, Jim Mueller, John Mueller, Mr. Balaouras, Dimitri Deslis, ATG, and/or MJ Holdings represented to Zhang Springs, DGMD, ARMPRO, and Prodigy that the Acres Site had sufficient clean water to supply all the Co-Op Greenhouses.

288. In November 2017, John Mueller, acting as an individual and an agent of Acres, told Zhang Springs that the Acres Site had sufficient clean water for the Zhang Springs Greenhouse.

289. In December 2017, Jim Mueller, acting as an individual and an agent of Acres, represented to DGMD that the Acres Site had sufficient clean water for the DGMD Greenhouse.

290. In January 2018, Jim Mueller, acting as an individual and an agent of Acres, represented to ARMPRO that the Acres Site had sufficient clean water for the ARMPRO Greenhouse.

291. In October 2018, Mr. Balaouras, acting as an individual and an agent of MJ Holdings, and Mr. Deslis, acting as an individual and an agent of MJ Holdings and ATG, and John Mueller, acting as an individual and an agent of Acres, represented to Prodigy that the Acres Site had sufficient clean water for the LVGO Greenhouse.

292. On information and belief, at all relevant times, while there was a supply of water at the Acres Site, the water was heavily contaminated and was not suitable for growing cannabis. In fact, on information and belief, the water at the Acres Site was not rendered useable for cultivating cannabis until Curaleaf installed a costly reverse osmosis filter after its acquisition of Acres.

293. Defendants knew at the time that each of these representations were false.

294. Defendants intended for Zhang Springs, DGMD, ARMPRO, and Prodigy to invest

1 money into the Acres and MJ Holdings Investment Schemes based on their misrepresentations.

2 295. Zhang Springs, DGMD, ARMPRO, and Prodigy justifiably relied on these
3 misrepresentations by investing money into the Acres and MJ Holdings Investment Schemes.

4 296. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
5 DGMD, ARMPRO, and Prodigy have been damaged in excess of \$15,000.

6 297. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
7 DGMD, ARMPRO, and Prodigy have been required to retain the services of an attorney and are
8 entitled to recover reasonable attorney fees and costs in bringing this suit.

9 298. Defendant's conduct was willful and wanton or done in reckless disregard of the
10 rights of Plaintiffs Zhang Springs, DGMD, ARMPRO, and Prodigy and, as a result, Plaintiffs are
11 entitled to punitive damages in an amount to be proven at trial.

12 **SIXTH CLAIM FOR RELIEF**

13 **FRAUD**

14 **(Against John Mueller, Acres, MachNV, and Curaleaf)**

15 299. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

16 300. Defendants Acres, John Mueller, and MachNV represented to DGMD that it
17 needed to wire \$125,664, on top of the \$250,000 that DGMD had already paid, to MachNV to be
18 applied to construction costs.

19 301. On February 22, 2018, in reliance on this representation, DGMD wired \$125,664
20 to MachNV.

21 302. Instead of applying this money to construction as represented, MachNV
22 misappropriated the money to use for Acres's own personal use.

23 303. Defendants knew at the time that the representation that the money would be used
24 for construction was false.

25 304. Defendants intended for DGMD to invest additional money beyond the initial
26 investment into the Acres Investment Scheme based on their misrepresentations.

27 305. DGMD justifiably relied on this misrepresentation by investing additional money
28

1 into the Acres Investment Scheme.

2 306. As a direct and proximate result of Defendants' conduct, Plaintiff DGMD has been
3 damaged in excess of \$15,000.

4 307. As a direct and proximate result of Defendants' conduct, Plaintiff DGMD, has
5 been required to retain the services of an attorney and is entitled to recover reasonable attorney
6 fees and costs in bringing this suit.

7 308. Defendants' conduct was willful and wanton or done in reckless disregard of the
8 rights of Plaintiff DGMD and, as a result, Plaintiffs are entitled to punitive damages in an amount
9 to be proven at trial.

10 **SEVENTH CLAIM FOR RELIEF**

11 **FRAUD**

12 **(Against John Mueller, Acres, Paris Balaouras, MJ Holdings, Dimitri Deslis, ATG, and**
13 **Curaleaf)**

14 309. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

15 310. In October and November 2018, Defendants Acres, John Mueller, Mr. Balaouras,
16 Mr. Deslis, ATG, and MJ Holdings, represented to Prodigy and LVGO on multiple occasions that
17 the greenhouse project Prodigy, through LVGO, was investing into was fully funded by an
18 anonymous celebrity investor and only needed Prodigy and LVGO's investment to be complete.

19 311. Defendants knew at the time that these representations were false. In fact, Prodigy,
20 through LVGO, would be the only *first and only* investor in the purported "fully funded" MJ
21 Holdings Greenhouse Scheme.

22 312. Defendants intended for Prodigy and LVGO to invest money into the MJ Holdings
23 Investment Scheme based on their misrepresentations.

24 313. Prodigy and LVGO justifiably relied on these misrepresentations by investing
25 money into the MJ Holdings Investment Scheme.

26 314. As a direct and proximate result of Defendants' conduct, Prodigy and LVGO have
27 been damaged in excess of \$15,000.

28

1 315. As a direct and proximate result of Defendants' conduct, Prodigy and LVGO have
2 been required to retain the services of an attorney and are entitled to recover reasonable attorney
3 fees and costs in bringing this suit.

4 316. Defendants' conduct was willful and wanton or done in reckless disregard of the
5 rights of Prodigy and LVGO and, as a result, Prodigy and LVGO are entitled to punitive damages
6 in an amount to be proven at trial.

7 **EIGHTH CLAIM FOR RELIEF**

8 **FRAUD**

9 **(Against John Mueller, Acres, Paris Balaouras, MJ Holdings, ATG, Dimitri Deslis, and**
10 **Curaleaf)**

11 317. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

12 318. Defendants Acres, John Mueller, Mr. Balaouras, ATG, Mr. Deslis, and MJ
13 Holdings represented to Prodigy and LVGO that construction was moving forward on the LVGO
14 Greenhouse.

15 319. Between January 2019 and March 2019, Mr. Deslis, acting as an individual and an
16 agent of MJ Holdings and ATG, represented to Prodigy and LVGO that construction was going
17 according to plan.

18 320. On April 10, 2019, Mr. Deslis, acting as an individual and an agent of MJ
19 Holdings and ATG, sent Prodigy and LVGO correspondence falsely claiming that concrete was
20 being poured for the LVGO greenhouse.

21 321. Defendants represented to Prodigy and LVGO that the LVGO Greenhouse
22 construction was on track as of September 4, 2019 and would be ready to launch the following
23 week.

24 322. On information and belief, the "ATG Greenhouse" funded solely by Prodigy
25 through LVGO was never being constructed.

26 323. Defendants knew at the time that each of these representations were false

27 324. Defendants intended for Prodigy and LVGO to continue to move forward with the
28

1 MJ Holdings Investment Scheme and not demand its money back.

2 325. Prodigy and LVGO justifiably relied on these misrepresentations by continuing
3 with the MJ Holdings Investment Scheme and not demanding its money back.

4 326. As a direct and proximate result of Defendants' conduct, Plaintiffs Prodigy and
5 LVGO have been damaged in excess of \$15,000.

6 327. As a direct and proximate result of Defendants' conduct, Plaintiffs Prodigy and
7 LVGO have been required to retain the services of an attorney and are entitled to recover
8 reasonable attorney fees and costs in bringing this suit.

9 328. Defendants' conduct was willful and wanton or done in reckless disregard of the
10 rights of Plaintiffs Prodigy and LVGO and, as a result, Plaintiffs are entitled to punitive damages
11 in an amount to be proven at trial.

12 **NINTH CLAIM FOR RELIEF**

13 **FRAUD**

14 **(Against MJ Holdings and ATG)**

15 329. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

16 330. Defendants MJ Holdings and ATG represented to Prodigy that the total investment
17 cost for the "ATG Greenhouse" was \$2.5 million as claimed in the letter of intent signed on or
18 around November 12, 2018 between ATG and Prodigy.

19 331. The contract executed in March 2019 between ATG and LVGO included a clause
20 that Prodigy's deposit fee would vest upon the remaining funding of \$1.75 million dollars.
21 However, at all times, Prodigy was *the only* investor in the MJ Holdings Investment Scheme.

22 332. Defendants knew at the time that each of these representations were false and there
23 were no other investors.

24 333. Defendants intended for Prodigy and LVGO to invest in the MJ Holdings
25 Investment Scheme and to remain in the MJ Holdings Investment Scheme.

26 334. Prodigy and LVGO justifiably relied on these misrepresentations by investing and
27 continuing with the MJ Holdings Investment Scheme.

1 335. As a direct and proximate result of Defendants' conduct, Plaintiffs Prodigy and
2 LVGO have been damaged in excess of \$15,000.

3 336. As a direct and proximate result of Defendants' conduct, Plaintiffs Prodigy and
4 LVGO have been required to retain the services of an attorney and are entitled to recover
5 reasonable attorney fees and costs in bringing this suit.

6 337. Defendants' conduct was willful and wanton or done in reckless disregard of the
7 rights of Plaintiffs Prodigy and LVGO and, as a result, Plaintiffs Prodigy and LVGO are entitled
8 to punitive damages in an amount to be proven at trial.

9 **TENTH CLAIM FOR RELIEF**

10 **FRAUD**

11 **(Against ATG)**

12 338. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

13 339. Defendant ATG misrepresented to Prodigy how it's \$500,000 would be
14 distributed. The letter of intent signed between ATG and Prodigy on or around November 12,
15 2018 stated that \$250,000 of Prodigy's investment would go to Acres as a licensing fee and the
16 other \$250,000 would go towards construction costs.

17 340. However, the contract executed between LVGO and ATG in March 2019
18 reclassified how the second \$250,000 from the \$500,000 deposit was to be distributed. The March
19 2019 contract re-designated the second \$250,000 as a "consulting fee" for ATG. This "consulting
20 fee" was supposed to start vesting once the remaining \$1.75 million was invested towards the
21 "ATG Greenhouse." However, because Prodigy was the only investor towards the "ATG
22 Greenhouse" there was never going to be another \$1.75 million invested towards the construction
23 of the greenhouse. Instead, this contract was just used by ATG to wrongfully deprive Prodigy and
24 LVGO of \$250,000 of its investment.

25 341. Defendant knew at the time that each of these representations were false.

26 342. Defendants intended for Prodigy and LVGO to invest in the MJ Holdings
27 Investment Scheme and continue to move forward with the MJ Holdings Investment Scheme.
28

1 343. Prodigy and LVGO justifiably relied on these misrepresentations by investing in
2 and continuing with the MJ Holdings Investment Scheme.

3 344. As a direct and proximate result of Defendant's conduct, Plaintiff Prodigy and
4 LVGO have been damaged in excess of \$15,000.

5 345. As a direct and proximate result of Defendant's conduct, Plaintiffs Prodigy and
6 LVGO have been required to retain the services of an attorney and are entitled to recover
7 reasonable attorney fees and costs in bringing this suit.

8 346. Defendant's conduct was willful and wanton or done in reckless disregard of the
9 rights of Plaintiffs Prodigy and LVGO and, as a result, Plaintiffs Prodigy and LVGO are entitled
10 to punitive damages in an amount to be proven at trial.

11 **ELEVENTH CLAIM FOR RELIEF**

12 **FRAUD**

13 **(Against John Mueller, Acres, and Curaleaf)**

14 347. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

15 348. Defendants Acres and John Mueller represented to Zhang Springs that it could
16 place a down payment of \$250,000 to invest in a second greenhouse, and that that \$250,000 could
17 either be returned or credited towards the construction of Zhang Springs's first greenhouse upon
18 request.

19 349. On September 26, 2018, John Mueller, acting as an individual and an agent of
20 Acres, represented to Zhang Springs that Zhang Springs could execute an option agreement for a
21 second greenhouse for a discounted cost of \$50,000.

22 350. However, a few months later, on February 28, 2019, John Mueller, acting as an
23 individual and an agent of Acres, changed Acres' position and informed Zhang Springs that it
24 would cost it the full \$250,000 to purchase an option agreement for a second Co-Op Greenhouse.
25 John Mueller, acting on behalf of Acres, also told Zhang Springs that if Zhang Springs wanted to
26 back out, Zhang Springs could either receive a full refund or put the money towards the first
27 greenhouse.
28

1 351. Based on John Mueller's representations on behalf of Acres, Zhang Springs paid
2 Acres an additional \$250,000 to purchase an option to construct a second greenhouse.

3 352. However, as Zhang Springs began experiencing problems with the construction of
4 its first Co-Op Greenhouse, Zhang Springs decided to back out of the option for the second
5 greenhouse. On at least four separate occasions, Zhang Springs expressly requested that Acres
6 either return the \$250,000 option payment or credit it towards the construction of Zhang Springs'
7 first greenhouse. However, Acres refused to either refund this \$250,000 or credit it towards
8 Zhang Springs's first Co-Op Greenhouse.

9 353. Mr. Zhang contacted John Mueller in January, March, May, and July of 2020 each
10 time requesting that the \$250,000 either be refunded or applied to construction on the first
11 greenhouse as represented by John Mueller.

12 354. Defendants knew at the time of the representation that they would not and had no
13 intention of ever refunding this money.

14 355. Defendants intended for Zhang Springs to invest money into a second greenhouse
15 based on their misrepresentations.

16 356. Zhang Springs justifiably relied on these misrepresentations by investing money
17 into a second greenhouse.

18 357. As a direct and proximate result of Defendants' conduct, Zhang Springs has been
19 damaged in excess of \$15,000.

20 358. As a direct and proximate result of Defendants' conduct, Zhang Springs has been
21 required to retain the services of an attorney and is entitled to recover reasonable attorney fees
22 and costs in bringing this suit.

23 359. Defendants' conduct was willful and wanton or done in reckless disregard of the
24 rights of Zhang Springs and, as a result, Zhang Springs is entitled to punitive damages in an
25 amount to be proven at trial.

26
27
28

TWELFTH CLAIM FOR RELIEF

FRAUD

(Against Curaleaf)

360. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

361. On May 10, 2019, Mr. Gehres and Mr. Pickworth, acting as agents of Curaleaf, represented to Zhang Springs, DGMD, and ARMPRO that if they each increased their construction budgets to \$1.2 million, that Curaleaf would pay any amount above the \$1.2 million to complete the Acres Investment Scheme greenhouses.

362. Plaintiffs agreed to increase their construction budgets based on this misrepresentation and paid more money to the construction of their greenhouses above the approximately \$850,000 originally estimated. Plaintiffs paid their \$1.2 million, however, Curaleaf has not paid to complete the greenhouses.

363. Curaleaf knew at the time of this representation that it had no intention of paying to complete the construction of the Zhang Springs, DGMD, or ARMPRO Greenhouses.

364. Curaleaf intended for Zhang Springs, DGMD, and ARMPRO to invest more money into construction of the greenhouses.

365. Zhang Springs, DGMD, and ARMPRO justifiably relied on this misrepresentation by investing more money into the construction of the greenhouses.

366. As a direct and proximate result of Curaleaf's conduct, Zhang Springs, DGMD, and ARMPRO have been damaged in excess of \$15,000.

367. As a direct and proximate result of Curaleaf's conduct, Plaintiffs Zhang Springs, DGMD, and ARMPRO have been required to retain the services of an attorney and are entitled to recover reasonable attorney fees and costs in bringing this suit.

368. Curaleaf's conduct was willful and wanton or done in reckless disregard of the rights of Plaintiffs Zhang Springs, DGMD, and ARMPRO and, as a result, Plaintiffs are entitled to punitive damages in an amount to be proven at trial.

1 **THIRTEENTH CLAIM FOR RELIEF**

2 **FRAUDULENT INDUCEMENT**

3 **(Against Jim Mueller, John Mueller, Acres, and Curaleaf)**

4 369. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

5 370. Defendants Acres, John Mueller, and Jim Mueller represented to Zhang Springs,
6 DGMD, and ARMPRO that Acres was operating its existing cultivation facility at near maximum
7 capacity and that the sales from the cultivated product were so lucrative that Acres was looking to
8 expand its cultivation capacity. Upon information and belief, this was false.

9 371. In November 2017, John Mueller, acting as an individual and an agent of Acres,
10 represented to Zhang Springs that Acres was operating its existing cultivation facility at near
11 maximum capacity and that the sales from the cultivated product were so lucrative that Acres was
12 looking to expand its cultivation capacity. Upon information and belief, this was false.

13 372. In December 2017, Jim Mueller, acting as an individual and an agent of Acres,
14 represented to DGMD that Acres was operating its existing cultivation facility at near maximum
15 capacity and that the sales from the cultivated product were so lucrative that Acres was looking to
16 expand its cultivation capacity. Upon information and belief, this was false.

17 373. In January 2018, Jim Mueller, acting as an individual and an agent of Acres,
18 represented to ARMPRO that Acres was operating its existing cultivation facility at near
19 maximum capacity and that the sales from the cultivated product were so lucrative that Acres was
20 looking to expand its cultivation capacity. Upon information and belief, this was false.

21 374. Defendants knew at the time that each of these representations were false.

22 375. Defendants made these representations in order to induce Zhang Springs, DGMD,
23 and ARMPRO into signing the Management Agreement in late 2017 and early 2018.

24 376. Zhang Springs, DGMD, and ARMPRO justifiably relied on these representations
25 when deciding to sign the Management Agreement.

26 377. But for these misrepresentations, Zhang Springs, DGMD, and ARMPRO would
27 not have entered into the Management Agreement.

28

1 378. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
2 DGMD, and ARMPRO have been damaged in excess of \$15,000 and seek rescission of the
3 Management Agreement.

4 379. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
5 DGMD, and ARMPRO have been required to retain the services of an attorney and are entitled to
6 recover reasonable attorney fees and costs in bringing this suit.

7 380. Defendants' conduct was willful and wanton or done in reckless disregard of the
8 rights of Plaintiffs Zhang Springs, DGMD, and ARMPRO and, as a result, Plaintiffs are entitled
9 to punitive damages in an amount to be proven at trial.

10 **FOURTEENTH CLAIM FOR RELIEF**

11 **FRAUDULENT INDUCEMENT**

12 **(Against Jim Mueller, John Mueller, Acres, and Curaleaf)**

13 381. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

14 382. Defendants Acres, Jim Mueller, and John Mueller represented to Zhang Springs,
15 DGMD, and ARMPRO that the Acres Site was fully equipped with sufficient power to manage
16 all the greenhouses.

17 383. In November 2017, John Mueller, acting as an individual and an agent of Acres,
18 represented to Zhang Springs that the Acres Site had sufficient power for the Zhang Springs
19 Greenhouse.

20 384. In December 2017, Jim Mueller, acting as an individual and an agent of Acres,
21 represented to DGMD that the Acres Site had sufficient power for the DGMD Greenhouse.

22 385. In January 2018, Jim Mueller, acting as an individual and an agent of Acres,
23 represented to ARMPRO that the Acres Site had sufficient power for the ARMPRO Greenhouse.

24 386. Defendants knew at the time that each of these representations were false.

25 387. Defendants made these representations in order to induce Zhang Springs, DGMD,
26 and ARMPRO into signing the Acres Management Agreement and investing in the Acres
27 Investment Scheme.

1 388. Zhang Springs, DGMD, and ARMPRO justifiably relied on these representations
2 when deciding to sign the Acres Management Agreement invest in the Acres Investment Scheme.

3 389. But for these misrepresentations, Zhang Springs, DGMD, and ARMPRO would
4 not have signed the Acres Management Agreement or invested in the Acres Investment Scheme.

5 390. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
6 DGMD, and ARMPRO have been damaged in excess of \$15,000 and seek rescission of the
7 Management Agreement.

8 391. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
9 DGMD, and ARMPRO have been required to retain the services of an attorney and are entitled to
10 recover reasonable attorney fees and costs in bringing this suit.

11 392. Defendants' conduct was willful and wanton or done in reckless disregard of the
12 rights of Plaintiffs Zhang Springs, DGMD, and ARMPRO and, as a result, Plaintiffs are entitled
13 to punitive damages in an amount to be proven at trial.

14 **FIFTEENTH CLAIM FOR RELIEF**

15 **FRAUDULENT INDUCEMENT**

16 **(Against Jim Mueller, John Mueller, Acres, Paris Balaouras, MJ Holdings, and Curaleaf)**

17 393. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

18 394. Defendants Acres, Jim Mueller, John Mueller, Paris Balaouras, and MJ Holdings
19 represented to Zhang Springs, DGMD, and ARMPRO that the Acres Site had sufficient clean
20 water to supply to all the greenhouses.

21 395. In November 2017, John Mueller, acting as an individual and an agent of Acres,
22 and Mr. Balaouras, acting as a representative of MJ Holdings, told Zhang Springs that the Acres
23 Site had sufficient clean water for the Zhang Springs Greenhouse.

24 396. In December 2017, Jim Mueller, acting as an individual and an agent of Acres,
25 represented to DGMD that the Acres Site had sufficient clean water for the DGMD Greenhouse.

26 397. In January 2018, Jim Mueller, acting as an individual and an agent of Acres,
27 represented to ARMPRO that the Acres Site had sufficient clean water for the ARMPRO
28

1 greenhouse.

2 398. Defendants knew at the time that each of these representations were false.

3 399. Defendants made these representations in order to induce Zhang Springs, DGMD,
4 and ARMPRO to sign the Acres Management Agreement and invest in the Acres Investment
5 Scheme.

6 400. Zhang Springs, DGMD, and ARMPRO justifiably relied on these representations
7 when deciding to sign the Acres Management Agreement and invest in the Acres Investment
8 Scheme.

9 401. But for these misrepresentations, Zhang Springs, DGMD, and ARMPRO would
10 not have signed the Acres Management Agreement or invested in the Acres Investment Scheme.

11 402. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
12 DGMD, and ARMPRO have been damaged in excess of \$15,000 and seek rescission of the
13 Management Agreement.

14 403. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
15 DGMD, and ARMPRO have been required to retain the services of an attorney and are entitled to
16 recover reasonable attorney fees and costs in bringing this suit.

17 404. Defendants' conduct was willful and wanton or done in reckless disregard of the
18 rights of Plaintiffs Zhang Springs, DGMD, and ARMPRO and, as a result, Plaintiffs are entitled
19 to punitive damages in an amount to be proven at trial.

20 **SIXTEENTH CLAIM FOR RELIEF**

21 **FRAUDULENT INDUCEMENT**

22 **(Against John Mueller, Acres, Paris Balaouras, MJ Holdings, Dimitri Deslis, ATG, and**
23 **Curaleaf)**

24 405. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

25 406. Defendants Acres, John Mueller, Mr. Balaouras, Dimitri Deslis, ATG, and MJ
26 Holdings fraudulently induced Prodigy and LVGO to invest in the MJ Holdings Investment
27 Scheme.

1 407. In October 2018, Mr. Balaouras, acting as an individual and an agent of MJ
2 Holdings, Mr. Deslis, acting as an individual and an agent of MJ Holdings and ATG, and John
3 Mueller, acting as an individual and an agent of Acres, represented to Prodigy that the Acres Site
4 had sufficient power for all the greenhouses.

5 408. Defendants knew at the time that each of these representations were false.

6 409. Defendants made these representations in order to induce LVGO into signing the
7 Cultivation and Sales Agreement and investing in the MJ Holdings Investment Scheme.

8 410. LVGO, justifiably relied on these representations when deciding to sign the
9 Cultivation and Sales Agreement and invest in the MJ Holdings Investment Scheme.

10 411. But for these misrepresentations, LVGO, would not have signed the Cultivation
11 and Sales Agreement or invested in the MJ Holdings Investment Scheme.

12 412. As a direct and proximate result of Defendants' conduct Plaintiff LVGO has been
13 damaged in excess of \$15,000 and seeks rescission of the Cultivation and Sales Agreement.

14 413. As a direct and proximate result of Defendants' conduct, Plaintiff LVGO has been
15 required to retain the services of an attorney and is entitled to recover reasonable attorney fees
16 and costs in bringing this suit.

17 414. Defendants' conduct was willful and wanton or done in reckless disregard of the
18 rights of Plaintiff LVGO and, as a result, Plaintiff is entitled to punitive damages in an amount to
19 be proven at trial.

20 **SEVENTEENTH CLAIM FOR RELIEF**

21 **FRAUDULENT INDUCEMENT**

22 **(Against Acres, John Mueller, Paris Balaouras, MJ Holdings, Dimitri Deslis, ATG, and**
23 **Curaleaf)**

24 415. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

25 416. In October 2018, Defendants Acres, John Mueller, acting as an individual and an
26 agent of Acres, Mr. Balaouras, acting as an individual and an agent of MJ Holdings, and Mr.
27 Deslis, acting as an individual and an agent of MJ Holdings and ATG, MJ Holdings, and ATG
28

1 represented to Prodigy that the Acres Site had sufficient clean water for the LVGO Greenhouse.

2 417. Defendants knew at the time that each of these representations were false.

3 418. Defendants made these representations in order to induce Prodigy, as LVGO, into
4 investing in the MJ Holdings Investment Scheme.

5 419. LVGO, justifiably relied on these representations when deciding to sign the
6 Cultivation and Sales Agreement and invest in the MJ Holdings Investment Scheme.

7 420. But for these misrepresentations, LVGO, would not have signed the Cultivation
8 and Sales Agreement or invested in the MJ Holdings Investment Scheme.

9 421. As a direct and proximate result of the misrepresentation, Plaintiffs Prodigy and
10 LVGO have been damaged in excess of \$15,000 and seek rescission of the Cultivation and Sales
11 Agreement.

12 422. As a direct and proximate result of Defendants' conduct, Plaintiffs Prodigy and
13 LVGO have been required to retain the services of an attorney and are entitled to recover
14 reasonable attorney fees and costs in bringing this suit.

15 423. Defendants' conduct was willful and wanton or done in reckless disregard of the
16 rights of Plaintiffs Prodigy and LVGO and, as a result, Plaintiffs are entitled to punitive damages
17 in an amount to be proven at trial.

18 **EIGHTEENTH CLAIM FOR RELIEF**

19 **FRAUDULENT INDUCEMENT**

20 **(Against John Mueller, Acres, Paris Balaouras, MJ Holdings, Dimitri Deslis, ATG, and**
21 **Curaleaf)**

22 424. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

23 425. In October and November 2018, Defendants Acres, John Mueller, acting as an
24 individual and an agent of Acres, Paris Balaouras, acting as an individual and an agent of MJ
25 Holdings, Dimitri Deslis, acting as an individual and an agent of MJ Holdings and ATG, MJ
26 Holdings, and ATG represented to Prodigy that the greenhouse Prodigy was investing into was
27 fully funded by an anonymous celebrity investor and just needed his last investment to be
28

1 completed.

2 426. Defendants knew at the time that each of these representations were false.

3 427. Defendants made these representations in order to induce LVGO into signing the
4 Cultivation and Sales Agreement and investing in the MJ Holdings Investment Scheme.

5 428. LVGO justifiably relied on these representations when deciding to sign the
6 Cultivation and Sales Agreement and invest in the MJ Holdings Investment Scheme.

7 429. But for these misrepresentations, LVGO would not have signed the Cultivation
8 and Sales Agreement or invested in the MJ Holdings Investment Scheme.

9 430. As a direct and proximate result of Defendants' conduct, Plaintiffs Prodigy and
10 LVGO have been damaged in excess of \$15,000 and seek rescission of the Cultivation and Sales
11 Agreement.

12 431. As a direct and proximate result of Defendants' conduct, Plaintiffs Prodigy and
13 LVGO have been required to retain the services of an attorney and are entitled to recover
14 reasonable attorney fees and costs in bringing this suit.

15 432. Defendants' conduct was willful and wanton or done in reckless disregard of the
16 rights of Plaintiffs Prodigy and LVGO and, as a result, Plaintiffs are entitled to punitive damages
17 in an amount to be proven at trial.

18 **NINETEENTH CLAIM FOR RELIEF**

19 **FRAUDULENT INDUCEMENT**

20 **(Against John Mueller, Acres, and Curaleaf)**

21 433. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

22 434. On January 16, 2019, John Mueller represented to Mr. Zhang that the Cultivation
23 and Sales Agreement had been approved by the NV DOT and the NV DOT would not allow
24 changes.

25 435. In early 2019, John Mueller represented to Mr. Muller that the Cultivation and
26 Sales Agreement had been approved by the NV DOT and could not be changed.

27 436. In early 2019, John Mueller represented to Mr. Gonzales that the Cultivation and
28

1 Sales Agreement had been approved by the NV DOT and could not be changed.

2 437. On information and belief, these representations were false.

3 438. Defendants knew at the time that each of these representations were false.

4 439. Defendants made these representations in order to induce Zhang Springs, DGMD,
5 and ARMPRO to sign the Cultivation and Sales Agreement.

6 440. Zhang Springs, DGMD, and ARMPRO justifiably relied on these representations
7 when deciding to sign the Cultivation and Sales Agreement.

8 441. But for these misrepresentations, Zhang Springs, DGMD, and ARMPRO would
9 not have signed the Cultivation and Sales Agreement.

10 442. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
11 DGMD, and ARMPRO have been damaged in excess of \$15,000 and seek rescission of the
12 Cultivation and Sales Agreement.

13 443. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
14 DGMD, and ARMPRO have been required to retain the services of an attorney and are entitled to
15 recover reasonable attorney fees and costs in bringing this suit.

16 444. Defendants' conduct was willful and wanton or done in reckless disregard of the
17 rights of Plaintiffs Zhang Springs, DGMD, and ARMPRO and, as a result, Plaintiffs are entitled
18 to punitive damages in an amount to be proven at trial.

19 **TWENTIETH CLAIM FOR RELIEF**

20 **FRAUDULENT INDUCEMENT**

21 **(Against John Mueller, Acres, and Curaleaf)**

22 445. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

23 446. On January 16, 2019, John Mueller told Mr. Zhang that Mr. Gonzales had already
24 signed a similar Cultivation and Sales Agreement to the one that Zhang Springs received and
25 therefore, Zhang Springs should sign as well.

26 447. In early 2019, John Mueller represented to Mr. Muller that Mr. Gonzales had
27 already signed a similar Cultivation and Sales Agreement to the one that ARMPRO received and
28

1 therefore, ARMPRO should sign as well.

2 448. Mr. Gonzales had not signed the Cultivation and Sales Agreement on behalf of
3 DGMD at the time these representations were made.

4 449. Defendants knew at the time that each of these representations were false.

5 450. Defendants made these representations in order to induce Zhang Springs and
6 ARMPRO to sign the Cultivation and Sales Agreement.

7 451. Zhang Springs and ARMPRO justifiably relied on these representations when
8 deciding to sign the Cultivation and Sales Agreement.

9 452. But for these misrepresentations, Zhang Springs and ARMPRO would not have
10 signed the Cultivation and Sales Agreement.

11 453. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs
12 and ARMPRO have been damaged in excess of \$15,000 and seek rescission of the Cultivation and
13 Sales Agreement.

14 454. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs
15 and ARMPRO have been required to retain the services of an attorney and are entitled to recover
16 reasonable attorney fees and costs in bringing this suit.

17 455. Defendants' conduct was willful and wanton or done in reckless disregard of the
18 rights of Plaintiffs Zhang Springs, DGMD, and ARMPRO and, as a result, Plaintiffs are entitled
19 to punitive damages in an amount to be proven at trial.

20 **TWENTY-FIRST CLAIM FOR RELIEF**

21 **ACCOUNTING**

22 **(Against Jim Mueller, John Mueller, MachNV, Acres, Paris Balaouras, MJ Holdings,**
23 **Dimitri Deslis, ATG, and Curaleaf)**

24 456. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

25 457. A fiduciary relationship existed or exists between Plaintiffs Zhang Springs,
26 DGMD, ARMPRO, Prodigy, and LVGO and Defendants Jim Mueller, John Mueller, Acres,
27 MachNV, MJ Holdings, and Curaleaf.

28

TWENTY-SECOND CLAIM FOR RELIEF

CONVERSION

(Against Acres and Curaleaf)

11 461. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

462. On information and belief, the Acres sale to Curaleaf involved the sale of the
Zhang Springs, DGMD, and ARMPRO Greenhouses.

14 463. Each of these greenhouses are the property of their respective Investors.

464. Including these greenhouses in the sale was a distinct and intentional act of
dominion that Acres wrongfully asserted over the property of Zhang Springs, DGMD, and
ARMPRO.

465. This act by Acres was committed inconsistently with Zhang Springs, DGMD,
ARMPRO's use and enjoyment of the greenhouses.

466. This act by Acres was committed in derogation, exclusion, or defiance of Zhang Springs, DGMD, and ARMPRO's rights in the greenhouses.

467. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs, DGMD, and ARMPRO have been damaged in excess of \$15,000.

468. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs, DGMD, and ARMPRO have been required to retain the services of an attorney and are entitled to recover reasonable attorney fees and costs in bringing this suit.

TWENTY-THIRD CLAIM FOR RELIEF

CONVERSION

(Against Curaleaf)

469. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

470. In the alternative, if the Acres sale to Curaleaf did not include the Zhang Springs, DGMD, and ARMPRO Greenhouses, then on information and belief Curaleaf took power that belonged to Plaintiffs' Greenhouses for its own benefit.

471. On information and belief, Curaleaf has taken any potential power that could be used for the Plaintiffs' greenhouses in order to power the Curaleaf greenhouses.

472. This stolen power belongs to the Plaintiffs and is the property of the Plaintiffs through the greenhouses.

473. Taking the Plaintiffs' power was a distinct and intentional act of dominion that Curaleaf wrongfully asserted over the property of Zhang Springs, DGMD, and ARMPRO.

474. This act by Curaleaf was committed inconsistently with Zhang Springs, DGMD, ARMPRO's use and enjoyment of the greenhouses.

475. This act by Acres was committed in derogation, exclusion, or defiance of Zhang Springs, DGMD, and ARMPRO's rights in the power.

476. As a direct and proximate result of Curaleaf's conduct, Plaintiffs Zhang Springs, DGMD, and ARMPRO have been damaged in excess of \$15,000.

477. As a direct and proximate result of Curaleaf's conduct, Plaintiffs Zhang Springs, DGMD, and ARMPRO have been required to retain the services of an attorney and are entitled to recover reasonable attorney fees and costs in bringing this suit.

TWENTY-FOURTH CLAIM FOR RELIEF

INTENTIONAL INTERFERENCE WITH CONTRACTUAL RELATIONS

(Against Curaleaf)

478. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

479. Plaintiffs Zhang Springs, DGMD, ARMPRO, and LVGO each had a valid and

1 existing contract with Acres through the Cultivation and Sales Agreement each signed in early
2 2019.

3 480. Defendant Curaleaf had actual knowledge of Plaintiffs' Zhang Springs, DGMD,
4 ARMPRO, and LVGO contracts with Acres.

5 481. In order for Plaintiffs' greenhouses to be functional, each one needs an adequate
6 power supply. However, on information and belief, Curaleaf has taken any power that may have
7 been used for the Plaintiffs' Zhang Springs, DGMD, ARMPRO, and LVGO greenhouses and
8 rerouted the power for its own use.

9 482. By taking any power that may have powered Plaintiffs' Zhang Springs, DGMD,
10 ARMPRO, and LVGO greenhouses, Curaleaf has intentionally disrupted Plaintiffs' contracts
11 with Acres.

12 483. Curaleaf has caused actual disruption of the Cultivation and Sales Agreement:
13 Plaintiffs cannot perform their duties under the Agreement without adequate power.

14 484. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
15 DGMD, ARMPRO, and LVGO have been damaged in excess of \$15,000.

16 485. As a direct and proximate result of Defendants' conduct, Plaintiffs Zhang Springs,
17 DGMD, ARMPRO, and LVGO have been required to retain the services of an attorney and are
18 entitled to recover reasonable attorney fees and costs in bringing this suit.

19 **TWENTY-FIFTH CAUSE OF ACTION**

20 **CONSPIRACY**

21 **(Against Jim Mueller, John Mueller, Acres, Paris Balaouras, MJ Holdings, Dimitri Deslis,**
22 **ATG, and Curaleaf)**

23 486. Plaintiffs repeat and reallege the foregoing paragraphs as if fully set forth herein.

24 487. Defendants John Mueller, Jim Mueller, MachNV, Acres, Paris Balaouras, MJ
25 Holdings, Dimitri Deslis, ATG, and Curaleaf intended to fraudulently obtain money from the
26 Plaintiffs in order to put that money towards the Acres dispensary and to make Acres look more
27 appealing to potential buyers as well as pay off Defendants' agents.

1 488. Defendants acted together in order to find investors to invest money into the Acres
2 and MJ Holdings Investment Schemes. Each Defendant either individually or through their
3 agents, planned to bring in an investor in order to misappropriate the money for Defendants' own
4 gain.

5 489. Defendants intended to fraudulently obtain Plaintiffs' money for the purpose of
6 harming the Plaintiffs to benefit Defendants.

7 490. Defendants committed unlawful fraudulent misrepresentations in furtherance of
8 the agreement to defraud the Plaintiffs. As alleged above, Defendants made extensive fraudulent
9 misrepresentations regarding the Acres Investment Scheme.

10 491. As a direct and proximate result of Defendants' conduct, Plaintiffs have been
11 damaged in excess of \$15,000.

12 492. As a direct and proximate result of Defendants' conduct, Plaintiffs have been
13 required to retain the services of an attorney and are entitled to recover reasonable attorney fees
14 and costs in bringing this suit.

15 **PRAYER FOR RELIEF**

16 WHEREFORE, Plaintiffs pray for relief as follows:

- 17 1. For an award of damages in excess of \$15,000 in an amount to be proven at trial;
- 18 2. For pre- and post-judgment interest;
- 19 3. For punitive damages;
- 20 4. For attorney fees and costs of suit;
- 21 5. Accounting;
- 22 6. Rescission of the Acres Management Agreement and the Acres Cultivation and
23 Sales Agreement; and
- 24 7. For such other and further relief as the Court deems just and proper.

25 ///

26 ///

27 ///

JURY DEMAND

Plaintiffs demand a jury on all claims.

DATED this 19th day of March, 2021.

HYMANSON & HYMANSON

BY: /s/ Philip M. Hymanson
PHILIP M. HYMANSON, ESQ.
Nevada State Bar No. 2253
HENRY JOSEPH HYMANSON, ESQ.
Nevada State Bar No. 14381
ARIANA CARUSO
Nevada Bar No. 15520
HYMANSON & HYMANSON
8816 Spanish Ridge Avenue
Las Vegas, NV 89148
(702) 629-3300 Telephone
(702) 629-3332 Facsimile
Phil@HymansonLawNV.com
Hank@HymansonLawNV.com
Ariana@HymansonLawNV.com
Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I am an employee of HYMANSON & HYMANSON, and pursuant to NRCp 5(b), EDCR 8.05, Administrative Order 14-2, and NEFCR 9, I caused a true and correct copy of the foregoing **COMPLAINT** to be served via the Court's Electronic Filing System on the 19th day of March, 2021 upon those persons designated by the parties in the E-Service Master List for the above-referenced matter in the Eighth Judicial District Court e-Filing System in accordance with the mandatory electronic service requirements of Administrative Order 14-2 and the Nevada Electronic Filing and Conversion Rules.

/s/ Karen Wiehl
an employee of Hymanson & Hymanson