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Attorneys for Plaintiff

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

IAN LEV, an unmarried man; JACK CARLISLE, an unmarried man; JOHN SCANNELL, an unmarried man; OBD PARTNERS, LLC, a Delaware limited liability company, and BRJ HOLDINGS III, LLC, a Nevada limited liability company,

Plaintiffs,

vs.

PATRICK B. HORSMAN, an unmarried man; JEFFREY M. DREYER, an unmarried man; ARI M. SCHIFF, an unmarried man; INTEGRATED AG XI, LLC, an Arizona limited liability company, INTEGRATED AG XII, LLC, an Arizona limited liability company, INTEGRATED AG XI AZ LLC, an Arizona limited liability company, INTEGRATED AG HOLDINGS LLC, a Delaware limited liability company, INTEGRATED AG HOLDINGS AZ LLC, a Delaware limited liability company, INTEGRATED AG LP, a Delaware limited liability company, INTEGRATED AG EQUIPMENT LLC, an Arizona limited liability company, IAG EQUIPMENT, LLC, an Arizona limited liability company,

Case No. _____

COMPLAINT

Tier 3

(Commercial Court Requested)

(Jury Trial Requested)

1 **INTEGRATED AG MANAGEMENT LLC,**
2 **a Delaware limited liability company,**
3 **INTEGRATED AG OPERATIONS LLC, a**
4 **Delaware limited liability company,**
5 **VERIFIED ORGANIC LP, a Delaware**
6 **limited liability company, VERIFIED**
7 **ORGANIC LLC, a Delaware limited**
8 **liability company, AZ FARM**
9 **MANAGEMENT LLC, a Delaware limited**
10 **liability company, HYDER RANCH LLC, a**
11 **Delaware limited liability company, and**
12 **GOLDCREST FARM TRUST REIT LLC,**
13 **a Delaware limited liability company,**

14 **Defendants.**

15 Plaintiffs, Ian Lev, Jack Carlisle, John Scannell, OBD Partners LLC, and BRJ Holdings
16 III, LLC, by and through undersigned counsel, hereby sue the Defendants, Patrick B. Horsman,
17 Jeffrey M. Dreyer, Ari M. Schiff, Integrated AG XI, LLC, Integrated AG XII, LLC, Integrated
18 AG Holdings LLC, Integrated AG Holdings AZ LLC, Integrated AG LP, Integrated AG
19 Equipment LLC, IAG Equipment, LLC, Integrated AG Management LLC, Integrated AG
20 Operations LLC, Verified Organic LP, Verified Organic LLC, AZ Farm Management LLC,
21 Hyder Ranch LLC, and Goldcrest Farm Trust REIT LLC, for fraud, constructive fraud, civil
22 conspiracy, negligent misrepresentation, aiding and abetting tortious conduct, breach of the
23 implied covenant of good faith and fair dealing, conversion, unjust enrichment, estoppel, and an
24 accounting, seeking compensatory, rescissory, punitive, and any other allowable damages or
25 relief in law or equity, alleging as follows:

26 **INTRODUCTION**

27 1. Defendants Patrick B. Horsman, Jeffrey M. Dreyer, and Ari M. Schiff, acting
28 individually, as well as conspiring together with one another and the remainder of the
Defendants—with Defendant Horsman acting as mastermind and ringleader—planned and
executed an elaborate scheme of fraud and material misrepresentations and omissions which
induced Plaintiffs to invest in Integrated CBD, and then—through further and additional

1 fraudulent, bad faith, wanton, willful, and/or grossly negligent misconduct, including *inter alia*,
2 improper and unreasonable transactions with affiliated entities owned and controlled by, and
3 thus used to enrich, Defendant Horsman and the Individual Defendants—cost Plaintiffs millions
4 of dollars when Defendants Horsman and the Individual Defendants (aided and abetted by
5 and/or conspiring together with all other Defendants) ran ICBD into the ground and caused
6 Plaintiffs’ investments in the Company to vanish into each and all of the Defendants’ coffers.

7 2. Defendant Horsman and the Individual Defendants represented Integrated CBD as
8 a company that was created and would exist and operate to execute a farming operation to grow
9 industrial organic hemp and extract CBD to sell to large industrial and multinational brands in
10 the pharma and consumer space, “[t]hus allowing [its] investors to profit significantly . . . by
11 creating a multi-billion-dollar company capable of public market exit.” These Defendants knew
12 this to be untrue from the start and throughout, but assuaged Plaintiffs’ inquiries, and eventual
13 doubts and concerns—in order to induce Plaintiffs to invest, so that these Defendants could (and
14 then did) misappropriate Plaintiffs’ wrongfully- and/or fraudulently-induced investments to
15 themselves through their affiliated entities—with misrepresentations and fabrications of
16 purported reality and expectation for Plaintiffs regarding Integrated CBD, including by
17 misrepresenting and concealing the financial status, business operations and prospects, and
18 nature of the improper and unlawful transactions executed by the Individual Defendants, as
19 aided and abetted by all other Defendants.

20 3. Defendant Horsman and the Individual Defendants repeatedly represented that
21 Integrated CBD had “[a]ccess to over 10,000 acres of certified organic/conventional farmland in
22 Arizona.” *This was a lie.* Known to Defendant Horsman and the Individual Defendants but
23 unbeknownst to Plaintiffs, Integrated CBD did not have access to 10,000 acres of certified
24 organic/conventional farmland in Arizona, but rather, by the plain terms of its own lease
25 agreements, had access to only 8,524 acres. In addition, as few as 1,500-1,800 acres, and as
26 much as 4,000 acres, were not farmable due to lack of water and well issues of which
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1 Defendants Horsman and the Individual Defendants were well-aware since approximately
2 March 2019.

3 4. Defendant Horsman and the Individual Defendants repeatedly represented that—
4 on the farmland they caused Integrated CBD to lease from its affiliated entities—the Company
5 had the capability to produce, and was actually producing, a viable organic hemp crop that
6 would allow Integrated CBD to meet its stated business purpose and objectives, and on (or
7 anywhere near) its stated timeline for doing so. *This was a lie*. Known to Defendant Horsman
8 and the Individual Defendants but unbeknownst to Plaintiffs, Integrated CBD knew and/or
9 recklessly disregarded that its farmland was *not* producing, and moreover would *not* be capable
10 of producing, a viable hemp crop, if any hemp crop at all, due in large part to soil salinity,
11 quality, rockiness, and unprovenness issues in the region, and with ICBBD’s farmland in
12 particular; water salinity, quality, and access issues in the region, and with ICBBD’s farmland in
13 particular; temperature issues in the region; and salt-sensitivity and temperature-sensitivity
14 issues of growing hemp in particular—all of which issues were known to Defendant Horsman
15 and the Individual Defendants prior to inducing Plaintiffs’ investments. Even calling ICBBD’s
16 land “farmland” was a false statement, misrepresentation, and omission of material fact, in and
17 of itself.

18 5. Defendant Horsman and the Individual Defendants repeatedly represented that
19 “ICBD is a strategic combination of ‘Big Ag’ expertise with Hemp Expertise.” *This was a lie*.
20 Known to Defendant Horsman and the Individual Defendants but unbeknownst to Plaintiffs,
21 Integrated CBD not only did *not* have “hemp expertise,” but did *not* have any meaningful,
22 relevant hemp knowledge or experience whatsoever.

23 6. Defendant Horsman and the Individual Defendants repeatedly represented that
24 ICBBD had engaged and was engaging in reasonable, arm’s-length transactions with affiliated
25 entities. *This was a lie*. Known to Defendant Horsman and the Individual Defendants but
26 unbeknownst to Plaintiffs, Integrated CBD had engaged in transactions with affiliated entities
27 that were demonstrably *anything but* reasonable or arms-length. In fact, because the assets,
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1 equipment, and supplies leased by ICBD were owned by affiliated entities that were, in turn,
2 owned and managed by the Individual Defendants, the Individual Defendants, their affiliated
3 entities, and all Defendants reaped the benefits of ICBD's enormous and unlawful expenditures
4 and depletion of Plaintiffs' wrongfully- and/or fraudulently-induced investments. Indeed, most if
5 not all of ICBD's funds were spent making improvements to the land then-owned and operated
6 (and now, even after ICBD has crumbled, still owned and operated) by Defendants, and
7 otherwise making payments to and investments in companies then-owned and operated (and still
8 owned and operated) by Defendants.

9 7. Defendant Horsman and the Individual Defendants repeatedly represented to
10 Plaintiffs and publicly that ICBD had purportedly raised \$50 million in senior secured debt from
11 a New York-based hedge fund, and \$70 million total in debt and equity capital. *This was a lie.*
12 Known to Defendant Horsman and the Individual Defendants but unbeknownst to Plaintiffs,
13 ICBD had, in fact, *not* raised \$50 million in senior secured debt, or \$70 million total in debt and
14 equity capital. This was nothing but a calculated ploy to bolster the Company's outward
15 appearance and prospects, hide its fatal financial and operational flaws, attract new investors,
16 and reassure and attempt to solicit additional capital from current investors—most notably,
17 during the precise time period that Defendant Horsman and the Individual Defendants were fully
18 aware that the Company already had, or soon was sure to, run out of funds, fail to produce a
19 hemp crop (much less the biomass touted by Defendant Horsman and the Individual
20 Defendants), and resultantly collapse.

21 8. Defendant Horsman repeatedly represented to Plaintiffs that their funds were not
22 being used for Horsman's personal purposes or for any other non-business purpose (related to
23 ICBD or otherwise). *This was a lie.* Known to Defendant Horsman (and presumably the other
24 Individual Defendants) but unbeknownst to Plaintiffs, Defendant Horsman had been using
25 millions of dollars' worth of Plaintiffs' wrongfully- and/or fraudulently-induced investments for
26 personal travel, leisure, and financial purposes, as well as for the use and benefit of other
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1 affiliated entities that Defendant Horsman (and the Individual Defendants) owned and
2 controlled.

3 9. Based on these, and many other, false and misleading statements and omissions,
4 Plaintiffs invested, and remained invested, in Integrated CBD. Meanwhile Plaintiffs'
5 investments were being used to unjustly enrich Defendant Horsman, the Individual Defendants,
6 and all other Defendants through affiliated-entity transactions, until ICBD ultimately failed and
7 became insolvent, and Plaintiffs were abruptly informed by Horsman that their entire investment
8 was gone.

9 **PARTIES**

10 10. Plaintiff, Ian Lev (“Plaintiff Lev”), is a resident of Maricopa County, Arizona.
11 Plaintiff Lev was and is a continuous investor in and beneficial owner of Integrated CBD LLC
12 and Integrated CBD Holdings LLC, at all relevant times. Plaintiff Lev invested in and became a
13 beneficial owner of Integrated CBD in January 2019, and contemporaneously signed a
14 subscription agreement, countersigned by Defendant Horsman on behalf and as President of
15 Integrated CBD, memorializing same.

16 11. Plaintiff, Jack Carlisle (“Plaintiff Carlisle”), is a resident of New York. Plaintiff
17 Carlisle was and is a continuous investor in and beneficial owner of Integrated CBD LLC and
18 Integrated CBD Holdings LLC, at all relevant times. Plaintiff Carlisle invested in and became a
19 beneficial owner of Integrated CBD on or about May 31, 2019, and contemporaneously signed a
20 subscription agreement, countersigned by Defendant Horsman on behalf and as President of
21 Integrated CBD, memorializing same.

22 12. Plaintiff, John Scannell (“Plaintiff Scannell”), is a resident of Connecticut.
23 Plaintiff Scannell was and is a continuous investor in and beneficial owner of Integrated CBD
24 LLC and Integrated CBD Holdings LLC, at all relevant times. Plaintiff Scannell invested in and
25 became a beneficial owner of Integrated CBD on or about May 31, 2019, and
26 contemporaneously signed a subscription agreement, countersigned by Defendant Horsman on
27 behalf and as President of Integrated CBD, memorializing same.

1 13. Plaintiff, OBD Partners, LLC (“Plaintiff OBD”), is a Delaware limited liability
2 company, with its principal place of business located in Connecticut. Plaintiff OBD was and is a
3 continuous investor in and beneficial owner of Integrated CBD LLC and Integrated CBD
4 Holdings LLC, at all relevant times. Plaintiff OBD invested in and became a beneficial owner of
5 Integrated CBD on or about May 31, 2019, and contemporaneously signed a subscription
6 agreement, countersigned by Defendant Horsman on behalf and as President of Integrated CBD,
7 memorializing same.

8 14. Plaintiff, BRJ Holdings III, LLC (“Plaintiff BRJ”), is a Nevada limited liability
9 company, with its principal place of business located in Nevada. Plaintiff BRJ was and is a
10 continuous investor in and beneficial owner of Integrated CBD LLC and Integrated CBD
11 Holdings LLC, at all relevant times. Plaintiff BRJ invested in and became a beneficial owner of
12 Integrated CBD on or about May 31, 2019, and contemporaneously signed a subscription
13 agreement, countersigned by Defendant Horsman on behalf and as President of Integrated CBD,
14 memorializing same.

15 15. Defendant, Patrick B. Horsman (“Defendant Horsman”), is a resident of Miami-
16 Dade County, Florida. Defendant Horsman was and is the President, CEO, and Chairman of the
17 Board (as well as one of three managers) for Integrated CBD Holdings LLC, and acted and/or
18 purported to act as a principal member and one of two managers of Integrated CBD LLC.
19 Defendant Horsman is an owner and/or operator of most if not all of the affiliated entities (either
20 individually or through other affiliated entities he owns or controls), including acting and/or
21 purporting to act as a manager and principal member of Defendants Integrated AG Holdings
22 LLC, Integrated AG Holdings AZ LLC, Integrated AG Equipment LLC, Integrated AG
23 Operations LLC, in addition to being a principal member of at least Defendants IAG Equipment,
24 LLC and AZ Farm Management LLC. Defendant Horsman is the Managing Partner, co-founder,
25 and co-owner of Defendant Integrated AG LP (having served as a Member of the Executive and
26 Investment Committees for Defendant Integrated AG LP) and Defendant Integrated AG
27 Management LLC (and also of Integrated AG Partners LP), as well as a co-founder and co-
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1 owner of Defendants Verified Organic LP and Verified Organic LLC. Defendant Horsman
2 previously had experience raising capital for venture and hedge funds, including for Defendant
3 Integrated AG, as well as for Blue Sands Capital and EJV Capital, LLC, prior to and/or during
4 the existence of Integrated CBD.

5 16. Defendant, Jeffrey M. Dreyer (“Defendant Dreyer”), is a resident of Maricopa
6 County, Arizona. Defendant Dreyer was and is a principal member, one of three Board members
7 (*i.e.*, managers), and the chief operating officer for Integrated CBD Holdings LLC, and acted
8 and/or purported to act as a principal member, one of two managers, and the chief operating
9 officer of Integrated CBD LLC. Defendant Dreyer is an owner and/or operator of most if not all
10 of the affiliated entities (either individually or through other affiliated entities he owns or
11 controls), including acting and/or purporting to act as a manager and principal member of
12 Defendants Integrated AG Holdings LLC, Integrated AG Holdings AZ LLC, Integrated AG
13 Equipment LLC, Integrated AG Operations LLC, in addition to being a principal member of at
14 least Defendants IAG Equipment, LLC and AZ Farm Management LLC, as well as serving as
15 registered agent of Integrated CBD LLC, Integrated CBD Holdings LLC, Integrated AG XI,
16 LLC, Integrated AG XII, LLC, Integrated AG Equipment LLC, and IAG Equipment, LLC.
17 Defendant Dreyer is a portfolio manager, co-founder, and co-owner of Defendant Integrated AG
18 LP (having served as a Member of the Executive and Investment Committees for Defendant
19 Integrated AG LP) and Defendant Integrated AG Management LLC (and also of Integrated AG
20 Partners LP), as well as a co-founder and co-owner of Defendants Verified Organic LP and
21 Verified Organic LLC.

22 17. Defendant, Ari M. Schiff (“Defendant Schiff”), is a resident of Maricopa County,
23 Arizona. Defendant Schiff was and is a principal member and officer in charge of agricultural
24 business development for Integrated CBD Holdings LLC, and acted and/or purported to act as a
25 principal member and officer in charge of agricultural business development for Integrated CBD
26 LLC. Defendant Schiff is an owner and/or operator of most if not all of the affiliated entities
27 (either individually or through other affiliated entities he owns or controls), including acting
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1 and/or purporting to act as a manager and principal member of Defendants Integrated AG
2 Holdings LLC, Integrated AG Holdings AZ LLC, Integrated AG Equipment LLC, Integrated
3 AG Operations LLC, in addition to being a principal member of at least Defendants IAG
4 Equipment, LLC and AZ Farm Management LLC, as well as serving as registered agent of
5 Integrated CBD LLC, Integrated CBD Holdings LLC, Integrated AG XI, LLC, Integrated AG
6 XII, LLC, Integrated AG Equipment LLC, and IAG Equipment, LLC.

7 18. Defendant, Integrated AG XI, LLC (“Defendant Integrated AG XI, LLC”), is an
8 Arizona limited liability company, with its registered agent and principal place of business
9 located in Arizona. Integrated AG XI, LLC is a manager-managed LLC, with Defendant Dreyer
10 serving as its registered agent, and Defendant Integrated AG Management LLC acting and/or
11 purporting to act as its sole member and manager at all relevant times. Defendant Integrated AG
12 XI, LLC acted or acts, and/or purported or purports to act, as a principal member of Defendant
13 Hyder Ranch LLC, owning approximately 1.5% thereof during the relevant time period (while
14 Defendant Goldcrest Farm Trust REIT LLC owned the other 98.5% of Hyder Ranch LLC at all
15 relevant times).

16 19. Defendant, Integrated AG XII, LLC (“Defendant Integrated AG XII, LLC”), is an
17 Arizona limited liability company, with its registered agent and principal place of business
18 located in Arizona. Integrated AG XII, LLC is a manager-managed LLC, with Defendant Dreyer
19 serving as its registered agent, and Defendant Integrated AG Holdings LLC acting and/or
20 purporting to act as its sole manager at all relevant times. Defendant Integrated AG XII, LLC
21 acted or acts, and/or purported or purports to act, as a principal member of Defendant Hyder
22 Ranch LLC, owning approximately 1.5% thereof during the relevant time period (while
23 Defendant Goldcrest Farm Trust REIT LLC owned the other 98.5% of Hyder Ranch LLC at all
24 relevant times).

25 20. Defendant, Integrated AG XI AZ LLC (“Defendant Integrated AG XI AZ LLC”),
26 is an Arizona limited liability company, with its principal place of business located in Arizona.
27 Upon information and belief, Defendant Horsman, and potentially other Individual Defendants,
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1 acted and/or purported to act as managers and/or principal members of Integrated AG
2 Management LLC at all relevant times.

3 21. Defendant, Integrated AG Holdings LLC (“Defendant Integrated AG Holdings
4 LLC”), is a Delaware limited liability company, with its registered agent and principal place of
5 business located in Arizona. Integrated AG Holdings LLC is a manager-managed LLC, with
6 Defendants Horsman, Dreyer, and Schiff acting and/or purporting to act as its managers, as well
7 as principal members, at all relevant times. Defendant Integrated AG Holdings LLC acted or
8 acts, and/or purported or purports to act, as the sole manager of Defendant Integrated AG XII,
9 LLC, as well as a principal member of Defendant Integrated AG Equipment LLC.

10 22. Defendant, Integrated AG Holdings AZ LLC (“Defendant Integrated AG Holdings
11 AZ LLC”), is a Delaware limited liability company, with its registered agent and principal place
12 of business located in Arizona. Integrated AG Holdings AZ LLC is a manager-managed LLC,
13 with Defendants Horsman, Dreyer, and Schiff acting and/or purporting to act as its managers, as
14 well as principal members, at all relevant times.

15 23. Defendant, Integrated AG LP (“Defendant Integrated AG LP”), is a Delaware
16 limited partnership, with its principal place of business located in Arizona. Upon information
17 and belief, Defendant Horsman, and potentially other Individual Defendants, acted and/or
18 purported to act as general and/or limited partners of Integrated AG LP at all relevant times.

19 24. Defendant, Integrated AG Equipment LLC (“Defendant Integrated AG Equipment
20 LLC”), is an Arizona limited liability company, with its registered agent and principal place of
21 business located in Arizona. Integrated AG Equipment LLC is a manager-managed LLC, with
22 Defendant Dreyer serving as its registered agent, and Defendant Dreyer, Defendant Schiff, and
23 Defendant Horsman acting and/or purporting to act as its managers, as well as principal
24 members, at all relevant times, and Defendant Integrated AG Holdings LLC acting as its
25 principal member at all relevant times.

26 25. Defendant, IAG Equipment, LLC (“Defendant IAG Equipment, LLC”), is an
27 Arizona limited liability company, with its registered agent and principal place of business
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1 located in Arizona. IAG Equipment, LLC is a member-managed LLC, with Defendant Dreyer
2 serving as its registered agent, and Defendants Horsman, Dreyer, and Schiff acting and/or
3 purporting to act as its principal members at all relevant times.

4 26. Defendant, Integrated AG Management LLC (“Defendant Integrated AG
5 Management LLC”), is a Delaware limited liability company, with its principal place of
6 business located in Arizona. Upon information and belief, Defendant Horsman, and potentially
7 other Individual Defendants, acted and/or purported to act as managers and/or principal
8 members of Integrated AG Management LLC at all relevant times. Defendant Integrated AG
9 Management LLC acted or acts, and/or purported or purports to act, as the sole member and
10 manager of Defendant Integrated AG XI LLC at all relevant times.

11 27. Defendant, Integrated AG Operations LLC (“Defendant Integrated AG Operations
12 LLC”), is a Delaware limited liability company, with its registered agent and principal place of
13 business located in Arizona. Integrated AG Operations LLC is a manager-managed LLC, with
14 Defendants Horsman, Dreyer, and Schiff acting and/or purporting to act as its managers, as well
15 as principal members, at all relevant times.

16 28. Defendant, Verified Organic LP (“Defendant Verified Organic LP”), is a
17 Delaware limited partnership, with its principal place of business located in Arizona. Upon
18 information and belief, Defendants Horsman and Dreyer, and potentially other Individual
19 Defendants, acted and/or purported to act as general and/or limited partners of Verified Organic
20 LP at all relevant times.

21 29. Defendant, Verified Organic LLC (“Defendant Verified Organic LLC”), is a
22 Delaware limited liability company, with its principal place of business located in Arizona. The
23 Individual Defendants committed and/or caused Integrated CBD to commit a \$500,000.00
24 investment into Verified Organic in exchange for a 5% ownership stake, and invested or caused
25 to be invested at least \$308,571.43 of ICBD’s funds (and thus, Plaintiffs’ funds, in part) into
26 Verified Organic. Defendants Horsman and Dreyer are the co-founders, co-owners, and
27 controlling principal members of Verified Organic.
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1 30. Defendant, AZ Farm Management LLC (“Defendant AZ Farm Management
2 LLC”), is a Delaware limited liability company, with its registered agent and principal place of
3 business located in Arizona. AZ Farm Management LLC is a member-managed LLC, with
4 Defendants Horsman, Dreyer, and Schiff acting and/or purporting to act as its principal
5 members at all relevant times.

6 31. Defendant, Hyder Ranch LLC (“Defendant Hyder Ranch LLC”), is a Delaware
7 limited liability company, with its registered agent and principal place of business located in
8 Arizona. Hyder Ranch LLC is a member-managed LLC, with Defendant Integrated AG XI LLC,
9 Defendant Integrated AG XII LLC, and Defendant Goldcrest Farm Trust REIT LLC acting
10 and/or purporting to act as its principal members at all relevant times.

11 32. Defendant, Goldcrest Farm Trust REIT LLC (“Defendant Goldcrest Farm Trust
12 REIT LLC”), is a Delaware limited liability company. Defendant Goldcrest Farm Trust REIT
13 LLC acted or acts, and/or purported or purports to act, as a principal member of Defendant
14 Hyder Ranch LLC, owning approximately 98.5% thereof at all relevant times (while Defendants
15 Integrated AG XI, LLC and Integrated AG XII, LLC owned the other 1.5% of Hyder Ranch
16 LLC during the relevant time period).

17 33. Defendants Horsman, Dreyer, and Schiff are referred to collectively herein as the
18 “Individual Defendants.”

19 34. Defendants Integrated AG XI, LLC, Integrated AG XII, LLC, Integrated AG
20 Holdings LLC, Integrated AG Holdings AZ LLC, Integrated AG LP, Integrated AG Equipment
21 LLC, IAG Equipment, LLC, Integrated AG Management LLC, Integrated AG Operations LLC,
22 Verified Organic LP, Verified Organic LLC, AZ Farm Management LLC, and Hyder Ranch
23 LLC, are referred to collectively herein as the “Affiliated Entities.”

24 35. Defendants Horsman, Dreyer, Schiff, Integrated AG XI, LLC, Integrated AG XII,
25 LLC, Integrated AG Holdings LLC, Integrated AG Holdings AZ LLC, Integrated AG LP,
26 Integrated AG Equipment LLC, IAG Equipment, LLC, Integrated AG Management LLC,
27 Integrated AG Operations LLC, Verified Organic LP, Verified Organic LLC, AZ Farm
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1 Management LLC, Hyder Ranch LLC, and Goldcrest Farm Trust REIT LLC, are referred to
2 collectively herein as “Defendants.”

3 **RELEVANT NON-PARTIES**

4 36. Integrated CBD LLC is a Delaware limited liability company, with its registered
5 agent and principal place of business located in Arizona. Integrated CBD LLC is a manager-
6 managed LLC, with Defendant Dreyer serving as its registered agent, with Defendants Horsman
7 and Dreyer acting and/or purporting to act as principal members and its sole managers, and with
8 Defendant Schiff acting and/or purporting to act as a principal member.

9 37. Integrated CBD Holdings LLC is a Delaware limited liability company, with its
10 principal place of business located in Arizona. Integrated CBD Holdings LLC is a manager-
11 managed LLC, with Defendant Dreyer serving as its registered agent, with Defendants Horsman
12 and Dreyer acting and/or purporting to act as its principal members, as well as managers and
13 sole Board Members, with Defendant Horsman acting as President, CEO, and Chairman of the
14 Board, and with Defendant Schiff serving as a principal member and officer, at all relevant
15 times. Integrated CBD Holdings LLC was merely a continuation of Integrated CBD LLC.

16 38. Unless otherwise noted, Integrated CBD LLC and Integrated CBD Holdings LLC
17 are referred to interchangeably herein as “Integrated CBD,” “ICBD,” or the “Company.”

18 **JURISDICTION AND VENUE**

19 39. This is an action for damages that exceeds \$300,000.00, exclusive of attorneys’
20 fees, costs, and interest.

21 40. This Court has personal jurisdiction over all Defendants to this action because
22 each Defendant has conducted and conducts business in Arizona, including in connection with
23 the acts giving rise to this action.

24 41. This Court has subject matter jurisdiction over this matter pursuant to A.R.S.
25 Const. Art. VI, § 14 and A.R.S. § 12-123.

26 42. Venue is proper in Maricopa County, Arizona pursuant to A.R.S. § 12-401, as the
27 acts giving rise to this action occurred therein.

1 43. This case is eligible for, and Plaintiffs hereby request assignment of this case to,
2 the Commercial Court under Ariz. R. Civ. P. 8.1, as this action seeks monetary relief in amount
3 greater than \$300,000.00, and arises out of one or more of the following, without limitation:
4 (i) obligations, liabilities, or indemnity claims between or among owners of the same business
5 organization (including shareholders, members, and partners), or concerns the liability or
6 indemnity of individuals within a business organization (including officers, directors, managers,
7 member managers, general partners, and trustees); and/or (ii) tortious or statutorily prohibited
8 business activity, such as unfair competition, tortious interference, misrepresentation or fraud.

9 **GENERAL ALLEGATIONS**

10 **FACTUAL BACKGROUND**

11 **Knowingly False, Misleading, and Incomplete Pitches, Projections, and Representations**
12 **Wrongfully and/or Fraudulently Induced Plaintiffs' Investments into Integrated CBD**

13 44. In January of 2019, Defendant Horsman and the Individual Defendants prepared
14 and/or caused to be prepared and distributed by, about, and on behalf of Integrated CBD, a
15 written presentation containing statements of purported fact, projections, and other
16 representations specifically and intentionally designed to attract Plaintiffs to invest in Integrated
17 CBD (the "January 2019 Presentation"). The January 2019 Presentation was distributed or
18 caused to be distributed by Defendant Horsman and the Individual Defendants, on behalf of
19 Integrated CBD, to Plaintiff Lev in January 2019 immediately prior to his January 2019
20 investment, and was also distributed to Plaintiffs Carlisle, Scannell, OBD, and BRJ at some time
21 prior to their May 2019 investments in Integrated CBD. In part, the January 2019 Presentation,
22 on its own and together with further and other representations and statements of purported fact,
23 including without limitation, regarding the Company's financial, operational, and fundraising
24 capabilities, realizations, and projections, made by Defendant Horsman and the Individual
25 Defendants, about and on behalf of Integrated CBD, to Plaintiffs, wrongfully and/or fraudulently
26 induced Plaintiffs' investments in Integrated CBD. However, statements of purported fact,
27 projections, and other representations contained in the January 2019 Presentation, and later
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1 presentations and representations made and/or caused to be made and distributed to Plaintiffs by
2 Defendant Horsman and the Individual Defendants, by, about, and on behalf of Integrated CBD,
3 were knowingly false, intentionally misleading, and/or contained omissions as to key material
4 facts regarding Integrated CBD, at the time they were made.

5 45. Specifically, and by way of example, in the January 2019 Presentation, Defendant
6 Horsman and the Individual Defendants represented and/or caused Integrated CBD to represent,
7 *inter alia*: (i) that Integrated CBD had “[a]ccess to over 10,000 acres of certified
8 **organic/conventional farmland in Arizona . . .**”;¹ (ii) that Integrated CBD had “MATERIAL
9 REVENUE OPPORTUNITY IN 2020[] Once construction of extraction and isolation facility is
10 complete in Q4 2019 **and we plant our own genetics on 10,000+ acres in Feb 2020**”; (iii) that
11 Integrated CBD had access to “**10,000 ACRES** [in] HYDER VALLEY, YUMA COUNTY, AZ
12 One of the largest organic farms in the US”; (iv) that, through Integrated CBD’s affiliated
13 entities, “[s]trategic partnership with Integrated Ag LP, a leading agricultural private equity
14 fund, provides access to **one of the largest certified organic farms in the United States:**
15 **10,000 acres**, 7,000 of which are immediately certified organic, with additional acres coming
16 online Q4 2019” (emphasis in original); (v) that Integrated CBD intended and/or projected to
17 become a public company by January/February 2020, in large part, by “**Plant[ing] 10,000 AZ**
18 **acres . . .**”; and (vi) that, in large part, by planting on the ostensible 10,000 acres of organic
19 farmland that Integrated CBD had access to in Arizona through the affiliated entities (as was
20 represented numerous times in the January 2019 Presentation), Integrated CBD could and/or
21 would meet certain cash raise and pre-money valuation targets, including without limitation, \$3
22 million cash raised and \$30 million pre-money valuation by January 2019, \$8 million cash
23 raised and \$75 million pre-money valuation by February 2019, \$15 million cash raised and \$140
24 million pre-money valuation by March 2019, \$75 million cash raised and \$600 pre-money
25 valuation by April 2019, \$150 million cash raised and \$1.2 billion pre-money valuation by
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28 ¹ All emphases herein are added, unless otherwise noted.

1 September 2019, and \$500 million cash raised and \$4 billion pre-money valuation by December
2 2019. However, these statements and representations contained within the January 2019
3 Presentation were all knowingly rendered false and misleading, and omitted material facts, by
4 virtue of the false and misleading statements and omissions regarding the availability of 10,000
5 acres of certified organic Arizona farmland able to be meaningfully used by Integrated CBD.
6 *See infra.*

7 46. Notably, in addition, the January 2019 Presentation listed as purported members of
8 the Company's "Leadership Team" at least one individual who was not even aware they were
9 being held out as a member of the Company's Leadership Team (not to mention, this person did
10 not even work for the Company, much less know that the Company even existed), and another
11 individual who had not even been employed by the Company by that time (and would not be
12 employed by the Company for weeks, if not months, thereafter).

13 47. Thereafter, on April 15, 2019, Defendant Horsman and the Individual Defendants
14 pre prepared and/or caused to be prepared and distributed by, about, and on behalf of Integrated
15 CBD, a written presentation containing statements of purported fact, projections, and other
16 representations specifically and intentionally designed to attract Plaintiffs to invest in Integrated
17 CBD (the "April 2019 Presentation"). The April 2019 Presentation was distributed or caused to
18 be distributed by Defendant Horsman and the Individual Defendants, on behalf of Integrated
19 CBD, to Plaintiffs Carlisle, Scannell, OBD, and BRJ at some time prior to their May 2019
20 investments in Integrated CBD. In part, the April 2019 Presentation, on its own and together
21 with further and other representations and statements of purported fact, including without
22 limitation, regarding the Company's financial, operational, and fundraising capabilities,
23 realizations, and projections, made by Defendant Horsman and the Individual Defendants, about
24 and on behalf of Integrated CBD, to Plaintiffs, wrongfully and/or fraudulently induced these
25 Plaintiffs' investments in Integrated CBD. However, statements of purported fact, projections,
26 and other representations contained in the April 2019 Presentation, and later presentations and
27 representations made and/or caused to be made and distributed to Plaintiffs by Defendant
28

1 Horsman and the Individual Defendants, by, about, and on behalf of Integrated CBD, were
2 knowingly false, intentionally misleading, and/or contained omissions as to key material facts
3 regarding Integrated CBD, at the time they were made.

4 48. Specifically, and by way of example, in the April 2019 Presentation, Defendant
5 Horsman and the Individual Defendants represented and/or caused Integrated CBD to represent,
6 *inter alia*: (i) that Integrated CBD had “[a]ccess to over 10,000 acres of certified
7 **organic/conventional farmland in Arizona . . .**”; (ii) that Integrated CBD had “MATERIAL
8 REVENUE OPPORTUNITY IN 2020[] Once construction of extraction and isolation facility is
9 complete in Q4 2019 **and we plant our own genetics on 10,000+ acres in Feb 2020**”; (iii) that
10 Integrated CBD had access to “**10,000 ACRES [in] HYDER VALLEY, YUMA COUNTY, AZ**
11 **One of the largest organic farms in the US**”; (iv) that, through Integrated CBD’s affiliated
12 entities, “[s]trategic partnership with Integrated Ag LP, a leading agricultural private equity
13 fund, provides access to **one of the largest certified organic farms in the United States:**
14 **10,000 acres**, 7,000 of which are immediately certified organic, with additional acres coming
15 online Q4 2019” (emphasis in original); (v) that Integrated CBD intended and/or projected to
16 become a public company by January/February 2020, in large part, by “**Plant[ing] 10,000 AZ**
17 **acres**”; and
18 (vi) that, in large part, by planting on the ostensible 10,000 acres of organic farmland that
19 Integrated CBD had access to in Arizona through the affiliated entities (as was represented
20 numerous times in the January 2019 Presentation), Integrated CBD had met, and could and/or
21 would meet, certain cash raise and pre-money valuation targets, including without limitation,
22 that Integrated CBD had met (*i.e.*, funded) targets of \$3 million cash raised and \$30 million pre-
23 money valuation by January 2019 as well as \$8 million cash raised and \$75 million pre-money
24 valuation by February 2019, and also representing targets of \$30 million cash raised and \$300
25 million pre-money valuation by April 2019, \$75 million cash raised and \$600 pre-money
26 valuation by June 2019, \$150 million cash raised and \$1.2 billion pre-money valuation by
27 September 2019, and \$500 million cash raised and \$4 billion pre-money valuation by December
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1 2019. However, these statements and representations contained within the April 2019
 2 Presentation were all knowingly rendered false and misleading, and omitted material facts, by
 3 virtue of the false and misleading statements and omissions regarding the availability of 10,000
 4 acres of certified organic Arizona farmland able to be meaningfully used by Integrated CBD.
 5 *See infra.*

6 **Where the Ill-Gotten Gains of Defendant Horsman’s and the Individual Defendants’**
 7 **Fraudulent Conduct Ended Up – Defendants’ Real Estate and Affiliated Entity Schemes**

8 49. The real estate, equipment, management, and operational transactions and leases
 9 involving and surrounding Integrated CBD and its affiliated entities readily reflect a tangled web
 10 of improper, unfair, unreasonable, wrongful, tortious, and fraudulent conduct by and between all
 11 Defendants, virtually all of which were owned and controlled, and thus used to unjustly enrich,
 12 Defendant Horsman and the Individual Defendants.

13 50. On March 15, 2019, Integrated CBD signed—through Defendant Horsman, as the
 14 Company’s Managing Member—a lease agreement for farmland located in Yuma County,
 15 owned by Integrated CBD’s affiliated entity, Defendant Integrated AG XI, LLC, and executed
 16 on behalf of Defendant Integrated AG XI, LLC by another affiliated entity, Defendant
 17 Integrated AG Management LLC (the “Integrated AG Lease”). The lease term was for 20 years,
 18 with the first year being for 2,700 tillable acres, and the remaining 19 years being for 3,769
 19 tillable acres (the “Integrated AG Farmland”). Pursuant to the Integrated AG Lease, Integrated
 20 CBD was to pay the following amounts per acre and per year for the Integrated AG Farmland:

Year	Rent per tillable acre	Tillable acres	Annual Rent (based on tillable acres)
2019	\$600.00*	2,700	\$1,620,000.00
2020	\$615.00	3,769	\$1,980,489.00 \$2,317,935.00 - \$337,446.00**
2021 & thereafter	\$630.38*	3,769	\$2,375,902.00
* Rent increases two point five percent (2.5%) per year.			
** Credit from 2019 Rent Payment			

1 Notably, the Integrated AG Farmland was (and is) owned and controlled by affiliated entity(ies)
 2 of Integrated CBD—namely, Defendant Integrated AG XI LLC, Defendant Integrated AG XII
 3 LLC, and/or Defendant Integrated AG XI AZ LLC. Defendant Horsman and the Individual
 4 Defendants, through their ownership and control of these Defendants, thus reaped the rewards of
 5 the overpayment for the Integrated AG Farmland using, in part, Plaintiffs’ wrongfully- and/or
 6 fraudulently-induced investments.

7
 8 51. On April 15, 2019, Integrated CBD signed—through Defendant Horsman, as the
 9 Company’s President—a lease agreement for farmland located in Yuma and Maricopa Counties
 10 (the “Hyder Lease”). The lease term was for 14 years, with the first year being for 2,300 tillable
 11 acres, and the remaining 13 years being for 4,755 tillable acres (the “Hyder Farmland”).
 12 Pursuant to the Hyder Lease, Integrated CBD was to pay the following amounts per acre and per
 13 year for the Hyder Farmland:

Year	Rent per tillable acre	Annual Rent (based on 2,300 tillable acres)
2019	\$600.00	\$1,380,000.00
Year	Rent per tillable acre	Annual Rent (based on 4,755 tillable acres)
2020	\$600.00	\$2,853,000.00
2021	\$615.00	\$2,924,325.00
2022	\$630.38	\$2,997,456.90
2023	\$646.14	\$3,072,395.70
2024	\$662.29	\$3,149,188.95
2025	\$678.85	\$3,227,931.75
2026	\$695.82	\$3,308,624.10
2027	\$713.22	\$3,391,361.10
2028	\$731.05	\$3,476,142.75
2029	\$749.33	\$3,563,064.15
2030	\$768.06	\$3,652,125.30
2031	\$787.26	\$3,743,421.30
2032	\$806.94	\$3,836,999.70

1 Notably, the Hyder Farmland was (and is) owned and controlled by Defendant Hyder Ranch
2 LLC, which, in turn, was owned and controlled, in part, by affiliated entity(ies) of Integrated
3 CBD—namely, Defendant Integrated AG XI LLC and/or Defendant Integrated AG XII LLC—
4 and was also owned and controlled, in part, by Defendant Goldcrest Farm Trust REIT LLC.
5 Defendant Horsman and the Individual Defendants, through their ownership and control of these
6 Defendants, thus reaped the rewards of the overpayment for the Hyder Farmland using, in part,
7 Plaintiffs’ wrongfully- and/or fraudulently-induced investments.

8 52. Accordingly, for the year 2019-20, between the Integrated AG Farmland and
9 Hyder Farmland, Defendant Horsman and the Individual Defendants caused Integrated CBD to
10 lease a total of exactly 5,000 acres of farmland at \$600.00 per acre, committing to a total lease
11 price of exactly \$3,000,000.00 for that year. And for the years thereafter, between the Integrated
12 AG Farmland and Hyder Farmland, Defendant Horsman and the Individual Defendants caused
13 Integrated CBD to commit to lease a total of 8,524 acres per year, at no less than \$600.00 per
14 acre, thus committing to a total lease price of \$4,833,489.00 for 2020-21, \$5,300,227.00 for
15 2021-22, *et cetera*. Of note, by the plain language of the Hyder Lease and the Integrated AG
16 Lease, ICBD did *not* have 10,000 acres of farmland leased or available to it via those properties,
17 but rather, had over 17% less acreage leased and available to it than the 10,000 acres that
18 Defendant Horsman repeatedly represented and claimed—in other words, Defendant Horsman’s
19 statements regarding the sheer amount of farmland available to Integrated CBD were
20 demonstrably false.

21 53. Shortly before Defendant Horsman and the Individual Defendants caused these
22 lease agreements to be signed by ICBD and its affiliated entities, the Hyder Farmland had been
23 acquired by Defendant Hyder Ranch LLC (and thus, by Defendant Goldcrest Farm Trust REIT
24 LLC, and Defendants Integrated AG XI LLC, Integrated AG XII LLC, and/or Integrated AG XI
25 AZ LLC) for approximately \$2,386,470.00, while the Integrated AG Farmland had been
26 acquired by Defendant Integrated AG XI LLC, Defendant Integrated AG XII LLC, and/or
27 Defendant Integrated AG XI AZ LLC for approximately \$9,130,000.00—a total price of
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1 approximately \$11,516,470.00 paid by these affiliated entities to purchase the farmlands that
2 they leased to ICBD.

3 54. The first year (*i.e.*, 2019-20) that Integrated CBD leased the Hyder Farmland and
4 Integrated AG Farmland from its affiliated entities, the 5,000 acres leased for that time period
5 represented approximately 58.6579% of the total 8,524 acres purportedly owned and leased by
6 those affiliated entities. Yet, the \$3,000,000.00 paid by Integrated CBD to *lease* the Hyder
7 Farmland and Integrated AG Farmland from its affiliated entities for the 2019-20 year,
8 represented roughly 44.4154% of the total value paid by those affiliated entities to *purchase* the
9 5,000 acres of Hyder Farmland and Integrated AG Farmland. In other words, Integrated CBD's
10 affiliated entities recouped nearly half of the purchase price of their investment in the Hyder
11 Farmland and Integrated AG Farmland in merely a year's time, using the investments
12 wrongfully and/or fraudulently induced from Plaintiffs.

13 55. In fact, pursuant to the Hyder Lease and the Integrated AG Lease, the affiliated
14 entities who owned and leased the Hyder Farmland and Integrated AG Farmland to Integrated
15 CBD, would have earned enough money in *lease* payments (more than \$13 million) from
16 Integrated CBD in the span of *less than three years* to cover the *entire purchase price* of the
17 Hyder Farmland and Integrated AG Farmland. In other words, Integrated CBD could have
18 *purchased* the Hyder Farmland and Integrated AG Farmland outright for less than Integrated
19 CBD had committed to pay in just the first three (3) years of leases with these affiliated entities.
20 These lease transactions were clearly improper, unfair, unreasonable, and wrongful, and were
21 merely part of Defendant Horsman's, the Individual Defendants', the affiliated entities' and all
22 Defendants' scheme and design to spend the investments in Integrated CBD that were
23 wrongfully and/or fraudulently induced from Plaintiffs.

24 56. Not to mention, Integrated CBD only ever utilized (or attempted to utilize)
25 approximately 1,500 acres of farmland, meaning the Company could have (and Defendant
26 Horsman and the Individual Defendants knew it could have) leased substantially less farmland
27 in its first year of operation. But of course, Defendant Horsman and the Individual Defendants
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1 cared only to divert as much of Plaintiffs wrongfully- and/or fraudulently-induced investments
2 to themselves (through their affiliated entities) as possible.

3 57. To make matters worse, the true, fair, and reasonable market value for lease of the
4 Hyder Farmland and Integrated AG Farmland was considerably less than the \$600+ per acre that
5 Defendant Horsman and the Individual Defendants caused Integrated CBD to commit for lease
6 of such farmland from its affiliated entities. Indeed, according to a director of Integrated CBD's
7 farming operations leadership team, the most the Hyder Farmland and/or Integrated AG
8 Farmland should have or could realistically have leased for is roughly \$250 an acre, even with
9 all of the improvements made by Integrated CBD—definitely not \$600 an acre. The best land in
10 Yuma, where good quality vegetables are grown and farmed on good prime farm ground, can
11 get \$700 an acre or more for lease, including great quality water. There was land closer to Yuma
12 and closer to Phoenix that would have been much better, preferred, and better suited to grow
13 hemp. These alternative properties would have been in irrigation districts or had access to
14 substantially higher quality water and soil, issues that plagued ICBD's Hyder land. *See infra*.

15 58. Worse yet, the Company did not need, knew it did not need, and thus of course did
16 not utilize, 10,000 acres of farmland—yet, Defendant Horsman and the Individual Defendants
17 told Plaintiffs that the Company ostensibly needed to lock down the entirety of the 10,000 acres
18 because it was purportedly in high demand. However, that land was, objectively and as a matter
19 of fact, not in high demand, or in any demand at all—not to mention, that land was owned and
20 controlled by their affiliated entities, meaning Defendant Horsman and the Individual
21 Defendants effectively determined and controlled the purported demand for their own
22 properties. But, of course, Defendant Horsman and the Individual Defendants cared only to
23 make as much money as possible, and did so at Plaintiffs' expense, using the investments
24 wrongfully and/or fraudulently induced from Plaintiffs to lease out far more land from their
25 affiliated entities than the Company needed or utilized.

26 59. The lease of the Hyder Farmland and Integrated AG Farmland was not the only
27 affiliated-entity transaction used by Defendant Horsman and the Individual Defendants to
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1 unjustly enrich themselves with Plaintiffs’ wrongfully- and/or fraudulently-induced investments,
2 however. Indeed, Defendant Horsman and the Individual Defendants also caused Integrated
3 CBD to enter into and sign agreements—which were clearly neither negotiated or entered into at
4 arm’s length, nor fair or reasonable—and submit substantial payments for lease of various
5 equipment and management and operational services through affiliated entities owned and/or
6 controlled by Defendant Horsman and the Individual Defendants including, without limitation:
7 (i) farm management services through affiliated entity, Defendant AZ Farm Management LLC;
8 (ii) equipment leases through Defendants Integrated AG Equipment LLC and IAG Equipment
9 LLC; (iii) operational services through Defendant Integrated AG Operations LLC; and (iv)
10 purported organic verification technology and/or services through Defendants Verified Organic
11 LP and Verified Organic LLC.²

12 60. As a particularly glaring example of Defendants’ fraudulent scheme and design,
13 on July 10, 2017, Integrated AG X DE LLC (yet another affiliated entity owned and/or
14 controlled by Defendant Horsman and the Individual Defendants) purchased one of the parcels
15 comprising the Hyder Farmland for \$100,000. Then, just *two days later*, Integrated AG X turned
16 around and sold that exact same property to Defendant Hyder Ranch for \$1,661,625—earning a
17 \$1,561,625 profit in the span of 48 hours, with no discernable basis or justification. Clearly,
18 Defendant Hyder Ranch, and its affiliated entities and owners and/or controllers (*i.e.*,
19 Defendants Goldcrest Farm Trust REIT LLC and Integrated AG XI LLC and/or Integrated AG
20 XII LLC) had motive to recoup their evident substantial overpayment to purchase the Hyder
21 Farmland property.

22 61. And of course, using the investments wrongfully and/or fraudulently induced from
23 Plaintiffs, and in the midst of unlawfully enriching themselves through transactions they caused
24 _____

25 ² Defendants Horsman and Dreyer caused Integrated CBD to commit a \$500,000.00 investment
26 into Defendant Verified Organic, and invested or caused to be invested at least \$308,571.43 of
27 ICBD’s (and thus, Plaintiffs’) funds into Defendant Verified Organic—the company that
28 Defendants Horsman and Dreyer co-founded, and have owned and controlled at all relevant
times.

1 Integrated CBD to make with the affiliated entities that they owned and controlled, Defendant
2 Horsman and the Individual Defendants were drawing executive compensation of \$12,500 per
3 month. In other words, Defendant Horsman and the Individual Defendants were paying
4 themselves for, and during the precise time period of, their wrongful, tortious, and fraudulent
5 conduct.

6 62. Again, these acts were the fruits of Defendant Horsman’s and the Individual
7 Defendants’ initial fraud in inducing Plaintiffs’ investments into Integrated CBD, making the
8 misrepresentations in the initial pitch decks to Plaintiffs even more egregious.

9 **Integrated CBD’s Business Plan Was Never Going to Work**

10 63. Integrated CBD was never going to be able to grow hemp organically, much less
11 the quantity of biomass represented and projected, or on the rapid timeline represented and
12 projected, by Defendant Horsman and the Individual Defendants on the farmland that Integrated
13 CBD leased from its affiliated entities, *i.e.*, the Hyder Farmland and the Integrated AG
14 Farmland. Such representations and projections were predicated on Integrated CBD having
15 access to 10,000 acres of tillable land.

16 64. For starters, directly contrary to the representations made to Plaintiffs and others
17 by Defendant Horsman and the Individual Defendants on behalf of Integrated CBD—namely,
18 that Integrated CBD had access to and would be leasing or had leased “premium organic Yuma
19 County farmland”—the land leased by ICBD was certified organic only by virtue of non-use, as
20 it had not been farmed in years, and had apparently never been successfully farmed.

21 65. Moreover, the ICBD land (*i.e.*, the Hyder Farmland and Integrated AG Farmland)
22 is well-known to be some of the worst land in Hyder for farming. This is due, in part, to the fact
23 that the ICBD leased property (*i.e.*, the Hyder Farmland and Integrated AG Farmland) was very
24 rocky and had too much sodium in the soil and the water. This land was unproven farmland,
25 meaning that, it was not clear that anything could grow well there because the soil and water
26 was so bad. Indeed, the Hyder Farmland and Integrated AG Farmland leased by Integrated CBD
27 is absolutely not premium farm ground, or really farmland at all, due largely to the high-salinity
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1 water, as well as the high-salinity, rocky, unproven soil. Indeed, the land leased by ICBD
2 consists mostly of rocky soil that is unfit for growing crops, especially one so salinity-sensitive
3 as hemp.

4 66. According to a director of Integrated CBD’s farming operations leadership team,
5 when he was first hired by ICBD early in 2019 (shortly before ICBD began transplanting hemp
6 into the Hyder Farmland and Integrated AG Farmland), and was told that ICBD was interested
7 in growing hemp, it was clear that no one associated with the project had any idea if hemp
8 would grow on this property.

9 67. Indeed, this director had informed Defendant Horsman and the Individual
10 Defendants early on that their number one enemy was going to be salts, and thus that they
11 needed above-ground sprinklers to get calcium into the soil. This was only confirmed when
12 ICBD started irrigating the land, as salt in the soil and water rose to the surface, showing black
13 alkali.

14 68. With the subsurface drip that ICBD installed for water-management of their land,
15 the salts go wherever the water goes; in other words, subsurface drip brings/pushes the salts to
16 the surface, which is where you are planting—*i.e.*, in a heavy zone of salinity. Integrated CBD’s
17 subsurface irrigation system defied logic because of where it pushed the salts. This is
18 elementary, basic knowledge. And this set ICBD up for failure in growing a good quality hemp
19 crop because of the high-salinity water, and the high-salinity, rocky and unproven soil.

20 69. In addition, ICBD had paid approximately \$2,000 per acre to install drip irrigation,
21 despite the fact they knew (having been told) that they should have and needed to put in above-
22 ground sprinklers and flush the salts down to manage the salinity in the soil. While Integrated
23 CBD did eventually put in above-ground sprinklers, they did a marginal job of it and thus the
24 soil’s quality improved only slightly.

25 70. No later than September 2019, this director of the Company’s farming operations
26 leadership team informed Defendant Horsman and the Individual Defendants that it would be
27 very difficult to grow the amount of hemp that they wanted to grow organically on the ICBD
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1 land without conventional agronomic inputs, if any at all. However, in response, he was told by
2 Defendant Horsman and the Individual Defendants that it was more important for Integrated
3 CBD to maintain its organic certification than to get more biomass.

4 71. Indeed, this director of the Company’s farming operations leadership team
5 specifically queried to Defendant Horsman and the Individual Defendants, what’s more
6 important: growing your crop organically or getting the biomass you want. In response,
7 Defendant Horsman and the Individual Defendants said organic was more important, despite the
8 fact this director of the Company’s farming operations leadership team had specifically
9 explained to them, *inter alia*, that: (i) you cannot just grow organic without doing a lot of work
10 to the soil, including building up the organic material in the soil for a period of years, because it
11 takes years to get the soil built up to where it is productive, due to the fact that you are getting
12 the organic matter built up; and (ii) to come in on virgin soil and expect to grow a good crop,
13 especially organically, is completely unrealistic if not impossible, which was well-known to
14 ICBD and made clear to them prior to March of 2019.

15 72. In fact, “*Hyder is where farmers go to die*” is a joke known to those familiar with
16 farming in the region, but according to multiple directors of the Company’s farming operations
17 leadership team, the saying is true.

18 73. In addition, Integrated CBD had numerous wells on their leased property (*i.e.*,
19 Hyder Farmland and Integrated AG Farmland), however many of the wells installed by the
20 Company plugged and pumped mud. As a result of this, the land which was intended to be
21 served by those wells was rendered useless due to the fact it did not have water (not to mention,
22 Integrated CBD had no backup plan for water issues, meaning they would lose the crop on land
23 affected by any well issues—it was simply unreasonably risky to not have a water backup plan).
24 Because ICBD knew that many of their wells were having issues pumping water by December
25 2018 at the latest, they would have known they could not possibly grow out there, much less the
26 quality or quantity of hemp that they wanted and represented. At least 5-6 wells did not work,
27 resulting in approximately 300 acres-per-well being rendered useless for purposes of farming. In
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1 other words, contrary to the representations made to Plaintiffs by Defendant Horsman and the
2 Individual Defendants on behalf of Integrated CBD, the Company certainly did not have access
3 to 10,000 acres of farmable land, because no less than 1,500-1,800 acres, and as much as 4,000
4 acres, were not farmable due to lack of water and well issues.

5 74. According to this director of the Company’s farming operations leadership team,
6 even if ICBD had done everything perfectly, they still would have had issues. In fact, even on
7 proven farmland in the same area (*i.e.*, Del Monte Farms, approximately 3-4 miles away, which
8 had many years of proven farmland), hemp still could not be grown because of the high
9 temperatures and salinity in the water.

10 75. To be sure, the Individual Defendants, as well as other officers of Integrated CBD,
11 were provided written updates on no less than a monthly basis by their farming leadership team,
12 explaining the foregoing and other issues regarding the Hyder Farmland and Integrated AG
13 Farmland properties and Integrated CBD’s business venture, and the fact that (and reasons why)
14 the Company’s business venture and vision was never going to work, beginning in
15 approximately March 2019.

16 **Defendant Horsman Continuously Reassured Plaintiffs with Falsities**

17 76. In or about October 2019, Defendant Horsman and the Individual Defendants
18 caused Integrated CBD to announce and represent to Plaintiffs and the public that it had raised
19 \$50 million in senior secured debt. However, this was demonstrably and unequivocally false.
20 Indeed, Integrated CBD had obtained senior secured debt from Corbin Private Credit
21 Opportunity Fund II, L.P. (“Corbin”), but only in the amount of \$7 million, with a delayed draw
22 term loan facility in the maximum principal amount of up to \$23 million—*i.e.*, a *maximum* of
23 \$30 million.

24 77. When Plaintiffs eventually began asking questions—albeit, after Defendant
25 Horsman and the Individual Defendants had already caused Integrated CBD to deplete all of its
26 funds, or was sure to do so briefly thereafter—Defendant Horsman and the Individual
27 Defendants engaged in a clear cover-up campaign to conceal its wrongful, tortious, and
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1 fraudulent conduct and design. For example, when Plaintiff Lev inquired to Defendant Horsman
2 as to whether Horsman and/or the Individual Defendants had caused Integrated CBD to engage
3 in improper transactions with its affiliated entities, Defendant Horsman responded stating
4 “Corbin and their consultant Glass Ratner we’re [sic] involved in every facet of the business and
5 reviewed every trans[action] and related party agreement we ever did.” Defendant Horsman
6 even implored and held out William Ruebe of Corbin to *ex post facto* bless all of Horsman’s and
7 the Individual Defendants’ wrongful, tortious, and fraudulent conduct. John Coche of Corbin
8 also made similar representations to the other Plaintiffs.

9 78. Similarly, Defendant Horsman drafted and/or had prepared, and provided to
10 Plaintiffs, an “Affiliated Company Transactions” memoranda, purporting to demonstrate the
11 propriety, fairness, reasonableness, and/or legality of the many improper transactions that
12 Horsman and the Individual Defendants caused Integrated CBD to engage in with affiliated
13 entities. However, this was rife with false and misleading material statements and omissions.

14 79. In addition, Defendant Horsman and the Individual Defendants provided, and/or
15 caused Integrated CBD to provide, periodic status updates purporting to demonstrate that a
16 hemp crop was successfully being grown on the Hyder Farmland and Integrated AG Farmland,
17 when this was, in fact, not the case. This was done only to conceal Defendant Horsman’s and the
18 Individual Defendants’ fraud, and to keep Plaintiffs invested in Integrated CBD.

19 **Integrated CBD’s Business Crumbles**

20 80. On or about January 10, 2020, Defendant Horsman contacted Plaintiffs and
21 informed them that the business had crumbled and would need more money if it was to
22 continue. In other words, through Defendant Horsman’s and the Individual Defendants’
23 wrongful, tortious, and fraudulent acts, Plaintiffs’ investments were gone. Defendant Horsman
24 claims to have infused six figures to help the Company meet payroll, however Horsman has
25 claimed different amounts at different times, making such claim suspicious in and of itself.

26 81. As purported proof that Defendant Horsman did nothing untoward and engaged in
27 no fraud, Defendant Horsman held out John Locke and Billy Reube of Corbin, stating that
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1 Corbin approved of every transaction and had access and control over the Company’s bank
2 accounts, and thus there is no way Defendant Horsman engaged in fraudulent conduct. Not only
3 does this not make sense, it was also false: Defendant Horsman did engage in fraudulent and
4 conspiratorial conduct.

5 **The Aftermath Confirms the Fraudulent Nature of Defendants’ Conduct and Design**

6 82. Quickly after learning that Integrated CBD had lost all of its investors’ money,
7 Plaintiffs requested and began reviewing the credit card and banking statements of Integrated
8 CBD. Plaintiffs learned for the first time that Defendant Horsman had spent approximately \$2
9 million of ICBD’s (*i.e.*, Plaintiffs’) funds paying off credit card bills, for credit cards in
10 Horsman’s name. This was just another example of wrongful, tortious, and fraudulent conduct
11 committed by Defendant Horsman. When confronted and pressed by Plaintiff Lev for an
12 explanation, Defendant Horsman became defensive, stating “why do you care, you only lost 50
13 grand.”

14 83. But the fraud committed by Defendant Horsman did not end there. Upon
15 information and belief, Defendant Horsman and the Individual Defendants had fired or laid off
16 all of Integrated CBD’s employees as early as December 2019, and no later than February 2020.
17 These firings and layoffs were unrelated to the Covid-19 pandemic, but rather were due to the
18 fact that Defendant Horsman and the Individual Defendants had caused Integrated CBD to
19 deplete all of its (and thus, Plaintiffs) funds through the above-described wrongful, tortious, and
20 fraudulent conduct. Nevertheless, despite the fact Integrated CBD had fired or laid off all of its
21 employees, Defendant Horsman caused Integrated CBD to apply for a loan through the
22 Paycheck Protection Program (a PPP loan). On April 29, 2020, this PPP loan request was
23 approved, and Integrated CBD received a PPP loan, in the amount of \$150,000-\$350,000. This
24 PPP loan money was *not* paid to Integrated CBD employees, as Integrated CBD had no
25 employees at the time the PPP loan was requested or approved.

26 84. To make matters worse, in the months leading up to Defendant Horsman and the
27 Individual Defendants depleting Integrated CBD of all its (and thus, Plaintiffs’) funds,
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1 Defendant Horsman had evidently been utilizing Company funds and resources to survey the
2 Hyder Farmland and Integrated AG Farmland properties for construction of a helipad and
3 airplane runway, which Defendant Horsman had been bragging to employees about intending to
4 purchase. Yet, just months after running Integrated CBD into the ground, losing all of the
5 Company's (and thus, Plaintiffs') money, and firing or laying off all of its employees, and after
6 the PPP loan application had been submitted by for the already-defunct Company, Defendant
7 Horsman purchased a Canadair LTD CL-600 Challenger private jet, costing more than a million
8 dollars and bearing the name and logo of his investment firm, Horsman Holdings LLC:



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CAUSES OF ACTION

**COUNT I
FRAUD
(Against Defendant Horsman)**

85. Plaintiffs repeat and re-allege the allegations set forth in Paragraphs 1 through 84 as though fully restated here.

1 86. From the inception and throughout the operation of the Company, Defendant
2 Horsman intentionally made materially false and misleading statements to Plaintiffs and the
3 public, including through publications, press releases, investment presentations, pitch decks and
4 other materials, and emails and verbal communications over the telephone and in-person,
5 concerning the Company's financial performance and business prospects, omitted to tell
6 Plaintiffs of improper transactions and of the Company's dire financial status and business
7 prospects, and omitted other material information necessary to make statements not false and
8 misleading when made, as well as misappropriated Plaintiffs' wrongfully- and/or fraudulently-
9 induced investments by, *inter alia*, placing them in affiliated entities' names and then
10 overpaying for use of these affiliated entities' assets, as well as by spending Plaintiffs'
11 wrongfully- and/or fraudulently-induced funds for personal and non-business use. When
12 Plaintiffs learned of the improper transactions, Horsman made false and misleading statements
13 and omissions concerning the status, nature, and propriety of those transactions, as outlined
14 hereinabove.

15 87. Defendant Horsman knew that his statements were false and materially
16 misleading, or he was recklessly indifferent as to their truth.

17 88. Defendant Horsman omitted to tell Plaintiffs material information in an attempt to
18 mislead them as to the status of the Company and their investment in the Company.

19 89. Defendant Horsman intended to induce Plaintiffs from acting to protect their
20 investment or take other legal action against Horsman, hoping to finalize the transactions and
21 turn a profit before Horsman's conduct was discovered.

22 90. Plaintiffs reasonably relied on Defendant Horsman's statements.

23 91. As a direct and proximate result of Defendant Horsman's fraudulent conduct,
24 Plaintiffs have suffered damages in an amount to be proven at trial.

25 92. The willful and intentional fraud of Defendant Horsman was not taken in good
26 faith and was not entirely fair, but rather was the result of fraudulent, bad faith, wanton, willful,
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1 and/or grossly negligent misconduct by Defendant Horsman, and was of such an aggravated or
2 outrageous nature to indicate motive by an evil mind, coupled with an evil hand.

3 93. Plaintiffs are entitled to an award of exemplary damages based on the
4 inappropriate and willfully fraudulent conduct of Defendant Horsman.

5 **COUNT II**
6 **CONSTRUCTIVE FRAUD**
7 **(Against Defendant Horsman)**

8 94. Plaintiffs repeat and re-allege the allegations set forth in Paragraphs 1 through 84
9 as though fully restated here.

10 95. Defendant Horsman represented to Plaintiffs, *inter alia*, that Plaintiffs'
11 investments in the Company had not been wrongfully- and/or fraudulently-induced, and/or were
12 not being wrongfully and unlawfully misappropriated, wasted, or otherwise used for improper
13 purposes, and Plaintiffs relied on Defendant Horsman's representations and trustworthiness.

14 96. Defendant Horsman's conduct deceived Plaintiffs. Defendant Horsman failed to
15 make full and truthful disclosures of all facts to Plaintiffs, but rather and misrepresented and
16 concealed facts from, and fraudulently induced investments from, Plaintiffs.

17 97. Defendant Horsman's conduct constitutes constructive fraud.

18 98. As a direct and proximate result of Defendant Horsman's fraudulent conduct,
19 Plaintiffs have suffered damages in an amount to be proven at trial.

20 99. The willful and intentional fraud of Defendant Horsman was not taken in good
21 faith and was not entirely fair, but rather was the result of fraudulent, bad faith, wanton, willful,
22 and/or grossly negligent misconduct by Defendant Horsman, and was of such an aggravated or
23 outrageous nature to indicate motive by an evil mind, coupled with an evil hand.

24 100. Plaintiffs are entitled to an award of exemplary damages based on the
25 inappropriate and willfully fraudulent conduct of Defendant Horsman.

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COUNT III
CIVIL CONSPIRACY
(Against All Defendants)

101. Plaintiffs repeat and re-allege the allegations set forth in Paragraphs 1 through 84 as though fully restated here.

102. Defendants Horsman, Dreyer, and Schiff had an agreement with one another, and with all other Defendants, to defraud Plaintiffs. The agreement was to surreptitiously convert Plaintiffs' investments in the Company to their own personal use, for use in their other businesses and/or affiliated entities, and otherwise for their own pecuniary gain. The agreement required that Defendants make false and misleading material statements and omissions to Plaintiffs and the public, including through publications, press releases, investment presentations, pitch decks and other materials, and emails and verbal communications over the telephone and in-person, concerning the Company's financial performance and business prospects, improper transactions, and the Company's dire financial status and business prospects, as well as to misappropriate Plaintiffs' wrongfully- and/or fraudulently-induced investments by, *inter alia*, placing them in affiliated entities' names and then overpaying for use of these affiliated entities' assets, as well as by spending the investments wrongfully and/or fraudulently induced from Plaintiffs for personal and other non-business uses. These are unlawful purposes and in violation of Arizona law.

103. Accordingly, all Defendants agreed to accomplish an unlawful purpose or to accomplish a lawful object by unlawful means.

104. Defendants Horsman, Dreyer, and Schiff accomplished, among other torts, fraud, constructive fraud, conversion, and negligent misrepresentation, which all other Defendants agreed to commit and knowingly accepted the benefits of, at Plaintiffs' expense.

105. Defendants' accomplished tortious conduct and conspiracy directly and proximately caused Plaintiffs to suffer damages in an amount to be proven at trial.

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COUNT IV
NEGLIGENT MISREPRESENTATION
(Against Defendants Horsman, Dreyer, and Schiff)

106. Plaintiffs repeat and re-allege the allegations set forth in Paragraphs 1 through 84 as though fully restated here.

107. Defendants Horsman, Dreyer, and Schiff either provided Plaintiffs with false or incorrect information, or failed to disclose material information to Plaintiffs.

108. Defendants Horsman, Dreyer, and Schiff intended Plaintiffs to rely on the false or incorrect information provided, and provided such information to Plaintiffs for that purpose.

109. Defendants Horsman, Dreyer, and Schiff failed to exercise reasonable care or competence in obtaining or communicating false or incorrect information to Plaintiffs.

110. Plaintiffs reasonably and justifiably relied on Defendant Horsman's, Defendant Dreyer's, and Defendant Schiff's false or incorrect information.

111. As a direct and proximate result of Defendant Horsman's, Defendant Dreyer's, and Defendant Schiff's false or incorrect information, Plaintiffs have been damaged in an amount to be proven at trial.

COUNT V
AIDING AND ABETTING TORTIOUS CONDUCT
(Against Defendants Dreyer, Schiff, Integrated AG XI, LLC, Integrated AG XII, LLC, Integrated AG Holdings LLC, Integrated AG Holdings AZ LLC, Integrated AG LP, Integrated AG Equipment LLC, IAG Equipment, LLC, Integrated AG Management LLC, Integrated AG Operations LLC, Verified Organic LP, Verified Organic LLC, AZ Farm Management LLC, Hyder Ranch LLC, and Goldcrest Farm Trust REIT LLC)

112. Plaintiffs repeat and re-allege the allegations set forth in Paragraphs 1 through 84 as though fully restated here.

113. Defendant Horsman is the primary tortfeasor, whose conduct Defendants Dreyer, Schiff, Integrated AG XI, LLC, Integrated AG XII, LLC, Integrated AG Holdings LLC, Integrated AG Holdings AZ LLC, Integrated AG LP, Integrated AG Equipment LLC, IAG Equipment, LLC, Integrated AG Management LLC, Integrated AG Operations LLC, Verified

1 Organic LP, Verified Organic LLC, AZ Farm Management LLC, Hyder Ranch LLC, and
2 Goldcrest Farm Trust REIT LLC knowingly aided and abetted.

3 114. Defendants Dreyer, Schiff, Integrated AG XI, LLC, Integrated AG XII, LLC,
4 Integrated AG Holdings LLC, Integrated AG Holdings AZ LLC, Integrated AG LP, Integrated
5 AG Equipment LLC, IAG Equipment, LLC, Integrated AG Management LLC, Integrated AG
6 Operations LLC, Verified Organic LP, Verified Organic LLC, AZ Farm Management LLC,
7 Hyder Ranch LLC, and Goldcrest Farm Trust REIT LLC knew that Defendant Horsman’s
8 conduct constituted fraud, constructive fraud, and conversion, and was otherwise tortious.

9 115. Defendants Dreyer, Schiff, Integrated AG XI, LLC, Integrated AG XII, LLC,
10 Integrated AG Holdings LLC, Integrated AG Holdings AZ LLC, Integrated AG LP, Integrated
11 AG Equipment LLC, IAG Equipment, LLC, Integrated AG Management LLC, Integrated AG
12 Operations LLC, Verified Organic LP, Verified Organic LLC, AZ Farm Management LLC,
13 Hyder Ranch LLC, and Goldcrest Farm Trust REIT LLC substantially assisted, encouraged, and
14 accepted the benefits of Defendant Horsman’s wrongful, tortious, and fraudulent conduct, as
15 well as Defendant Horsman’s conduct in intentionally misleading Plaintiffs, lying to Plaintiffs,
16 defrauding Plaintiffs, and failing to make full disclosures to Plaintiffs regarding same.

17 116. Defendants Dreyer, Schiff, Integrated AG XI, LLC, Integrated AG XII, LLC,
18 Integrated AG Holdings LLC, Integrated AG Holdings AZ LLC, Integrated AG LP, Integrated
19 AG Equipment LLC, IAG Equipment, LLC, Integrated AG Management LLC, Integrated AG
20 Operations LLC, Verified Organic LP, Verified Organic LLC, AZ Farm Management LLC,
21 Hyder Ranch LLC, and Goldcrest Farm Trust REIT LLC aided and abetted Defendant
22 Horsman’s wrongful, tortious, and fraudulent conduct knowingly and without regard to the fact
23 that Defendant Horsman’s interests were detrimental to the interests of the Company and
24 Plaintiffs.

25 117. As a direct and proximate result of the aiding and abetting of Defendant
26 Horsman’s conduct by Defendants Dreyer, Schiff, Integrated AG XI, LLC, Integrated AG XII,
27 LLC, Integrated AG Holdings LLC, Integrated AG Holdings AZ LLC, Integrated AG LP,
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1 Integrated AG Equipment LLC, IAG Equipment, LLC, Integrated AG Management LLC,
2 Integrated AG Operations LLC, Verified Organic LP, Verified Organic LLC, AZ Farm
3 Management LLC, Hyder Ranch LLC, and Goldcrest Farm Trust REIT LLC, Plaintiffs have
4 suffered damages in an amount to be proven at trial.

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6 **COUNT VI**
7 **BREACH OF THE IMPLIED COVENANT OF**
8 **GOOD FAITH AND FAIR DEALING**
9 **(Against Defendants Horsman, Dreyer, and Schiff)**

10 118. Plaintiffs repeat and re-allege the allegations set forth in Paragraphs 1 through 84
11 as though fully restated here.

12 119. A contract existed between Plaintiffs and Defendants Horsman, Dreyer, and
13 Schiff, including without limitation, as a result of these Defendants' relationship to Integrated
14 CBD LLC and Integrated CBD Holdings LLC, and thus to Plaintiffs as members thereof.

15 120. The covenant of good faith and fair dealing is an implied term of Plaintiffs'
16 contract with Defendants Horsman, Dreyer, and Schiff.

17 121. Pursuant to those contracts, Plaintiffs expected that Defendants Horsman, Dreyer,
18 and Schiff would comply with their professional obligations without impairing the business or
19 expectancies of Plaintiffs, and not convert Plaintiffs' property, opportunities, interests, and
20 expectancies for their personal use or gain.

21 122. Defendants Horsman, Dreyer, and Schiff denied Plaintiffs these expected benefits
22 of the contract by misappropriation of Plaintiffs' wrongfully- and/or fraudulently-induced
23 property, opportunities, interests, and expectancies.

24 123. Defendant Horsman's, Defendant Dreyer's, and Defendant Schiff's conduct was
25 not taken in good faith and was not entirely fair, but rather was the result of fraudulent, bad
26 faith, wanton, willful, and/or grossly negligent misconduct by Defendants Horsman, Dreyer, and
27 Schiff.

28 124. The conduct of Defendants Horsman, Dreyer, and Schiff, as described
hereinabove, breached the implied covenant of good faith and fair dealing.

1 125. As a direct and proximate result of Defendant Horsman’s, Defendant Dreyer’s,
2 and Defendant Schiff’s aforementioned breach of the duty of good faith and fair dealing,
3 Plaintiffs have suffered damages in an amount to be proven at trial.

4 **COUNT VII**
5 **CONVERSION**
6 **(Against Defendants Horsman, Dreyer, and Schiff)**

7 126. Plaintiffs repeat and re-allege the allegations set forth in Paragraphs 1 through 84
8 as though fully restated here.

9 127. Plaintiffs had (and have) a right to possess their wrongfully- and/or fraudulently-
10 induced investments in the Company and its assets that were misappropriated by Defendants
11 Horsman, Dreyer, and Schiff.

12 128. Defendants Horsman, Dreyer, and Schiff intentionally exercised dominion and
13 control over Plaintiffs’ property.

14 129. Plaintiffs were deprived possession or use of the property wrongfully and/or
15 fraudulently induced and misappropriated by Defendants Horsman, Dreyer, and Schiff.

16 130. As a direct and proximate result of Defendant Horsman’s, Defendant Dreyer’s,
17 and Defendant Schiff’s fraudulent inducement and misappropriation of Plaintiffs’ property,
18 Plaintiffs suffered damages in an amount to be proven at trial.

19 **COUNT VIII**
20 **UNJUST ENRICHMENT**
21 **(Against All Defendants)**

22 131. Plaintiffs repeat and re-allege the allegations set forth in Paragraphs 1 through 84
23 as though fully restated here.

24 132. Plaintiffs allege this claim as an alternative claim, in the event that Plaintiffs are
25 without a remedy at law.

26 133. Defendants were enriched by way of fraudulent inducement and misappropriation
27 of Plaintiffs’ investments in the Company.
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1 134. Defendants wrongfully and unlawfully converted the wrongfully- and/or
2 fraudulently-induced and misappropriated investments of Plaintiffs in the Company to their own
3 use and benefit.

4 135. Defendants were wrongfully and unlawfully enriched in an amount to be proven at
5 trial.

6 **COUNT IX**
7 **ESTOPPEL**

8 **(Against Defendants Horsman, Dreyer, and Schiff)**

9 136. Plaintiffs repeat and re-allege the allegations set forth in Paragraphs 1 through 84
10 as though fully restated here.

11 137. Defendants Horsman, Dreyer, and Schiff intentionally induced Plaintiffs to believe
12 and have confidence that their investments in the Company were not wrongfully and/or
13 fraudulently induced, and/or were not being wrongfully and unlawfully misappropriated,
14 wasted, or otherwise used for improper purposes. These were material facts.

15 138. Defendants Horsman, Dreyer, and Schiff intentionally induced Plaintiffs to rely on
16 these Defendants, upon the apparent state of the material facts. Plaintiffs justifiably relief on
17 these Defendants and their representations of material facts.

18 139. Plaintiffs were injured and damaged as a direct and proximate result of their
19 justifiable reliance caused by Defendants Horsman, Dreyer, and Schiff, in an amount to be
20 proven at trial.

21 **COUNT X**
22 **ACCOUNTING**

23 **(Against Defendants Horsman, Dreyer, and Schiff)**

24 140. Plaintiffs repeat and re-allege the allegations set forth in Paragraphs 1 through 84
25 as though fully restated here.

26 141. Defendant Horsman, and Defendants Dreyer and/or Schiff, have possession,
27 custody, and control over Integrated CBD LLC and Integrated CBD Holdings LLC.
28

1 142. Defendants Horsman, Dreyer, and Schiff engaged in misappropriation and
2 improper use of Plaintiffs' wrongfully and/or fraudulently induced investments for their own
3 financial benefit and for the benefit of their affiliated entities, including all other Defendants.

4 143. An accounting is necessary to determine the extent to which Plaintiffs' investment
5 has been misappropriated to, and to the extent Plaintiffs are or may be entitled to recover from,
6 any of the Individual Defendants and their affiliated entities, including all other Defendants, and
7 to ensure that Plaintiffs recover all monies owed to them by making appropriate and equitable
8 adjustments to the accounts of the Company and Defendants Horsman, Dreyer, and Schiff.

9 **PUNITIVE DAMAGES**

10 144. Plaintiffs repeat and re-allege the allegations set forth in Paragraphs 1 through 143
11 as though fully restated here.

12 145. Defendants engaged in conduct, acts, and omissions to serve their own interests
13 and pursued a course of conduct having reason to know of, yet consciously disregarded, a
14 substantial risk that such conduct would or might significantly injure the rights of Plaintiffs. The
15 willful and intentional acts, as set forth in this Complaint, are of such an aggravated and/or
16 outrageous nature as to indicate motive by an evil mind, coupled with an evil hand.

17 146. Therefore, a punitive damage award against Defendants, in an amount to be
18 proven at trial, is fully justified and warranted, and would have the effect of deterring others
19 from committing similar acts and omissions.

20 **PRAYER FOR RELIEF**

21 WHEREFORE, Plaintiffs demand judgment in their favor and pray the Court enter such
22 judgment in Plaintiffs' favor against Defendants on all counts, as follows:

- 23 (A) For the reasonable value of compensatory and/or rescissory damages to Plaintiffs,
24 including pre- and post-judgment interest, and any additional property and
25 economic damages incurred by Plaintiffs to-date, and to be incurred in the future,
26 consistent with the proof in this action;

- 1 (B) Finding and declaring that Plaintiffs are entitled to an accounting and ordering
2 such an accounting;
- 3 (C) Awarding Plaintiffs their costs and expenses in this litigation, including reasonable
4 attorneys' fees and expenses pursuant to A.R.S. § 12-341.01, as well as pre-
5 judgment interest, and other costs and disbursements; and
- 6 (D) Awarding punitive damages to Plaintiffs consistent with the proof in this action;
7 and
- 8 (E) Granting such other relief as may be just and proper.

9 **DEMAND FOR JURY TRIAL**

10 Plaintiffs respectfully demand trial by jury of all issues so triable.

11 **RESPECTFULLY SUBMITTED** this 2nd day of October, 2020.

12 **WILENCHIK & BARTNESS, P.C.**

13 /s/ Joh D. Wilenchik

14 John "Jack" D. Wilenchik, Esq.
15 The Wilenchik & Bartness Building
16 2810 North Third Street
17 Phoenix, Arizona 85004
admin@wb-law.com
18 *Attorneys for Plaintiff*

19 **ELECTRONICALLY** filed with
20 The Maricopa County Clerk of
21 the Superior Court via AZTurboCourt.com
22 this 2nd day of October, 2020.

23 By: /s/ Christine M. Ferreira

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