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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SONOMA

TIMOTHY LEFEVER, LEFEVER MATTSON, DIVI DIVI TREE, L.P., AND WINDSCAPE APARTMENTS, LLC,

Plaintiffs,

v.

KENNETH W. MATTSON AND KS MATTSON PARTNERS L.P.,

Defendants.

Case No.

COMPLAINT FOR:

(1) BREACH OF CONTRACT;

(2) BREACH OF FIDUCIARY DUTY;

(3) BREACH OF DUTY OF GOOD FAITH AND FAIR DEALING;

(4) CONVERSION;

(5) CONSTRUCTIVE FRAUD;

(6) FRAUDULENT CONCEALMENT;

(7) RECEIVING STOLEN PROPERTY IN VIOLATION OF CAL. PEN. CODE § 496;

(8) DECLARATORY RELIEF; AND

(9) REMOVAL OF DIRECTOR PURSUANT TO CALIFORNIA CORPORATIONS CODE § 304

Plaintiffs Timothy LeFever ("LeFever"), LeFever Mattson ("LM"), Divi Divi Tree, L.P. ("Divi"), and Windscape Apartments, LLC ("Windscape," and together with LeFever, LM, and Divi, the "Plaintiffs") hereby allege as follows:

SUMMARY OF THE DISPUTE

1. LeFever and Defendant Kenneth W. Mattson ("Mattson") have been close personal friends for over five decades. They met in elementary school when they were eight years old; they attended the same middle school, high school, and university; and each was the best man in the other's wedding. LeFever considered Mattson his best friend.

2. In 1990, LeFever and Mattson became not merely good friends, but also business partners, when LeFever acquired a 50% interest in what is now LM. At all times since then, LeFever and Mattson have each owned 50% of LM's shares.

3. By all accounts, Mattson is a very wealthy man. He owns multiple homes. One home located in Piedmont takes up the front of a block. Another home located in Sonoma was featured in the Wall Street Journal before Mattson bought it, fully furnished. He has vacation homes located in Del Mar that touch the sand. He drives luxury cars. He has owned Bentleys and at least one Rolls Royce. He even owns an exotic car company, although it was recently shut down by the DMV. In 2021, Mattson claimed a net worth in excess of $250 million.

4. Mattson is also a thief. He stole money directly from LM, the company that bears his name. He stole money from the retirement accounts of senior citizens when he promised but did not actually give them an ownership interest in numerous LM-managed real estate partnerships. And he stole the identity and reputation of LM when he used the company's name without its knowledge or consent in conjunction with his fraud.

5. Mattson is also a liar. He lied to the purported investors he swindled, and when the fraudulent scheme he perpetrated for more than a decade was disclosed, he lied to the public, falsely claiming, among other things that "Any transfer of an interest in Divi Divi over the years by LeFever-Mattson to [the purported Divi investors] was documented and approved by me. All proceeds from such sales were deposited with and used by LeFever-Mattson, not me." Intended as a boast, Mattson's statement was also an admission. Prior to 2015, Mattson would have needed

the written authorization of not only an LM affiliate, LeFever Mattson I, LLC, but also an unaffiliated nonprofit that served as Divi's Managing General Partner, and Mattson did not have the consent of that nonprofit. Mattson lacked the authority to provide consent on behalf of LM or any of its affiliates. Mattson was also self-dealing in violation of his fiduciary duties. And his documentation was nothing more than a second set of books that he used to convince IRA custodians that his activities were legitimate.

6. Mattson also lied to the putative Divi investors he conned and to the public by falsely stating that Divi had been making distributions to those putative investors and that Plaintiffs were responsible for stopping those distributions. To the contrary, Divi had never made any distributions to these putative investors because they were never limited partners of record. Plaintiffs are informed and believe and, on that basis, allege that Mattson was secretly making payments to or for the benefit of these putative investors from an account he alone controlled. Plaintiffs are further informed and believe and, on that basis, allege that the payments Mattson made to these putative investors was from funds that Mattson received from other putative investors he swindled and that these payments bore no relation to the amount or timing of distributions Divi had made to its limited partners of record.

7. Mattson studied economics and was, for 25 years, a stockbroker. But he also found time to have multiple side businesses, including K. W. M. Enterprises, Inc. ("KWM"), a real estate investment company that would change its name to LeFever Mattson when LeFever, Mattson's childhood friend, became half owner of the business in 1990. As LM and its real estate portfolio grew, LeFever, an attorney and real estate broker, built and operated the related property management company, LeFever Mattson Property Management ("LMPM"), and the real estate brokerage company, California Investment Properties. Mattson continued to run LM as CEO and CFO and offered real estate investments to a growing group of investors drawn largely from his stock brokerage client list.

8. Mattson also has a family partnership, KS Mattson Partners L.P. ("KSMP," and with Mattson, "Defendants"), through which Mattson also buys and sells real estate. Mattson sometimes abused his authority to sell KSMP's properties to limited partnerships and limited

liability companies that LM managed (each such partnership or limited liability company, an "LM Investment"), with Mattson signing for both the LM Investment as buyer and KSMP as seller, and many times with a significant profit to KSMP.

9. In the past, Mattson was regarded by many as a financial genius. This reputation was at least partially based on Mattson's real estate and investment portfolio. But it was also based on his uncanny ability to predict the economic future. Despite that reputation, Mattson's fondness for other people's money apparently caused him to do economically risky things, like finance much of his real estate portfolio with seller carry back loans that have huge annual balloon payments and with "hard money," high interest loans. Unfortunately, many of those risky loans have become the responsibility of others when Mattson abused his power by making the unauthorized property sales from KSMP to various LM Investments. Often the loans and the terms were not fully disclosed upon transfer, and many of those loans are now in default as Mattson has missed payments.

10. Because Mattson has a degree in economics and had been working at a financial services firm when LeFever and Mattson began running LM together, LeFever trusted Mattson to oversee LM's finances and investor relations.

11. But Mattson abused LeFever's trust and Mattson's control over LM.

12. Mattson created and operated what amounted to a secret division of LM for his own exclusive benefit by, among other things, committing numerous acts of self-dealing, secretly funneling at least $75 million to himself and KSMP, his wholly owned company, to the detriment of LeFever, LM, Divi, Windscape, and other LM Investments.

13. Mattson purported to cause LM and/or other LM affiliates to enter into numerous poorly crafted agreements without LeFever's knowledge or consent and without LM's knowledge or consent.

14. Mattson secretly caused LM, Divi, and/or other LM Investments to purchase real estate from KSMP at inflated prices so that Mattson could obtain secret profits from LM, Divi, and/or other LM Investments.

15. Through his fraudulent scheme, Mattson duped more than one hundred putative investors into giving him tens of millions of dollars – most of which came from their Individual Retirement Accounts or from other funds they had saved for retirement – for what they believed were interests in various LM Investments. But those putative investors received nothing in exchange: Mattson did not own the limited partnership interests or membership interests he purportedly sold them, did not have authority to sell those limited partnership interests or membership interests, and/or those limited partnership interests or membership interests may not have even existed. Mattson took tens of millions of dollars from hundreds of people in exchange for nothing.

16. Despite having legal and contractual obligations to disclose in advance all of these transactions to Plaintiffs, Mattson did not disclose any. Instead, he actively concealed them from Plaintiffs to hide his misconduct and prevent Plaintiffs from stopping Mattson's fraudulent scheme and self-dealing. Mattson's concealment in many instances lasted longer than a dozen years.

17. When Plaintiffs recently started to uncover Defendants' misconduct, Plaintiffs immediately confronted Mattson and began investigating and then reported Mattson's fraudulent conduct to the authorities. Mattson gradually admitted to much of Defendants' misconduct but provided an ever-changing story in an attempt to justify his actions. Mattson nonetheless entered into an agreement (the "Indemnity Agreement") under which he admitted to his wrongdoing and agreed that Defendants would indemnify and hold Plaintiffs harmless from the damage Defendants have already caused them and from the harm and expenses Plaintiffs will suffer in the future because of Defendants' wrongdoing.

18. Plaintiffs entered into the Indemnity Agreement, among other reasons, to help minimize the harm Defendants caused to the dozens – if not hundreds – of investors that Defendants swindled out of their retirement savings through Defendants' misconduct and to hold Defendants accountable for the harm they caused.

19. Plaintiffs have demanded that Defendants indemnify Plaintiffs as promised and that Defendants compensate Plaintiffs in full for the harm Defendants caused, but Defendants have refused to do so.

20. Plaintiffs have therefore been forced to bring this action to stop Defendants from committing further acts of fraud, self-dealing, breaches of fiduciary duty, and breaches of contract; to hold Defendants accountable for the harm they have caused Plaintiffs and their investors; and to ensure that Defendants abide by their obligations to indemnify and hold Plaintiffs harmless from any further harm they might suffer on account of Defendants' misconduct. It is only through this action that Plaintiffs can address and remedy the harm Mattson's conduct has caused by deceiving putative investors into paying him for what they believed were partnership interests in Divi and the other LM Investments.

21. Plaintiffs' investigation into Defendants' wrongdoing is still ongoing. Plaintiffs anticipate that their investigation will uncover additional wrongful acts by Defendants that have harmed Plaintiffs and their investors and putative investors.

THE PARTIES

22. LeFever is and, at all relevant times mentioned herein, was an individual domiciled and residing in Solano County, California.

23. LM is and, at all relevant times mentioned herein, was a corporation incorporated under the laws of the State of California. LM's headquarters and principal place of business is and, at all relevant times mentioned herein, was in Sacramento County, California.

24. Divi is and, at all relevant times mentioned herein, was a limited partnership organized under the laws of the State of California. Divi's headquarters and principal place of business is and, at all relevant times mentioned herein, was in Sacramento County, California.

25. Windscape is and, at all relevant times mentioned herein, was a limited liability company organized under the laws of the State of California. Windscape's headquarters and principal place of business is and, at all relevant times mentioned herein, was in Sacramento County, California.

26. Plaintiffs are informed and believe and, on that basis, allege that Mattson is an individual domiciled and residing in Sonoma County, California.

27. Plaintiffs are informed and believe and, on that basis, allege that KSMP is and, at all relevant times mentioned herein, was a limited partnership organized under the laws of the

State of California. Plaintiffs are informed and believe and, on that basis, allege that KSMP's headquarters and principal place of business is in Sonoma County, California.

JURISDICTION AND VENUE

28. The Superior Court for the County of Sonoma has subject matter jurisdiction over this dispute pursuant to Article VI, Section 10 of the California Constitution and California Civil Procedure Code Section 410.10 because the subject matter of this dispute falls within the general jurisdiction of the Superior Courts of the State of California.

29. The Superior Court for the County of Sonoma has personal jurisdiction over Mattson and KSMP pursuant to Article VI, Section 10 of the California Constitution, Amendment XIV of the United States Constitution, and California Civil Procedure Code Section 410.10 because Mattson and KSMP are each domiciled in the State of California and because Plaintiffs' claims against Mattson and KSMP relate to and/or arise out of Mattson's and KSMP's respective significant contacts with the State of California.

30. The Superior Court for the County of Sonoma is the proper venue for this dispute pursuant to California Civil Procedure Code Sections 395 and 395.5 because (a) Mattson resides in the County of Sonoma; (b) KSMP's liability under the Agreement of Limited Partnership of Divi Divi Tree, L.P. (the "Original Divi LP Agreement") and the Amended and Restated Agreement of Limited Partnership of Divi Divi Tree, L.P. (the "Amended Divi LP Agreement," and together with the Original Divi LP Agreement, the "Divi LP Agreements") arose in whole or in part in the County of Sonoma; (c) one or more of KSMP's breaches of the Divi LP Agreement occurred in the County of Sonoma; and (d) Mattson entered into the Indemnity Agreement with LM and LeFever that is a subject of this action in the County of Sonoma and/or agreed to perform under the Indemnity Agreement in the County of Sonoma.

GENERAL ALLEGATIONS

A. LeFever and Mattson Become Close Personal Friends.

31. LeFever and Mattson both grew up in or around Rancho Cordova, California. They first met in elementary school when they were 8 years old, and although they attended different elementary schools, they attended middle school and high school together. After graduating from

Cordova High School, LeFever and Mattson each attended U.C. Berkeley. LeFever graduated with a degree in political science. Mattson graduated with a degree in economics.

32. After graduating from Berkeley, LeFever obtained a juris doctorate from what is now U.C. Law San Francisco.

33. Mattson, meanwhile, became a securities broker. Plaintiffs are informed and believe and, on that basis, allege that Mattson began working as a securities broker at what is now Principal Securities, Inc. in late 1983, that he worked as a securities broker for Dean Witter Reynolds Inc. between October of 1984 and March of 1990, and that he then joined Prudential Securities Incorporated. Mattson continued working as a securities broker at Prudential, and then at Sutro & Company, Inc. and what is now RBC Capital Markets Corp. where Mattson remained until at least 2009.

34. LeFever considered Mattson his best friend from early in his youth and afterward. Mattson introduced LeFever to the woman LeFever would eventually marry, and Mattson and LeFever were each the best man at the other's wedding.

B. LeFever and Mattson Form LM.

35. Plaintiffs are informed and believe and, on that basis, allege that Mattson formed KWM as Mattson's wholly owned corporation in or around August 1989.

36. At or around that time, LeFever began discussing the idea of forming a real estate company with Mattson.

37. This idea came into fruition in 1990 when LeFever acquired a 50% interest in KWM from Mattson. LeFever and Mattson then changed the name of the company to LM. At all times since then, LeFever and Mattson have each owned 50% of LM's shares.

38. Mattson was still working as a securities broker at the time, and he told LeFever that his employer did not want him doing hands-on real estate work. Consequently, LeFever obtained a real estate brokers license for LM.

39. Mattson had nearly seven years of experience as a securities broker when LeFever and Mattson began running LM together. As a result, Mattson had established financial and investor relationships at the time, but LeFever had not. Because of his economics and finance

background, his many years' experience as a securities broker, and his established financial and investor relationships, Mattson naturally took primary responsibility for managing LM's finances and investor relations. Because of their close personal friendship, LeFever completely and implicitly trusted Mattson handling virtually all financial and investor related matters for LM.

40. LeFever, who was a licensed attorney by the time he and Mattson formed LM, focused on real estate acquisitions, property management, and lender relations for LM.

41. In 1991, LeFever and Mattson formed another company, LMPM, to provide property management services. LM currently owns a majority interest in LMPM, with a third individual, Mark Bennett owning the remaining shares.

42. Separately, Mattson owns several other companies including KSMP, which is also a real estate investment company. Plaintiffs are informed and believe and, on that basis, allege that KSMP is directly or indirectly wholly owned by Mattson and is controlled solely by Mattson.

C. LeFever and Mattson Grow LM's Real Estate Portfolio.

43. LM has grown substantially as a real estate investment company since 1990. Today, LM manages a portfolio of real estate valued at over $400 million.

44. Beginning in the late 1990s, LM began to offer certain real estate opportunities to outside investors by acquiring the real estate in a co-tenancy with the investors.

45. Eventually, LM's business model shifted so that it typically did not acquire real estate in its own name. Instead, LM's business model is to create the LM Investments – limited partnerships and limited liability companies that each purchase one or more commercial properties. Divi and Windscape are two of these LM Investments.

46. This structure allowed LM to pool more capital by selling limited partnership or LLC membership interests in the LM Investments to a small number of accredited investors while typically reserving an ownership interest in the LM Investments for itself as general partner or managing member, sometimes as limited partners or members as well. Most of these outside investors were Mattson's former clients or other contacts Mattson developed while he was working as a securities broker.

47. Because of this structure, each of the LM Investments has either a limited partnership agreement or an operating agreement (each such partnership or operating agreement, an "LM Investment Agreement") that provides LM and the investors a clear understanding about such things as how the LM Investment will be managed, under what circumstances investors might receive a distribution, and under what conditions the investors can sell or transfer their interest in the LM Investment.

48. LM manages each of the LM Investments by serving as its managing or general partner (if the LM Investment is a limited partnership) or as its manager (otherwise). LeFever's and Mattson's other company, LMPM, typically serves as property manager for the commercial properties that the LM Investments own and provides various back-office functions for LM and the LM Investments.

49. If the LM Investment generates operating profits (*e.g.*, from rent collected from the tenants of one of the LM Investment's properties) the LM Investment typically distributes a portion of that income to its respective investors. Historically, when an LM Investment sold a property, the LM Investment would usually use the sale proceeds to purchase another property through an exchange under Section 1031 of the Internal Revenue Code, rather than distributing the sale proceeds to investors.

D. LM Forms Divi to Purchase the Sienna Pointe Apartments in Moreno Valley.

50. In or around late 2002, LM identified the Sienna Pointe apartment complex in Moreno Valley, California as a potentially lucrative real estate investment property.

51. The purchase of Sienna Pointe included the assumption of a loan that required the involvement of a nonprofit entity.

52. To facilitate the purchase of Sienna Pointe, LM formed Divi as a limited partnership between a Sacramento-based religious nonprofit corporation (the "Nonprofit") and LeFever Mattson I, LLC, one of LM's subsidiaries. The Nonprofit was named Divi's Managing General Partner.

53. Divi acquired the Sienna Pointe property in or around 2003.

54. In or around September 2015, Divi refinanced the loan it assumed, on acquisition of the Sienna Pointe property in 2003, and the Nonprofit and LeFever Mattson I, LLC, both withdrew and resigned as Divi's Managing General Partner and Co-General Partner respectively. Concurrently therewith, Divi's remaining partners executed the Amended Divi LP Agreement, naming LM as Divi's general partner.

55. Divi eventually sold the Sienna Pointe property in 2021 and reinvested the sale proceeds into approximately 20 other properties through 1031 exchanges.

E. Mattson Orchestrates a Fraudulent Scheme to Unjustly Enrich Himself.

56. The Original Divi LP Agreement required the investors to obtain written consent of both the Nonprofit and LeFever Mattson I, LLC before selling or otherwise transferring their interests in Divi. The Amended Divi LP Agreement and the other LM Investment Agreements require the investors to obtain LM's written approval before selling or otherwise transferring their interest in the LM Investment.

57. Over time, some investors wanted to sell their interest in one or more of the LM Investments. Mattson oftentimes would buy those investors out by having KSMP acquire the investors' LM Investment interests. Eventually, LeFever also bought out some investors and acquired a portion of LM's Divi limited partnership interest so that he too acquired an individual interest in some of the LM Investments. Plaintiffs are informed and believe and, on that basis, allege that all of these purchases by KSMP and LeFever were properly reported to and approved by LM or its predecessors in accordance with the Divi LP Agreements.

58. A number of such transactions have been properly effected with respect to Divi since 2015. Up until this time, Divi had a total of 19 limited partners, but LeFever, Mattson, and KSMP were not Divi limited partners. Over time since 2015, KSMP bought out most of these Divi limited partners and LeFever bought a portion of LM's limited partnership interest, so that Divi's current investors of record are: LM (16.473%); LeFever and his wife, Amy LeFever (19.458%); Treakle Revocable Trust (14.442%); and KSMP (49.626%). The Treakle Revocable Trust and LM are the only remaining original investors in Divi.

59. In addition to these known and approved acquisitions, Mattson was also secretly selling purported interests in LM Investments without LeFever's knowledge or LM's consent. Neither LeFever nor LM was informed of these sales at any time before or after their occurrence.

60. LeFever and LM have now learned that, for more than a decade, Mattson surreptitiously sold purported Divi partnership interests to numerous putative investors and intentionally concealed these transactions from LeFever and LM. Some of these purported sales of Divi partnership interests occurred under the Original Divi LP Agreement. Mattson intentionally concealed these transactions from the Nonprofit as well.

61. According to Mattson, some of the Divi partnership interests he purportedly sold were KSMP's. But Mattson has also acknowledged that some of his sales took place before KSMP owned any interest in Divi, and that he was therefore purporting to sell Divi partnership interest belonging to LM. However, Mattson did not have the authority to sell any of LM's Divi partnership interests based on his approval or action alone. Moreover, despite allegedly selling some of LM's interest in Divi, Mattson kept all of the money for himself and did not provide LeFever or LM any portion of the proceeds from these secret transactions.

62. Plaintiffs are informed and believe and, on that basis, allege that Defendants purported to sell Divi interests to at least 177 different putative investors (the "Putative Divi Sales"), and received $55 million or more in connection with the Putative Divi Sales, which far exceeds the entire valuation for Divi, much less KSMP's 49.626% interest in Divi.

63. Based on the prior transactions in which Mattson caused KSMP to acquire nearly half of the Divi partnership interests and in which Mattson provided approval of LeFever's acquisition of Divi limited partnership interests, Mattson not only knew how to, but also knew that he was required to: (a) use a purchase agreement to document the sale of Divi limited partnership interests and what exactly was being sold; (b) notify and obtain LM's advance written approval of the transaction by presenting the proposed transaction to LeFever, LM's only disinterested shareholder and director; and (c) record the transactions in Divi's books and records so that, among other things, Divi can properly accord to the new partner and all others (e.g., make

distributions to the correct investors and in the correct amounts, issue accurate K-1 statements to the limited partners, etc.).

64. Plaintiffs are informed and believe and, on that basis, allege that Defendants did not execute purchase agreements or even specify the percentage interest sold for the overwhelming majority of the Putative Divi Sales and that Defendants intentionally did this so that LeFever and LM would not know about the Putative Divi Sales. Plaintiffs are also informed and believe and, on that basis, allege that Mattson likely did not even intend to sell the putative investors Divi limited partnership interests and instead merely intended to dupe them into falsely believing they had purchased Divi limited partnership interests while providing them nothing in return for the money they gave him.

65. Plaintiffs are also informed and believe that Mattson falsified certain documentation to further his fraudulent scheme. For example, Plaintiffs are informed and believe and, on that basis, allege that Mattson documented certain Putative Divi Sales by having the purported investor execute a signature page from the Original Divi LP Agreement even if the transaction occurred after Divi adopted the Amended Divi LP Agreement and that Mattson intentionally doctored the signature page so that it indicated LM was the Managing General Partner even though only the Nonprofit ever held that title. Mattson has also admitted to creating fake K-1 forms for certain purported investors, and Plaintiffs are informed and believe and, on that basis, allege that Mattson provided fake K-1 forms to Divi investors to maintain the false impression that they were actually Divi limited partners. Plaintiffs are informed and believe and, on that basis, allege that Mattson fabricated these fraudulent K-1 forms, among other reasons, so that the putative Divi investors would not realize Defendants had duped them and to minimize the risk that Plaintiffs would learn of Defendants' fraudulent scheme from a putative investor asking Plaintiffs to provide a K-1 form that the putative investor otherwise would have expected to receive.

66. To conceal their wrongdoing, Defendants also intentionally failed to present any of the Putative Divi Sales to LeFever, LM's only disinterested shareholder and director, failed to obtain LM's written approval of the Putative Divi Sales, failed to obtain the Nonprofit's written

approval of the Putative Divi Sales under the Original Divi LP Agreement, and intentionally omitted any record of the Putative Divi Sales from Divi's books and records and from LM's books and records. As a result, neither LeFever nor LM knew anything about the Putative Divi Sales until Mattson's fraudulent schemes finally began to come to light in March of this year.

67. Mattson took additional steps to hide the Putative Divi Sales from LeFever and LM. For example, Mattson opened a bank account for LM (the "Covert Account") with Bank of the West (which was subsequently acquired by Bank of Montreal) that Mattson ensured he alone could access, allowing Mattson to execute and manage the Putative Divi Sales and other self-dealing transactions without leaving a paper trail of bank records that LeFever or LM could find.

68. Plaintiffs are informed and believe and, on that basis, allege that Mattson had the putative Divi investors transfer their purchase money for the Putative Divi Sales to the Covert Account, falsely representing to them that it was a Divi bank account, and that Mattson also used the Covert Account for other unauthorized transactions. Plaintiffs are informed and believe and, on that basis, allege that all money deposited in the Covert Account – including the $55 million or more that Defendants received in the Putative Divi Sales and an additional $20 million in estimated funds Defendants received from the purported sale of interests in the other LM Investments – was ultimately transferred to and spent by Mattson for his own personal benefit.

69. Plaintiffs are also informed and believe and, on that basis, allege that when conducting the Putative Divi Sales, Mattson did not use LM's address, but instead used a post office box he had obtained for his own use and for KSMP's use and represented to the putative Divi investors, that it was LM's post office box. Plaintiffs are informed and believe and, on that basis, allege that Mattson alone had access to this post office box, and that he intentionally used this post office box address for the Putative Divi Sales to actively conceal the Putative Divi Sales form Plaintiffs by ensuring that any correspondence regarding the Putative Divi Sales would be diverted away from LM and instead be routed directly to him.

70. Because Defendants had concealed the existence of the Putative Divi Sales from Plaintiffs, Divi never made any distributions to the putative Divi investors. Plaintiffs are informed and believe and, on that basis, allege that to further hide the Putative Divi Sales from Plaintiffs and

to maintain the false impression he had given the putative Divi investors, Mattson would cause KSMP to pay distributions to or for the benefit of certain of the putative Divi investors so that they would falsely believe that Divi was instead making partnership distributions to them. Plaintiffs are informed and believe and, on that basis allege, however, that the distributions paid by KSMP to or for the benefit of the putative Divi investors bore no relation (both in terms of timing and amount) to the distributions paid by Divi to KSMP and that Mattson instead caused KSMP to pay whatever was necessary to maintain the front that the putative Divi investors were investors in Divi.

71. After Mattson's wrongdoing came to light, Divi stopped making distributions to Mattson and all other investors of record. Plaintiffs are informed and believe and, on that basis, allege that Mattson thereafter stopped making payments to many of the putative Divi investors and then, to maintain his deception, falsely blamed Plaintiffs for terminating the payments to the putative Divi investors and continued to mislead the public about Defendants' fraudulent conduct. Plaintiffs are informed and believe and, on that basis allege, that Mattson has in some instances continued to cause KSMP or other entities controlled by Mattson to make distributions to putative Divi investors as though they are from Divi, telling the putative Divi investors not to be alarmed and that their "investments" in Divi are safe.

72. Mattson's self-dealing was not limited to these secret Putative Divi Sales. Mattson has also surreptitiously caused LM to pay millions of dollars for properties that Mattson titled in his own name or in KSMP's name. For example, Mattson secretly used more than $6 million of LM's money to purchase a lavish home for himself in Sonoma, which he now uses as his primary residence. Mattson hid from LeFever the fact that Mattson had used LM's money to purchase these properties by, among other things, using the Covert Account to wire LM's funds into the escrow account for real estate purchases that exclusively benefitted Mattson.

73. Mattson also used KSMP to facilitate numerous other self-dealing transactions by diverting corporate opportunities away from LM and LM Investments to KSMP, Mattson's wholly owned company. For example, Plaintiffs are informed and believe and, on that basis, allege that in September 2022, Mattson caused KSMP to purchase real estate in Sonoma for $6.5 million. Five

weeks later, Mattson caused KSMP to sell that same property without any change to Windscape for $7.5 million, netting Defendants $1,000,000 in the process and causing Windscape to pay $1,000,000 more for the property than it should have.

74. Mattson has also caused LM Investments to purchase underperforming, heavily encumbered commercial properties from KSMP without LeFever's knowledge or approval so that the LM Investments would be stuck with these indebted and underperforming assets rather than KSMP, his wholly owned company.

75. Plaintiffs are informed and believe and, on that basis, allege that KSMP finances both its real estate purchases and Mattson's distributions to his putative investors using high interest, hard money loans and loans requiring large balloon payments. Upon obtaining such debt proceeds, Mattson has thereafter caused LM Investments to purchase many of those properties from KSMP without LeFever's knowledge or approval. These acquisitions by the LM Investments were completed subject to the aforementioned loans without LeFever's knowledge or approval with the result that these LM Investments were saddled with unknown debt obligating LM to make balloon payments soon after acquisition. In many instances, these are the non-performing or under-developed properties that LM finds itself left with, described immediately above.

76. At least three of the properties that KSMP recently sold to the LM Investments are currently in default and at least two more have significant balloon payments due, meaning that the LM Investments and their investors are at risk of suffering significant financial losses. KSMP, meanwhile, took the money and ran.

F. Mattson Enters Into the Indemnity Agreement and Admits Wrongdoing.

77. After LeFever and LM confronted Mattson regarding his unauthorized Divi transactions and other misconduct, Mattson entered into the Indemnity Agreement with LeFever and LM.

78. Mattson made several key admissions in the Indemnity Agreement including acknowledging that:

- "none of the [Putative Divi Sales] were presented to the Board or shareholders of Lefever Mattson prior to the date that the [Putative Divi Sales] were entered into";
- "none of the [Putative Divi Sales] were authorized or approved by the Board or shareholders of LeFever Mattson at any time prior to or after the date that the [Putative Divi Sales] were entered into";
- "neither LeFever nor LeFever Mattson is in any way a party to or obligated in connection with any of the [Putative Divi Sales]"; and
- "neither LeFever nor LeFever Mattson received any benefit, directly or indirectly, economic or otherwise, in connection with or as a result of the [Putative Divi Sales]."

79. Mattson agreed in the Indemnity Agreement that he and KSMP would indemnify and hold harmless LeFever, LM, and the LM Investments from any expenses they might incur, including attorney's fees, or claims they might face in connection with Mattson's or KSMP's misconduct.

80. Mattson also agreed in the Indemnity Agreement to assist LM and LeFever by providing them information they might request about Mattson's actions. Thus far, however, Mattson has refused to provide LM and LeFever the information they have requested and LM and LeFever believe there may be hundreds of unauthorized sales by Mattson in other LM Investments that have yet to be accounted for. Mattson also has not reimbursed LM and LeFever fully for the expenses they have already incurred and will shortly further incur in connection with investigating and addressing the impact of Mattson's actions.

FIRST CAUSE OF ACTION

(Breach of Contract – LeFever, LM, and Divi against All Defendants)

81. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth in full, the allegations contained in Paragraphs 1 through 80.

82. KSMP and LeFever are each limited partners in Divi.

83. LM is Divi's general partner.

84. Mattson, KSMP, LeFever, LM, and Divi have each entered into and agreed to be bound by the terms of the Divi LP Agreements.

85. The Original Divi LP Agreement prohibits limited partners from transferring Divi limited partnership interests without both the Nonprofit's written approval and LM's written approval. The Amended Divi LP Agreement prohibits limited partners from transferring Divi limited partnership interests without LM's written approval.

86. In order to obtain LM's approval, there must be a consent vote from a majority of LM's board of directors; in the case of LM, in all relevant times, only LeFever and Mattson served as board of directors of LM and thus both LeFever and Mattson had to approve any transfer of limited partnership interests.

87. The Nonprofit has fully performed all of its obligations under the Original Divi LP Agreement by, among other things, acting as Divi's Managing General Partner. LM has fully performed all of its obligations under the Divi LP Agreements by, among other things, acting as Divi's general partner. LeFever has fully performed all of his obligations under the Divi LP Agreements by, among other things, obtaining LM's written approval and, if needed, the Nonprofit's written approval for any transfer of any Divi limited partnership interests to him or from him. Divi has fully performed all of its obligations under the Divi LP Agreements by, among other things, paying or reimbursing all direct expenses incurred in connection with the administration and operation of Divi.

88. Defendants contend that KSMP has transferred Divi limited partnership interests to numerous parties through the Putative Divi Sales.

89. KSMP did not at any time obtain LM's written approval for any of the Putative Divi Sales and did not at any time obtain the Nonprofit's written approval for any of the Putative Divi Sales that occurred prior to the adoption of the Amended Divi LP Agreement.

90. Plaintiffs contend that Divi limited partnership interests are only transferred under the Original Divi LP Agreement if the transfer is authorized in writing in advance by both the Nonprofit and LM and only transferred under the Amended Divi LP Agreement if the transfer is authorized in writing in advance by LM. Plaintiffs further contend that because the Putative Divi Sales were not authorized in writing in advance by LM and/or the Nonprofit, no Divi limited partnership interests were actually transferred through the Putative Divi Sales, but Plaintiffs plead

in the alternative that if KSMP transferred Divi limited partnership interests to numerous third parties through the Putative Divi Sales, KSMP breached the applicable Divi LP Agreement by making the Putative Divi Sales without obtaining LM's and, if applicable, the Nonprofit's prior written approval.

91. The amount (by value) of Divi limited partnership interests that KSMP purportedly sold likely exceeded the amount (by value) of Divi limited partnership interests that KSMP and LM together owned, and indeed may have exceed the total amount (by value) of Divi limited partnership interests that Divi issued.

92. Thus, to the extent that KSMP transferred more Divi limited partnership interests in percentage terms than 100%, LeFever, LM and Divi have each been harmed by KSMP's transfer of additional Divi limited partnership interests in violation of the Divi LP Agreements through the Putative Divi Sales because any such transfer diluted the respective ownership interests of all owners of record in Divi.

93. LeFever and LM have also been harmed by KSMP's transfer of Divi limited partnership interests in violation of the Divi LP Agreements through the Putative Divi Sales because Defendants contend that certain of the Putative Divi Sales involved KSMP selling Divi limited partnership interests that belonged to LM and neither LeFever nor LM received anything in return for these unauthorized sales of LM's Divi limited partnership interests.

94. Each of Divi, LeFever, and LM has also been harmed by KSMP's transfer of Divi limited partnership interests in violation of the Divi LP Agreements through the Putative Divi Sales because Divi, LeFever, and LM have each incurred significant expenses in connection with the investigation into the Putative Divi Sales and responding to related issues concerning the unauthorized Putative Divi Sales. Divi, LeFever, and LM would not have incurred these expenses if KSMP had not transferred Divi limited partnership interests in violation of the Divi LP Agreement.

95. As a result of KSMP's breaches of the Divi LP Agreements, as alleged, Divi, LeFever, and LM have suffered and continue to suffer damages, all in an amount to be determined according to proof at trial, but which Plaintiffs estimate to be at least $100 million.

96. After Defendants' wrongful conduct finally came to light, LeFever, LM, and Mattson entered into the Indemnity Agreement under which Mattson agreed that Defendants would indemnify and hold Plaintiffs harmless from the damage Defendants have already caused Plaintiffs and from the harm Plaintiffs will suffer in the future because of Defendants' wrongdoing. Mattson also agreed to assist LM and LeFever by providing them information they might request about Mattson's actions so that LM and LeFever could help identify the putative investors that Defendants had swindled and help ensure that Defendants remedied the harm they caused to these putative investors.

97. Plaintiffs have fully performed under the Indemnity Agreement by, among other things, tendering to Mattson indemnification demands for expenses covered by the Indemnity Agreement and tendering to Mattson demands that Mattson advance funds for indemnifiable expenses that Plaintiffs expected to incur.

98. Mattson has breached the Indemnity Agreement by, among other things failing to pay for indemnifiable expenses that Divi, LeFever, and LM have tendered to Mattson and failing to advance funds for indemnifiable expenses that Divi, LeFever, and LM expect to incur. Mattson has also breached the Indemnity Agreement by failing to provide Plaintiffs information regarding Defendants' misconduct that Plaintiffs requested from him.

99. Divi, LeFever, and LM have been harmed as a result of Mattson's breaches of the Indemnity Agreement because Divi, LeFever, and LM have each incurred expenses that Mattson is required to pay for or reimburse Divi, LeFever, and LM for but has not. Divi, LeFever, and LM have also been harmed by Mattson's breaches of the Indemnity Agreement because they have each incurred additional expenses to obtain information that Mattson was required to provide but did not.

100. Plaintiffs are informed and believe and, on that basis, allege that there is a unity of interest between Mattson and KSMP because Mattson wholly owns KSMP, Mattson has used KSMP's assets as his own and has commingled his assets with KSMP's, KSMP has failed to observe partnership formalities, Mattson has transferred significant assets to KSMP such that

Mattson lacks sufficient capital, is unable to satisfy his personal liabilities, and is the personal equivalent of an empty shell corporation.

101. It would be inequitable to recognize KSMP's separate existence as a partnership because Mattson has purposefully caused the majority of his assets to be held by KSMP so that he can escape liability for his wrongdoing and be unable to satisfy creditors.

102. KSMP is therefore equally liable for Mattson's breaches of the Indemnity Agreement under a reverse veil piercing theory.

103. Mattson, LM, and LeFever agreed in the Indemnity Agreement that the prevailing party in any action arising out of the Indemnity Agreement is entitled to recover their attorneys' fees from the opposing party. Mattson and LM are therefore entitled to recover from Defendants any attorneys' fees that Mattson and LM incur in connection with this cause of action.

SECOND CAUSE OF ACTION

(Breach of Fiduciary duty – LM and LeFever against All Defendants)

104. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth in full, the allegations contained in Paragraphs 1 through 103.

105. At all times relevant herein, Mattson served as one of LM's officers and one of its directors. In this capacity, Mattson owed LM and LeFever fiduciary duties, including the duty of care, duty of loyalty, and the duty to disclose all material information to LM and LeFever.

106. Mattson breached the fiduciary duties he owed LM and LeFever by, among other things, engaging in self-dealing transactions such as (1) causing LM to pay for real estate that Mattson acquired in his own name and/or KSMP's name and not LM's including, but not limited to, a lavish mansion in Sonoma that Mattson purchased for himself and which he now uses as his primary residence, (2) misappropriating LM's corporate opportunities for KSMP, his wholly owned company, (3) selling Divi partnership interests without authorization to do so, and retaining the proceeds from the sales of LM's Divi partnership interests and any new or additional Divi partnership interests solely for himself, (4) selling property owned by LM to a buyer who partially funded the purchase by issuing a $4 million promissory note and causing the promissory note to

be in favor of one of Mattson's wholly-owned entities instead of LM, (5) failing to disclose the secret Divi transactions; and (6) concealing his illicit transactions with the Covert Account.

107. Mattson's breaches of his fiduciary duties, as alleged, directly and proximately harmed LM and LeFever by, among other things, causing LM to pay millions of dollars for property at inflated prices that exclusively benefitted Mattson and/or KSMP, causing LM to sell millions of dollars of valuable property and receiving nothing in return, diluting LM's and LeFever's ownership interests in Divi, clouding title of LM's and LeFever's ownership interests in Divi, and causing LM and LeFever to incur significant sums of money to investigate and remediate the harm Mattson's conduct caused the third parties who believed they purchased Divi partnership interests. Again and again, Mattson has placed his own personal interests above those of LeFever and LM, benefiting himself to LeFever's and LM's detriment and in breach of the fiduciary duties Mattson owed.

108. As a result of Mattson's conduct, as alleged, LM and LeFever have suffered and continue to suffer damages, all in an amount to be determined according to proof at trial, but which Plaintiffs estimate to be at least $100 million.

109. Plaintiffs are informed and believe and, on that basis, allege that there is a unity of interest between Mattson and KSMP because Mattson wholly owns and controls KSMP, Mattson has used KSMP's assets as his own and has commingled his assets with KSMP's, KSMP has failed to observe partnership formalities, Mattson has transferred significant assets to KSMP such that Mattson lacks sufficient capital, is unable to satisfy his personal liabilities, and is the personal equivalent of an empty shell corporation.

110. It would be inequitable to recognize KSMP's separate existence as a partnership because Mattson has purposefully caused the majority of his assets to be held by KSMP so that he can escape liability for his wrongdoing and be unable to satisfy creditors.

111. KSMP is therefore equally liable for Mattson's breaches of fiduciary duty under a reverse veil piercing theory.

112. Because KSMP is wholly owned by Mattson and Mattson alone manages KSMP, Mattson's knowledge is imputed to KSMP, and KSMP therefore knew that Mattson owed LM and

LeFever fiduciary duties and that Mattson's conduct would violate the fiduciary duties Mattson owed LM and LeFever.

113. To the extent that KSMP is not the alter-ego of Mattson, KSMP substantially assisted Mattson's breaches of the fiduciary duties Mattson owed LM and LeFever by, among other things pursuing corporate opportunities Mattson diverted away from LM, purchasing property that Mattson paid for using LM's funds, transferring said property to LM Investments at inflated prices and only after, in many instances, heavily encumbering such property with debt subject to extremely deleterious terms, and selling Divi limited partnership interests in transactions KSMP knew were not authorized by LM.

114. KSMP's conduct was a substantial factor in causing LM's and LeFever's harm because, among other things, Mattson could not have misappropriated LM's corporate opportunities if KSMP did not pursue the opportunities that Mattson wrongfully diverted away from LM, Mattson could not have caused LM to pay for property that was titled in KSMP's name if KSMP did not acquire those properties, and Mattson could not have sold KSMP's Divi interests without proper authorization unless KSMP agreed to sell those Divi limited partnership interests.

115. To the extent that KSMP is not the alter-ego of Mattson, KSMP substantially assisted Mattson's wrongful conduct individually for its own individual advantage.

116. As a result, and as an alternative to liability under a reverse veil piercing theory, KSMP is jointly and severally liable for Mattson's breaches of his fiduciary duties because KSMP aided and abetted those breaches.

117. Defendants' conduct, as alleged, was done with an intentional and conscious disregard of LM's and LeFever's rights and with oppression, fraud, and malice as defined under Civil Code Section 3294, entitling LM and LeFever to an award of punitive and exemplary damages assessed against Defendants in a sum according to proof at trial, as a means of deterring Defendants from committing similar acts and omissions in the future and punishing them for their wrongful conduct.

THIRD CAUSE OF ACTION

(Breach of Duty of Good Faith and Fair Dealing – All Plaintiffs against KSMP)

118. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth in full, the allegations contained in Paragraphs 1 through 117.

119. As one of Divi's limited partners and one of Windscape's members, KSMP owed Divi, Windscape, LM, and LeFever statutory duties of good faith and fair dealing.

120. KSMP breached the duties of good faith and fair dealing by, among other things, misappropriating corporate opportunities from Divi and Windscape for its own benefit and to the detriment of Plaintiffs.

121. For example, Plaintiffs are informed and believe and, on that basis, allege that in September 2022, Mattson caused KSMP to purchase real estate in Sonoma for $6.5 million. Five weeks later, Mattson caused KSMP to sell that property to Windscape for $7.5 million, netting Defendants $1,000,000 in the process and causing Windscape to pay $1,000,000 more for the property than it should have.

122. KSMP also breached its duties of good faith and fair dealing by selling the LM Investments properties which KSMP used as security for high interest, hard money loans or loans with large balloon payments in the future and then making the LM Investments' acquisition of those properties subject to those loans notwithstanding that in many instances substantial portions of the principal of these loans was paid to KSMP (each such sale subject to a hard money loan or a loan with a large balloon payment, a "Hard Money/Balloon Payment Loan Sale"). KSMP knew that Mattson concealed these Hard Money/Balloon Payment Loan Sale transactions from Plaintiffs and that Mattson did not have authority to cause the LM Investments to enter into the Hard Money/Balloon Payment Loan Sale transactions, but KSMP nonetheless consummated the Hard Money Loan Sale transactions so that KSMP could obtain a secret profit from the LM Investments and saddle them with high interest, hard money loans and loans with large balloon payments without Plaintiffs' knowledge or consent.

123. KSMP also breached its duties of good faith and fair dealing through the secret Putative Divi Sales.

124. KSMP knew that it was required to disclose to LM and seek advance written approval from LM to transfer any Divi limited partnership interests, but KSMP secretly conducted the Putative Divi Sales without ever obtaining LM's written approval for any of the Putative Divi Sales or ever even notifying LM that they had purportedly taken place.

125. Plaintiffs contend that Divi limited partnership interests are only transferred if the transfer is authorized in writing by LM and/or the Nonprofit and that because the Putative Divi Sales were not authorized in writing by LM or the Nonprofit (as applicable), no Divi limited partnership interests were actually transferred through the Putative Divi Sales, but Plaintiffs plead in the alternative that if KSMP did, in fact, transfer Divi limited partnership interests to numerous parties through the Putative Divi Sales without obtaining LM's written approval, then LeFever and LM have each been harmed by KSMP's transfer of Divi limited partnership interests through the Putative Divi Sales because any such transfer diluted LeFever's and LM's respective ownership interests in Divi.

126. LM has also been harmed by KSMP's transfer of Divi limited partnership interests in the Putative Divi Sales because Defendants contend that certain of the Putative Divi Sales involved KSMP selling Divi limited partnership interests that belonged to LM and LM did not receive anything in return for these unauthorized sales of LM's Divi limited partnership interests.

127. Each of Divi, LeFever, and LM has also been harmed by KSMP's transfer of Divi limited partnership interests through the Putative Divi Sales because Divi, LeFever, and LM have each incurred significant expenses in connection with the investigation into the Putative Divi Sales and responding to related issues concerning the unauthorized Putative Divi Sales. Divi, LeFever, and LM would not have incurred these expenses if KSMP had not transferred Divi limited partnership interests in violation of the Divi LP Agreements.

128. Plaintiffs have also been harmed by the Hard Money/Balloon Payment Loan Sale transactions because they have been forced to pay KSMP above-market rates for the respective properties while at the same time being saddled with high interest, hard money loans, many of which are already in default and face potential foreclosure and/or loans with large future balloon payments. All principal of these loans paid or received by KSMP constitutes additional theft in

that the LM Investments are reduced in value on a dollar-for-dollar basis by the amount of principal paid or received by KSMP.

129. As a result of KSMP's breaches of its duties of good faith and fair dealing, as alleged, Divi, Windscape, LeFever, and LM have suffered and continue to suffer damages, all in an amount to be determined according to proof at trial, but which Plaintiffs estimate to be at least $100 million.

130. Because KSMP is wholly owned by Mattson and Mattson alone manages KSMP, Mattson has knowledge of all facts that KSMP knows and Mattson therefore knew that KSMP owed Divi, Windscape, LM, and LeFever statutory duties of good faith and fair dealing and that KSMP's conduct would violate the duties of good faith and fair dealing that KSMP owed Divi, Windscape, LM and LeFever.

131. To the extent that KSMP is not the alter-ego of Mattson, Mattson substantially assisted KSMP's breaches of the duties of good faith and fair dealing that KSMP owed Divi, Windscape, LM and LeFever by, among other things diverting Divi's and Windscape's corporate opportunities to KSMP and causing KSMP to sell Divi limited partnership interests in transactions KSMP and Mattson knew were not authorized by LM.

132. Mattson's conduct was a substantial factor in causing Divi's, Windscape's, LM's and LeFever's harm because, among other things, KSMP could not have misappropriated Divi's and Windscape's corporate opportunities if Mattson did not divert them to KSMP and KSMP could not have sold its Divi interests without proper authorization unless Mattson concealed those sales from LM, LeFever, and Divi.

133. To the extent that KSMP is not the alter-ego of Mattson, Mattson substantially assisted KSMP's wrongful conduct individually for his own individual advantage and not merely by acting on KSMP's behalf.

134. As a result, Mattson is jointly and severally liable with KSMP for KSMP's breaches of its statutory duty of good faith and fair dealing because Mattson aided and abetted those breaches.

135. Defendants' conduct, as alleged, was done with an intentional and conscious disregard of Plaintiffs' rights and with oppression, fraud, and malice as defined under Civil Code Section 3294, entitling Plaintiffs to an award of punitive and exemplary damages assessed against each of the Defendants in a sum according to proof at trial, as a means of deterring the Defendants from committing similar acts and omissions in the future and punishing the Defendants for their wrongful conduct.

FOURTH CAUSE OF ACTION

(Conversion – LM against All Defendants)

136. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth in full, the allegations contained in Paragraphs 1 through 135.

137. LM had an ownership interest in, among other things, real property on Butcher Road in Vacaville, California (the "Butcher Road Property").

138. Defendants substantially interfered with LM's ownership interest in the Butcher Road Property by, among other things, selling the Butcher Road Property.

139. The sales proceeds from the sale of the Butcher Road Property included a $4 million promissory note (the "Note"). Because of LM's ownership interest in the Butcher Road Property, LM likewise had an ownership interest in the proceeds from any sale of that property, including the Note. Plaintiff is informed and believes and, on that basis alleges, that Defendants substantially interfered with LM's interest in the Note without LM's authorization by causing the Note to be exclusively in favor of KSMP and not in LM's favor.

140. Defendants contend that some of the Divi limited partnership interests they sold in the Putative Divi Sales were owned by LM.

141. Plaintiffs contend that Divi limited partnership interests are only transferred if the transfer is authorized in writing by LM and/or the Nonprofit and that because the Putative Divi Sales were not authorized in writing by LM or the Nonprofit (as applicable), no Divi limited partnership interests were actually transferred through the Putative Divi Sales, but Plaintiffs plead in the alternative that if KSMP did, in fact, transfer Divi limited partnership interests to numerous third parties through the Putative Divi Sales without obtaining LM's written approval, then

Defendants substantially interfered with LM's Divi limited partnership interests by purportedly selling them in the Putative Divi Sales without LM's authorization.

142. Plaintiffs are informed and believe and, on that basis allege, that Mattson transferred more than $6 million of LM's money (the "Escrowed Funds") into an escrow account. The Escrowed Funds are a specific and identifiable sum that LM owned. Defendants substantially interfered with LM's ownership interest in the Escrowed Funds without LM's authorization by causing the escrow agent to pay the Escrowed Funds for Mattson's palatial home in Sonoma that that Defendants titled exclusively in Mattson's or KSMP's name.

143. Defendants' interference with LM's ownership interest in the Note, the Escrowed Funds, and LM's Divi limited partnership interests (collectively, the "Converted Property) and disposition of the Converted Property, as alleged, was not authorized by LM and was wrongful.

144. Defendants' wrongful conversion directly and proximately caused LM significant harm because LM no longer has access to or possession of the Converted Property.

145. As a result of Defendants' conversion, as alleged, LM has suffered and continues to suffer damages, all in an amount to be determined according to proof at trial, but which Plaintiffs estimate to be at least $10 million.

146. Defendants' conduct, as alleged, was done with an intentional and conscious disregard of LM's rights and with oppression, fraud, and malice as defined under Civil Code Section 3294, entitling LM to an award of punitive and exemplary damages assessed against each of the Defendants in a sum according to proof at trial, as a means of deterring them from committing similar acts and omissions in the future and punishing them for their wrongful conduct.

FIFTH CAUSE OF ACTION

(Constructive Fraud – LM and LeFever against All Defendants)

147. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth in full, the allegations contained in Paragraphs 1 through 146.

148. At all times relevant herein, Mattson has served as one or more of LM's officers and one of its directors. In this capacity, Mattson owed LM and LeFever fiduciary duties, including a duty to disclose all material information to LM.

149. Mattson breached his fiduciary duty to disclose all material information to LM and LeFever by, among other things, failing to disclose the Putative Divi Sales, failing to disclose the corporate opportunities that he diverted to KSMP and allowed KSMP to misappropriate, and failing to disclose that he was causing LM and the LM Investments to pay inflated prices for heavily indebted real estate that Mattson was purchasing in his own name and/or in KSMP's name keeping for himself the more desirable properties (including, but not limited to, the lavish Sonoma home Mattson bought himself using LM's funds) and unloading the undesirable and/or unprofitable ones on LM and the LM investments.

150. LM and LeFever would have taken steps to prevent Mattson's aforementioned wrongful conduct on their own behalf and on behalf of the LM Investments as their respective general partners and/or managing members if Mattson had complied with his fiduciary duties and disclosed these facts to LM and LeFever before Mattson completed his wrongful misconduct.

151. LM and LeFever were harmed by Mattson wrongful suppression of the aforementioned facts and constructive fraud because LM and LeFever have each incurred significant expenses in connection with the investigation of the Putative Divi Sales and, to the extent the Putative Divi Sales involved actual sales of Divi limited partnership interests that had not been previously issued, because the Putative Divi Sales diluted LM's and LeFever's ownership interest in Divi.

152. LM was also harmed by Mattson's wrongful suppression of the aforementioned facts and constructive fraud because LM paid more than $6 million for the lavish Sonoma home that Mattson titled in his own name and/or in KSMP's name and because LM did not obtain the profit or financial benefit it would have received from the corporate opportunities that Mattson wrongfully diverted to KSMP.

153. LM has also been harmed by Mattson's wrongful suppression of the aforementioned facts and constructive fraud because LM and the LM Investments unwittingly

took title to properties subject to the Hard Money/Balloon Payment Loan Sale transactions and thereby have been forced to pay KSMP above-market prices for the respective properties while at the same time being saddled with high interest, hard money loans and/or loans with large future balloon payments, many of which are already in default and face foreclosure.

154. As a result of Mattson constructive fraud, as alleged, LeFever and LM have suffered and continue to suffer damages, all in an amount to be determined according to proof at trial, but which Plaintiffs estimate to be at least $100 million.

155. Plaintiffs are informed and believe and, on that basis, allege that there is a unity of interest between Mattson and KSMP because Mattson wholly owns KSMP, Mattson has used KSMP's assets as his own and has commingled his assets with KSMP's, KSMP has failed to observe partnership formalities, Mattson has transferred significant assets to KSMP such that Mattson lacks sufficient capital, is unable to satisfy his personal liabilities, and is the personal equivalent of an empty shell corporation.

156. It would be inequitable to recognize KSMP's separate existence as a partnership because Mattson has purposefully caused the majority of his assets to be held by KSMP so that he can escape liability for his wrongdoing and be unable to satisfy creditors.

157. KSMP is therefore equally liable for Mattson's breaches of fiduciary duty under a reverse veil piercing theory.

158. Because KSMP is wholly owned by Mattson and Mattson alone manages KSMP, Mattson's knowledge is imputed to KSMP, and KSMP therefore knew that Mattson owed LM and LeFever fiduciary duties and that Mattson's concealment of material facts would violate the fiduciary duties Mattson owed LM and LeFever and be constructively fraudulent conduct.

159. To the extent that KSMP is not the alter-ego of Mattson, KSMP substantially assisted Mattson's constructive fraud by, among other things pursuing corporate opportunities Mattson concealed from and diverted away from LM and LeFever, purchasing property that Mattson paid for using LM's funds knowing that Mattson concealed the transactions from LM and LeFever, completing the Hard Money/Balloon Payment Loan Sale transactions knowing that Mattson had concealed the transactions from LM, LeFever, and the LM Investments, and selling

Divi limited partnership interests in transactions KSMP knew Mattson had not disclosed to LM and LeFever and that were not authorized by LM.

160. KSMP's conduct was a substantial factor in causing LM's and LeFever's harm because, among other things, Mattson could not have misappropriated LM's corporate opportunities if KSMP did not pursue the opportunities that Mattson wrongfully diverted away from LM, Mattson could not have caused LM to pay for property that was titled in KSMP's name if KSMP did not acquire those properties, Mattson could not have caused LM and the LM Investments to enter into the Hard Money/Balloon Payment Loan Sale transactions if KSMP was not the willing counterparty to those transactions, and Mattson could not have sold KSMP's Divi interests without proper authorization unless KSMP agreed to sell those Divi limited partnership interests.

161. To the extent that KSMP is not the alter-ego of Mattson, KSMP substantially assisted Mattson's wrongful conduct individually for its own individual advantage.

162. As a result, and as an alternative to liability under a reverse veil piercing theory, KSMP is jointly and severally liable for Mattson's constructive fraud because KSMP aided and abetted those breaches.

163. Defendants' conduct, as alleged, was done with an intentional and conscious disregard of LM's and LeFever's rights and with oppression, fraud, and malice as defined under Civil Code Section 3294, entitling LM and LeFever to an award of punitive and exemplary damages assessed against each of the Defendants in a sum according to proof at trial, as a means of deterring them from committing similar acts and omissions in the future and punishing them for their wrongful conduct.

SIXTH CAUSE OF ACTION

(Fraudulent Concealment – LM and LeFever against All Defendants)

164. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth in full, the allegations contained in Paragraphs 1 through 163.

165. At all times relevant herein, Mattson has served as one or more of LM's officers and one of its directors. In this capacity, Mattson owed LM and LeFever fiduciary duties, including a duty to disclose all material information to LM.

166. Despite having a duty to disclose all relevant information to LM and LeFever, Mattson actively concealed and failed to disclose to LM and LeFever, among other things, the Putative Divi Sales, the Hard Money/Balloon Payment Loan Sales, the corporate opportunities that he diverted to KSMP and allowed KSMP to misappropriate, and that he was causing LM to pay for real estate that Mattson was purchasing in his own name and/or in KSMP's name including, but not limited to, the lavish Sonoma home Mattson bought himself using LM's funds.

167. Mattson's fraudulent concealment was not limited to mere nondisclosure of facts he was legally obligated to disclose to LM and LeFever: Mattson actively concealed the above facts by, among other things, using the Covert Account to hide the transactions from LM and LeFever, using his own post office box and not LM's address so that that any correspondence regarding the Putative Divi Sales would be diverted away from LM and instead be routed directly to him, failing to report to LM any of the activities and transactions effected utilizing the Covert Account, prohibiting any LM employees or anyone else to access the Covert Account, failing to document the Putative Divi Sales with purchase agreements and other records Mattson knew he was supposed to use to document the transactions so that there was no paper trail documenting his wrongful conduct, maintain a separate email account independent of LM servers and using this email account exclusively for all business dealings, maintaining all of his records on a personal laptop and sharing none of those records with LM, and by instructing his assistant not to disclose to LM and LeFever the existence of and facts concerning Mattson's wrongful conduct and illicit transactions.

168. Mattson intentionally concealed these facts from LM and LeFever so that they would not discover or ever be in a position to take steps to prevent Mattson's aforementioned wrongful misconduct.

169. LM and LeFever relied on the nonexistence of the facts Mattson concealed from them because LM and LeFever would have taken steps on their own behalf and on behalf of the

LM Investments as their respective general partners and/or managing members to prevent Mattson's aforementioned wrongful conduct if Mattson had not actively concealed the facts and instead disclosed these facts to LM and LeFever before Mattson completed his wrongful misconduct.

170. LM and LeFever's reliance on the nonexistence of the facts Mattson concealed from them was reasonable because Mattson was LeFever's close personal friend, LeFever trusted Mattson completely and would therefore have no reason to believe that Mattson was concealing information from him or trying to harm him, and because Mattson was an officer and director of LM and was under a legal obligation to disclose material facts to LM and LeFever.

171. LM and LeFever were harmed by Mattson's wrongful suppression of the aforementioned facts and fraudulent concealment because LM and LeFever have each incurred significant expenses in connection with the investigation of the Putative Divi Sales and, to the extent the Putative Divi Sales involved actual sales of Divi limited partnership interests (which Plaintiffs contend did not occur because LM and/or the Nonprofit did not approve the sales) and to the extent that such limited partnership interests had not been previously issued, LM and LeFever were harmed because the Putative Divi Sales diluted LM's and LeFever's ownership interest in Divi.

172. LM was also harmed by Mattson's wrongful suppression of the aforementioned facts and fraudulent concealment because LM paid more than $6 million for lavish Sonoma home that Mattson titled in his own name and/or in KSMP's name and because LM did not obtain the profit or financial benefit it would have received from the corporate opportunities that Mattson wrongfully diverted to KSMP.

173. LM has also been harmed by Mattson's wrongful suppression of the aforementioned facts and fraudulent concealment because LM and the LM Investments unwittingly entered into the Hard Money/Balloon Payment Loan Sale transactions and thereby have been forced to pay KSMP above-market rates for the respective properties while at the same time being saddled with high interest, hard money loans and/or loans with large balloon payments, many of which are already in default and face foreclosure.

174. As a result of Mattson fraudulent concealment, as alleged, LeFever and LM have suffered and continue to suffer damages, all in an amount to be determined according to proof at trial, but which Plaintiffs estimate to be at least $100 million.

175. Plaintiffs are informed and believe and, on that basis, allege that there is a unity of interest between Mattson and KSMP because Mattson wholly owns KSMP, Mattson has used KSMP's assets as his own and has commingled his assets with KSMP's, KSMP has failed to observe partnership formalities, Mattson has transferred significant assets to KSMP such that Mattson lacks sufficient capital, is unable to satisfy his personal liabilities, and is the personal equivalent of an empty shell corporation.

176. It would be inequitable to recognize KSMP's separate existence as a partnership because Mattson has purposefully caused the majority of his assets to be held by KSMP so that he can escape liability for his wrongdoing and be unable to satisfy creditors.

177. KSMP is therefore equally liable for Mattson's fraudulent concealment under a reverse veil piercing theory.

178. Because KSMP is wholly owned by Mattson and Mattson alone manages KSMP, Mattson's knowledge is imputed to KSMP, and KSMP therefore knew that Mattson owed LM and LeFever fiduciary duties, that Mattson was under a duty to disclose all material facts to LM and LeFever, and that Mattson's concealment of material facts would violate the fiduciary duties Mattson owed LM and LeFever and be constructively fraudulent conduct.

179. To the extent that KSMP is not the alter-ego of Mattson, KSMP substantially assisted Mattson's fraudulent concealment by, among other things pursuing corporate opportunities Mattson concealed from and diverted away from LM, purchasing property that Mattson paid for using LM's funds knowing that Mattson concealed the transactions from LM, completing the Hard Money/Balloon Payment Loan Sale transactions knowing that Mattson concealed the transactions from LM, LeFever, and the LM Investments, and selling Divi limited partnership interests in transactions KSMP knew Mattson had not disclosed to LM and that were not authorized by LM.

180. KSMP's conduct was a substantial factor in causing LM's and LeFever's harm because, among other things, Mattson could not have misappropriated LM's corporate opportunities if KSMP did not pursue the opportunities that Mattson wrongfully diverted away from LM, Mattson could not have caused LM to pay for property that was titled in KSMP's name if KSMP did not acquire those properties, Mattson could not have sold KSMP's Divi interests without proper authorization unless KSMP agreed to sell those Divi limited partnership interests, LM and LeFever would not have had to incur costs investigating the secret Putative Divi Sales unless KSMP agreed to sell the respective Divi limited partnership interests, and Mattson could not have caused LM and the LM Investments to enter into the Hard Money/Balloon Payment Loan Sale transactions if KSMP was not the willing counterparty to those transactions.

181. To the extent that KSMP is not the alter-ego of Mattson, KSMP substantially assisted Mattson's wrongful conduct individually for its own individual advantage.

182. As a result, and as an alternative to liability under a reverse veil piercing theory, KSMP is jointly and severally liable for Mattson's fraudulent concealment because KSMP aided and abetted those breaches.

183. Defendants' conduct, as alleged, was done with an intentional and conscious disregard of LM's and LeFever's rights and with oppression, fraud, and malice as defined under Civil Code Section 3294, entitling LM and LeFever to an award of punitive and exemplary damages assessed against each of the Defendants in a sum according to proof at trial, as a means of deterring them from committing similar acts and omissions in the future and punishing them for their wrongful conduct.

SEVENTH CAUSE OF ACTION

(Receiving Stolen Property in Violation of Cal. Pen. Code § 496 – LM against All Defendants)

184. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth in full, the allegations contained in Paragraphs 1 through 183.

185. Defendants obtained the Converted Property from LM through theft by false pretenses.

186. Defendants each had actual or constructive possession of the Converted Property after they stole it from LM, concealed the Converted Property from LM, and/or withheld the Converted Property from LM, knowing that the Converted Property was stolen from LM.

187. Pursuant to California Penal Code Section 496(c), LM is entitled to recover from Defendants three times the amount of damages LM suffered in connection with Defendants' violation of California Penal Code Section 496 and recover from Defendants the attorneys' fees LM incurs in connection with this civil action.

EIGHTH CAUSE OF ACTION

(Declaratory Relief – All Plaintiffs against All Defendants)

188. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth in full, the allegations contained in Paragraphs 1 through 187.

189. An actual controversy has arisen and now exists between Plaintiffs, on the one hand, and Defendants, on the other, concerning the following issues:

A. Whether the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales. Plaintiffs contend that the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales. Plaintiffs are informed and believe and, on that basis, allege that Defendants contend that the Indemnity Agreement does not obligate Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales.

B. Whether the Indemnity Agreement obligates Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales. Plaintiffs contend that the Indemnity Agreement obligates Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs

concerning the Putative Divi Sales. Plaintiffs are informed and believe and, on that basis, allege that Defendants contend that the Indemnity Agreement does not obligate Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales.

C. Whether the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims asserted against Plaintiffs by putative investors to whom Defendants purportedly sold partnership interests or membership interests in other LM Investments without obtaining LM's prior written authorization. Plaintiffs contend that the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims asserted against Plaintiffs by putative investors to whom Defendants purportedly sold partnership interests or membership interests in other LM Investments without obtaining LM's prior written authorization. Plaintiffs are informed and believe and, on that basis, allege that Defendants contend that the Indemnity Agreement does not obligate Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims asserted against Plaintiffs by putative investors to whom Defendants purportedly sold partnership interests or membership interests in other LM Investments without obtaining LM's prior written authorization.

D. Whether the Indemnity Agreement obligates Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any claims asserted against Plaintiffs by putative investors to whom Defendants purportedly sold partnership interests or membership interests in other LM Investments without obtaining LM's prior written authorization. Plaintiffs contend that the Indemnity Agreement obligates Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any claims asserted against Plaintiffs by putative investors to whom Defendants purportedly sold partnership interests or membership interests in other LM Investments without obtaining LM's prior written authorization. Plaintiffs are informed and believe and, on that basis, allege that Defendants contend that the Indemnity Agreement does not obligate Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any

claims asserted against Plaintiffs by putative investors to whom Defendants purportedly sold partnership interests or membership interests in other LM Investments without obtaining LM's prior written authorization.

E. Whether Divi is permitted to offset any payments Divi might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Divi concerning the Putative Divi Sales against distributions Defendants might otherwise receive or be entitled to. Plaintiffs contend that Divi is permitted to offset any payments Divi might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Divi concerning the Putative Divi Sales against distributions Defendants might otherwise receive or be entitled to. Plaintiffs are informed and believe and, on that basis, allege that Defendants contend that Divi is not permitted to offset any payments Divi might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Divi concerning the Putative Divi Sales against distributions Defendants might otherwise receive or be entitled to.

F. Whether the other LM Investments are permitted to offset any payments they might make in satisfaction of claims asserted against them by putative investors to whom Defendants purportedly sold partnership interests or membership interests in such LM Investments without obtaining LM's prior written authorization against the LM Investments' distributions that Defendants might otherwise receive or be entitled to. Plaintiffs contend that the other LM Investments are permitted to offset any payments they might make in satisfaction of claims asserted against them by putative investors to whom Defendants purportedly sold partnership interests or membership interests in such LM Investments without obtaining LM's prior written authorization against the LM Investments' distributions that Defendants might otherwise receive or be entitled to. Plaintiffs are informed and believe and, on that basis, allege that Defendants contend that the other LM Investments are not permitted to offset any payments they might make in satisfaction of claims asserted against them by putative investors to whom Defendants purportedly sold partnership interests or membership interests in such LM Investments without obtaining LM's prior written authorization against the LM Investments' distributions that Defendants might otherwise receive or be entitled to.

G. Whether LM is permitted to offset any payments it might make in satisfaction of claims asserted against LM by putative investors to whom Defendants purportedly sold partnership interests or membership interests in Divi or the LM Investments without obtaining LM's prior written authorization against any dividends LM might declare and/or any other amounts that Defendants might otherwise receive or be entitled to from LM. Plaintiffs contend that LM is permitted to offset any payments it might make in satisfaction of claims asserted against LM by putative investors to whom Defendants purportedly sold partnership interests or membership interests in Divi or the LM Investments without obtaining LM's prior written authorization against any dividends LM might declare and/or any other amounts that Defendants might otherwise receive or be entitled to from LM. Plaintiffs are informed and believe and, on that basis, allege that Defendants contend that LM is not permitted to offset any payments it might make in satisfaction of claims asserted against LM by putative investors to whom Defendants purportedly sold partnership interests or membership interests in Divi or the LM Investments without obtaining LM's prior written authorization against any dividends LM might declare and/or any other amounts that Defendants might otherwise receive or be entitled to from LM.

190. Plaintiffs desire a judicial determination of the parties' respective rights and interest as to the foregoing matters, and a judicial declaration that (a) the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales; (b) the Indemnity Agreement obligates Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales; (c) the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims asserted against Plaintiffs by putative investors to whom Defendants purportedly sold partnership interests or membership interests in other LM Investments without obtaining LM's prior written authorization; (d) the Indemnity Agreement obligates Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might

make in satisfaction of any claims asserted against Plaintiffs by putative investors to whom Defendants purportedly sold partnership interests or membership interests in other LM Investments without obtaining LM's prior written authorization; (e) Divi is permitted to offset any payments Divi might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Divi concerning the Putative Divi Sales against distributions Defendants might otherwise receive or be entitled to; (f) the other LM Investments are permitted to offset any payments they might make in satisfaction of claims asserted against them by putative investors to whom Defendants purportedly sold partnership interests or membership interests in such LM Investments without obtaining LM's prior written authorization against the LM Investments' distributions that Defendants might otherwise receive or be entitled to; and (g) LM is permitted to offset any payments it might make in satisfaction of claims asserted against LM by putative investors to whom Defendants purportedly sold partnership interests or membership interests in Divi or the LM Investments without obtaining LM's prior written authorization against any dividends LM might declare and/or any other amounts that Defendants might otherwise receive or be entitled to from LM.

191. A judicial declaration is necessary and appropriate at this time to avoid continuing disputes and future litigation between the parties and the uncertainty such disputes have created and will create in the future.

NINTH CAUSE OF ACTION

(Removal of Director Pursuant to California Corporations Code § 304 – LM & LeFever against Mattson)

192. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth in full, the allegations contained in Paragraphs 1 through 191.

193. Because LeFever owns 50% of the outstanding shares of LM's stock, California Corporations Code Section 304 authorizes the Court to remove Mattson as a director and to bar him from reelection to LM's board of directors.

194. Mattson has grossly abused his authority and/or discretion through his self-dealing, conversion, violations of the fiduciary duties he owes LM, his fraudulent concealment and constructive fraud, all as alleged above.

195. As a result of Mattson's gross abuse of authority and/or gross abuse of discretion, this Court should remove Mattson from his position as one of LM's directors and should bar him from serving as one of LM's directors in the future.

196. Mattson has committed fraudulent and dishonest acts against LM through his self-dealing, conversion, violations of the fiduciary duties he owes LM, his fraudulent concealment and constructive fraud, all as alleged above.

197. As a result of Mattson's fraudulent and dishonest acts, this Court should remove Mattson from his position as one of LM's directors and should bar him from serving as one of LM's directors in the future.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment as follows:

On the First Cause of Action

1. For compensatory damages as the proof at trial may show;
2. For disgorgement of Defendants' ill-gotten gains; and
3. For recovery of LM's and LeFever's attorneys' fees.

On the Second Cause of Action

1. For compensatory damages as the proof at trial may show;
2. For disgorgement of Defendants' ill-gotten gains; and
3. For punitive and exemplary damages as alleged and as the proof at trial may show.

On the Third Cause of Action

1. For compensatory damages as the proof at trial may show;
2. For rescission of the Hard Money/Balloon Payment Loan Sale transactions;
3. For disgorgement of Defendants' ill-gotten gains; and
4. For punitive and exemplary damages as alleged and as the proof at trial may show.

On the Fourth Cause of Action

1. For compensatory damages as the proof at trial may show;

2. For disgorgement of Defendants' ill-gotten gains; and

3. For punitive and exemplary damages as alleged and as the proof at trial may show.

On the Fifth Cause of Action

1. For compensatory damages as the proof at trial may show;

2. For rescission of the Hard Money/Balloon Payment Loan Sale transactions;

3. For disgorgement of Defendants' ill-gotten gains; and

4. For punitive and exemplary damages as alleged and as the proof at trial may show.

On the Sixth Cause of Action

1. For compensatory damages as the proof at trial may show;

2. For rescission of the Hard Money/Balloon Payment Loan Sale transactions;

3. For disgorgement of Defendants' ill-gotten gains; and

4. For punitive and exemplary damages as alleged and as the proof at trial may show.

On the Seventh Cause of Action

1. For compensatory damages as the proof at trial may show;

2. For recovery from Mattson and KSMP of three times LM's damages as the proof at trial may show; and

3. For recovery of LM's attorneys' fees.

On the Eighth Cause of Action

1. For a judicial declaration that the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales;

2. For a judicial declaration that the Indemnity Agreement obligates Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales;

3. For a judicial declaration that the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims asserted against Plaintiffs by putative investors to whom Defendants purportedly sold partnership interests or membership interests in other LM Investments without obtaining LM's prior written authorization;

4. For a judicial declaration that the Indemnity Agreement obligates Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any claims asserted against Plaintiffs by putative investors to whom Defendants purportedly sold partnership interests or membership interests in other LM Investments without obtaining LM's prior written authorization;

5. For a judicial declaration that Divi is permitted to offset any payments Divi might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Divi concerning the Putative Divi Sales against distributions of capital or income that Defendants might otherwise receive or be entitled to; and

6. For a judicial declaration that the other LM Investments are permitted to offset any payments they might make in satisfaction of claims asserted against them by putative investors to whom Defendants purportedly sold partnership interests or membership interests in such LM Investments without obtaining LM's prior written authorization against the LM Investments' distributions of capital or income that Defendants might otherwise receive or be entitled to.

7. For a judicial declaration that LM is permitted to offset any payments it might make in satisfaction of claims asserted against LM by putative investors to whom Defendants purportedly sold partnership interests or membership interests in Divi or the LM Investments without obtaining LM's prior written authorization against any dividends LM might declare and/or any other amounts that Defendants might otherwise receive or be entitled to from LM.

On the Ninth Cause of Action

1. For an order removing Mattson as one of LM's directors; and

2. For an injunction barring Mattson as one of LM's directors in the future.

On All Causes of Action

1. For costs of suit herein; and

2. For such other and further relief as the Court deems just and proper.

DATED: June 6, 2024

HANSON BRIDGETT LLP

By: _____

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