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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

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HENLEY FINANCE, LTD.

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Plaintiff,

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v.

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GOYETTE & ASSOCIATES, INC., a
14 California corporation; BIOSCIENCE
ENTERPRISES, INC., a California
15 corporation;; and DOES 1 through 20,
inclusive,

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Defendants.

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Case No.

**COMPLAINT FOR
DIVERSION OF FUNDS**

JURY TRIAL DEMANDED

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1 Plaintiffs Henley Finance, Ltd. (Henley) is a private company registered in
2 England and Wales. The Court has both subject matter and person jurisdiction over
3 this case because the claims asserted arise under state and federal law, and because
4 the court has personal jurisdiction based on Plaintiff's consent and because the
5 defendants are citizens of the United States, and residents of the Eastern District of
6 California. Defendants are alleged to have engaged in the wrongful taking and
7 diversion of funds and breach of contract and related duties owed Plaintiff as
8 follows:

9 **I.**

10 **PARTIES AND PLAYERS**

11 1. Plaintiff Henley Finance Limited (Henley) always in this complaint is a
12 company incorporated in England and Wales under number 07908634. Mr. Richard
13 Butler is a Bridging Finance Consultant for, and founder and authorized agent of,
14 Henley.

15 2. Defendant Goyette & Associates, Inc. (Goyette), organized as a
16 California corporation on January 8, 2004, is located at 2366 Gold Meadow Way,
17 Suite 200, Gold River, California. Its business activities include providing business
18 advice to cannabis entrepreneurs and investors and providing related escrow
19 services. Paul Q. Goyette is the founder, Chief Financial Officer and Chief
20 Executive Officer of Goyette; he describes himself as an entrepreneur, trial lawyer,
21 and business builder who is on the constant look-out for new opportunities and
22 innovations. From Goyette's office suite at 2366 Gold Meadow Way, Suite 200
23 office, Paul Goyette runs (1) a company he owns self-described as an
24 "entrepreneurial company engaged in development, investment, capitalism"; (2) an
25 adventure race corporation called Primal Quest, Inc.; (3) a dba RNGuardian (for
26 nurses); and (4) a dba EMSGuardian (for paramedics). Paul Goyette also runs a
27 second law corporation with another name from the 2366 Gold Meadow Way
28 address.

1 3. Defendant Bioscience Enterprises Inc. (Bioscience) organized as a
2 corporation on February 8, 2019, in the State of Delaware. Bioscience is located at
3 1220 Knollwood Circle, Anaheim, California, 92801. At all material times, Richard
4 Parker was and is President of Bioscience.

5 4. The true names and capacities of those Defendants sued herein as
6 DOES 1 through 20, inclusive, whether individual, corporate, associate or
7 otherwise, are unknown to Plaintiff, who sues those Defendants by such fictitious
8 names. When the DOE parties' true names and capacities and their actual
9 involvement in the matters alleged herein are ascertained, Plaintiff will amend this
10 complaint to accurately reflect the same.

11 5. Plaintiff is informed and believes and thereon alleges that each of the
12 fictitiously named defendants designated hereunder as a DOE is responsible in some
13 manner for the occurrences alleged herein, and that Plaintiff's damages as herein
14 alleged were proximately caused or contributed to by their conduct.

15 6. Plaintiff is informed and believes and thereon alleges that at all relevant
16 times herein, each of the Defendants was the agent, employee, partner, joint venture,
17 alter ego, and/or co-conspirator of one or more of the remaining defendants and in
18 doing the acts alleged herein, was acting within the purpose, course and scope of
19 such agency, employment joint venture or conspiracy, and with the consent,
20 permission or ratification of one or more remaining Defendants.

21 II.

22 JURISDICTION AND VENUE

23 7. This Court has jurisdiction over this civil action under 28 U.S.C. §
24 1332(a)(2) because the matter in controversy exceeds the sum or value of \$75,000,
25 exclusive of interest and costs, and is between citizens of a State (California) and
26 citizens or subjects of a foreign state (United Kingdom).

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III.
FACTS

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3 8. Robert (Rob) Kay resides in Leafy Grove House, 82 Heathfield Road,
4 Keston, Kent England. As of March 2019, Rob Kay was interested in investing in
5 the CBD/Hemp trade. Mr. Kay's first investment in a CBD/Hemp trade was in
6 Commodity Clearinghouse Corporation (C3), a company now located at 2040
7 Harbor Island Drive, Suite 202, San Diego, California. Mr. Kay also was associated
8 with Henley, and as set forth below, introduced Henley to lending opportunities with
9 the CBD/Hemp company Bioscience.

10 9. On March 12, 2019, agents of C3 represented to Mr. Kay that C3
11 wished to utilize C3's existing relationships in the hemp industry to provide sources
12 of suppliers' regulatory-compliant hemp-derived CBD product purchasers of
13 regulatory compliant hemp or cannabidiol products supply to various buyers. C3
14 agents represented to Mr. Kay that C3 wished to arrange trade agreements, process
15 the anticipated sales, and transfer only hemp products. C3 agents represented to Mr.
16 Kay that C3 had identified reputable, reliable, and continuing source of high-quality
17 hemp-derived CBD product, and that C3 desired to broker said supply of hemp and
18 hemp-derived CBD products to several buyers.

19 10. Mr. Kay, based on these inducements, agreed to provide financing for
20 C3's business plan, as described above. Mr. Kay agreed to lend to C3 the amount of
21 Thirty Thousand United States Dollars (\$30,000 USD) on or before March 15, 2019.
22 The loan proceeds were supposed to fund C3's direct purchase of hemp and hemp-
23 derived CBD products through participation in the C3 Trade Platform for individual
24 Buy/Sell Hemp CBD Trade transactions. The loan funds were to remain in trade for
25 a period of One Hundred and Eighty Days from the date of issuance. C3 told Mr.
26 Kay the loan funds would be used exclusively for the buy/sell trades of hemp-
27 derived CBD products.

1 11. Mr. Kay agreed, based on the inducements described above, to transfer
2 the \$30,000 (USD) to an escrow trust account organized and controlled by
3 defendant Goyette & Associates (Goyette). Goyette is in the business of providing
4 escrow trust services for CBD/Hemp financing transactions. For a fee, Goyette
5 agreed to provide transactional escrow services for the \$30,000 Mr. Kay lent to C3.
6 Mr. Kay, induced to place his trust and confidence in defendant Goyette and based
7 thereon, transferred his \$30,000 on or about March to the Goyette escrow trust
8 account. Mr. Kay was repaid in 10 days with interest as promised.

9 12. In a March 19, 2019 email to C3, defendant Goyette documented
10 receipt of Mr. Kay's \$30,000 into the Goyette trust escrow and explained how
11 defendant Goyette operated the Goyette trust escrow, and how defendant Goyette
12 had transferred Mr. Kay's funds to defendant Richard Parker:

13 I received two wires on behalf of C3. On March 13, 2019. I received an
14 incoming wire for the sum of \$100,000. On March 14, 2019 I received
15 an incoming wire for the sum of \$30,000. You authorized me to send
16 \$130,000 to Richard Parker which I will do this evening or first thing in
the morning. It will be effective tomorrow. That should leave your
account balance at zero. As we discussed our emails we will have to
make up my fee out of future incoming monies.

17 Yesterday I received some new compliance requirements from my bank,
18 Wells Fargo Bank, regarding the administration of law firm IOLTA
19 trust accounts. Apparently, they are particularly concerned with the risk
of money laundering. Accordingly, for each of our transactions I believe
I need the following:

20 For any incoming wires regarding your account I need to know in
21 advance the name and contact information regarding the sender. In
22 addition, I would like to have a copy of any purchase agreement or other
23 transactional document that relates to the transaction. Essentially, to be
compliant I have an obligation to do some degree of due diligence on
the wire sender to ensure it is coming from a legal source.

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24 Remember, I will not be disclosing the nature of the transaction or even
25 the client identity to the bank. However, if they conduct an audit or
26 investigation, I will have an obligation to show them that we are
27 transacting with legitimate business sources and customers. This is
obviously a problem because if I'm required to disclose the nature of the
28 transactions, I run the risk of a compliance problem with the bank. So
hopefully it does not come to that. Let me know if you have any
questions. Paul

1 13. From July to September 2019, Mr. Kay was physically present at a
2 Bioscience/C3 office located at 1220 Knollwood Circle, Anaheim, California, where
3 he met with and came to know Parker, Bioscience’s principal executive officer.
4 Defendant Parker and Mr. Kay discussed the fact that Mr. Kay had a business
5 relationship with Henley, and that Mr. Kay had a relationship of trust and
6 confidence with Henley’s founder, Richard Butler. Mr. Kay and Parker discussed
7 the fact that Henley was a short-term bridging finance company.

8 14. Parker asked Mr. Kay if Mr. Kay would introduce him to Mr. Butler to
9 discuss Bioscience obtaining short term financing. Parker induced Mr. Kay to make
10 the requested introduction to Mr. Butler and Henley based upon a series of
11 representations Parker made to Mr. Kay.

12 15. Parker represented to Mr. Kay that Bioscience was a leading contract
13 manufacturer and supplier of hemp-derived CBD. Parker told Mr. Kay that
14 Bioscience had been developing its niche in the evolving CBD/Hemp trade for over
15 3 years. Mr. Parker told Mr. Kay that Bioscience had “current” contracts to service
16 clients across the continental USA and Canada. Parker told Mr. Kay that Bioscience
17 focused on supplying domestic, Canadian and European Union high grade
18 regulatory compliant hemp derived isolate and distillate.

19 16. Mr. Parker made these representations to Mr. Kay intending them to be
20 relayed to Henley, despite Parker’s knowing them to be materially false and
21 misleading. Contrary to what Mr. Parker represented to Mr. Kay, Bioscience was
22 not a leading contract manufacturer and supplier of hemp-derived CBD. Contrary to
23 what Mr. Parker told Mr. Kay, Bioscience had not been developing its niche in the
24 evolving CBD/Hemp trade for over 3 years. Contrary to what Mr. Parker
25 represented to Mr. Kay, Bioscience did not have “current” contracts to service
26 clients across the continental USA and Canada. Contrary to what Mr. Parker
27 represented to Mr. Kay, Bioscience was not focused on supplying domestic,
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1 Canadian and European Union high grade regulatory compliant hemp derived
2 isolate and distillate.

3 17. In and around July 10, 2019, Bioscience's Richard Parker, based on the
4 above misrepresentations about Bioscience, induced Henley to loan to Bioscience
5 \$999,995 to finance Bioscience's CBD business. Mr. Parker, in addition to the
6 representations about Bioscience, induced Henley to make the \$999,995 loan with
7 the assurance the Henley loan funds would be held in the Goyette escrow trust
8 account. Mr. Parker represented to Henley the Henley loan funds to Bioscience
9 would not be transferred from the Goyette escrow trust account without Henley's
10 permission. It was on that basis that Henley lent \$999,995 to Bioscience.

11 18. On July 21, 2019, Mr. Parker wrote to Mr. Richard Butler at Henley
12 about Bioscience "Cash Management Reserve" with a copy to Mr. Kay."

13 Richard, Thanks for the email.

14 Firstly let share that we are all very excited to have you in support
15 and financially involved with our rapidly growing company. We
16 don't just appreciate you, we feel that you are an ideal match to
17 further thrust us in a rapid and more efficient capacity. You should
18 feel like a part of the team because in fact you are. We want you to
19 know that our decisions reflect that directly, however this industry
20 is unlike many others. Traditional safeguards in contracts and
21 negotiations that exist in established industries are widely rejected
22 or unavailable. This is due mainly to the tender age of the industry
23 and how fast it is changing. Many decisions are made on the fly.
24 This in turn leads to a rapid expanse in projections to execution. And
25 we feel that it is prudent to supply you with direct facts as they
26 become available and solidified as opposed to a constant barrage of
27 change orders that are yet to be quantified. We appreciate your
28 understanding and will make sure you have all copies and
communications as they are complete and formalized.

Let us know once you've reviewed the documents for the CAP
closing. We anticipate the bridge position will be requested on the
currently projected August 2nd closing date. This bridge has zero
risk exposure and that's something that the documents sent and
Joanne Marlowe can fully explain should you wish to
participate. The contract engages directly with UFT and CAP
services with the ROI pulled directly from the fund. The original
offering was 5% for this service but given our pre-existing
relationship we decided as a team we would double that interest rate
for you to 10% for the 7-28 day hold time.

1 Lastly Richard, we are underway with our first order in the
2 partnership we have with you and things are moving along great.
3 We anticipate to have your first profit sharing payment to you within
4 a week or two maximum. And it stands to be a healthy one at
5 that. Thank you again for all your hard work and we look forward
6 to building more and more together.

7 19. Henley was further led to place its trust and confidence because of
8 public announcements about Bioscience that appeared in the CBD/Hemp trade news
9 coverage. For example, on March 28, 2019, StillCanna Inc. (StillCanna) announced
10 it had entered into an agreement to provide \$6 Million Per Month in financing to
11 Bioscience to supply CBD. In March 2019, StillCanna was purportedly an early-
12 stage life sciences company focused on large scale cannabidiol (CBD) oil extraction
13 and distillation. StillCanna purportedly served customers in Europe.

14 20. In and around July 2, 2019, based on Bioscience's misrepresentations
15 (through Parker), Henley and Bioscience entered into a loan agreement whereby
16 Henley agreed to make a short-term loan to Bioscience. The term of the loan
17 agreement commenced on the date the loan funds were transmitted from Henley to
18 Bioscience. The term of the loan agreement ended on either of two dates; (1) no
19 earlier than Thirty (30) days from Bioscience's receipt of the funds or; (2) no later
20 than Sixty (60) days after Bioscience's receipt of funds (anticipated to be September
21 3, 2019).

22 21. The loan agreement was signed by Richard Parker (Parker) on behalf of
23 Bioscience and Richard Butler (Butler) on behalf of Henley.

24 22. Defendant Goyette agreed to provide transactional escrow services for
25 the Henley-Bioscience loan (Goyette Escrow). Defendants Bioscience and Goyette
26 agreed the funds provided to escrow would never leave the Goyette Escrow except
27 on the terms as required under the loan agreement and as instructed by Henley.

28 23. On July 10, 2019, Henley caused \$999,995 of Henley funds to be
 transferred from Henley's account (number *****441) at Santander to the Goyette
 trust escrow as called for under the loan agreement.

1 24. On July 11, 2019, Mr. Kay, acting as Henley’s authorized agent,
2 contacted the offices of Goyette at 19:09 (UK time) and spoke with Goyette.
3 Goyette confirmed to Mr. Kay that the funds had been received and, at that point,
4 Mr. Kay confirmed to Goyette that the funds were not to be distributed without the
5 express permission of Mr. Butler for Henley. The call to Goyette lasted 5 minutes
6 and 59 seconds.

7 25. As confirmed in a writing from Richard Parker to Goyette on
8 September 7, 2019, no funds of Henley Finance were to be used without the express
9 written authorization of Richard Butler, Henley’s authorized agent. On these
10 premises, Goyette owed Henley a fiduciary duty to only expend Henley funds
11 provided to the Goyette Escrow as specifically directed by Henley’s agent, Richard
12 Butler.

13 26. Under these circumstances, Defendant Goyette was obligated under the
14 terms of the Goyette Escrow not to disburse the loan funds to Bioscience or Parker
15 until Henley expressly directed Goyette to do so.

16 27. Defendant Goyette breached his escrow trust account duty to Henley by
17 disbursing the Henley funds to Bioscience and others without the express
18 authorization of Richard Butler, acting for Henley. In addition, Defendant Goyette
19 disbursed \$5,000 of the Henley funds to Goyette without Henley authorization.

20 28. Henley will also rely on the telling fact that, after Bioscience’s Mr.
21 Parker informed Goyette as alleged above, Goyette did not inform Mr. Butler, Mr.
22 Kay or anyone else that the funds placed in Goyette’s escrow account by Henley had
23 long since been dispersed and were no longer in the said account.

24 29. Goyette, in violation of the terms of the Goyette Escrow, wrongfully
25 disbursed Henley’s \$999,995 funds to Bioscience, Parker, Goyette and others.

26 30. Bioscience has breached the loan agreement by failing to repay Henley
27 the \$999,995 within the time required under the agreement.
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1 31. As of the date of the filing of this action, Defendants have not returned
2 any funds to Henley.

3 **FIRST CAUSE OF ACTION**

4 **(Conversion of \$999,995 Funds)**

5 **Against Defendant Goyette and DOES 1-10**

6 32. Plaintiff incorporates by reference and realleges the previous
7 paragraphs as though set forth fully herein

8 33. Henley was the owner of the \$999,995 in funds transferred to the
9 Goyette Escrow. Defendant Goyette disposed of the \$999,995 in a manner
10 inconsistent with Henley's property rights. Henley has demanded the return of
11 funds, but Goyette has not returned the funds as requested. Henley has suffered
12 resulting damages of \$999,995, together with interest as provided by law.

13 34. On these premises, Plaintiff Henley is entitled to recover a judgment
14 against Goyette in the amount of \$999,995, together with interest as provided by
15 law.

16 **SECOND CAUSE OF ACTION**

17 **(Breach of Contract)**

18 **Against Bioscience and DOES 11-20**

19 35. Plaintiff incorporates by reference and realleges the previous
20 paragraphs as though set forth fully herein.

21 36. On or about July 2, 2019, in the County of Sacramento, California,
22 Plaintiff Henley and Defendant Bioscience, through Richard Parker, entered into the
23 loan agreement alleged above in which Henley agreed to lend, and Bioscience
24 agreed to repay, funds no later than 60 days from the effective date of the contract.
25 In furtherance of the loan agreement, Henley caused to be wired \$999,995 from the
26 Henley account to the Goyette escrow trust account.

1 37. Plaintiff Henley has performed all conditions, covenants, and promises
2 required on Henley's part to be performed in accordance with the terms and
3 conditions of the loan agreement.

4 38. For the past several months, Plaintiff Henley has repeatedly demanded
5 Bioscience perform its obligation under the loan agreement by repaying the
6 \$999,995. Bioscience has failed and refused to repay the outstanding loan of
7 \$999,995.

8 39. On these premises, Bioscience has breached the loan agreement.

9 40. As a result of Bioscience's breach of the loan agreement, Plaintiff has
10 suffered damages in an amount exceeding \$999,995, together with interest as
11 provided by law.

12 **THIRD CAUSE OF ACTION**

13 **(Breach of Fiduciary Duty)**

14 **Against Goyette and DOES 1-10**

15 41. Plaintiff incorporates by reference and realleges the previous
16 paragraphs as though set forth fully herein.

17 42. Defendant Goyette agreed to provide escrow services for Henley's loan
18 to Bioscience. As confirmed in a September 7, 2019, writing from Richard Parker to
19 Goyette, no Henley funds were to be used without the express written authorization
20 of Henley's authorized agent, Richard Butler.

21 43. Goyette owed Henley a fiduciary duty to only expend Henley funds as
22 specifically directed by Henley's agents, Richard Butler and Mr. Kay.

23 44. Defendant Goyette breached its escrow fiduciary duty to Henley by
24 disbursing the \$999,995 to Bioscience and others without the express authorization
25 of Richard Butler for Henley.

26 45. Goyette further breached its escrow fiduciary duty by disbursing
27 \$5,000 of Henley funds to itself, Goyette.

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