

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

Civil Division

West District, Santa Monica Courthouse, Department M

24SMCV00651

August 27, 2025

[REDACTED] et al. vs [REDACTED] et al.

8:30 AM

Judge: Honorable Mark A. Young

CSR: [REDACTED] CSR # 11458

Judicial Assistant: [REDACTED]

ERM: None

Courtroom Assistant: [REDACTED]

Deputy Sheriff: None

APPEARANCES:

For Plaintiff(s): Charles C.H. Wu

For Defendant(s): [REDACTED] (Video); [REDACTED] (Video)

Other Appearance Notes: By: [REDACTED] (Telephonic)

NATURE OF PROCEEDINGS: Hearing on Application for Writ of Attachment (CCP 484.040); Hearing on Motion for Temporary Protective Order

Pursuant to Government Code sections 68086, 70044, and California Rules of Court, rule 2.956, [REDACTED] CSR # 11458, certified shorthand reporter is appointed as an official Court reporter pro tempore in these proceedings, and is ordered to comply with the terms of the Court Reporter Agreement. The Order is signed and filed this date.

The matter is called for hearing.

The Court has read and considered all documents filed hereto regarding the above-captioned Motion / Application and provides counsel with its written Tentative Ruling. Counsel are given the opportunity to argue. After argument, the Court takes the matter under submission. Later, the Court amends and adopts its Tentative Ruling as the Final Ruling as follows:

****FINAL RULING****

LEGAL STANDARD

An application for a writ of attachment shall be executed under oath and must include: (1) a statement showing that the attachment is sought to secure the recovery on a claim upon which an attachment may be issued; (2) a statement of the amount to be secured by the attachment; (3) a statement that the attachment is not sought for a purpose other than the recovery on the claim upon which the attachment is based; (4) a statement that the applicant has no information or belief that the claim is discharged or that the prosecution of the action is stayed in a proceeding under the Bankruptcy Act (11 U.S.C. section 101 et seq.); and (5) a description of the property to be attached under the writ of attachment and a statement that the plaintiff is informed and believes that such property is subject to attachment. (CCP § 484.020.)

The application shall be supported by an affidavit showing that the plaintiff on the facts

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presented will be entitled to a judgment on the claim. (CCP § 484.030.) The Court shall issue a right to attach order if the Court finds all of the following: (1) The claim upon which the attachment is based is one upon which an attachment may be issued. (2) The plaintiff has established the probable validity of the claim upon which the attachment is based. (3) The attachment is not sought for a purpose other than the recovery on the claim upon which the attachment is based. (4) The amount to be secured by the attachment is greater than zero. (CCP § 484.090.)

“A claim has ‘probable validity’ where it is more likely than not that the plaintiff will obtain a judgment against the defendant on that claim.” (CCP § 481.190.) In determining the probable validity of a claim where the defendant makes an appearance, the court must consider the relative merits of the positions of the respective parties and make a determination of the probable outcome of the litigation.” (Loeb & Loeb v. Beverly Glen Music, Inc. (1985) 166 Cal.App.3d 1110, 1120; see Epstein v. Abrams (1997) 57 Cal.App.4th 1159, 1168 [attachment law strictly construed].)

ANALYSIS

Plaintiffs [REDACTED] seek writs of attachment against certain accounts of Defendant [REDACTED]. The subject Accounts include:

- 1) [REDACTED] JP Morgan Chase Bank account [REDACTED]
- 2) [REDACTED] JP Morgan Chase Bank account [REDACTED]
- 3) [REDACTED] JP Morgan Chase Bank account [REDACTED]
- 4) [REDACTED] JP Morgan Chase Bank account [REDACTED]
- 5) [REDACTED] JP Morgan Chase Bank account [REDACTED]
- 6) [REDACTED] JP Morgan Chase Bank account [REDACTED]
- 7) [REDACTED] JP Morgan Chase Bank account [REDACTED]
- 8) [REDACTED] personal WeBull brokerage account [REDACTED]
- 9) [REDACTED] Payward Ventures/Kraken cryptocurrency public account ID [REDACTED] and
- 10) [REDACTED] Bank of America account [REDACTED]

(collectively, the “Subject Accounts”).

As a preliminary matter, on the day of the ex parte hearing and after the Court had posted its tentative the previous day, Defendants filed an Amended Declaration of [REDACTED]. The declaration, however, is untimely under Code of Civil Procedure section 483.060 (any opposition, including declarations, must be filed and served upon the plaintiff no later than five

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court days prior to the date set for the hearing.) The Court will not consider the late filed declaration.

Claim at Issue

“[A]n attachment may be issued only in an action on a claim or claims for money, each of which is based upon a contract, express or implied, where the total amount of the claim or claims is a fixed or readily ascertainable amount not less than five hundred dollars (\$500) exclusive of costs, interest, and attorney's fees.” (CCP § 483.010(a).)

Plaintiff bases the attachment of the Subject Accounts on the seventh cause of action for conversion (the “Claim”). (FAC ¶¶ 366-376.) The parties dispute whether the Claim may have an attachment issued. Here, attachment may be appropriate because the Claim is *ex contractu*. It arises from [REDACTED] implied-in-law promise to return the converted Trust funds. Attachment may be based upon an implied-in-law promise to repay what has been received by him under a contract. (Bennett v. Superior Ct. in & for Los Angeles Cnty., (1933) 218 Cal. 153, 162.) Courts have held that similar acts of misappropriation and embezzlement support attachment because there exists an implied-by-law obligation to return the subject funds, even where the claim is stated in tort. (Klein v. Benaron (1967) 247 Cal.App.2d 607; Arcturus v. Rork (1961) 198 Cal.App.2d 208; see also Hill v. Superior Ct. in & for Alameda Cnty., (1940) 16 Cal. 2d 527, 528 [“Where there is a misappropriation of funds, the injured party may waive the tort and sue upon an implied contract for money had and received; and though the action is based upon the tort of embezzlement, it is *ex contractu*, and the plaintiff may attach.”].)

For instance, in *Arcturus*, the Second District concluded that, while fraud and breach of fiduciary obligations were alleged, the gravamen of the complaint was for the recovery in quasi contract against an agent on an implied by law promise “to pay to the plaintiff principal the specific secret profits and kickbacks received.” (*Arcturus*, *supra*, 198 Cal.App.2d at 210.) The court further held that under the Restatement Second of Agency, agents have a general duty to account for profits, and to return anything of value which the agent received as a result of a violation of his duties. (*Id.*) Similarly, in *Klein*, the Court concluded that even though there was no express or implied in fact contract, defendant, by virtue of the law, had impliedly contracted to repay \$50,000 that was fraudulently taken from Plaintiff. (*Klein*, *supra*, 247 Cal.App.2d at 609.) There, defendant had converted plaintiff’s \$50,500 loan to the corporation for his own personal use. The court stated “[b]eyond question, the first cause of action is one in fraud, a tort, but its facts, revealing plaintiffs \$50,500 going from his hands to the corporation and at once into defendant's account, due to defendant's misrepresentations and broken promises to plaintiff, presents a case where the law implies a promise on defendant's part to repay it.” (*Id.* at 609-610.)

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Here, the FAC alleges that the Claim arises from ██████████ and ██████████ complex business relationship and an alleged 70-30 business ownership structure, wherein ██████████ was to invest 70% of the capital for the business and ██████████ would invest 30% of the capital, with both owning a respective percentage in the overall business. (FAC ¶¶ 44-49, 89.) Relying on ██████████ representations about certain tax savings and liability safety features, ██████████ transferred approximately \$27M of his funds from ██████████ JPM account to the Lincoln Trust JPM account ██████████ (managed by ██████████ as “Trustee”) to invest in U.S. stocks. (FAC, ¶ 114.) Shortly after, ██████████ opened JPM lines of credit, wherein Lincoln Trust was the borrower and its assets were used as collateral, and from which ██████████ took loan advances and diverted such funds to his personal account. (FAC, ¶¶ 120-121.)

The Claim alleges ██████████ is the Settlor of the Trusts and vested ██████████ with the responsibility of managing the Trusts' assets, as well as the projects toward which Plaintiffs contributed their funds. (FAC ¶ 368.) ██████████ misappropriated Trust funds for unauthorized personal use and benefit, including but not limited to obtaining loans and mortgages secured by Plaintiff Trusts' assets. (FAC, ¶ 369.) The unauthorized use of such assets by ██████████ for their personal loans and other transactions constitutes a conversion of Plaintiffs' properties and Plaintiff therefore demands restitution. (FAC ¶¶ 370-371.)

Furthermore, the second cause of action for rescission and unjust enrichment sounds in quasi-contract and supports attachment. (Bennet, supra, 218 Cal. at 162.) The second cause seeks to rescind the Trusts, including restitution of the Lincoln Trust funds.

Probable Validity

The elements of conversion are: (1) the plaintiff's ownership or right to possession of personal property; (2) defendant's disposition of the property inconsistent with plaintiff's rights; and (3) resulting damages. (Fremont Indemnity Co. v. Fremont General Corp. (2007) 148 Cal.App.4th 97, 119.) “Conversion is any act of dominion wrongfully exerted over another's personal property in denial of or inconsistent with his rights therein.” (Enterprise Leasing Corp. v. Shugart Corp. (1991) 231 Cal.App.3d 737, 747.) “It is not necessary that there be a manual taking of the property; it is only necessary to show an assumption of control or ownership over the property, or that the alleged converter has applied the property to his own use.” (Id.) “Money may be the subject of conversion if the claim involves a specific, identifiable sum . . .” (Welco Electronics, Inc. v. Mora (2014) 223 Cal.App.4th 202, 209.)

Plaintiffs establish the probable validity of the Claim. Plaintiff submits the following evidence that supports ██████████ wrongful conversion. In early 2019, ██████████ asked ██████████ to transfer an additional

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██████████ \$10M to reorganize the ██████████ joint venture (an e-cigarette/vape venture). ██████████ Decl., ¶¶ 5-8; Reddy Decl., ¶¶ 5, 10, Ex. 5 pp. 2-4.) Trusting in ██████████, ██████████ agreed to transfer the additional \$10M on July 1, 2019, to ██████████ JPM account ██████████ for the purported ██████████ reorganization, with the understanding that he would continue to be the 70% owner of ██████████ through his Northwest Trust. (Id.) On July 15, 2019, ██████████ diverted the entire July 2019 \$10M by transferring the \$10M from Plaintiff ██████████ JPM account ██████████ to ██████████ personal JPM checking account ██████████ and then to his personal JPM brokerage account ██████████ instead of to the intended ██████████-related accounts for joint venture business related purposes. (Reddy Decl., ¶ 6, Ex. 5, pp. 5-20.) ██████████ then misappropriated the money by 1) transferring \$1M to his personal ██████████ brokerage account (Reddy Decl., ¶ 7.A., Ex. 5, pp. 7-14; Ex. 6, p. 7), and 2) transferring \$600,000 of the funds to ██████████ to buy a home located in Eastvale, CA, in his personal name (Id., ¶ 7.B, Ex. 5 pp. 14, 19; Ex. 7). ██████████ never consented or authorized these transfers or purchases. (██████████ Decl., ¶ 11.)

██████████ also transferred no less than \$27M of his funds from March 26, 2020, to September 27, 2020, from ██████████ JPM account ██████████ to the Lincoln Trust JPM account ██████████. (██████████ Decl., ¶ 13, Ex. 10; Reddy Decl., ¶ 8, Ex. 9.) ██████████ opened JPM lines of credit (up to \$22M limits) wherein Lincoln Trust was the borrower and its assets were used as collateral, and from which ██████████ would take loan advances and thereafter divert such funds to his personal JPM ██████████ account. ██████████ Decl., ¶ 14; Reddy Decl., ¶ 9, Ex. 9. ██████████ neither informed nor obtained Plaintiff ██████████ consent to use the Lincoln Trust as collateral for opening the \$22M line(s) of credit. ██████████ Decl., ¶ 14. ██████████ received “advances on loans” totaling no less than \$16M from the aforementioned unauthorized \$22M line(s) of credit, which he then transferred to his personal JPM ██████████ account for his personal use. (Reddy Decl., ¶ 9, Ex. 8.) Portions of this stolen \$16M, were thereafter diverted to other accounts in Defendant ██████████ name. (Reddy Decl., ¶ 9, Exs. 8, 12.) ██████████ also used the Lincoln Trust as guarantor and co-borrower for an \$885,000 mortgage. (Reddy Decl., ¶ 11, Ex. 13, pp. 13-17. ██████████ used some of the proceeds from the unauthorized \$22M line of credit to pay his monthly \$3,731.20 mortgage payments from January 2022 to March 2023. (Reddy Decl., ¶¶ 11, Ex. 13, pp. 18-22; Ex. 14, pp. 1-30.)

From December 17, 2021, through June 17, 2022, ██████████ funneled \$5.0M of the Lincoln Trust funds to ██████████ and then to ██████████ personal crypto currency wallet under the guise of it being a ██████████ corporate account. (Reddy Decl., ¶ 12, Ex. 15.) ██████████ never told Plaintiff ██████████ nor did Plaintiff ██████████ agree to have Lincoln Trust and/or ██████████ funds used for crypto currency investment. (██████████ Decl., ¶ 13.)

On July 8, 2021, ██████████ transferred no less than \$4.4M million to his personal JPM account ██████████ and his personal JPM ██████████ brokerage account for stock investment and other personal

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expenses. (Reddy Decl., ¶ 13, Ex. 16, p. 7.) ██████████ wire transferred a total of \$1.1M on May 3, 2022, July 22, 2022, and July 25, 2022, from Defendant ██████████ JPM ██████████ account to an account held in the name of ██████████ (Reddy Decl., ¶ 14, Ex. 17.) ██████████ is an owner and/or officer of ██████████ (Id.)

██████████ withdrew \$1.65M from ██████████ JPM ██████████ account on September 29, 2021 and deposited these funds to accounts held by ██████████ (\$1.23M) and ██████████ (\$425K). (Reddy Decl., ¶ 15, Ex. 18.) ██████████ is a manager and/or member of ██████████ (Id.)

██████████ also stole Plaintiffs' funds earmarked for the ██████████ (pandemic PPE) joint venture via ██████████ (██████████ Decl., ¶ 19.) On June 17, 2020, shortly after \$20M from Plaintiffs was deposited into ██████████ accounts, ██████████ transferred \$3M from ██████████ account to his personal JPM ██████████ account and ██████████ brokerage account. (Reddy Decl., ¶ 16, E. 19, pp. 1-12.) On August 5, 2020, ██████████ transferred another \$3M from ██████████ account to his personal JPM ██████████ account, which was used to buy a \$864,000 residential property located at ██████████ Chino Hills, CA 91709 (Escrow No. ██████████. (Reddy Decl., ¶ 16, Ex. 19, pp. 3-20.) On July 8, 2021, ██████████ transferred another \$1.6M from ██████████ account to his personal JPM ██████████ account. (Reddy Decl., ¶ 17, Ex. 20.) ██████████ did not authorize these transactions. (██████████ Decl., ¶ 20.)

In opposition, ██████████ presents his own declaration. ██████████ contends that he was allowed to draw on his share of the proceeds at any time and he performed many management roles pursuant to the contract. (██████████ Decl., ¶ 3.) He notes that, by ██████████ design, they kept relatively little records in writing. (Id., ¶¶ 4-6.) ██████████ states that ██████████ had no rights to manage or approve of transactions. (Id., ¶ 7.) ██████████ claims that ██████████ did not "discover" the Lincoln Trust lines of credit and loans until 2023, because ██████████ had access to the bank accounts the entire time and was able to see every transaction, including the lines of credit. (Id., ¶ 8.) Further, ██████████ states that ██████████ knew what the proceeds were being used for, as they discussed it regularly via voice and text and ██████████ never had a problem with the transactions. (Id.) ██████████ denies that he misappropriated any funds. (Id., ¶ 9.)

On balance, Plaintiff demonstrates that it is more likely than not ██████████ misappropriated the Trust funds for his personal benefit. ██████████ used the funds to invest for his personal benefit, including investing in his personal accounts and buying a residential property. ██████████ does not dispute or explain any specific instances of an alleged misappropriation. Plaintiffs have thus shown ██████████ disposition of Plaintiffs' funds inconsistent with Plaintiffs' rights under the joint ventures and/or trust agreements. ██████████ repeatedly applied Plaintiffs' funds for his own purposes, rather than as agreed. Thus, Plaintiffs are entitled to return of the misappropriated funds as well as resulting

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damages such as accrued interest.

Purpose of Attachment

Plaintiff demonstrates they seek an attachment to secure recovery on the Claim.

Amount to be Secured

The above evidence shows that the amount secured by the attachment is greater than zero. [REDACTED]
requests no exemptions.

Conclusion:

Accordingly, the attachment is GRANTED.

Counsel for defendant is to submit a proposed order.

****END OF FINAL RULING****

Clerk to give notice.

Certificate of Service is attached.