

1 OSTERGAR LATTIN JULANDER LLP
 2 Treg A. Julander (State Bar No. 174759)
 3 Allen C. Ostergar III (State Bar No. 166411)
 4 9110 Irvine Center Drive
 5 Irvine, CA 92618
 6 Telephone: 949-305-4590
 7 Facsimile: 949-305-4591
 8 Attorney for Plaintiff
 9 NAZ II HOLDING, LLC

10
 11 IN THE UNITED STATES DISTRICT COURT
 12 FOR THE CENTRAL DISTRICT OF CALIFORNIA

13 NAZ II HOLDING, LLC, a Nevada
 14 limited liability company,

15 Plaintiff,

16 vs.

17 THE LITIGATION PRACTICE GROUP
 18 PC; TONY DIAB; VALIDATION
 19 PARTNERS, LLC and DOES 1-10,
 20 inclusive,

21 Defendants.

Case No.: 8:23-cv-00030

COMPLAINT FOR:

1. INTENTIONAL INTERFERENCE WITH CONTRACTUAL RELATIONS;
2. INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE;
3. UNFAIR COMPETITION IN VIOLATION OF CAL. BUS. & PROF. CODE §§ 17200, ET SEQ.;
4. CONVERSION
5. MONEY HAD AND RECEIVED
6. ACCOUNTS STATED
7. UNJUST ENRICHMENT

JURY TRIAL DEMANDED

22
 23 Plaintiff Naz II Holding, LLC (“Plaintiff”), demanding a jury trial for any
 24 issue triable by a jury, alleges:

25 **NATURE OF THE CASE**

26 1. This action arises from an ongoing scheme in which Defendant The
 27 Litigation Practice Group PC (“LPG”), under the direction of a disbarred and illegally
 28 practicing lawyer, Defendant Tony Diab, (collectively with DOES 1-10, the “LPG

1 Defendants”), is misappropriating millions of dollars of investments Plaintiff made in
2 Defendants’ debt resolution legal services business.

3 2. Plaintiff is one of the investor-clients of Defendant Validation Partners,
4 LLC (“VP”). VP’s main purpose is to raise capital for LPG’s debt resolution practice.
5 To do so, VP acts as a factor: it purchases accounts receivable based on the legal fees
6 owed to LPG by its clients, who are generally individual consumers with significant
7 credit card or other consumer debt. In some instances, LPG directly assigns its
8 accounts receivable to VP. In other instances, LPG pays a portion of the fees from
9 each client account to “Marketing Affiliates” in exchange for the Marketing
10 Affiliates’ services in identifying consumer clients for LPG to represent. The
11 Marketing Affiliates then assign to VP their rights to receive these payments from
12 LPG. In both instances, LPG is contractually obligated to pay the fees it receives
13 from its clients to VP.

14 3. VP acquires the accounts receivable with funds solicited from investors
15 like Plaintiff. Plaintiff invested in VP through two separate agreements in 2021 and
16 2022. Under these agreements, VP is obligated to repay Plaintiff’s principal plus a
17 return on investment out of payments it receives from LPG. As the LPG Defendants
18 know, if LPG does not pay VP, VP cannot pay Plaintiff.

19 4. In or about June 2022, LPG, at the direction of Diab, abruptly stopped
20 paying VP. LPG was not unable to pay. Indeed, at least as recently as October 2022,
21 its revenue from fees paid by its clients was stable and substantially exceeded its
22 operating costs. Rather, LPG began rapidly diverting client-fee revenue and other
23 assets to third parties in what appears to be an effort by Diab to transfer LPG’s tens
24 of thousands of revenue-generating client accounts to another entity that has no
25 obligations to VP or VP’s investors, thus enabling Diab to expropriate the lion’s share
26 of proceeds from LPG’s lucrative debt resolution business.

27 ///

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PARTIES

5. Plaintiff Naz II Holding, LLC is a Nevada limited liability company with its principal place of business in Las Vegas, Nevada. Plaintiff’s sole member is the Naz II Family Trust, a trust organized under Nevada law. The trustee of the Naz II Family Trust is Premier Trust, Inc., a Nevada corporation with headquarters in Las Vegas, Nevada. Accordingly, Plaintiff is a citizen of Nevada.

6. On information and belief, defendant Litigation Practice Group PC (“LPG”) is a California professional corporation with its principal place of business in Tustin, California. LPG is a law firm specializing in resolution of consumer debt. It claims it is an elite law firm dedicated to the practice of law. In reality, LPG is run entirely by Tony Diab, a former attorney now disbarred in two states following disciplinary proceedings for serious ethics violations, including stealing client funds and forging the signature of a judge. As alleged herein, the only known licensed attorney currently employed at LPG is nothing more than a figurehead who Diab impersonates to surreptitiously engage in the unauthorized practice of law.

7. On information and belief, Defendant Tony Diab is an individual residing in Orange County, California. Diab was disbarred from the practice of law in the state of California under Cal. Bar No. 277343 on January 10, 2020 for several ethics violations relating to Diab’s fraudulent diversion a client’s \$375,000 settlement payment into his own personal banking account—a scheme that involved his forging the signatures of a judge in 2016. Diab is also disbarred from the practice of law in Nevada as of January 14, 2019 for ethics violations related to the same incident under Nevada Bar No. 12954.

8. On information and belief, Defendant Validation Partners, LLC (“VP”) is a Florida limited liability company with its principal place of business in Florida. VP’s members are Stratcap Management, LLC (“Stratcap”), a California/Wyoming limited liability company, and Goldtone Ventures, LLC (“Goldtone”), a Florida limited liability company. Stratcap’s members are Wes Thomas, a California

1 resident, and BAE Enterprises, Inc., a Wyoming corporation with principal place of
2 business in Wyoming. Goldtone's members are Overtone Ventures Florida, Inc., a
3 Florida corporation with principal place of business in Florida, Longclaw, Inc., a
4 Florida corporation with principal place of business in Florida, and California
5 residents Rodney Squires and Michael Loughton, who are natural persons.
6 Accordingly, VP is a citizen of California, Florida, and Wyoming.

7 9. Plaintiff sues Defendants DOES 1 through 10 under fictitious names.
8 Their true names and capacities, whether individual, corporate, associate, or otherwise
9 are unknown to Plaintiff. When Plaintiff ascertains their true names and capacities,
10 it will amend the Complaint to insert the true name and capacity of each fictitiously-
11 named defendant. On information and belief, each fictitiously named defendant is
12 legally responsible in some manner for the occurrences alleged in this Complaint, and
13 those defendants directly and proximately caused Plaintiff's damages.

14 10. On information and belief, at all times relevant to this Complaint, the
15 LPG Defendants, and each of them, were the co-conspirators, agents, servants,
16 employees, alter egos, successors-in-interest, subsidiaries, affiliated companies or
17 corporations, and joint ventures of the other LPG Defendants, and were, as such,
18 acting within the course, scope, and authority of each other LPG Defendant. Plaintiff
19 further alleges on information and belief that each of the LPG Defendants acted in
20 concert with, and with the consent of, each of the other LPG Defendants, and that
21 each of the LPG Defendants ratified or agreed to accept the benefits of the conduct of
22 each of the LPG Defendants.

23 **JURISDICTION AND VENUE**

24 11. The Court has jurisdiction over this matter based on diversity of
25 citizenship under 28 U.S.C. § 1332. Plaintiff is a citizen of Nevada while
26 Defendants are citizens of California, Wyoming, and/or Florida. The amount in
27 controversy, exclusive of interest and costs, exceeds the sum of \$75,000.

28 ///

1 12. The Court has personal jurisdiction over Defendants, as they are citizens
2 of California. Moreover, Defendants conduct significant business in California.
3 LPG, which Diab controls, is based in Orange County. VP exists for the sole purpose
4 of financing LPG's activities, including in California. VP also filed a lawsuit against
5 LPG, Diab, and others on September 20, 2022 in California Superior Court for the
6 County of Orange based on similar misconduct by LPG and Diab as alleged herein

7 13. Venue is proper in this judicial district under 28 U.S.C. § 1391(b)(2)
8 because a substantial part of the events giving rise to Plaintiff's claims occurred at
9 LPG's office in Tustin, California, within the boundaries of the Central District of
10 California.

11 **FACTUAL ALLEGATIONS**

12 **LPG's Investment Structure**

13 14. On information and belief, VP commenced business in 2021 with the
14 primary purpose of providing financing for LPG's debt resolution business.

15 15. On information and belief, LPG has traditionally obtained clients with
16 the assistance of various Marketing Affiliates. These Marketing Affiliates locate
17 qualified consumers who have been the victim of predatory lending or who otherwise
18 are subject to claims of sizeable debt that are not legally valid under applicable law.

19 16. On information and belief, LPG takes on these consumers as clients and
20 compensates the Marketing Affiliates for their services by paying them a portion of
21 the fees LPG earns in the debt resolution process.

22 17. On information and belief, LPG has approximately 50,000 active client
23 accounts nationwide, although, as discussed further below, Diab is actively causing
24 these accounts to be transferred to third party entities.

25 18. Upon information and belief, VP finances the relationship between the
26 Marketing Affiliates and LPG by providing factoring services to the Marketing
27 Affiliates. Specifically, VP purchases at discounted rates the Marketing Affiliates'
28 accounts receivable owed to them by LPG. In this way, the Marketing Affiliates

1 assign to VP their rights to receive these payments from LPG. On information and
2 belief, LPG acknowledged the assignment of these accounts receivable to VP and, for
3 a time, paid VP directly in accordance with the Marketing Affiliates' assignment of
4 the accounts receivable to VP.

5 19. VP obtains the funds with which to finance LPG and the Marketing
6 Affiliates operation from investors such as Plaintiff. VP then uses the payments from
7 LPG—ultimately based on fees paid by LPG's clients—to repay the investors'
8 principal plus a contractually agreed return.

9 **Plaintiff's First Investment**

10 20. On or around September 2021, VP's CEO, Russ Squires, and its one of
11 its managers, Gary DePue, approached Plaintiff's agent, Chris Frankian, on behalf of
12 VP to solicit Plaintiff's investment in Defendants' debt resolution business. Squires
13 and DePue explained that the return on Plaintiff's investment would be based on a
14 portion of the fees generated by LPG's practice, the rights to which VP had acquired
15 or would acquire through factoring the Marketing Affiliates accounts receivable.
16 Squires and DePue told Frankian that the investments made by VP's investors in
17 LPG's debt resolution practice were performing well, and Plaintiff's investment
18 would result in a favorable return. On October 4, 2021, in reliance on these
19 representations, Plaintiff agreed to invest in VP pursuant to the terms of a written
20 contract ("Agreement No. 1"), attached hereto as **Exhibit A**.

21 21. Agreement No. 1 provides for Plaintiff to invest \$2,000,000 with VP in
22 exchange for VP's obligation to repay Plaintiff's principal of \$2,000,000 plus a 20
23 percent return over a series of 12 monthly payments, for a total of \$2,400,000.
24 Accordingly, Plaintiff paid VP \$2,000,000 by wire transfer on or about October 4,
25 2021.

26 22. The LPG Defendants had actual knowledge and notice of Plaintiff's
27 investment under Agreement No. 1. At the time of execution of Agreement No. 1,
28 Wes Thomas was both LPG's Chief Financial Officer, a close associate of Diab, and

1 a member of Stratcap, one of VP’s owners. Thomas was thus involved in, and
2 knowledgeable about, the activities of both companies. In addition, Frankian
3 specifically told Thomas that Plaintiff would be investing in VP and LPG’s business.

4 23. The LPG Defendants also knew that VP’s ability to repay Plaintiff
5 depended on LPG properly remitting the fees received from its clients to VP in
6 accordance with the its obligations to Marketing Affiliates that had been assigned to
7 VP. Indeed, on information and belief, LPG expressly recognized each assignment
8 and confirmed that VP was entitled to payment as a result.

9 24. Plaintiff received a total of nine payments in accordance with the pay
10 schedule outlined in Agreement No. 1, with the first payment in October 2021 and the
11 last in June 2022. These nine payments amounted to \$2,034,000, leaving a shortfall
12 of \$366,000.

13 **Plaintiff’s Second Investment**

14 25. On or around March 2022, representatives of VP again approached
15 Frankian requesting that Plaintiff make a second investment into LPG’s debt
16 resolution practice. At that time, VP had not yet defaulted on its payments to Plaintiff
17 under Agreement No. 1. However, Plaintiff was hesitant to make a second
18 investment. To “sweeten the deal,” VP told Frankian the terms of Plaintiff’s second
19 investment would be more favorable. On a phone call on or around February or March
20 2022, Squires informed Frankian that the terms of the second investment deal would
21 defer payment by 90 days, but would pay a greater return of 25 percent.

22 26. In reliance on these representations, Plaintiff executed Agreement No. 2,
23 attached hereto as **Exhibit B** on or around March 9, 2022. The overall structure of
24 Agreement No. 2 was substantially similar to Agreement No. 1, except that, consistent
25 with the above negotiations, VP’s first payment was deferred 90 days and Plaintiff
26 received a contractual rate of return of 25 percent. Plaintiff invested \$2,500,000 and
27 was therefore owed a total of \$3,125,000.

28 ///

1 27. The LPG Defendants had actual knowledge of Plaintiff’s investment
2 under Agreement No. 2. At the time of execution of Agreement No. 2, Thomas was
3 both LPG’s CFO, a close associate of Diab, and a member of Stratcap, one of VP’s
4 owners. Thomas was thus involved in, and knowledgeable about, the activities of
5 both companies. In addition, Frankian specifically told Thomas that Plaintiff would
6 be investing in VP and LPG’s business.

7 28. The LPG Defendants also knew that VP’s ability to repay Plaintiff
8 depended on LPG properly remitting the fees received from its clients to VP in
9 accordance with the its obligations to Marketing Affiliates that had been assigned to
10 VP. Indeed, on information and belief, LPG expressly recognized each assignment
11 and confirmed that VP was entitled to payment as a result.

12 29. Plaintiff received a single payment of \$300,000 under Agreement No.
13 2 on June 22, 2022, but no further payments since, leaving a deficit of \$2,825,000.

14 30. In sum, as of the date of filing of this Complaint, Plaintiff is still owed
15 \$366,000 plus interest under Agreement No. 1 and \$2,825,000 plus interest under
16 Agreement No. 2, for a total outstanding balance of \$3,191,000 plus interest.

17 ***LPG’s Assurances and Nonpayment***

18 31. On or around August 3, 2022, Thomas informed Frankian that LPG had
19 stopped remitting the funds to VP needed to pay Plaintiff under the Agreements.

20 32. On or around this time, Russ Squires also informed Frankian that Diab
21 had gone “rogue,” and despite LPG continuing to collect revenue from tens of
22 thousands of client accounts, Diab was refusing to remit the funds to VP as required
23 under VP’s acquisition of the Marketing Affiliates’ rights to receive a portion of the
24 fees paid to LPG. Squires specifically told Frankian that Diab had personal and
25 executive control over the revenue received by LPG and Diab had unilaterally cut off
26 any and all payments due to VP. Squires told Frankian, and Thomas confirmed, that
27 Diab “ran” LPG, including controlling LPG’s trust and bank accounts, despite having
28 been disbarred in California and Nevada for misappropriating client funds and

1 associated ethical violations.

2 33. Throughout August 2022, Frankian and Thomas continued to
3 communicate regarding LPG’s failure to pay VP and LPG’s cause of VP’s default
4 under the Agreements between VP and Plaintiff. Thomas promised that LPG would
5 soon resume making payments directly to Plaintiff, even requesting Plaintiff’s wire
6 transfer information to facilitate such payments. But after more time passed and
7 Plaintiff had still not received any further payments under either Agreement, Thomas
8 told Frankian that “Tony [Diab] was supposed to send it [the money],” and “I can’t
9 control Tony.”

10 34. Frankian also interacted directly with Diab on behalf of Plaintiff between
11 August and October 2022. On or about August 22, 2022, Diab promised Frankian
12 that LPG would “probably send [Plaintiff] \$50,000 every couple of days” and again
13 requested that Frankian send the wire transfer instructions to Thomas so Diab could
14 pay Plaintiff directly for the outstanding amounts under Agreement Nos. 1 and 2.
15 Plaintiff never received any payments as Diab promised. In truth, Diab was
16 misleading Plaintiff. Diab had no intention to pay Plaintiff, VP, or its investors.
17 Instead, Diab had decided to keep the revenue due to VP and Plaintiff for his own
18 personal benefit, to fund his other ventures, and make payments to his friends and
19 business associates.

20 35. On information and belief, LPG, under Diab’s direction, is intentionally
21 and maliciously withholding money due and owing to VP and Plaintiff. On
22 information and belief, LPG continues to receive a substantial stream of revenue in
23 the form of fees from tens of thousands of client accounts. A substantial portion of
24 this revenue was assigned to VP and comprises the source of funds upon which VP
25 depends to pay its investors, including Plaintiff, as Defendants know.

26 36. On information and belief, Diab is in the process of misappropriating and
27 diverting the funds LPG owes to VP and Plaintiff for his own personal use and to
28 shield them from LPG’s creditors, including using the funds to directly purchase

1 additional client accounts. On information and belief, one of Diab's objectives
2 appears to be to transfer LPG's client accounts to a new law firm that has no
3 obligations to VP or Plaintiff.

4 37. As a consequence of LPG's refusal to pay VP and Diab's unlawful
5 diversion of the funds it owes to VP and Plaintiff, VP cannot pay Plaintiff and is
6 therefore in breach of its obligations to Plaintiff under the Agreements.

7 **Tony Diab's Role at LPG**

8 38. Tony Diab was once a licensed attorney in the states of California and
9 Nevada. Diab was disbarred from the practice of law in Nevada on January 14, 2019
10 for ethics violations relating to stealing large sums of client funds. Diab was disbarred
11 from the practice of law in California on January 10, 2020 for several ethics
12 violations, including for fraudulently diversion of a client's \$375,000 settlement
13 payment into his own personal banking account and forging the signatures of a judge
14 in 2016. Since then, Diab has not been licensed to practice law in Nevada, California,
15 or in any state in the United States.

16 39. On information and belief, Diab practiced law at his firm, Diab Law in
17 Newport Beach, California prior to and leading up to his disbarment. On information
18 and belief, Diab's debt resolution practice commenced at Diab Law. Upon
19 information and belief, Diab founded the LPG law firm in California one month after
20 his disbarment in Nevada. Diab then transferred his debt resolution practice to LPG.

21 40. On information and belief, at LPG's inception, the President and
22 Secretary of LPG were listed as John Thompson and Rosa Bianca Loli, respectively.
23 Plaintiff is informed and believes, and on that basis alleges, that neither Thompson
24 nor Loli were ever attorneys licensed to practice law in California or any other U.S.
25 state.

26 41. At some point after LPG's inception, attorney Daniel S. March
27 assumed the roles of President and Secretary of LPG. March is licensed to practice
28 law in California, but his attorney profile on the California State Bar website shows

1 he was subject to disciplinary action and suspension in 2008 for willful violation of
2 the Rules of Professional Conduct related to his handling of client funds. Plaintiff
3 alleges that March has, and has continued to, practice law through a law firm named
4 Law Office of Daniel S. March in Tustin, California. As of January 4, 2023, March
5 still lists this firm as his employer with the State Bar of California, although LPG’s
6 website lists March as its “Managing Shareholder.”

7 42. Although March appears to be the only licensed attorney employed at
8 LPG, on information and belief, he does not exercise or retain control over the law
9 firm, its client trust accounts, its finances, or any business decisions of LPG,
10 including its means of practicing law and all other aspects of the firm’s business
11 operations.

12 43. On information and belief, March is merely a figurehead used by LPG
13 to conceal the fact that a disbarred attorney—Diab—exercises complete and exclusive
14 control over the firm’s finances, IOLTA client trust account, operations, and practice
15 of law. On information and belief, March has permitted Diab to use his name and bar
16 license as Diab deems fit, including signing March’s signature on contracts on behalf
17 of LPG, communicating with third parties—including Plaintiff—on LPG’s behalf,
18 and making financial decisions regarding client funds. To hide his unlawful practice
19 of law, Diab communicates with third parties and acts on LPG’s behalf under the label
20 “Admin” and using the email address “admin@lpglaw.com.” For example, the
21 primary DocuSign signatory used by LPG to execute contracts goes to
22 “admin@lpglaw.com,” an e-mail account used and controlled by Diab, through which
23 Diab signs contracts as March.

24 44. On information and belief, Diab runs a substantial portion of the business
25 operations and the practice of law through various intermediaries in the firm. The
26 vast majority of LPG’s debt resolution work occurs without litigation, i.e., very few
27 of LPG’s clients actually end up in court. This pre-litigation debt resolution work is
28 almost entirely done in California by a large team of unlicensed staff. On information

1 and belief, neither Diab nor LPG's staff is supervised, managed, controlled, or
2 directed by a licensed attorney, and is instead supervised, managed, controlled, and
3 directed by Diab. March has abdicated all responsibility for managing LPG and
4 effectively exercises none of the traditional functions a managing partner exercises
5 over a law firm.

6 45. On information and belief, Diab treated himself as a 1099 attorney for a
7 portion of the time after his disbarment, issuing direct payments to himself from July
8 of 2019 through March of 2020 for "Client attorney fees" in a total amount of at least
9 \$445,000.

10 **Tony Diab's Control and Diversion of LPG's Funds**

11 46. On information and belief, since June 2022, the LPG Defendants
12 intentionally have diverted revenue owned to Plaintiff and VP, with the knowledge
13 and intention of forcing VP to default on its obligation to pay Plaintiff under the
14 Agreements.

15 47. On information and belief, Diab himself is in complete control over the
16 finances of LPG, including LPG's bank accounts and IOLTA client trust account.
17 These accounts receive and hold the client fee revenue assigned to VP by way of its
18 factoring of the Marketing Affiliates' accounts receivable.

19 48. Diab has repeatedly and continuously misrepresented the status of LPG's
20 finances to Plaintiff and VP to promote the falsehood that LPG lacks the funds to pay
21 the amounts Plaintiff is owed under the Agreements. In truth, LPG continues to
22 receive substantial revenue from the client fees to which Plaintiff and VP have
23 acquired the rights. Diab has intentionally and unlawfully diverted those funds to
24 business associates and third-party entities he controls. For example, on information
25 and belief, between July and October 2022, Diab personally authorized LPG to pay
26 more than \$1,000,000 to marketing/lead generation firms, at least one of which Diab
27 partially owns, which is inconsistent with LPG's business model of obtaining client
28 accounts through its Marketing Affiliates in exchange for assignments of a share of

1 fees generated by such accounts.

2 49. In addition, on information and belief, the LPG Defendants have spent
3 large sums on buying assets for LPG rather than paying monies owed to VP and its
4 investors. Specifically, LPG spent over \$6 million to directly purchase new client
5 accounts between July and October 2022.

6 50. On information and belief, Diab also appears to be rapidly transferring
7 LPG's fee-generating client accounts—many of which had already been assigned to
8 VP—to a third-party entity called Teracel. On information and belief, LPG did not
9 receive any money in exchange for these accounts.

10 51. Diab is thus on course to drain LPG of its assets. If Diab's looting
11 scheme is permitted to continue, LPG will become unable to repay VP and Plaintiff,
12 while Diab continues LPG's debt resolution practice through another entity that has
13 no obligations to VP or Plaintiff.

14 **FIRST CAUSE OF ACTION**

15 **Breach of Contract – Agreement No. 1**

16 **(Against VP)**

17 52. Plaintiff incorporates by reference as though fully set forth herein all
18 preceding paragraphs of this Complaint.

19 53. Plaintiff and VP entered into Agreement No. 1 on or about October 4,
20 2021 (attached hereto as **Exhibit A**). According to the written contract, Plaintiff
21 agreed to pay VP \$2,000,000 and VP agreed to repay this sum plus 20 percent interest
22 for a total of \$2,400,000 over twelve monthly payments.

23 54. Plaintiff paid VP the \$2,000,000 required under Agreement No. 1 by
24 wire transfer on or about October 4, 2021.

25 55. VP made payments to Plaintiff through June 2022 for a total of
26 \$2,034,000, but breached Agreement No. 1 by failing to pay the remaining \$366,000.
27 As VP's CEO, Russ Squires, has represented, VP is unable to pay Plaintiff because
28 the funds for repayment of VP's investors consist of fees for client services that LPG

1 is obligated to pay to VP, which LPG refuses to do. VP has thus repudiated and
2 anticipatorily breached Agreement No. 1 by announcing its inability to perform under
3 that agreement.

4 56. As a consequence of VP's breach of Agreement No. 1, Plaintiff has been
5 damaged in the amount of \$366,000 plus interest.

6 **SECOND CAUSE OF ACTION**

7 **Breach of Contract – Agreement No. 2**

8 **(Against VP)**

9 57. Plaintiff incorporates by reference as though fully set forth herein all
10 preceding paragraphs of this Complaint.

11 58. Plaintiff and VP entered into Agreement No. 2 on or about March 9, 2022
12 (attached hereto as **Exhibit B**). According to the written contract, Plaintiff agreed to
13 pay VP \$2,500,000 and VP agreed to repay this sum plus 25 percent interest for a
14 total of \$3,125,000 over twelve monthly payments following a three-month deferral
15 of VP's repayment obligation.

16 59. Plaintiff paid VP the \$2,500,000 required under Agreement No. 2 by
17 wire transfer on or about March 11, 2022.

18 60. VP made a single payment of \$300,000 to Plaintiff in June 2022, but has
19 failed to pay Plaintiff the remaining \$2,825,000 it owes under Agreement No. 2. As
20 Squires has represented, VP is unable to pay Plaintiff because the funds for repayment
21 of VP's investors consist of fees for client services that LPG is obligated to pay to
22 VP, which LPG refuses to do. VP has thus repudiated and anticipatorily breached
23 Agreement No. 2 by announcing its inability to perform under that agreement.

24 61. As a consequence of VP's breach of Agreement No. 2, Plaintiff has been
25 damaged in the amount of \$2,825,000 plus interest.

26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

THIRD CAUSE OF ACTION

**Intentional Interference with Contractual Relations
(Against LPG Defendants)**

62. Plaintiff incorporates by reference as though fully set forth herein all preceding paragraphs of this Complaint.

63. As alleged herein, Plaintiff has and had valid existing contracts with VP—namely, Agreement No. 1 and Agreement No. 2—and substantially performed its obligations thereunder.

64. LPG Defendants, as part of their business relationship with VP and investors like Plaintiff, knew about the contracts between VP and Plaintiff.

65. LPG Defendants, with the intent of disrupting and/or destroying the contracts between Plaintiff and VP, engaged in the conduct described herein, including but not limited to: (a) ceasing payments to VP despite having the funds to make timely payments; (b) misrepresenting LPG’s inability to make payments to VP in order for VP to perform on the contracts with Plaintiff; (c) diverting the revenue owed to VP and Plaintiff away from LPG and into Diab’s personal and/or unauthorized endeavors; and (d) transferring funds and fee-generating accounts out of LPG to shield them from LPG’s creditors.

66. LPG Defendants’ conduct was willful and in bad faith and intended to disrupt the performance of VP’s obligations under the Agreements to prevent Plaintiff from recovering the monies it is owed so that LPG and Diab could keep the revenue for their own personal benefit.

67. As a result of this conduct, Plaintiff has been and will continue to be damaged. The full amount of Plaintiff’s damages is presently unknown but is at least \$3,191,000. Plaintiff is entitled to recover such sums, together with interest thereon at the maximum legal rate according to proof.

///
///
///

1 business partner, VP, and Plaintiff lost the full economic benefit and advantage
2 reasonably expected from the relationship.

3 74. As a further direct and proximate result of LPG Defendants' conduct,
4 Plaintiff has been and will continue to be damaged. The full amount of Plaintiff's
5 damages is presently unknown but is at least \$3,191,000. Plaintiff is entitled to
6 recover such sums, together with interest thereon at the maximum legal rate according
7 to proof.

8 75. LPG Defendants' acts and omissions were intentional, malicious and
9 oppressive, and they were done with the intent and design to damage Plaintiff.
10 Plaintiff is entitled, therefore, to recover punitive damages, in an amount to be
11 determined at the time of trial.

12 **FIFTH CAUSE OF ACTION**

13 **(Unfair Competition in Violation of Cal. Bus. & Prof. Code §§ 17200, *et seq.*)**

14 **(Against LPG Defendants)**

15 76. Plaintiff incorporates by reference as though fully set forth herein all
16 preceding paragraphs of this Complaint.

17 77. As alleged in this Complaint, LPG Defendants have engaged in a variety
18 of conduct directed toward Plaintiff that constitutes unlawful, unfair, and fraudulent
19 business practices in violation of California Business and Professions Code section
20 17200, including without limitation: (a) fraudulent transfer of funds owed to Plaintiff
21 and VP in an effort to prevent Plaintiff and VP from collecting the money owed to
22 them and to establish a new debt resolution practice based on LPG's assets, including
23 the right to collect fees in connection with client accounts that have been assigned in
24 whole or in part to Marketing Affiliates and/or VP, but lacking LPG's liabilities; (b)
25 engaging in the unauthorized practice of law; (c) unlawfully using Plaintiff's assets
26 for LPG Defendants' benefit; and (d) interfering in Plaintiff's contractual relations
27 and prospective economic advantage.

28

1 95. LPG Defendants owe Plaintiff money in amounts to be proven at trial,
2 plus pre-judgment and post-judgment interest.

3 **NINTH CAUSE OF ACTION**

4 **(Unjust Enrichment)**

5 **(Against LPG Defendants)**

6 96. Plaintiff incorporates by reference as though fully set forth herein all
7 preceding paragraphs of this Complaint.

8 97. LPG Defendants were wrongfully and unjustly enriched by the receipt
9 of Plaintiff's money, which they continue to retain to the detriment of Plaintiff.

10 98. Plaintiff is entitled to restitution and/or the imposition of a constructive
11 trust to the monies wrongfully withheld by LPG Defendants.

12
13 **PRAYER FOR RELIEF**

14 WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

15 Plaintiff Naz II Holdings, LLC prays for judgment against Defendants as
16 follows:

- 17 1. For judgment in favor of Plaintiff on all causes of action;
- 18 2. For the temporary and permanent injunctive relief requested in this
19 Complaint;
- 20 3. For general damages, plus interest, according to proof at trial;
- 21 4. For lost profits according to proof at trial;
- 22 5. For restitution and disgorgement of all profits in an amount sufficient to
23 force Defendants to disgorge all ill-gotten gains;
- 24 6. For treble damages;
- 25 7. For punitive damages according to proof at trial;
- 26 8. For reasonable attorneys' fees and costs incurred herein to the extent
27 permitted by statute or contract;


28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

- 9. For prejudgment interest; and
- 10. For such other relief as the Court deems just and proper.

Dated: January 6, 2023

OSTERGAR LATTIN JULANDER LLP

By: 

Treg A. Julander
Attorney for Plaintiff NAZ II
HOLDING, LLC