**BAKER & MCKENZIE LLP** 1 James J. Ward (Bar No. 263052) ioe.ward@bakermckenzie.com 1901 Avenue of the Stars, Suite 950 3 Los Angeles, California 90067 Telephone: (310) 201-4728 Facsimile: (310) 201-4721 4 William F. Dugan (pro hac vice application forthcoming) william.dugan@bakermckenzie.com 300 East Randolph Street, Suite 5000 Chicago, Illinois 60601 Telephone: (312) 861-4208 Facsimile: (312) 698-2476 8 Attorneys for Defendant and Cross-Complainant MM Enterprises USA, LLC 10 11 SUPERIOR COURT OF THE STATE OF CALIFORNIA 12 FOR THE COUNTY OF LOS ANGELES - SANTA MONICA COURTHOUSE 13 JAMES PARKER, an individual, **Case No. 19SMCV00189** 14 Plaintiff, Assigned to the Honorable Mark A. Young 15 for all purposes v. 16 MM ENTERPRISES USA, LLC'S MM ENTERPRISES USA, LLC, a limited 17 **CROSS-COMPLAINT FOR:** liability company, and DOES 1 through 25, inclusive, (1) BREACH OF CONTRACT 18 (2) BREACH OF FIDUCIARY DUTY Defendants. 19 (3) BREACH OF DUTY OF LOYALTY 20 (4) MISAPPROPRIATION OF MM ENTERPRISES USA, LLC, a limited 21 liability company, TRADE SECRETS (Cal. Civ. Code §§ 3426, et seq.) 22 Cross-Complainant, (5) CONVERSION 23 (6) UNFAIR COMPETITION (Cal. v. Bus. & Prof. Code§§ 17200, et. seq.) 24 JAMES PARKER, an individual. (7) DECLARATORY RELIEF 25 Cross-Defendant. **DEMAND FOR JURY TRIAL** 26 Action Filed: January 29, 2019 27 Dept. M 28

1	MM	I Enterprises USA, LLC ("MM USA" or the "Company") brings this cross-complaint
2	against Jan	nes Parker ("Parker") for breach of his fiduciary duties and duty of loyalty, breach of
3	contract, m	isappropriation of MM USA's confidential, proprietary, and trade secret information,
4	and other w	vrongful conduct, all done to inflict harm on the Company for his own personal gain.
5	MM USA I	nereby alleges as follows:
6		<u>PARTIES</u>
7	1.	MM USA is a limited liability company duly formed under the laws of the State of
8	Delaware.	MM USA's principal place of business is in Los Angeles County, and at all relevant
9	times addressed herein, Plaintiff was, and is, authorized to do business in the State of California.	
10	2.	MM USA is informed and believes and based thereon alleges that, at all relevant
11	times addre	essed herein, Parker resided in, and continues to reside and do business in the County of
12	Los Angele	es, State of California.
13		JURISDICTION AND VENUE
14	3.	Jurisdiction is proper in the Superior Court of the County of Los Angeles, State of
15	California because it has general subject matter jurisdiction and no statutory exceptions to	
16	jurisdiction exist.	
17	4.	This Court has personal jurisdiction over Parker because at all relevant times
18	addressed herein, he resided in, and continues to reside and do business in, the County of Los	
19	Angeles, State of California.	
20	5.	Venue is proper in this Court pursuant to section 395 of the California Code of
21	Civil Proce	dure.
22		FACTUAL BACKGROUND
23	Α.	MM USA Hires Parker As A Company Officer
24	6.	On or around June 22, 2017, Parker was hired as Chief Operating Officer ("COO")
25	of MM US	A's predecessor, Treehouse Capital Management, LLC ("Treehouse"). As the COO,
26	Parker was	responsible for, inter alia, ensuring that Treehouses' business operations were efficient
27	and effective	ve and that proper management of resources, distribution of goods and services to
28	customers,	and analysis of Treehouses' systems were conducted.

systems to preserve company assets and report accurate financial results, and numerous financial

1	reporting obligations that were crucial to the Company's operations.	
2	15. As a Company officer in a senior position of trust, Parker was exposed to sensitive,	
3	non-public business, personnel, and financial information. He had access to MM USA's	
4	confidential, proprietary, and trade secret information as its CFO.	
5	16. Exhibit A to Parker's Letter Agreement included Confidential and Non-	
6	Disparagement Provisions (the "Confidentiality Agreement").	
7	17. The Confidentiality Agreement defined "Confidential Information" as:	
8	Confidential information includes, but is not limited to, customer or client lists, services provided to such customers or clients, sources and leads for	
9	obtaining new business, vendors or suppliers, trade secrets, images, slogans, logos, designs, sketches, mockups, samples, computer software,	
10	operations, systems, services, financial affairs of the Company and/or its Affiliates, forms, contracts, agreements, literature, inventions, original	
11	works of authorship, copyrights, patents, trademarks, and any and all information and know-how, or other items designed, developed or written	
12	by, for, with, or on behalf of the Company and/or its Affiliates (whether or not such information constitutes "Work Product," as defined below), now	
13	or in the future (hereinafter, "Confidential Information").	
14	18. In executing the Letter Agreement and Confidentiality Agreement, Parker agreed	
15	that all Confidential Information is—and at all times shall remain—MM USA's "exclusive	
16	property," and he promised:	
17	During the time that you are an employee of the Company, and at all times thereafter, you will keep secret and will not use or disclose any	
18	Confidential Information to any person or entity, in any fashion or for any purpose whatsoever, except at the request of or with prior written consent	
19	of the Company (or as may be required by applicable law).	
20	19. Parker also agreed in Exhibit B to the Letter Agreement that, upon termination of	
21	the Letter Agreement, he would "immediately return and surrender to the Company originals and	
22	copies of all records, notes, memoranda, information, documents, and other property created or	
23	obtained by [Parker] as a result of, or in the course of, or in connection with, [Parker's]	
24	employment with the Company hereunder, including Confidential Information."	
25	20. The Letter Agreement required Parker to provide at least "ninety (90) days prior	
26	written notice of any intention to terminate" his employment with the Company.	
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serve as CFO for even a limited time, much less for the 90-day notice period called for in his

On November 15, 2018, Parker informed MM USA that he would not continue to

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- 29. Upon Parker informing MM USA that he would not fulfill his CFO obligations or return to work in any capacity, the Company publicly disclosed Parker's resignation.
- 30. Parker's abrupt resignation caused the Company significant harm. Parker intentionally timed his actions to cause damage and disruption to MM USA, and he used the timing as leverage in an attempt to extort the Company for his own personal gain. Parker's actions were a flagrant and wrongful breach of his fiduciary duties and duty of loyalty to MM USA.

#### F. Parker Stole Confidential, Proprietary, and Trade Secret Information

- 31. After Parker resigned, MM USA discovered that, in the months leading up to his resignation, Parker stole confidential, proprietary, and trade secret information from the Company in anticipation of his departure.
- 32. From September 2018 until he resigned, Parker accessed, downloaded, or otherwise obtained hundreds of documents and electronic files containing MM USA's confidential, proprietary, and trade secret information, and he transmitted those documents and files outside of MM USA by e-mailing them to his personal e-mail account (i.e., james.m.parker@gmail.com). The e-mails and attachments Parker sent to his unsecured g-mail account contained confidential, proprietary, and trade secret information about the Company's customers, investments, finances, strategies, and contracts. Parker took these measures to steal confidential business information and trade secrets notwithstanding his promise to keep such information secret. On information and belief, Parker is actively pursuing employment in the cannabis industry.
- 33. Parker's Letter Agreement and Confidentiality Agreement prohibited him from obtaining, using, or disclosing the Company's confidential or trade secret information. Parker knew the information he stole was confidential, he was required to keep it secure, and he was obligated to return it upon the termination of his employment. Parker also knew the information he stole is extremely valuable to MM USA.

### FIRST CAUSE OF ACTION

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## **Breach of Contract**

- 34. MM USA hereby repeats, re-alleges, and incorporates Paragraph 1-33, as though set forth fully alleged herein.
- 35. As a material condition of his employment, Parker entered into a written contract under which he agreed to provide MM USA "ninety (90) days prior written notice of any intention to terminate [his] employment with the Company."
- 36. Parker also agreed as a material condition of his employment that all "Confidential Information" he received during the course of his employment with MM USA was "valuable, special, and unique" to the Company; such information would remain MM USA's "exclusive property"; he would at all times, during and after his employment terminated, keep the Company's "Confidential Information" secret and not use or disclose it for any purpose whatsoever, except at the Company's request or with the Company's written consent; and, upon the termination of his Letter Agreement, he would "immediately return and surrender to the Company originals and all copies of all records, notes, memoranda, information, documents and other property" Parker created or obtained as a result of, in the course of, or in connection with his employment.
- 37. Notwithstanding his agreement to these terms, Parker has materially breached his contractual obligations to MM USA by, among other things, abruptly resigning from MM USA without any notice; improperly accessing, removing, and/or sending MM USA's confidential, proprietary, and trade secret information to a personal, unsecured e-mail account, and, upon information and belief, improperly using and disclosing such information for his own benefit, all without MM USA's consent, while still employed by MM USA and after he resigned; and by failing to return MM USA's exclusive property when he resigned his employment.
- 38. MM USA has performed all conditions, covenants, and promises required by it with respect to its agreements with Parker, except for those conditions, covenants, and promises that have been excused by reason of Parker's breaches alleged herein.
- 39. As a direct and proximate result of Parker's material breaches of his agreements with the Company, MM USA has been damaged in a sum according to proof at the time of trial.

### SECOND CAUSE OF ACTION

**Breach of Fiduciary Duty** 

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40. MM USA hereby repeats, re-alleges, and incorporates Paragraph 1-39, as though set forth fully alleged herein.

- 41. By virtue of his position as COO of MM USA's predecessor, Treehouse, and as CFO of MM USA, Parker owed fiduciary duties to MM USA and was required, inter alia, to act in good faith, in the best interests of the Company and to exercise the utmost care in performing critical financial tasks and obligations.
- 42. Parker's fiduciary duties to MM USA precluded him from actively exploiting his position with the Company for his own personal gain, from abusing his position of trust and confidence to further his private interests, and from hindering MM USA's operations and existence to obtain leverage and advance his own interests.
- 43. Parker's breaches of his fiduciary duties to MM USA include, without limitation, his self-interested acts in procuring the Letter Agreement; his abrupt and sudden abandonment of his responsibilities to the Company without notice, and his refusal to complete critical, time sensitive tasks on MM USA's behalf; his theft of MM USA's confidential, proprietary, and trade secret information for leverage and to advance his own personal interests; and his failure to return MM USA's corporate property when he resigned.
- 44. Parker failed to act reasonably, carefully, and faithfully as a CFO would have acted under the same or similar circumstances and instead engaged in conduct in violation of his fiduciary duties owed to MM USA. Parker further breached his fiduciary duties by acting in a manner adverse to MM USA.
- 45. As a direct and proximate result of Parker's breaches of fiduciary duties, MM USA has suffered damages, and is entitled to recover such damages, in an amount subject to proof at trial. The Company's damages include, but are not limited to, the losses it incurred from Parker's abrupt resignation, and all compensation paid to Parker during the period of time in which he was in breach of his fiduciary duty pursuant to the faithless servant doctrine.

by engaging in the conduct alleged herein, acted willfully, maliciously, and oppressively with full

11 12 regarding revenue, costs, profit margins, losses, investments, assets, and strategic planning; 13 customer information; company communications; and privately negotiated contracts and pricing with vendors. The documents and information are the subject of reasonable efforts by MM USA 14

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55. In violation of California's Uniform Trade Secret Act, Parker willfully and maliciously misappropriated MM USA's trade secrets through improper means by accessing such information for an improper purpose, sending it to his personal, unsecured, e-mail account, and, upon information and belief, improperly using and disclosing such information for his own benefit.

to maintain their secrecy, and they derive independent economic value from not being generally

known. Some or all of the documents and information comprising the MM USA trade secrets

constitute "trade secrets" under California Civil Code section 3426.1.

- 56. By reason of Parker's above-alleged acts and conduct, MM USA has been damaged, and it will continue to suffer great and irreparable harm and damage. The amount of this harm will be difficult if not impossible to ascertain, and MM USA will be without an adequate remedy at law.
- 57. MM USA is entitled to recover statutory monetary damages from Parker for the losses resulting from his wrongful conduct and any unjust enrichment caused by his

be determined not to be trade secret information at issue in this Complaint.

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- 64. Parker wrongfully acquired MM USA's confidential and proprietary business information that may be determined not to be trade secret information.
- 65. Parker's conversion of that information directly and proximately caused damage to MM USA. The Company is entitled to recover monetary damages from Parker for the losses it incurred from his wrongful conduct in an amount subject to proof at trial. Further, because Parker's conduct was both willful and malicious, MM USA is also entitled to an award of exemplary damages against Parker.
- 66. Parker's conversion of MM USA's confidential and proprietary business information has also directly and proximately caused additional, irreparable, harm to MM USA that will be difficult if not impossible to ascertain. This additional harm leaves MM USA without an adequate remedy at law. Indeed, Parker, through his wrongful conversion, possesses MM USA's confidential and proprietary information while MM USA, absent appropriate injunctive relief from the Court, has no recourse to protect against that information's further disclosure or wrongful use.
- 67. MM USA is entitled to an injunction restraining Parker, as well as any agent, employee, or other person acting in concert with Parker, from using, copying, publishing, disclosing, transferring, or selling MM USA's confidential, proprietary information that may be determined not to be trade secret information, or any product or services based on or that incorporates all or part of such information, and from obtaining any commercial advantage or unjust enrichment from Parker's misappropriation of MM USA's confidential and proprietary information. MM USA is further entitled to recover damages from Parker suffered by reason of the above acts in an amount to be determined at trial.
- 68. MM USA is further entitled to an order requiring Parker, and any agent, employee, or other person acting in concert with Parker, to return to MM USA any and all of its confidential, proprietary information that may be determined not to be trade secret information, including but not limited to any and all materials created that incorporate or reference MM USA's confidential, proprietary information, and to preserve any and all such information, as well as the computers, networks, data storage devices, or other means by which Parker has collected or stored such

1	he owed to the	e Company.
2	77.	Parker is not entitled to any severance or other payments upon his resignation.
3	78.	MM USA seeks a judicial declaration of the Parties' rights and obligations under
4	the Letter Agr	reement, including a determination that Parker breached the Letter Agreement, and
5	therefore he is	s not entitled to any additional payment(s) by MM USA, including, without
6	limitation, pay	ment of any base salary or percentage thereof, annual bonus, equity grants,
7	severance, stock vesting, legal fees, or any other monetary compensation.	
8		PRAYER FOR RELIEF
9	WHE	REFORE, MM USA prays for the following relief:
10	A.	Injunctive relief restraining and enjoining Parker from continuing the wrongful acts
11	and conduct so	et forth herein;
12	B.	An order compelling Parker to comply with his continuing obligations as set forth
13	herein;	
14	C.	A judicial declaration of the Parties' rights and obligations under the Letter
15	Agreement. In	n particular, MM USA requests a finding that it does not owe Parker anything under
16	the Letter Agr	reement, including any financial payments or Company stock;
17	D.	An award to MM USA of damages, including but not limited to, actual,
18	compensatory	, consequential, exemplary, and punitive damages, as permitted by law and in such
19	amounts to be	proven at trial;
20	E.	An award to MM USA of damages to the extent that Parker has been unjustly
21	enriched by hi	is actions, in an amount to be proven at trial;
22	F.	Repayment of all compensation that Parker received while he was in breach of his
23	fiduciary dutie	es or duty of loyalty under the faithless servant doctrine;
24	G.	Reasonable attorneys' fees;
25	H.	All costs of suit herein incurred; and
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1	I. For such other re	elief as the Court may deem just and proper.
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3	Dated: March 1, 2019	BAKER & MCKENZIE LLP
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5		By: James & Ward
6		By:  James J. Ward
7		Attorneys for Defendant and Cross-
8		Complainant MM Enterprises USA, LLC
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CROSS-COMPLAINT

1	DEMAND FOR JURY TRIAL
2	Plaintiff MM Enterprises USA, LLC hereby demands a trial by jury as to all issues so
3	triable in this action.
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5	Dated: March 1, 2019 BAKER & MCKENZIE LLP
6	
7	By. James & Ward
8	By:  James J. Ward
9	Attorneys for Defendant and Cross-
10	Complainant MM Enterprises USA, LLC
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1	PROOF OF SERVICE		
2	I, Jennifer Ilas, declare as follows:		
3	I am over the age of eighteen years and not a party to the case. I am employed in the County of Santa Clara, State of California, where the mailing occurs; and my business address is <b>BAKER &amp; McKENZIE LLP</b> , 660 Hansen Way, Palo Alto, CA 94304.		
5	On March 1, 2019, I served a copy of the within document(s):		
6	MM ENTERPRISES USA, LLC'S CROSS-COMPLAINT		
7	on the interested parties in this action by placing a true copy thereof enclosed in sealed envelopes addressed as follows:		
8	Philip Heller Attorneys for Plaintiff		
9	Jerold Fagelbaum JAMES PARKER Fagelbaum & Heller LLP		
10	2029 Century Park East, Suite 3550 Los Angeles, California 90067		
11	<u>ph@fhllplaw.com</u> <u>jfagelbaum@fhllplaw.com</u>		
12 13	Michael J. Kump Suann C. MacIsaac		
	Kinsella Weitzman Iser Kump &		
14	Aldisert LLP 808 Wilshire Boulevard, Third Floor		
15	Santa Monica, California 90401 <u>mkump@kwikalaw.com</u>		
16	smacisaac@kwikalaw.com		
17	(BY U.S. MAIL) I placed each such sealed, prepaid envelope, for collection and mailing		
18	at Baker & McKenzie LLP, Palo Alto, California, following ordinary business practices. I am familiar with the practice of collection for U.S. mail, said practice being that in the		
19	ordinary course of business, correspondence is picked up at our office the same day as it is placed for collection pursuant to Code of Civil Procedure § 1013(a). I am aware that on		
20 21	motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.		
22	☐ (BY EXPRESS MAIL) I placed each such sealed envelope, to be collected at Baker & McKenzie LLP, Palo Alto, California, following ordinary business practices. I		
23	am familiar with the practice of Baker & McKenzie for collection and processing of overnight packages, said practice being that in the ordinary course of business, overnight		
24	packages are picked up by a representative of that company to be sent that same day pursuant to Code of Civil Procedure § 1013(c).		
25	☐ (BY ELECTRONIC MAIL) I caused said document(s) to be transmitted to the email		
26	address(es) to the addressee(s) above.		
27	Executed on March 1, 2019, at Palo Alto, California.		
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1	I declare under penalty of perjury under the laws of the State of California that the above is true and correct.
2	true and correct.
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4	Jennifer Ilas
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CROSS-COMPLAINT