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Superior Court of California,
County of San Diego
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Clerk of the Superior Court
By Lee IvbAlister, Deputy Clerk

6 Attorneys for Receiver
7 RICHARD M KIPPERMAN

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN DIEGO
10 CENTRAL DIVISION

11 A&B MARKET PLUS INC. dba CAMPUS
12 LIQUOR AND DELI; LS & SLG, INC. dba
13 ADAMS AVENUE LIQUOR; WALL FIRST
14 VENTURE INC. dba RJ LIQUOR; OB STAR
15 INC. dba LITICKERS LIQUOR; SAEED
16 SOMO dba MESA FOOD AND LIQUOR;
17 LATIF MAROGY dba SPOTS LIQUOR and
18 dba SUNRISE MARKET AND GAS; HANI
19 SHAMOUN dba MIKES MARKET,

16 Plaintiffs,

17 v.

18 NEIGHBORHOOD MARKET, a non-profit
19 mutual benefit corporation; MARK ARABO,
20 President & CEO of Neighborhood Market
21 Association, Inc.; AMIR ORAM, Secretary
22 and Treasurer of Neighborhood Market
23 Association; and DOES 1 through 50,
24 Inclusive,

22 Defendants.

Case No. 37-2015-00032389-CU-OE-CTL

[IMAGED FILE]

**REPORT OF RECEIVER RELATING
TO MANAGEMENT CONTRACT**

Date: No Hearing Required
Time:
Dept.: C-75
Judge: Hon. Richard E. L. Strauss

Action Filed: September 24, 2015

23 THIS "REPORT OF RECEIVER RELATING TO MANAGEMENT CONTRACT" is
24 submitted by RICHARD M KIPPERMAN ("Receiver") as Receiver for NEIGHBORHOOD
25 MARKET ASSOCIATION, INC., a nonprofit mutual benefit corporation ("NMA) pursuant to
26 Paragraph 4 of that certain "Order Granting Plaintiff's Motion for an Order Appointing Receiver"
27 entered by this Court on January 24, 2018 (the "Receivership Order").
28

1 Background

2 1. Receiver was appointed as receiver for NMA effective upon the filing of his
3 Receiver's Oath and the posting of his Receiver's Bond, both of which were accomplished on
4 January 30, 2018.

5 2. Pursuant to Paragraph 4 of the Receivership Order, Receiver was instructed to
6 report to the Court within fifteen (15) days of the entry of the Receivership Order "as to whether
7 the contract between Refined Management, Inc. ["RMI"] and the Neighborhood Market
8 Association ("NMA"), attached [to the Receivership Order] as Exhibit A, should be modified in
9 any way; whether any payments on the contract should be temporarily suspended; or whether it
10 should be rescinded at this time."

11 3. Receiver reads Paragraph 4 of the Receivership Order in tandem with the Court's
12 "Statement of Decision" entered by the Court in this matter on January 24, 2018 (the "Statement of
13 Decision"). In that Statement of Decision, the Court made the following Order with respect to the
14 Management Contract:

15 Having been approved following false representations by Mark Arabo, and following
16 mismanagement sufficient to bring about financial distress, the contract between Refined
17 Management, Inc., and the Neighborhood Market Association, is subject to rescission.
18 However, the Court orders the Receiver (once appointed) to report back to the Court as to
19 how the NMA-Refined Management Contract should be handled, whether certain payments
20 should be suspended, or whether rescission is in fact the best course of action at this time;

21 Statement of Decision at p. 39; lls. 22-28.

22 4. At the time of his appointment, Receiver recognized that his role was intended to be
23 temporary; that he was appointed to "operate, care for, preserve and maintain the NMA as an
24 ongoing business" pending the election of a new Board of Directors for NMA supervised by an
25 Independent Election Inspector. See Receivership Order at ¶¶ 5 and 6(a). Receiver was willing to
26 entertain the possibility that RMI could continue providing some services to the NMA, until a new
27 Board of Directors could be elected.

28 5. Receiver entered into negotiations with Mr. Mark Arabo ("Mr. Arabo"), the
principal of RMI, proposing to Mr. Arabo that the contracted-for payments under the contract
between RMI and the NMA (the "Management Contract") be deferred until the election of the new

1 Board of Directors, but that RMI and its employees or independent contractors could continue
2 pursuing fund raising activities on behalf of NMA on a commission basis. The new Board, once
3 elected, could then evaluate the value of the Management Contract to RMI.

4 6. The negotiations with Mr. Arabo on behalf of RMI were not concluded before the
5 end of the initial deadline set by the Court within which Receiver was directed to make a report to
6 the Court regarding “how the NMA-Refined Management Contract should be handled.” Therefore,
7 on February 8, 2018, Receiver filed an Interim Report relating to the status of his review and
8 consideration of the options available with respect to the Management Contract, requesting an
9 extension until February 22, 2018 within which to submit a report on the matters outlined in
10 Paragraph 4 of the Receivership Order.

11 7. It turned out that a negotiated resolution with Mr. Arabo concerning how to address
12 the Management Contract was not viable. As a consequence, the Receiver is now submitting this
13 Report to the Court.

14 Summary of Receiver’s Recommendations.

15 8. After due analysis of the Management Contract, considered review of the Statement
16 of Decision, and conversations with the principal of RMI, Mr. Arabo, Receiver recommends that:

- 17 (i) the Management Contract be immediately rescinded retroactively to October 1,
18 2015 as an illegal contract, unconscionable on its face and exceeding the scope of
19 the authority of the NMA’s Board of Directors at the time the contract was
20 executed;
- 21 (ii) RMI be directed to return all compensation received net of actual out-of-pocket
22 expenditures made by RMI for ordinary and necessary services paid to unaffiliated
23 third parties, as demonstrated by appropriate documentation; and
- 24 (ii) payment by the NMA of any and all sums as may remain unpaid to RMI in good
25 collected funds under the terms of the Management Contract be permanently
26 suspended.
- 27
28

1 Justifications for Receiver's Recommendations.

2 a. *Lack of Demonstrable Need for Management Contract.*

3 9. Under the terms of the Management Contract, RMI was slated to take over all the
4 functions of the President of the NMA as described in the By-Laws of the NMA. The management
5 services to be provided by RMI were described as follows in the Management Contract:

- 6 1. Day to day management of the Neighborhood Association
7 2. Dealing with the members of the Neighborhood Association
8 3. Billing the members
9 4. Sponsorship and logistics of all events.
10 5. Handling all issues that relate to suppliers and vendors.
11 6. Handling all issues and inquiries that are media related.
12 7. Handling all community outreach efforts. Will execute either a Thanksgiving
13 dinner or a charity event.
14 8. Facilitate a Christmas toy drive
15 9. Organizing and facilitating the following events:
16 A. 2 golf tournaments
17 B. 1 trade show
18 C. 1 liquor show
19 D. 1 dinner banquet
20 E. Calendar
21 F. Magazine—semi-annually

22 10. Despite the comprehensive list of activities for which the RMI was to be responsible
23 under the terms of the Management Agreement, Mr. Arabo claims to have little (if any)
24 documentation evidencing the agreements relating to the NMA and any third parties. Receiver has
25 repeatedly asked Mr. Arabo to turn over to Receiver all contracts, agreements, leases, guaranties
26 and other documents that reflect obligations on the part of the NMA or that evidence the products
27 and services that RMI has acquired on behalf of the NMI. Such documents are required to be
28 turned over to Receiver as specified in Paragraph 8 of the Receivership Order, excluding only those
documents as may be protected by the attorney-client privilege. Mr. Arabo has responded stating
that “[e]verything for the NMA is on the server at the office” and that “[c]ontracts and agreements I
do not have besides RMI contract which I provided.” Attached to this Report as **Exhibit A** is an
email exchange terminating on February 13, 2018 between the Receiver and Mr Arabo concerning
the alleged lack of documentation in Mr. Arabo's possession. In that email exchange, Mr. Arabo
suggested that documentation might be available from counsel for NMA or from Mr. Amad

1 Attisha. When asked for documents, NMA's counsel stated that counsel has no such documents,
2 that whatever such counsel had was produced during litigation, and that effective in October 2015,
3 RMI was in sole control of all business activities of the NMA and if any written agreements
4 relating to the NMA existed, "Mark Arabo would have them."

5 11. As part of Receiver's investigation concerning the value of the Management
6 Contract to the NMA, Receiver asked Mr. Arabo to elaborate concerning exactly what services
7 RMI was providing to the NMA under the Management Contract. Mr. Arabo responded by
8 referring the Receiver to the Management Contract and by making vague references to "rent,
9 staffing, consulting, etc." An email exchange between the Receiver and Mr. Arabo terminating on
10 February 20, 2018 relating to a description of the services allegedly rendered by RMI under the
11 Management Contract is attached to this Report as Exhibit B.

12 12. As was noted above, Receiver's attempt to reach a negotiated resolution with Mr.
13 Arabo concerning how to address the Management Contract proved unworkable. Mr. Arabo has
14 remained adamant that the Management Contract is enforceable as written. In fact, on February
15 20, 2018, Mr. Arabo sent the Receiver two invoices on behalf of RMI, one seeking a portion of the
16 management fee claimed to be due for "Services Rendered to Neighborhood Market Association
17 per contractual agreement for January 2018" which were unpaid because a check payable to RMI
18 in the amount of \$13,000 for those services bounced prior to the appointment of the Receiver, and
19 one seeking \$46,750 for "Services Rendered to Neighborhood Market Association per contractual
20 agreement for February 2018." A true and correct copy of each of those emails and the attached
21 invoices are attached to this Report as Exhibits C and D. Neither of the invoices provides any
22 detail concerning what services were rendered other than a parenthetical that reads "Services
23 include: Rent, Staffing, etc."

24 13. On February 9, 2018, Mr. Arabo forwarded an email exchange between himself and
25 a Mr. David Rabban to the Receiver. Mr. Rabban is a representative of Americapital Commercial,
26 Inc., the "Sub-Landlord" to RMI with respect to space occupied by RMI at Symphony Towers in
27 San Diego. In that email exchange, Mr. Rabban sought to collect a rent payment in the amount of
28 \$4,410 from RMI or Mr. Arabo. Mr. Arabo's response to Mr. Rabban was that Mr. Arabo was

1 cc'ing the Receiver with his response to Mr. Rabban and that if Receiver "doesn't pay you should
2 pursue your legal options." Receiver inquired of Mr. Rabban whether the NMA was a signatory to
3 the lease and requested a copy of the lease. Mr. Arabo interjected in the email exchange that if he
4 "recall[ed] correctly, the NMA board authorized and chairman signed a guarantee for the rent
5 RMI has not paid the Rent for Feb which now makes the NMA liable to pay the rent based on the
6 agreement the NMA board made." Mr. Arabo was again requested to provide the documentation
7 concerning the lease and the alleged guarantee. Mr. Arabo responded that "The landlord or the
8 NMA would have the paperwork, not me." A true and correct copy of the email exchange
9 containing the statements referred to in this paragraph which commenced on February 5, 2018 is
10 attached to this Report as **Exhibit E**.

11 14. Receiver was ultimately able to obtain a copy of a "Sublease Agreement" from Mr.
12 Arabo which is dated as of November 1, 2015. That Sublease Agreement evidences a sublease
13 between Americapital Commercial Inc. as "Tenant" and RMI as "Subtenant." The Sub-Tenant did
14 not provide Receiver with a copy of a written guaranty signed by the NMA and to date, no such
15 written guaranty has been produced by Mr. Arabo or Americapital Commercial Inc. However, it
16 certainly appears that Mr. Arabo as the principal of RMI was representing to its landlord that if
17 RMI failed to the pay the rent to Americapital Commercial Inc., the NMA would do so.

18 15. Other peculiarities concerning the role of RMI continue to come to light. Mr. Arabo
19 managed to locate and forward to Receiver a copy of a contract entitled "Management Services
20 Agreement" made effective as of October 1, 2015 pursuant to which RMI as "Client" retained
21 Grassroots Resources, Inc. to provide to RMI the following services:

- 22 1. Day-to-day staff management.
- 23 2. NMA member services, including but not limited to, acquisition, follow up,
and billing.
- 24 3. Planning and logistical services associated with NMA events.
- 25 4. Facilitate community outreach efforts on behalf of the NMA, including but
not limited to, charity and "goodwill" efforts.

26 Under that contact (the "GR Management Contract")—which is formatted remarkably like the
27 Management Contract between RMI and the NMA—Grassroots Resources, Inc. was to be paid
28 \$15,435 per month in 2018 (different amounts in other years) for the services described. The

1 principal of Grassroots Resources, Inc. is Jesus Cardenas, an individual that figures prominently in
2 the Court's Statement of Decision. Statement of Decision at p. 4, *et seq.* A true and correct copy
3 of the GR Management Contract is attached hereto as **Exhibit F**. Mr. Arabo has represented to
4 Receiver that the contract between Grassroots Resources, Inc. and RMI was guaranteed by the
5 NMA. No written guaranty has been provided to date to Receiver. However, the existence of the
6 GR Contract and the alleged guaranty from the NMA support Receiver's developing conclusion
7 that RMI is an unnecessary "middleman" and that the NMA does not have a legitimate need for the
8 Management Contract with RMI.

9 16. Additional facts that have come to light further support Receiver's belief that there
10 is no business justification for the Management Contract. Recently, Mr. Arabo forwarded an email
11 to Receiver from a Mr. Ronald Lacey with "Lacey Consulting" which was addressed to Mark
12 Arabo and to Ahmad Attisha in which Mr. Lacey sought payment of a salary that was \$28,000 in
13 arrears. Mr. Lacey signed that email as "NMA President." In a subsequent email, Receiver asked
14 Mr. Lacey for a copy of his "consulting agreement, current invoice, invoices and payment history
15 for 2017 and 2018." Mr. Lacey responded that there had been "a verbal agreement between [Mr.
16 Lacey] and key board members of the NMA." Mr. Lacey continued: "You can contact Amad,
17 Bashar, or Prince Oram regarding my tenure or you can discuss it with Mark Arabo, whom I
18 worked with closely throughout my tenure to ensure that NMA clients and vendors were provided
19 professional services as was accustomed." A true and correct copy of the email string pertaining to
20 Mr. Lacey's claim for compensation and his appointment as President of NMA without a written
21 employment or consulting agreement is attached to this Report as **Exhibit G**.

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1 17. It is peculiar that Mr. Lacey should have been engaged as “President” of the NMA
2 in February, 2017. At that time, the Management Contract was in place. Under that contract, as
3 was found by this Court, RMI essentially supplanted the role of the President of the NMA. Yet,
4 Mr Lacey was allegedly also hired to act as President of the NMA. According to Section 5 of the
5 By-Laws of the NMA:

6 Subject to the supervisory powers of the Executive Board, the President & CEO of NMA
7 shall:

- 8 (A) Be the Chief Administrative Officer of NMA and *responsible for all daily*
9 *management functions*;
- 10 (B) *Manage and direct all daily activities of the NMA* as prescribed by the
11 Executive Board and shall be responsible and report directly to the
12 Executive Board;
- 13 (C) Employ and may terminate the employment of members of the NMA staff
14 necessary to carry on the work of NMA, and fix their compensation within
15 the approved budget of NMA, as set by the Executive Board;
- 16 (D) Define the duties of the staff, supervise their performance and establish their
17 titles which, in the President’s & CEO’s judgment, are in the best interests of
18 the NMA;
- 19 (D) [sic] Perform any other powers and duties as may be prescribed by the
20 Executive Board. [sic]
- 21 (E) Is in charge and in control of the NMA Political Action Committee;
- 22 (F) Has discretion to retain the legislative advocate of their preference in
23 accordance with the best interests of NMA;
- 24 (G) Always act in the best interests of NMA;[sic]

25 Italics added. Apparently, the NMA thought that it needed a President in addition to engaging
26 RMI. Yet, Mr. Lacey was prepared to undertake the responsibilities of the President at \$3,000 per
27 month as compared to the \$44,250 per month that RMI was being paid for those same services in
28 2017.

18 18. In sum, Receiver has not seen the justification from a purely business standpoint of
19 keeping the Management Contract in place. The NMA could have obtained the goods and services
20 arranged for by RMI on behalf of the NMA more cheaply than was the case where the NMA hired
21 RMI to provide those services at a cost of \$46,750 per month (in 2018) since RMI apparently
22 outsourced all those duties to third parties at a lower price. In addition, although RMI purports to
23 be solely responsible for the costs of “rent, staffing, consulting etc,” Mr. Arabo has no qualms

1 about declaring that the NMA has guaranteed those same payments—at least with respect to the
2 rent and the GR Management Contract. In addition, according to Mr. Lacey, the formally
3 appointed President of the NMA, Mr. Arabo worked closely with Mr. Lacey “throughout [Mr.
4 Lacey’s] tenure to ensure that NMA clients and vendors were provided professional services as
5 was accustomed.” Once again, responsibilities allegedly undertaken by RMI were shifted back to
6 the NMA.

7 19. There is no business justification for retaining RMI to perform the services typically
8 assigned to the President of NMA—particularly at \$44,250 per month (in 2017), and \$46,750 per
9 month in 2018 and increasing steadily thereafter. The same services could be contracted for at a
10 much more reasonable cost than what RMI was charging the NMA. In addition, without RMI, it
11 would be more likely that proper records would be kept and proper oversight of expenditures and
12 activities could be maintained by the Board with respect to the person or entity acting as “President
13 & CEO” of the NMA as is contemplated by the NMA’s bylaws.

14 *b. Unconscionable Terms of the Management Contract.*

15 20. Although the Management Contract did not become effective until October 1, 2015,
16 it was first approved by NMA’s Board of Directors in August, 2015 after the Plaintiffs sent
17 demand letters to the Defendants in this Action. Statement of Decision at p. 15; lls. 7-8. The
18 objective was to shift all duties previously undertaken by Mr. Arabo as President and CEO to RMI.
19 As was found by the Court, the Management Contract “allowed Arabo to retain control of the
20 NMA while being subject to less oversight by the board and, as he explained, allowing [Mr. Arabo]
21 to work for other clients.” In other words, Mr. Arabo was free from oversight and could engage in
22 competing activities free of fiduciary obligations owed to the NMA.

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1 21. The Management Contract provides for a term that expires on December 31, 2023—
2 just over eight years from the effective date of the Management Contract. Under NMA’s By-Laws,
3 the terms of office that are prescribed for members of the Board and for officers of NMA are
4 substantially shorter than eight years, typically contemplating 2-year terms with a 6-year overall
5 term limit for NMA’s officers, such as the President. Section 3 of the By-Laws reads:

6 The Executive Board officially assumes office after they are sworn in at the NMA Annual
7 Banquet. Directors on the Executive Board shall serve a two (2) year term and may apply
8 for the same position with no term limits, other than those specified in this Section 3. NMA
9 Officers shall serve a two (2) year term, a maximum of three (3) two (2) year terms or six
(6) consecutive years for any one office. Officer and director positions will be up for re-
election every two (2) years.

10 The Management Contract is inconsistent with Section 3 of the By-Laws if RMI is essentially a
11 substitute for the President and CEO of the NMA.

12 22. There are no means set forth in the Management Contract for the NMA to terminate
13 the contract, with or without cause. The absence of a right to terminate—even for failure to
14 perform the contract—suggests to Receiver that there are insufficient safeguards in place to justify
15 any board’s decision to enter into the contract.

16 23. Receiver was unable to find any information (and Mr. Arabo refused to provide any
17 documentation) that would justify the level of compensation to be paid to RMI under the
18 Management Contract, particularly under the circumstances where the NMA has been struggling to
19 keep up with its expenses. The monthly compensation to RMI increases every year such that the
20 \$40,000 paid per month in each of the last 3 months of 2015, increasing each year by roughly 5%
21 to \$61,188.75 in 2023, which year the Management Contract describes as “Year 9” of the contract.
22 The level of compensation is so excessive, particularly in light of the lack of any performance
23 criteria or ability of the NMA Board to review RMI’s performance, that Receiver can only
24 conclude that the Management Contract should be rescinded as soon as possible given the Court’s
25 conclusion that the Management Contract is subject to rescission based on the specific findings
26 made by the Court in the Statement of Decision.

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Conclusion.

BASED ON THE FOREGOING, and based on the findings made by the Court in the Statement of Decision as well as on Mr. Arabo's lack of willingness to compromise concerning the terms of the Management Contract, Receiver recommends that the Court enter the order that the Court was prepared to make rescinding the Management Contract, and authorizing the Receiver to suspend all payments to RMI with respect to the Management Contract and to take such other actions as the Court deems necessary or appropriate under the circumstances.

Dated: February 22, 2018

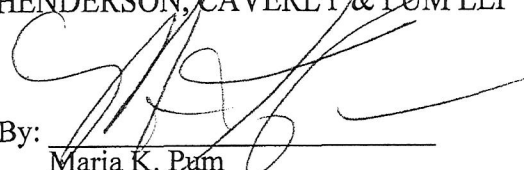
HENDERSON, CAVERLY & PUM LLP

By: _____
Maria K. Pum
Partner
Attorneys for Receiver
RICHARD M KIPPERMAN

EXHIBIT A

Exhibit A

Maria Pum

From: Mark Arabo <mark@refinedmgmt.com>
Sent: Tuesday, February 13, 2018 8:39 AM
To: Richard Kipperman
Cc: steve@sflopesq.com; Maria Pum; jameselia04@gmail.com; tdowling@wshblaw.com
Subject: Re: NMA - document request

Dick

Everything for the NMA is on the server at the office. I have provided all of the documents you have requested to date and intend to do that.

Furthermore, Tucker Dowling the NMA Attorney during the litigation may have the documents and Amad Attisha the chairman also may have them as well

I cced Tucker on this email

Email me specifically what you would like from me and I will try to help you find them at the nma server or I can let James know again where he could find anything.

Contracts and agreements I do not have besides RMI contract which I provided

Insurance Company I believe is with Bulldog Insurance but I don't have a policy. The board does. James could call them and get a copy of the policy, I believe the Company ACH the bank account of the NMA every month so their contact info is there

Mark Arabo
Sent from my iPhone

On Feb 13, 2018, at 6:28 AM, Richard Kipperman <rmk@corpimgt.com> wrote:

Mark - As stated in the court's order, "Section 6. c. all documents related to NMA, including by not limited to books, records, correspondence, insurance policies, books and accounts. I do have access to QuickBooks, and spread sheets for the golf tournaments for the past 3 years. Contracts and agreements related to NMA, correspondence, and insurance policies have not yet been provided.

When do you think you can have these available for me?

Richard M Kipperman
Corporate Management, Inc.
PO Box 3010
La Mesa, CA 91944.3010

Phone: 619.668.4500
Facsimile: 619.668.9014

EXHIBIT B

Exhibit B

María Pum

From: Mark Arabo <mark@refinedmgmt.com>
Sent: Tuesday, February 20, 2018 7:43 PM
To: Richard Kipperman
Cc: María Pum; steve@sflopesq.com; hsilver@silverlawfirm.com; Teresa Jorge; tdowling@wshblaw.com; attisha7@gmail.com; attisha001@gmail.com
Subject: Re: NMA - RMI February Invoice.docx

Dick

I can email over the contract which explains my contractual obligations to NMA which RMI is still executing. As you may know, RMI is a different party than myself so I will assume you were asking in your Email what services RMI ARE Providing, not Me.

RMI continues to pay for services on behalf of NMA

I have been helping out James Elia in regards to garnering sponsorship for the NMA Golf tournament including talking to quality towing, angelos towing and others

In regards to contracts, I am not in possession of any contracts with the NMA. As you told me earlier, I have been more than cooperative this entire time

If you need anything in regards to the nma please be very specific in asking

I am happy to help in anyway possible

Mark Arabo
Sent from my iPhone

On Feb 20, 2018, at 6:30 PM, Richard Kipperman <rmk@corpmgt.com> wrote:

Mark – I am not sure what services you are providing NMA. Please elaborate.

I have requested documents from you. The only contracts and or agreements I have received to date at those of RMI, Grassroots, and the sublease. Based upon our conversations I assume you are not in custody or control of any additional agreements or contracts related to NMA.

We discussed the NMA paying for the storage, answering service, and website maintenance. In order to do that please provide copies of the agreements and cooperate in the turnover of responsibility to NMA.

Richard M Kipperman
Corporate Management, Inc.
PO Box 3010
La Mesa, CA 91944.3010

Phone: 619.668.4500
Facsimile: 619.668.9014

From: Mark Arabo [<mailto:mark@refinedmgmt.com>]
Sent: Tuesday, February 20, 2018 6:13 PM
To: Richard Kipperman <rmk@corpimgt.com>
Cc: mpum@hcesq.com; steve@sflopesq.com; hsilver@silverlawfirm.com; Teresa Jorge <teresaj@corpimgt.com>
Subject: Re: NMA - RMI February Invoice.docx

Dick

RMI continues to provide services including pay rent, staffing, consulting etc

NMA has yet to officially notifying RMI that it will be terminating RMI services. As of today, 2/20/18 RMI Is continuing to provide services to the NMA and its members

Please remit payment for the contractual obligations as soon as you can

Thank you

Mark Arabo
Sent from my iPhone

On Feb 20, 2018, at 2:26 PM, Richard Kipperman <rmk@corpimgt.com> wrote:

It was my understanding that RMI was not providing services at this time. I will see the invoice receives appropriate handling.

From: Mark Arabo [<mailto:mark@refinedmgmt.com>]
Sent: Tuesday, February 20, 2018 12:55 PM
To: Richard Kipperman <rmk@corpimgt.com>; mpum@hcesq.com; steve@sflopesq.com; hsilver@silverlawfirm.com
Subject: February Invoice.docx

Dick

Attached is the invoice for the February services provided to the NMA. RMI continues

to provide and render services to the NMA and based on the contract.

Please issue a check ASAP, the NMA is currently in default and material breach.

Mark Arabo
Sent from my iPhone

EXHIBIT C

Exhibit C

Maria Pum

From: Mark Arabo <mark@refinedmgmt.com>
Sent: Tuesday, February 20, 2018 12:50 PM
To: steve@sflopesq.com; Richard Kipperman; Maria Pum; hsilver@silverlawfirm.com
Subject: January Invoice.docx
Attachments: January Invoice.docx

Mr Kipperman

Attached is the invoice for the January payment from NMA that bounced twice. This payment was remitted in good faith for services rendered yet it bounced.. it was written and cashed prior to the court appointing you as the receiver

Please issue another check ASAP, the NMA is currently in default and material breach.

Mark Arabo
Sent from my iPhone

Refined Management, Inc.
c/o Mark Arabo
750 B Street Suite 2340
San Diego, CA 92101

INVOICE

DATE: FEBRUARY 21, 2018

TO:
Neighborhood Market Association
750 B Street Suite 2340
San Diego, CA 92101

DESCRIPTION	AMOUNT
01/01/2018 – Services Rendered to Neighborhood Market Association per contractual agreement for January 2018 (Services include: Rent, Staffing, etc.)	\$13,000.00
Bounced Check Fee	\$15.00
Bounced Check Fee	\$15.00
THIS INVOICE IS PAST DUE. PLEASE REMIT PAYMENT IMMEDIATELY	
TOTAL	\$13,030.00

**Please make checks payable to:
REFINED MANAGEMENT, INC.**

If you have any questions concerning this invoice, contact Mark Arabo at mark@refinedmgmt.com

EXHIBIT D

Exhibit D

Maria Pum

From: Mark Arabo <mark@refinedmgmt.com>
Sent: Tuesday, February 20, 2018 12:55 PM
To: Richard Kipperman; Maria Pum; steve@sflopesq.com; hsilver@silverlawfirm.com
Subject: February Invoice.docx
Attachments: February Invoice.docx

Dick

Attached is the invoice for the February services provided to the NMA. RMI continues to provide and render services to the NMA and based on the contract.

Please issue a check ASAP, the NMA is currently in default and material breach.

Mark Arabo
Sent from my iPhone

Refined Management, Inc.
c/o Mark Arabo
750 B Street Suite 2340
San Diego, CA 92101

INVOICE

DATE: FEBRUARY 21, 2018

TO:
Neighborhood Market Association
750 B Street Suite 2340
San Diego, CA 92101

DESCRIPTION	AMOUNT
02/01/2018 – Services Rendered to Neighborhood Market Association per contractual agreement for February 2018 (Services include: Rent, Staffing, etc.) **THIS INVOICE IS PAST DUE. PLEASE REMIT PAYMENT IMMEDIATELY**	\$46,750.00
TOTAL	\$46,750.00

Please make checks payable to:
REFINED MANAGEMENT, INC.

If you have any questions concerning this invoice, contact Mark Arabo at mark@refinedmgmt.com

EXHIBIT E

Exhibit E

Maria Pum

From: Richard Kipperman <rmk@corpmgt.com>
Sent: Monday, February 12, 2018 9:54 AM
To: Mark Arabo; Maria Pum
Cc: David Rabban; John Estefanos; attisha001@gmail.com; attisha7@gmail.com
Subject: RE: NMA : February Rent Reminder and Rent Increase

I have requested a copy of the lease from him. It should include any guarantee.

From: Mark Arabo [mailto:mark@refinedmgmt.com]
Sent: Monday, February 12, 2018 9:49 AM
To: Maria Pum <mpum@hcesq.com>
Cc: Richard Kipperman <rmk@corpmgt.com>; David Rabban <Davidr@accounting365sd.com>; John Estefanos <John@estefanoslaw.com>; attisha001@gmail.com; attisha7@gmail.com
Subject: Re: NMA : February Rent Reminder and Rent Increase

The landlord or the NMA would have the paperwork, not me

I cced the chairman of the board of the NMA and the landlord

Thank u

Mark Arabo
Sent from my iPhone

On Feb 12, 2018, at 9:38 AM, Maria Pum <mpum@hcesq.com> wrote:

Dear Mr. Arabo,

Please provide the documentation. Thank you.


Best regards,

Maria K. Pum
Partner

Henderson, Caverly & Pum LLP
12750 High Bluff Drive, Suite 300
San Diego, California 92130
(t) 858.755.3000 x 104
(f) 858.755.9900
mpum@hcesq.com

<image001.jpg>

NOTICE: This e-mail message is the property of Henderson, Caverly & Pum LLP. The contents of this message and any attachments are confidential, intended only for the named addressee, and protected by law under the attorney-client privilege, attorney-work-product doctrine, and/or other applicable privileges. If you are not the intended recipient of this message, please forward a copy to mpum@hcesq.com and delete the message and its attachments from your computer. Thank you for your cooperation.

 Please consider the environment before printing this email

From: Mark Arabo [<mailto:mark@refinedmgmt.com>]
Sent: Saturday, February 10, 2018 12:22 AM
To: Richard Kipperman <rmk@corpmgt.com>
Cc: David Rabban <Davidr@accounting365sd.com>; John Estefanos <John@estefanoslaw.com>; Maria Pum <mpum@hcesg.com>
Subject: Re: NMA : February Rent Reminder and Rent Increase

Dick

If I recall correctly, the NMA board authorized and chairman signed a guarantee for the rent in the event refined mgmt cannot pay the rent or does not pay the rent. I have not paid the rent in feb, so based on the guarantee NMA made for the space in the event RMI does not pay; NMA would owe the monthly rent payments

FYI- RMI has not paid the Rent for Feb which now makes the NMA liable to pay the rent based on the agreement the NMA board made.

Thank you

Mark Arabo
Sent from my iPhone

On Feb 9, 2018, at 3:01 PM, Richard Kipperman <rmk@corpmgt.com> wrote:

Mr. Rabban – is Neighborhood Market Association as signatory to the lease? If so please provide me a copy.

Richard M Kipperman
Corporate Management, Inc.
PO Box 3010
La Mesa, CA 91944.3010

Phone: 619.668.4500
Facsimile: 619.668.9014

From: Mark Arabo [<mailto:mark@refinedmgmt.com>]
Sent: Friday, February 09, 2018 11:47 AM
To: David Rabban <Davidr@accounting365sd.com>
Cc: John Estefanos <John@estefanoslaw.com>; Richard Kipperman <rmk@corpmgt.com>
Subject: Re: February Rent Reminder and Rent Increase

The receiver is on this email

If he doesn't pay you should pursue your legal options

Thank you

Mark Arabo
Sent from my iPhone

On Feb 9, 2018, at 11:41 AM, David Rabban <Davidr@accounting365sd.com> wrote:

Hi Mark,

Hope all is well. We still haven't received the rent check or a reply to when we should expect the rent check.

The rent check was due **February 1st** and now is very **LATE**. Please make checks payable to Americapital Commercial Inc. The rent amount is **\$4,410**. Please let me know **TODAY** when we should expect payment of the rent. I need a response from either you or the receiver by the end of business today.

Thanks,
David Rabban
Americapital Commercial Inc
619.876.6581

From: David Rabban <Davidr@accounting365sd.com>
Date: Monday, February 5, 2018 at 3:39 PM
To: Mark Arabo <mark@refinedmgmt.com>
Cc: John Estefanos <John@estefanoslaw.com>, "rmk@corpmgt.com" <rmk@corpmgt.com>
Subject: Re: February Rent Reminder and Rent Increase

Hi Mark,

Hope all is well. We still haven't received the rent check or a reply to when we should expect the rent check.

The rent check was due February 1st. Please make checks payable to Americapital Commercial Inc. The rent amount is **\$4,410**. Please let me know today when we should expect payment of the rent.

Thanks,
David Rabban
Americapital Commercial Inc
619.876.6581

EXHIBIT F

Exhibit F



GRASSROOTS
RESOURCES

Management Services Agreement

This Contract for Services ("Contract") is made effective as of October 01, 2015 by and between Grassroots Resources, Inc. ("GR") and the Client Refined Management ("RM").

GR has a background in government and community relations, event planning, and staff management, and is willing to serve as a subcontractor for RMI for services to the Neighborhood Market Association (NMA) based on this background.

The parties agree as follows:

DESCRIPTION OF SERVICES. Beginning on October 01, 2015, GRASSROOTS RESOURCES will provide to REFINED MANAGEMENT the following services (collective, "Services"):

1. Day-to-day staff management.
2. NMA member services, including but not limited to, acquisition, follow up, and billing.
3. Planning and logistical services associated with NMA events.
4. Facilitate community outreach efforts on behalf of the NMA, including but not limited to, charity and "goodwill" efforts

With this contract, GR agrees to perform these services to the best of its abilities and with the best interests of RMI in mind.

PERFORMANCE OF SERVICES. The manner in which the Services are to be executed, including but not limited to staff allocation, hours of operation, and partnerships shall be determined solely by the discretion of GR management.

GR

RMI

PAYMENT. RMI agrees to pay GR the following fees for Services provided on the first business day of every month with a 5% increase in every subsequent year that this contract is enacted:

Initial Year – 2015:	\$9,000.00 monthly
Second Year – 2016:	\$14,000.00 monthly
Third Year – 2017:	\$14,700.00 monthly
Fourth Year – 2018:	\$15,435.00 monthly
Fifth Year – 2019:	\$16,207.00 monthly
Sixth Year – 2020:	\$17,018.00 monthly
Seventh Year – 2021:	\$17,069.00 monthly

TERM/TERMINATION. This contract shall be effective until December 31st, 2021 with the option to extend for an additional two (2) years if both parties agree with the terms of negotiation.

GR may choose to terminate this contract at any time with prior written notice. RMI has the option to terminate this contract with the condition that any claims and losses, as well as 50% of the fees to be collected by GR through the remainder of the contract are paid within a 30-day period from day of termination.

EMPLOYEE BENEFITS. It is understood by the parties that GR is an independent contractor with respect to RMI, and not an employee of RMI. RMI will not provide any employee benefits, including but not limited to fringe benefits, health benefits, or paid vacation.

CONFIDENTIALITY. RMI recognizes that GR has and will have the following information and other proprietary information (collectively, "Information") which are valuable, special and unique assets of RMI and need to be protected from improper disclosure. In consideration for the information, GR agrees that GR will not at any time or in any manner, either directly or indirectly, use any information for RMI's own benefit, or divulge, disclose, or communicate in any manner any information to any third party without the prior written consent of RMI. GR will protect the information and treat it as strictly confidential. A violation of this paragraph shall be a material violation of this Agreement. The confidentiality provisions of this Agreement shall remain in full force and effect after the termination of this Agreement.

UNAUTHORIZED DISCLOSURE OR INFORMATION. If it appears that GR has disclosed (or has threatened to disclose) information in violation of this Agreement, RMI shall be entitled to an injunction to restrain GR from disclosing, in whole or in part, such information, or from providing any services to any party to whom such information has been disclosed or may be disclosed. RMI shall not be prohibited by this provision from pursuing other remedies, including a claim for losses and damages.



GR



RMI

SERVICES TO THIRD PARTIES. The parties recognize that GR may and will provide consulting services to third parties. However, GR is bound by the confidentiality provisions of this Agreement, and GR may not use the Information, directly or indirectly, for the benefit of third parties.

RETURN OF RECORDS. Upon termination of this Agreement, GR shall deliver all records, notes, data, memoranda, models, and equipment of any nature that are in GR's possession or under GR's control and that are RMI's property or relation to RMI's business.

NOTICES. All notices required or permitted under this Agreement shall be in writing and shall be deemed delivered in person or deposited in United States mail, postage prepaid, addressed as follows.

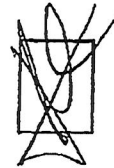
IF for RMI:
Refined Management, Inc.
Mark Arabo
President
750 B Street Suite 2340
San Diego, CA 92101

IF for GR:
Grassroots Resources
Jesus Cardenas
CEO
750 B Street Suite 2340
San Diego, CA 92101

A change of address for either party shall be notified to the other party by providing a written notice promptly.

ENTIRE AGREEMENT. This Agreement contains the entire Agreement of the parties and there are no other promises or conditions in any other agreement whether oral or written. This Agreement supersedes any prior written or oral agreements between parties.

AMENDMENT. This Agreement may be modified or amended if the amendment is made in writing and is signed by both parties.



GR



RMI

SEVERABILITY. If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provisions of this Agreement is invalid and unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

WAIVER OF CONTRACTUAL RIGHT. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

APPLICABLE LAW. This Agreement shall be governed by the laws of the State of California.

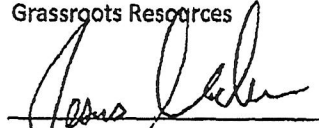
SIGNATORIES. This Agreement shall be executed on the behalf of the Refined Management, Inc. by Mark Arabo, Its President, and on behalf of Grassroots Resources by Jesus Cardenas, it's CEO.

PARTY RECEIVING SERVICES
Refined Management, Inc.



Mark Arabo
President

PARTY RENDERING SERVICES
Grassroots Resources



Jesus Cardenas
CEO



EXHIBIT G

Exhibit G

Maria Pum

From: Ronald Lacey <rlaceyconsult@yahoo.com>
Sent: Tuesday, February 13, 2018 10:59 PM
To: Richard Kipperman
Cc: Maria Pum; Mark Arabo; Amad Attisha
Subject: Re: NMA - Lacey contract

Good evening Mr. Kipperman:

I appreciate your inquiries into my association with the NMA over the last year. For the record, I'm working to put together the pay records that I have in my possession for the period of February 2017 to present.

My tenure with the NMA has been a verbal agreement between myself and key board members of the NMA. It was my understanding that I'd be paid a stipend of \$3,000/month until a permanent situation could be formally enacted once the NMA was released from pending litigation from despondent board members.

I agreed in principle to accept a stipend of \$1,000/month until the lawsuit was settled. I also was led to believe that the remaining part of my \$3,000/month salary would be forthcoming once the lawsuit ended. As it stands, I have performed my duties and I'm still available to continue performing my duties until further notice. At this time, I'm only asking to be paid in full for services rendered. I've been informed that my services may no longer be needed and my future with NMA is in limbo due to circumstances related to the outcome of the lawsuit that literally brought me into the leading role at NMA.

In response to your inquiry about my contract with NMA, you'd need to discuss that with the board and Mark Arabo. Similar to my position with elected officials at the City of San Diego, both in the Mayor's Office and in two city council offices, I accepted the position with NMA as an appointment; no contract, no application. The understanding was verbal between trusted associated and to date, I've had no reason to question my position or my salary since our agreement was made.

I was forced to consult with an attorney because no one had responded to my request for pay for months. I'm sure the outcome of the lawsuit is at the heart of the lack of response since it did not end the way my associates thought it would, but that is not my concern as it relates to duties performed. For the record, I was paid according to our agreement until October 2017. September 2017 was the last check I received for \$1,000. I have continued to perform services for NMA and its clients as needed with the understanding that I would be paid at some point in time. As the months went by, it became increasingly obvious that my ability to get paid was not going to be as promised.

I have finally concluded that I needed to take an alternative route and pursue this matter from a legal perspective if necessary. I hope that it does not come to that and that this matter can be resolved amicably. I recollect that NMA takes in \$6000-\$7,000/month from its vendors/clients. I'm willing to work with NMA/Conservator to work out arrangements just as I have all since taking the position of NMA President during these turbulent months while the association was faced with legal challenges from within.

I should have the paperwork with my paystubs in your hands by the end of the week provided I can pull them together. I will scan them and send you an email once I have them. In the mean time, I hope you'll discuss my appointment with the board members that recruited me to assist with day to day operations with the promise of a permanent position, provided the lawsuit was favorable to the existing board. You can contact Amad, Bashar, or Prince Oram regarding my tenure or you can discuss it with Mark Arabo, whom I worked with closely throughout my tenure to ensure that NMA clients and vendors were provided professional services as was accustomed.

Sincerely:

Ron E. Lacey
NMA President
619-301-3573



From: Richard Kipperman <rmk@corpmgt.com>
To: "rlaceyconsult@yahoo.com" <rlaceyconsult@yahoo.com>
Cc: Maria Pum <mpum@hcesq.com>; Mark Arabo <mark@refinedmgt.com>
Sent: Tuesday, February 13, 2018 6:12 AM
Subject: NMA - Lacey contract

Mr. Lacey:

Please provide me a copy of your consulting agreement, current invoice, invoices and payment history for 2017 and 2018.

Richard M Kipperman
Corporate Management, Inc.
PO Box 3010
La Mesa, CA 91944.3010

Phone: 619.668.4500
Facsimile: 619.668.9014

From: Mark Arabo [mailto:mark@refinedmgt.com]
Sent: Monday, February 12, 2018 11:04 PM
To: Ronald Lacey <rlaceyconsult@yahoo.com>
Cc: Ahmad/Mark Arabo <attisha7@gmail.com>; Richard Kipperman <rmk@corpmgt.com>; mpum@hcesq.com; attisha001@gmail.com; tdowling@wshblaw.com; rlahiri@wshblaw.com; basharballo@yahoo.com; steve@sflopesq.com
Subject: Re: Remittance

Ron

I cced the court appointed receiver, his attorney, the NMA Attorney during the trial, the NMA chairman of the state board and the NMA chairman of the San Diego board and the RMI Attorney.

I am sorry to hear the NMA has done this to you and I hope they could resolve it with you.

They are currently also in material breach with refined mgmt, yet I am still trying to resolve RMI issues with them waiting their response regarding the material breach in the RMI Contract. I am still providing services to the NMA hopeful they could reach a agreement with RMI. I recommend you try to work it out with them if you can. Getting attorneys involved should be the last resort. Try to work it out with them if you can.

You did great work as the NMA president, but I have zero authority to recommend anything to the board regarding this issue.

I connected you to everyone you need to talk about in this email

Wish you all the best

Mark Arabo
Sent from my iPhone

On Feb 12, 2018, at 10:21 PM, Ronald Lacey <rlaceyconsult@yahoo.com> wrote:

Greetings Ahmad and Mark:

I'm sending this email to request an update on my outstanding salary of \$28,000. It has been 2 weeks since my last correspondence on this matter and I have yet to get a response from either of you or the court appointed conservator.

I have taken the liberty of speaking with an attorney and I have been assured that I have legal redress in this matter, something that I'm not inclined to pursue if this matter can be addressed in a timely manner.

Mark, you'd be called as a witness in this matter as you accompanied me on several of the functions that I was involved in and you spent quite a bit of time with me as we did work with the ABC on behalf of the members of NMA.

In trusting the words of the key board members, I felt that I was safe to except a partial salary until the financial situation with NMA was worked out. Now that the lawsuit has been concluded, its time to pay me the remainder of the funds that were promised.

I hope to hear from both of you or at least one of you to let me know when I can expect to receive the remainder of my salary, \$28,000.

I'd prefer not to take this matter to the courts, but at this time, I'm not sure that I have any other choice.

Sincerely yours:

Ron E Lacey
NMA President

Ron E. Lacey
Lacey Consulting
619-301-3573

