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and Debtor-In-Possession
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8 **UNITED STATES BANKRUPTCY COURT**
9 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**
10 **LOS ANGELES DIVISION**

11 In re
12 SANCTIONED AUTOMOTIVE GROUP,
13 LLC
14 Debtor and Debtor-In-Possession

Case No. 2:13-bk-30217-ER

Chapter 11

Adv. No. 2:13-ap-01983-ER

15 SANCTIONED AUTOMOTIVE GROUP,
16 LLC,
17 Plaintiff,

**AMENDED COMPLAINT FOR DECLARATORY
RELIEF, AND IN THE ALTERNATIVE OR IN
CONJUNCTION THEREWITH, (A) SPECIFIC
PERFORMANCE, (B) AVOIDANCE OF
PREFERENTIAL LIEN, AND (C) EQUITABLE
SUBORDINATION, TO THE EXTENT
REQUIRED**

18 v.

19 CASUAL INVESTMENTS, LLC, AND
DOES 1 THROUGH 10, INCLUSIVE.

DATE: **Refer to Summons**

TIME:

CTRM: 1568

20 Defendants.

255 E. Temple Street
Los Angeles, CA 90012

21
22 Plaintiff Sanctioned Automotive Group, LLC, a California limited liability company (the
23 “Debtor”), through its undersigned attorneys, and pursuant to Federal Rule of Bankruptcy Procedure
24 7001, hereby file this “*Amended Complaint For Declaratory Relief, And In The Alternative Or In*
25 *Conjunction Therewith, (A) Specific Performance, (B) Avoidance Of Preferential Lien, And (C)*
26 *Equitable Subordination, To The Extent Required*” against defendant Casual Investments, LLC, a
27 Delaware limited liability company (“Casual Investments”) and all necessary parties for the relief
28 requested herein as reflected in the naming of DOES 1 through 10, and state as follows:

JURISDICTION AND VENUE

1
2 1. This adversary proceeding relates to and arises under the Chapter 11 case of *In re*
3 *Sanctioned Automotive Group, LLC*, 2:13-bk-30217-ER (the “Chapter 11 Case”), currently pending
4 before this Court. The Chapter 11 Case was commenced on August 9, 2013 (the “Petition Date”).
5 This Court has subject matter jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §
6 157(a) and (b) and 28 U.S.C. § 1334(b). This matter is a core proceeding within the meaning of 28
7 U.S.C. § 157(b)(2)(A), (K) and (O), as applicable. Venue is proper in Central the District of
8 California pursuant to 28 U.S.C. § 1408. The Plaintiff seeks and is entitled to declaratory and other
9 relief pursuant to 28 U.S.C. §§ 2201(a) and 2202, and in the alternative or in conjunction therewith,
10 relief pursuant to 11 U.S.C. §§ 547, 550 and 551, 11 U.S.C. § 502, 11 U.S.C. § 510(c) and as
11 applicable, 11 U.S.C. § 105.

SUMMARY OF THE ACTION

12
13 2. An actual, ripe and justiciable controversy exists on all Counts arising from the factual
14 and legal issue of whether Defendant Casual Investments is an equity interest holder, or as it has
15 alleged through its filing with the Court of its “*Non-Consent to Debtor’s Use of Cash Collateral and*
16 *Demand for Segregation of Cash Collateral*” seven (7) days after the Petition Date on August 16,
17 2014 [Docket No. 12] (the “Non-Consent to Use of Cash Collateral”), a secured creditor under the
18 Bankruptcy Code for purposes of this Chapter 11 Case.

19 3. This controversy is one that impacts all aspects of the Chapter 11 Case and requires
20 the legal clarity requested by this Complaint as such clarity currently does not exist nor is it expected
21 to be adequately obtained through any other means or relief.

22 4. In the alternative, or in conjunction with the relief requested in Paragraph 2 above, this
23 Complaint seeks to avoid and recover from Defendant Casual Investments, or from any other person
24 or entity for whose benefit the transfers were made, all preferential transfers of property made for or
25 on account of an antecedent debt and to or for the benefit of Defendant Casual Investments by the
26 Debtor within the one (1) year period prior to the Petition Date pursuant to 11 U.S.C. §§ 547 and 550.

27 5. To the extent that any Defendants have filed a proof of claim at any time during this
28 action or have a claim listed on the Debtor’s schedules, or have otherwise requested payment from the

1 Debtor (collectively, “Defendant Claims”), this Complaint is not intended to be, nor should it be
2 construed as, a waiver of Plaintiff’s right to object to any such Defendant Claims for any reason
3 including but not limited to 11 U.S.C. § 502, and such rights are expressly reserved. Notwithstanding
4 this reservation of rights, certain relief is requested pursuant to 11 U.S.C. § 502 by Plaintiff herein as
5 further stated below.

6 6. All use of terminology for purposes of identifying and defining the relevant documents
7 or transactions is for purposes of accurate description of the titles used. No use of such terminology
8 in this Complaint shall be deemed the Debtor’s agreement or admission as to the characterization
9 arising from the wording so used. Specifically, any use of the term “lender” to characterize Casual
10 Investments is done so to reflect both the form and usage of the term in various documents. As
11 reflected on the Debtor’s “Schedule D,” Casual Investments is a disputed secured lender.

12 **PARTIES**

13 7. On the Petition Date, the Debtor Plaintiff filed its Chapter 11 voluntary bankruptcy
14 petition in the United States Bankruptcy Court for the Central District of California, Los Angeles
15 Division (the “Court”), commencing the above-captioned chapter 11 reorganization case.

16 8. Defendant Casual Investments is a Delaware limited liability company with its
17 principal place of business in Overland Park, Kansas, and an alleged secured lender of the Debtor in
18 the amount of nine-hundred, seventy-five thousand (\$975,000.00), and is named as a Defendant in all
19 Counts contained herein.

20 9. As to Count Two [For Specific Performance Of The May 13, 2013 Letter Agreement],
21 the true names and capacities, whether individual, corporate or otherwise, of all necessary Defendants
22 to effectuate the relief requested are listed in this Complaint as including DOES 1 through 10. The
23 Debtor is informed and believes and on that basis alleges that each of the said fictitiously named
24 Defendants may be liable to Debtor on the causes of action herein alleged, and therefore Debtor sues
25 such Defendants by said fictitious names. Debtor will move to amend this Complaint, as necessary
26 and applicable as to such DOES. Whenever reference is made in this Complaint to the “Defendant”
27 in Count Two, such reference includes DOES 1 through 10.

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FACTUAL BACKGROUND

1
2 10. The Debtor is in the business of developing, manufacturing, selling, branding,
3 marketing and distributing to commercial and consumer markets a line of premium car care products,
4 including car wash, waxes, polishes, spray detailers, interior cleaners and conditioners and innovative
5 tire shines.

6 11. In the fall of 2012, negotiations commenced between (a) Casual Investments, (b) Mr.
7 Atticus Firey in his individual management capacity, (c) Debtor member Sanctioned Holdings LLC
8 (the “Suroff Member Entity,” whose members included to the best of the Debtor’s belief and
9 understanding Mr. Mark Suroff, Mr. Scott Debson, Mr. Victor Carillo, Mr. Marco Valdez, Mr.
10 Estevan Oriol and Mr. Mark Machado (a/k/a Mister Cartoon), (d) Mr. Suroff in his individual
11 capacity, and (e) Debtor member Atticus Firey Consulting, Inc. (wholly owned by Mr. Atticus Firey)
12 (the “Firey Member Entity,” and collectively, parties (a) – (e) the “Participating Parties”), whereby
13 Casual Investments conveyed a framework by which it would acquire an equity interest position in
14 the Debtor.

15 12. The Participating Parties subsequently came to an understanding that Casual
16 Investments would make a cash investment into the Debtor in exchange for an equity interest position
17 in the Debtor. Casual Investments further indicated a willingness to provide the Debtor a thirty (30)
18 day short term loan to help fund the Debtor’s operations pending further written memorialization.

19 13. On or about January 7, 2013, the Debtor and Casual Investments entered into a “Loan
20 Agreement” pursuant to which the Debtor received five hundred thousand dollars (\$500,000) from
21 Casual Investments (such agreement, the “January Loan Agreement”). Concurrent with entering into
22 the January Loan Agreement, and in reliance on Casual Investments’ representations regarding such
23 documentation being what was in substance a mechanical step in consummating its equity investment
24 into the Debtor, the Debtor executed in favor of Casual Investments a promissory note in the principal
25 amount of five hundred thousand dollars (\$500,000) (the “January Note”), with a set maturity date
26 ninety (90) days later of March 15, 2013 (such date, the “Initial Maturity Date”), and a “Security
27 Agreement” that contained language that granted Casual Investments a security interest in certain
28 property of the Debtor (the “January Security Agreement”). Based on the Debtor’s inquiry, no UCC-

1 1 or other financing statement to perfect any alleged security interest granted was ever filed by or on
2 behalf of Casual Investments with respect to the grant of lien rights under the January Security
3 Agreement until the filing of a UCC-1 Financing Statement on April 2, 2013 with the California
4 Secretary of State (filing No. 13-7354641589) (such UCC-1, the "April 2013 UCC Filing").

5 14. As of March 5, 2013, eight (8) days before the maturity date of the January Note,
6 Casual Investments and the Debtor had still not finalized all further documentation as to Casual
7 Investments' equity interest position. On such date, and in reliance upon Casual Investments'
8 ongoing representations regarding the memorialization of its equity interest position in the Debtor, the
9 Debtor entered into certain titled "*Amendment To Loan Agreement*" pursuant to which: (i) the Debtor
10 received an additional seventy five thousand dollars (\$75,000) in funding from Casual Investments
11 (the "March Seventy Five Thousand Funding"), (ii) the Debtor executed in favor of Casual
12 Investments that certain "*Amended And Restated Promissory Note*" in the total amount of Five
13 Hundred, Seventy Five Thousand dollars (\$575,000), which consisted of the amount of the January
14 Note and the March Seventy Five Thousand Funding, and (iii) the maturity date of the January Note
15 (\$500,000) and the March Seventy Five Thousand Funding (collectively, the "March Note") was set
16 for March 31, 2013, a mere sixteen (16) days after the Initial Maturity Date. It was expressly
17 understood by all of the Participating Parties that the Debtor did not have the funds to repay the
18 March Note on March 31, 2013 and such maturity date of March 31, 2013 was set in reliance on the
19 Casual Investments in fact converting such "loan" to equity and making a further equity investment as
20 represented by Casual Investments to the Debtor and reflected in the May Letter Agreement.

21 15. Following more months of discussions, on or about May 14, 2013, all of the
22 Participating Parties entered into that certain "Letter Agreement" finally memorializing in writing
23 both the form and the substance of Casual Investments' equity interest position in the Debtor (the
24 "May Letter Agreement"). Pursuant to the May Letter Agreement, Casual Investments' initial equity
25 position in the Debtor was established at forty nine percent (49%), subject to Casual Investments'
26 obligations under the May Letter Agreement. A true and correct copy of the May Letter Agreement is
27 attached hereto as Exhibit A and incorporated herein by reference.

28

1 16. As stated in the May Letter Agreement, the May Letter Agreement “*set forth [the*
2 *Participating Parties’] understanding as to the terms and conditions under which Casual will make*
3 *its cash investment in [the Debtor]...*,” and made clear that it was “*binding on all parties [thereto] to*
4 *consummate all of the transactions as described [therein].*”

5 17. Pursuant to paragraph 2 of the May Letter Agreement, all of the Participating Parties
6 specifically agreed that Casual Investments’ initial funding commitment to the Debtor of one-million
7 five hundred thousand dollars (\$1,500,000) as contained therein, which consisted or otherwise
8 consists of (i) the five hundred seventy five thousand dollars (\$575,000) reflected in the March Note,
9 (ii) the amount of the self-described therein “Additional Loan” to the Debtor in the amount of four
10 hundred thousand (\$400,000), and (ii) an additional cash funding to the Debtor in the amount of five
11 hundred twenty five thousand dollars (\$525,000) (which was never funded), such amount the
12 “Remaining Capital Infusion”), would be financially equivalent to a forty-nine percent (49%) equity
13 position in the Debtor. In addition, it was expressly stated that all of the aforementioned funding by
14 Casual Investments was or was to be converted to equity.

15 18. Paragraph 3 of the May Letter Agreement then proceeds to provide for an additional
16 one million five hundred thousand dollar (\$1.5 million) funding commitment by Casual Investments
17 (the “Additional \$1.5 Million Commitment”) with the following mechanics for handling the
18 Additional \$1.5 Million Commitment: (i) Casual Investments “*will place*” the Additional \$1.5
19 Million Commitment in an escrow account, (ii) the Additional \$1.5 Million Commitment was to be
20 released from escrow upon the Debtor obtaining the total projected revenue thresholds set forth in
21 Recital E of the May Letter Agreement, (iii) the Additional \$1.5 Million Commitment was to be
22 “*treated as an equity contribution,*” not upon release but upon deposit into escrow, and (iv) the use of
23 any and all cash released from escrow could only be used in accordance with a budget mutually
24 agreed upon by Casual Investments and the Suroff Member Entity. Further, under the May Letter
25 Agreement, Casual Investments was not entitled to any additional percentage interests in the Debtor
26 on account of the Additional \$1.5 Million Commitment even though it is considered an equity
27 contribution, and indeed the May Letter Agreement provides for certain “clawback” rights in favor of
28

1 both the Suroff Member Entity and the Firey Member Entity upon the Debtor meeting certain
2 performance metrics.

3 19. The Additional \$1.5 Million Commitment was never placed into any form of escrow,
4 which by itself is a material breach by Casual Investments of the May Letter Agreement.

5 20. Pursuant to Paragraph 4 of the May Letter Agreement, the parties agreed to an
6 Amended Operating Agreement, which, among other things, included the following terms regarding
7 management and ownership of the Debtor: Casual Investments “shall” (i) have the right to be an
8 additional “managing member” of the Debtor, and (ii) be entitled to review the Debtor’s monthly
9 sales, income and expenses.

10 21. On or about May 21, 2013, seven (7) days after consummation of the May Letter
11 Agreement, the Debtor and Casual Investments entered into that certain “Amended And Restated
12 Loan Agreement” (such agreement, the “May Restated Loan Agreement”) pursuant to which, among
13 other things, Casual Investments agreed to make the Additional Loan “*to permit the Borrower to*
14 *benefit by certain business opportunities available to it at this time (and which may not be available*
15 *to the Borrower at the time the definitive documents for the Equity Transactions are completed), ...”*

16 22. Section 5.1 and 5.2 of the May Restated Loan Agreement proceeds to expressly
17 prohibit the Debtor from obtaining new debt, transferring equity among its current owners or
18 accepting new equity in exchange for equity interest in SAG. Such restrictions imposed control over
19 SAG that goes beyond a lender acting at “arm’s length,” especially under the financial dynamics that
20 were occurring, and further crossed over into the territory of a “lender” (whether just in form or in
21 substance) exercising unreasonable level of control over a company. Specifically, such restrictions
22 materially and detrimentally hampered the Debtor’s ability to pursue alternative options to Casual
23 Investments’ evolving demands on the company, options that may have been in the best interests of
24 the company and based on course of conduct the Debtor reasonably believed it could pursue.

25 23. Such restrictions made it impossible for the Debtor, if it felt it was in the best interests
26 of the entity, to repay the nine hundred seventy five thousand dollars (\$975,000) to Casual
27 Investments with new investor monies. However, the reason the Debtor agreed to the terms of the
28

1 May Restated Loan Agreement was because of the agreed upon “Equity Transactions” provided for in
2 the May Letter Agreement and further contemplated elsewhere.

3 24. Further, the May Restated Loan Agreement expressly provides that such agreement is
4 necessary because although the parties believe that “... *all material issues have been resolved*
5 *regarding the Equity Transaction, the completion of the definitive agreements for the Equity*
6 *Transaction will require additional time.*”

7 25. Independent of any other party’s rights and obligations under the May Letter
8 Agreement, the Debtor alleges that the May Restated Loan Agreement further provides that the
9 Debtor and Casual Investments have an obligation to promptly complete the definitive documents,
10 which is reflected by the express wording of contained in the May Restated Loan Agreement as
11 follows:

12 1.4 Prompt Completion of the Equity Transaction. The
13 Borrower and the Lender shall, and shall instruct their respective
14 counsel to, use reasonable efforts to promptly complete the definitive
15 agreements with respect to the Equity Transaction and consummate the
16 Equity Transaction as currently contemplated by the Parties in all
17 material respects. For this purpose, each of the Parties shall negotiate
18 in good faith to promptly, mutually and reasonably resolve any further
19 issues that may arise in such connection.

20 26. In reliance on Casual Investments’ ongoing representations regarding its view and
21 intentions regarding its equity interest position in the Debtor, and consistent with the terms of the
22 May Letter Agreement, the Debtor executed an “*Amended and Restated Promissory Note*” dated May
23 21, 2013 in favor of Casual Investments in the amount of nine-hundred seventy five thousand dollars
24 (\$975,000) (such amount, the “Alleged Secured Indebtedness”), and a “*First Amendment to Security*
25 *Agreement*” dated May 21, 2013 (the “May Security Amendment”), pursuant to which the scope of
26 the property securing the alleged loan was broadened to include among other things certain
27 intellectual property rights of the Debtor as follows:

28 2. Amendment to Section 1.2 [of the January Loan Agreement].

The following shall be added as subpart (ix) to the definition of "Collateral", and all subsequent subparts shall be deemed to be automatically renumbered accordingly:

(ix) all intellectual property, including any domestic and foreign patents, patent applications, registered and unregistered trademarks, service marks, trade

1 names and logos, registered and unregistered copyrights, designs, inventions,
2 computer programs, software, data bases, choses in action, internet domain
3 names, websites, licenses, trade secrets, confidential information and
proprietary information and all goodwill associated therewith;

4 27. The May Security Agreement stated that it related back and amended the January Loan
5 Agreement.

6 28. On May 29, 2013, Casual Investments filed a “UCC Financing Statement
7 Amendment” with the California Secretary of State (filing No. 1373630908) (such filing, the “May
8 2013 UCC Filing”), and such filing stated it related back to the April 2013 UCC Filing.

9 29. The interest rate on the Alleged Secured Indebtedness, which serves as the basis for
10 Casual Investments purported “secured claim” in the Chapter 11 Case, was set at only one percent
11 (1%) without explanation but with a default interest rate of fifteen percent (15%).

12 30. Since the fall of 2012 through the date of this Complaint, Casual Investments
13 continually has reaffirmed its desire and commitment to be an equity interest holder in the Debtor.
14 Beginning in the fall of 2012 and until August 2013, Casual Investments’ conduct was consistent
15 with its expressed desire and agreement to possess an equity interest position in the Debtor. Further,
16 Casual Investments has acted as an equity holder in many material respects during that time, and has
17 among other things, exercised significant direct and indirect control over the Debtor regarding the
18 Debtor’s operations, marketing and business strategy, requested financial documentation evidencing
19 the Debtor’s budget, profit and expenses, and even referred to the Debtor as a “business partner.”

20 31. Casual Investments’ filing of its “Non-Consent to Use of Cash Collateral” a mere
21 seven (7) days after the Petition Date, in which it failed to acknowledge in any manner the
22 Participating Parties’ May Letter Agreement and took the sole position that it is a “secured creditor”
23 of the Debtor, further demonstrates Casual Investments’ ongoing desire to improperly control the
24 direction of the Debtor’s business affairs, disposition and outcome.

COUNT ONE

**FOR A DECLARATORY JUDGMENT THAT CASUAL INVESTMENTS IS NOT A
SECURED LENDER ON ACCOUNT OF THE ALLEGED SECURED INDEBTEDNESS,
WHICH DEBT HAS BEEN CONVERTED TO AN EQUITY INTEREST IN THE DEBTOR
[AGAINST CASUAL INVESTMENTS]**

32. The Debtor Plaintiff incorporates all of the preceding allegations as if fully repeated verbatim herein.

33. The Debtor contends, among other things:

- a. Casual Investments never intended to be a secured creditor, nor does it want to be a secured creditor, and never acted as one; instead at all times Casual Investments acted in substance as a controlling party exercising direct or indirect control over the Debtor that is more consistent with an equity interest position;
- b. Casual Investments' Alleged Secured Indebtedness in the amount of nine-hundred seventy five thousand dollars (\$975,000), has been and is properly characterized for all purposes in this Chapter 11 Case as an equity interest in the Debtor;
- c. Any and all of the Debtor's obligations to Casual Investments on account of the Alleged Secured Indebtedness have been satisfied in full;
- d. Any and all of Casual Investment's lien(s), if any, against the Debtor's property on account of the Alleged Secured Indebtedness should have been and shall be released; and
- e. Casual Investments is not a secured creditor of the Debtor's bankruptcy estate (the "Bankruptcy Estate") in any form.

34. The Debtor is informed and believes based on, among other things, Casual Investments' failure to acknowledge the binding aspects and effect of the May Letter Agreement as to the nature of any equity interest position, the filing of its Non-Consent to Use of Cash Collateral, and its recent positions it has taken in its Motion to Appoint a Chapter 11 Trustee [See Docket Nos. 43-48

1 in the Chapter 11 Case] that again allege that it is a “secured creditor” of the Debtor, that Casual
2 Investments disputes each of these contentions.

3 35. The Debtor desires a judicial determination of the respective rights of Casual
4 Investments in this proceeding at this time, including without limitation Casual Investment’s
5 respective rights and obligations under the May Letter Agreement. Such a declaration is necessary
6 and appropriate at this time in order to effect full relief, to prevent an undue burden on the parties,
7 and to prevent a multiplicity of actions.

8 36. Such a declaration also is necessary and appropriate at this time because absent such
9 relief:

- 10 a. The Debtor’s ability to utilize or seek utilization of the cash that it has and can
11 generate going forward has been unfairly impaired by Casual Investment’s pre-
12 emptive filing of the Non-Consent to Use of Cash Collateral; and
13 b. The Debtor cannot reasonably or judiciously proceed with either a sale under
14 11 U.S.C. § 363 or propounding a chapter 11 plan of reorganization unless
15 there is legal clarity as to the nature of the Debtor and Casual Investments’
16 debtor-creditor or debtor-equity interest holder relationship, or some
17 combination thereof.

18 **COUNT TWO**

19 **FOR SPECIFIC PERFORMANCE OF THE MAY 13, 2013 LETTER AGREEMENT**
20 **[AGAINST ALL DEFENDANTS]**

21 37. The Debtor Plaintiff incorporates each and every allegation in paragraphs 1 through 31
22 of this Complaint as if fully repeated verbatim herein.

23 38. To the extent the Court determines that Casual Investments has failed to perform all
24 necessary steps to convert some or all of the Alleged Secured Indebtedness into an equity interest
25 position in the Debtor consistent with the terms of the May Letter Agreement, Plaintiff seeks entry of
26 a judgment ordering Defendants to perform their obligations under the May Letter Agreement,
27 including but not limited to their obligation to execute any further definitive documentation necessary
28

1 to fully memorialize the conversion of the Alleged Secured Indebtedness into its equity interested
2 position in the Debtor.

3 39. The consideration the Debtor was to provide Casual Investments was adequate at the
4 time the Debtor and Casual Investments entered into the May Letter Agreement, and is just and
5 reasonable as to Casual Investments.

6 40. The Debtor has offered to provide the full consideration called for in the May Letter
7 Agreement, including but not limited to memorializing Casual Investments' forty-nine percent (49%)
8 equity interest position in the Debtor in the same format as utilized in the Debtor's Operating
9 Agreement effective September 1, 2011 (the "Initial Operating Agreement") and then again on
10 January 1, 2012 in conjunction with the First Amendment to the Initial Operating Agreement (the
11 "First OA Amendment"). Such formant is the use of an "Exhibit A" schedule attached to the
12 Operating Agreement, which sets forth each member's "Percentage Interest" in the Debtor. A true
13 and correct copy of the "Exhibit A" schedule from the Initial Operating Agreement and the First OA
14 Amendment is attached hereto as Exhibit B and Exhibit C, respectively, and incorporated herein by
15 reference.

16 41. The Debtor believes it has made all necessary and reasonable efforts to effectuate the
17 memorialization of Casual Investments' equity interest position in the Debtor in accordance with the
18 May Letter Agreement and trigger the Remaining Capital Infusion (\$525,000) by Casual Investments
19 (the "Remaining Capital Infusion") as required by the May Letter Agreement. Casual Investments
20 has refused and continues to refuse to acknowledge the true and full nature of its economic
21 relationship with the Debtor other than sending to the Debtor a "Notice of Breach" letter on July 1,
22 2013 a mere five (5) weeks after the May 2013 transactions described above and six (6) weeks after
23 the May Letter Agreement, and the filing of its "Non-Consent to Use of Cash Collateral" just one (1)
24 week after the Petition Date.

25 42. The Debtor believes it has no adequate remedy at law to enforce the provisions of the
26 May Letter Agreement, and any necessary obligations arising from or related thereto, other than
27 specific enforcement as requested in this Count Two and further believes this Court is the proper
28 forum to adjudicate the relief requested herein.

1 43. The Debtor is entitled to specific performance of the terms, conditions, and provisions
2 of the May Letter Agreement, by court decree, among other things, ordering Casual Investments to
3 execute any and all documents necessary to effectuate the May Letter Agreement as it applies to the
4 Debtor including acknowledgement of its equity interest economic relationship with the Debtor, to
5 make the Remaining Capital Infusion, and to perform all other obligations deemed required by this
6 Court.

7 **COUNT THREE**

8 **FOR AVOIDANCE OF PREFERENTIAL LIEN PURSUANT TO 11 U.S.C. § 547**

9 **[AGAINST CASUAL INVESTMENTS]**

10 44. The Debtor Plaintiff incorporates each and every allegation in paragraphs 1 through 31
11 of this Complaint as if fully repeated verbatim herein.

12 45. In the alternative to Count One, or partially in conjunction therewith, to the extent the
13 Court determines that Casual Investments is a creditor the Bankruptcy Estate on account of some or
14 all of the Alleged Secured Indebtedness, and Casual Investments continues to assert a lien on the
15 Debtor's property pursuant to the May 2013 UCC Filing, the April 2013 UCC Filing, or both, the
16 Debtor seeks a judgment adjudicating Casual Investments' asserted liens avoided pursuant to 11
17 U.S.C. § 547 with such avoided liens preserved for the benefit of the Bankruptcy Estate pursuant to
18 11 U.S.C. § 551 and further judgment pursuant to 11 U.S.C. § 550(a) awarding the Debtor the value
19 of such property if justified, and as applicable, restoring the Debtor to the financial condition it would
20 have enjoyed if the avoided transfer had not occurred.

21 46. Plaintiff seeks entry of the judgment set forth in Paragraph 48 on the basis that Casual
22 Investments is an "insider" pursuant to 11 U.S.C. § 101(31) and the transfers to be avoided occurred
23 within one (1) year of the Petition Date.

24 47. Beginning in at least December, 2012 and up until the Petition Date, Casual
25 Investments exercised significant "control" over the Debtor by, among other things, improperly
26 exercising or attempting to exercise control over the Debtor's management of its operation and
27 business affairs, marketing and financial affairs, as well as attempting to prevent other investors from
28 investing in the Debtor.

1 48. Further, Plaintiff is informed and believes and based thereon alleges that Casual
2 Investments is an entity that had inside knowledge of the Debtor's circumstances that allowed it to
3 continually put itself in a position to protect the satisfaction of its own financial interests before those
4 creditors unaware of the Debtor's financial condition, and on that related basis is an "insider" of the
5 Debtor pursuant to, *inter alia*, 11 U.S.C. § 101(31)(B).

6 49. For the reasons set forth above, Plaintiff is entitled to an order avoiding Casual
7 Investments' lien in its entirety, and if not in its entirety, to the fullest extent provided under applicable
8 law, as a preferential transfer under 11 U.S.C. § 547.

9 **COUNT FOUR**

10 **FOR EQUITABLE SUBORDINATION PURSUANT TO 11 U.S.C. § 510(c)**

11 **[AGAINST CASUAL INVESTMENTS]**

12 50. The Debtor Plaintiff incorporates each and every allegation in paragraphs 1 through 31
13 of this Complaint as if fully repeated verbatim herein.

14 51. Casual Investments has acted inequitably to the detriment of other creditors and
15 interest holders as what appears to have been an orchestrated plan to incrementally gain total control
16 over the Debtor and its business. The preceding allegation is true whether or not Casual Investments
17 is determined to be an interest holder in the Debtor, a secured creditor, an unsecured creditor, or any
18 combination of thereof.

19 52. This was not the situation where a secured lender was merely attempting to assure that
20 the business obligor operated in a manner that prudently maximizes the prospects for repayment in
21 accordance with true "arm's length" length provisions, but instead reflects the type of "undue control"
22 that Courts have determined warrants equitable subordination pursuant to 11 U.S.C. § 510(c).

23 **PRAYER FOR RELIEF**

24 WHEREFORE, the Plaintiff prays that all Defendants be served with a copy of this
25 Complaint, and that, after due proceedings that this Court enter an order for declaratory relief and
26 judgment in favor of the Plaintiff as follows:

27 A. Declaring in accordance with Plaintiff's contentions contained herein that any and
28 all funds received from Casual Investments by the Debtor under the auspices of

1 “debt” is not debt but is instead equity on account of an “equity contribution” of
2 the type described in Paragraph 2 of the May Letter Agreement;

3 B. Ordering that Casual Investments has no claim against the Bankruptcy Estate under
4 11 U.S.C. § 502, including disallowance of any alleged claim arising from the
5 Alleged Secured Indebtedness and the facts, circumstances and documents related
6 thereto;

7 C. Ordering Casual Investments to make an additional equity contribution into the
8 Debtor as soon as reasonably possible in the amount of five hundred twenty-five
9 thousand dollars (\$525,000) to be used at the discretion of the Debtor, subject to
10 Casual Investment’s rights under Paragraph 4 of the May Letter Agreement;

11 D. Ordering consistent with the other relief requested herein, the appropriate remedy
12 and relief with respect to the \$1.5 Million Funding Commitment, including but not
13 limited to requiring the full amount of the \$1.5 Million Funding Commitment to be
14 placed in an escrow account as contemplated by the May Letter Agreement;

15 E. Ordering that effective immediately upon the occurrence of the funding ordered in
16 the immediately preceding Prayer for Relief C and D, that Casual Investments
17 holds an interest against the Bankruptcy Estate of forty-nine percent (49%), subject
18 to (a) all other relief requested herein, (b) the terms and obligations of the May
19 Letter Agreement, (c) any other remedies ordered hereby, and (d) a reservation of
20 all rights of the Debtor under the Bankruptcy Code with respect to interests and
21 those holdings interests in a debtor not adjudicated by means of the relief requested
22 herein;

23 F. Ordering that all Defendants and each of the Participating Parties, as the relief
24 ordered herein requires, complete and execute any and all further documentation
25 necessary to effectuate the relief ordered as requested in the above Prayers for
26 Relief A-E;

27 G. Ordering that all rights and obligations not addressed in the order entered pursuant
28 to this Complaint are preserved among and as between all parties impacted thereby

1 without prejudice, including but not limited to the right to seek enforcement of any
2 rights and obligations between such parties or any appropriate relief arising
3 therefrom;

4 H. Alternatively, on in conjunction with the above Prayers for Relief A-G, making a
5 finding that Casual Investments is an “insider” under 11 U.S.C. § 101(31)(B) and
6 ordering (i) that any and all liens held by Casual Investments against any of the
7 Debtor’s assets are avoided pursuant to 11 U.S.C. § 547, (ii) that all such avoided
8 liens are preserved for the benefit of the Bankruptcy Estate pursuant to 11 U.S.C. §
9 551, and (iii) money judgment against Casual Investments in favor of the
10 Bankruptcy Estate that is appropriate and applicable pursuant to 11 U.S.C. §
11 550(a) to restore the Debtor to the financial condition it would have been in had
12 the transfer and actions arising therefrom not occurred;

13 I. Alternatively, on in conjunction with the above Prayers for Relief A-H, equitably
14 subordinating any claim, whether or secured or unsecured, by Casual Investments
15 pursuant to 11 U.S.C. § 510(c) that is not otherwise disallowed by the requests for
16 relief herein;

17 J. For reasonable attorneys’ fees if and to the extent permitted by law;

18 K. For costs of suit;

19 L. For post-judgment interest, if applicable, at the maximum allowable rate; and

20 M. Granting such other relief as this Court deems proper and just in light of the facts
21 of the Chapter 11 Case and the issues raised in this Complaint.

22 **Respectfully Submitted,**

23
24 October 9, 2013

THE SCHAFER LAW FIRM, P.C.

25 By: /s/ John P. Schafer

26 John P. Schafer, Esq.

27 [Proposed Reorganization] Counsel for the Debtor and
28 Debtor-in-Possession

ADVERSARY PROCEEDING COVER SHEET (Instructions on Page 2)	ADVERSARY PROCEEDING NUMBER (Court Use Only)
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PLAINTIFFS Sanctioned Automotive Group, LLC, a California limited liability company	DEFENDANTS Casual Investments, LLC, a Delaware limited liability company and DOES 1 through 10, inclusive.
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ATTORNEYS (Firm Name, Address, and Telephone No.) John P. Schafer, The Schafer Law Firm, P.C. 2725 West Coast Hwy., Newport Beach, CA 92663 (949) 242-0888	ATTORNEYS (If Known) Sharon Z. Weiss, Bryan Cave LLP 120 Broadway, Suite 300, Santa Monica, CA 90401-2386 (310) 576-2210
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PARTY (Check One Box Only) <input checked="" type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee	PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input checked="" type="checkbox"/> Other <small>Debtor believes is an equity interest holder</small> <input type="checkbox"/> Trustee <small>Disputed</small>
--	--

CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED)
 The nature of the causes of action arises from Defendant Casual Investments, LLC taking the position that it is a secured creditor in this Chapter 11 case and the Debtor Plaintiff's belief that Casual Investments, LLC is an equity interest holder in the Debtor. Statutory predicates are 28 U.S.C. §§ 2201(a) & 2202, 11 U.S.C. §§ 547, 550 & 551, 11 U.S.C. §502, 11 U.S.C. §510(c) and 11 U.S.C §105


NATURE OF SUIT
 (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)

<p>FRBP 7001(1) – Recovery of Money/Property</p> <p><input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property</p> <p><input checked="" type="checkbox"/> 12-Recovery of money/property - §547 preference</p> <p><input type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer</p> <p><input checked="" type="checkbox"/> 14-Recovery of money/property - other §550(a)</p> <p>FRBP 7001(2) – Validity, Priority or Extent of Lien</p> <p><input checked="" type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property</p> <p>FRBP 7001(3) – Approval of Sale of Property</p> <p><input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h)</p> <p>FRBP 7001(4) – Objection/Revocation of Discharge</p> <p><input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e)</p> <p>FRBP 7001(5) – Revocation of Confirmation</p> <p><input type="checkbox"/> 51-Revocation of confirmation</p> <p>FRBP 7001(6) – Dischargeability</p> <p><input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims</p> <p><input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud</p> <p><input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny</p> <p style="text-align: center;">(continued next column)</p>	<p>FRBP 7001(6) – Dischargeability (continued)</p> <p><input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support</p> <p><input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury</p> <p><input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan</p> <p><input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support)</p> <p><input type="checkbox"/> 65-Dischargeability - other</p> <p>FRBP 7001(7) – Injunctive Relief</p> <p><input type="checkbox"/> 71-Injunctive relief – imposition of stay</p> <p><input type="checkbox"/> 72-Injunctive relief – other</p> <p>FRBP 7001(8) Subordination of Claim or Interest</p> <p><input checked="" type="checkbox"/> 81-Subordination of claim or interest</p> <p>FRBP 7001(9) Declaratory Judgment</p> <p><input checked="" type="checkbox"/> 91-Declaratory judgment</p> <p>FRBP 7001(10) Determination of Removed Action</p> <p><input type="checkbox"/> 01-Determination of removed claim or cause</p> <p>Other</p> <p><input type="checkbox"/> SS-SIPA Case – 15 U.S.C. §§78aaa <i>et seq.</i></p> <p><input checked="" type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)</p>
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<input checked="" type="checkbox"/> Check if this case involves a substantive issue of state law <small>See below</small>	<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23
---	---

<input type="checkbox"/> Check if a jury trial is demanded in complaint	Demand \$ To be determined per 11 USC §550 (a)
---	--

Other Relief Sought
 Specific performance to the fullest extent necessary, as well as money judgment against Defendants Casual Investments, LLC in favor of the Bankruptcy Estate that is appropriate and applicable pursuant to 11 U.S.C. § 550(a) to restore SAG to the financial condition it would have been in had the transfer and actions arising therefrom not occurred. Also, the Plaintiff Debtor is aware of *Butner v. United States*, 440 U.S. 48 (1979) and more recently *In re Fitness Holdings International, Inc.*, --- F.3d ---, 2013 WL 1800000 (9th Cir. 2013), which may impact the relief sought and the manner in which it is sought.

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES			
NAME OF DEBTOR Sanctioned Group Automotive, LLC		BANKRUPTCY CASE NO. 2:13-bk-30217	
DISTRICT IN WHICH CASE IS PENDING Central District of California	DIVISIONAL OFFICE Los Angeles		NAME OF JUDGE Ernest M. Robles
RELATED ADVERSARY PROCEEDING (IF ANY)			NONE
PLAINTIFF n/a	DEFENDANT n/a	ADVERSARY PROCEEDING NO. n/a	
DISTRICT IN WHICH ADVERSARY IS PENDING n/a	DIVISIONAL OFFICE n/a		NAME OF JUDGE n/a
SIGNATURE OF ATTORNEY (OR PLAINTIFF) 			
DATE 10/9/13		PRINT NAME OF ATTORNEY (OR PLAINTIFF) John P. Schafer, Esq. SBN 205638	

INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 104, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court's Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 104 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and Defendants. Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not presented by an attorney, the plaintiff must sign.

EXHIBIT A

Letter Agreement

- A. Sanctioned Automotive Group, LLC ("Automotive") is a limited liability company organized to promote, market, produce and distribute a new line of high-quality automotive appearance products and accessories.
- B. Sanctioned Holdings, LLC is a limited liability company which currently holds 4,300 Class A Membership Units in Automotive (41.825% of the total equity ownership in Automotive);
- C. Atticus Firey Consulting, LLC ("Firey") is a limited liability company which currently holds 3,995 Class A Membership Units in Automotive (38.858% of the total equity ownership in Automotive);
- D. Atticus Firey ("AF") is the CEO of Automotive;
- E. The revenue projections for Automotive for the next six (6) months are as follows:
 - June 2013 - \$321,353
 - July 2013 - \$332,032
 - August 2013 - \$308,832
 - September 2013 - \$257,336
 - October 2013 - \$257,336
 - November 2013 - \$235,895

Based on this schedule, the combined projected revenues for Automotive over the next six (6) months are \$1,712,784 ("TPR")

For purposes of this Letter Agreement, the term "revenue" as used throughout shall mean the revenues derived from verified purchase orders from Automotive;

- F. Casual Investments, LLC ("Casual") is a limited liability company that has loaned \$575,000 to Automotive ("Initial Loan"). Casual desires to make a significant cash investment in Automotive in return for a 49% equity ownership in Automotive, subject to the terms and conditions outlined below.

THEREFORE, the parties wish to set forth their understanding as to the terms and conditions under which Casual will make its cash investment in Automotive, with the intent that this Letter Agreement will serve as a guide in drafting the transactional documents (i.e., contribution agreement, amended and restated operating agreement, amended promissory note, etc.) that will reflect the revised ownership of Automotive for the parties hereto. The parties agree as follows:

1. Upon the execution of this Letter Agreement by all parties hereto, Casual will pay immediately to Automotive \$400,000 ("Additional Loan"), such amount to be added to the current principal balance of the Initial Loan owed by Automotive to Casual. Casual's legal counsel will prepare the appropriate revisions to the promissory note to document

the Additional Loan. The maturity date of the promissory note (as revised) will be extended to no early than September 30, 2013. The use of the Additional Loan shall be subject to a budget, mutually agreed upon by Holdings and Casual.

2. Upon the execution of an Amended and Restated Operating Agreement for Automotive setting forth the parties management and ownership rights as detailed in #4 below, Causal will pay immediately to Automotive \$525,000, such amount to be treated as an equity contribution to Automotive. At such time, all principal amounts represented by the Initial Loan and the Additional Loan shall convert into equity contributions to Automotive by Casual. The use of this cash contribution shall be sum to a budget, mutually agreed upon by Holdings and Casual.
3. In addition, Causal will place \$1,500,000 in escrow subject to an agreed upon escrow agreement which will provide for the release of the funds to Automotive upon Automotive obtaining 90% of the TPR. Such \$1,500,000 amount shall be treated as an equity contribution to Automotive immediately upon deposit into the escrow account. The use of this cash contribution shall be sum to a budget, mutually agreed upon by Holdings and Casual.
4. Management and ownership terms of the Amended Operating Agreement for Automotive shall consist of the following:
 - a. Casual will have the right to be a managing member;
 - b. Causal will receive a 49% equity ownership;
 - c. Holdings' equity ownership in Automotive will be reduced to 23.104% with the right to an equity "clawback" as provided in #5 below;
 - d. Firey's equity ownership in Automotive will be reduced to 10.971% with the right to an equity "clawback" as provided in #6 below;
 - e. Casual will have the right to review the monthly sales, income and expenses for Automotive on a monthly basis, and in the event expenses are not in line with overhead and expenses as presented in the budget, Casual will have the right to object to all reimbursement of certain employee and consulting expenses;
 - f. Approval of expenditures in excess of \$2,500 shall require the approval of a majority of the managing members; and
 - g. Checks in excess of \$250 will require two signatures or approval by Casual.
5. Under the Amended and Restated Operating Agreement, Firey will have the following equity "clawback" rights:
 - a. If the combined revenues for Automotive for the six month period of June 2013 through November 2013 are at least 90% of TPR, Firey will have the right to receive an additional 14.61% equity ownership in Automotive, which will reduce Causal's equity ownership in Automotive by a corresponding percentage.
 - b. If the combined revenues for Automotive for the six month period of June 2013 through November 2013 are less than 90% of TPR but at least 80% of TPR, Firey will have the right to receive an additional 7.305% equity ownership in Automotive, which will reduce Causal's equity ownership in Automotive by a corresponding percentage.

AT₂

- c. If the combined revenues for Automotive for the six month period of June 2013 through November 2013 are less than 80% of TPR but at least 70% of TPR, Firey will have the right to receive an additional 3.65% equity ownership in Automotive, which will reduce Causal's equity ownership in Automotive by a corresponding percentage.
 - d. If the combined revenues for Automotive for the six month period of June 2013 through November 2013 are less than 70% of TPR, Firey will not be entitled to any additional equity ownership in Automotive.
6. Under the Amended and Restated Operating Agreement, Holdings will have the following equity "clawback" rights:
 - a. If the combined revenues for Automotive for the six month period of June 2013 through November 2013 are at least 90% of TPR, Holdings will have the right to receive an additional 5% equity ownership in Automotive, which will reduce Causal's equity ownership in Automotive by a corresponding percentage.
 - b. If the combined revenues for Automotive for the six month period of June 2013 through November 2013 are less than 90% of TPR but at least 80% of TPR, Holdings will have the right to receive an additional 2.5% equity ownership in Automotive, which will reduce Causal's equity ownership in Automotive by a corresponding percentage.
 - c. If the combined revenues for Automotive for the six month period of June 2013 through November 2013 are less than 80% of TPR but at least 70% of TPR, Holdings will have the right to receive an additional 1.25% equity ownership in Automotive, which will reduce Causal's equity ownership in Automotive by a corresponding percentage.
 - d. If the combined revenues for Automotive for the six month period of June 2013 through November 2013 are less than 70% of TPR, Holdings will not be entitled to any additional equity ownership in Automotive.
7. In addition to the TPR provisions as applicable to Firey in #5 above, as a measure of performance, AF will be measured on how many "new doors" are opened each month, with a minimum opening order of \$550 per door. Specifics to be outlined in AF's revised employment agreement as follows:
 - a. From June 1 2013 to December 31st 2013, 82 new doors per month with opening order of \$550 per door.
 - b. From January 1 2014 to December 31st 2014, 160 new doors per month with opening orders of \$550 per door.
 - c. From January 1 2015 to December 31st 2015, 320 new doors per month with opening orders of \$550 per door.
8. AF will receive a salary of \$5,000 per month starting June 1st through November 31st as long as the projected monthly revenues are obtained. AF's employment agreement will be revised based on key performance indicators and cash flow. AF's compensation after November 31st will be based on good faith negotiations and AF's performance.



9. AF's current outstanding expenses will be reviewed by Casual and if approved, reimbursed to AF by Automotive.
10. AF's deferred compensation of \$117,500.00 which represents accrued salary and approved expenses through February 1, 2013 will remain on the books of Automotive. No other compensation or expenses will be accrued thereafter. Payback of the deferred compensation will begin December 2013 in the amount of \$10,000 per month but only in the event 100% of the TPR is obtained through November 2013.
11. The due date for the Promissory Note dated October 12, 2012 in the amount of \$200,000 by and between Automotive as Borrower and Atticus Frey and Lender will be extended to February 12, 2014. The due date for the Promissory Note dated October 18, 2012 in the amount of \$12,500 by and between Automotive as Borrower and SA MGMT, LLC as Lender will be extended to February 18, 2014.
12. Scott Bisch will be re-hired and paid \$20,000 upon rehiring. In addition, payment of the deferred compensation due Scott Bisch will start based on Automotive's cash flow.
13. This Letter Agreement, upon its full execution, shall be binding on all parties hereto to consummate all of the transactions as described herein. In the event this Letter Agreement is not fully signed on or before May 14, 2013, all of the provisions and terms set forth herein shall be null and void.

This Letter Agreement is effective the 14 day of May, 2013.

SANCTIONED HOLDINGS, LLC

By: [Signature]
 Name: MARK SNOFF
 Title: Member

ATTICUS FIREY CONSULTING, INC.

By: [Signature]
 Name: ATTICUS FIREY
 Title: President

CASUAL INVESTMENTS, INC.

By: _____
 Name: _____
 Title: _____

[Signature]

ATTICUS FIREY, individually and as CEO of Sanctioned Automotive Group, LLC

AF 4

EXHIBIT B

EXHIBIT A

Members; Capital Contributions; Membership Units; and Percentage Interests

<u>Names and Addresses</u>	<u>Membership Units¹</u>		<u>Percentage Interests¹</u>	
	Class A	Class B	Of Class	Overall
Sanctioned Holdings LLC 1375 East 6 th Street, Suite #2 Los Angeles, California 90021 E-mail: suroff@sastudiosglobal.com	4,500	0	<u>Class A</u> 50.0%	45.0%
Atticus Firey Consulting Inc. 945 West Balboa Boulevard Newport Beach, California 92661 E-mail: afirey@gmail.com	4,500	0	<u>Class A</u> 50.0%	45.0%
Class B Investors, as a group (assuming full subscription of 1,000 initial Class B units)	0	1,000	<u>Class B</u> 100.0%	10.0%
Totals	9,000	1,000	--	100.0%

¹ Numbers presented on a *pro forma* basis and assume, for presentation purposes, the full subscription of all 1,000 initial Class B units.

EXHIBIT C

ANNEX 1

EXHIBIT A

Members; Capital Contributions; Membership Units; and Percentage Interests

<u>Names and Addresses</u>	<u>Membership Units</u>			<u>Percentage Interests</u>	
	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Of Class</u>	<u>Overall</u>
Sanctioned Holdings LLC 1375 East 6 th Street, Suite #2 Los Angeles, California 90021 E-mail: suroff@sastudiosglobal.com	[4,500]	0	0	<u>Class A</u> 50.0%	
Atticus Firey Consulting Inc. 945 West Balboa Boulevard Newport Beach, California 92661 E-mail: afirey@gmail.com	[4,500]	0	0	<u>Class A</u> 50.0%	
Class B Investors, as a group	0	[]	0	<u>Class B</u> 100.0%	
Class C Investors, as a group	0	0	[]	<u>Class C</u> 100.0%	
Totals	[9,000]	[]	[]	--	100.0%