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7 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
8 **COUNTY OF ORANGE**

Assigned to for All Purposes:

10 Brian Lannon and Peter Lannon,

CASE NO. Judge Theodore Howard
30-2020-01143480-CU-BC-CJC

11 Plaintiffs,

COMPLAINT FOR:

12 vs.

- 1) **BREACH OF FIDUCIARY DUTY**
- 2) **AIDING AND ABETTING BREACH OF FIDUCIARY DUTY**
- 3) **WRONGFUL TERMINATION IN VIOLATION OF PUBLIC POLICY**
- 4) **BREACH OF CONTRACT: VOTING AGREEMENT**
- 5) **BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING: VOTING AGREEMENT**
- 6) **VIOLATION OF CORPORATIONS CODE §§ 303, 709**
- 7) **FRAUD / FRAUDULENT INDUCEMENT**
- 8) **TORTIOUS INTERFERENCE WITH CONTRACT / INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE**
- 9) **SLANDER**
- 10) **CONVERSION**

13 Bedford Acquisition Partners Ltd., QC
14 CLB I, LLC (d/b/a CanLab), Gary
Hopkinson, Billy Hagstrom, Tyler Autera,
15 Tom Autera, Eric Weinstein, Chris
Hetherington, QC Labs, Inc. (d/b/a
16 Cannalysis Labs), DOES 1 through 10,
17 inclusive,

18 Defendants.
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**11) VIOLATION OF CORPORATIONS
CODE §§ 1600 *ET SEQ.***

**REQUEST FOR HEARING
PURSUANT TO CORPORATIONS
CODE § 709(b)**

DEMAND FOR JURY TRIAL

1 **INTRODUCTION**

2 1. This action involves the unlawful ouster of the founder and CEO of a highly
3 successful start-up company by an unscrupulous investment group fixated on seizing
4 control of the company by any means possible.

5 2. Plaintiff Brian Lannon is the founder of Cannalysis Labs, a successful
6 provider of state-of-the-art testing services to the growing cannabis industry in California.
7 His father, Peter Lannon, was an early investor in the company and is also a Plaintiff in
8 this action.

9 3. Defendant Gary Hopkinson (and others) fraudulently induced Plaintiffs to
10 accept an investment from Defendant Bedford Acquisition Partners Ltd. (which investment
11 was ultimately made through another entity, Defendant QC CLB I, LLC (d/b/a CanLab)).
12 While the investment ostensibly was for a 44% ownership interest in the company,
13 Hopkinson, Bedford, and CanLab implemented a scheme to take control of the company
14 shortly thereafter.

15 4. With the help of Defendant Billy Hagstrom, Hopkinson, Bedford, and
16 CanLab employed a strategy of divide-and-conquer; they recruited others to participate in
17 their unlawful scheme by offering various inducements and financial incentives, including
18 Defendants Tyler and Tom Autera, Eric Weinstein, and Chris Hetherington.

19 5. Defendants then orchestrated a secret meeting of Cannalysis Labs'
20 shareholders to remove Brian Lannon (along with another individual) from the company's
21 board of directors. The newly constituted board then "unanimously" acted to remove
22 Brian Lannon as the company's CEO. Plaintiffs were not given notice of or provided an
23 opportunity to vote on either of these actions, which were in direct violation of the
24 California Corporations Code, the company's Bylaws, and the Voting Agreement among
25 the parties.

26 6. Nonetheless, Defendants have now successfully isolated Plaintiffs from the
27 company's affairs – even going so far as to refuse to give them access to corporate records
28 to which all shareholders are entitled as a matter of California law – and are running the

1 company entirely for their own benefit, to the extreme detriment of Plaintiffs.

2 7. After repeated attempts to convince Defendants to address their unlawful
3 course of conduct failed, Plaintiffs were forced to bring this action to enforce their rights.

4 **THE PARTIES**

5 8. Plaintiff Brian Lannon is an individual residing in the state of California. He
6 is the founder and former CEO of QC Labs, Inc. (d/b/a Cannalysis Labs) (“Cannalysis
7 Labs”) and owns in excess of 2.6 million shares of common stock in Cannalysis Labs.

8 9. Plaintiff Peter Lannon, Brian Lannon’s father, is an individual residing in the
9 state of California. He is an investor in Cannalysis Labs and owns in excess of 267,000
10 shares of common stock in Cannalysis Labs.

11 10. Defendant Gary Hopkinson is an individual who, on information and belief,
12 resides in the state of California. Hopkinson represented himself as a principal of Bedford
13 Acquisition Partners Ltd., as well as QC CLB I, LLC (d/b/a CanLab), the entity that
14 Bedford utilized to invest in Cannalysis Labs.

15 11. Defendant QC CLB I, LLC (d/b/a CanLab) (“CanLab”) is a Delaware
16 corporation. On information and belief, its headquarters are located in El Segundo,
17 California.

18 12. On information and belief, Defendant Bedford Acquisition Partners Ltd.
19 (“Bedford”) is an owner, director and manager of CanLab. On information and belief,
20 Bedford and CanLab are and were at all relevant times alter egos of one another, and
21 Bedford’s headquarters are also located in El Segundo, California.

22 13. Defendant Billy Hagstrom is an individual who, on information and belief,
23 resides in the state of California and is an employee and/or agent of Bedford and CanLab.

24 14. Defendant QC Labs (d/b/a Cannalysis Labs) (“Cannalysis Labs”) is a
25 California corporation with its headquarters in Orange County, California. Cannalysis
26 Labs is a provider of cannabis testing services.

27 15. Defendant Tyler Autera is an individual residing in the state of California.
28 He is a shareholder and employee of Cannalysis Labs. He previously worked as

1 Cannalysis Labs’ Chief Operating Officer (“COO”) and was later named its Chief
2 Executive Officer, Chief Financial Officer, and Secretary.

3 16. Defendant Tom Autera, Tyler Autera’s father, is an individual who resides in
4 the state of California. He is an investor in, and employee of, Cannalysis labs.

5 17. Defendant Eric Weinstein is an individual who, on information and belief,
6 resides in the state of New York. Throughout the relevant time period, he was a member
7 of Cannalysis Labs’ board of directors.

8 18. Chris Hetherington is an individual who, on information and belief, resides
9 in the state of California. Throughout the relevant time period, he was a member of
10 Cannalysis Labs’ board of directors.

11 19. Plaintiffs are ignorant of the true names and capacities of defendants sued
12 herein as Does 1- 10, inclusive, and therefore sue these defendants by such fictitious
13 names. Plaintiffs will amend this Complaint to allege their true names and capacities when
14 ascertained. Plaintiffs are informed and believe and thereon allege that each of these
15 fictitiously named defendants is responsible in some manner for the occurrences herein
16 alleged, and that Plaintiffs’ injuries as herein alleged were proximately caused by the
17 aforementioned Defendants.

18 20. On information and belief, each of the Defendants acted at all relevant times
19 as the agent, co-conspirator, and/or alter ego of each of the other Defendants, and in doing
20 the things alleged herein acted within the course and scope of such agency, alter-ego
21 relationship, and/or conspiracy. Each of the Defendant’s acts alleged herein was done with
22 the permission and consent of each of the other Defendants.

23 **JURISDICTION AND VENUE**

24 21. This Court has jurisdiction over this action pursuant to sections 1060, 410.10
25 and 187 of the Code of Civil Procedure; sections 709, 1600 and 1601 of the California
26 Corporations Code; and Article VI, Section 10 of the California Constitution, which grants
27 State Superior Courts “original jurisdiction in all causes except those given by statute to
28 other trial courts.”

1 of its headquarters in Orange County.

2 27. From its inception, Brian served as Cannalysis Labs' President and CEO,
3 and as a member the company's board of directors.

4 ***Cannalysis Labs Technology***

5 28. In 2015, California enacted legislation requiring the testing of cannabis
6 products used for both medical and recreational purposes.

7 29. In order to provide these legally-mandated testing services, Cannalysis Labs
8 developed a state-of-the-art testing system comprising both software and hardware
9 components.

10 30. Cannalysis Labs' software provides a Laboratory Information Management
11 System ("LIMS"), which monitors the testing process. This system tracks the chain of
12 custody throughout the testing procedure, provides a customer portal and analytics
13 interface, and implements the track-and-trace system required under California law, which
14 links to the state system.

15 31. Cannalysis Labs' testing platform also includes a hardware component, a
16 robotics platform that automates the testing process, reducing the potential for human error
17 and enhancing the accuracy and reliability of the test results.

18 32. The company has applied for two utility patents in connection with its testing
19 technology. Cannalysis Labs' testing technology was the brainchild of Brian, who came
20 up with the initial concepts, refined the details in collaboration with his business partner
21 Tyler Autera, and hired the right people to execute these ideas. Accordingly, Brian is
22 listed as a named inventor on both patent applications.

23 ***The Company's Success And Further Fundraising Efforts***

24 33. In 2016, Brian led another successful round of fundraising for Cannalysis
25 Labs, securing a total of \$1 million in investment. This money was obtained from a mix of
26 venture capital firms and individuals. Brian's father, Peter Lannon, invested \$250,000 and
27 became a significant shareholder in the company.

28 34. By 2017, Cannalysis Labs was successfully providing testing services

1 throughout California. In the summer of 2017, Cannalysis Labs entered into a joint
2 venture with a company in Oregon, allowing the company to leverage its industry-leading
3 technology to provide testing services (through the joint venture) in Oregon as well.

4 35. At that time, the company began raising its next round of investment
5 funding. The purpose of this round was to finish building out Cannalysis Labs' operations
6 in California and begin expanding into other states.

7 36. By this point, Cannalysis – and its founder, Brian Lannon – were well known
8 in the industry, both for the company's industry-leading technology and their successful
9 fundraising efforts to date. A number of different investment groups were interested in
10 investing in Cannalysis Labs.

11 37. In mid-2018, the company executed a term sheet with AFI Capital Partners
12 Fund I LP ("AFI"), contemplating the investment of \$3 million by AFI into Cannalysis
13 Labs.

14 *Bedford / CanLab Approaches Cannalysis Labs*

15 38. Around this time, Defendant Bedford Acquisition Partners Ltd. ("Bedford")
16 approached Brian with an offer to invest in the company. Bedford ultimately utilized
17 another entity, Defendant QC CLB I, LLC ("CanLab"), to invest in Cannalysis Labs.
18 Defendant Gary Hopkinson represented himself as the principal of both Bedford and
19 CanLab.

20 39. Cyrus Pirasteh, a broker who worked with Cannalysis Labs, had previously
21 introduced Brian to Hopkinson as a potential investor, but Hopkinson declined to invest at
22 that time, saying that Cannalysis Labs was too small for him.

23 40. In 2018, Cannalysis Labs was again approached by Bedford, this time
24 through Philipp Triebel and Ashkan Marsh of Crimson Investment Partners. Triebel and
25 Marsh told Brian that they were working with Hopkinson, who wanted to invest a
26 significant amount of money in order to allow the company to focus on growing its
27 business.

28 41. In October 2018, Bedford pitched an investment deal in which it would

1 acquire a 60% ownership interest in Cannalysis Labs. Plaintiffs (and the other existing
2 shareholders) refused. They told Bedford that it was too early to give up control of the
3 company, and that their families and friends had gotten them to where they were by
4 believing in them and the company. Bedford continued to push for control of the company
5 throughout the parties' negotiations, but Plaintiffs consistently refused.

6 42. The parties ultimately executed a term sheet in November 2018, which
7 contemplated an investment by Bedford (or one or more of its affiliates) in return for
8 roughly 44% of the company. Among other things, this term sheet contained financial
9 projections of the company's performance through 2022, along with performance
10 incentives for company management corresponding to these financial projections.

11 43. As part of these negotiations, Bedford agreed to pay Tom Autera a \$250,000
12 "bonus." On information and belief, this bonus remains on Cannalysis Labs' books as a
13 liability, but has not yet been paid.

14 ***Misrepresentations by Bedford / CanLab***

15 44. During the parties' negotiations, Hopkinson and other Bedford
16 representatives repeatedly told Plaintiffs that, because of his connections within the
17 industry, Hopkinson would bring Cannalysis Labs \$3 million in additional monthly
18 revenues. Among other things, Hopkinson told Plaintiffs that he had invested in MedMen,
19 a cannabis dispensary and delivery service. Hopkinson told Plaintiffs that he would bring
20 Cannalysis Labs \$1 million in monthly revenues from MedMen alone.

21 45. Plaintiffs ultimately agreed to the Bedford investment in reliance on these
22 representations. In addition, Cannalysis Labs agreed to the Bedford investment – instead
23 of following through with its previously executed term sheet with AFI – and substantially
24 increased its infrastructure and hiring based on these representations.

25 46. On information and belief, Hopkinson and Bedford knew or should have
26 known that these representations were false when they made them. Hopkinson never
27 brought Cannalysis Labs the promised revenues.

28 47. Shortly after the term sheet was signed, Ashkan Marsh visited Cannalysis

1 Labs' offices on behalf of Bedford for the purpose of going through what Marsh
2 characterized as a budgeting exercise.

3 48. At that time, Cannalysis Labs had monthly revenues of approximately
4 \$600,000. Marsh told Brian Lannon (and other executives) that Hopkinson was going to
5 bring the company \$3 million per month in additional revenues by leveraging his
6 connections in the industry. Accordingly, the purpose of the budgeting exercise was to put
7 together a plan and proposed timeline to increase the company's capacity and
8 infrastructure to handle these increased revenues. In collaboration with Ashkan Marsh,
9 Cannalysis developed a spreadsheet that estimated what a budget might look like if
10 CanLab generated an additional \$3 million in monthly revenue as it claimed it would.

11 49. On information and belief, when soliciting investors in the Bedford fund,
12 Defendant Gary Hopkinson did not show these investors the actual financial projections
13 for Cannalysis Labs to which the parties had agreed in the November 2018 term sheet.
14 Instead, Hopkinson solicited investors in CanLab or one or more affiliated entities by
15 touting Cannalysis Labs as one of their most lucrative investments and displaying the
16 results of the budgeting exercise that he and Mr. Marsh had instructed the company to
17 undertake.

18 50. On information and belief, Mr. Hopkinson knew that these financial
19 projections were inaccurate and substantially overstated the company's expected revenues
20 based on promises made by CanLab, but he nonetheless showed these inflated financials to
21 potential investors in order to induce them to invest in his investment vehicles.

22 51. When Brian learned that Hopkinson was using misleading financial
23 projections related to Cannalysis Labs to solicit investors in Hopkinson's business
24 ventures, Brian demanded that he stop doing so immediately. On information and belief,
25 Hopkinson and CanLab at all times knew that they had been the ones to induce Cannalysis
26 Labs into preparing a hypothetical budget based on projected revenues that Hopkinson and
27 CanLab had promised they would generate.

28 52. The original term sheet between Cannalysis Labs and Bedford had included

1 performance benchmarks triggering certain options for Brian and Defendant Tyler Autera
2 that were based on Cannalysis Labs' actual financial projections as of November 2018.
3 After the term sheet was signed, but before the deal was finalized, CanLab modified the
4 terms of the deal to base these benchmarks on the hypothetical budgeting exercise instead
5 of the actual numbers. At this point, Brian wanted to walk away from the deal, but felt he
6 could not do so because CanLab had induced him into turning down the investment offer
7 from AFI. In addition, CanLab threatened to sue unless Cannalysis Labs finalized the
8 deal.

9 53. The investment deal with CanLab closed in May 2019. On information and
10 belief, Bedford is an owner, director, manager, and alter ego of CanLab.

11 ***Bedford / CanLab Implements its Plan to Oust Brian Lannon***

12 54. Prior to CanLab's investment in Cannalysis Labs, the parties extensively
13 negotiated the ownership stake that CanLab would have in the company after its
14 investment. CanLab aggressively sought to obtain a majority ownership interest in the
15 company, but Plaintiffs (and other existing investors) refused. The parties ultimately
16 agreed that in return for its investment, CanLab would acquire approximately 44% of the
17 total outstanding shares in Cannalysis Labs.

18 55. CanLab assured Plaintiffs that they were satisfied with the agreed ownership
19 interest and would abide by the terms of the agreements.

20 56. Nonetheless, unsatisfied with the minority interest in Cannalysis Labs to
21 which it had agreed, CanLab, its various agents, alter egos, and co-conspirators formulated
22 a plan to seize control of the company. As part of this plan, Defendant Billy Hagstrom
23 was sent to Cannalysis Labs' offices in or around August 2019. Plaintiffs were told that
24 Hagstrom was there to act as a liaison with CanLab. In reality, he was sent to recruit other
25 shareholders and officers to participate in CanLab's unlawful scheme.

26 57. Hagstrom immediately went to work, soliciting the participation of
27 Defendants Tyler and Tom Autera (among others) in CanLab's scheme, while also
28 working to isolate Brian Lannon from various company activities by (among other things)

1 organizing secret meetings with potential investors and company employees.

2 58. At the same time, CanLab refused to release funds for Cannalysis Labs’
3 planned expansion into other states, which was one of the very purposes of obtaining
4 CanLab’s investment in the first place.

5 59. On information and belief, CanLab induced Tom Autera to participate in its
6 scheme to oust Brian by promising (among other things) to follow through on the payment
7 of his previously promised \$250,000 “bonus.” On information and belief, CanLab induced
8 Tyler Autera to participate in its scheme by promising (among other things) to make him
9 CEO and/or increase his salary after Brian Lannon was ousted. On information and belief,
10 CanLab similarly offered each of the other Defendants an incentive (financial or
11 otherwise) to participate in its unlawful scheme.

12 60. At the same time, Hopkinson began spreading rumors about Brian Lannon,
13 both within the company and to third parties, and telling people that he needed to be
14 removed as CEO. As just one example, Hopkinson told Brandon Rainone, the owner of
15 Certus Labs (a company that operates in the cannabis industry) that Brian was fired
16 because he had been stealing money from the company. This allegation is false, and
17 Hopkinson knew or should have known it was false at the time it was said.

18 61. After being induced by Hopkinson, Bedford, and CanLab with financial and
19 other incentives, on November 17, 2019, Tyler Autera, Tom Autera, CanLab (through its
20 agent Omar Palmieri), and Swetha Kaul executed an Action by Written Consent of the
21 Common Stockholders removing Brian Lannon without cause from his position as a
22 Common Stock Director. On November 18, 2019, Gary Hopkinson, Tyler Autera, Eric
23 Weinstein, Chris Hetherington and Swetha Kaul then executed a so-called “Action by
24 Unanimous Written Consent of the Board of Directors” terminating Brian Lannon’s
25 employment with the company, and appointing Tyler Autera as Chief Executive Officer,
26 Chief Financial Officer, and Secretary. Plaintiffs were not given notice of or provided an
27 opportunity to vote on either action.

28 62. On November 18, 2019, Hopkinson informed Brian that he had been

1 terminated as Cannalysis Labs' CEO.

2 63. As set forth in detail below, the purported removal of Brian Lannon from the
3 board of directors (and the subsequent board action to remove him as CEO) violated
4 California law, the company's Bylaws, and the Voting Agreement among the parties.

5 ***Defendants Isolate Plaintiffs From The Company's Affairs And Run The Company For***
6 ***Their Own Benefit***

7 64. After removing Brian Lannon as a director and CEO, Defendants completely
8 isolated Plaintiffs from the company's affairs, despite the fact that they remain significant
9 shareholders in the company. On information and belief, Defendants instructed Cannalysis
10 Labs employees not to speak with Plaintiffs, and threatened to fire them if they did not
11 comply with this directive.

12 65. Defendants further refused to provide Plaintiffs with basic corporate records
13 as required under California law. On February 7, 2020, Brian Lannon sent a written
14 demand to Cannalysis Labs to inspect certain corporate records pursuant to Corporations
15 Code §§ 1600 *et seq.* Cannalysis Labs failed to respond to the demand within the
16 statutorily required five business days. Instead, its attorneys responded on February 19,
17 2020, categorically refusing to permit the inspection of *any* corporate records. Over the
18 next two months, Plaintiffs' counsel repeatedly requested on behalf of both Brian and Peter
19 Lannon that Cannalysis Labs permit the inspection of the requested corporate records as
20 required by California law. In response, Cannalysis Labs instead produced only a subset
21 of the requested corporate records (by email). To date, the company has yet to allow
22 Plaintiffs to inspect its corporate records as required under California law, or to produce
23 more than a handful of the records requested by Plaintiffs.

24 66. On information and belief, Defendants have taken and/or intend to take
25 further actions to benefit themselves, to the detriment of Plaintiffs, who now have virtually
26 no visibility into the company's affairs.

1 **FIRST CAUSE OF ACTION**

2 **(Breach of Fiduciary Duty – Against CanLab, Gary Hopkinson, Tyler Autera, Tom**
3 **Autera, Eric Weinstein, Chris Hetherington)**

4 67. On information and belief, Defendants CanLab, Tyler Autera and Tom
5 Autera collectively own a majority of the outstanding stock in Cannalysis Labs. They
6 accordingly owe a fiduciary duty to Cannalysis Labs’ minority shareholders, including
7 Plaintiffs. This fiduciary duty encompasses both a duty of good care and a duty of loyalty.

8 68. As directors of Cannalysis Labs, Defendants Gary Hopkinson, Tyler Autera,
9 Eric Weinstein and Chris Hetherington owe a fiduciary duty to its shareholders, including
10 Plaintiffs.

11 69. As officers of Cannalysis Labs, Defendants Tyler Autera and Tom Autera
12 owe a fiduciary duty to its shareholders, including Plaintiffs.

13 70. In violation of their fiduciary duties, Defendants conspired to orchestrate a
14 “squeeze-out” of Plaintiffs, as minority shareholders in Cannalysis Labs, removing them
15 from the company’s affairs in order to allow Defendants to operate the company for their
16 own benefit.

17 71. Prior to CanLab’s investment in Cannalysis Labs, the parties extensively
18 negotiated the ownership stake that CanLab would have in the company after its
19 investment. CanLab aggressively sought to obtain a majority ownership interest in
20 Cannalysis Labs, but Plaintiffs (and other existing investors) refused. The parties
21 ultimately agreed that in return for its investment, CanLab would eventually acquire
22 approximately 44% of the total outstanding shares in the company.

23 72. Unsatisfied with the minority interest in Cannalysis Labs to which it had
24 agreed, CanLab formulated a plan to seize control of the company. As part of this plan,
25 Billy Hagstrom was sent to Cannalysis Labs’ offices, ostensibly to act as a liaison with
26 CanLab. In reality, Hagstrom was sent to recruit other shareholders and officers to
27 participate in CanLab’s scheme. Hagstrom immediately went to work, soliciting the
28 participation of Tyler and Tom Autera (among others) in CanLab’s scheme, while also

1 working to isolate Brian Lannon from various company activities.

2 73. On information and belief, CanLab induced Tom Autera to participate in its
3 scheme by promising (among other things) to follow through on the payment of his
4 previously promised \$250,000 “bonus.” On information and belief, CanLab induced Tyler
5 Autera to participate in its scheme by promising (among other things) to make him CEO
6 and/or increase his salary after Brian Lannon was ousted. On information and belief,
7 CanLab similarly offered each of the other Defendants an incentive (financial or
8 otherwise) to participate in its unlawful scheme.

9 74. At the same time, CanLab’s agent Gary Hopkinson began spreading rumors
10 about Brian Lannon, both within the company and to third parties, and telling people that
11 he needed to be removed as CEO.

12 75. In furtherance of Defendants’ scheme, on November 17, 2019, Tyler Autera,
13 Tom Autera, CanLab (through its agent Omar Palmieri) and Swetha Kaul executed an
14 Action by Written Consent of the Common Stockholders removing Brian Lannon without
15 cause from his position as a Common Stock Director. On November 18, 2019, Gary
16 Hopkinson, Tyler Autera, Eric Weinstein, Chris Hetherington and Swetha Kaul executed a
17 so-called “Action by Unanimous Written Consent of the Board of Directors” terminating
18 Brian Lannon’s employment with the company, and appointing Tyler Autera as Chief
19 Executive Officer, Chief Financial Officer and Secretary.

20 76. After removing Brian Lannon as a director and CEO, Defendants completely
21 isolated Plaintiffs from the company’s affairs. Defendants even refused to provide them
22 with basic corporate records as required under the California Corporations Code (discussed
23 further *infra*).

24 77. Defendants now effectively control Cannalysis Labs and are operating the
25 company for their own benefit, and to the detriment of Plaintiffs, in violation of their
26 fiduciary duties.

27 78. Gary Hopkinson repeatedly told Plaintiffs that Bedford had invested
28 extensively in the cannabis industry. On information and belief, the purpose of

1 orchestrating the ouster of Plaintiffs was (among other things) to allow CanLab, Bedford,
2 and/or Hopkinson to exploit Cannalysis Labs' industry-leading technology to benefit other
3 companies in which Hopkinson or his affiliates have an interest.

4 79. On information and belief, Defendants have taken and/or intend to take
5 further actions to benefit themselves, to the detriment of Plaintiffs, who now have virtually
6 no visibility into the company's affairs.

7 80. Plaintiffs have been damaged by the above-described breaches of fiduciary
8 duty in an amount to be proven at trial, including through the removal of Brian Lannon as
9 CEO, the corresponding loss of his salary and other benefits, including the vesting of
10 additional shares in the company during his employment, the exclusion of Plaintiffs from
11 the company's affairs, and the diminution in value of Plaintiffs' shares caused by, among
12 other things, Defendants' breaches of fiduciary duty.

13 **SECOND CAUSE OF ACTION**

14 **(Aiding and Abetting Breach of Fiduciary Duty – Against Bedford Acquisition**
15 **Partners Ltd., Billy Hagstrom, CanLab, Gary Hopkinson, Tyler Autera, Tom Autera,**
16 **Eric Weinstein, Chris Hetherington)**

17 81. Defendants CanLab, Gary Hopkinson, Tyler Autera, Tom Autera, Eric
18 Weinstein and Chris Hetherington not only breached their own fiduciary duties to
19 Plaintiffs (as described above), but they also aided and abetted the breaches of fiduciary
20 duty committed by each of the other Defendants.

21 82. Defendants Bedford and Billy Hagstrom also aided and abetted the breaches
22 of fiduciary committed by the other Defendants by engaging in the above-described course
23 of misconduct.

24 83. On information and belief, Bedford, Hagstrom, CanLab, Hopkinson, Tyler
25 Autera, Tom Autera, Weinstein and Hetherington knew that the other Defendants were
26 going to breach their fiduciary duties to Plaintiffs, they gave substantial assistance and
27 encouragement to those other Defendants, and their conduct was a substantial factor in
28 causing harm to Plaintiffs.

1 84. Bedford, Hagstrom, CanLab, Hopkinson, Tyler Autera, Tom Autera,
2 Weinstein and Hetherington are accordingly liable for aiding and abetting breach of
3 fiduciary duty.

4 85. Plaintiffs have been damaged by the above-described aiding and abetting
5 breach of fiduciary duty in an amount to be proven at trial, including through the removal
6 of Brian Lannon as CEO, the corresponding loss of his salary and other benefits, including
7 the vesting of additional shares in the company during his employment, the exclusion of
8 Plaintiffs from the company's affairs, and the diminution in value of Plaintiffs' shares
9 caused by, among other things, Defendants' breaches of fiduciary duty.

10 **THIRD CAUSE OF ACTION**

11 **(Wrongful Termination in Violation of Public Policy – Against Cannalysis Labs,**
12 **CanLab, Bedford Acquisition Partners Ltd., Gary Hopkinson, Billy Hagstrom, Tyler**
13 **Autera, Tom Autera, Eric Weinstein, Chris Hetherington)**

14 86. On or around November 11, 2018, Cannalysis Labs entered into a term sheet
15 with Bedford Acquisition Partners Ltd., memorializing CanLab's intent to invest in
16 Cannalysis Labs. Among other things, this term sheet contained financial projections of
17 the company's performance through 2022, along with performance incentives for company
18 management corresponding to these financial projections.

19 87. Shortly thereafter, a representative of CanLab, Ashkan Marsh, visited
20 Cannalysis Labs' offices for the purpose of going through a budgeting exercise with its
21 executives.

22 88. At that time, Cannalysis Labs had monthly revenues of approximately
23 \$600,000. Marsh told Brian Lannon (and other executives) that Hopkinson was going to
24 bring the company \$3 million per month in additional revenues by leveraging his
25 connections in the industry. Accordingly, the purpose of the budgeting exercise was to put
26 together a plan and proposed timeline to increase the company's capacity and
27 infrastructure to handle these increased revenues. In collaboration with Ashkan Marsh,
28 Cannalysis developed a spreadsheet that estimated what a budget might look like if

1 CanLab generated an additional \$3 million in monthly revenue as they claimed they
2 would.

3 89. On information and belief, when soliciting investors in the Bedford fund,
4 Defendant Gary Hopkinson did not show these investors the actual financial projections
5 for Cannalysis Labs to which the parties had agreed in the November 2018 term sheet.
6 Instead, Hopkinson solicited investors in CanLab or one or more affiliated entities by
7 touting Cannalysis Labs as one of the most lucrative investments in the cannabis space and
8 by displaying the results of the budgeting exercise that he and Mr. Marsh had instructed
9 the company to undertake.

10 90. On information and belief, Mr. Hopkinson knew that these financial
11 projections were inaccurate and substantially overstated the company's expected revenues
12 based on promises made by CanLab or its agents, alter egos, or co-conspirators, but he
13 nonetheless showed these inflated financials to potential investors in order to induce them
14 to invest in his investment vehicles.

15 91. When Brian Lannon later discovered that Hopkinson had made use of the
16 inflated financials resulting from the budgeting exercise (which was predicated entirely on
17 the assumption that Mr. Hopkinson would bring the company \$3 million in monthly
18 revenues), as opposed to the actual financial projections to which the parties had agreed in
19 the term sheet, he repeatedly objected to any use of these financials.

20 92. On information and belief, Brian Lannon was terminated, in whole or in part,
21 due to his outspoken opposition to the use of inflated financials to solicit investment. The
22 termination of Brian Lannon accordingly violated fundamental policies of the State of
23 California.

24 93. On information and belief, Defendants Gary Hopkinson, Billy Hagstrom,
25 CanLab, Bedford, Tyler Autera, Tom Autera, Eric Weinstein and Chris Hetherington were
26 aware of Cannalysis Labs' plan to terminate Brian Lannon in violation of public policy,
27 and agreed with Cannalysis Labs and intended that the wrongful termination be
28 committed. Indeed, these Defendants were instrumental in orchestrating the termination.

1 Each of these Defendants is accordingly liable as a co-conspirator.

2 94. Plaintiffs have been damaged by the unlawful termination of Brian Lannon
3 in an amount to be proven at trial, including through the failure to pay Brian Lannon his
4 salary (and other benefits, including the vesting of additional shares in the company during
5 his employment), the exclusion of Plaintiffs from the company's affairs, and the
6 diminution in value of Plaintiffs' shares caused by, among other things, Defendants'
7 unlawful termination of Brian Lannon.

8 **FOURTH CAUSE OF ACTION**

9 **(Breach of Written Contract: Voting Agreement – Against CanLab, Tyler Autera,**
10 **Tom Autera)**

11 95. On or about May 29, 2019, Cannalysis Labs, CanLab (as an "Investor"
12 holding Series A Convertible Preferred Stock in Cannalysis Labs), and Tyler Autera, Tom
13 Autera, Brian Lannon and Swetha Kaul (as "Key Holders" in Cannalysis Labs) entered
14 into that certain First Amended and Restated Voting Agreement ("Voting Agreement").

15 96. The Voting Agreement is a valid and enforceable contract.

16 97. Brian Lannon materially performed his obligations under the Voting
17 Agreement and/or was excused for any alleged non-performance.

18 98. The Voting Agreement governs certain rights and obligations regarding the
19 parties' voting rights as shareholders and/or board members of Cannalysis Labs. The
20 Voting Agreement is governed by the internal laws of the State of California.

21 99. Among other things, the Voting Agreement provides that there must at all
22 times be seven members of the board of directors of Cannalysis Labs, including three
23 Common Stock Directors, three Series A Directors, and one Shareholder Director. (*See id.*
24 at § 1.2.)

25 100. Prior to his termination, Brian Lannon was elected as a Common Stock
26 Director.

27 101. On or about November 17, 2019, without notifying Brian Lannon (or any of
28 the other shareholders) beforehand, Tyler Autera, Tom Autera, Swetha Kaul and CanLab

1 (though its agent Omar Palmieri), secretly approved an Action by Written Consent of the
2 Common Stockholders (“Common Stockholder Action”) purporting to remove Brian
3 Lannon without cause from his position as a Common Stock Director.

4 102. The Common Stockholder Action violated numerous provisions of the
5 Voting Agreement, including the following:

6 a. Section 1.4 of the Voting Rights Agreement (entitled “Removal of
7 Board Members”) provides: “So long as the shareholders of the Company are entitled to
8 cumulative voting, if less than the entire Board is to be removed, no director may be
9 removed without cause if the votes cast against his or her removal would be sufficient to
10 elect such director if then cumulatively voted at an election of the entire Board.” Pursuant
11 to both the California Corporations Code and Cannalysis Labs’ Bylaws, Cannalysis Labs
12 shareholders are (and were at the time of the Common Stockholder Action) entitled to
13 cumulative voting. According to the capitalization table produced by Cannalysis Labs on
14 March 3, 2020, Brian Lannon held – at a minimum – 2,638,720 fully vested shares of
15 common stock (out of a total of 5,869,333 shares of common stock)¹ at the time of the
16 Common Stockholder Action. Voted cumulatively at an election of the entire Board, these
17 shares were more than sufficient to ensure that Brian Lannon retained his position as one
18 of Cannalysis Labs’ three Common Stock Directors. By purporting to remove Brian
19 Lannon as a director without his approval – and without even informing him of the vote
20 beforehand – Defendants breached Section 1.4 of the Voting Rights Agreement.

21 b. Section 1.3 of the Voting Agreement (entitled “Failure to Designate a
22 Board Member”) provides: “In the absence of any designation from the Persons or groups
23 with the right to designate a director as specified above, the director previously designated
24 by them and then serving shall be reelected if still eligible to serve as provided herein.”
25 Because Defendants failed to designate another Common Stock Director in his stead,
26

27 ¹ These totals do not include common stock incentive grants subject to time and
28 performance-based vesting. In reality, Brian Lannon holds (and held at the time of the
Common Stockholder Action) significantly more than this number of shares.

1 Section 1.3 mandated that Brian Lannon (as the previously designated director) be
2 reelected and continue to serve as a director. Defendants’ failure to reelect Brian Lannon
3 and refusal to permit him to continue to act as a director thus breached Section 1.3 of the
4 Voting Rights Agreement.

5 c. Section 4.2 of the Voting Rights Agreement (entitled “Irrevocable
6 Proxy and Power of Attorney”) provides: “Each party to this Agreement hereby
7 constitutes and appoints as the proxies of the party and hereby grants a power of attorney
8 to the President of the Company, and a designee of the Selling Investors, and each of them,
9 with full power of substitution, with respect to the matters set forth herein, including,
10 without limitation, election of persons as members of the Board in accordance with Section
11 1 of this Agreement . . . , and hereby authorizes each of them to represent and vote, if and
12 only if the party (i) fails to vote, or (ii) attempts to vote (whether by proxy, in person or by
13 written consent), in a manner which is inconsistent with the terms of this Agreement, all of
14 such party’s Shares in favor of the election of persons as members of the Board determined
15 pursuant to and in accordance with the terms and provisions of this Agreement[.]” At the
16 time of the Common Stockholder Action, Brian Lannon was the President of Cannalysis
17 Labs. By purporting to remove Brian Lannon as a director in violation of the provisions of
18 Section 1 of the Voting Agreement, and failing to permit him to vote not only his own
19 shares, but also the shares of each stockholder as their proxy, in favor of his retention as a
20 director consistent with the provisions of the Voting Agreement, Defendants violated
21 Section 4.2 of the Voting Rights Agreement.

22 103. After Defendants’ unlawfully manipulated the composition of the board of
23 directors (as set forth above), the remaining directors purported to terminate Brian
24 Lannon’s employment with the company through a so-called “Action by Unanimous
25 Written Consent of the Board of Directors” dated November 18, 2019. Because this action
26 was undertaken by an unlawfully constituted board, it was void *ab initio*.

27 104. Section 4.3 of the Voting Rights Agreement (entitled “Specific
28 Enforcement”) provides that “the Shareholders shall be entitled to an injunction to prevent

1 breaches of this Agreement, and to specific enforcement of this Agreement and its terms
2 and provisions in any action instituted in any court of the United States or any state having
3 subject matter jurisdiction.” Section 4.4 of the Voting Rights Agreement (entitled
4 “Remedies Cumulative”) further provides that “[a]ll remedies, either under this Agreement
5 or by law or otherwise afforded to any party, shall be cumulative and not alternative.”
6 Plaintiffs are accordingly entitled to both monetary damages and injunctive relief,
7 including the reinstatement of Brian Lannon as CEO and Common Stock Director.

8 105. Plaintiffs have been damaged by the above-described breaches of the Voting
9 Agreement in an amount to be proven at trial, including through the removal of Brian
10 Lannon as CEO by the (improperly constituted) board, the corresponding loss of his salary
11 and other benefits, including the vesting of additional shares in the company during his
12 employment, the exclusion of Plaintiffs from the company’s affairs, and the diminution in
13 value of Plaintiffs’ shares caused by, among other things, Defendants’ breach of the
14 Voting Agreement.

15 **FIFTH CAUSE OF ACTION**

16 **(Breach of the Implied Covenant of Good Faith and Fair Dealing: Voting Agreement** 17 **– Against CanLab, Tyler Autera, Tom Autera)**

18 106. On or about May 29, 2019, CanLab, Tyler Autera, Tom Autera, and Brian
19 Lannon (among other parties) entered into the Voting Agreement.

20 107. The Voting Agreement is a valid and enforceable contract.

21 108. Brian Lannon materially performed his obligations under the Voting
22 Agreement and/or was excused for any alleged non-performance.

23 109. Defendants CanLab, Tyler Autera and Tom Autera breached the implied
24 covenant of good faith and fair dealing by unfairly interfering with Brian Lannon’s right to
25 receive the benefits of the contract, including (among other things) the right to participate
26 in any vote governed by the agreement and the right to utilize cumulative voting under the
27 agreement.

28 110. Plaintiffs were harmed by Defendants’ breach, including through

1 Defendants' failure to allow Brian Lannon to participate in (or even notify him of) the
2 votes regarding his removal as director and CEO, the removal of Brian as CEO by the
3 (improperly constituted) board, the corresponding loss of his salary and other benefits,
4 including the vesting of additional shares in the company during his employment, the
5 exclusion of Plaintiffs from the company's affairs, and the diminution in value of
6 Plaintiffs' shares caused by, among other things, Defendants' breach of the implied
7 covenant of good faith and fair dealing.

8 **SIXTH CAUSE OF ACTION**

9 **(Violation of Corporations Code Sections 303, 709 – Against CanLab, Tyler Autera,**
10 **Tom Autera)**

11 111. Cannalysis Labs is a California corporation subject to the requirements of the
12 California Corporations Code.

13 112. In order to protect minority shareholder rights, the Corporations Code
14 explicitly authorizes shareholders to utilize "cumulative voting" when voting to elect
15 members of the company's board of directors. *See* Corp. Code § 708(a) (providing that
16 shareholders "entitled to vote at any election of directors may cumulate such shareholder's
17 votes and give one candidate a number of votes equal to the number of directors to be
18 elected multiplied by the number of votes to which the shareholder's shares are normally
19 entitled, or distribute the shareholder's votes on the same principle among as many
20 candidates as the shareholder thinks fit").

21 113. Cannalysis Labs' Amended and Restated Bylaws ("Bylaws") likewise
22 protect its shareholders' right to cumulative voting: "[E]very Shareholder entitled to vote
23 at any election for Directors of the corporation may cumulate their votes and give one
24 candidate a number of votes equal to the number of Directors to be elected multiplied by
25 the number of votes to which his or her shares are entitled, or distribute his or her votes on
26 the same principle among as many candidates as he or she thinks fit." (Bylaws, § 3.)

27 114. The Corporations Code further provides that no director may be removed
28 from a company's board of directors without accounting for cumulative voting rights. *See*

1 Corp. Code § 303(a) (“[N]o director may be removed (unless the entire board is removed)
2 when the votes cast against removal, or not consenting in writing to the removal, would be
3 sufficient to elect the director if voted cumulatively at an election at which the same total
4 number of votes were cast (or, if the action is taken by written consent, all shares entitled
5 to vote were voted) and the entire number of directors authorized at the time of the
6 director’s most recent election were then being elected.”).

7 115. Cannalysis Lab’s Bylaws, as well as the Voting Agreement governing the
8 election of its directors (discussed *supra*), likewise prohibit the removal of a director
9 without accounting for cumulative voting rights. (*See* Bylaws, § 5 (“A Director may not
10 be removed if the number of votes sufficient to elect under cumulate voting votes against
11 removal unless the entire Board is removed.”); Voting Agreement, § 1.4 (“So long as the
12 shareholders of the Company are entitled to cumulative voting, if less than the entire Board
13 is to be removed, no director may be removed without cause if the votes cast against his or
14 her removal would be sufficient to elect such director if then cumulatively voted at an
15 election of the entire Board.”).)

16 116. Nonetheless, on or about November 17, 2019, without notifying Brian
17 Lannon (or any of the other shareholders) beforehand, Tyler Autera, Tom Autera, Swetha
18 Kaul and CanLab (though its agent Omar Palmieri) secretly approved an Action by
19 Written Consent of the Common Stockholders purporting to remove Brian Lannon without
20 cause from his position as a Common Stock Director.

21 117. In violation of the Corporations Code, Cannalysis Labs’ Bylaws and the
22 Voting Agreement, this purported removal of Brian Lannon did *not* account for Brian
23 Lannon’s (or other minority shareholders’) cumulative voting rights. To the contrary,
24 voted cumulatively, Brian Lannon’s shares – on their own – were more than sufficient to
25 ensure that he retained his position as one of Cannalysis Labs’ Common Stock Directors.

26 118. Corporations Code section 709 provides for a direct cause of action and
27 evidentiary hearing based on the denial of Plaintiffs’ right to vote in violation of, *inter alia*,
28 Plaintiffs’ cumulative voting rights under Corporations Code section 303. The Court has

1 broad discretion to award any “relief as may be just and proper” to address Defendants’
2 unlawful interference with Plaintiffs’ voting rights, including (among other things) the
3 reinstatement of Brian Lannon as a director and CEO of Cannalysis Labs.

4 **SEVENTH CAUSE OF ACTION**

5 **(Fraud / Fraudulent Inducement – Against Bedford, CanLab, Gary Hopkinson)**

6 119. Prior to the CanLab’s investment in Cannalysis Labs, Plaintiffs (and their
7 family members and affiliates) owned a majority of the stock in Cannalysis Labs and thus
8 had a controlling interest in the company.

9 120. Through the above-described course of conduct and misrepresentations,
10 Defendants Bedford, CanLab and Gary Hopkinson induced Plaintiffs to give up their
11 majority interest in Cannalysis Labs through CanLab’s investment in the company, and to
12 abandon the previously negotiated term sheet with AFI (under terms that, absent
13 Defendants’ misrepresentations, would have been much more favorable to Plaintiffs).

14 121. These misrepresentations included that Hopkinson would bring Cannalysis
15 Labs \$3 million in additional monthly revenues, including \$1 million in monthly revenues
16 from MedMen alone, and that CanLab was willing to invest in Cannalysis Labs without
17 obtaining control of the company.

18 122. On information and belief, Defendants CanLab, Bedford, and Hopkinson
19 knew these representations were false, or made the representations recklessly and without
20 regard for their truth.

21 123. On information and belief, Defendants CanLab, Bedford, and Hopkinson
22 intended that Plaintiffs rely on these representations.

23 124. Plaintiffs reasonably relied on these representations, and this reliance was a
24 substantial factor in causing Plaintiffs harm.

25 125. Plaintiffs have been damaged by their reliance on the above-described
26 misrepresentations, including through the loss of their controlling interest in the company,
27 the ouster of Brian Lannon as a director and CEO of Cannalysis Labs, the company’s
28 failure to pay Brian Lannon his salary and other benefits, including the vesting of

1 additional shares in the company during his employment, the exclusion of Plaintiffs from
2 the company's affairs, and the diminution in value of Plaintiffs' shares caused by, among
3 other things, Plaintiffs' reliance on Defendants' misrepresentations.

4 126. On information and belief, in engaging in the above-described acts,
5 Defendants acted with malice, fraud, and oppression, intended to cause injury to Plaintiffs,
6 and acted with a willful and conscious disregard of Plaintiffs' rights. Plaintiffs are
7 accordingly entitled to punitive damages.

8 **EIGHTH CAUSE OF ACTION**

9 **(Tortious Interference With Contract / Intentional Interference With Prospective** 10 **Economic Advantage – Against Bedford, CanLab, Gary Hopkinson, Billy Hagstrom,** 11 **Tyler Autera, Tom Autera, Eric Weinstein, Chris Hetherington)**

12 127. As set forth above, Brian Lannon is a party to the Voting Agreement (as
13 between Brian Lannon, Cannalysis Labs, CanLab, Tyler Autera, Tom Autera and Swetha
14 Kaula).

15 128. The Voting Agreement is a valid and enforceable contract.

16 129. Defendants Bedford, Gary Hopkinson, Billy Hagstrom, Eric Weinstein and
17 Chris Hetherington knew of the Voting Agreement; they intended to induce a breach of
18 this agreement; through their unjustified conduct (set forth above), they caused a breach of
19 this agreement; and Plaintiffs were harmed as a result. These Defendants are accordingly
20 liable for tortious interference with the Voting Agreement.

21 130. Moreover, each of the Plaintiffs had an existing business relationship with
22 Cannalysis Labs due to (among other things) their status as shareholders in the company.
23 There was a probability of future economic benefit from this business relationship.
24 Defendants CanLab, Bedford, Gary Hopkinson, Billy Hagstrom, Tyler Autera, Tom
25 Autera, Eric Weinstein and Chris Hetherington interfered with this relationship through
26 their unjustified conduct (set forth above). This conduct was independently wrongful for
27 the numerous reasons set forth herein. These Defendants knew of and intended to interfere
28 with Plaintiffs' prospective business advantage; and Plaintiffs were harmed as a result.

1 These Defendants are accordingly liable for intentional interference with prospective
2 economic advantage.

3 131. Plaintiffs have been damaged by the above-described tortious interference
4 with contract and intentional interference with prospective economic advantage, including
5 through the failure to pay Brian Lannon his salary and other benefits, including the vesting
6 of additional shares in the company during his employment, the exclusion of Plaintiffs
7 from the company's affairs, and the diminution in value of Plaintiffs' shares caused by,
8 among other things, Defendants' tortious interference with contract and intentional
9 interference with prospective economic advantage.

10 132. On information and belief, in engaging in the above-described acts,
11 Defendants acted with malice, fraud and oppression, intended to cause injury to Plaintiffs,
12 and acted with a willful and conscious disregard of Plaintiffs' rights. Plaintiffs are
13 accordingly entitled to punitive damages.

14 **NINTH CAUSE OF ACTION**

15 **(Slander – Against Bedford, CanLab, Gary Hopkinson, and Cannalysis Labs)**

16 133. After Brian Lannon's employment with Cannalysis Labs was terminated,
17 Defendant Gary Hopkinson, acting in concert with, conspiring, or acting as an agent of
18 Defendants Bedford, CanLab, and Cannalysis Labs, met with Brandon Rainone, the owner
19 of Certus Labs (a company that operates in the cannabis industry) and told him that Brian
20 Lannon was fired because he had been stealing money from the company.

21 134. This statement was false and was not privileged.

22 135. On information and belief, Gary Hopkinson has orally communicated
23 numerous similarly false statements concerning Plaintiffs to other third parties.

24 136. Plaintiffs have been damaged by slanderous statements of Defendants
25 Bedford, CanLab, Gary Hopkinson, and Cannalysis Labs in an amount to be proven at
26 trial, including through damages suffered with respect to their business, trade, profession
27 and occupation.

28 137. On information and belief, in engaging in the above-described acts,

1 Defendants Bedford, CanLab, Gary Hopkinson, and Cannalysis Labs acted with malice,
2 fraud and oppression, intended to cause injury to Plaintiffs, and acted with a willful and
3 conscious disregard of Plaintiffs' rights. Plaintiffs are accordingly entitled to punitive
4 damages.

5 **TENTH CAUSE OF ACTION**

6 **(Conversion – Against Cannalysis Labs)**

7 138. After Brian Lannon's employment with Cannalysis Labs was terminated, the
8 company continued to make purchases using his American Express credit card. These
9 purchases included (among other things) robot parts, rental cars, digital advertising and
10 data rooms.

11 139. On or about January 13, 2020, Brian Lannon informed Cannalysis Labs that
12 it had made approximately \$2,000 in purchases using his credit card. The company
13 refused to pay for these purchases, and Mr. Lannon was forced to pay for them out of his
14 own pocket in order to keep his credit in good standing.

15 140. Despite his repeated requests, the company continues to make purchases
16 using Brian Lannon's credit card.

17 141. Mr. Lannon has a right to the money he was forced to spend on purchases
18 that Cannalysis Labs made, and continues to make, using his credit card; Cannalysis Labs
19 has improperly refused to pay him that money; and he has been damaged thereby in a total
20 amount to be proven at trial.

21 142. On information and belief, in engaging in the above-described acts,
22 Cannalysis Labs acted with malice, fraud and oppression, intended to cause injury to
23 Plaintiffs, and acted with a willful and conscious disregard of Plaintiffs' rights. Plaintiffs
24 are accordingly entitled to punitive damages.

25 **ELEVENTH CAUSE OF ACTION**

26 **(Violation of Corporations Code Section 1600 *et seq.* – Against Cannalysis Labs)**

27 143. On February 7, 2020, Brian Lannon sent a written demand to Cannalysis
28 Labs, demanding to inspect certain corporate records pursuant to Corporations Code

1 §§ 1600 *et seq.* within five business days.

2 144. Cannalysis Labs failed to permit Mr. Lannon to inspect the requested
3 corporate records – or even respond to the demand – within five business days as
4 statutorily required. Instead, Cannalysis Labs’ attorneys responded on February 19, 2020,
5 categorically refusing to allow the inspection of *any* corporate records.

6 145. Over the next two months, Plaintiffs’ counsel repeatedly requested that
7 Cannalysis Labs permit Mr. Lannon to inspect its corporate records as required by
8 California law. On April 2, 2020, Peter Lannon (through counsel) likewise sent a written
9 demand to Cannalysis Labs, asserting his right as a shareholder to inspect the requested
10 corporate records pursuant to Corporations Code §§ 1600 *et seq.*

11 146. In response, Cannalysis Labs repeatedly refused to allow Plaintiffs to inspect
12 its corporate records, and instead produced (by email) only a small subset of the records
13 included in their respective demands. Even with respect to the subset of corporate records
14 that it elected to produce, Cannalysis Labs failed to produce numerous responsive
15 documents until confronted by Plaintiffs’ counsel with evidence that its production was
16 missing specific corporate records that Plaintiffs knew to exist.

17 147. To date, the company has steadfastly refused to allow Plaintiffs to inspect its
18 corporate records as required by California law. It has additionally failed to produce a
19 substantial number of the corporate records requested by Plaintiffs, including the most
20 basic records required by statute (*e.g.*, minutes of proceedings of the shareholders and the
21 board) to which Plaintiffs are unequivocally entitled.

22 148. Cannalysis Labs has accordingly violated the Corporations Code in at least
23 the following respects:

24 a. Pursuant to Corporations Code section 1600(a), any shareholder
25 holding at least 5 percent in the aggregate of the outstanding voting shares of a corporation
26 shall have the “absolute right” to inspect and copy the record of shareholders’ names and
27 addresses and shareholding during usual business hours upon five business days’ prior
28 written demand upon the corporation. Plaintiffs own well more than 5 percent of the

1 2. Declaratory relief that the Defendants violated the Voting Agreement, that
2 the removal of Brian Lannon as a director of Cannalysis Labs was unlawful, that the
3 purported termination of Brian Lannon as CEO of Cannalysis Labs was unlawful, and that
4 Cannalysis Labs violated Corporations Code §§ 1600 *et seq.*;

5 3. Injunctive relief reinstating Brian Lannon as CEO and a director of
6 Cannalysis Labs, and directing Cannalysis Labs to comply with its obligations under
7 Corporations Code §§ 1600 *et seq.*;

8 4. Compensatory damages in an amount to be proven at trial;

9 5. Punitive damages in an amount to be proven at trial;

10 6. An award of Plaintiffs' costs and attorney fees; and

11 7. Any other relief that the Court deems just and proper.

12
13 **REQUEST FOR HEARING PURSUANT TO CORPORATIONS CODE § 709(b)**

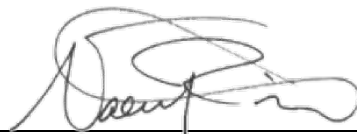
14 Plaintiffs hereby request, pursuant to Corporations Code § 709(b), that a hearing be
15 set regarding its sixth cause of action for the violation of Corporations Code §§ 303 and
16 709.

17
18 DATED: April 20, 2020

Respectfully submitted,

19 Naeun Rim
20 Jonathan M. Jackson
21 Bird, Marella, Boxer, Wolpert, Nessim,
22 Drooks, Lincenberg & Rhow, P.C.

23
24 By: _____



25 Attorneys for Plaintiffs Brian Lannon and Peter
26 Lannon

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DEMAND FOR JURY TRIAL

Plaintiffs demand a trial by jury on all causes of action so triable.

DATED: April 20, 2020

Respectfully submitted,

Naeun Rim
Jonathan M. Jackson
Bird, Marella, Boxer, Wolpert, Nessim,
Drooks, Lincenberg & Rhow, P.C.

By: 

Attorneys for Plaintiffs Brian Lannon and Peter
Lannon