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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES, CENTRAL DISTRICT

DAVID WELCH, an individual,

Plaintiff,

v.

BRIAN CALLE; KEVIN XU; STEVE MEHR; ANDY BEQUER; MIKE MUGEL; PAUL MAKARECHIAN; NYJAH HUSTON; WAYNE GROSS; ALAN GREENBERG; STREET MEDIA, LLC, a Delaware Corporation; and DOES 1-100, inclusive,

Defendants.

Case No.
Unlimited Jurisdiction

COMPLAINT FOR DAMAGES AND EQUITABLE RELIEF FOR:

(1) DISSOLUTION OF LIMITED LIABILITY COMPANY;

(2) BREACH OF FIDUCIARY DUTIES;

(3) AN ACCOUNTING; AND

(4) BREACH OF CONTRACT

JURY TRIAL DEMANDED

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INTRODUCTION

1. In his 2017 prospectus to potential investors into the *LA Weekly,* Brian Calle put forward a very simple value statement. "Don't think of it as buying a newspaper," he wrote. "Instead, we are buying a powerful and trusted media brand with very good web traffic and live, lucrative event potential." The people who invested in the *LA Weekly* have seen Calle, as a publisher of the once-venerated alt-weekly, betray their trust and undermine his own words. He has all but destroyed the legacy of first-rate journalism that built the *LA Weekly* brand, crashed web traffic and obliterated the once-thriving live event business. He has accomplished this through a combination of breathtaking incompetence, self-dealing and fraudulent intentions.

2. As Jeff Weiss, a former *LA Weekly* music writer said, "You can't be an alt-weekly when the city hates you." Mr. Weiss's observation is correct, and the hatred he is referring to is entirely the product of a series of mismanagement and misconduct by Calle and other Defendants in their brief ownership and operation of the *LA Weekly*.

3. Although a crucial part of the story regarding Defendants' mismanagement, the "hatred" is not the entirety. Equally important, and far less well-known, are the business lapses and tortious conduct that Defendants, led by Brian Calle, Steve Mehr and Kevin Xu, have engaged in. Hidden behind more public drama of the paper's mismanagement are deeper and more damaging issues, ranging from the corruption of journalistic ethics to pillaging the *LA Weekly's* corporate opportunities for Defendants' own separate gain. All of this misconduct occurred while Defendants were trading on the *LA Weekly* name but excluding the newspaper—as well as other investors such as Plaintiff David Welch—from reaping any of the benefits.

4. Defendants' mismanagement and misconduct have reached a point of no return, and deliberately frustrates the original purpose of the *LA Weekly's* owning entity defendant Street Media, LLC. The only option that remains to investors that were victims of Defendants, such as Mr. Welch, is to seek a judicial dissolution of the company.

THE PARTIES

5. Plaintiff David Welch is an attorney and businessman who resides in the City and County of Los Angeles, California. At all times relevant to the claims in this action, Mr. Welch was

a member of Street Media, LLC, in which he holds a 13% ownership interest.

6. Defendant Brian Calle has served as the Chief Executive Officer and Operating Manager of Street Media, LLC, the wholly-owned subsidiary Semanal Media LLC, and the *LA Weekly* since November 2017. Calle holds a 17% ownership interest in Street Media, LLC. At all relevant times Calle was also employed as the Chief Marketing Officer of Kurvana, a cannabis company in located in Orange County. Prior to his involvement with Street Media, Calle was the head of the editorial board for the *Orange County Register*, a contributor to *Breitbart,* as well as a former vice president of the Claremont Institute.

7. Defendant Kevin Xu (alongside his mother Lily Li) is the primary investor in Street Media, LLC. Xu and Li each serve on that company's Board of Managers and have since Street Media, LLC acquired the *LA Weekly*. Together, Xu and Li hold a 26% ownership interest in Street Media, LLC. Xu and Li reside in Beijing, China for a substantial part of the year. While in China, Xu and Li are employed as CEO and chairwoman, respectively, of MEBO International, a company that, although it bills itself as a leader in "regenerative medicine," is primarily a company that sells ointments, lip gloss, and nutritional supplements.

8. Defendant Steve Mehr is an attorney and businessman and holds a 12% ownership interest in Street Media, LLC. Mehr is a graduate of California Southern Law School (an unaccredited and soon-to-be defunct law school in Riverside). Mehr practices law with the personal injury law firm of Bond & Taylor Injury Lawyers in Irvine. Mehr is also the principal of Orange County based Webshark360, a social media public relations company that sells services to increase the social media following of its customers.

2. Defendant Paul Makarechian is a hotel developer and CEO of Makar Properties LLC. Makarechian resides in Las Vegas, Nevada. Makarechian holds a 4% ownership interest in Street Media, LLC.

3. Defendant Nyjah Huston is a professional skateboarder. Huston holds a 2% ownership interest in Street Media, LLC.

4. Wayne Gross and Alan Greenberg are the equity partners of the law firm of Greenberg Gross LLP. Gross holds a 5% ownership interest in Street Media, LLC, while Greenberg

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holds a 1% interest. Both reside in Orange County: Gross in Huntington Beach, and Greenberg in Irvine.

5. Defendant Andy Bequer is the owner and CEO of Experience Recovery, LLC an inpatient and outpatient addiction treatment center in Fountain Valley. Bequer resides in Orange County. Bequer holds an 8% interest in Street Media, LLC.

11. Defendant Michael Mugel is the founder and CEO of the Red Mountain Group, a property developer that focuses on redevelopment in so-called "blighted" areas, and which currently has projects in Compton and near Baldwin Hills. Mugel resides in Orange County. Mugel holds a 6% interest in Street Media, LLC.

12. Defendant Street Media, LLC is a Delaware limited liability company with its principal offices at 500 S. Grand Avenue, 18th Floor, Los Angeles, California 90071. As of the filing of this complaint, on information and belief, there remains outstanding a 5% membership interest in the company that has yet to be issued to any current or new members. Street Media, LLC is the parent company and sole owner of Semanal Media, LLC. Semanal Media, LLC is the only asset of Street Media, LLC and the two entities are *alter egos* of each other. Semanal Media, LLC has registered a fictitious business name for and is doing business as the *LA Weekly* newspaper.

6. The true names and capacities, whether individual, corporate or otherwise, of the defendants named herein as Does 1 through 100, inclusive, are unknown to Plaintiff who therefore sues said defendants by such fictitious names, pursuant to Section 474 of the California Code of Civil Procedure. Plaintiff will seek leave of Court to amend this Complaint when the true names and capacities of such defendants have been ascertained. Reference herein to "defendants" without other limitation shall include both specifically and fictitiously named defendants. Plaintiff is informed and believes, and alleges thereon, that at all times mentioned herein defendants were the agents, employees or affiliates of each of the other defendants and, in doing the things herein alleged, were acting within the scope of same and with the knowledge and approval of each of the remaining defendants.

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FACTS COMMON TO ALL CAUSES OF ACTION

A. The *LA Weekly* Newspaper

7. The *LA Weekly* is a free weekly alternative newspaper founded in 1978. Since its founding 40 years ago, the *LA Weekly* has been one of the mainstays of quality journalism in Los Angeles and the broader Southern California community. Its achievements include awards such as the Pulitzer Prize, groundbreaking stories such as the "Grim Sleeper" serial killer, and the nurturing of talent such as the late food writer Jonathan Gold, investigative reporter Gene Maddaus and cartoonist Matt Groening.

8. Throughout its long history the *LA Weekly* has endured and maintained the highest standards of journalistic ethics. Notably, even though the *LA Weekly* is a free newspaper that depends upon advertising sales and tie-in events, the newspaper has been, until recently, distinguished by a firm separation between editorial content and business concerns.

14. Most recently, the *LA Weekly* has weathered the advent of free online classified advertising sites such as Craigslist by diversifying sponsor tie-in events such as "*LA Weekly* The Essentials," "Burgers and Beer," and "Tacolandia," all of which are restaurant-oriented events. At the time of Street Media's acquisition of the newspaper, revenue from these events constituted upwards of nearly 25% of the *LA Weekly's* gross annual revenue. Within six months of Defendants' mismanagement, the event revenue stream has disappeared entirely.

B. Defendants Approach Mr. Welch as an Investor in the *LA Weekly*

9. Defendants are primarily Orange County-based individuals and investors. The "core" group of investors is led by Calle, and includes Xu, Mehr, and Gross, among others.

10. Gross and Calle approached Mr. Welch to do the due diligence and legal work necessary to facilitate the purchase of *LA Weekly* as well as to raise capital to fund the purchase. At the time, Mr. Welch was a law partner of Gross, along with Defendant Greenberg, in the litigation-focused law firm of Greenberg Gross. In addition to his litigation practice with Greenberg Gross, Welch also operates a separate law firm that specializes in transactional and intellectual property matters related to the cannabis industry. Welch was asked to utilize the resources of this separate, transactional practice to facilitate the purchase of the *LA Weekly*, as Greenberg Gross does not

maintain a transactional practice of its own.

11. Mr. Welch was excited by the opportunity to become involved in a mainstay of the Los Angeles journalism scene. Mr. Welch was convinced by Calle that the new ownership group of the *LA Weekly* sought to focus its time and effort in maintaining and furthering the high standard of journalism the newspaper had been known for. Both Mr. Welch and Calle discussed plans to focus on investigative journalism, to increase event revenue, and to report in areas underserved by mainstream media outlets. Mr. Welch was convinced that the *LA Weekly* could not merely generate a profit, but also have a positive impact in the civic fabric of Los Angeles. Based on these false claims by Calle, Mr. Welch agreed to perform all of the necessary transactional legal work for the investors in exchange for 4% of the post-acquisition equity.

12. Four months of legal due diligence, contract drafting and negotiations, all of which represented tens of thousands of dollars' worth of billable time for Mr. Welch, was required in order to prepare the acquisition to close. Although all of the legal hurdles had been cleared, one major issue remained: Calle, Xu, Mehr, and the other defendants did not have sufficient capital available to close the deal. Calle turned to Mr. Welch, who agreed to invest $225,000 in cash on top of the considerable amount of legal work he had already performed. This investment purchased Mr. Welch an additional 9% of the equity in what would become Street Media, LLC. Combined with his interests in exchange for legal work, Mr. Welch had a total ownership position of 13%.

13. Because he was so heavily invested in Street Media, LLC, Mr. Welch also sought and obtained a guarantee that he would have a position on the company's "management team"—a group explicitly defined and empowered by the company's operating agreement—for at least a full year's term. This guarantee was made by Calle, Xu and others on behalf of the investors and the new company that would come to be Street Media. Manifestations of that guarantee include Calle appointing Mr. Welch President and General Counsel of Street Media, as well as the Street Media operating agreement, which specifically incorporates that same guarantee in its section 9.

14. Before he was approached by Calle, the only two defendants Mr. Welch had any familiarity with were Greenberg and Gross, with whom he had practiced law. Mr. Welch remained in the dark about Calle, Xu, Mehr, and their compatriots' scheme to loot the *LA Weekly*. Instead, Mr.

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Welch took Calle at his word that he and his cohorts wished to continue and improve the *LA Weekly*. His trust was sorely misplaced.

C. **Almost Immediately After the Purchase, Defendants Begin Gutting the *LA Weekly* and Diverting Its Corporate Opportunities**

15. The *LA Weekly* sale to Street Media closed on November 30, 2017.

16. Within hours of the deal, Defendants began the first round of their harm to the newspaper: massive staff layoffs. In his prospectus to investors (including Mr. Welch), Calle stated that, after the acquisition, there would be cost-cutting measures including "right-sizing staff." At no point did Calle disclose that this so-called "right sizing" meant that he would almost entirely gut the key people whose content is key to *LA Weekly's* mission, readership and, thus, revenue. Nine of the thirteen editorial staffers were fired, including all five editors and all but one staff writer. Among those terminated by Defendants were managing editor Drew Tewksbury, music editor Andy Hermann, arts and culture editor Gwynedd Stuart, food editor Katherine Spiers, and editor-in-chief Mara Shalhoup.

17. The evisceration of the editorial staff came on the heels of the L.A. Press Club Southern California Journalism Awards, where the *LA Weekly* had received 21 nominations for its work over the past year. As described by contemporaneous reports on these layoffs, Ms. Shalhoup described it as "the Red Wedding"— a reference to a surprise massacre in *Game of Thrones.*

18. Worse, Defendants began to undermine the single largest reservoir of value at the *LA* Weekly: its high editorial standards. In interviews, Calle discussed shifting the focus of the *LA Weekly* in a direction that favored major advertisers by offering non-controversial, if not outright favorable, coverage. Since that time, ethical breaches by Defendants have come to light, including reports that they had promised restaurants spots on the influential "essential 99" list if they agreed to participate in *LA Weekly* branded-events, that they allowed the *LA Weekly* director of marketing to write editorial copy, and that they altered the datelines on stories (including those filed by individuals that they had terminated) to make them appear fresh.

19. The community backlash against Defendants' first round of misconduct was swift and strong. Massive amounts of media attention were heaped on the terminations, including articles

in *The Los Angeles Times, The Hollywood Reporter, Los Angeles Business Journal, Vice.com, the Huffington Post, Newsweek, Deadline Hollywood,* as well as broadcast media including KABC channel 7 and Southern California Public Radio.

20. A "Boycott *LA Weekly*" organization was quickly launched and began pressuring advertisers to withdraw support for the newspaper. Not only did the boycott garner further media attention, but it racked up a number of victories. Most notable among the boycott's victories was when it forced the cancellation of the *LA Weekly's* annual "Sips & Sweets" after persuading restaurants not to support or participate in the event. The *LA Weekly* was forced to cancel "Sips & Sweets" at the last second, and despite having sold a substantial number of tickets. Similarly, the "Essentials" food event was also cancelled as direct a consequence of pressure from the boycott group. Major companies (and former partners of the *LA Weekly)* such as concert venues The Echo and The Regent Theater, concert promoter Spaceland Presents, record store Amoeba Music, and hip-hop record label Mello Music Group announced that they had joined the boycott.

21. Defendants proceeded to make the situation worse by actively campaigning against the boycott in a manner described by Deadspin.com as a "cheesy astroturfing campaign" that included accusations that the boycott group was engaged in "cyberbullying," among other things. Internally, Mr. Welch objected to Defendants' counterproductive efforts. In one such objection, Mr. Welch wrote to Calle that his tactics of concealing certain investors in the *LA Weekly* from the public and encouraging current *LA Weekly* employees to "troll,"—that is, to harass online—members of the boycott group were not only dishonest but could lead to liability for the company. Calle ignored these warnings.

22. These consequences of the indiscriminate termination of the editorial staff and the bungling of the resulting fallout would have been damaging enough to the *LA Weekly*. However, it was only the beginning of Defendants' efforts to divert profit and opportunities from the newspaper into their own separate pockets. Through a series of self-interested transactions, made without adequate disclosures and other safeguards to ensure that Street Media received fair market value for its services, Defendants began to personally enrich themselves from the company's coffers.

23. Among the self-dealing engaged in by Defendants is providing otherwise highly

lucrative advertising space in the *LA Weekly* to companies in which they have an interest at substantially below-market rates, as well as committing the newspaper to various joint ventures, including in China, from which Xu and Calle were also being paid directly by the other party to the venture. All of these decisions were entered into by conflicted parties and were not negotiated or agreed to at arms-length, to the extent that details were even disclosed to other members of the company or its management team.

24. Nor did Defendants stop at merely cutting themselves favorable deals at the expense of Street Media or making deals where they were on both sides of the table. They have also undertaken to usurp corporate opportunities of the *LA Weekly,* using the newspaper's own resources, for their own separate benefit.

25. One of the most prominent examples of Defendants' misconduct and usurpation of corporate opportunities involves a social media company and agency known as Vanguard. Vanguard is funded by Calle, Gross and Mehr, and serves as, effectively, an advertising agency that works to sell advertisers product placement through various popular social media posters, known in industry jargon as "influencers." Prior to Defendants' actions, the *LA Weekly* itself made many of these deals, managed social media influencers, and reaped the benefits of that association. In breach of their duty of loyalty to Street Media, Calle, Gross, Mehr, and their cohorts have instead diverted those opportunities to an outside company, even as they continue to trade on the *LA Weekly* name in order to promote Vanguard's separate business interest. Defendants have gone so far as to utilize *LA Weekly* staff to conduct Vanguard business from the *LA Weekly* offices, all without compensation to the company or its other members such as Mr. Welch.

26. Defendants Calle, Mehr and Gross have also been devoting time that should have been spent working to undo the damage they inflicted on the *LA Weekly* to the establishment of a separate publication, tentatively titled the *Irvine Weekly,* that would outwardly be similar to the *LA Weekly,* but focused more on the Orange County market.

27. To be clear, this enterprise has not been organized as an extension of Street Media or the *LA Weekly,* but a fully separate business entity that Mr. Welch is informed and believes Defendants intend to use to divert business and opportunities that are rightly the property of Street

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Media to this new company. Although the *LA Weekly* focuses on Los Angeles, offers a substantial amount of content, and has a significant readership, in the Orange County market. Thus, any efforts by Defendants to establish a direct competitor in Orange County, whether under the *Irvine Weekly* moniker or some other name, is a direct violation of those Defendants' fiduciary duty of loyalty to Street Media.

D. Defendants Violate the Street Media Operating Agreement and Freeze Mr. Welch Out of Management

28. Defendants endeavored to keep Mr. Welch in the dark regarding all of their misconduct, despite his prominent role as one of the major investors and a part of Street Media's management team and the company's general counsel. Even while doing so, Defendants also attempted to enlist Mr. Welch's aid in looting the *LA Weekly*.

29. One example of this was Calle's pressure, for months after the purchase closed, to have Mr. Welch sign off on Calle's compensation agreement. Under the terms of that agreement, which it appears Calle himself drafted, Street Media would not only pay Calle a salary of $135,000 per year but would also pay him a special $135,000 bonus upon completion of certain trivially easy tasks, such as signing a new office lease and restaffing the editorial team that Calle had just personally gutted. In additional to his lavish $270,000 income, Calle also sought to be paid a further 8% of Street Media's EBITDA. Mr. Welch refused to sign or otherwise agree to such an arrangement where Calle would be personally taking so large a portion of the *LA Weekly's* budget.

30. Calle also brushed aside Mr. Welch's efforts to point out the ethical violations inherent in his role as Publisher of the *LA Weekly* with full editorial control while also maintaining employment as the Chief Marketing Officer of Kurvana, for which he was paid an additional $120,000 per year. Kurvana was a substantial advertising customer of the *LA Weekly,* and, despite Mr. Welch's objections, Calle made no effort to separate himself and his editorial will from content concerning Kurvana, or even to disclose the extent of his conflicts of interest to the *LA Weekly* readership, other advertisers competing with Kurvana for space and coverage, and the like. This corruption is not merely academic: Calle has allowed Kurvana—where he is in charge of marketing—to run an advertising balance due in the tens of thousands of dollars, all while

continuing to supply it advertising space in the newspaper. Moreover, in addition to the (should have been paid) advertisements, Calle corrupted the editorial content of the newspaper as well, such as when he and his minions arranged for a glowing review of a Kurvana product in the July 26, 2018 issue of the *LA Weekly* with no disclosure of the conflict generated by Calle's employment with that company.

31. Matters at the *LA Weekly* came to a head in April and May 2018. That April, Calle and Xu, in their role as members of Street Media's management team, made false statements to *LA Weekly* employees regarding the company's plan to restructure its paid time off policy. Specifically, Calle claimed that the company was required to reduce the employees' paid time off benefits in order to comply with local laws of the City of Los Angeles resulting from the company's relocation to downtown Los Angeles. This was false when made; the City of Los Angeles does not impose any legal cap on employees' vacation and sick time benefits. Calle and Xu knew, or should have known, of the falsity of their statements when they made them to the newspaper's employees.

32. Mr. Welch discovered these false statements and on April 24 emailed Calle admonishing him for believing it was appropriate for management to intentionally mislead *LA Weekly* employees. Mr. Welch, as part of the company's management team, refused to authorize or participate in Defendants' plan. Not only was making false statements to the employees unethical business behavior (as well as a violation of Mr. Welch's own independent professional and ethical obligations as a member of the State Bar of California), Mr. Welch was also concerned that if the Defendants attempted to limit employees' already-accrued vacation time they would be exposing the company to wage theft and other employment law claims.

33. Calle and Xu had had enough of Mr. Welch's insistence on troublesome concerns such as "ethics" and "the law," and sought to solve their problem. On May 14, Calle and Xu convened a meeting of all the members of Street Media (save Nyjah Huston, who did not attend). In defendants Greenberg and Gross's law offices, the group met and agreed to summarily eject Mr. Welch from his position on Street Media's management team—a term that Mr. Welch was guaranteed by contract to hold for a full year. Mehr also made a motion, supported by his co-conspirators, to alter Street Media's operating agreement to remove the references to Mr. Welch's

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guaranteed term on the management team, and to replace him with Bequer. Mehr had no right to make this motion, and Defendants had no right to alter the terms of Mr. Welch's service on the Street Media management team. The summary ejection from his position prior to his guaranteed term breached the oral contract that secured Mr. Welch's cash investment in Street Media.

34. That breach is ongoing. Since his summary ejection from the management team, Mr. Welch has not been kept informed of the operations of Street Media, even in his role as a 13% owner of the company, and has been unable to perform the duties entrusted to him in the operating agreement. As a result, without Mr. Welch to obstruct their misconduct, Defendants now have free rein to enact their scheme to plunder the *LA Weekly* to the detriment of Mr. Welch and other investors who are not part of Calle and Xu's select crowd.

35. Since Mr. Welch's exclusion Defendants have cancelled all events; terminated even more employees and limited editorial budgets to a few thousand dollars per category. These actions have drastically limited the amount of content the *LA Weekly* is able to produce and the quality of editorial talent the *LA Weekly* is able to hire. These actions have tarnished the *LA Weekly* brand, and the funds saved as a consequence of these short-sighted actions have been reallocated to the development of separate, competing operations such as Vanguard and the *Irvine Weekly,* to the detriment of Street Media and the *LA Weekly* newspaper.

FIRST CAUSE OF ACTION

(For Involuntary Dissolution of Street Media, LLC Against All Defendants)

(Del. Code § 18-802 & Cal. Corp. Code § 17707.03)

36. Mr. Welch incorporates by reference the allegations set forth in paragraphs 1-35 above, as though set forth in full herein at this point.

37. Mr. Welch is a member of Street Media, LLC, holding a 13% interest therein. As a member of Street Media, LLC, Mr. Welch has standing to seek involuntary dissolution of the company pursuant to Delaware Code § 18-802 and/or California Corporations Code § 17707.03(a).

38. Mr. Welch is entitled to a decree of dissolution of Street Media, LLC on the grounds that it has become impossible to carry on the business in conformity with its organization documents, management of the company is subject to internal dissention, and those in control of the

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company have knowingly countenanced persistent and pervasive fraud, mismanagement, and abuse of authority, all as alleged herein.

39. Mr. Welch is entitled to a decree winding up and dissolving Street Media, LLC and distributing its assets, including any and all subsidiaries, as provided by law. Mr. Welch is further entitled to the interim remedies, such as the appointment of a temporary manager.

SECOND CAUSE OF ACTION

(For Breach of Fiduciary Duties Against Defendants Calle, Xu and Mehr and Does 1-33)

40. Mr. Welch incorporates by reference the allegations set forth in paragraphs 1-39 above, as though set forth in full herein at this point.

41. Defendants owe fiduciary duties to Mr. Welch and to Street Media, LLC by virtue of their positions as members of the Board of Managers and/or officers of Street Media, LLC. Calle is the CEO of Street Media, LLC and serves on its management team, as does Xu. Steve Mehr is a member on the Board of Managers. The fictitiously-named defendants owe a fiduciary duty to Mr. Welch and to Street Media, LLC because they serve or served as members of the Board of Managers or held other positions of trust and confidence with Street Media, LLC.

42. Each of the Defendants owed the duty to exercise candor, good faith, loyalty and care in the management and administration of Street Media, LLC's business affairs. This duty was owed both to the company and to the members of the company.

43. By virtue of the conduct set forth in this complaint, Defendants have intentionally and/or recklessly breached or disregarded their fiduciary duties.

44. Among the breaches of Defendants' fiduciary duties are corporate waste, the misappropriation of corporate opportunities for their own outside companies, self-dealing with advertising partners and other entities owned by the Defendants without appropriate disclosures and not for arms-length value.

45. The injury caused by Defendants' breach of fiduciary duties was unique to Mr. Welch insofar as the acts specifically targeted rights and interests allocated to Mr. Welch as a member of Street Media, LLC.

46. As a direct and proximate consequence of Defendants' breach of fiduciary duties,

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Mr. Welch has been damaged in an amount which is not as yet fully ascertained, according to proof. By virtue of their wrongful conduct as alleged, Defendants also hold as the constructive trustees, for the benefit of Mr. Welch, the usurped corporate opportunities such as Vanguard, as well as all profits derived therefrom.

47. The foregoing acts of Defendants were despicable, oppressive and fraudulent, and were committed willfully and with conscious disregard of Plaintiff Mr. Welch's rights and with the intention of depriving Mr. Welch of his legal and property rights so as to make Defendants' conduct fraudulent, malicious, and oppressive within the meaning of California Civil Code § 3294. By reason thereof, Mr. Welch is entitled to an award of exemplary and punitive damages in an amount sufficient to punish Defendants and to deter similar future conduct. Mr. Welch is entitled to punitive damages in an amount according to proof and based upon the wealth of Defendants.

THIRD CAUSE OF ACTION

(For An Accounting Against Defendants Calle, Xu, Bequer, Mehr and Does 34-66)

48. Mr. Welch incorporates by reference the allegations set forth in paragraphs 1-47 above, as though set forth in full herein at this point.

49. As alleged, Defendants are fiduciaries of Mr. Welch who have misappropriated the assets and opportunities of Street Media, LLC.

50. Through the mismanagement of Street Media, LLC by both the named and the fictitious Defendants, Street Media, LLC has maintained inadequate company books and records and otherwise failed to provide the accounting and right to inspection that Mr. Welch requested and is entitled to as a member of Street Media, LLC.

51. Accordingly, the amount of money diverted, and the value of the assets misappropriated, by Defendants is unknown to Mr. Welch and cannot be adequately ascertained without an accounting of the activities of Street Media, LLC and the usurped corporate opportunities such as Vanguard and the Irvine Weekly.

FOURTH CAUSE OF ACTION

(For Breach of Oral Contract Against Defendants Calle, Xu, and Does 67-100)

52. Mr. Welch incorporates by reference the allegations set forth in paragraphs 1-51

above, as though set forth in full herein at this point.

53. A binding and enforceable oral contract existed between Calle and Xu, on the one hand, and Mr. Welch on the other. The essential terms of this contract were that, in exchange for his agreement to invest $225,000 in Street Media, Mr. Welch would receive a 9% equity stake and a guaranteed one-year term on the company's "management team," with all the authorities and obligations that come with that position.

54. Mr. Welch fulfilled all of his obligations under that oral contract and has made the investment required of him.

55. Defendants Calle and Xu breached this oral contract when they orchestrated the summary termination of Mr. Welch from his position on the management team prior to the expiration of his contractually guaranteed term.

56. As a direct and proximate result of Defendants Calle and Xu's breach of Mr. Welch has been damaged in an amount which is not as yet fully ascertained, according to proof at trial. Defendants' conduct was a substantial factor in causing Mr. Welch's harm.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests judgment and relief against Defendants as follows:

ON THE FIRST CAUSE OF ACTION

1. For a decree winding up and dissolving Street Media, LLC.

ON THE SECOND CAUSE OF ACTION

2. For compensatory damages according to proof at trial;

3. For the imposition of a constructive trust over all assets and opportunities wrongfully misappropriated by the Defendants; and

4. For punitive damages in an amount according to proof based upon Defendants' wealth.

ON THE THIRD CAUSE OF ACTION

5. For an accounting of the activities of Street Media, LLC as well as any assets or opportunities misappropriated by Defendants; and

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6. For payment to plaintiff Mr. Welch of his share of the amounts misappropriated by Defendants.

ON THE FOURTH CAUSE OF ACTION

7. For compensatory damages according to proof at trial.

ON ALL CAUSES OF ACTION

8. An award of attorneys' fees, costs and other expenses of suit incurred herein;

9. An award of pre-judgment and post-judgment interest at the maximum legal rate; and

10. Such other and further relief as the Court deems just and proper under the circumstances.

DATED: August 27, 2018

GLASER WEIL FINK HOWARD
AVCHEN & SHAPIRO LLP

By: ______________________
PATRICIA L. GLASER
RORY S. MILLER
Attorneys for Plaintiff David Welch

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