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CASE NO: A-20-810683-C
Department 16

8
9 **DISTRICT COURT**
10 **CLARK COUNTY, NEVADA**

11 SOLACE HOLDINGS, LLLP, a Nevada
limited liability limited partnership,

12 Plaintiff,

13 vs.

14 CASE MANDEL, an individual, and
15 TRINIDAD CONSULTING, LLC, a limited
liability company,

16 Defendants.

Case No. _____

Dept. No. _____

COMPLAINT

17 **NATURE OF THE CASE**

18 1. Defendant Case Mandel (“Mandel”) is desperate to raise money, and will say or
19 do anything to get what he wants. Mandel inflated projections for his cannabadoil (“CBD”)
20 business by over 2,000% when compared to his actual sales in order to con Plaintiff Solace
21 Holdings LLLP (“Solace”) and its related affiliates out of over \$1.2 million under three separate
22 contracts. It started back in September 2018 when Mandel, through Cannadips, LLC
23 (“Cannadips”), a wholly owned subsidiary of Defendant Trinidad Consulting, LLC (“Trinidad”),
24 which Mandel owns and controls, entered into a Convertible Loan Agreement with Telloni
25 Holdings Limited (“Telloni”), an affiliate of Solace. Pursuant to that agreement, Telloni provided
26 Mandel (through Cannadips) with \$500,000.00 to fund Mandel’s CBD business. Subsequently,
27 around the beginning of 2019, Telloni and Cannadips amended the Convertible Loan Agreement
28

1 and increased the loan for Mandel’s business to \$1 million. In or around July 2019, Mandel once
2 again made a desperate plea for more funds, this time claiming he needed to fund his business’
3 marketing expenses. Based upon representations of Mandel and Trinidad, Solace gave Mandel
4 and his business more funds by providing Trinidad with a bridge loan for \$200,000.00, which the
5 parties agreed would be paid-in-full after three months with all accrued and unpaid interest. The
6 bridge loan was memorialized by a Credit Facility Note for \$200,000.00 with Trinidad as the
7 Maker and Solace as the Holder (“Credit Facility Note”). See **Exhibit 1** hereto. Unbeknownst
8 to Solace, Mandel and Trinidad never intended to honor their representations and promises
9 and/or the terms and conditions of the Credit Facility Note, and when this Credit Facility Note
10 reached its maturity date, Mandel and Trinidad refused and continue to refuse to pay back what
11 Solace is rightfully owed. This lawsuit relates to the collection of funds due to Solace under the
12 Credit Facility Note. Solace’s affiliate Telloni will be seeking damages in a separate jurisdiction
13 for the \$1 million provided by Telloni to Mandel, Cannadips, and Trinidad as referenced herein.

14 **THE PARTIES, JURISDICTION, AND VENUE**

15 2. Plaintiff Solace is organized under the laws of the State of Nevada, with its
16 principal place of business located in Clark County, Nevada.

17 3. Upon information and belief, Defendant Mandel is a resident of Humboldt
18 County, California.

19 4. Upon information and belief, Defendant Trinidad is a California limited liability
20 company that maintains or has maintained a principal place of business in Humboldt County,
21 California.

22 5. The exercise of jurisdiction by the above-captioned court over Defendants in this
23 civil action is appropriate based upon Trinidad’s consent to jurisdiction contained in the Credit
24 Facility Note and otherwise pursuant to N.R.S. § 14.065. See **Exhibit 1**, p. 3 ¶ 7.

25 6. Venue is proper in this district because the parties agreed that any action brought
26 by Solace to enforce the Credit Facility Note at issue would be instituted and prosecuted in the
27 District Court of Clark County, Nevada. See **Exhibit 1**, p. 3 ¶ 7.

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1 **GENERAL ALLIGATIONS**

2 7. In 2018, Mandel approached Solace asking for a loan to fund his CBD¹ business.
3 To induce Solace to provide funds, Mandel represented that the business would succeed and that
4 he and his company would pay the loan back timely, and also provided Solace with projections
5 for his CBD business that grossly overstated the projected revenue and profits. There was no
6 reasonable factual basis to support these projections. Yet, Mandel concealed from Solace that the
7 projections were not supportable, and presented them to Solace as reliable.

8 8. As Mandel intended, Solace relied on the projections and Mandel's
9 representations, and agreed to loan the money. To effectuate this loan, Cannadips, LLC
10 ("Cannadips"), a wholly owned subsidiary of Trinidad, which Mandel owns and controls,
11 entered into a Convertible Loan Agreement with Telloni, an affiliate of Solace, pursuant to
12 which Telloni provided Cannadips (and effectively, Mandel) with \$500,000.00 to fund his CBD
13 business.

14 9. Subsequently, that same year, Mandel told Solace he needed more money to make
15 the CBD business work, which would enable him (through Trinidad) to pay back the first loan.
16 As such, Mandel effectively represented that without this additional loan, he and his business
17 would not pay back the first loan. Solace and its affiliate Telloni trusted Mandel and reasonably
18 relied on his representations and agreed to provide more money. In fact, Solace and Telloni had
19 no choice but to provide more money to avoid losing any hope of being paid back on the first
20 loan. As a result, Telloni and Trinidad amended this Convertible Loan Agreement and increased
21 the loan for Mandel's business to \$1,000,000.00.

22 10. Then, in or around July 2019, Mandel once again made a plea for funds, this time

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24 ¹ CBD or cannabidiol is a legal substance derived directly from the hemp plant that contains less
25 than 0.3% THC. While CBD is a component of marijuana, by itself it does not cause a
26 "high." See Peter Grinspoon, MD, *Cannabidiol (CBD) - What We Know and What We Don't*,
27 <https://bit.ly/2SseGus> (February 14, 2020, 9:00 AM). On December 20, 2018, the United States'
28 federal government passed the Agriculture Improvement Act of 2018, Pub. L. 115-334, (the
"2018 Farm Bill"), which removed hemp from the Controlled Substances Act, which, in turn,
legalized CBD under federal law. See Food and Drug Administration, *Regulation Of Cannabis
and Cannabis-derived Products: Q&A Office Commissioner*, <https://bit.ly/2OVN5zk> (February
14, 2020, 9:00 AM).

1 claiming a need to fund his business' marketing expenses, which would be needed for the
2 business to succeed to in turn ensure the previously paid loan amounts would be paid back.
3 Again facing a situation where Solace and Telsoni needed to provide these additional funds to
4 preserve the chances of Mandel and his companies paying back the earlier loans, Solace agreed
5 to provide Trinidad and, by association, Mandel, with a new bridge loan for \$200,000.00 (the
6 "Bridge Loan" aka "Credit Facility Note").

7 11. To effectuate this Bridge Loan, on July 8, 2019, Trinidad executed a Credit
8 Facility Note (the "Credit Facility Note") in exchange for a \$200,000.00 line of credit to be
9 provided by Solace. A true and correct copy of the Credit Facility Note is attached hereto as

10 **Exhibit 1.**

11 12. Solace provided Trinidad with disbursements of the entire Bridge Loan.

12 13. Each disbursement accrued interest thereon at a rate of Fourteen Percent (14%)
13 per annum, compounded monthly from the date it was disbursed, computed on the basis of a 360
14 day year and a 30 day month. **Exhibit 1**, p. 1 ¶ 2(a).

15 14. All borrowed funds under the Credit Facility Note, together with all accrued and
16 unpaid interest, became due and owing on October 8, 2019. *Id.*, p. 1 ¶ 2(b).

17 15. Trinidad did not pay the amounts due on or before the maturity date of October 8,
18 2019, and has failed and refused to pay the indebtedness due to Solace at any time since despite
19 demand therefore being made. Trinidad is therefore in default under the Credit Facility Note.

20 16. Under the Credit Facility Note, the principal of the Bridge Loan and interest are
21 past due and owing, and interest will continue to accrue unless and until the default is cured.

22 17. Solace has made reasonable and diligent efforts to locate the original of the Credit
23 Facility Note, but has been unable to find it and now believes that it has been accidentally
24 misplaced, destroyed or lost.

25 18. Solace was and has been entitled to enforce the Credit Facility Note since its
26 execution, including when loss of possession of the original occurred.

27 19. Solace has not sold, negotiated, transferred, assigned or indorsed the Credit
28 Facility Note in any manner whatsoever, and Solace continues to be the owner in its own right of

1 the Credit Facility Note. The original of the Credit Facility Note has not been seized by any
2 person or entity, lawfully or otherwise. Therefore, the loss of possession of the original of the
3 Credit Facility Note was not the result of an assignment or transfer by Solace or a lawful seizure.

4 20. Solace cannot reasonably obtain possession of the original of the Credit Facility
5 Note because it was either destroyed or its whereabouts cannot be determined.

6 21. The copy of the Credit Facility Note attached hereto in this action is a complete,
7 accurate, and authentic copy, and contains identical terms and conditions to the original Credit
8 Facility Note.

9 22. All conditions precedent to the prosecution of this action have been performed,
10 satisfied, excused or waived.

11 23. Solace has been required to retain the services Clark Hill PLC and Perlman,
12 Bajandas, Yevoli & Albright, P.L. to enforce its rights under the Credit Facility Note and
13 prosecute this action and, under the Credit Facility Note, is entitled to costs associated with
14 enforcing this action, including without limitation, all reasonable attorneys' fees, costs, and
15 expenses.

16 **FIRST CLAIM FOR RELIEF**

17 (Fraud in the Inducement against Mandel and Trinidad)

18 24. Plaintiff Solace repeats and re-alleges Paragraphs 1 through 23 above as if set
19 forth fully herein.

20 25. Solace sues Mandel and Trinidad for fraudulent inducement of Solace to enter
21 into the Note.

22 26. Mandel, both individually and as a representative and/or agent of Trinidad,
23 knowingly (i) made false or misleading statements of material fact to Solace, (ii) concealed and
24 omitted material information from Solace, and (iii) made false promises of future conduct. This
25 includes but is not limited to instances such as (i) when, on February 17, 2018, Mandel e-mailed
26 employees of Solace a spreadsheet of Cannadips' projected sales that over inflated its actual
27 sales figures by over 2,000% in order to induce Solace to enter into the Credit Facility Note; and
28 (ii) when, on November 13, 2018, Mandel e-mailed employees of Solace a presentation titled

1 “Cannadips Update & CBD Production” where Mandel projects Cannadips to bring in \$9.2
2 million in revenue in 2019, when in reality the company only generated approximately \$1.9
3 million in revenue in 2019, in order to induce Solace to enter into the Credit Facility Note. These
4 misrepresentations, omissions and false promises are described above and are referred to in this
5 claim as the “misrepresentations and omissions.”

6 27. Mandel and Trinidad were obligated to disclose omitted material facts, among
7 other reasons, to prevent statements and representations from being misleading.

8 28. Mandel and Trinidad intended for Solace to rely and act on the misrepresentations
9 and omissions, and Solace did detrimentally rely upon the misrepresentations and omissions.
10 The misrepresentations and omissions induced Solace, in reliance, (i) to enter into the Bridge
11 Loan; (ii) to provide funds to Mandel and Trinidad, including the funding of the Bridge Loan;
12 (iii) to defer and/or lose other business opportunities in the CBD industry, thereby delaying
13 Solace’s entry into this market, and (iv) to necessarily incur legal fees and costs and other
14 expenses in connection with the Credit Facility Note.

15 29. Solace’s reliance was reasonable and justified. Solace would not have entered
16 into and funded the Bridge Loan, conducted due diligence and investigation, deferred and/or lost
17 other market opportunities, or incurred significant fees, costs and expenses, but for Mandel’s and
18 Trinidad’s misrepresentations and omissions.

19 30. Mandel’s and Trinidad’s conduct constitutes fraud in the inducement.

20 31. As a direct and proximate result of the above and foregoing, Solace has suffered
21 and will continue to suffer damages in an amount to be proven at trial with said amount being in
22 excess of fifteen thousand dollars (\$15,000.00).

23 32. Solace has been required to retain the services Clark Hill PLC and Perlman,
24 Bajandas, Yevoli & Albright, P.L. to enforce its rights under the Credit Facility Note and
25 prosecute this action and, under the Credit Facility Note, is entitled to costs associated with
26 enforcing this action, including without limitation, all reasonable attorneys’ fees, costs, and
27 expenses.

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SECOND CLAIM FOR RELIEF
(Breach of Note against Trinidad)

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3 33. Plaintiff Solace repeats and re-alleges Paragraphs 1 through 32 above as if set
4 forth fully herein.

5 34. Trinidad materially defaulted under the terms of the Credit Facility Note as
6 alleged above, including by failing to make the required payment of principal and interest due on
7 October 8, 2019, or at any time thereafter. All amounts (including principle and interest) under
8 the Credit Facility Note are past due and owing.

9 35. By virtue of Trinidad's default and pursuant to the terms of the Credit Facility
10 Note, Solace has declared, and hereby again does declare, the full amount of the Credit Facility
11 Note and accrued interest due and owing by Trinidad to Solace.

12 36. Consequently, as of October 8, 2019, Trinidad has owed and continues to owe
13 Solace the full unpaid principal under the Credit Facility Note, together with accrued and
14 accruing interest, and other charges, including but not limited to attorneys' fees and costs which
15 are also recoverable under the Credit Facility Note. Attorneys' fees and costs, interest and other
16 charges continue to accrue.

17 37. To date, no payment has been received and interest is continuing to accrue on the
18 Note.

19 38. As a result of the above and foregoing, Trinidad is in an unremedied breach of the
20 terms and conditions of the Credit Facility Note.

21 39. As a direct and proximate result of the above and foregoing, Solace has suffered
22 and will continue to suffer damages in an amount to be proven at trial with said amount being in
23 excess of fifteen thousand dollars (\$15,000.00).

24 40. Solace has been required to retain the services Clark Hill PLC and Perlman,
25 Bajandas, Yevoli & Albright, P.L. to enforce its rights under the Credit Facility Note and
26 prosecute this action and, under the Credit Facility Note, is entitled to costs associated with
27 enforcing this action, including without limitation, all reasonable attorneys' fees, costs, and
28 expenses

THIRD CLAIM FOR RELIEF
(Unjust Enrichment against Trinidad and Mandel)

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3 41. Plaintiff Solace repeats and re-alleges Paragraphs 1 through 40 above as if set
4 forth fully herein.

5 42. Mandel and Trinidad set into motion a series of events that induced Solace into
6 lending Trinidad the Bridge Loan referenced above.

7 43. Solace conferred a benefit upon Trinidad by providing Trinidad \$200,000.00
8 pursuant to the Credit Facility Note.

9 44. Upon information and belief, some or all of the Bridge Loan funds provided to
10 Trinidad have been transferred to Mandel or otherwise have inured to the benefit of Mandel thus
11 providing Mandel a benefit conferred by Solace.

12 45. Trinidad and Mandel have appreciated the benefit and have accepted and retained
13 the \$200,000.00 provided by Solace pursuant to the Bridge Loan.

14 46. Although Trinidad and Mandel had actual knowledge that the money provided by
15 Solace was a loan and not a gift and that Solace expected to be reimbursed therefore, Trinidad
16 failed to make the required payment due on the Loan's maturity date, October 8, 2019, or any
17 subsequent day thereafter. Mandel has likewise paid no compensation to Solace for any benefits
18 received by Mandel.

19 47. Retention by Trinidad and Mandel of the \$200,000.00 benefit received from
20 Solace under the circumstances described above would be inequitable and unjust.

21 48. Thus, Trinidad and Mandel have been unjustly enriched by failing to repay the
22 amount loaned by Solace.

23 49. As a direct and proximate result of the above and foregoing, Solace has suffered
24 and will continue to suffer damages in an amount to be proven at trial with said amount being in
25 excess of fifteen thousand dollars (\$15,000.00).

26 50. Solace has been required to retain the services Clark Hill PLC and Perlman,
27 Bajandas, Yevoli & Albright, P.L. to enforce its rights under the Credit Facility Note and
28 prosecute this action and, under the Credit Facility Note, is entitled to costs associated with

1 enforcing this action, including without limitation, all reasonable attorneys' fees, costs, and
2 expenses

3 WHEREFORE, Plaintiff Solace prays for relief as follows:

- 4 1. Monetary damages in an amount to be proven at trial with said amount
5 being in excess of fifteen thousand dollars (\$15,000.00);
- 6 2. For enforcement of the Credit Facility Note;
- 7 3. For attorney fees and costs; and
- 8 4. For such other and further relief as the Court deems just and proper.

9 Dated this 18th day of February, 2020.

10 CLARK HILL PLC

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