

BUSINESS COURT CIVIL COVER SHEET

CLARK County, Nevada

Case No. _____
(Assigned by Clerk's Office)

I. Party Information *(provide both home and mailing addresses if different)*

Plaintiff(s) (name/address/phone): <p style="text-align: center;">SDJ INVESTMENTS, LLC; ABODE INVESTMENTS, LLC; and DARREN SIVERTSEN, Trustee of the SIVERTSEN FAMILY TRUST U/A/D 10/01/2002</p>	Defendant(s) (name/address/phone): <p style="text-align: center;">COLLECTOR'S COFFEE, INC.</p>
Attorney (name/address/phone): <p style="text-align: center;">Louis M. Bubala III, Esq., KAEMPFER CROWELL 50 W. Liberty Street, Suite 700 Reno, NV 89501 Telephone: (775) 852-3900</p>	Attorney (name/address/phone):

II. Nature of Controversy *(Please check the applicable boxes for both the civil case type and business court case type)*

☐ Arbitration Requested

Civil Case Filing Types		Business Court Filing Types
Real Property	Torts	CLARK COUNTY BUSINESS COURT
Landlord/Tenant <input type="checkbox"/> Unlawful Detainer <input type="checkbox"/> Other Landlord/Tenant Title to Property <input type="checkbox"/> Judicial Foreclosure <input type="checkbox"/> Other Title to Property Other Real Property <input type="checkbox"/> Condemnation/Eminent Domain <input type="checkbox"/> Other Real Property	Negligence <input type="checkbox"/> Auto <input type="checkbox"/> Premises Liability <input type="checkbox"/> Other Negligence Malpractice <input type="checkbox"/> Medical/Dental <input type="checkbox"/> Legal <input type="checkbox"/> Accounting <input type="checkbox"/> Other Malpractice Other Torts <input type="checkbox"/> Product Liability <input type="checkbox"/> Intentional Misconduct <input type="checkbox"/> Employment Tort <input type="checkbox"/> Insurance Tort <input type="checkbox"/> Other Tort	<input type="checkbox"/> NRS Chapters 78-89 <input type="checkbox"/> Commodities (NRS 91) <input type="checkbox"/> Securities (NRS 90) <input type="checkbox"/> Mergers (NRS 92A) <input checked="" type="checkbox"/> Uniform Commercial Code (NRS 104) <input type="checkbox"/> Purchase/Sale of Stock, Assets, or Real Estate <input type="checkbox"/> Trademark or Trade Name (NRS 600) <input type="checkbox"/> Enhanced Case Management <input type="checkbox"/> Other Business Court Matters
Construction Defect & Contract		WASHOE COUNTY BUSINESS COURT
Construction Defect <input type="checkbox"/> Chapter 40 <input type="checkbox"/> Other Construction Defect Contract Case <input type="checkbox"/> Uniform Commercial Code <input type="checkbox"/> Building and Construction <input type="checkbox"/> Insurance Carrier <input checked="" type="checkbox"/> Commercial Instrument <input type="checkbox"/> Collection of Accounts <input type="checkbox"/> Employment Contract <input type="checkbox"/> Other Contract	Civil Writs <input type="checkbox"/> Writ of Habeas Corpus <input type="checkbox"/> Writ of Mandamus <input type="checkbox"/> Writ of Quo Warrant <input type="checkbox"/> Writ of Prohibition <input type="checkbox"/> Other Civil Writ	<input type="checkbox"/> NRS Chapters 78-88 <input type="checkbox"/> Commodities (NRS 91) <input type="checkbox"/> Securities (NRS 90) <input type="checkbox"/> Investments (NRS 104 Art.8) <input type="checkbox"/> Deceptive Trade Practices (NRS 598) <input type="checkbox"/> Trademark/Trade Name (NRS 600) <input type="checkbox"/> Trade Secrets (NRS 600A) <input type="checkbox"/> Enhanced Case Management <input type="checkbox"/> Other Business Court Matters
Judicial Review/Appeal/Other Civil Filing		
Judicial Review <input type="checkbox"/> Foreclosure Mediation Case Appeal Other <input type="checkbox"/> Appeal from Lower Court	Other Civil Filing <input type="checkbox"/> Foreign Judgment <input type="checkbox"/> Other Civil Matters	

12/28/2016

Date

/s/ Louis M. Bubala III

Signature of initiating party or representative

COMPB

Louis M. Bubala III (Nevada Bar #8974)

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Attorneys for Plaintiffs

DISTRICT COURT

CLARK COUNTY, NEVADA

SDJ INVESTMENTS, LLC; ABODE
INVESTMENTS, LLC; and DARREN
SIVERTSEN, TRUSTEE OF THE SIVERTSEN
FAMILY TRUST U/A/D 10/01/2002,

Plaintiffs,

vs.

COLLECTOR'S COFFEE, INC.,

Defendant.

Case No.

Dept. No.

COMPLAINT

**Business Court Requested
(EDCR 1.61(a)(2)(i))**

**Arbitration Exemption Claimed:
Declaratory Relief**

JURISDICTION

1. Subject matter jurisdiction is appropriate in this Court because the amount in controversy exceeds this Court's jurisdictional minimum.

2. Venue is appropriate in Clark County because Defendant Collector's Coffee, Inc., is a Nevada corporation and its registered agent for service of process is located in Clark County.

PARTIES

3. Plaintiff SDJ Investments, LLC ("SDJ") is a California limited liability company, whose sole member is a citizen of California.

4. Plaintiff Abode Investments, LLC ("Abode") is a Nevada limited liability company, whose members are citizens of Nevada.

5. Plaintiff Darren Sivertsen, as Trustee of the Sivertsen Family Trust U.A.D. 10/01/2002 ("Sivertsen"), is a resident of Nevada.

6. Defendant Collector's Coffee, Inc. ("CCI") is a Nevada corporation.

ALLEGATIONS

7. CCI owns the original contracts signed by Jackie Robinson with the Brooklyn Dodgers and the Montreal Royals (along with related documents, the “Robinson Contracts”).

8. CCI acquired the Robinson Contracts in 2013.

CCI issued Series A Notes to obtain financing to acquire the Robinson Contracts

9. Before acquiring the Robinson Contracts, CCI began issuing Series A Convertible Secured Promissory Notes to fund the purchase and for its working capital.

10. The Series A Convertible Secured Promissory Notes are subject to five amendments (collectively, “Series A Notes”)

11. CCI issued Series A Notes in exchange for funds from the following (collectively, the “Series A Note Holders”):

- a. SDJ, the holder of Series A Note No. 1 in the face value of \$1,000,000, and Series A Note No. 4 in the face value of \$1,500,000.
- b. Abode, the holder of Series A Note No. 2 in the face value of \$1,000,000.
- c. Sivertsen, the holder of Series A Note No. 3 in the face value of \$250,000, and Series A Note No. 5 in the face value of \$200,000.
- d. New Direction IRA, Inc., DBA NDIRA, Inc., FBO Ty R. Sagalow, IRA Account No. [Intentionally Omitted] (“Sagalow”), the holder of Series A Note No. 6 in the face value of \$50,000.

12. In addition to repayment rights, the Series A Notes granted the Series A Note Holders with a “Holder’s Return” equal to 50 percent of the net proceeds from The Sale, as more specifically defined under the Series A Notes.

13. CCI provided the Series A Note Holders with a first-priority security interest to the Robinson Contracts as collateral to secure CCI’s payment and performance under the Series A Notes.

14. SDJ, Abode and Sivertsen, as Series A Note Holders, perfected their first-priority security interests in the Robinson Contracts with a financing statement filed with the Nevada Secretary of State in 2013.

1 15. In 2015, the Series A Note Holders filed two amendments to their financing statement
2 with the Nevada Secretary of State to amend the collateral description and identify Sagalow as a
3 Series A Note Holder.

4 16. In 2016, the Series A Note Holders also filed financing statements reflecting their
5 security interests in the Robinson Contracts with the California Secretary of State and New York
6 Secretary of State.

7 **CCI issued Series B Notes to obtain additional financing for its business operations**

8 17. In 2014, CCI executed with SDJ an Agreement for Issuance of Series B Notes and
9 Payment of Royalties.

10 18. The Agreement for Issuance of Series B Notes and Payment of Royalties is subject to
11 two amendments (collectively, “Series B Agreement”).

12 19. CCI issued Series B Secured Promissory Notes (in conjunction with the Series B
13 Agreement, the “Series B Notes”) for further development of its business plan and operations, in
14 exchange for funds from SDJ, the holder of Series B Note No. 1 in the face value of \$1,250,000, and
15 Series B Note No. 2 in the face value of \$750,000 (SDJ, in this capacity, known as the “Series B
16 Note Holder”).

17 20. In addition to the repayment rights under the Series B Notes, CCI agreed to provide
18 the Series B Note Holder with certain monthly financial reports, as well as payments of certain
19 amounts under the Series B Notes and additional royalty payments.

20 21. CCI provided the Series B Note Holder with a second-priority security interest to the
21 Robinson Contracts as collateral to secure CCI’s payment and performance under the Series B Notes.

22 22. The Series B Note Holder perfected its security interests in the Robinson Contracts
23 with a financing statement filed with the Nevada Secretary of State in 2014.

24 23. In 2015, the Series B Note Holder filed an amendment to its financing statement with
25 the Nevada Secretary of State to amend the collateral description.

26 24. In 2016, the Series B Note Holder also filed financing statements reflecting its
27 security interests in the Robinson Contracts with the California Secretary of State and New York
28 Secretary of State.

CCI breached the Series A Notes by failing to sell the Robinson Contracts or cede control of The Sale of the Robinson Contracts

25. Under the terms of the Series A Notes, CCI was originally required to sell the Robinson Contracts within one year of their acquisition in 2013 or otherwise arrange for their sale, as more specifically stated under the Series A Notes (collectively referred to as “The Sale”).

26. CCI claimed it was unable to complete The Sale by the original contractual deadline in 2014.

27. CCI claimed it needed additional time to market the Robinson Contracts.

28. As a result of CCI’s ongoing demand for additional time to market the Robinson Contracts, the Series A Note Holders executed multiple amendments to the Series A Notes that extended the time for The Sale.

29. Under the terms of the Series A Notes, CCI was required to conduct The Sale on or before September 30, 2016.

30. CCI did not conduct The Sale on or before September 30, 2016.

31. More than three years after acquiring the Robinson Contracts in 2013, CCI still has not conducted The Sale in breach of the terms under the Series A Notes.

32. CCI has never made any payments on the Series A Notes to SDJ, Abode or Sivertsen.

33. SDJ, Abode and Sivertsen are no longer willing to extend the deadline for The Sale to be conducted under the control of CCI.

34. Based on the failure to conduct The Sale, under the terms of the Series A Notes:

a. CCI is required to cease using the Robinson Contracts for marketing purposes.

b. CCI is required to turn over custodial control of the Robinson Contracts to SDJ and Abode.

c. SDJ and Abode, as holders of the majority interest in the Series A Notes, shall implement The Sale of the Robinson Contracts, conducted by CCI or the Series A Note Holders pursuant to their security interests, at the sole discretion of SDJ and Abode.

1 d. CCI and the Series A Note Holders shall cooperate in facilitating The Sale in
2 accordance with the sale determination made by SDJ and Abode.

3 e. CCI granted SDJ and Abode an irrevocable power of attorney on behalf of CCI to
4 sell the Robinson Contracts and take any other action necessary or appropriate for
5 the Series A Note Holders to exercise their rights under the Series A Notes.

6 35. SDJ, as Series A Note Holder, delivered a letter to CCI on October 4, 2016,
7 demanding CCI cease using the Robinson Contracts for marketing purposes; demanding CCI return
8 the Robinson Contracts to escrow, subject to SDJ and Abode's custodial control; and requesting
9 certain financial information from CCI so SDJ and Abode can plan a course of action with respect to
10 The Sale of the Robinson Contracts.

11 36. At the time of the demand, the Robinson Contracts already were held in a secured
12 storage facility, subject to the terms of an escrow agreement among CCI, the Series A Note Holders,
13 and an escrow company.

14 37. The Robinson Contracts remain in storage subject to the escrow agreement.

15 38. On October 17, 2016, CCI responded that it agreed The Sale of the Robinson
16 Contracts is to proceed at the sole discretion of SDJ and Abode under the terms of the Series A
17 Notes.

18 39. CCI proposed that it continue to control The Sale of the Robinson Contracts, which it
19 proposed to do with more marketing and a sale at a later date.

20 40. SDJ, Abode and Sivertsen remain unwilling to accept CCI's proposal to extend the
21 deadline for The Sale to be conducted under the control of CCI.

22 41. CCI provided a summary of its expenses.

23 42. SDJ, Abode and Sivertsen do not agree that the expenses qualify for the calculation of
24 the payments called for under the Series A Notes.

25 43. CCI now disputes the rights of SDJ, Abode and Sivertsen to proceed with The Sale of
26 the Robinson Contracts.

27 44. Based on the dispute between CCI and the Series A Note Holders, the escrow
28 company has not taken any action with regard to the Robinson Contracts.

1 45. SDJ, Abode, and Sivertsen bring this action to determine and enforce their rights
2 under the Series A Notes, including The Sale of the Robinson Contracts and payment of their claims.

3 **CCI breached the Series B Notes by failing comply with payment and reporting requirements**

4 46. SDJ, as the Series B Note Holder, delivered a letter to CCI on September 19, 2016,
5 declaring CCI in default of the requirements under the Series B Notes to provide monthly reports; to
6 pay off the Series B Notes or pay it with CCI's gross receipts; and to pay royalties.

7 47. SDJ demanded CCI cure the defaults.

8 48. CCI responded that it has not received any funds since April 2015 subject to reporting,
9 payment, or royalties owed to SDJ under the Series B Notes.

10 49. CCI claims it cured any defaults in the response by providing zero sum statements.

11 50. CCI claims that the Series B Notes are not subject to payment until, at the earliest, The
12 Sale of the Robinson Contracts.

13 51. CCI declined to provide access to its books and records.

14 52. SDJ brings this action to determine and enforce their rights under the Series B Notes,
15 including the calculation and payment of its claim when due based on The Sale of the Robinson
16 Contracts or earlier.

17 **COUNT I, Breach of Contract and/or Declaratory Relief**

18 **(SDJ, Abode and Sivertsen, against CCI under the Series A Notes)**

19 53. Plaintiffs adopt the above allegations as if restated in full here.

20 54. CCI entered in to written contracts in the form of the Series A Notes with SDJ, Abode,
21 and Sivertsen.

22 55. SDJ, Abode and Sivertsen performed their obligations by funding the Series A Notes.

23 56. CCI breached its obligations under the Series A Notes by failing to conduct The Sale
24 of the Robinson Contracts.

25 57. CCI breached its obligations under the Series A Notes by failing to comply with the
26 rights granted to SDJ, Abode and Sivertsen in the Series A Notes.

27 58. SDJ, Abode and Sivertsen sustained damages based on CCI's failure to conduct The
28 Sale of the Robinson Contracts.

1 59. SDJ, Abode and Sivertsen sustained damages based on CCI's failure to comply with
2 the rights granted them in the Series A Notes.

3 60. SDJ, Abode and Sivertsen seek specific performance of their rights under the Series A
4 Notes to conduct The Sale of the Robinson Contracts.

5 61. SDJ, Abode and Sivertsen further seek a determination of their rights to the proceeds
6 from The Sale of the Robinson Contracts under the Series A Notes, including the amount under the
7 Holder's Return, as well as an accounting and determination of the validity of expenses claimed by
8 CCI that affect the right to proceeds from The Sale.

9 62. SDJ, Abode and Sivertsen seek specific performance of their rights under the Series A
10 Notes to distribute the funds from The Sale of the Robinson Contracts to the Series A Note Holders
11 based on their rights determined by this Court.

12 63. SDJ, Abode and Sivertsen have been required to hire counsel to pursue their rights and
13 seek to recover their legal fees and costs as a damage arising from CCI's breaches of the Series A
14 Notes.

15 **COUNT II, Breach of Contract and/or Declaratory Relief**

16 **(SDJ, against CCI under the Series B Notes)**

17 64. SDJ adopts the above allegations as if restated in full here.

18 65. CCI entered in to written contracts in the form of the Series B Notes with SDJ.

19 66. SDJ performed its obligations by funding the Series B Notes.

20 67. CCI breached its obligations under the Series B Notes by failing to make payments
21 and provide reports to the Series B Note Holder.

22 68. CCI breached its obligations under the Series B Notes by failing to comply with the
23 rights granted to SDJ.

24 69. SDJ sustained damages based on CCI's failure to perform its obligations under the
25 Series B Notes.

26 70. SDJ further seeks a determination of its rights under the Series B Notes.

27 71. SDJ seeks specific performance of its rights under the Series B Notes, including
28 payment from the proceeds from The Sale of the Robinson Contracts.

1 72. SDJ has been required to hire counsel to pursue its rights and seeks to recover its legal
2 fees and costs as a damage arising from CCI's breaches of the Series B Notes.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, SDJ, Abode and Sivertsen pray for judgment in their favor with the grant of
5 the following relief:

- 6 1. A determination that CCI breached its obligations to SDJ, Abode and Sivertsen under the
7 Series A Notes.
- 8 2. An order that SDJ, Abode and Sivertsen are entitled to specific performance of their rights
9 under the Series A Notes, including the right to conduct The Sale of the Robinson
10 Contracts.
- 11 3. A determination and payment of the amount owed to SDJ, Abode and Sivertsen under
12 Series A Notes, including determining and payment of the Holder's Return, determination
13 of CCI's allowable expenses, and determination and payment of the award of attorney's
14 fees and costs.
- 15 4. A determination and payment of the amount owed to SDJ under Series B Notes.
- 16 5. A judgment for all amounts due to them from CCI.

17 Dated this 28th day of December, 2016.

18 KAEMPFER CROWELL

19 /s/ Louis M. Bubala III
20 Louis M. Bubala III, Esq.

21 Attorneys for Plaintiffs
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