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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

RICHARD ALLEN CLARIDGE,
individual and trustee of the Joint Revocable
Trust of Richard Allen Claridge Jr. & Capri
Lynn Winsor;
CAPRI LYNN WINSER; individual and
trustee of the Joint Revocable Trust of
Richard Allen Claridge Jr. & Capri Lynn
Winsor;
TODD MICHERO, an individual;
LORI MICHERO, an individual;
BROOKE SAMPLE, individual and trustee
of the First Amendment to the Brooke Sample
Separate Property Trust;
SCOTT A. WALKER, individual and trustee
of The Walker Family Living Trust; and
ELIZABETH L. WALKER, individual and
trustee of The Walker Family Living Trust,
on behalf of themselves and all others
similarly situated,

Case No.

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

CLASS ACTION COMPLAINT

1 Plaintiffs,

2 versus

3 **TIMOTHY J. LEFEVER**, an individual;
4 **KENNETH W. MATTSON**, an individual;
5 **LEFEVER MATTSON, INC.**, a
6 corporation;
7 **KS MATTSON PARTNERS, LP**, a limited
8 partnership;
9 **LEFEVER MATTSON I, LLC**, a limited
10 liability company;
11 **HOME TAX SERVICE OF AMERICA,**
12 **INC.** (d/b/a LEFEVER MATTSON
13 PROPERTY MANAGEMENT), a
14 corporation;
15 **DIVI DIVI TREE, LP**, a limited partnership;
16 and
17 **SPECIALTY PROPERTIES PARTNERS,**
18 **LP**, a limited partnership,

19 Defendants.

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CLASS ACTION COMPLAINT

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EXHIBITS TO COMPLAINT

EXHIBIT A: A list of the limited partnerships and limited liability companies involved with LeFever Mattson.

EXHIBIT B: The complete June 27, 2024 email from Defendant LeFever to investors.

EXHIBIT C: Timothy LeFever, et al. v. Kenneth W. Mattson, et al.; Sonoma Superior Court, Case No. 24CV03485

EXHIBIT D: Kenneth W. Mattson v. Timothy LeFever, et al.; Sacramento Superior Court, Case No. 24CV011305

Lead Plaintiffs Richard Allen Claridge, Capri Lynn Winser, Todd Michero, Lori Michero, Brooke Sample, Scott A. Walker, and Elizabeth L. Walker (“Plaintiffs”), individually and on behalf of all other persons similarly situated, by Plaintiffs’ undersigned attorneys, allege the following against Defendants Timothy J. LeFever, Kenneth W. Mattson, LeFever Mattson, Inc., KS Mattson Partners, LP, LeFever Mattson I, LLC, Home Tax Service of America, Inc. (d/b/a LeFever Mattson Property Management), Divi Divi Tree, LP, and/or Specialty Properties Partners, LP (“Defendants”) based upon personal knowledge as to Plaintiffs and Plaintiffs’ own acts, an investigation conducted by and through Plaintiffs’ attorneys, which included a review of the Defendants’ public documents and announcements, press releases published by and regarding Defendants, Watchdog reports and advisories about Defendants, and information readily obtainable on the Internet, and information and belief as to all other matters.¹ Plaintiffs believe that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery

I. INTRODUCTION

On June 27, 2024, Plaintiffs and the Class received this unwelcomed news:

Decades ago, LeFever Mattson began investing in multi-family properties throughout California. Many of you considered Ken Mattson to be your financial advisor, and with his help you invested in the LeFever Mattson led partnerships which owned these properties. Over the last decade, many of these properties were sold and the profits reinvested in other properties. . . .

Monthly distributions have been a welcome source of income for each of you . . . But these partnerships are not insulated from the realities of the real estate market, the economy in general, or the chaos caused by the problems related to Ken Mattson. . . .

It is tough to hear from investors that believed that checks would always come and want to know when they will get the next one. It is even harder to hear from those that put so much trust and resources with Ken, and now say that they regret “putting all of their eggs in one basket”. And I know that my inability to give specifics on when to expect the next monthly distribution is painful. . . .

-- June 27, 2024 Tim LeFever Email to LeFever Mattson, Inc. Investors²

¹ Footnotes in this complaint are for ease of reference.

² The complete June 27, 2024 email from Tim LeFever to LeFever Mattson investors is attached hereto as Exhibit B.

1 1. This case represents one of the largest investment fraud cases of many elderly
2 people and seeks relief for hundreds of investors, many of whom entrusted their life's savings, in
3 the massive investment fraud perpetrated and enabled by Defendants. This action is brought as a
4 class action on behalf of the Class and Elder Subclass described in this Complaint, in order to
5 preserve, protect from dissipation and misappropriation, recover, and transparently and equitably
6 distribute all Class members' investments. All Class and Subclass members made investments
7 and reinvestments, throughout the Class Period, in what were promoted, represented, and sold to
8 them by Defendants as percentage interests in specific and separate limited partnerships and other
9 investment vehicles in real property assets.³ Plaintiffs' investments now appear not to have been
10 invested or managed as Defendants represented. Instead, Plaintiffs' investments now appear, as
11 described in recent revelations, to have been commingled, used to purchase unidentified
12 properties, sold without distribution to investors, and otherwise diverted and misused in an
13 investment scheme controlled and run by Defendants (the "Investment Scheme").

14 2. Specifically, Defendants made the following representations to Plaintiffs, the
15 Class, and the Subclass to induce them to invest: *first*, that money invested with Defendants
16 would be applied to acquisition of a specific real property owned by the partnership; *second*, that
17 the partnership would maintain a separate bank account in the name of the partnership into which
18 the proceeds would be deposited; and *third*, that payments to investors would come from the
19 partnership's proceeds through the management and sale of those properties. As set forth herein,
20 each of those representations was false and misleading when made.

21 3. The Investment Scheme used a uniform, defining feature that encouraged investors
22 to make additional investments and recommend that others do so: the regular and consistent
23 payments of interest on investments, as well as the promise of increase in the value of the
24 underlying real property assets over time. These consistent payments sustained the Investment
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26
27 ³ A list of the limited partnerships and limited liability companies known to investors is attached
28 hereto as Exhibit A.

1 Scheme's façade that masked growing disarray and overextension, until the Investment Scheme
2 finally collapsed, with the cessation of regular payments in or about the Spring of 2024.

3 4. Recent communications to investors further reveal the fraudulent nature of the
4 Investment Scheme. On June 27, 2024, Defendant Timothy LeFever notified investors that
5 Defendants were in the process of selling properties and returning proceeds to the investors, and
6 implicitly acknowledged the illegal commingling of investment money across partnerships and
7 properties:

8 As discussed above, LeFever Mattson has a long term goal of
9 selling the properties held in these partnerships and returning
10 proceeds to the investors. But here also, many investors want more
11 information than I can give at this time. ***We have started selling
12 properties and proceeds have been paid to investors. We are
13 receiving offers on properties every week. Some of these offers are
14 very good, while others are below market value and we are
15 continuing to negotiate. For all of these properties, I will bring the
16 investors into the process and inform them concerning a property
17 sale as soon as it is appropriate.*** (Emphasis added).⁴

18 5. Plaintiffs are informed and believe, and thereon allege,⁵ that the proceeds from the
19 sales of existing properties have not been distributed to the investors whose investments were
20 used to purchase the properties, but instead were used to pay past-due distributions to investors
21 across a variety of partnerships, suggesting ongoing commingling of investor funds.

22 6. The Investment Scheme has caused and continues to cause substantial financial
23 loss and severe personal distress for Class members, many of whom are senior citizens, and who
24 invested their life savings in the Investment Scheme described in this Complaint.
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⁴ See Exhibit B.

⁵ Certain necessary information about the Investment Scheme lies solely within Defendants' control, and Defendants have and continue to conceal such information from Plaintiffs. Thus, Plaintiffs are not privy to such information and can only access such information through discovery. Plaintiffs' allegations are based on their own investment experience, representations by Defendants, and counsel's investigation of the Investment Scheme. Allegations "on information and belief" are appropriate in such circumstances to establish the particularity requirement of Rule 9(b).

II. PARTIES

A. Plaintiffs

7. Plaintiffs are citizens of Virginia, Colorado, Arizona, and Alaska.

8. Plaintiff **Richard Allen Claridge, Jr.** (“Plaintiff Claridge”) is, and at all relevant times has been, an individual and a trustee of the Joint Revocable Trust of Richard Allen Claridge Jr. & Capri Lynn Winser residing in Goochland, Virginia. Plaintiff Claridge is currently fifty-eight years old. He is married to Plaintiff Capri Lynn Winser.

9. Plaintiff **Capri Lynn Winser** (“Plaintiff Winser”) is, and at all relevant times has been, an individual and a trustee of the Joint Revocable Trust of Richard Allen Claridge Jr. & Capri Lynn Winser residing in Goochland, Virginia. Plaintiff Winser is currently sixty-eight years old. She is married to Plaintiff Richard Allen Claridge, Jr.

10. Plaintiffs **Todd Michero** and **Lori Michero** (“Michero Plaintiffs”) have been citizens of the state of Alaska since 2013, residing in Eagle River, Alaska. Mr. and Ms. Michero are currently both sixty-five years old.

11. Plaintiff **Brooke Sample** (“Plaintiff Sample”) is, and at all relevant times has been, an individual and a trustee of the Brooke Sample Separate Property Trust residing in Peoria, Arizona. Plaintiff Sample is currently seventy years old.

12. Plaintiffs and married couple **Scott A. Walker** and **Elizabeth Lull Walker** (“Walker Plaintiffs”) are, and at all relevant times have been, individuals and trustees of The Walker Family Living Trust residing in Arvada, Colorado. Both are currently sixty-eight years old.

B. Defendants

13. Defendant **Timothy J. LeFever** (“LeFever”) is, and at relevant times has been, an individual citizen of the State of California, residing in Citrus Heights, California and is over the age of 18. LeFever is currently the Chief Executive Officer, Chief Financial Officer, Director, and Agent for Service of Process, and 50% owner of LeFever Mattson, a stock corporation that buys and sells real estate to a substantial number of investors. Prior to April 1, 2024, LeFever

1 served as Director, Secretary, Agent for Service of Process, and 50% owner of LeFever Mattson.
2 Plaintiffs are informed and believe and thereon allege that LeFever and his affiliated entities
3 described below, facilitate real estate investments on behalf of numerous investors, including
4 Plaintiffs.

5 14. Defendant **Kenneth W. Mattson** (“Mattson”) is, and at relevant times has been, an
6 individual citizen of the State of California, residing in Sonoma and Piedmont, California, and is
7 over the age of 18. Mattson is a Director of LeFever Mattson, a stock corporation that buys and
8 sells real estate to a substantial number of investors. Prior to April 1, 2024, Mattson served as
9 Chief Executive Officer and Chief Financial Officer of LeFever Mattson. Plaintiffs are informed
10 and believe and thereon allege that Mattson and his affiliated entities described below, facilitate
11 real estate investment on behalf of individual investors, including Plaintiffs.

12 15. Defendant **LeFever Mattson, Inc.** (“LeFever Mattson”) is, and at all relevant
13 times has been, a corporation organized under the laws of the State of California with its principal
14 place of business in Citrus Heights, California. Plaintiffs are informed and believe and thereon
15 allege LeFever Mattson is a real estate investment entity with a portfolio of real estate, claimed by
16 LeFever to be valued at over \$400 million.⁶ Plaintiffs are informed and believe and thereon
17 allege that at relevant times herein, Mattson was President, Chief Executive Officer, Chief
18 Financial Officer, and a 50% co-owner of LeFever Mattson, with LeFever. Plaintiffs are
19 informed and believe and thereon allege that on or about April 1, 2024, Mattson resigned his
20 positions as Chief Executive Officer and Chief Financial Officer of LeFever Mattson based in
21 large part upon the fraudulent conduct described herein. Since April 1, 2024, LeFever has served
22 as Chief Executive Officer and Chief Financial Officer of LeFever Mattson.

23 16. Defendant **KS Mattson Partners, LP** (“KS Mattson Partners”) is, and at all
24 relevant times has been, a limited partnership organized under the laws of the State of California
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26 ⁶ Declaration of Timothy LeFever in support of Defendants LeFever Mattson, Inc. and Divi Divi
27 Tree, LP’s Opposition to Plaintiff’s Motion for Preliminary Injunction (“LeFever Decl.”),
28 *Charlene Hultman v. Kenneth W. Mattson*, Case No. 4:24-cv-03381-JST (N.D. Cal. June 5,
2021), Dkt. 36-1.

1 with its principal place of business in Vacaville, California. Plaintiffs are informed and believe
 2 and thereon allege that KS Mattson Partners is a real estate investment entity. According to the
 3 California Secretary of State's website, Mattson is the registered agent for KS Mattson Partners.
 4 Plaintiffs are informed and believe and thereon allege that Mattson is the owner of KS Mattson
 5 Partners and controls the entity's operations.

6 17. Defendant **LeFever Mattson I, LLC** is a California Limited Liability Company
 7 not in good standing and not authorized to do business in the state of California. It is a wholly-
 8 owned subsidiary of Lefever Mattson. Its principal place of business is 6539 Auburn Blvd, Ste B,
 9 Citrus Heights, CA 95621. According to the California Secretary of State's website, LeFever is
 10 the registered agent for LeFever Mattson I, LLC. Plaintiffs are informed and believe and thereon
 11 allege that LeFever Mattson I, LLC is a wholly owned subsidiary of LeFever Mattson, which at
 12 all times herein relevant controlled the entity's operations.

13 18. Defendant **Home Tax Service of America, Inc.** (d/b/a **LeFever Mattson**
 14 **Property Management**) ("LM Property Management") is, and at all relevant times has been, a
 15 corporation organized under the laws of the State of California with its principal place of business
 16 in Citrus Heights, California. Plaintiffs are informed and believe and thereon allege that LeFever
 17 is an owner and officer of LM Property Management, and at all times herein relevant controlled
 18 the entity's operations.

19 19. Defendant **Divi Divi Tree, LP** ("Divi Divi") is, and at all relevant times has been,
 20 a limited partnership organized under the laws of the State of California with its principal place of
 21 business in Citrus Heights, California. Divi Divi is a real estate investment partnership.

22 20. Defendant **Specialty Properties Partners, LP** ("Specialty Properties") is, and at
 23 all relevant times has been, a limited partnership organized under the laws of the State of
 24 California with its principal place of business in Citrus Heights, California. Specialty Properties
 25 is a real estate investment partnership.

26 21. All Defendants shall be referred to herein collectively as "Defendants." At all
 27 times mentioned herein, each of the Defendants were and acted as the agents and servants of their
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1 co-defendants, and in doing the things hereinafter alleged, were acting in concert with each other,
2 aiding and abetting each other and acting within the course and scope of their authority as such
3 agents, servants, and employees and with the permission and consent of their codefendants.
4 There may be other individuals, partnerships, corporations or other entities that were involved,
5 and Plaintiffs will amend this Complaint to add further entities.

6 **III. JURISDICTION AND VENUE**

7 22. Subject matter jurisdiction is proper in this Court pursuant 28 U.S.C. § 1332
8 because all Plaintiffs are citizens of different States from all Defendants, and Plaintiffs each assert
9 claims where the amount in controversy exceeds the sum or value of \$75,000, exclusive of
10 interest and costs. The Court has supplemental jurisdiction over the Class and Elder Subclass
11 members' claims pursuant to 28 U.S.C. § 1367.

12 23. This Court has personal jurisdiction over Defendants, all of whom are citizens of
13 the State of California.

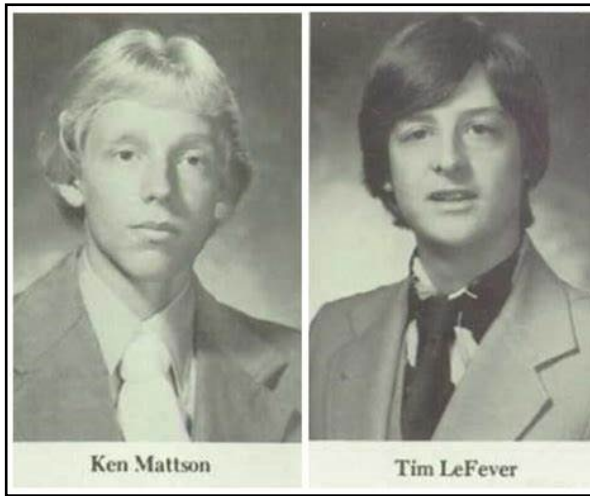
14 24. Venue is proper under 28 U.S.C. § 1391(b) because (i) Defendants maintain their
15 principal place of businesses in this District; (ii) one or more of Defendants reside in this District;
16 (iii) a substantial portion of the transactions and wrongs complained of in this Complaint occurred
17 in this District; and (iv) Defendants received substantial compensation in this District by doing
18 business here and engaging in numerous activities that had effects in this District.

19 25. This action is related to another action pending before this Court, *Hultman v.*
20 *Kenneth W. Mattson, et al.*, Case No. 4:24-cv-03381-JST, within the meaning of L.R. 3-12(a).

21 26. Under Local Rule 3-2(d), this action should be assigned to the San Francisco or
22 Oakland division.
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1 **IV. FACTUAL ALLEGATIONS**

2 **A. LeFever and Mattson Start a Real Estate Business**



12 ***1979 High School Yearbook Photo of Ken Mattson and Tim LeFever***
 13 ***(Photo from Press Democrat)***

14 27. LeFever and Mattson have been friends for decades. They were classmates
 15 together at Cordova High School in Rancho Cordova, and again at UC Berkeley. Each was the
 16 best man in the other's wedding. LeFever considered Mattson his best friend.⁷

17 28. Mattson, according to a complaint filed by LeFever, is described and known as a
 18 "financial genius," a perception which was largely formed around his impressive investment
 19 portfolio, as well as "his uncanny ability to predict the economic future."⁸

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26 ⁷ See Exhibit C, Complaint at 1, *Timothy LeFever, v. Kenneth W. Mattson.*, Case No. 24CV03485
 27 (Sonoma Superior Court, filed June 06, 2024).

28 ⁸ *Id.* at 3.



*Ken Mattson's Piedmont Home
(Photo from Press Democrat)*

29. The duo have been business partners since 1990, when LeFever acquired a 50% interest in the company KWM Inc., a real estate investment company formed by Mattson around August 1989.⁹ The company later became known as LeFever Mattson. According to LeFever, LeFever Mattson does not have and has never had any employees. Until LeFever Mattson added a third director in early 2024, LeFever and Mattson were the only officers and directors of LeFever Mattson.¹⁰

30. At all times since the formation of LeFever Mattson, LeFever and Mattson have each owned 50% of the company shares. LeFever recently stated that LeFever Mattson currently manages a portfolio of real estate valued at over \$400 million.¹¹

31. As LeFever Mattson grew, LeFever, in his capacity as a real estate broker and attorney, started and operated LM Property Management, as well as the real estate brokerage

⁹ *Id.* at 2.

¹⁰ LeFever Decl. ¶ 9, Dkt. 36-1.

¹¹ *Id.* at ¶11.

1 company California Investment Properties.¹² LM Property Management describes itself as a
 2 California-wide commercial and residential real estate management and maintenance company,
 3 with a portfolio of over 1,000 rental units and 600,000 square feet of commercial space.¹³

4 32. In August of 1999, Mattson created his own real estate investment entity, KS
 5 Mattson Partners LP. Mattson is the registered agent for KS Mattson Partners.

6 **B. The Investment Scheme**

7 33. In the late 1990s, LeFever Mattson generally offered real estate opportunities to
 8 outside investors by acquiring the real estate in a co-tenancy with investors.¹⁴

9 34. That early business model changed over time: instead of acquiring real estate in its
 10 own name, LeFever Mattson instead created a wide range of LeFever Mattson-owned investment
 11 limited partnerships (“LPs”), and limited liability companies (“LLCs”) that would each purchase
 12 one or more real properties. LeFever Mattson, through the efforts of LeFever and Mattson
 13 themselves, solicited investments from investors, and reserved an ownership share in each LP for
 14 LeFever Mattson itself. According to LeFever, “most of the outside investors were Mattson’s
 15 current or former clients or other contacts Mattson developed while he was working as a
 16 securities broker.”¹⁵

17 35. Defendants made several misrepresentations to investors in soliciting their
 18 investments in the LPs and LLCs. *First*, Defendants represented to investors that money invested
 19 with Defendants would be applied to the acquisition of a specific real property owned by the
 20 partnership. *Second*, Defendants represented to investors that the partnership would maintain a
 21 separate bank account in the name of the partnership into which the proceeds would be deposited.
 22 *Third*, Defendants represented to investors that payments to investors would come from the
 23 partnership’s proceeds through the management and sale of those properties. As detailed herein,

24 ¹² *Id.* at 2.

25 ¹³ <https://www.lefevermattson.com/> (last accessed July 6, 2024).

26 ¹⁴ See Exhibit C Complaint at 14, *Timothy LeFever, v. Kenneth W. Mattson.*, Case No.
 27 24CV03485 (Sonoma Superior Court, filed June 06, 2024).

28 ¹⁵ LeFever Decl. ¶ 12, Dkt. 36-1.

1 none of these representations were true. To the contrary, investments from various investment
2 partnerships were commingled and used to acquire various real properties; Defendants did not
3 maintain separate bank accounts for the limited partnerships into which proceeds from the real
4 properties were deposited; and payments made to investors—in the form of distribution checks—
5 did not come from the partnership’s proceeds through the management and sale of those real
6 properties.

7 36. Further, documentation for the investments was scarce or, in some instances, non-
8 existent. For example, when soliciting investments, LeFever Mattson, and LeFever and Mattson
9 individually, did not provide investors with independent information about the fair market value
10 of the property which their pooled money would purportedly be used to purchase. Investors also
11 did not receive prospectuses or private placement memoranda, which, among other things, would
12 have described their business plan, details regarding the proposed investments, and the various
13 risks known to Defendants. Instead, investors were made to rely on LeFever Mattson’s
14 representations as to the value of the properties, as well as the percentage ownership the investor
15 would receive in exchange for a particular financial investment.

16 37. In offering the limited partnership interests, LeFever Mattson represented to
17 investors that they could expect regular distributions reflecting a fixed percentage return on their
18 investments based on the net income derived from the operations of the real estate assets. For
19 years, investors did indeed receive monthly distribution checks reflecting those returns. The
20 distribution checks remained consistent regardless of actual income generated from the operations
21 of the commercial real estate assets or changes in the real estate market. LeFever Mattson rarely,
22 if ever, provided investors financial account statements reflecting the profits and losses of the
23 investments, the current fair market value of the properties held by the LPs, or documentation
24 reflecting that their distribution checks were the product of the properties’ yearly profits. If
25 properties held by the LPs were sold and the cash used to reinvest in further properties, LeFever
26 Mattson provided no documentation of the sale to the LP investors, nor an accounting reflecting
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1 the sale value, the proceeds from the sale, or the appreciation, if any, of the value of their interest
2 in the partnership.

3 38. Plaintiffs are informed and believe and thereon allege that LeFever Mattson set a
4 minimum investment amount of \$50,000 per investor per LP. However, many LeFever Mattson
5 investors invested far more, across a series of LPs, spanning several years and in some instances
6 more than a decade.

7 39. Plaintiffs are informed and believe and thereon allege that LeFever Mattson
8 currently has hundreds of investors in its LPs, whose investments range from high five figures up
9 to several million dollars.

10 40. Unbeknownst to investors, after initiating the Investment Scheme, Defendants
11 began commingling funds that were intended for specific investments across all the investments
12 that LeFever and Mattson controlled through their various legal entities. For example,
13 distribution checks for various LPs were sent from a single LeFever Mattson bank account,
14 suggesting Defendants did not keep LP investment funds separated as required by law and by the
15 partnership contracts. Defendants effectuated their Investment Scheme by, among other things,
16 paying the above-described “dividends” to investors to maintain their ruse. The regular
17 distribution of checks to investors sustained their belief in the security of their investments and
18 led to additional investments in the Investment Scheme.

19 **C. LeFever’s and Mattson’s Investment Properties**

20 41. LeFever Mattson used funds raised from hundreds of investors in their limited
21 partnerships to purchase properties throughout the state of California, including Redwood City,
22 Vacaville, Riverside, Santa Barbara, Roseville, and Sacramento.¹⁶

23 42. LeFever Mattson frequently sells or transfers property from one company under its
24 control to another. LeFever Mattson also often sells or purchases shared interests in specific
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27 ¹⁶ Phil Barber, *Sisters who invested \$2 million with embattled Sonoma developer Ken Mattson sue to get money back*, The Press Democrat (Jun. 21, 2024),
28 <https://www.pressdemocrat.com/article/news/mattson-lawsuit-breach-of-contract/>.

1 parcels, making ownership even more difficult to trace.¹⁷ Although most of the property is
 2 purchased and sold through LeFever Mattson's various entities, Plaintiffs are informed and
 3 believe and thereon allege that LeFever and Mattson also enlist their spouses and adult children as
 4 participants and enablers of their fraudulent Investment Scheme.

5 43. According to a *Press Democrat* article, as of March 2023, Defendants LeFever and
 6 Mattson and their various entities own at least 116 properties in or around Sonoma, valued at
 7 more than \$240 million.¹⁸

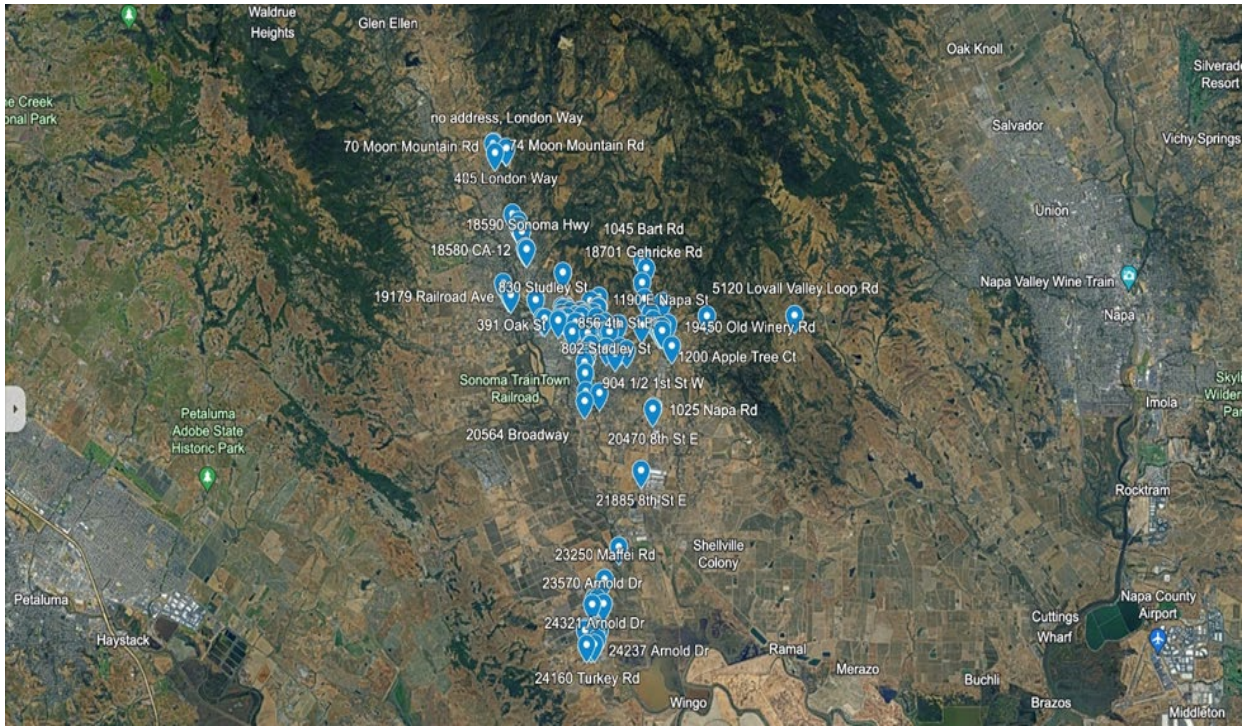
8 44. Kenneth Mattson and his wife Stacy Mattson first started to buy property in
 9 Sonoma Valley nearly ten years ago, often using an entity called "KS Mattson Trust" to make
 10 investments. For example, in 2016, the KS Mattson Trust purchased Sonoma's Best Deli and
 11 Cottages. By 2019, KS Mattson Trust had spent approximately \$80 million to purchase
 12 approximately 26 different properties in Sonoma Valley, according to a *Press Democrat* article.¹⁹
 13 As of May 2021, Kenneth and Stacy Mattson's names appeared on the deeds of nearly 50 Sonoma
 14 Valley properties.²⁰

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20 ¹⁷ Phil Barber, *LeFever Mattson and the real estate buys that have Sonoma residents alarmed*,
 21 The Press Democrat (Mar. 16, 2023), <https://www.pressdemocrat.com/article/news/lefever-mattson-and-the-real-estate-buys-that-have-sonoma-residents-alarmed/>.

22 ¹⁸ Phil Barber, *Mattson and LeFever: Who are the men behind the sweeping series of Sonoma real*
 23 *estate transactions?* The Press Democrat (Mar. 23, 2023),
 24 <https://www.pressdemocrat.com/article/news/mattson-and-lefever-who-are-the-men-behind-the-sweeping-series-of-sonoma-r/>.

25 ¹⁹ Lorna Sheridan, *Sonoma developers lambasted for anti-gay comments*, The Press Democrat
 26 (Apr. 25, 2019), <https://www.pressdemocrat.com/article/business/sonoma-developers-lambasted-for-anti-gay-comments/>.

27 ²⁰ Lorna Sheridan, *Mattsons continue Sonoma Valley buying spree*, The Press Democrat (May 3,
 28 2021), <https://www.pressdemocrat.com/article/north-bay/mattsons-continue-sonoma-valley-buying-spreec/>.



***Aerial View of LeFever Mattson's Investment Properties in Sonoma Valley
(Aerial Photo from The Press Democrat)***

45. Some notable purchases, either by KS Mattson Trust or by LeFever Mattson and its various LLCs and entities, include Cornerstone Sonoma marketplace on Arnold Drive, Ramekins culinary school, and the General's Daughter event space on West Spain Street, the Leland Fishing Ranch property on Arnold Drive, the former CocoaPlanet building on Broadway, Cottage Inn & Spa in the downtown, the Mercado building on the Plaza, the Sojourn tasting room building on East Napa Street, the old Ravenswood Winery property, the Sonoma Cheese Factory on Spain Street and, most recently, the former Church Mouse building in the Springs.²¹

D. Defendants Fail to Manage the Investment Properties

46. Defendants' Investment Scheme included neglecting properties purchased with investor money, allowing them to fall into disrepair and depreciating the value of the

²¹ *Id.*

1 investments.²² Many of the properties owned by LeFever Mattson are under-utilized, in disrepair,
2 and/or completely vacant.

3 47. When asked about the Mattsons' presence in Sonoma by the *Index-Tribune*
4 (newspaper) in 2021, then-Sonoma Mayor Logan Harvey stated that the Mattsons appeared to
5 "have a strategy of purchasing properties, closing down the existing business, and holding the
6 property until the land value goes up."²³ Indeed, several of the properties that the Mattsons
7 owned in 2021 were inactive or vacant, including CocoaPlanet (purchased in 2018), the
8 General's Daughter, the Leland Fishing Ranch, and the former Ravenswood property on
9 Gehricke Road.²⁴

10 48. Mayor Harvey expressed concern about the impact the properties' condition would
11 have on the Sonoma real estate market more broadly, explaining "[w]e can't just have a town of
12 boarded-up storefronts and empty homes. Sonoma is a community, we must work to protect it."²⁵
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24 ²² Lorna Sheridan, *Mattsons continue Sonoma Valley buying spree*, The Press Democrat (May 3,
25 2021), <https://www.pressdemocrat.com/article/north-bay/mattsons-continue-sonoma-valley-buying-sprees/>.

26 ²³ *Id.*

27 ²⁴ *Id.*

28 ²⁵ *Id.*



***CocoaPlanet Boarded and Fenced
(Photo from The Sonoma Index-Tribune)***

49. In 2023, the *Press Democrat* reported on protests conducted outside of CocoaPlanet, which had been vacant for several years. The protestors gathered to express their disapproval of the ever-expanding LeFever Mattson real estate portfolio in Sonoma County.²⁶

50. Sonoma County residents have expressed frustrations at the disarray caused by Defendants' purchases of property in Sonoma County. For example, Kay Austin, a former employee at CocoaPlanet, stated "[Mattson] said he's gonna buy 'em and make 'em better. Well, he lies. It hits home, but not because I worked here. Because it's our town."²⁷ Austin also pointedly expressed her disappointment over the state of the Depot Hotel and Cheese Factory properties, which were vacant and boarded-up.²⁸ There are a number of additional abandoned properties owned by LeFever Mattson in Sonoma, including 22 Boyes Blvd., behind the historic

²⁶ Phil Barber, *Protesters in Sonoma demand transparency from controversial developer Ken Mattson*, *The Press Democrat* (Feb. 4, 2023), <https://www.pressdemocrat.com/article/news/protesters-in-sonoma-demand-transparency-from-controversial-developer-ken-m/>.

²⁷ *Id.*

²⁸ *Id.*

1 Boyes Post Office, which was empty when KS Mattson Partners acquired it in 2020 and which
2 remains empty today.²⁹

3 51. The former Ravenswood Winery on Gehricke Road and the General's Daughter
4 wedding venue is abandoned.



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Boarded Entrance to the Former Ravenswood Winery
(Photo from San Francisco Chronicle)

19 52. In an interview conducted by the *San Francisco Chronicle*, Josette Browse-Eicher,
20 vice-president of the activist group Wake Up Sonoma, described the former Ravenswood Winery
21 as “a totally decayed property.”³⁰ California Department of Alcoholic Beverage Control records
22
23

24 ²⁹ Lorna Sheridan, *Mattsons continue Sonoma Valley buying spree*, The Press Democrat (May 3,
25 2021), [https://www.pressdemocrat.com/article/north-bay/mattsons-continue-sonoma-valley-](https://www.pressdemocrat.com/article/north-bay/mattsons-continue-sonoma-valley-buying-sprees/)
[buying-sprees/](https://www.pressdemocrat.com/article/north-bay/mattsons-continue-sonoma-valley-buying-sprees/).

26 ³⁰ Jess Lander, *A ‘derelict’ winery and abandoned tasting rooms: How a Sonoma wine empire*
27 *crumbled*, San Francisco Chronicle (June 17, 2024),
28 [https://www.sfchronicle.com/food/wine/article/mattson-ravenswood-cornerstone-sonoma-](https://www.sfchronicle.com/food/wine/article/mattson-ravenswood-cornerstone-sonoma-19511028.php)
[19511028.php](https://www.sfchronicle.com/food/wine/article/mattson-ravenswood-cornerstone-sonoma-19511028.php).

1 reflect Defendants never sought a liquor license for the Ravenswood property, suggesting they
2 had no plans to re-open it or develop the property in any way.

3 53. The former Ravenswood Winery remains deserted, five years after LeFever
4 Mattson purchased and subsequently closed it in 2019.³¹



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17 ***Debris Filled lot of Former Ravenswood Winery***
18 ***(Photo from San Francisco Chronicle)***

19 54. The lot at 18010 Sonoma Highway, known as the Lanning Structure property, is
20 another example. Mattson had initially proposed a modern commercial development using
21 shipping containers at this site, yet the lot remained vacant, completely untouched for eight
22 years.³²

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25 ³¹ *Id.*

26 ³² Phil Barber, *LeFever Mattson leaving a trail of lawsuits, broken promises amid sweeping*
27 *Sonoma real estate buys*, The Press Democrat (Mar. 23, 2023),
28 <https://www.pressdemocrat.com/article/news/lefever-mattson-leaving-a-trail-of-lawsuits-broken-promises-amid-sweeping/>.

55. LeFever Mattson properties have also gathered significant outstanding tax balances. As of February 1, 2024, various LeFever Mattson entities owed approximately \$550,000 across over thirty properties. Since then, LeFever Mattson has made partial payments, yet there remain substantial outstanding balances on other properties.³³

E. Defendants Used a Complex Web of Corporate Entities to Effectuate Their Fraudulent Scheme

56. Defendants used a complex web of corporate entities to acquire real estate in California, making it difficult to track exactly which limited partnership funds are used to purchase property. LeFever acts as the Registered Agent for nearly all of LeFever Mattson's 100-plus LLCs and limited partnerships. The majority of LeFever Mattson companies are incorporated in California, with a few incorporated in Delaware.

57. On October 7, 2022, two LeFever Mattson limited partnerships, Ginko Tree LP and Buckeye Tree LP, acquired three properties close to the intersection of Broadway and Maple Street in Sonoma.³⁴

58. Less than six weeks later, LeFever Mattson's Sienna Pointe LLC acquired two Sonoma parcels, one on Larkin Drive and the other on Studley Street.³⁵

59. Similarly, LeFever Mattson's Black Walnut LP and Red Spruce LP purchased two properties in December of 2022 for a total of over \$23 million.³⁶

60. Plaintiffs are informed and believe and thereon allege that the creation and use of these LLCs and LPs to acquire property was part of LeFever Mattson's deliberate attempts to veil the Investment Scheme from the public and investors themselves.

³³ Phil Barber, New Mattson investment pitch for downtown Sonoma has opponents on edge, The Press Democrat (Feb. 28, 2024), <https://www.pressdemocrat.com/article/news/new-mattson-investment-pitch-for-downtown-sonoma-has-opponents-on-edge/>.

³⁴ Phil Barber, *LeFever Mattson and the real estate buys that have Sonoma residents alarmed*, The Press Democrat (Mar. 16, 2023), <https://www.pressdemocrat.com/article/news/lefever-mattson-and-the-real-estate-buys-that-have-sonoma-residents-alarmed/>.

³⁵ *Id.*

³⁶ *Id.*

61. A *Press Democrat* investigation uncovered that LeFever and Mattson regularly transferred or sold properties between different companies, and that they would frequently buy or sell shared interests in specific parcels, further complicating the tracing of ownership.³⁷ For example, KS Mattson Partners LP purchased the Fruit Basket property in Sonoma for \$5.5 million on August 2, 2021. Three days later, KS Mattson Partners LP transferred the property to the Sienna Pointe LLC (a LeFever Mattson entity), according to tax records.³⁸ LeFever is the Registered Agent of Sienna Pointe LLC.

62. Sales of LeFever Mattson properties were most often made to other entities controlled by Defendants. For example, KS Mattson Partners purchased 151 E. Napa St. for \$3.8 million on June 1, 2021. Just nine days later, it sold the property to another LeFever Mattson affiliate, River Birch LP, for \$3.95 million. Four months later, River Birch transferred ownership to LeFever Mattson.

63. In his complaint against Mattson, LeFever alleges that 430 W. Napa St. was initially purchased by Tradewinds Apartments LP, KS Mattson, and Peak Napa Street Associates LLC, all LeFever Mattson-related entities. Later on, Peak Napa Street Associates LLC sold its ownership stake to KS Mattson, which subsequently transferred it to Tradewinds Apartments LP (another LeFever Mattson LP), which eventually sold to LeFever Mattson.³⁹

64. Another example is the Inn 2 Remember on West Spain Street which was purchased by KS Mattson Partners for \$2.4 million in July 2021. It was then subsequently sold in August 2021 to Sienna Point LLC (a LeFever Mattson LLC) for \$1.18 million.

65. The transactions described in this complaint are examples that illustrate the convoluted workings of the Investment Scheme: LeFever Mattson constantly created and

³⁷ Phil Barber, *LeFever Mattson and the real estate buys that have Sonoma residents alarmed*, The Press Democrat (Mar. 16, 2023), <https://www.pressdemocrat.com/article/news/lefever-mattson-and-the-real-estate-buys-that-have-sonoma-residents-alarmed/>.

³⁸ Jason Walsh, *Schellville, Fruit Basket sells to Mattsons*, The Press Democrat (Apr. 18, 2022), <https://www.pressdemocrat.com/article/north-bay/schellville-fruit-basket-sells-to-mattsons/>.

³⁹ Phil Barber, *LeFever Mattson and the real estate buys that have Sonoma residents alarmed*, The Press Democrat (Mar. 16, 2023), <https://www.pressdemocrat.com/article/news/lefever-mattson-and-the-real-estate-buys-that-have-sonoma-residents-alarmed/>.

1 replaced entities under their control. Over 25 companies registered to LeFever have either been
 2 converted out (changed from an LLC to an LP or vice versa) or shut down. One example, Home
 3 Tax Service of America (Defendant LM Property Management), has been suspended and revived
 4 five times since its inception in 2000.⁴⁰

5 66. Many of LeFever Mattson's transactions in Sonoma were funded through Socotra
 6 Capital, a Sacramento-based firm specializing in "hard money" loans secured by real estate rather
 7 than credit. Socotra pools investors to finance deals typically avoided by traditional lenders, often
 8 at high interest rates ranging from 10% to 12%.⁴¹

9 67. The investigation conducted by the *Press Democrat* revealed that LeFever and
 10 Mattson sometimes purchased homes before they were even listed on the market, as reported by
 11 several Sonoma Valley real estate agents. LeFever and Mattson use an out-of-town title company
 12 for their paperwork, as evidenced by multiple documents filed by LeFever Mattson. Additionally,
 13 the *Press Democrat* found that the two request sellers to sign nondisclosure agreements, as
 14 confirmed by three anonymous sources.⁴²

15 68. LeFever Mattson also purchased approximately forty lots in Truckee, California in
 16 January 2018. These lots were being promoted as 'move-in ready' homes under the name Pinyon
 17 Creek II Homes. The seller of these lots was Pinyon Partners LLC, with Adham Sbeih, CEO of
 18 Socotra Capital, serving as the registered agent for the company.⁴³

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25 ⁴⁰ *Id.*

26 ⁴¹ *Id.*

27 ⁴² *Id.*

28 ⁴³ *Id.*

F. Revelations About the Investment Scheme Emerge From Defendants LeFever's and Mattson's Lawsuits Against One Another

1. Dispute Over The Divi Divi Tree Limited Partnership

69. According to a lawsuit filed by Mattson against LeFever, a dispute arose between LeFever and Mattson in 2023 involving Defendant Divi Divi,⁴⁴ a limited partnership formed to facilitate the purchase of the Sienna Pointe Apartments, an apartment complex in Moreno Valley, Riverside County California.⁴⁵ As set forth in their competing complaints, Mattson and LeFever disagree about whether Mattson had authority, as CEO of LeFever Mattson, to transfer LeFever Mattson's interests in Divi Divi to new investors.

70. The Divi Divi partnership was formed between a Sacramento-based religious nonprofit corporation and Defendant LeFever Mattson I, LLC (a now suspended subsidiary of LeFever Mattson).⁴⁶

71. Mattson's complaint against LeFever, filed in June 2024, provided that "Divi originally owned a 400-unit apartment building located in Riverside, California. At one time, LeFever Mattson owned a significant interest in Divi Divi. However, over the years, LeFever Mattson sold its interests to new investors and deposited investment proceeds in a separate operational account for the benefit of LeFever Mattson."⁴⁷ The "400-unit apartment complex located in Riverside, California" Mattson references in this complaint is the same Sienna Pointe Apartment complex LeFever identifies in his complaint against Mattson. On information and belief, Divi Divi sold its interest in the Sienna Pointe Apartments to Sienna Pointe LLC, a LeFever Mattson entity.

⁴⁴ See Exhibit D Complaint at 3, *Kenneth W. Mattson v. Timothy LeFever.*, Case No. 24CV011305 (Sacramento Superior Court, filed June 06, 2024).

⁴⁵ See Exhibit C Complaint at 9, *Timothy LeFever, v. Kenneth W. Mattson.*, Case No. 24CV03485 (Sonoma Superior Court, filed June 06, 2024).

⁴⁶ *Id.*

⁴⁷ See Exhibit D Complaint at 3, *Kenneth W. Mattson v. Timothy LeFever.*, Case No. 24CV011305 (Sacramento Superior Court, filed June 06, 2024).

72. Mattson alleges that he had the authority to sell and transfer these limited partnership interests to new investors in Divi Divi given his position as CEO of LeFever Mattson and given the significant interest it held in Divi Divi at the time.⁴⁸

73. Mattson's complaint claims that these transactions were properly documented through Purchase and Sales Agreements.⁴⁹

74. LeFever's complaint contests Mattson's assertions. LeFever contends that the only authorized distributions made by Divi Divi were made exclusively to the investors of record, who as of September 2015 included LeFever Mattson as the general partner and a limited partner holding a 26.522% interest in Divi along with 18 limited partners and their respective ownership interests: (1) The Richard V. Treacle and Carolyn C. Treacle Revocable Trust with a 14.442% interest, (2) The Anderson 2001 Revocable Trust with a 11.903% interest, (3) Chase Family Trust restated 1992 with a 3.74% interest, (4) John and Jean Kelley Revocable Trust with a 1.714% interest, (5) Solomon Living Trust dtd 3/20/01, Arthur M. Solomon and Donna Solomon, TTEE with a 1.444% interest, (6) Chris McCartney and Donna McCartney with a 2.407% interest, (7) Bob and Sarah Ganyo with a 4.212% interest, (8) Terry and Joyce Goff with a 4.212% interest, (9) The Taylor Marital Trust, Iris Murphy, trustee with a 1.253% interest, (10) Ron and Fran Perue with a 1.442% interest, (11) The Leonardini Family Trust, Richard Leonardini and Carla Leonardini, trustees with a 4.814% interest, (12) Willis and Linda Rice with a 4.814% interest, (13) The Specht Living Trust with a 1.87% interest, (14) Taffe Family Trust dtd 10/16/00 with a 2.02% interest, (15) David and Iris Murphy and Jeffrey Murphy with a 3.561% interest, (16) Keith and Anne Gockel with a 4.814% interest, (17) Kevin and Amy Kelley with a 4.814% interest, and (18) Youth For Christ Ministries with a 0.001% interest.⁵⁰

⁴⁸ *Id.* at 10.

⁴⁹ *Id.* at 3.

⁵⁰ See Exhibit C, Complaint at 2 and 10, *Timothy LeFever, v. Kenneth W. Mattson.*, Case No. 24CV03485 (Sonoma Superior Court, filed June 06, 2024); See also LeFever Decl. ¶ 3-4, Dkt. 36-1.

1 75. LeFever further alleges that distributions made to investors were not on behalf of
2 LeFever Mattson, but rather made in Mattson’s personal capacity.⁵¹

3 76. LeFever’s complaint also asserts that Mattson opened a bank account for LeFever
4 Mattson with Bank of the West (since acquired by BMO) that Mattson had ensured “he alone
5 could access,” to allow Mattson to “execute and manage the Putative Divi Sales and other self-
6 dealing transactions without leaving a paper trail of bank records that LeFever or LM [LeFever
7 Mattson] could find.”⁵² However, LeFever’s declaration filed in the related *Hultman* investor
8 action acknowledges that he had signing authority on the Bank of the West account and in some
9 instances signed checks from the account.⁵³ That Bank of the West account was held in the name
10 of LeFever Mattson.

11 77. Moreover, LeFever’s complaint against Mattson asserts that purported Divi Divi
12 interests sold to putative investors likely exceeded the total amount of Div Divi interest that both
13 KS Mattson Partners and LeFever Mattson owned together. In other words, Defendants sold
14 more than 100% of total interest in value to investors.⁵⁴

15 2. Mattson’s Departure From LeFever Mattson

16 78. In February 2024, LeFever called a Special Board Meeting of LeFever Mattson.⁵⁵
17 At this Board meeting, LeFever presented Mattson with an indemnity agreement which Mattson
18 later signed.⁵⁶

19 79. Mattson has since claimed in his lawsuit against LeFever that he did not read
20 through the indemnity agreement thoroughly and that he signed the agreement under duress,
21 relying on the representations made by LeFever and Scott Smith (LeFever Mattson’s in-house

22 ⁵¹ *Id.* at 13-14.

23 ⁵² *Id.* at 13.

24 ⁵³ LeFever Decl. ¶ 25, Dkt. 36-1.

25 ⁵⁴ *Id.* at 18.

26 ⁵⁵ See Exhibit D, Complaint at 4; Kenneth W. Mattson v. Timothy LeFever, et al.; Sacramento
27 Superior Court, Case No. 24CV011305.

28 ⁵⁶ *Id.* at 4.

counsel) during the meeting. Mattson further claimed that the agreement contained false recitals and wrongly pinned blame for the Investment Scheme on him. Mattson also believed that Smith represented the interests of LeFever Mattson, and not LeFever as an individual at the time.⁵⁷

80. On April 1, 2024, Tim LeFever sent an email to investors notifying them that: “Ken Mattson has resigned from his positions as Chief Executive Officer and Chief Financial Officer of LeFever Mattson. Tim LeFever has been elected to both of those positions in his place.” The email also notified investors that “[t]he Board of Directors of LeFever Mattson” (at that point just LeFever and Smith) “is pausing discretionary monthly distributions for all limited partnerships and LLCs where LeFever Mattson is the general partner or managing member while management evaluates the future direction of each limited partnership and LLC.” The letter went on: “Any distributions you’ve received from Mr. Mattson related to Divi Divi were not paid by Divi Divi and do not correlate to the actual distributions paid by Divi Divi to its partners of record. Instead, any distributions to you were paid by Mr. Mattson individually.”⁵⁸

81. That same day, April 1, 2024, Mattson resigned as CEO of LeFever Mattson.⁵⁹

82. LeFever’s communication to investors came just one week after the revelation that companies affiliated with LeFever and Mattson were responsible for almost \$1.2 million in overdue payments for mortgages and property taxes on 15 properties throughout Sonoma Valley.⁶⁰

83. In late May 2024, Mattson, speaking through his legal team, told investors that “Any transfer of an interest in Divi Divi over the years by LeFever-Mattson to you (the investors) was documented and approved by me. All proceeds from such sales were deposited with and

⁵⁷ *Id.* at 4.

⁵⁸ See Complaint at 7, *Charlene Hultman v. Kenneth W. Mattson*, Case No. 4:24-cv-03381-JST (N.D. Cal. June 05, 2024).

⁵⁹ Chase Hunter, *Ken Mattson resigns as CEO of LeFever Mattson Property Management*, The Press Democrat (Apr. 8, 2024), <https://www.pressdemocrat.com/article/news/ken-mattson-resigns-as-ceo-of-lefever-mattson-property-management/>.

⁶⁰ *Id.*

1 used by LeFever Mattson, not me.” He further stated “I understand Tim LeFever has ceased all
2 regular monetary distributions to the Divi Divi investors. This is his decision, not mine.”⁶¹

3 84. The *Press Democrat* reported that on May 24, 2024, the Federal Bureau of
4 Investigation raided Mattson’s Sonoma County home.⁶² On information and belief, Mattson is
5 also under investigation by the Department of Justice, the United States Attorney for the Northern
6 District of California, and the Office of the Inspector General of the United States Postal Service.

7 85. LeFever’s lawsuit also alleges that Mattson had purchased property for his own
8 personal use and then put the property in his own name or that of KS Mattson Partners through
9 LeFever Mattson including Mattson’s Sonoma mansion.⁶³

10 86. Several investors have taken action in response to the revelations about the
11 Investment Scheme.

12 87. For example, on June 20, 2024, Tamara Migliozi, an in-law of Mattson’s⁶⁴ filed a
13 civil action in Sonoma Superior Court against Mattson for Fraud, Breach of Fiduciary Duty,
14 Breach of Contract, and Securities Fraud.

15 88. The complaint alleges that in or around October 3, 2017, Migliozi invested her
16 retirement funds amounting to \$310,500 into Divi Divi Tree, L.P, under Mattson’s
17 recommendations. Following Mattson’s instructions, Migliozi then transferred the funds via the
18 Madison Trust Company, which was to administer Migliozi’s self-directed IRA investment to
19 the LeFever Mattson, Inc.-Divi Divi Tree, L.P. beneficiary account of Bank of the West.⁶⁵ In

20 ⁶¹ *Read embattled Sonoma developer Ken Mattson’s full statement addressing accusations of*
21 *wrongdoing made by former business partner*, The Press Democrat (May 31, 2024),
<https://www.pressdemocrat.com/article/news/mattson-statement-in-full/>.

22 ⁶² Phil Barber, *FBI raids Sonoma home of embattled local real estate developer Ken Mattson*, The
23 Press Democrat (May 24, 2024), <https://www.pressdemocrat.com/article/news/mattson-sonoma-fbi/>.

24 ⁶³ See Exhibit C Complaint at 14, *Timothy LeFever, v. Kenneth W. Mattson.*, Case No.
25 24CV03485 (Sonoma Superior Court, filed June 06, 2024).

26 ⁶⁴ Phil Barber, *Another lawsuit against Ken Mattson, but this one has a twist: It was filed by one*
27 *of his in-laws*, The Press Democrat (Jun 26, 2024),
<https://www.pressdemocrat.com/article/news/mattson-lawsuit-in-law-sonoma/>.

28 ⁶⁵ See Complaint at 4; *Tamara D. Migliozi v. Kenneth W. Mattson*, Case No. 24CV03663
(Sonoma Superior Court, filed June 20, 2024).

1 connection with this investment, an agreement was signed by Mattson on behalf of LeFever
2 Mattson.

3 89. On January 29, 2024, Migliozi requested to withdraw her investment from Divi
4 Divi Tree LP. In response, Mattson “hesitated and balked,” informing her that it would take 60 to
5 90 days to accomplish.⁶⁶ The lawsuit claims damages in the amount of \$410,000.⁶⁷

6 **G. Recent Revelations About the Investment Scheme**

7 90. Since the Investment Scheme came to light, LeFever has continued to make
8 misrepresentations to investors concerning their investments with Defendants. These
9 communications further reveal the scope, complexity, and ongoing nature of the Investment
10 Scheme.

11 91. For example, on June 21, 2024, LeFever circulated an “open letter” to a group of
12 investors, via a listserv titled “Mattson Inquiries.”⁶⁸ The letter claimed LeFever was himself a
13 victim of the Investment Scheme, and made the following statements:

- 14 • Asking Mattson to “come clean” on what he has done, and to “... make
15 arrangements to reimburse your victims because this is the right thing to
16 do.”⁶⁹
- 17 • Telling Mattson to “consider the consequences as your many lies start to
18 unravel”, and relaying the experiences of other investors, who told
19 LeFever about “losing everything” to Mattson who “... came back again
20 and again to take their retirement savings, the proceeds from the sale of a
21 home, their inheritances.”⁷⁰

22
23 ⁶⁶ *Id.* at 5.

24 ⁶⁷ *Id.* at 9.

25 ⁶⁸ Phil Barber, *Tim LeFever wrote Sonoma developer Tim Mattson a letter urging him to ‘come*
clean.’ Then he circulated it to investors, The Press Democrat (Jun. 21, 2024),
26 <https://www.pressdemocrat.com/article/news/mattson-lefever-investors-come-clean/>.

27 ⁶⁹ *Id.*

28 ⁷⁰ *Id.*

- Claiming that Mattson had already admitted wrongdoing in private conversations between the two: “On May 6, 2024, in one of the more remorseful moments, you called me and apologized. You said there was no explanation for what you had done. You also said that you would liquidate everything and that you were just asking for the ability to sit with each person, tell them what you have done, and make it right.”⁷¹

92. Publicly available information and statements from LeFever himself reveal that Defendants are hastily selling property owned by LPs and LLCs. On June 20, 2024, the *Press Democrat* reported that police received a report of individuals removing items from the Mattson-owned Sonoma’s Best Market and Deli. The caller alleged that the intruders were Mattson and his wife Stacy.⁷² Mattson had sold the property to a third party, Chris Fanini, the previous month.⁷³

93. The *Press Democrat* further reported that Fanini purchased twelve properties from KS Mattson Partners, including the Sonoma Cheese Factory, in May 2024.⁷⁴

94. The Investment Scheme remains ongoing. In a June 27, 2024 communication to investors (attached in its entirety hereto as Exhibit B), LeFever confirmed LeFever Mattson was in the process of selling properties and paying proceeds to investors (emphasis added):

As Ken Mattson’s misdeeds were coming to light, Ken and I agreed that it would be best to begin the process of selling the portfolio of properties that are held by the partnerships. ***That process of selling properties is ongoing.***

The partnerships led by LeFever Mattson have proven to be good investments for decades. Monthly distributions have been a welcome source of income for each of you, and for those partnerships that have sold properties and distributed the proceeds, the returns have been attractive. ***But these partnerships are not***

⁷¹ *Id.*

⁷² Phil Barber, *Ken Mattson, wife implicated in attempt to remove property from Sonoma business they sold*, The Press Democrat (Jun. 20, 2024), <https://www.pressdemocrat.com/article/news/mattson-sonomas-best-break-in/>.

⁷³ *Id.*

⁷⁴ *Id.*

1 *insulated from the realities of the real estate market, the economy*
 2 *in general, or the chaos caused by the problems related to Ken*
 3 *Mattson.*

4 As discussed above, LeFever Mattson has a long term goal of
 5 selling the properties held in these partnerships and returning
 6 proceeds to the investors. But here also, many investors want more
 7 information than I can give at this time. *We have started selling*
 8 *properties and proceeds have been paid to investors. We are*
 9 *receiving offers on properties every week. Some of these offers are*
 10 *very good, while others are below market value and we are*
 11 *continuing to negotiate. For all of these properties, I will bring the*
 12 *investors into the process and inform them concerning a property*
 13 *sale as soon as it is appropriate.*

14 *At LeFever Mattson we are seeking to maximize the proceeds for*
 15 *our investors, both in the distributions that will have been paid*
 16 *through the life of the investment and the proceeds on sale.* But
 17 we are doing much more than that in seeking a remedy for the
 18 Mattson activities. We know that many of you that are owners of
 19 record in our partnerships have also invested in Mattson's sales that
 20 were not authorized or disclosed to LeFever Mattson, or were part
 21 of his separate businesses often carried out under his partnership,
 22 KS Mattson Partners, LP. I am grateful to our staff that blew the
 23 whistle on Ken's schemes and continue to be engaged in the
 24 investigation. I am also grateful to so many of you that have come
 25 forward to tell your story. Please do not stop doing that. Your
 26 information is vital as we continue to investigate. Please direct any
 27 information that might be helpful to Mattsoninquiries@lefma.com.

28 95. LeFever's statement that properties had been sold and "proceeds paid to
 investors," without identifying which properties were sold and which LPs received the proceeds
 from those sales, further suggests that Defendants continue to commingle investors' funds.
 LeFever does not state whether the "proceeds paid to investors" were made in the form of
 distributions or as a liquidation of the original capital investment. Plaintiffs themselves have not
 received any information about the sale of properties held by their LPs, and are informed and
 believe and hereon allege that no investor has received such information. LeFever's assertion that
 LeFever Mattson will "*bring the investors into the process and inform them concerning a*
 24 *property sale as soon as it is appropriate*" further suggests that no investor has received
 information reflecting that money received from sale proceeds reflects the profit of the particular
 property they invested in. To the contrary, the appropriate inference from LeFever's statement is
 that Defendants are improperly commingling proceeds from sales to make distributions rather

1 than return the original capital investment (adjusted to accommodate for the sale proceeds) to
 2 investors.

3 **V. PLAINTIFFS' EXPERIENCES WITH THE INVESTMENT SCHEME**

4 **A. Claridge and Winser Plaintiffs**

5 96. Capri Winser and her husband Richard Claridge are sixty-eight- and fifty-eight-
 6 year-old Virginia residents who first invested with LeFever-Mattson entities in September 2016.
 7 Eventually, more than half their life savings would be committed to Mattson's portfolios, which,
 8 as income-generating assets, were expected to provide over half their living income. Claridge and
 9 Winser Plaintiffs bought shares in real property and several limited partnerships associated with
 10 such property from KS Mattson Partners LP, LeFever Mattson, Inc., or entities associated with
 11 Ken Mattson on behalf of their Joint Revocable Trust of Richard Allen Claridge, Jr. and Capri
 12 Lynn Winser ("Claridge Winser Trust").

13 97. Claridge Winser Trust bought a 12.282 percent interest in real property known as
 14 4950, 4960, 4970 Allison Parkway, Vacaville, California in September 2016 from KS Mattson
 15 Partners LP for \$66,000. The Claridge-Winser Trust investment was subsequently transferred to
 16 Golden Tree LP in March 2020 and recorded as a 12.282 percent share of Golden Tree LP with a
 17 beginning capital account of \$493,566, according to Claridge Winser Trust's 2021 IRS Schedule
 18 K-1 issued by Golden Tree LP. LeFever Mattson, Inc. was at relevant times the general partner
 19 of Golden Tree LP, and upon Claridge-Winser Trust's property transfer to Golden Tree LP, Ken
 20 Mattson signed the partnership agreement as President of LeFever Mattson, Inc. KS Mattson
 21 Partners LP was another signatory. The ending capital account on this share totaled \$453,914
 22 according to the Claridge Winser Trust's 2023 IRS Schedule K-1 issued by Golden Tree LP.

23 98. Similarly, Claridge-Winser Trust bought a 7.348 percent interest in real property
 24 known as 103, 105 Commerce Court, Fairfield, California in September 2016 from KS Mattson
 25 Partners LP for \$594,000, with Ken Mattson signing the real estate contract on seller's behalf, in a
 26 transaction that Timothy LeFever facilitated as broker. The Claridge-Winser Trust investment
 27 was subsequently transferred to Treehouse Investments LP in May 2020 and recorded a 7.348
 28

1 percent share of Treehouse Investments LP with a beginning capital account of \$568,753
 2 according to Claridge Winser Trust's 2021 IRS Schedule K-1 issued by Treehouse Investments
 3 LP. Ken Mattson signed the partnership agreement on behalf of LeFever Mattson, Inc. as general
 4 partner of Treehouse Investments LP. KS Mattson Partners LP was another signatory. Capital
 5 account on this share totaled \$516,876 as of December 2023 according to Claridge Winser Trust's
 6 2023 IRS Schedule K-1 issued by Treehouse Investments LP.

7 99. Claridge-Winser Trust bought a 6.081 percent interest in real property known as
 8 7456 Foothills Boulevard, Roseville, California in September 2016 from KS Mattson Partners LP
 9 for \$577,000, with Ken Mattson signing the real estate contract on seller's behalf, in a transaction
 10 that Timothy LeFever facilitated as broker. The Claridge Winser Trust investment was
 11 subsequently transferred to Windtree LP by 2018 and recorded a 6.081 percent share of Windtree
 12 LP with a beginning 2019 capital account of \$529,780, according to Claridge Winser Trust's
 13 2019 IRS Schedule K-1 issued by Windtree LP. LeFever Mattson, Inc. was at relevant times
 14 general partner of Windtree LP and KS Mattson Partners LP was a limited partner. Capital
 15 account on this share totaled \$350,886 as of December 2023 according to Claridge Winser Trust's
 16 2023 IRS Schedule K-1 issued by Windtree LP.

17 100. Distributions owed, however, are now in default, and, upon their contacting
 18 LeFever Mattson, Inc., staff informed that neither their names nor partnerships were in LeFever
 19 Mattson, Inc.'s current ownership database.

20 101. The Claridge and Winser Plaintiffs have not received all investment materials
 21 owed them based on their investments.

22 **B. Michero Plaintiffs**

23 102. Plaintiffs Todd and Lori Michero are both sixty-five years old and reside in
 24 Alaska. The Micheros have made a total of three investments with Defendants.

25 103. In approximately 2008, Mr. Michero invested his retirement funds with
 26 Defendants in Divi Divi Tree, L.P. through an IRA account. Since that time, Mr. Michero has
 27 received very limited information about the investment, which did not pay monthly distributions.
 28

1 Mr. Michero has repeatedly asked for a current valuation of that investment, but Mattson has not
2 provided it. A Madison Trust Company document from 2023 reflects \$83,534.81 in the account.

3 104. In December 2013, the Michero Plaintiffs invested \$14,000 in Folsom Village
4 Partners. The limited partnership agreement reflected that KS Mattson Partners LP was the
5 general partner for Folsom Village Partners.

6 105. The Michero Plaintiffs' Folsom Village Partners investment was liquidated in
7 October 2023. The Michero Plaintiffs received \$26,880.50, which Mattson represented was their
8 ownership interest in Folsom Village Partners LP as of October 2023. Mattson did not provide
9 any independent documentation supporting that ownership valuation. Instead, Mattson provided
10 the Michero Plaintiffs a summary of the Folsom Village Partners investment from LeFever
11 Mattson, Inc. reflecting conclusory information about monthly "distributions" and "remaining
12 ownership" value.

13 106. The Michero Plaintiffs asked for, but never received, further information reflecting
14 the investment value. The Michero Plaintiffs did not sign any documentation respecting the sale
15 of their ownership interest, despite asking Mattson to provide such documentation.

16 107. In January 2023, the Michero Plaintiffs invested \$178,500 in Divi Divi Tree, L.P.,
17 which the limited partnership agreement represented was 0.469 percent of the LP. The
18 partnership agreement reflected that the "seller" and "general partner" was "LeFever Mattson,
19 Inc." and the partnership agreement was signed by Mattson in his role as "President" of "LeFever
20 Mattson Inc." The Michero Plaintiffs received distribution checks, beginning in April 2023, from
21 that Divi Divi Tree investment from an account held by "LeFever Mattson" at Bank of the West.
22 The last distribution check the Michero Plaintiffs received was in February 2024.

23 108. In October 2023, the Michero Plaintiffs withdrew \$43,119.50 from Divi Divi Tree.
24 The following month, November 2023, the Michero Plaintiffs received an email from Mattson
25 stating that "[t]he balance was liquidated from the remaining investment principal leaving a
26 balance of \$135,380.50. The distribution is being adjusted and will continue." Mattson did not
27
28

1 provide information to substantiate that investment balance, or adjustments to the distributions
2 going forward.

3 109. The Michero Plaintiffs' current total investment is approximately \$218,000. In
4 May 2024, following revelations of the Investment Scheme, the Michero Plaintiffs contacted
5 LeFever Mattson to inquire about their investments in Divi Divi. The Michero Plaintiffs were
6 told by an employee of LeFever that they had to prove their investment had been in connection
7 with LeFever and LeFever Mattson, not just Mattson individually. The Michero Plaintiffs
8 provided LeFever's employee with such information, including a loan document signed by
9 LeFever himself. Neither LeFever nor LeFever Mattson have responded to the Michero
10 Plaintiffs.

11 110. The Michero Plaintiffs have not received all investment materials owed to them
12 based on their investments.

13 **C. Plaintiff Sample**

14 111. Plaintiff Brooke Sample is a seventy-year-old Arizona resident who invested
15 commencing December 2017 through the Brooke Sample Separate Property Trust ("Sample
16 Trust"). Its portfolio includes shares of Golden Tree LP, Valley Oak Investments LP, and Perris
17 Freeway Plaza LP, entities ostensibly owned by LeFever Mattson, KS Mattson Partners LP, or
18 otherwise associated with Ken Mattson, which sold shares to the Sample Trust. Investments were
19 expected to provide the Sample Trust with regular distributions, but which became late starting in
20 early 2024.

21 112. In 2018, the Sample Trust maintained a \$300,000 beginning capital account with
22 Golden Tree LP according to Sample Trust's 2018 IRS Schedule K-1 issued by Golden Tree LP.
23 Sample Trust had a reported capital account balance of \$253,325 as of December 2023 according
24 to Sample Trust's 2023 IRS Schedule K-1 issued by Golden Tree LP.

25 113. In February 2022, Plaintiff Sample paid \$750,000 by check to LeFever Mattson, to
26 finance investments in Valley Oak Investments LP and Perris Freeway Plaza LP. Of that sum,
27 \$350,000 funded the investment in Valley Oak Investments LP (a 4.186 percent interest therein),
28

documented in a sale-purchase agreement between LeFever Mattson and Sample Trust dated February 9, 2022, signed by LeFever Mattson as seller and general partner of Valley Oak Investments LP. At the end of December 2023, Sample Trust's capital account balance in Valley Oak Investments LP was \$278,152 according to Sample Trust's 2023 IRS Schedule K-1 issued by Valley Oak Investments LP.

114. Sample Trust simultaneously purchased a 3.862 percent share of Perris Freeway Plaza LP for \$400,000 through a February 9, 2022, transfer agreement with KS Mattson Partners LP as seller and general partner of Perris Freeway Plaza LP, signed by Ken Mattson. Sample Trust maintained a capital account balance of \$337,188 as of December 2023 according to Sample Trust's 2023 IRS Schedule K-1 issued by Perris Freeway Plaza LP. Perris Freeway Plaza LP invested in Windscape Apartments in Lompoc, California.

115. Delayed distribution payments by May 2024 concerned Plaintiff Sample, who contacted LeFever Mattson, Inc. and was told by staff that they did not show the Sample Trust as an investor in Valley Oak Investments LP, Golden Tree LP, or Perris Freeway Plaza LP.

116. Plaintiff Sample has not received all investment materials owed her based on her investments.

D. Walker Plaintiffs

117. Walker Plaintiffs are sixty-eight-year-old Colorado residents who started investing with LeFever Mattson entities in 2007 through the Walker Family Living Trust ("Walker Family Trust"). Their portfolio represents essentially all their investments.

118. LeFever Mattson Property Management company, a subsidiary of LeFever Mattson, Inc., facilitated several direct investments (and provided property management services at them) for the Walker Family Trust, including tenancies in common. These include \$200,000 invested January 2007 toward a 13.333 percent interest as tenants in common in Carmichael Apartments at 5800 Engle Road, Carmichael, California subsequently deeded to Buckeye Tree LP in which Walker Plaintiffs maintain a 14.440 percent interest, and for which LeFever Mattson, Inc. served at relevant times as general partner; \$100,000 invested April 2007 for a 3.912 percent

ownership as tenants in common in real property known as Water's Edge Apartments at 5959 Riverside Boulevard, Sacramento, California that was ostensibly refinanced in 2018 to Beach Pine LP in which the Walker Family Trust holds a 4.155 percent interest; and \$150,000 invested September 2007 for a 1.056 percent interest as tenants in common in Country Oaks Apartments at 333 East Enos Drive, Santa Maria, California subsequently deeded to River Tree Partners LP in August 2016 for purposes of selling Country Oaks Apartments and purchasing commercial real estate; and a separate \$211,700 investment in River Tree Partners LP for a 3.232 percent interest.

119. Walker Family Trust's portfolio acquired through or from LeFever Mattson includes \$250,000 paid January 2010 for a 10 percent share of Butcher Road Partners with development in Vacaville, California by transfer agreement signed by Ken Mattson on behalf of LeFever Mattson, the seller and general partner of Butcher Road Partners; \$500,000 invested June 2010 for a 1.87 percent interest in Divi Divi Tree LP by transfer agreement signed by Ken Mattson on behalf of LeFever Mattson, the seller and general partner of Divi Divi Tree LP; \$100,000 invested early 2016 in the fund BTLOP0516; \$350,000 invested January 2018 for a 7.122 percent interest in Firetree I LP which ostensibly owns Napa warehouses, by transfer agreement signed by Ken Mattson on behalf of LeFever Mattson, the seller; \$543,750 invested April 2018 to purchase, an 8.333 percent interest in real property known as 2280 Bates Avenue, Concord, California by transfer agreement signed by Ken Mattson on behalf of LeFever Mattson, the seller; \$350,000 invested January 2021 for an 8.333 percent interest in Watertree I LP pursuant to a partnership agreement signed by Timothy LeFever on behalf of LeFever Mattson, the general partner of Watertree I LP; \$200,000 invested April 2021 in the fund 450EG0521; and \$300,000 invested April 2022 for a 3.588 percent interest in Valley Oak Investments LP by transfer agreement to be signed by LeFever Mattson, the seller and general partner of Valley Oak Investments LP.

120. The Walker Trust's investments acquired through or from KS Mattson Partners LP include \$500,000 invested June 2010 for a 7.5 percent interest in Ringmasters Square, LLC, now a suspended LLC, by transfer agreement signed by KS Mattson Partners LP, the seller and general

partner; \$500,000 invested June 2010 for an 8.25 percent interest in Perris Freeway Plaza, LLC by transfer agreement signed by KS Mattson Partners LP, the seller and general partner; \$200,000 invested January 2012 in Fulton Square; \$150,000 invested January 2012 in Comstock Building Partners, LLC, for which at relevant times Tim LeFever was agent for service of process, with an additional \$200,000 invested during Fall 2023 in the same; \$100,000 invested April 2013 for a 2.633 percent share of Greenhaven Partners by transfer agreement to be signed by KS Mattson Partners LP, the seller; \$100,000 invested January 2014 for a 2.858 percent interest in Folsom Village Partners by transfer agreement signed by Ken Mattson on behalf of KS Mattson Partners LP, the seller; \$900,000 invested July 2018 for a 35 percent share in 4321 1st Street, Pleasanton, California; \$450,000 invested April 2021 for a half-interest in 450 First Street, Sonoma, California by transfer agreement signed by Ken Mattson on behalf of KS Mattson Partners LP, the seller; at least \$750,000 invested September 2023 for a 20 percent interest in real property known as 19357 Sonoma Highway, Sonoma, California by transfer agreement signed by Ken Mattson on behalf of KS Mattson Partners LP, the seller; and \$500,000 invested September 2023 for a 14 percent share of real property known as 22666 Broadway, Sonoma, California by transfer agreement signed by Ken Mattson on behalf of KS Mattson Partners LP, the seller.

121. The Walker Family Trust's \$500,000 investments in June 2010 in each of Divi Divi Tree LP, Ringmasters Square, LLC, and Perris Freeway Plaza, LLC were in exchange for Ken Mattson's ostensible purchase of a 50 percent share of Walker family's beach house that had been in the family for five generations. Mattson subsequently asked Walker Plaintiffs to allow a personal interest-only loan against the house. After taking the loan, Mattson neglected to pay the interest and sent the house into foreclosure. Its lender was Socotra Capital Inc. In a last-minute effort to escape foreclosure sale, Walker Plaintiffs authorized the sale of the house for \$2 million under market value.

122. Ken Mattson also took over Scott Walker's invested IRAs (SEP IRA and Beneficial IRA). Both were invested in Specialty Properties Partners, LLC (which LLC was since converted out) and are currently worth, or should be worth, at least \$618,100 and \$242,200

1 respectively. The traditional IRA held with Madison Trust Company invests in Divi Divi Tree LP
2 and is or should currently be worth at least \$739,800.

3 123. Tim LeFever was at relevant times the agent for service of process of Specialty
4 Properties Partners, LLC.

5 124. These properties and investments are income-generating, but many are in default
6 on obligations owed to the Walker Plaintiffs and the Walker Family Trust.

7 125. The Walker Plaintiffs formally asked to withdraw \$100,000 in managed funds but
8 these funds have not been timely received.

9 126. Walker Plaintiffs have not received all investment materials owed to them based
10 on their investments.

11 VI. CLASS ACTION ALLEGATIONS

12 127. Plaintiffs reallege all of the foregoing allegations and incorporate them by
13 reference as if fully set forth in this section and in their following Claims for Relief.

14 128. Plaintiffs bring this case on behalf of themselves and as a class action under Fed.
15 R. Civ. P. 23(a)(1)-(4), 23(b)(1), 23(b)(2), 23(b)(3), and/or 23(c)(4), on behalf of all members of
16 the following Class and Subclass:

17 The Class

18 All persons who made one or more investments, from January 1,
19 2000 through the date when the Class is certified by the Court (the
20 “Class Period”) with or through Timothy J. LeFever, Kenneth W.
21 Mattson, KS Mattson Partners, LP, Home Tax Service of America,
22 Inc. (d/b/a LeFever Mattson Property Management), LeFever
23 Mattson I, LLC, LeFever Mattson, Inc., Divi Divi Tree, LP, and/or
24 Specialty Partners (“Defendants”) and who have not received back
25 all of their capital investment(s) in addition to interest paid and/or
26 accrued. The Class includes one subclass:

27 The Elder Subclass

28 All members of the Class who made one or more investments with
Defendants after reaching the age of 65 years.

129. Plaintiffs reserve the right to amend or modify the Class definition with respect to
greater specificity, further designation of subclasses, or limitation to particular issues.

1 130. **Impracticability of Joinder (Numerosity).** The potential members of the Class
 2 and Subclass as defined above are so numerous that joinder of all members is not practicable.
 3 While the precise number of Class Members has not been determined at this time, it is readily
 4 knowable pursuant to disclosures or discovery from Defendants. Plaintiffs are informed and
 5 believe there are hundreds of investors who invested with Defendants during the Class Period.
 6 The identities and current addresses of all Class Members are or should be ascertainable from the
 7 Defendants' books and records, because until approximately April 2024 all Class members were
 8 receiving regular payments represented by Defendants to constitute interest or profits from the
 9 management or sale of their investment interests.

10 131. **Commonality and Predominance.** All Class and Subclass members' investments
 11 in the Investment Scheme now appear, contrary to representations by Defendants, to have been
 12 subject to a common scheme and to have suffered a common fate. There are thus important
 13 questions of law and fact common to the Class, and the Elder Subclass, that predominate over any
 14 questions affecting only Individual Class Members, making class certification appropriate under
 15 Rule 23(b)(3). Any of the following or other common questions of law and fact are also
 16 appropriate for issue class certification and trial under Rule 23(c)(4). These significant common
 17 questions of law and fact include, without limitation:

18 a. The degree and nature of Defendants' knowledge, intent, and conduct in
 19 creating, promoting, and implementing the Investment Scheme described in this Complaint, and
 20 in misrepresenting and concealing its true nature and operations from investors.

21 b. Whether Defendants' conduct as alleged in this Complaint was intentional,
 22 grossly negligent, reckless, and/or a breach of Defendants' legal and equitable duties to investors.

23 c. Whether Defendants' conduct included the commingling, misuse, or
 24 misappropriation of investors' funds.

25 d. Whether other persons or entities, not presently named as Defendants,
 26 colluded with, aided and abetted, or otherwise participated or assisted so as to share liability for
 27 the harms suffered by investors resulting from the conduct alleged in this Complaint.
 28

1 132. **Typicality.** The claims of the named Plaintiffs are typical to the claims of the
2 Class because all Class Members' investments were subjected to the undisclosed machinations of
3 the Investment Scheme, and all have sustained damages arising out of and caused by Defendants'
4 unlawful conduct.

5 133. **Adequacy of Representation.** Plaintiffs will fairly and adequately represent and
6 protect the interest of the members of the Class and Subclass. Plaintiffs have retained counsel
7 with substantial experience in prosecuting complex litigation and class actions. Plaintiffs and
8 their counsel are committed to vigorously prosecuting this action on behalf of the Class and
9 Subclass Members and have the financial resources to do so. None of the Plaintiffs or their
10 counsel have any interest adverse to those of the other Class or Subclass Members.

11 134. **Superiority of Class Action.** A class action is superior to other available methods
12 for their fair, consistent, and efficient adjudication of this controversy. The adjudication of this
13 controversy in this Court through a class action will avoid the possibility of inconsistent,
14 inequitable, and potentially conflicting adjudication of the claims asserted herein and/or varying
15 outcomes that would establish incompatible standards of conduct. A class action provides a
16 superior vehicle for resolving the common issues for all similarly affected and situated.
17 Moreover, based upon the expense of litigation, completion of individual cases is not financially
18 feasible for most Class Members, especially considering the substantial losses they have already
19 incurred. There will be no greater difficulty in the management of this action as a class action
20 than there would be in any other proceeding attempting to adjudicate the claims of the Investment
21 Scheme victims, and the class mechanism best promotes the principles of fairness, economy, and
22 efficiency articulated in Federal Rule of Civil Procedure 1 to govern all civil claims.

23 135. **Conduct Generally Applicable to the Class; Preservation and Equitable**
24 **Distribution of a Limited Fund.** Defendants have acted and failed to act on grounds generally
25 applicable to Plaintiffs and the Class Members, requiring the Court's imposition of uniform relief,
26 including injunctive and other equitable relief, which make class certification under Rule 23(b)(1)
27 and/or 23(b)(2) appropriate. Such certification will ensure compatible standards of conduct
28

1 toward the Class, and the protection and equitable treatment of all Class Members, especially in
2 the event that Defendants' assets and properties are determined to constitute a limited fund
3 inadequate to fully compensate all Class Members.

4 136. **Notice to the Class.** The members of the Class, the Elder Subclass, and any other
5 designated subclasses can be identified and given direct notice of this action and their rights and
6 options.

7 **VII. CLAIMS FOR RELIEF**

8 **FIRST CLAIM FOR RELIEF** 9 (Fraud)

10 137. Plaintiffs incorporate by reference the allegations of all the Paragraphs of this
11 Complaint, as though set forth fully herein.

12 138. Defendants misrepresented and intentionally concealed and failed to disclose
13 material facts to Plaintiffs in connection with their investments. Those misrepresentations
14 included, *inter alia*, (1) that money invested with Defendants would be applied to the acquisition
15 of a specific real property owned by the partnership; (2) that the partnership would maintain a
16 separate bank account in the name of the partnership into which the proceeds would be deposited;
17 and (3) that payments to investors would come from the partnership's proceeds through the
18 management and sale of those properties.

19 139. Plaintiffs' funds would not be and were not actually invested in specific real estate
20 partnerships; their investments were not kept in separate bank accounts in the name of the
21 partnership; and returns on their investments would not come exclusively from the management
22 and sale of the real properties purported to relate to such partnerships. These and other facts
23 relating to the actual operation of the partnerships, and of the Investment Scheme, were material
24 in that reasonable investors would consider them important in deciding whether to invest, whether
25 to make additional investments, whether to withdraw their investments, and whether to
26 recommend investment to others.

146. Plaintiffs incorporate by reference the allegations of all the Paragraphs of this Complaint, as though set forth fully herein.

147. Based upon the facts described in this Complaint, the relationship of trust reposed in Defendants, and Defendants' superior knowledge of the investments at issue, Defendants owed a fiduciary duty to Plaintiffs, the Class, and the Elder Subclass.

148. Defendants breached these fiduciary duties through the conduct described in this Complaint and similar conduct as yet unknown, given Defendants' failure to fulfill their duties as General Partners, and otherwise, with respect to the responsible management and care of investors' funds.

1 149. As a proximate result of these breaches, Plaintiffs, the Class, and the Elder
2 Subclass have sustained damages and will continue to sustain damage and loss to their
3 investments.

4 150. Defendants' harmful conduct was malicious, oppressive, fraudulent and/or in
5 reckless disregard of Plaintiffs', the Class's, and the Elder Subclass's rights.

6 **THIRD CLAIM FOR RELIEF**
7 (Conversion)

8 151. Plaintiffs incorporate by reference the allegations of all the Paragraphs of this
9 Complaint, as though set forth fully herein.

10 152. Plaintiffs, the Class, and the Elder Subclass had a right to possession of their
11 personal property; namely, the money they invested in the Investment Scheme.

12 153. Defendants substantially interfered with investors' property by knowingly or
13 intentionally taking possession of it, diverting, spending it, and otherwise misusing it, and
14 refusing to return it.

15 154. Plaintiffs, the Class, and its Elder Subclass did not consent to Defendants' conduct
16 or Defendants' misuse of their property.

17 155. Defendants' conduct was a substantial factor in causing Plaintiffs', the Class's and
18 the Elder Subclass's harm.

19 156. Defendants' harmful conduct was malicious, oppressive, fraudulent and/or in
20 reckless disregard of Plaintiffs', the Class's and the Elder Subclass's rights.

21 **FOURTH CLAIM FOR RELIEF**
22 (Constructive Trust)

23 157. Plaintiffs incorporate by reference the allegations of all the Paragraphs of this
24 Complaint, as though set forth fully herein.

25 158. Based upon the allegations above, Plaintiffs, the Class, and the Elder Subclass
26 contend that they are the owners of valid investments in the limited partnerships, other investment
27
28

1 vehicles, and the real properties that were purportedly purchased, operated, and sold by and
2 through Defendants, and the proceeds thereof.

3 159. Defendants contend that Plaintiffs, the Class, and the Elder Subclass are not the
4 owner of valid investments in the limited partnership entities and the properties purportedly
5 related to them, and that Defendants or third parties are the owners of record of these entities,
6 instead of the investors, whose funds were used and/or diverted to obtain these entities and
7 properties.

8 160. Defendants have held the foregoing ownership interests in constructive trust for the
9 benefit of the investors, and the Court should order the distribution of the ownership interests
10 (and/or the fair market value of the ownership interests) to Plaintiffs, the Class, and its Subclass
11 as a matter of equity. To prevent dissipation of the investors' ownership interest in these entities
12 while this litigation is pending, the Court should enjoin Defendants from selling and/or
13 transferring ownership interests in these entities to any other person or entity.

14 **FIFTH CLAIM FOR RELIEF**
15 (Declaratory Relief)

16 161. Plaintiffs incorporate by reference the allegations of all the Paragraphs of this
17 Complaint, as though set forth fully herein.

18 162. Plaintiffs, the Class, and the Elder Subclass contend that they are the owners of
19 valid investments in the properties purchased by or through Defendants with investors' funds.

20 163. Defendants contend that Plaintiffs are not the owners of valid investments and
21 refuse to return their investments.

22 164. An actual controversy exists between the parties concerning this issue, which
23 warrants the granting of declaratory relief confirming the validity of Plaintiffs' investments and
24 that Defendants have an obligation to return their investments.

SIXTH CLAIM FOR RELIEF

(Violation of Cal. Welf. and Inst. Code § 15610.30 for Financial Abuse of Elders)

165. Elder Plaintiffs Brooke Sample, Scott A. Walker, and Elizabeth L. Walker, on behalf of themselves and the Elder Subclass, incorporate by reference the allegations of all the Paragraphs of this Complaint, as though set forth fully herein.

166. Defendants obtained the Elder Plaintiffs' and Elder Subclass members' property through fraudulent, deceptive, unfair, and abusive conduct.

167. The Elder Plaintiffs and Elder Subclass members were sixty-five years of age or older at the time they made one or more of their investments, during the Class Period, and while the conduct alleged in this Complaint was ongoing.

168. Defendants obtained these Elder Plaintiffs' and Elder Subclass's property for wrongful use and/or with the intent to defraud and/or by undue influence.

169. The Elder Plaintiffs and Elder Subclass were harmed, including by losing the value of the funds invested and by sustaining emotional distress.

170. Defendants' conduct was a substantial factor in causing the Elder Plaintiffs and Elder Subclass harm.

171. Defendants' harmful conduct was malicious, oppressive, and fraudulent and/or in reckless disregard of the Elder Plaintiffs' and Elder Subclass's rights.

SEVENTH CLAIM FOR RELIEF
(Unjust Enrichment)

172. Plaintiffs incorporate by reference the allegations of all the Paragraphs of this Complaint, as though set forth fully herein.

173. Defendants received substantial benefits, in the form of the investments made by Plaintiffs, the Class, and the Elder Subclass in the Investment Scheme, at these investors' expense.

174. Defendants have used these investments for the benefit of themselves, and to maintain a deceptive scheme, and it would be unfair and inequitable for Defendants to retain any

1 interest in the investors' funds, or Defendants' resulting acquisitions of real and personal
2 property.

3 175. Plaintiffs, the Class, and the Elder Subclass are entitled to Defendants'
4 disgorgement and restitution of their investments.

5 **EIGHTH CLAIM FOR RELIEF**
6 (California Unfair Competition Law, Cal. Bus. & Prof. Code § 17200, *et seq.*)

7 176. Plaintiffs incorporate by reference the allegations of all the Paragraphs of this
8 Complaint, as though set forth fully herein.

9 177. Defendants have violated Cal. Business and Professions Code § 17200 *et seq.* by
10 engaging in an ongoing course of unlawful or unfair business acts and practices with respect to
11 the Investment Scheme at Plaintiffs', the Class's, and the Elder Subclass's expense.

12 178. The unfair and unlawful acts and practices described in this Complaint and
13 comprising or exemplifying the Investment Scheme were immoral, unethical, oppressive,
14 unscrupulous, unconscionable, and/or substantially injurious to Plaintiffs and Class members.
15 The harm these practices caused to Plaintiffs and Class members outweighed their utility, if any.

16 179. As a direct and proximate result of Defendants' unfair and unlawful practices and
17 acts, including the Investment Scheme, Plaintiffs and Class members have suffered a loss of
18 money or property, real or personal, as described above, and will continue to suffer monetary and
19 economic harms.

20 180. Plaintiffs have an inadequate remedy at law and are therefore entitled to additional
21 relief.

22 181. Plaintiffs, the Class, and the Elder Subclass are entitled to injunctive and equitable
23 relief, including Defendants' disgorgement and restitution of their investments.

24 **NINTH CLAIM FOR RELIEF**
25 (Appointment of a Receiver and Provision of an Accounting)

26 182. Plaintiffs incorporate by reference the allegations of all the Paragraphs of this
27 Complaint, as though set forth fully herein.

183. Defendants are indebted to Plaintiffs, the Class, and the Elder Subclass for a significant sum and there is imminent danger of damage and loss to Plaintiffs, the Class, and the Elder Subclass.

184. Other legal remedies available to Plaintiffs, the Class, and the Elder Subclass are not adequate to protect their interests.

185. A receiver will protect the interests of Plaintiffs, the Class, and the Elder Subclass.

186. Appointment of a receiver is appropriate and necessary to preserve, manage, and dispose of the real properties and other assets Defendants acquired through the Investment Scheme in order to honor and enforce the partnership agreements and other representations made to investors about the use and management of their investments, to preserve the and protect the value of these properties and assets for the benefit of the investors, and to prevent waste.

187. Plaintiffs, the Class, and the Elder Subclass are entitled to appointment of a receiver to take charge of and maintain these properties and assets, and to provide an accounting to the Court and the Class and the Elder Subclass.

TENTH CLAIM FOR RELIEF
(Violation of California Corporations Code § 25401)

188. Plaintiffs incorporate by reference the allegations of all the Paragraphs of this Complaint as though set forth fully herein.

189. The limited partnership interests described herein are “securities” as defined by California Corporations Code § 25019.

190. In offering and selling the securities described in this Complaint, Defendants made untrue statements and/or misrepresentations of material facts to Plaintiffs and the Class and Subclass members. Pursuant to the Investment Scheme described herein, Defendants represented, *inter alia*, (1) that money invested with Defendants would be applied to acquisition of a specific real property owned by the partnership; (2) that the partnership would maintain a separate bank account in the name of the partnership into which the proceeds would be deposited; and (3) that

1 payments to investors would come from the partnership's proceeds through the management and
2 sale of those properties.

3 191. In offering and selling securities in the State of California, Defendants uniformly
4 omitted and concealed material facts regarding the actual nature and operation of the Investment
5 Scheme from Plaintiffs, the Class, and Elder Subclass members.

6 192. The misstatements, omissions, and concealments regarding the nature and
7 operation of the Investment Scheme concern "material facts" within the meaning of California
8 Corporations Code § 25401.

9 193. The misrepresentation, omission, and concealment of these material facts was a
10 substantial factor in the investment decisions of Plaintiffs, the Class, and the Elder Subclass, and
11 in the resulting harm to them.

12 **VIII. PRAYER FOR RELIEF**

13 WHEREFORE, Plaintiffs pray for judgment against Defendants, and each of them, as
14 follows:

15 A. For certification, at an early practicable time, of the Class and the Elder Subclass,
16 and any additional subclasses, and the appointment of Plaintiffs' counsel as Class Counsel and
17 the designation of Class and Subclass representatives, under the applicable provisions of Federal
18 Rule of Civil Procedure 23;

19 B. For the award of damages in favor of Plaintiffs and the Class and the Elder
20 Subclass against all Defendants, jointly and severally, for all damages sustained as a result of
21 Defendants' violations of law, including general damages, punitive damages, and treble
22 damages, and prejudgment interest thereon as permitted by law;

23 C. For the award of rescission or a rescissory measure of damages;

24 D. For the award to Plaintiffs, the Class and the Elder Subclass of reasonable
25 attorneys' fees, costs and expenses as permitted by law;

26 E. For an Order confirming that Defendants held all Plaintiffs' and Class and
27 Subclass members' investments, and the properties these investments were used to purchase, in
28

constructive trust for all investors' benefit, and ordering the allocation and distribution of these ownership interests (and/or their fair market value) to Plaintiffs, the Class, and the Elder Subclass as a matter of equity;

F. For a temporary restraining order, preliminary injunction, and permanent injunction against Defendants from selling and/or transferring Plaintiffs' ownership interest in the above-described properties to any other person or entity;

G. For a judicial declaration confirming that Plaintiffs, the Class, and the Elder Subclass are the owners of valid investments, and that Defendants have an obligation to return their investments;

H. For the appointment of a Receiver;

I. For an Accounting; and

J. For such other and further legal and equitable relief as the Court may deem proper.

IX. DEMAND FOR A JURY TRIAL

Plaintiffs, the Class, and the Elder Subclass demand a trial by jury on all claims and issues so triable.

Respectfully submitted,

Dated: July 8, 2024

COTCHETT, PITRE & McCARTHY, LLP

By: /s/ Blair V. Kittle
BLAIR V. KITTLE
JOSEPH W. COTCHETT
VASTI S. MONTIEL

Dated: July 8, 2024

**CASEY GERRY SCHENK FRANCAVILLA
BLATT & PENFIELD LLP**

By: /s/ Gayle M. Blatt
GAYLE M. BLATT
DAVID S. CASEY, JR.
FREDERICK SCHENK
JEREMY K. ROBINSON
P. CAMILLE GUERRA
MICHAEL J. BENKE

1 Dated: July 8, 2024

**LIEFF, CABRASER, HEIMANN &
BERNSTEIN, LLP**

2 By: /s/ Elizabeth J. Cabraser
3 ELIZABETH J. CABRASER
4 RICHARD M. HEIMANN
KATHERINE LUBIN BENSON
MICHAEL K. SHEEN

5 *Attorneys for Plaintiffs and the Proposed Class and*
6 *Subclass*

ATTORNEY ATTESTATION

I, Blair V. Kittle, am the ECF User whose ID and password are being used to file the Class Action Complaint. In compliance with Civil Local Rule 5-l(h)(3), I hereby attest that concurrence in the filing of this document has been obtained from each signatory.

Dated: July 8, 2024

By: /s/ Blair V. Kittle
Blair V. Kittle

Exhibit A

TIMOTHY LEFEVER AND KENNETH MATTSON
BUSINESS ENTITIES

Timothy LeFever – Business Entities (Timothy LeFever is the Registered Agent for these Entities)				
Business Name	Business Type	Active/Non-Active	Initial Filing Date	Inactive Date
Autumn Wood I, LLC - 200319510021 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201130400003 CA - Autumn Wood 1, LP	July 14, 2003	October 28, 2011
Autumn Wood I, LP - 201130400003	LP	Active	July 14, 2003	
Bay Tree, LP	LP	Active	March 29, 2016	
Beach Pine, LP	LP	Active	November 8, 2018	
Bishop Pine, LP	LP	Active	November 8, 2018	
Black Walnut, LP	LP	Active	November 7, 2014	
Buck Avenue Apartments, LLC - 200301310019 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201226300011 CA - Buck Avenue Apartments LP	January 9, 2003	September 19, 2012
Buck Avenue Apartments, LP - 201226300011	LP	Active	January 9, 2003	
Buckeye Tree, LP	LP	Active	May 26, 2022	
Bur Oak, LP	LP	Active	January 6, 2022	
Butcher Road Partners, LLC	LLC	Suspended - FTB	April 2, 2010	April 1, 2015
California Investment Builders, Inc.	Stock Corporation - General	Terminated	October 25, 2006	March 24, 2014

Business Name	Business Type	Active/Non-Active	Initial Filing Date	Inactive Date
California Investment Properties (SOI Due 12/31/2022)	Stock Corporation - General	Active	December 2, 2004	
Cambria Pine, LP	LP	Active	November 8, 2018	
Chestnut Oak, LP	LP	Active	January 6, 2022	
Country Oaks, LLC - 200725010242 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201300700001 CA - Country Oaks I, LP	September 5, 2007	December 19, 2012
Country Oaks I, LP - 201300700001	LP	Active	September 5, 2007	
Divi Divi Tree, LP	LP	Active	December 5, 2002	
Douglas Fir Investments D, LLC	LLC - Out of State (Delaware)	Terminated	August 21, 2015	August 31, 2018
Douglas Fir Investments, LP	LP	Active	April 14, 2015	
Firetree I, LP	LP	Active	November 15, 2017	
Firetree II, LP	LP	Active	November 15, 2017	
Firetree III, LP	LP	Active	November 15, 2017	
Foothill Pine, LP	LP	Active	October 1, 2019	
Foxtail Pine, LP	LP	Active	November 8, 2018	
Ginko Tree, LP	LP	Active	June 6, 2022	
Golden Tree, LP	LP	Active	November 3, 2015	
Hagar Properties LLC - 200201810039 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201300700009 CA - Hagar Properties LP	January 11, 2002	December 19, 2012

Business Name	Business Type	Active/Non-Active	Initial Filing Date	Inactive Date
Hagar Properties LP - 201300700009	LP	Active	January 11, 2002	
Hagar Properties, LP	LP	Active	January 11, 2002	
Harrow Cellars	Stock Corporation - General	Active	April 17, 2020	
Heacock Park Apartments, LP	LP	Active	August 23, 2013	
Home Tax Service of America, Inc.	Stock Corporation - General	Active	December 27, 1991	
Jack Harouni, LLC	LLC	Suspended - FTB/SOS	September 5, 2007	March 7, 2017
Lefever Mattson	Stock Corporation - General	Active	August 17, 1989	
Lefever Mattson I, LLC	LLC	Suspended - FTB	December 19, 2002	September 3, 2019
Live Oak Investments, LP	LP	Active	March 24, 2015	
Monterey Pine, LP	LP	Active	October 31, 2018	
Napa Elm I, LLC - 200301310014 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201300700011 CA - Napa Elm LP	January 9, 2003	December 19, 2012
Napa Elm, LP - 201300700011	LP	Active	January 9, 2003	
Nut Pine, LP	LP	Active	November 8, 2018	
Perris Freeway Plaza D, LLC	LLC - Out of State (Delaware)	Terminated	August 21, 2015	August 31, 2018
Perris Freeway Plaza, LP	LP	Active	September 18, 2001	
Perris Investors II, LLC	LLC	Suspended - FTB/SOS	September 5, 2007	March 7, 2017
Pineapple Bear	Stock Corporation - General	Active	January 17, 2019	
Pinecone, LP	LP	Active	November 30, 2018	

Business Name	Business Type	Active/Non-Active	Initial Filing Date	Inactive Date
Pinewood Condominiums, LLC - 200301310021 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201300700010 CA - Pinewood Condominiums LP	January 9, 2003	December 19, 2012
Pinewood Condominiums, LLC - 200301310021 (Converted Out)	LLP	Non-Active - Converted To Limited Partnership 201300700010 CA - Pinewood Condominiums, LP	January 9, 2003	December 19, 2012
Pinewood Condominiums, LP - 201300700010	LP	Active	January 9, 2003	
Ponderosa Pines, LP	LP	Active	March 11, 2015	
Red Cedar Tree, LP	LP	Active	July 29, 2022	
Red Hickory Tree, LP	LP	Active	March 10, 2020	
Red Mulberry Tree, LP	LP	Active	July 29, 2022	
Red Oak Tree, LP	LP	Active	November 7, 2022	
Red Oak, LP	LP	Active	January 6, 2022	
Red Spruce Tree, LP	LP	Active	October 4, 2022	
Redbud Tree, LP	LP	Active	May 26, 2022	
River Birch, LP	LP	Active	March 27, 2020	
River Tree Partners, LP	LP	Active	August 3, 2016	
River View Shopping Center 2, LLC	LLC - Out of State (Delaware)	Forfeited - FTB	June 3, 2015	January 4, 2021
River View Shopping Center I, LLC (SOI Due 06/30/2023)	LLC - Out of State (Delaware)	Active	June 3, 2015	
RT Capitol Mall, LP	LP	Active	August 19, 2016	

Business Name	Business Type	Active/Non-Active	Initial Filing Date	Inactive Date
RT Golden Hills, LP	LP	Active	August 19, 2016	
Scotch Pine, LP	LP	Active	March 10, 2020	
Sequoia Investment Properties, LLC - 200431410020 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201226300010 CA - Sequoia Investment Properties, LP	November 5, 2004	September 19, 2012
Sequoia Investment Properties, LP - 201226300010	LP	Active	November 5, 2004	
Sienna Pointe, LLC (SOI Due 08/31/2023)	LLC - Out of State (Delaware)	Active	August 27, 2015	
Specialty Properties Partners, LLC - 201102810033	LLC	Non-Active – Converted to Limited Partnership 201401000002 CA – Specialty Properties Partners, LP	January 27, 2011	December 27, 2013
Specialty Properties Partners, LP - 201401000002	LP	Active	January 27, 2011	
Spruce Pine, LP	LP	Active	May 30, 2019	
The Laurel Wreath Foundation, Inc. - 3112993 (EIN: 27-1212315)	Non-profit Corporation - Public Benefit	Active	October 21, 2009	
Tradewinds Apartments, LLC - 200301310016 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201300700003 CA - Tradewinds Apartments LP	January 9, 2003	December 19, 2012
Tradewinds Apartments, LP - 201300700003	LP	Active	January 9, 2003	
Treacle Properties, LLC	LLC	Terminated	September 5, 2007	January 9, 2020
Treehouse Investments, LP	LP	Active	October 20, 2014	

Business Name	Business Type	Active/Non-Active	Initial Filing Date	Inactive Date
Vaca Villa Apartments - 200301310022 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201300700002 CA - Vaca Villa Apartments, LP	January 9, 2003	December 19, 2012
Vaca Villa Apartments, LP - 201300700002	LP	Active	January 9, 2003	
Valles Properties, LLC	LLC	Terminated	September 5, 2007	February 26, 2016
Valley Oak Investments, LP	LP	Active	January 15, 2015	
Waters Edge Riverside Properties, LLC (SOI Due: 03/31/2022)	LLC	Active	March 30, 2020	
Watertree I, LP	LP	Active	November 15, 2017	
Willow Oak, LP	LP	Active	January 10, 2022	
Windscape Apartments, LLC - 201823410420	LLC - Out of State (Delaware)	Active	August 22, 2018	
Windscape Apartments I D, LLC - 201523710234	LLC - Out of State (Delaware)	Terminated	August 21, 2015	August 31, 2018
Windscape Apartments II D, LLC - 201523710419	LLC - Out of State (Delaware)	Terminated	August 21, 2015	August 31, 2018
Windscape Apartments I, LLC - 200725010245 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201300700004 CA - Windscape Apartments I, LP	September 5, 2007	December 19, 2012

Business Name	Business Type	Active/Non-Active	Initial Filing Date	Inactive Date
Windscape Apartments I, LP - 201300700004 (Converted Out)	LP	Non-Active - Converted To Limited Liability Company 201302410183 CA - Windscape Apartments I LP	September 5, 2007	January 22, 2013
Windscape Apartments I, LLC - 201302410183 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201525200007 CA - Windscape Apartments I, LP	December 19, 2012	September 3, 2015
Windscape Apartments I, LP - 201525200007	LP	Active	January 22, 2013	
Windscape Apartments II, LLC - 200725110060 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201300700005 CA - Windscape Apartments II, LP	September 5, 2007	December 19, 2012
Windscape Apartments II, LP - 201300700005 (Converted Out)	LP	Non-Active - Converted To Limited Liability Company 201302410185 CA - Windscape Apartments II, LLC	September 5, 2007	January 22, 2013
Windscape Apartments II, LLC - 201302410185 (Converted Out)	LLC	Non-Active - Converted To Limited Partnership 201525200011 CA - Windscape Apartments II, Lp	December 19, 2012	September 3, 2015
Windscape Apartments II, LP - 201525200011	LP	Active	January 22, 2013	
Windscape Holdings, LLC - 201822210426 (SOI Due 08/31/2022)	LLC	Active	August 8, 2018	

Business Name	Business Type	Active/Non-Active	Initial Filing Date	Inactive Date
Windtree, LP	LP	Active	February 23, 2018	
Woodland Oaks Investments, LLC (SOI Due 03/31/2022)	LLC	Active	March 30, 2020	
Yellow Poplar, LP	LP	Active	March 27, 2020	

Kenneth Mattson – Business Entities (Kenneth Mattson is the Registered Agent for these Entities)				
Business Name	Business Type	Active/Non-Active	Initial Filing Date	Inactive Date
Food Pavillion I, LTD., A California Limited Partnership	LP	Active	August 16, 1989	
KS Mattson Company, LLC	LLC	Active	August 16, 1999	
KS Mattson Partners, LP	LP	Active	August 16, 1999	
Apan Partners, LLC	LLC	Suspended - FTB	May 16, 2002	February 3, 2014
McKinley Partners, LLC	LLC	Suspended - FTB	July 2, 2002	February 3, 2014
Lassen Partners, LLC	LLC	Suspended - FTB	August 8, 2002	January 2, 2014
Ringmaster's Square, LLC	LLC	Suspended -FTB	June 22, 2004	April 1, 2021
Specialty Sales Classics, Inc.	Stock Corporation	Active	January 14, 2011	
Specialty Sales Global, Inc.	Stock Corporation	Suspended - FTB/SOS	January 18, 2011	December 4, 2013

Exhibit B

From: **Mattson Inquiries** <Mattsoninquiries@lefma.com>

Date: Thu, Jun 27, 2024 at 12:38 PM

Subject: Update

To: Mattson Inquiries <Mattsoninquiries@lefma.com>

In early April, I wrote to this list of investors where LeFever Mattson is the general partner (of a limited partnership) or the managing member (of an LLC). I informed you that Ken Mattson stepped down from his position as Chief Executive Officer and Chief Financial Officer for LeFever Mattson. And I stated that distributions would be paused as I moved into the positions vacated by Mattson. These distributions, according to the partnership agreement, are discretionary and are paid when it is prudent based on available and anticipated cash needs.

If you read the newspapers, you likely know that Ken Mattson was asked to resign because of improper activities by him and various entities he owns and controls. We continue to investigate these matters and many of you are helping us dig deeper into what Ken has done.

I have spoken with many of you directly, but I have a very long list of people that I have not been able reach out to individually. Let me try to provide some additional information here about Ken, about LeFever Mattson, about our property portfolio, and about the future. But please also realize that many considerations, including the current legal situation, limit what I am able to discuss.

Additionally, I do not know the future. I do not want to over-promise for what we can do.

Decades ago, LeFever Mattson began investing in multi-family properties throughout California. Many of you considered Ken Mattson to be your financial advisor, and with his help you invested in the LeFever Mattson led partnerships which owned these properties. Over the last decade, many of these properties were sold and the profits reinvested in other properties. In other cases, we continue to hold properties that we have owned for a long time.

As Ken Mattson's misdeeds were coming to light, Ken and I agreed that it would be best to begin the process of selling the portfolio of properties that are held by the partnerships. That process of selling properties is ongoing.

The partnerships led by LeFever Mattson have proven to be good investments for decades. Monthly distributions have been a welcome source of income for each of you, and for those partnerships that have sold properties and distributed the proceeds, the returns have been attractive. But these partnerships are not insulated from the realities of the real estate market, the economy in general, or the chaos caused by the problems related to Ken Mattson.

Monthly distributions are not guaranteed in the partnership agreement because there are times when it is better, or even necessary, to not send out checks based on current and anticipated financial demands. It is tough to hear from investors that believed that checks would always come and want to know when they will get the next one. It is even harder to hear from those that put so much trust and resources with Ken, and now say that they regret "putting all of their eggs in one basket". And I know that my inability to give specifics on when to expect the next monthly distribution is painful.

As discussed above, LeFever Mattson has a long term goal of selling the properties held in these partnerships and returning proceeds to the investors. But here also, many investors want more information than I can give at this time. We have started selling properties and proceeds have been paid to investors. We are receiving offers on properties every week. Some of these offers are very good, while others are below market value and we are continuing to

negotiate. For all of these properties, I will bring the investors into the process and inform them concerning a property sale as soon as it is appropriate.

At LeFever Mattson we are seeking to maximize the proceeds for our investors, both in the distributions that will have been paid through the life of the investment and the proceeds on sale. But we are doing much more than that in seeking a remedy for the Mattson activities. We know that many of you that are owners of record in our partnerships have also invested in Mattson's sales that were not authorized or disclosed to LeFever Mattson, or were part of his separate businesses often carried out under his partnership, KS Mattson Partners, LP. I am grateful to our staff that blew the whistle on Ken's schemes and continue to be engaged in the investigation. I am also grateful to so many of you that have come forward to tell your story. Please do not stop doing that. Your information is vital as we continue to investigate. Please direct any information that might be helpful to Mattsoninquiries@lefma.com.

At LeFever Mattson, our approach in seeking a just conclusion to the Mattson situation breaks into three phases: First we took the results of our investigation to the authorities. Then we filed a civil action seeking to address his wrongs. And now we are in a phase of direct appeal to Ken Mattson to simply do the right thing, save his victims from further losses in costly court battles, and enter into some arrangement that allows for the sale of his assets to pay those that have been hurt. I remain optimistic that this approach will bring tangible results.

Tim LeFever
CEO
LeFever Mattson

Exhibit C

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County of Sonoma
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By: Kristin Breeden, Deputy Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SONOMA

TIMOTHY LEFEVER, LEFEVER
MATTSON, DIVI DIVI TREE, L.P., AND
WINDSCAPE APARTMENTS, LLC,

Plaintiffs,

v.

KENNETH W. MATTSON AND KS
MATTSON PARTNERS L.P.,

Defendants.

Case No. 24CV03485

COMPLAINT FOR:

- (1) **BREACH OF CONTRACT;**
- (2) **BREACH OF FIDUCIARY DUTY;**
- (3) **BREACH OF DUTY OF GOOD FAITH AND FAIR DEALING;**
- (4) **CONVERSION;**
- (5) **CONSTRUCTIVE FRAUD;**
- (6) **FRAUDULENT CONCEALMENT;**
- (7) **RECEIVING STOLEN PROPERTY IN VIOLATION OF CAL. PEN. CODE § 496;**
- (8) **DECLARATORY RELIEF; AND**
- (9) **REMOVAL OF DIRECTOR PURSUANT TO CALIFORNIA CORPORATIONS CODE § 304**

1 Plaintiffs Timothy LeFever (“LeFever”), LeFever Mattson (“LM”), Divi Divi Tree, L.P.
2 (“Divi”), and Windscape Apartments, LLC (“Windscape,” and together with LeFever, LM, and
3 Divi, the “Plaintiffs”) hereby allege as follows:

4 **SUMMARY OF THE DISPUTE**

5 1. LeFever and Defendant Kenneth W. Mattson (“Mattson”) have been close personal
6 friends for over five decades. They met in elementary school when they were eight years old; they
7 attended the same middle school, high school, and university; and each was the best man in the
8 other’s wedding. LeFever considered Mattson his best friend.

9 2. In 1990, LeFever and Mattson became not merely good friends, but also business
10 partners, when LeFever acquired a 50% interest in what is now LM. At all times since then,
11 LeFever and Mattson have each owned 50% of LM’s shares.

12 3. By all accounts, Mattson is a very wealthy man. He owns multiple homes. One
13 home located in Piedmont takes up the front of a block. Another home located in Sonoma was
14 featured in the Wall Street Journal before Mattson bought it, fully furnished. He has vacation
15 homes located in Del Mar that touch the sand. He drives luxury cars. He has owned Bentleys and
16 at least one Rolls Royce. He even owns an exotic car company, although it was recently shut
17 down by the DMV. In 2021, Mattson claimed a net worth in excess of \$250 million.

18 4. Mattson is also a thief. He stole money directly from LM, the company that bears
19 his name. He stole money from the retirement accounts of senior citizens when he promised but
20 did not actually give them an ownership interest in numerous LM-managed real estate
21 partnerships. And he stole the identity and reputation of LM when he used the company’s name
22 without its knowledge or consent in conjunction with his fraud.

23 5. Mattson is also a liar. He lied to the purported investors he swindled, and when the
24 fraudulent scheme he perpetrated for more than a decade was disclosed, he lied to the public,
25 falsely claiming, among other things that “Any transfer of an interest in Divi Divi over the years
26 by LeFever-Mattson to [the purported Divi investors] was documented and approved by me. All
27 proceeds from such sales were deposited with and used by LeFever-Mattson, not me.” Intended as
28 a boast, Mattson’s statement was also an admission. Prior to 2015, Mattson would have needed

1 the written authorization of not only an LM affiliate, LeFever Mattson I, LLC, but also an
2 unaffiliated nonprofit that served as Divi's Managing General Partner, and Mattson did not have
3 the consent of that nonprofit. Mattson lacked the authority to provide consent on behalf of LM or
4 any of its affiliates. Mattson was also self-dealing in violation of his fiduciary duties. And his
5 documentation was nothing more than a second set of books that he used to convince IRA
6 custodians that his activities were legitimate.

7 6. Mattson also lied to the putative Divi investors he conned and to the public by
8 falsely stating that Divi had been making distributions to those putative investors and that
9 Plaintiffs were responsible for stopping those distributions. To the contrary, Divi had never made
10 any distributions to these putative investors because they were never limited partners of record.
11 Plaintiffs are informed and believe and, on that basis, allege that Mattson was secretly making
12 payments to or for the benefit of these putative investors from an account he alone controlled.
13 Plaintiffs are further informed and believe and, on that basis, allege that the payments Mattson
14 made to these putative investors was from funds that Mattson received from other putative
15 investors he swindled and that these payments bore no relation to the amount or timing of
16 distributions Divi had made to its limited partners of record.

17 7. Mattson studied economics and was, for 25 years, a stockbroker. But he also found
18 time to have multiple side businesses, including K. W. M. Enterprises, Inc. ("KWM"), a real
19 estate investment company that would change its name to LeFever Mattson when LeFever,
20 Mattson's childhood friend, became half owner of the business in 1990. As LM and its real estate
21 portfolio grew, LeFever, an attorney and real estate broker, built and operated the related property
22 management company, LeFever Mattson Property Management ("LMPM"), and the real estate
23 brokerage company, California Investment Properties. Mattson continued to run LM as CEO and
24 CFO and offered real estate investments to a growing group of investors drawn largely from his
25 stock brokerage client list.

26 8. Mattson also has a family partnership, KS Mattson Partners L.P. ("KSMP," and
27 with Mattson, "Defendants"), through which Mattson also buys and sells real estate. Mattson
28 sometimes abused his authority to sell KSMP's properties to limited partnerships and limited

1 liability companies that LM managed (each such partnership or limited liability company, an “LM
2 Investment”), with Mattson signing for both the LM Investment as buyer and KSMP as seller, and
3 many times with a significant profit to KSMP.

4 9. In the past, Mattson was regarded by many as a financial genius. This reputation
5 was at least partially based on Mattson's real estate and investment portfolio. But it was also
6 based on his uncanny ability to predict the economic future. Despite that reputation, Mattson’s
7 fondness for other people’s money apparently caused him to do economically risky things, like
8 finance much of his real estate portfolio with seller carry back loans that have huge annual balloon
9 payments and with “hard money,” high interest loans. Unfortunately, many of those risky loans
10 have become the responsibility of others when Mattson abused his power by making the
11 unauthorized property sales from KSMP to various LM Investments. Often the loans and the
12 terms were not fully disclosed upon transfer, and many of those loans are now in default as
13 Mattson has missed payments.

14 10. Because Mattson has a degree in economics and had been working at a financial
15 services firm when LeFever and Mattson began running LM together, LeFever trusted Mattson to
16 oversee LM’s finances and investor relations.

17 11. But Mattson abused LeFever’s trust and Mattson’s control over LM.

18 12. Mattson created and operated what amounted to a secret division of LM for his
19 own exclusive benefit by, among other things, committing numerous acts of self-dealing, secretly
20 funneling at least \$75 million to himself and KSMP, his wholly owned company, to the detriment
21 of LeFever, LM, Divi, Windscape, and other LM Investments.

22 13. Mattson purported to cause LM and/or other LM affiliates to enter into numerous
23 poorly crafted agreements without LeFever’s knowledge or consent and without LM’s knowledge
24 or consent.

25 14. Mattson secretly caused LM, Divi, and/or other LM Investments to purchase real
26 estate from KSMP at inflated prices so that Mattson could obtain secret profits from LM, Divi,
27 and/or other LM Investments.

28

1 15. Through his fraudulent scheme, Mattson duped more than one hundred putative
2 investors into giving him tens of millions of dollars – most of which came from their Individual
3 Retirement Accounts or from other funds they had saved for retirement – for what they believed
4 were interests in various LM Investments. But those putative investors received nothing in
5 exchange: Mattson did not own the limited partnership interests or membership interests he
6 purportedly sold them, did not have authority to sell those limited partnership interests or
7 membership interests, and/or those limited partnership interests or membership interests may not
8 have even existed. Mattson took tens of millions of dollars from hundreds of people in exchange
9 for nothing.

10 16. Despite having legal and contractual obligations to disclose in advance all of these
11 transactions to Plaintiffs, Mattson did not disclose any. Instead, he actively concealed them from
12 Plaintiffs to hide his misconduct and prevent Plaintiffs from stopping Mattson’s fraudulent scheme
13 and self-dealing. Mattson’s concealment in many instances lasted longer than a dozen years.

14 17. When Plaintiffs recently started to uncover Defendants’ misconduct, Plaintiffs
15 immediately confronted Mattson and began investigating and then reported Mattson’s fraudulent
16 conduct to the authorities. Mattson gradually admitted to much of Defendants’ misconduct but
17 provided an ever-changing story in an attempt to justify his actions. Mattson nonetheless entered
18 into an agreement (the “Indemnity Agreement”) under which he admitted to his wrongdoing and
19 agreed that Defendants would indemnify and hold Plaintiffs harmless from the damage Defendants
20 have already caused them and from the harm and expenses Plaintiffs will suffer in the future
21 because of Defendants’ wrongdoing.

22 18. Plaintiffs entered into the Indemnity Agreement, among other reasons, to help
23 minimize the harm Defendants caused to the dozens – if not hundreds – of investors that
24 Defendants swindled out of their retirement savings through Defendants’ misconduct and to hold
25 Defendants accountable for the harm they caused.

26 19. Plaintiffs have demanded that Defendants indemnify Plaintiffs as promised and that
27 Defendants compensate Plaintiffs in full for the harm Defendants caused, but Defendants have
28 refused to do so.

1 20. Plaintiffs have therefore been forced to bring this action to stop Defendants from
2 committing further acts of fraud, self-dealing, breaches of fiduciary duty, and breaches of contract;
3 to hold Defendants accountable for the harm they have caused Plaintiffs and their investors; and to
4 ensure that Defendants abide by their obligations to indemnify and hold Plaintiffs harmless from
5 any further harm they might suffer on account of Defendants' misconduct. It is only through this
6 action that Plaintiffs can address and remedy the harm Mattson's conduct has caused by deceiving
7 putative investors into paying him for what they believed were partnership interests in Divi and
8 the other LM Investments.

9 21. Plaintiffs' investigation into Defendants' wrongdoing is still ongoing. Plaintiffs
10 anticipate that their investigation will uncover additional wrongful acts by Defendants that have
11 harmed Plaintiffs and their investors and putative investors.

12 **THE PARTIES**

13 22. LeFever is and, at all relevant times mentioned herein, was an individual domiciled
14 and residing in Solano County, California.

15 23. LM is and, at all relevant times mentioned herein, was a corporation incorporated
16 under the laws of the State of California. LM's headquarters and principal place of business is and,
17 at all relevant times mentioned herein, was in Sacramento County, California.

18 24. Divi is and, at all relevant times mentioned herein, was a limited partnership
19 organized under the laws of the State of California. Divi's headquarters and principal place of
20 business is and, at all relevant times mentioned herein, was in Sacramento County, California.

21 25. Windscape is and, at all relevant times mentioned herein, was a limited liability
22 company organized under the laws of the State of California. Windscape's headquarters and
23 principal place of business is and, at all relevant times mentioned herein, was in Sacramento
24 County, California.

25 26. Plaintiffs are informed and believe and, on that basis, allege that Mattson is an
26 individual domiciled and residing in Sonoma County, California.

27 27. Plaintiffs are informed and believe and, on that basis, allege that KSMP is and, at
28 all relevant times mentioned herein, was a limited partnership organized under the laws of the

1 State of California. Plaintiffs are informed and believe and, on that basis, allege that KSMP's
2 headquarters and principal place of business is in Sonoma County, California.

3 **JURISDICTION AND VENUE**

4 28. The Superior Court for the County of Sonoma has subject matter jurisdiction over
5 this dispute pursuant to Article VI, Section 10 of the California Constitution and California Civil
6 Procedure Code Section 410.10 because the subject matter of this dispute falls within the general
7 jurisdiction of the Superior Courts of the State of California.

8 29. The Superior Court for the County of Sonoma has personal jurisdiction over
9 Mattson and KSMP pursuant to Article VI, Section 10 of the California Constitution, Amendment
10 XIV of the United States Constitution, and California Civil Procedure Code Section 410.10
11 because Mattson and KSMP are each domiciled in the State of California and because Plaintiffs'
12 claims against Mattson and KSMP relate to and/or arise out of Mattson's and KSMP's respective
13 significant contacts with the State of California.

14 30. The Superior Court for the County of Sonoma is the proper venue for this dispute
15 pursuant to California Civil Procedure Code Sections 395 and 395.5 because (a) Mattson resides
16 in the County of Sonoma; (b) KSMP's liability under the Agreement of Limited Partnership of
17 Divi Divi Tree, L.P. (the "Original Divi LP Agreement") and the Amended and Restated
18 Agreement of Limited Partnership of Divi Divi Tree, L.P. (the "Amended Divi LP Agreement,"
19 and together with the Original Divi LP Agreement, the "Divi LP Agreements") arose in whole or
20 in part in the County of Sonoma; (c) one or more of KSMP's breaches of the Divi LP Agreement
21 occurred in the County of Sonoma; and (d) Mattson entered into the Indemnity Agreement with
22 LM and LeFever that is a subject of this action in the County of Sonoma and/or agreed to perform
23 under the Indemnity Agreement in the County of Sonoma.

24 **GENERAL ALLEGATIONS**

25 **A. LeFever and Mattson Become Close Personal Friends.**

26 31. LeFever and Mattson both grew up in or around Rancho Cordova, California. They
27 first met in elementary school when they were 8 years old, and although they attended different
28 elementary schools, they attended middle school and high school together. After graduating from

1 Cordova High School, LeFever and Mattson each attended U.C. Berkeley. LeFever graduated
2 with a degree in political science. Mattson graduated with a degree in economics.

3 32. After graduating from Berkeley, LeFever obtained a juris doctorate from what is
4 now U.C. Law San Francisco.

5 33. Mattson, meanwhile, became a securities broker. Plaintiffs are informed and
6 believe and, on that basis, allege that Mattson began working as a securities broker at what is now
7 Principal Securities, Inc. in late 1983, that he worked as a securities broker for Dean Witter
8 Reynolds Inc. between October of 1984 and March of 1990, and that he then joined Prudential
9 Securities Incorporated. Mattson continued working as a securities broker at Prudential, and then
10 at Sutro & Company, Inc. and what is now RBC Capital Markets Corp. where Mattson remained
11 until at least 2009.

12 34. LeFever considered Mattson his best friend from early in his youth and afterward.
13 Mattson introduced LeFever to the woman LeFever would eventually marry, and Mattson and
14 LeFever were each the best man at the other's wedding.

15 **B. LeFever and Mattson Form LM.**

16 35. Plaintiffs are informed and believe and, on that basis, allege that Mattson formed
17 KWM as Mattson's wholly owned corporation in or around August 1989.

18 36. At or around that time, LeFever began discussing the idea of forming a real estate
19 company with Mattson.

20 37. This idea came into fruition in 1990 when LeFever acquired a 50% interest in
21 KWM from Mattson. LeFever and Mattson then changed the name of the company to LM. At all
22 times since then, LeFever and Mattson have each owned 50% of LM's shares.

23 38. Mattson was still working as a securities broker at the time, and he told LeFever
24 that his employer did not want him doing hands-on real estate work. Consequently, LeFever
25 obtained a real estate brokers license for LM.

26 39. Mattson had nearly seven years of experience as a securities broker when LeFever
27 and Mattson began running LM together. As a result, Mattson had established financial and
28 investor relationships at the time, but LeFever had not. Because of his economics and finance

1 background, his many years' experience as a securities broker, and his established financial and
2 investor relationships, Mattson naturally took primary responsibility for managing LM's finances
3 and investor relations. Because of their close personal friendship, LeFever completely and
4 implicitly trusted Mattson handling virtually all financial and investor related matters for LM.

5 40. LeFever, who was a licensed attorney by the time he and Mattson formed LM,
6 focused on real estate acquisitions, property management, and lender relations for LM.

7 41. In 1991, LeFever and Mattson formed another company, LMPM, to provide
8 property management services. LM currently owns a majority interest in LMPM, with a third
9 individual, Mark Bennett owning the remaining shares.

10 42. Separately, Mattson owns several other companies including KSMP, which is also
11 a real estate investment company. Plaintiffs are informed and believe and, on that basis, allege
12 that KSMP is directly or indirectly wholly owned by Mattson and is controlled solely by Mattson.

13 **C. LeFever and Mattson Grow LM's Real Estate Portfolio.**

14 43. LM has grown substantially as a real estate investment company since 1990.
15 Today, LM manages a portfolio of real estate valued at over \$400 million.

16 44. Beginning in the late 1990s, LM began to offer certain real estate opportunities to
17 outside investors by acquiring the real estate in a co-tenancy with the investors.

18 45. Eventually, LM's business model shifted so that it typically did not acquire real
19 estate in its own name. Instead, LM's business model is to create the LM Investments – limited
20 partnerships and limited liability companies that each purchase one or more commercial
21 properties. Divi and Windscape are two of these LM Investments.

22 46. This structure allowed LM to pool more capital by selling limited partnership or
23 LLC membership interests in the LM Investments to a small number of accredited investors while
24 typically reserving an ownership interest in the LM Investments for itself as general partner or
25 managing member, sometimes as limited partners or members as well. Most of these outside
26 investors were Mattson's former clients or other contacts Mattson developed while he was
27 working as a securities broker.

28

1 47. Because of this structure, each of the LM Investments has either a limited
2 partnership agreement or an operating agreement (each such partnership or operating agreement,
3 an “LM Investment Agreement”) that provides LM and the investors a clear understanding about
4 such things as how the LM Investment will be managed, under what circumstances investors
5 might receive a distribution, and under what conditions the investors can sell or transfer their
6 interest in the LM Investment.

7 48. LM manages each of the LM Investments by serving as its managing or general
8 partner (if the LM Investment is a limited partnership) or as its manager (otherwise). LeFever’s
9 and Mattson’s other company, LMPM, typically serves as property manager for the commercial
10 properties that the LM Investments own and provides various back-office functions for LM and
11 the LM Investments.

12 49. If the LM Investment generates operating profits (*e.g.*, from rent collected from the
13 tenants of one of the LM Investment’s properties) the LM Investment typically distributes a
14 portion of that income to its respective investors. Historically, when an LM Investment sold a
15 property, the LM Investment would usually use the sale proceeds to purchase another property
16 through an exchange under Section 1031 of the Internal Revenue Code, rather than distributing the
17 sale proceeds to investors.

18 **D. LM Forms Divi to Purchase the Sienna Pointe Apartments in Moreno Valley.**

19 50. In or around late 2002, LM identified the Sienna Pointe apartment complex in
20 Moreno Valley, California as a potentially lucrative real estate investment property.

21 51. The purchase of Sienna Pointe included the assumption of a loan that required the
22 involvement of a nonprofit entity.

23 52. To facilitate the purchase of Sienna Pointe, LM formed Divi as a limited
24 partnership between a Sacramento-based religious nonprofit corporation (the “Nonprofit”) and
25 LeFever Mattson I, LLC, one of LM’s subsidiaries. The Nonprofit was named Divi’s Managing
26 General Partner.

27 53. Divi acquired the Sienna Pointe property in or around 2003.

1 54. In or around September 2015, Divi refinanced the loan it assumed, on acquisition
2 of the Sienna Pointe property in 2003, and the Nonprofit and LeFever Mattson I, LLC, both
3 withdrew and resigned as Divi's Managing General Partner and Co-General Partner respectively.
4 Concurrently therewith, Divi's remaining partners executed the Amended Divi LP Agreement,
5 naming LM as Divi's general partner.

6 55. Divi eventually sold the Sienna Pointe property in 2021 and reinvested the sale
7 proceeds into approximately 20 other properties through 1031 exchanges.

8 **E. Mattson Orchestrates a Fraudulent Scheme to Unjustly Enrich Himself.**

9 56. The Original Divi LP Agreement required the investors to obtain written consent of
10 both the Nonprofit and LeFever Mattson I, LLC before selling or otherwise transferring their
11 interests in Divi. The Amended Divi LP Agreement and the other LM Investment Agreements
12 require the investors to obtain LM's written approval before selling or otherwise transferring their
13 interest in the LM Investment.

14 57. Over time, some investors wanted to sell their interest in one or more of the LM
15 Investments. Mattson oftentimes would buy those investors out by having KSMP acquire the
16 investors' LM Investment interests. Eventually, LeFever also bought out some investors and
17 acquired a portion of LM's Divi limited partnership interest so that he too acquired an individual
18 interest in some of the LM Investments. Plaintiffs are informed and believe and, on that basis,
19 allege that all of these purchases by KSMP and LeFever were properly reported to and approved
20 by LM or its predecessors in accordance with the Divi LP Agreements.

21 58. A number of such transactions have been properly effected with respect to Divi
22 since 2015. Up until this time, Divi had a total of 19 limited partners, but LeFever, Mattson, and
23 KSMP were not Divi limited partners. Over time since 2015, KSMP bought out most of these
24 Divi limited partners and LeFever bought a portion of LM's limited partnership interest, so that
25 Divi's current investors of record are: LM (16.473%); LeFever and his wife, Amy LeFever
26 (19.458%); Treacle Revocable Trust (14.442%); and KSMP (49.626%). The Treacle Revocable
27 Trust and LM are the only remaining original investors in Divi.

1 59. In addition to these known and approved acquisitions, Mattson was also secretly
2 selling purported interests in LM Investments without LeFever's knowledge or LM's consent.
3 Neither LeFever nor LM was informed of these sales at any time before or after their occurrence.

4 60. LeFever and LM have now learned that, for more than a decade, Mattson
5 surreptitiously sold purported Divi partnership interests to numerous putative investors and
6 intentionally concealed these transactions from LeFever and LM. Some of these purported sales
7 of Divi partnership interests occurred under the Original Divi LP Agreement. Mattson
8 intentionally concealed these transactions from the Nonprofit as well.

9 61. According to Mattson, some of the Divi partnership interests he purportedly sold
10 were KSMP's. But Mattson has also acknowledged that some of his sales took place before
11 KSMP owned any interest in Divi, and that he was therefore purporting to sell Divi partnership
12 interest belonging to LM. However, Mattson did not have the authority to sell any of LM's Divi
13 partnership interests based on his approval or action alone. Moreover, despite allegedly selling
14 some of LM's interest in Divi, Mattson kept all of the money for himself and did not provide
15 LeFever or LM any portion of the proceeds from these secret transactions.

16 62. Plaintiffs are informed and believe and, on that basis, allege that Defendants
17 purported to sell Divi interests to at least 177 different putative investors (the "Putative Divi
18 Sales"), and received \$55 million or more in connection with the Putative Divi Sales, which far
19 exceeds the entire valuation for Divi, much less KSMP's 49.626% interest in Divi.

20 63. Based on the prior transactions in which Mattson caused KSMP to acquire nearly
21 half of the Divi partnership interests and in which Mattson provided approval of LeFever's
22 acquisition of Divi limited partnership interests, Mattson not only knew how to, but also knew that
23 he was required to: (a) use a purchase agreement to document the sale of Divi limited partnership
24 interests and what exactly was being sold; (b) notify and obtain LM's advance written approval of
25 the transaction by presenting the proposed transaction to LeFever, LM's only disinterested
26 shareholder and director; and (c) record the transactions in Divi's books and records so that,
27 among other things, Divi can properly accord to the new partner and all others (e.g., make
28

1 distributions to the correct investors and in the correct amounts, issue accurate K-1 statements to
2 the limited partners, etc.).

3 64. Plaintiffs are informed and believe and, on that basis, allege that Defendants did not
4 execute purchase agreements or even specify the percentage interest sold for the overwhelming
5 majority of the Putative Divi Sales and that Defendants intentionally did this so that LeFever and
6 LM would not know about the Putative Divi Sales. Plaintiffs are also informed and believe and,
7 on that basis, allege that Mattson likely did not even intend to sell the putative investors Divi
8 limited partnership interests and instead merely intended to dupe them into falsely believing they
9 had purchased Divi limited partnership interests while providing them nothing in return for the
10 money they gave him.

11 65. Plaintiffs are also informed and believe that Mattson falsified certain
12 documentation to further his fraudulent scheme. For example, Plaintiffs are informed and believe
13 and, on that basis, allege that Mattson documented certain Putative Divi Sales by having the
14 purported investor execute a signature page from the Original Divi LP Agreement even if the
15 transaction occurred after Divi adopted the Amended Divi LP Agreement and that Mattson
16 intentionally doctored the signature page so that it indicated LM was the Managing General
17 Partner even though only the Nonprofit ever held that title. Mattson has also admitted to creating
18 fake K-1 forms for certain purported investors, and Plaintiffs are informed and believe and, on that
19 basis, allege that Mattson provided fake K-1 forms to Divi investors to maintain the false
20 impression that they were actually Divi limited partners. Plaintiffs are informed and believe and,
21 on that basis, allege that Mattson fabricated these fraudulent K-1 forms, among other reasons, so
22 that the putative Divi investors would not realize Defendants had duped them and to minimize the
23 risk that Plaintiffs would learn of Defendants' fraudulent scheme from a putative investor asking
24 Plaintiffs to provide a K-1 form that the putative investor otherwise would have expected to
25 receive.

26 66. To conceal their wrongdoing, Defendants also intentionally failed to present any of
27 the Putative Divi Sales to LeFever, LM's only disinterested shareholder and director, failed to
28 obtain LM's written approval of the Putative Divi Sales, failed to obtain the Nonprofit's written

1 approval of the Putative Divi Sales under the Original Divi LP Agreement, and intentionally
2 omitted any record of the Putative Divi Sales from Divi's books and records and from LM's books
3 and records. As a result, neither LeFever nor LM knew anything about the Putative Divi Sales
4 until Mattson's fraudulent schemes finally began to come to light in March of this year.

5 67. Mattson took additional steps to hide the Putative Divi Sales from LeFever and
6 LM. For example, Mattson opened a bank account for LM (the "Covert Account") with Bank of
7 the West (which was subsequently acquired by Bank of Montreal) that Mattson ensured he alone
8 could access, allowing Mattson to execute and manage the Putative Divi Sales and other self-
9 dealing transactions without leaving a paper trail of bank records that LeFever or LM could find.

10 68. Plaintiffs are informed and believe and, on that basis, allege that Mattson had the
11 putative Divi investors transfer their purchase money for the Putative Divi Sales to the Covert
12 Account, falsely representing to them that it was a Divi bank account, and that Mattson also used
13 the Covert Account for other unauthorized transactions. Plaintiffs are informed and believe and,
14 on that basis, allege that all money deposited in the Covert Account – including the \$55 million or
15 more that Defendants received in the Putative Divi Sales and an additional \$20 million in
16 estimated funds Defendants received from the purported sale of interests in the other LM
17 Investments – was ultimately transferred to and spent by Mattson for his own personal benefit.

18 69. Plaintiffs are also informed and believe and, on that basis, allege that when
19 conducting the Putative Divi Sales, Mattson did not use LM's address, but instead used a post
20 office box he had obtained for his own use and for KSMP's use and represented to the putative
21 Divi investors, that it was LM's post office box. Plaintiffs are informed and believe and, on that
22 basis, allege that Mattson alone had access to this post office box, and that he intentionally used
23 this post office box address for the Putative Divi Sales to actively conceal the Putative Divi Sales
24 from Plaintiffs by ensuring that any correspondence regarding the Putative Divi Sales would be
25 diverted away from LM and instead be routed directly to him.

26 70. Because Defendants had concealed the existence of the Putative Divi Sales from
27 Plaintiffs, Divi never made any distributions to the putative Divi investors. Plaintiffs are informed
28 and believe and, on that basis, allege that to further hide the Putative Divi Sales from Plaintiffs and

1 to maintain the false impression he had given the putative Divi investors, Mattson would cause
2 KSMP to pay distributions to or for the benefit of certain of the putative Divi investors so that they
3 would falsely believe that Divi was instead making partnership distributions to them. Plaintiffs
4 are informed and believe and, on that basis allege, however, that the distributions paid by KSMP
5 to or for the benefit of the putative Divi investors bore no relation (both in terms of timing and
6 amount) to the distributions paid by Divi to KSMP and that Mattson instead caused KSMP to pay
7 whatever was necessary to maintain the front that the putative Divi investors were investors in
8 Divi.

9 71. After Mattson's wrongdoing came to light, Divi stopped making distributions to
10 Mattson and all other investors of record. Plaintiffs are informed and believe and, on that basis,
11 allege that Mattson thereafter stopped making payments to many of the putative Divi investors and
12 then, to maintain his deception, falsely blamed Plaintiffs for terminating the payments to the
13 putative Divi investors and continued to mislead the public about Defendants' fraudulent conduct.
14 Plaintiffs are informed and believe and, on that basis allege, that Mattson has in some instances
15 continued to cause KSMP or other entities controlled by Mattson to make distributions to putative
16 Divi investors as though they are from Divi, telling the putative Divi investors not to be alarmed
17 and that their "investments" in Divi are safe.

18 72. Mattson's self-dealing was not limited to these secret Putative Divi Sales. Mattson
19 has also surreptitiously caused LM to pay millions of dollars for properties that Mattson titled in
20 his own name or in KSMP's name. For example, Mattson secretly used more than \$6 million of
21 LM's money to purchase a lavish home for himself in Sonoma, which he now uses as his primary
22 residence. Mattson hid from LeFever the fact that Mattson had used LM's money to purchase
23 these properties by, among other things, using the Covert Account to wire LM's funds into the
24 escrow account for real estate purchases that exclusively benefitted Mattson.

25 73. Mattson also used KSMP to facilitate numerous other self-dealing transactions by
26 diverting corporate opportunities away from LM and LM Investments to KSMP, Mattson's wholly
27 owned company. For example, Plaintiffs are informed and believe and, on that basis, allege that in
28 September 2022, Mattson caused KSMP to purchase real estate in Sonoma for \$6.5 million. Five

1 weeks later, Mattson caused KSMP to sell that same property without any change to Windscape
2 for \$7.5 million, netting Defendants \$1,000,000 in the process and causing Windscape to pay
3 \$1,000,000 more for the property than it should have.

4 74. Mattson has also caused LM Investments to purchase underperforming, heavily
5 encumbered commercial properties from KSMP without LeFever's knowledge or approval so that
6 the LM Investments would be stuck with these indebted and underperforming assets rather than
7 KSMP, his wholly owned company.

8 75. Plaintiffs are informed and believe and, on that basis, allege that KSMP finances
9 both its real estate purchases and Mattson's distributions to his putative investors using high
10 interest, hard money loans and loans requiring large balloon payments. Upon obtaining such debt
11 proceeds, Mattson has thereafter caused LM Investments to purchase many of those properties
12 from KSMP without LeFever's knowledge or approval. These acquisitions by the LM
13 Investments were completed subject to the aforementioned loans without LeFever's knowledge or
14 approval with the result that these LM Investments were saddled with unknown debt obligating
15 LM to make balloon payments soon after acquisition. In many instances, these are the non-
16 performing or under-developed properties that LM finds itself left with, described immediately
17 above.

18 76. At least three of the properties that KSMP recently sold to the LM Investments are
19 currently in default and at least two more have significant balloon payments due, meaning that the
20 LM Investments and their investors are at risk of suffering significant financial losses. KSMP,
21 meanwhile, took the money and ran.

22 **F. Mattson Enters Into the Indemnity Agreement and Admits Wrongdoing.**

23 77. After LeFever and LM confronted Mattson regarding his unauthorized Divi
24 transactions and other misconduct, Mattson entered into the Indemnity Agreement with LeFever
25 and LM.

26 78. Mattson made several key admissions in the Indemnity Agreement including
27 acknowledging that:
28

- 1 • “none of the [Putative Divi Sales] were presented to the Board or shareholders of
- 2 Lefever Mattson prior to the date that the [Putative Divi Sales] were entered into”;
- 3 • “none of the [Putative Divi Sales] were authorized or approved by the Board or
- 4 shareholders of LeFever Mattson at any time prior to or after the date that the
- 5 [Putative Divi Sales] were entered into”;
- 6 • “neither LeFever nor LeFever Mattson is in any way a party to or obligated in
- 7 connection with any of the [Putative Divi Sales]”; and
- 8 • “neither LeFever nor LeFever Mattson received any benefit, directly or indirectly,
- 9 economic or otherwise, in connection with or as a result of the [Putative Divi Sales].”

10 79. Mattson agreed in the Indemnity Agreement that he and KSMP would indemnify
 11 and hold harmless LeFever, LM, and the LM Investments from any expenses they might incur,
 12 including attorney's fees, or claims they might face in connection with Mattson's or KSMP's
 13 misconduct.

14 80. Mattson also agreed in the Indemnity Agreement to assist LM and LeFever by
 15 providing them information they might request about Mattson's actions. Thus far, however,
 16 Mattson has refused to provide LM and LeFever the information they have requested and LM and
 17 LeFever believe there may be hundreds of unauthorized sales by Mattson in other LM Investments
 18 that have yet to be accounted for. Mattson also has not reimbursed LM and LeFever fully for the
 19 expenses they have already incurred and will shortly further incur in connection with investigating
 20 and addressing the impact of Mattson's actions.

21 **FIRST CAUSE OF ACTION**

22 **(Breach of Contract – LeFever, LM, and Divi against All Defendants)**

23 81. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth
 24 in full, the allegations contained in Paragraphs 1 through 80.

25 82. KSMP and LeFever are each limited partners in Divi.

26 83. LM is Divi's general partner.

27 84. Mattson, KSMP, LeFever, LM, and Divi have each entered into and agreed to be
 28 bound by the terms of the Divi LP Agreements.

1 85. The Original Divi LP Agreement prohibits limited partners from transferring Divi
2 limited partnership interests without both the Nonprofit's written approval and LM's written
3 approval. The Amended Divi LP Agreement prohibits limited partners from transferring Divi
4 limited partnership interests without LM's written approval.

5 86. In order to obtain LM's approval, there must be a consent vote from a majority of
6 LM's board of directors; in the case of LM, in all relevant times, only LeFever and Mattson served
7 as board of directors of LM and thus both LeFever and Mattson had to approve any transfer of
8 limited partnership interests.

9 87. The Nonprofit has fully performed all of its obligations under the Original Divi LP
10 Agreement by, among other things, acting as Divi's Managing General Partner. LM has fully
11 performed all of its obligations under the Divi LP Agreements by, among other things, acting as
12 Divi's general partner. LeFever has fully performed all of his obligations under the Divi LP
13 Agreements by, among other things, obtaining LM's written approval and, if needed, the
14 Nonprofit's written approval for any transfer of any Divi limited partnership interests to him or
15 from him. Divi has fully performed all of its obligations under the Divi LP Agreements by,
16 among other things, paying or reimbursing all direct expenses incurred in connection with the
17 administration and operation of Divi.

18 88. Defendants contend that KSMP has transferred Divi limited partnership interests to
19 numerous parties through the Putative Divi Sales.

20 89. KSMP did not at any time obtain LM's written approval for any of the Putative
21 Divi Sales and did not at any time obtain the Nonprofit's written approval for any of the Putative
22 Divi Sales that occurred prior to the adoption of the Amended Divi LP Agreement.

23 90. Plaintiffs contend that Divi limited partnership interests are only transferred under
24 the Original Divi LP Agreement if the transfer is authorized in writing in advance by both the
25 Nonprofit and LM and only transferred under the Amended Divi LP Agreement if the transfer is
26 authorized in writing in advance by LM. Plaintiffs further contend that because the Putative Divi
27 Sales were not authorized in writing in advance by LM and/or the Nonprofit, no Divi limited
28 partnership interests were actually transferred through the Putative Divi Sales, but Plaintiffs plead

1 in the alternative that if KSMP transferred Divi limited partnership interests to numerous third
2 parties through the Putative Divi Sales, KSMP breached the applicable Divi LP Agreement by
3 making the Putative Divi Sales without obtaining LM's and, if applicable, the Nonprofit's prior
4 written approval.

5 91. The amount (by value) of Divi limited partnership interests that KSMP purportedly
6 sold likely exceeded the amount (by value) of Divi limited partnership interests that KSMP and
7 LM together owned, and indeed may have exceed the total amount (by value) of Divi limited
8 partnership interests that Divi issued.

9 92. Thus, to the extent that KSMP transferred more Divi limited partnership interests in
10 percentage terms than 100%, LeFever, LM and Divi have each been harmed by KSMP's transfer
11 of additional Divi limited partnership interests in violation of the Divi LP Agreements through the
12 Putative Divi Sales because any such transfer diluted the respective ownership interests of all
13 owners of record in Divi.

14 93. LeFever and LM have also been harmed by KSMP's transfer of Divi limited
15 partnership interests in violation of the Divi LP Agreements through the Putative Divi Sales
16 because Defendants contend that certain of the Putative Divi Sales involved KSMP selling Divi
17 limited partnership interests that belonged to LM and neither LeFever nor LM received anything
18 in return for these unauthorized sales of LM's Divi limited partnership interests.

19 94. Each of Divi, LeFever, and LM has also been harmed by KSMP's transfer of Divi
20 limited partnership interests in violation of the Divi LP Agreements through the Putative Divi
21 Sales because Divi, LeFever, and LM have each incurred significant expenses in connection with
22 the investigation into the Putative Divi Sales and responding to related issues concerning the
23 unauthorized Putative Divi Sales. Divi, LeFever, and LM would not have incurred these expenses
24 if KSMP had not transferred Divi limited partnership interests in violation of the Divi LP
25 Agreement.

26 95. As a result of KSMP's breaches of the Divi LP Agreements, as alleged, Divi,
27 LeFever, and LM have suffered and continue to suffer damages, all in an amount to be determined
28 according to proof at trial, but which Plaintiffs estimate to be at least \$100 million.

1 96. After Defendants' wrongful conduct finally came to light, LeFever, LM, and
2 Mattson entered into the Indemnity Agreement under which Mattson agreed that Defendants
3 would indemnify and hold Plaintiffs harmless from the damage Defendants have already caused
4 Plaintiffs and from the harm Plaintiffs will suffer in the future because of Defendants'
5 wrongdoing. Mattson also agreed to assist LM and LeFever by providing them information they
6 might request about Mattson's actions so that LM and LeFever could help identify the putative
7 investors that Defendants had swindled and help ensure that Defendants remedied the harm they
8 caused to these putative investors.

9 97. Plaintiffs have fully performed under the Indemnity Agreement by, among other
10 things, tendering to Mattson indemnification demands for expenses covered by the Indemnity
11 Agreement and tendering to Mattson demands that Mattson advance funds for indemnifiable
12 expenses that Plaintiffs expected to incur.

13 98. Mattson has breached the Indemnity Agreement by, among other things failing to
14 pay for indemnifiable expenses that Divi, LeFever, and LM have tendered to Mattson and failing
15 to advance funds for indemnifiable expenses that Divi, LeFever, and LM expect to incur. Mattson
16 has also breached the Indemnity Agreement by failing to provide Plaintiffs information regarding
17 Defendants' misconduct that Plaintiffs requested from him.

18 99. Divi, LeFever, and LM have been harmed as a result of Mattson's breaches of the
19 Indemnity Agreement because Divi, LeFever, and LM have each incurred expenses that Mattson
20 is required to pay for or reimburse Divi, LeFever, and LM for but has not. Divi, LeFever, and LM
21 have also been harmed by Mattson's breaches of the Indemnity Agreement because they have each
22 incurred additional expenses to obtain information that Mattson was required to provide but did
23 not.

24 100. Plaintiffs are informed and believe and, on that basis, allege that there is a unity of
25 interest between Mattson and KSMP because Mattson wholly owns KSMP, Mattson has used
26 KSMP's assets as his own and has commingled his assets with KSMP's, KSMP has failed to
27 observe partnership formalities, Mattson has transferred significant assets to KSMP such that
28

1 Mattson lacks sufficient capital, is unable to satisfy his personal liabilities, and is the personal
2 equivalent of an empty shell corporation.

3 101. It would be inequitable to recognize KSMP's separate existence as a partnership
4 because Mattson has purposefully caused the majority of his assets to be held by KSMP so that he
5 can escape liability for his wrongdoing and be unable to satisfy creditors.

6 102. KSMP is therefore equally liable for Mattson's breaches of the Indemnity
7 Agreement under a reverse veil piercing theory.

8 103. Mattson, LM, and LeFever agreed in the Indemnity Agreement that the prevailing
9 party in any action arising out of the Indemnity Agreement is entitled to recover their attorneys'
10 fees from the opposing party. Mattson and LM are therefore entitled to recover from Defendants
11 any attorneys' fees that Mattson and LM incur in connection with this cause of action.

12 **SECOND CAUSE OF ACTION**

13 **(Breach of Fiduciary duty – LM and LeFever against All Defendants)**

14 104. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth
15 in full, the allegations contained in Paragraphs 1 through 103.

16 105. At all times relevant herein, Mattson served as one of LM's officers and one of its
17 directors. In this capacity, Mattson owed LM and LeFever fiduciary duties, including the duty of
18 care, duty of loyalty, and the duty to disclose all material information to LM and LeFever.

19 106. Mattson breached the fiduciary duties he owed LM and LeFever by, among other
20 things, engaging in self-dealing transactions such as (1) causing LM to pay for real estate that
21 Mattson acquired in his own name and/or KSMP's name and not LM's including, but not limited
22 to, a lavish mansion in Sonoma that Mattson purchased for himself and which he now uses as his
23 primary residence, (2) misappropriating LM's corporate opportunities for KSMP, his wholly
24 owned company, (3) selling Divi partnership interests without authorization to do so, and retaining
25 the proceeds from the sales of LM's Divi partnership interests and any new or additional Divi
26 partnership interests solely for himself, (4) selling property owned by LM to a buyer who partially
27 funded the purchase by issuing a \$4 million promissory note and causing the promissory note to
28

1 be in favor of one of Mattson's wholly-owned entities instead of LM, (5) failing to disclose the
2 secret Divi transactions; and (6) concealing his illicit transactions with the Covert Account.

3 107. Mattson's breaches of his fiduciary duties, as alleged, directly and proximately
4 harmed LM and LeFever by, among other things, causing LM to pay millions of dollars for
5 property at inflated prices that exclusively benefitted Mattson and/or KSMP, causing LM to sell
6 millions of dollars of valuable property and receiving nothing in return, diluting LM's and
7 LeFever's ownership interests in Divi, clouding title of LM's and LeFever's ownership interests in
8 Divi, and causing LM and LeFever to incur significant sums of money to investigate and
9 remediate the harm Mattson's conduct caused the third parties who believed they purchased Divi
10 partnership interests. Again and again, Mattson has placed his own personal interests above those
11 of LeFever and LM, benefiting himself to LeFever's and LM's detriment and in breach of the
12 fiduciary duties Mattson owed.

13 108. As a result of Mattson's conduct, as alleged, LM and LeFever have suffered and
14 continue to suffer damages, all in an amount to be determined according to proof at trial, but
15 which Plaintiffs estimate to be at least \$100 million.

16 109. Plaintiffs are informed and believe and, on that basis, allege that there is a unity of
17 interest between Mattson and KSMP because Mattson wholly owns and controls KSMP, Mattson
18 has used KSMP's assets as his own and has commingled his assets with KSMP's, KSMP has
19 failed to observe partnership formalities, Mattson has transferred significant assets to KSMP such
20 that Mattson lacks sufficient capital, is unable to satisfy his personal liabilities, and is the personal
21 equivalent of an empty shell corporation.

22 110. It would be inequitable to recognize KSMP's separate existence as a partnership
23 because Mattson has purposefully caused the majority of his assets to be held by KSMP so that he
24 can escape liability for his wrongdoing and be unable to satisfy creditors.

25 111. KSMP is therefore equally liable for Mattson's breaches of fiduciary duty under a
26 reverse veil piercing theory.

27 112. Because KSMP is wholly owned by Mattson and Mattson alone manages KSMP,
28 Mattson's knowledge is imputed to KSMP, and KSMP therefore knew that Mattson owed LM and

1 LeFever fiduciary duties and that Mattson's conduct would violate the fiduciary duties Mattson
2 owed LM and LeFever.

3 113. To the extent that KSMP is not the alter-ego of Mattson, KSMP substantially
4 assisted Mattson's breaches of the fiduciary duties Mattson owed LM and LeFever by, among
5 other things pursuing corporate opportunities Mattson diverted away from LM, purchasing
6 property that Mattson paid for using LM's funds, transferring said property to LM Investments at
7 inflated prices and only after, in many instances, heavily encumbering such property with debt
8 subject to extremely deleterious terms, and selling Divi limited partnership interests in transactions
9 KSMP knew were not authorized by LM.

10 114. KSMP's conduct was a substantial factor in causing LM's and LeFever's harm
11 because, among other things, Mattson could not have misappropriated LM's corporate
12 opportunities if KSMP did not pursue the opportunities that Mattson wrongfully diverted away
13 from LM, Mattson could not have caused LM to pay for property that was titled in KSMP's name
14 if KSMP did not acquire those properties, and Mattson could not have sold KSMP's Divi interests
15 without proper authorization unless KSMP agreed to sell those Divi limited partnership interests.

16 115. To the extent that KSMP is not the alter-ego of Mattson, KSMP substantially
17 assisted Mattson's wrongful conduct individually for its own individual advantage.

18 116. As a result, and as an alternative to liability under a reverse veil piercing theory,
19 KSMP is jointly and severally liable for Mattson's breaches of his fiduciary duties because KSMP
20 aided and abetted those breaches.

21 117. Defendants' conduct, as alleged, was done with an intentional and conscious
22 disregard of LM's and LeFever's rights and with oppression, fraud, and malice as defined under
23 Civil Code Section 3294, entitling LM and LeFever to an award of punitive and exemplary
24 damages assessed against Defendants in a sum according to proof at trial, as a means of deterring
25 Defendants from committing similar acts and omissions in the future and punishing them for their
26 wrongful conduct.

THIRD CAUSE OF ACTION

(Breach of Duty of Good Faith and Fair Dealing – All Plaintiffs against KSMP)

118. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth in full, the allegations contained in Paragraphs 1 through 117.

119. As one of Divi's limited partners and one of Windscape's members, KSMP owed Divi, Windscape, LM, and LeFever statutory duties of good faith and fair dealing.

120. KSMP breached the duties of good faith and fair dealing by, among other things, misappropriating corporate opportunities from Divi and Windscape for its own benefit and to the detriment of Plaintiffs.

121. For example, Plaintiffs are informed and believe and, on that basis, allege that in September 2022, Mattson caused KSMP to purchase real estate in Sonoma for \$6.5 million. Five weeks later, Mattson caused KSMP to sell that property to Windscape for \$7.5 million, netting Defendants \$1,000,000 in the process and causing Windscape to pay \$1,000,000 more for the property than it should have.

122. KSMP also breached its duties of good faith and fair dealing by selling the LM Investments properties which KSMP used as security for high interest, hard money loans or loans with large balloon payments in the future and then making the LM Investments' acquisition of those properties subject to those loans notwithstanding that in many instances substantial portions of the principal of these loans was paid to KSMP (each such sale subject to a hard money loan or a loan with a large balloon payment, a "Hard Money/Balloon Payment Loan Sale"). KSMP knew that Mattson concealed these Hard Money/Balloon Payment Loan Sale transactions from Plaintiffs and that Mattson did not have authority to cause the LM Investments to enter into the Hard Money/Balloon Payment Loan Sale transactions, but KSMP nonetheless consummated the Hard Money Loan Sale transactions so that KSMP could obtain a secret profit from the LM Investments and saddle them with high interest, hard money loans and loans with large balloon payments without Plaintiffs' knowledge or consent.

123. KSMP also breached its duties of good faith and fair dealing through the secret Putative Divi Sales.

1 124. KSMP knew that it was required to disclose to LM and seek advance written
2 approval from LM to transfer any Divi limited partnership interests, but KSMP secretly conducted
3 the Putative Divi Sales without ever obtaining LM's written approval for any of the Putative Divi
4 Sales or even even notifying LM that they had purportedly taken place.

5 125. Plaintiffs contend that Divi limited partnership interests are only transferred if the
6 transfer is authorized in writing by LM and/or the Nonprofit and that because the Putative Divi
7 Sales were not authorized in writing by LM or the Nonprofit (as applicable), no Divi limited
8 partnership interests were actually transferred through the Putative Divi Sales, but Plaintiffs plead
9 in the alternative that if KSMP did, in fact, transfer Divi limited partnership interests to numerous
10 parties through the Putative Divi Sales without obtaining LM's written approval, then LeFever and
11 LM have each been harmed by KSMP's transfer of Divi limited partnership interests through the
12 Putative Divi Sales because any such transfer diluted LeFever's and LM's respective ownership
13 interests in Divi.

14 126. LM has also been harmed by KSMP's transfer of Divi limited partnership interests
15 in the Putative Divi Sales because Defendants contend that certain of the Putative Divi Sales
16 involved KSMP selling Divi limited partnership interests that belonged to LM and LM did not
17 receive anything in return for these unauthorized sales of LM's Divi limited partnership interests.

18 127. Each of Divi, LeFever, and LM has also been harmed by KSMP's transfer of Divi
19 limited partnership interests through the Putative Divi Sales because Divi, LeFever, and LM have
20 each incurred significant expenses in connection with the investigation into the Putative Divi Sales
21 and responding to related issues concerning the unauthorized Putative Divi Sales. Divi, LeFever,
22 and LM would not have incurred these expenses if KSMP had not transferred Divi limited
23 partnership interests in violation of the Divi LP Agreements.

24 128. Plaintiffs have also been harmed by the Hard Money/Balloon Payment Loan Sale
25 transactions because they have been forced to pay KSMP above-market rates for the respective
26 properties while at the same time being saddled with high interest, hard money loans, many of
27 which are already in default and face potential foreclosure and/or loans with large future balloon
28 payments. All principal of these loans paid or received by KSMP constitutes additional theft in

1 that the LM Investments are reduced in value on a dollar-for-dollar basis by the amount of
2 principal paid or received by KSMP.

3 129. As a result of KSMP's breaches of its duties of good faith and fair dealing, as
4 alleged, Divi, Windscape, LeFever, and LM have suffered and continue to suffer damages, all in
5 an amount to be determined according to proof at trial, but which Plaintiffs estimate to be at least
6 \$100 million.

7 130. Because KSMP is wholly owned by Mattson and Mattson alone manages KSMP,
8 Mattson has knowledge of all facts that KSMP knows and Mattson therefore knew that KSMP
9 owed Divi, Windscape, LM, and LeFever statutory duties of good faith and fair dealing and that
10 KSMP's conduct would violate the duties of good faith and fair dealing that KSMP owed Divi,
11 Windscape, LM and LeFever.

12 131. To the extent that KSMP is not the alter-ego of Mattson, Mattson substantially
13 assisted KSMP's breaches of the duties of good faith and fair dealing that KSMP owed Divi,
14 Windscape, LM and LeFever by, among other things diverting Divi's and Windscape's corporate
15 opportunities to KSMP and causing KSMP to sell Divi limited partnership interests in transactions
16 KSMP and Mattson knew were not authorized by LM.

17 132. Mattson's conduct was a substantial factor in causing Divi's, Windscape's, LM's
18 and LeFever's harm because, among other things, KSMP could not have misappropriated Divi's
19 and Windscape's corporate opportunities if Mattson did not divert them to KSMP and KSMP
20 could not have sold its Divi interests without proper authorization unless Mattson concealed those
21 sales from LM, LeFever, and Divi.

22 133. To the extent that KSMP is not the alter-ego of Mattson, Mattson substantially
23 assisted KSMP's wrongful conduct individually for his own individual advantage and not merely
24 by acting on KSMP's behalf.

25 134. As a result, Mattson is jointly and severally liable with KSMP for KSMP's
26 breaches of its statutory duty of good faith and fair dealing because Mattson aided and abetted
27 those breaches.

28

1 Defendants substantially interfered with LM's Divi limited partnership interests by purportedly
2 selling them in the Putative Divi Sales without LM's authorization.

3 142. Plaintiffs are informed and believe and, on that basis allege, that Mattson
4 transferred more than \$6 million of LM's money (the "Escrowed Funds") into an escrow account.
5 The Escrowed Funds are a specific and identifiable sum that LM owned. Defendants substantially
6 interfered with LM's ownership interest in the Escrowed Funds without LM's authorization by
7 causing the escrow agent to pay the Escrowed Funds for Mattson's palatial home in Sonoma that
8 that Defendants titled exclusively in Mattson's or KSMP's name.

9 143. Defendants' interference with LM's ownership interest in the Note, the Escrowed
10 Funds, and LM's Divi limited partnership interests (collectively, the "Converted Property) and
11 disposition of the Converted Property, as alleged, was not authorized by LM and was wrongful.

12 144. Defendants' wrongful conversion directly and proximately caused LM significant
13 harm because LM no longer has access to or possession of the Converted Property.

14 145. As a result of Defendants' conversion, as alleged, LM has suffered and continues to
15 suffer damages, all in an amount to be determined according to proof at trial, but which Plaintiffs
16 estimate to be at least \$10 million.

17 146. Defendants' conduct, as alleged, was done with an intentional and conscious
18 disregard of LM's rights and with oppression, fraud, and malice as defined under Civil Code
19 Section 3294, entitling LM to an award of punitive and exemplary damages assessed against each
20 of the Defendants in a sum according to proof at trial, as a means of deterring them from
21 committing similar acts and omissions in the future and punishing them for their wrongful
22 conduct.

23 **FIFTH CAUSE OF ACTION**

24 **(Constructive Fraud – LM and LeFever against All Defendants)**

25 147. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth
26 in full, the allegations contained in Paragraphs 1 through 146.

1 148. At all times relevant herein, Mattson has served as one or more of LM's officers
2 and one of its directors. In this capacity, Mattson owed LM and LeFever fiduciary duties,
3 including a duty to disclose all material information to LM.

4 149. Mattson breached his fiduciary duty to disclose all material information to LM and
5 LeFever by, among other things, failing to disclose the Putative Divi Sales, failing to disclose the
6 corporate opportunities that he diverted to KSMP and allowed KSMP to misappropriate, and
7 failing to disclose that he was causing LM and the LM Investments to pay inflated prices for
8 heavily indebted real estate that Mattson was purchasing in his own name and/or in KSMP's name
9 keeping for himself the more desirable properties (including, but not limited to, the lavish Sonoma
10 home Mattson bought himself using LM's funds) and unloading the undesirable and/or
11 unprofitable ones on LM and the LM investments.

12 150. LM and LeFever would have taken steps to prevent Mattson's aforementioned
13 wrongful conduct on their own behalf and on behalf of the LM Investments as their respective
14 general partners and/or managing members if Mattson had complied with his fiduciary duties and
15 disclosed these facts to LM and LeFever before Mattson completed his wrongful misconduct.

16 151. LM and LeFever were harmed by Mattson wrongful suppression of the
17 aforementioned facts and constructive fraud because LM and LeFever have each incurred
18 significant expenses in connection with the investigation of the Putative Divi Sales and, to the
19 extent the Putative Divi Sales involved actual sales of Divi limited partnership interests that had
20 not been previously issued, because the Putative Divi Sales diluted LM's and LeFever's
21 ownership interest in Divi.

22 152. LM was also harmed by Mattson's wrongful suppression of the aforementioned
23 facts and constructive fraud because LM paid more than \$6 million for the lavish Sonoma home
24 that Mattson titled in his own name and/or in KSMP's name and because LM did not obtain the
25 profit or financial benefit it would have received from the corporate opportunities that Mattson
26 wrongfully diverted to KSMP.

27 153. LM has also been harmed by Mattson's wrongful suppression of the
28 aforementioned facts and constructive fraud because LM and the LM Investments unwittingly

1 took title to properties subject to the Hard Money/Balloon Payment Loan Sale transactions and
2 thereby have been forced to pay KSMP above-market prices for the respective properties while at
3 the same time being saddled with high interest, hard money loans and/or loans with large future
4 balloon payments, many of which are already in default and face foreclosure.

5 154. As a result of Mattson constructive fraud, as alleged, LeFever and LM have
6 suffered and continue to suffer damages, all in an amount to be determined according to proof at
7 trial, but which Plaintiffs estimate to be at least \$100 million.

8 155. Plaintiffs are informed and believe and, on that basis, allege that there is a unity of
9 interest between Mattson and KSMP because Mattson wholly owns KSMP, Mattson has used
10 KSMP's assets as his own and has commingled his assets with KSMP's, KSMP has failed to
11 observe partnership formalities, Mattson has transferred significant assets to KSMP such that
12 Mattson lacks sufficient capital, is unable to satisfy his personal liabilities, and is the personal
13 equivalent of an empty shell corporation.

14 156. It would be inequitable to recognize KSMP's separate existence as a partnership
15 because Mattson has purposefully caused the majority of his assets to be held by KSMP so that he
16 can escape liability for his wrongdoing and be unable to satisfy creditors.

17 157. KSMP is therefore equally liable for Mattson's breaches of fiduciary duty under a
18 reverse veil piercing theory.

19 158. Because KSMP is wholly owned by Mattson and Mattson alone manages KSMP,
20 Mattson's knowledge is imputed to KSMP, and KSMP therefore knew that Mattson owed LM and
21 LeFever fiduciary duties and that Mattson's concealment of material facts would violate the
22 fiduciary duties Mattson owed LM and LeFever and be constructively fraudulent conduct.

23 159. To the extent that KSMP is not the alter-ego of Mattson, KSMP substantially
24 assisted Mattson's constructive fraud by, among other things pursuing corporate opportunities
25 Mattson concealed from and diverted away from LM and LeFever, purchasing property that
26 Mattson paid for using LM's funds knowing that Mattson concealed the transactions from LM and
27 LeFever, completing the Hard Money/Balloon Payment Loan Sale transactions knowing that
28 Mattson had concealed the transactions from LM, LeFever, and the LM Investments, and selling

1 Divi limited partnership interests in transactions KSMP knew Mattson had not disclosed to LM
2 and LeFever and that were not authorized by LM.

3 160. KSMP's conduct was a substantial factor in causing LM's and LeFever's harm
4 because, among other things, Mattson could not have misappropriated LM's corporate
5 opportunities if KSMP did not pursue the opportunities that Mattson wrongfully diverted away
6 from LM, Mattson could not have caused LM to pay for property that was titled in KSMP's name
7 if KSMP did not acquire those properties, Mattson could not have caused LM and the LM
8 Investments to enter into the Hard Money/Balloon Payment Loan Sale transactions if KSMP was
9 not the willing counterparty to those transactions, and Mattson could not have sold KSMP's Divi
10 interests without proper authorization unless KSMP agreed to sell those Divi limited partnership
11 interests.

12 161. To the extent that KSMP is not the alter-ego of Mattson, KSMP substantially
13 assisted Mattson's wrongful conduct individually for its own individual advantage.

14 162. As a result, and as an alternative to liability under a reverse veil piercing theory,
15 KSMP is jointly and severally liable for Mattson's constructive fraud because KSMP aided and
16 abetted those breaches.

17 163. Defendants' conduct, as alleged, was done with an intentional and conscious
18 disregard of LM's and LeFever's rights and with oppression, fraud, and malice as defined under
19 Civil Code Section 3294, entitling LM and LeFever to an award of punitive and exemplary
20 damages assessed against each of the Defendants in a sum according to proof at trial, as a means
21 of deterring them from committing similar acts and omissions in the future and punishing them for
22 their wrongful conduct.

23 **SIXTH CAUSE OF ACTION**

24 **(Fraudulent Concealment – LM and LeFever against All Defendants)**

25 164. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth
26 in full, the allegations contained in Paragraphs 1 through 163.

1 165. At all times relevant herein, Mattson has served as one or more of LM's officers
2 and one of its directors. In this capacity, Mattson owed LM and LeFever fiduciary duties,
3 including a duty to disclose all material information to LM.

4 166. Despite having a duty to disclose all relevant information to LM and LeFever,
5 Mattson actively concealed and failed to disclose to LM and LeFever, among other things, the
6 Putative Divi Sales, the Hard Money/Balloon Payment Loan Sales, the corporate opportunities
7 that he diverted to KSMP and allowed KSMP to misappropriate, and that he was causing LM to
8 pay for real estate that Mattson was purchasing in his own name and/or in KSMP's name
9 including, but not limited to, the lavish Sonoma home Mattson bought himself using LM's funds.

10 167. Mattson's fraudulent concealment was not limited to mere nondisclosure of facts he
11 was legally obligated to disclose to LM and LeFever: Mattson actively concealed the above facts
12 by, among other things, using the Covert Account to hide the transactions from LM and LeFever,
13 using his own post office box and not LM's address so that that any correspondence regarding the
14 Putative Divi Sales would be diverted away from LM and instead be routed directly to him, failing
15 to report to LM any of the activities and transactions effected utilizing the Covert Account,
16 prohibiting any LM employees or anyone else to access the Covert Account, failing to document
17 the Putative Divi Sales with purchase agreements and other records Mattson knew he was
18 supposed to use to document the transactions so that there was no paper trail documenting his
19 wrongful conduct, maintain a separate email account independent of LM servers and using this
20 email account exclusively for all business dealings, maintaining all of his records on a personal
21 laptop and sharing none of those records with LM, and by instructing his assistant not to disclose
22 to LM and LeFever the existence of and facts concerning Mattson's wrongful conduct and illicit
23 transactions.

24 168. Mattson intentionally concealed these facts from LM and LeFever so that they
25 would not discover or ever be in a position to take steps to prevent Mattson's aforementioned
26 wrongful misconduct.

27 169. LM and LeFever relied on the nonexistence of the facts Mattson concealed from
28 them because LM and LeFever would have taken steps on their own behalf and on behalf of the

1 LM Investments as their respective general partners and/or managing members to prevent
2 Mattson's aforementioned wrongful conduct if Mattson had not actively concealed the facts and
3 instead disclosed these facts to LM and LeFever before Mattson completed his wrongful
4 misconduct.

5 170. LM and LeFever's reliance on the nonexistence of the facts Mattson concealed
6 from them was reasonable because Mattson was LeFever's close personal friend, LeFever trusted
7 Mattson completely and would therefore have no reason to believe that Mattson was concealing
8 information from him or trying to harm him, and because Mattson was an officer and director of
9 LM and was under a legal obligation to disclose material facts to LM and LeFever.

10 171. LM and LeFever were harmed by Mattson's wrongful suppression of the
11 aforementioned facts and fraudulent concealment because LM and LeFever have each incurred
12 significant expenses in connection with the investigation of the Putative Divi Sales and, to the
13 extent the Putative Divi Sales involved actual sales of Divi limited partnership interests (which
14 Plaintiffs contend did not occur because LM and/or the Nonprofit did not approve the sales) and to
15 the extent that such limited partnership interests had not been previously issued, LM and LeFever
16 were harmed because the Putative Divi Sales diluted LM's and LeFever's ownership interest in
17 Divi.

18 172. LM was also harmed by Mattson's wrongful suppression of the aforementioned
19 facts and fraudulent concealment because LM paid more than \$6 million for lavish Sonoma home
20 that Mattson titled in his own name and/or in KSMP's name and because LM did not obtain the
21 profit or financial benefit it would have received from the corporate opportunities that Mattson
22 wrongfully diverted to KSMP.

23 173. LM has also been harmed by Mattson's wrongful suppression of the
24 aforementioned facts and fraudulent concealment because LM and the LM Investments
25 unwittingly entered into the Hard Money/Balloon Payment Loan Sale transactions and thereby
26 have been forced to pay KSMP above-market rates for the respective properties while at the same
27 time being saddled with high interest, hard money loans and/or loans with large balloon payments,
28 many of which are already in default and face foreclosure.

1 174. As a result of Mattson fraudulent concealment, as alleged, LeFever and LM have
2 suffered and continue to suffer damages, all in an amount to be determined according to proof at
3 trial, but which Plaintiffs estimate to be at least \$100 million.

4 175. Plaintiffs are informed and believe and, on that basis, allege that there is a unity of
5 interest between Mattson and KSMP because Mattson wholly owns KSMP, Mattson has used
6 KSMP's assets as his own and has commingled his assets with KSMP's, KSMP has failed to
7 observe partnership formalities, Mattson has transferred significant assets to KSMP such that
8 Mattson lacks sufficient capital, is unable to satisfy his personal liabilities, and is the personal
9 equivalent of an empty shell corporation.

10 176. It would be inequitable to recognize KSMP's separate existence as a partnership
11 because Mattson has purposefully caused the majority of his assets to be held by KSMP so that he
12 can escape liability for his wrongdoing and be unable to satisfy creditors.

13 177. KSMP is therefore equally liable for Mattson's fraudulent concealment under a
14 reverse veil piercing theory.

15 178. Because KSMP is wholly owned by Mattson and Mattson alone manages KSMP,
16 Mattson's knowledge is imputed to KSMP, and KSMP therefore knew that Mattson owed LM and
17 LeFever fiduciary duties, that Mattson was under a duty to disclose all material facts to LM and
18 LeFever, and that Mattson's concealment of material facts would violate the fiduciary duties
19 Mattson owed LM and LeFever and be constructively fraudulent conduct.

20 179. To the extent that KSMP is not the alter-ego of Mattson, KSMP substantially
21 assisted Mattson's fraudulent concealment by, among other things pursuing corporate
22 opportunities Mattson concealed from and diverted away from LM, purchasing property that
23 Mattson paid for using LM's funds knowing that Mattson concealed the transactions from LM,
24 completing the Hard Money/Balloon Payment Loan Sale transactions knowing that Mattson
25 concealed the transactions from LM, LeFever, and the LM Investments, and selling Divi limited
26 partnership interests in transactions KSMP knew Mattson had not disclosed to LM and that were
27 not authorized by LM.

28

180. KSMP's conduct was a substantial factor in causing LM's and LeFever's harm because, among other things, Mattson could not have misappropriated LM's corporate opportunities if KSMP did not pursue the opportunities that Mattson wrongfully diverted away from LM, Mattson could not have caused LM to pay for property that was titled in KSMP's name if KSMP did not acquire those properties, Mattson could not have sold KSMP's Divi interests without proper authorization unless KSMP agreed to sell those Divi limited partnership interests, LM and LeFever would not have had to incur costs investigating the secret Putative Divi Sales unless KSMP agreed to sell the respective Divi limited partnership interests, and Mattson could not have caused LM and the LM Investments to enter into the Hard Money/Balloon Payment Loan Sale transactions if KSMP was not the willing counterparty to those transactions.

181. To the extent that KSMP is not the alter-ego of Mattson, KSMP substantially assisted Mattson's wrongful conduct individually for its own individual advantage.

182. As a result, and as an alternative to liability under a reverse veil piercing theory, KSMP is jointly and severally liable for Mattson's fraudulent concealment because KSMP aided and abetted those breaches.

183. Defendants' conduct, as alleged, was done with an intentional and conscious disregard of LM's and LeFever's rights and with oppression, fraud, and malice as defined under Civil Code Section 3294, entitling LM and LeFever to an award of punitive and exemplary damages assessed against each of the Defendants in a sum according to proof at trial, as a means of deterring them from committing similar acts and omissions in the future and punishing them for their wrongful conduct.

SEVENTH CAUSE OF ACTION

(Receiving Stolen Property in Violation of Cal. Pen. Code § 496 – LM against All Defendants)

184. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth in full, the allegations contained in Paragraphs 1 through 183.

185. Defendants obtained the Converted Property from LM through theft by false pretenses.

186. Defendants each had actual or constructive possession of the Converted Property after they stole it from LM, concealed the Converted Property from LM, and/or withheld the Converted Property from LM, knowing that the Converted Property was stolen from LM.

187. Pursuant to California Penal Code Section 496(c), LM is entitled to recover from Defendants three times the amount of damages LM suffered in connection with Defendants' violation of California Penal Code Section 496 and recover from Defendants the attorneys' fees LM incurs in connection with this civil action.

EIGHTH CAUSE OF ACTION

(Declaratory Relief – All Plaintiffs against All Defendants)

188. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth in full, the allegations contained in Paragraphs 1 through 187.

189. An actual controversy has arisen and now exists between Plaintiffs, on the one hand, and Defendants, on the other, concerning the following issues:

A. Whether the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales. Plaintiffs contend that the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales. Plaintiffs are informed and believe and, on that basis, allege that Defendants contend that the Indemnity Agreement does not obligate Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales.

B. Whether the Indemnity Agreement obligates Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales. Plaintiffs contend that the Indemnity Agreement obligates Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs

1 concerning the Putative Divi Sales. Plaintiffs are informed and believe and, on that basis, allege
2 that Defendants contend that the Indemnity Agreement does not obligate Mattson to advance to
3 Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any
4 claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning
5 the Putative Divi Sales.

6 C. Whether the Indemnity Agreement obligates Mattson to reimburse Plaintiffs
7 for any payments they make in satisfaction of any claims asserted against Plaintiffs by putative
8 investors to whom Defendants purportedly sold partnership interests or membership interests in
9 other LM Investments without obtaining LM's prior written authorization. Plaintiffs contend that
10 the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any payments they make in
11 satisfaction of any claims asserted against Plaintiffs by putative investors to whom Defendants
12 purportedly sold partnership interests or membership interests in other LM Investments without
13 obtaining LM's prior written authorization. Plaintiffs are informed and believe and, on that basis,
14 allege that Defendants contend that the Indemnity Agreement does not obligate Mattson to
15 reimburse Plaintiffs for any payments they make in satisfaction of any claims asserted against
16 Plaintiffs by putative investors to whom Defendants purportedly sold partnership interests or
17 membership interests in other LM Investments without obtaining LM's prior written authorization.

18 D. Whether the Indemnity Agreement obligates Mattson to advance to
19 Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any
20 claims asserted against Plaintiffs by putative investors to whom Defendants purportedly sold
21 partnership interests or membership interests in other LM Investments without obtaining LM's
22 prior written authorization. Plaintiffs contend that the Indemnity Agreement obligates Mattson to
23 advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction
24 of any claims asserted against Plaintiffs by putative investors to whom Defendants purportedly
25 sold partnership interests or membership interests in other LM Investments without obtaining
26 LM's prior written authorization. Plaintiffs are informed and believe and, on that basis, allege that
27 Defendants contend that the Indemnity Agreement does not obligate Mattson to advance to
28 Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any

1 claims asserted against Plaintiffs by putative investors to whom Defendants purportedly sold
2 partnership interests or membership interests in other LM Investments without obtaining LM's
3 prior written authorization.

4 E. Whether Divi is permitted to offset any payments Divi might make in
5 satisfaction of any claims that the putative investors from the Putative Divi Sales assert against
6 Divi concerning the Putative Divi Sales against distributions Defendants might otherwise receive
7 or be entitled to. Plaintiffs contend that Divi is permitted to offset any payments Divi might make
8 in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against
9 Divi concerning the Putative Divi Sales against distributions Defendants might otherwise receive
10 or be entitled to. Plaintiffs are informed and believe and, on that basis, allege that Defendants
11 contend that Divi is not permitted to offset any payments Divi might make in satisfaction of any
12 claims that the putative investors from the Putative Divi Sales assert against Divi concerning the
13 Putative Divi Sales against distributions Defendants might otherwise receive or be entitled to.

14 F. Whether the other LM Investments are permitted to offset any payments
15 they might make in satisfaction of claims asserted against them by putative investors to whom
16 Defendants purportedly sold partnership interests or membership interests in such LM Investments
17 without obtaining LM's prior written authorization against the LM Investments' distributions that
18 Defendants might otherwise receive or be entitled to. Plaintiffs contend that the other LM
19 Investments are permitted to offset any payments they might make in satisfaction of claims
20 asserted against them by putative investors to whom Defendants purportedly sold partnership
21 interests or membership interests in such LM Investments without obtaining LM's prior written
22 authorization against the LM Investments' distributions that Defendants might otherwise receive
23 or be entitled to. Plaintiffs are informed and believe and, on that basis, allege that Defendants
24 contend that the other LM Investments are not permitted to offset any payments they might make
25 in satisfaction of claims asserted against them by putative investors to whom Defendants
26 purportedly sold partnership interests or membership interests in such LM Investments without
27 obtaining LM's prior written authorization against the LM Investments' distributions that
28 Defendants might otherwise receive or be entitled to.

1 G. Whether LM is permitted to offset any payments it might make in
2 satisfaction of claims asserted against LM by putative investors to whom Defendants purportedly
3 sold partnership interests or membership interests in Divi or the LM Investments without
4 obtaining LM's prior written authorization against any dividends LM might declare and/or any
5 other amounts that Defendants might otherwise receive or be entitled to from LM. Plaintiffs
6 contend that LM is permitted to offset any payments it might make in satisfaction of claims
7 asserted against LM by putative investors to whom Defendants purportedly sold partnership
8 interests or membership interests in Divi or the LM Investments without obtaining LM's prior
9 written authorization against any dividends LM might declare and/or any other amounts that
10 Defendants might otherwise receive or be entitled to from LM. Plaintiffs are informed and believe
11 and, on that basis, allege that Defendants contend that LM is not permitted to offset any payments
12 it might make in satisfaction of claims asserted against LM by putative investors to whom
13 Defendants purportedly sold partnership interests or membership interests in Divi or the LM
14 Investments without obtaining LM's prior written authorization against any dividends LM might
15 declare and/or any other amounts that Defendants might otherwise receive or be entitled to from
16 LM.

17 190. Plaintiffs desire a judicial determination of the parties' respective rights and interest
18 as to the foregoing matters, and a judicial declaration that (a) the Indemnity Agreement obligates
19 Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims that the
20 putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative
21 Divi Sales; (b) the Indemnity Agreement obligates Mattson to advance to Plaintiffs funds
22 sufficient to cover any payments Plaintiffs might make in satisfaction of any claims that the
23 putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative
24 Divi Sales; (c) the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any
25 payments they make in satisfaction of any claims asserted against Plaintiffs by putative investors
26 to whom Defendants purportedly sold partnership interests or membership interests in other LM
27 Investments without obtaining LM's prior written authorization; (d) the Indemnity Agreement
28 obligates Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might

1 make in satisfaction of any claims asserted against Plaintiffs by putative investors to whom
 2 Defendants purportedly sold partnership interests or membership interests in other LM
 3 Investments without obtaining LM's prior written authorization; (e) Divi is permitted to offset any
 4 payments Divi might make in satisfaction of any claims that the putative investors from the
 5 Putative Divi Sales assert against Divi concerning the Putative Divi Sales against distributions
 6 Defendants might otherwise receive or be entitled to; (f) the other LM Investments are permitted
 7 to offset any payments they might make in satisfaction of claims asserted against them by putative
 8 investors to whom Defendants purportedly sold partnership interests or membership interests in
 9 such LM Investments without obtaining LM's prior written authorization against the LM
 10 Investments' distributions that Defendants might otherwise receive or be entitled to; and (g) LM is
 11 permitted to offset any payments it might make in satisfaction of claims asserted against LM by
 12 putative investors to whom Defendants purportedly sold partnership interests or membership
 13 interests in Divi or the LM Investments without obtaining LM's prior written authorization against
 14 any dividends LM might declare and/or any other amounts that Defendants might otherwise
 15 receive or be entitled to from LM.

16 191. A judicial declaration is necessary and appropriate at this time to avoid continuing
 17 disputes and future litigation between the parties and the uncertainty such disputes have created
 18 and will create in the future.

19 **NINTH CAUSE OF ACTION**

20 **(Removal of Director Pursuant to California Corporations Code § 304 – LM & LeFever** 21 **against Mattson)**

22 192. Plaintiffs replead, reallege, and incorporate herein by reference, as though set forth
 23 in full, the allegations contained in Paragraphs 1 through 191.

24 193. Because LeFever owns 50% of the outstanding shares of LM's stock, California
 25 Corporations Code Section 304 authorizes the Court to remove Mattson as a director and to bar
 26 him from reelection to LM's board of directors.

194. Mattson has grossly abused his authority and/or discretion through his self-dealing, conversion, violations of the fiduciary duties he owes LM, his fraudulent concealment and constructive fraud, all as alleged above.

195. As a result of Mattson's gross abuse of authority and/or gross abuse of discretion, this Court should remove Mattson from his position as one of LM's directors and should bar him from serving as one of LM's directors in the future.

196. Mattson has committed fraudulent and dishonest acts against LM through his self-dealing, conversion, violations of the fiduciary duties he owes LM, his fraudulent concealment and constructive fraud, all as alleged above.

197. As a result of Mattson's fraudulent and dishonest acts, this Court should remove Mattson from his position as one of LM's directors and should bar him from serving as one of LM's directors in the future.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment as follows:

On the First Cause of Action

1. For compensatory damages as the proof at trial may show;
2. For disgorgement of Defendants' ill-gotten gains; and
3. For recovery of LM's and LeFever's attorneys' fees.

On the Second Cause of Action

1. For compensatory damages as the proof at trial may show;
2. For disgorgement of Defendants' ill-gotten gains; and
3. For punitive and exemplary damages as alleged and as the proof at trial may show.

On the Third Cause of Action

1. For compensatory damages as the proof at trial may show;
2. For rescission of the Hard Money/Balloon Payment Loan Sale transactions;
3. For disgorgement of Defendants' ill-gotten gains; and
4. For punitive and exemplary damages as alleged and as the proof at trial may show.

On the Fourth Cause of Action

1. For compensatory damages as the proof at trial may show;
2. For disgorgement of Defendants' ill-gotten gains; and
3. For punitive and exemplary damages as alleged and as the proof at trial may show.

On the Fifth Cause of Action

1. For compensatory damages as the proof at trial may show;
2. For rescission of the Hard Money/Balloon Payment Loan Sale transactions;
3. For disgorgement of Defendants' ill-gotten gains; and
4. For punitive and exemplary damages as alleged and as the proof at trial may show.

On the Sixth Cause of Action

1. For compensatory damages as the proof at trial may show;
2. For rescission of the Hard Money/Balloon Payment Loan Sale transactions;
3. For disgorgement of Defendants' ill-gotten gains; and
4. For punitive and exemplary damages as alleged and as the proof at trial may show.

On the Seventh Cause of Action

1. For compensatory damages as the proof at trial may show;
2. For recovery from Mattson and KSMP of three times LM's damages as the proof at trial may show; and
3. For recovery of LM's attorneys' fees.

On the Eighth Cause of Action

1. For a judicial declaration that the Indemnity Agreement obligates Mattson to reimburse Plaintiffs for any payments they make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales;
2. For a judicial declaration that the Indemnity Agreement obligates Mattson to advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert against Plaintiffs concerning the Putative Divi Sales;

1 3. For a judicial declaration that the Indemnity Agreement obligates Mattson to
2 reimburse Plaintiffs for any payments they make in satisfaction of any claims asserted against
3 Plaintiffs by putative investors to whom Defendants purportedly sold partnership interests or
4 membership interests in other LM Investments without obtaining LM's prior written authorization;

5 4. For a judicial declaration that the Indemnity Agreement obligates Mattson to
6 advance to Plaintiffs funds sufficient to cover any payments Plaintiffs might make in satisfaction
7 of any claims asserted against Plaintiffs by putative investors to whom Defendants purportedly
8 sold partnership interests or membership interests in other LM Investments without obtaining
9 LM's prior written authorization;

10 5. For a judicial declaration that Divi is permitted to offset any payments Divi might
11 make in satisfaction of any claims that the putative investors from the Putative Divi Sales assert
12 against Divi concerning the Putative Divi Sales against distributions of capital or income that
13 Defendants might otherwise receive or be entitled to; and

14 6. For a judicial declaration that the other LM Investments are permitted to offset any
15 payments they might make in satisfaction of claims asserted against them by putative investors to
16 whom Defendants purportedly sold partnership interests or membership interests in such LM
17 Investments without obtaining LM's prior written authorization against the LM Investments'
18 distributions of capital or income that Defendants might otherwise receive or be entitled to.

19 7. For a judicial declaration that LM is permitted to offset any payments it might
20 make in satisfaction of claims asserted against LM by putative investors to whom Defendants
21 purportedly sold partnership interests or membership interests in Divi or the LM Investments
22 without obtaining LM's prior written authorization against any dividends LM might declare and/or
23 any other amounts that Defendants might otherwise receive or be entitled to from LM.

24 **On the Ninth Cause of Action**

25 1. For an order removing Mattson as one of LM's directors; and

26 2. For an injunction barring Mattson as one of LM's directors in the future.

27 **On All Causes of Action**

28 1. For costs of suit herein; and

2. For such other and further relief as the Court deems just and proper.

DATED: June 6, 2024

HANSON BRIDGETT LLP

By: 

JOHN T. CU

LAWRENCE M. CIRELLI

ANTHONY J. DUTRA

Attorneys for Timothy LeFever, LeFever Mattson,
Divi Divi Tree, L.P., and Windscape Apartments,
LLC

Exhibit D

Filed

Superior Court of California
Sacramento

06/06/2024

larsonh

By _____, Deputy

24CV011305

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7 Attorneys for Plaintiff
 8 KENNETH W. MATTSON

9
 10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
 11 COUNTY OF SACRAMENTO

KENNETH W. MATTSON,

Case No. _____

Plaintiff,

vs.

15 TIMOTHY LeFEVER, an individual; LeFEVER
 16 MATTSON, a California Corporation, and
 DOES 1-10, inclusive.

**COMPLAINT FOR DECLARATORY
 RELIEF, RECISSION, UNFAIR
 COMPETITION, DERIVATIVE ACTION,
 IMPROPER REMOVAL OF DIRECTOR
 AND ILLEGAL DENIAL OF ACCESS TO
 CORPORATE DOCUMENTS**

Defendants.

Action Filed: June 6, 2024

Plaintiff KENNETH W. MATTSON hereby alleges as follows:

THE PARTIES

21 1. Plaintiff Kenneth W. Mattson ("Plaintiff" or "Mattson") is an individual residing
 22 in the State of California. Plaintiff is one of the two founders of Defendant LeFever Mattson, a
 23 duly organized California corporation formerly known as K.W.M. Enterprises and incorporated in
 24 1989 ("LeFever Mattson"). Defendant LeFever Mattson is incorporated in the State of California
 25 and its principal place of business is in the City of Citrus Heights, County of Sacramento, State of
 26 California. Until late 2023, Mattson was the Chief Executive Officer of LeFever Mattson, and
 27 Mattson owns and controls one-half of the outstanding shares of LeFever Mattson.

BY FAX

2. Defendant Timothy LeFever ("LeFever") is the other shareholder in LeFever Mattson and also owns one-half of its outstanding shares. Defendant LeFever resides in the County of Solano. LeFever is an attorney at law, who is currently licensed to practice law in the State of California and was admitted to the State Bar of California in December 1986.

3. Plaintiff is informed and believes, and thereon alleges, that the acts described below were in part committed by, aided by, and abetted by certain individuals and/or entities whose true names, capacities, and/or precise roles are not known at the present time. Such individuals and/or entities have thus been sued herein as fictitiously named "DOE" defendants, DOES 1-10, inclusive. Those fictitiously named defendants (the "DOES") will be identified during the discovery process, at which point this Complaint will be promptly amended to disclose their identities and relationship to Plaintiff's claims.

4. Plaintiff is informed and believes, and thereon alleges, that at all times mentioned herein, each of the Defendants was the agent and/or representative and/or employee of each of the remaining defendants and in doing things herein mentioned was acting within the scope of such agency and/or representation and/or employment.

VENUE AND JURISDICTION

5. Sacramento County is the proper venue for this dispute because it is the principal place of business of Defendant LeFever Mattson and many of the acts complained of occurred in this County. This is an unlimited civil action in which Declaratory Relief and other remedies are requested, and the amount in controversy exceeds \$25,000.

GENERAL ALLEGATIONS

6. LeFever Mattson is in the business of owning and managing real estate properties in the State of California. It invests its own funds in various residential and commercial projects. It often works with individual investors on specific projects. It also forms limited partnerships and transfers limited partnership interests in a single asset entity, which is used as the development vehicle. Historically, it sometimes acquired real property with investors who became tenants in common as to a particular parcel or parcels of real property.

1 7. LeFever and Mattson agreed that they had equal ownership and control over
2 LeFever Mattson, but Mattson would primarily interact with investors. Until recently, they were
3 the only Directors. LeFever also delegated significant operational decisions to Mattson.
4 However, LeFever always had access to all company documents, was privy to all material
5 decisions and called Mattson, at least daily, to discuss operations.

6 8. Each entity, which owned a parcel, or parcels of real property developed by
7 LeFever Mattson, had a separate, though sometimes overlapping, group of investors, or was
8 owned solely by LeFever Mattson. While there was no fixed obligation to make distributions to
9 investors, it was Mattson's practice to do so, whenever possible. Real estate investments rise and
10 fall depending on numerous market factors. When the U.S. economy has faltered, there is less
11 competition for real estate and values decline. As was the case for many, LeFever Mattson
12 experienced extreme hardship during the COVID-19 pandemic due to tenant defaults, decreased
13 demand and consequential loss of income. In fact, during times of crisis in the real estate world,
14 Mattson advanced personal funds to entities to allow their investors to receive money to assist
15 their individual situations. LeFever refused to make contributions to help investors, although he,
16 unlike Mattson, always demanded and received an annual salary of between \$500,000 and
17 \$1,000,000. If Mattson made personal advances, he was only repaid such advances, without
18 interest or fees, and then only when an entity had generated a surplus, allowing for
19 reimbursement.

20 9. A dispute arose in 2023 between LeFever and Mattson in connection with a
21 Limited Partnership named Divi Divi Tree LP ("Divi"), in which LeFever Mattson was a general
22 partner. Divi originally owned a 400-unit apartment building located in Riverside, California. At
23 one time, LeFever Mattson owned a significant interest in Divi. However, over the years,
24 LeFever Mattson sold its interests to new investors and deposited investment proceeds in a
25 separate operational account for the benefit of LeFever Mattson. These sales were documented
26 through Purchase and Sales Agreements, although Defendants now refuse to provide copies to
27

1 Plaintiff. LeFever now claims LeFever Mattson did not authorize such sales and claims falsely
2 that Mattson used investment funds for personal purposes (the “Disputed Transactions”).

3 10. In late 2023, LeFever Mattson’s legal counsel, Scott Smith (“Smith”), resigned
4 from his law firm, Hanson Bridgett, and was retained by LeFever Mattson, as part-time General
5 Counsel. Smith, shortly thereafter, accused Mattson of misconduct and threatened unspecified
6 legal actions and that he would notify governmental authorities of Defendants’ claims of
7 misconduct by Mattson. Defendants demanded Mattson enter into an Indemnity Agreement
8 indemnifying LeFever Mattson. Mattson believed that he had acted appropriately but proposed
9 that if Divi investors were somehow damaged by him, he would bear the expenses associated
10 with resolving any errors.

11 11. In February 2024, at a Special Board Meeting called by LeFever, without an
12 agenda, Defendants and Smith insisted Mattson resign as CEO, which he did in order to allow
13 him time to clear up these claims. Defendants and Smith also demanded, and Mattson agreed to
14 amend the Bylaws of LeFever Mattson to allow Smith to become a third director. Smith and
15 LeFever also presented Mattson with an eight page document, captioned as an Indemnity
16 Agreement, which they demanded he sign on the spot. Plaintiff is informed and believes, and
17 thereon alleges that, a true and correct copy of that document is attached as **Exhibit A**.
18 Hereinafter, Exhibit A may also be referred to as “the document.” Plaintiff cannot be sure that
19 the document attached as Exhibit A is an authentic copy of the document Plaintiff signed at that
20 Board Meeting, because Defendants never provided him with a copy of the executed document
21 and later refused to provide a copy after Plaintiff’s request. Because of their long standing
22 relationships, Plaintiff trusted LeFever and Smith to have fairly and reasonably crafted the
23 Agreement based upon their prior discussions, Mattson did not closely examine the contents of
24 the agreement, instead relying on LeFever and Smith’s representations at the meeting. However,
25 that document, which Mattson only briefly glanced through, but did not read completely,
26 provided egregious terms far in excess of what had been previously discussed. It contained
27 Recitals, which were false, and designed to deflect claims against Defendants and to admit

wrongdoing by Mattson. At all times, Plaintiff understood and believed thereon to his detriment, that Smith was the attorney for LeFever Mattson and was not representing LeFever's personal interests, much less Smith's own interests. Plaintiff's reliance has proven to be erroneous as the Indemnity Agreement was for the benefit of LeFever and Smith and contained false statements.

12. The agreement, initially discussed conceptually between LeFever, Smith and Mattson, was intended to be limited to indemnifying LeFever Mattson regarding potential claims from potential Divi investors. It was proposed that Plaintiff would bear the expenses associated with resolving any errors. However, the actual Agreement presented at the Board Meeting by LeFever and Smith was far broader in scope, contained unenforceable provisions, offered no consideration to Mattson, and was unconscionable. Plaintiff is informed and believes, and thereon alleges, that Smith prepared the Indemnity Agreement, which provided broad indemnities to both Defendants and Smith personally. Smith did not disclose that the document required that Mattson indemnify Smith for any actions by Smith, in connection with his acts and omissions related to LeFever Mattson. Smith did not disclose this conflict of interest, either orally or in writing. While both Smith and LeFever are attorneys at law, neither of them advised Mattson of the Draconian and unfair terms contained in the document, the effect of the document, or that Mattson should seek independent counsel before signing it. While Plaintiff believes he signed the document, he has not been provided with a fully executed copy.

13. Some, but not all of the unfair, false, unconscionable, and illegal terms of the document are the following:

a. The Recitals contain false statements that LeFever and LeFever Mattson were not aware of the Disputed Transactions, received no benefit from them, and are not obligated to the investors to honor those agreements.

b. The undisclosed scope of Mattson's purported indemnification obligation under Exhibit A was not limited to what was proposed and purportedly seeks indemnity for any event concerning LeFever Mattson that may arise, even criminal actions, which was not agreed to and is against public policy.

1 c. The document purports to provide Smith with a broad personal indemnity
2 that would cover any civil or criminal damages, which is an improper overreach by corporate
3 counsel and against public policy and was an undisclosed conflict of interest and violated the
4 California Rules of Professional Conduct.

5 d. The document purports to allow LeFever and Smith to hire any attorneys,
6 regardless of cost, with no oversight by Mattson and require Mattson immediately pay such fees
7 and costs generated and further allows Defendants to settle any claim for any amount and requires
8 Mattson to pay all such expenses without objection, regardless of their fairness or reasonableness.

9 e. The document purports to provide a guarantee of payment without defense
10 or offset, regardless of negligence, fraud, or misconduct by LeFever or Smith.

11 f. The document purports to provide LeFever and Smith with exclusive
12 power to decide if they are entitled to corporate indemnity, which is contrary to the California
13 Corporations Code. It allows them to select “independent” counsel for LeFever Mattson and
14 creates a presumption of entitlement to indemnity, which is unfair, and contrary to California law
15 and purports to bind Mattson as a shareholder.

16 g. The document purports to shift presumptions under California law
17 regarding indemnification.

18 h. The document purports to illegally waive Plaintiff’s right to a jury trial
19 guaranteed by California law.

20 i. The document purports to bind third-parties, which were not asked to
21 consent to its terms.

22 14. The document provides no consideration whatsoever to Plaintiff, except the
23 illusory consideration that LeFever and LeFever Mattson “shall give Indemnitor such information
24 and cooperation in connection with the Proceeding as may be reasonably appropriate; provided
25 that such cooperation is at no cost or Expense to Indemnitee or any Indemnitee Party.”

26 15. Not only, was the “consideration” for Plaintiff illusory, but also, this promise was
27 breached by Defendants. Immediately, after Plaintiff signed Exhibit A, Defendants began what
28

1 Plaintiff is informed and believes, and thereon alleges, was a preplanned scheme to destroy
2 Plaintiff. LeFever unilaterally stopped making proper limited partnership distributions to
3 investors, causing consternation; however, as Mattson had stepped down as CEO and was not on
4 equal footing, he was precluded from intervening to protect the investors' interests.
5 Simultaneously, Defendants repeatedly contacted LeFever Mattson investors making false factual
6 statements, that the investors' interests were invalid, and that Mattson wrongfully took their
7 money, when in fact, the sales were regular, documented and authorized by the CEO and
8 certainly not hidden from LeFever. LeFever has even made attempts to encourage lawsuits
9 against Mattson. Plaintiff is informed and believes, and thereon alleges that, these extra judicial
10 statements could prejudice future adjudication proceedings.

11 16. On May 14, 2024, Plaintiff, through his counsel, wrote LeFever and requested
12 various documents Plaintiff's counsel would need in connection with a threatened or pending
13 investigation of Mattson and LeFever Mattson by the Department of Justice. The requested
14 information was necessary and reasonable, and was also sought to document third-party
15 transactions, yet Defendants, through Smith, refused to provide the requested information,
16 without additional and highly unreasonable demands and conditions. In any event, as a Director,
17 Mattson was entitled to access to all unprivileged corporate documents. Smith and Defendants
18 knew Mattson had been physically and electronically locked out of access to LeFever Mattson
19 documents. They knew the so-called cooperation provision required information delivery, but
20 Defendants breached the only covenants of Exhibit A, which gave Plaintiff anything. See
21 communications attached collectively as **Exhibit B**.

22 17. Defendants thus repudiated and breached the terms of Exhibit A, which precludes
23 Defendants from any and all of the benefits of Exhibit A, allowing for it to be rescinded and
24 deemed null and void. Plaintiff has since formally rescinded Exhibit A by written notice of
25 transmittal prior to the filing of this Complaint.
26
27
28

FIRST CAUSE OF ACTION

(Declaratory Relief – Against All Defendants)

18. Plaintiff realleges and incorporates by reference all the allegations above, as though fully set forth herein.

19. California Code of Civil Procedure § 1060 allows any person interested under a contract, including a determination of any question of construction or validity arising under the instrument or contract, to seek declaratory relief from the Superior Court. An actual controversy has arisen and now exists between Plaintiff and Defendants concerning their respective rights and duties with respect to Exhibit A. Plaintiff contends that for the reasons previously alleged, Exhibit A is invalid, was without consideration and was the subject of fraud, and/or was breached by Defendants, making it invalid, not enforceable and that Plaintiff has no obligations to any person based on that document. Plaintiff is informed and believes, and thereon alleges that, Defendants contend Exhibit A is fully enforceable and that their refusal to provide requested corporate documents is somehow excusable, rather than a breach of their obligations.

20. The scope of the indemnity on its face applies only to transactions where terms and conditions of sale of interests are not “clearly documented,” which is the definition for Third-Party Transactions contained in the Third Recital of Exhibit A.

21. Proceedings is defined to include investigation of a civil, criminal, administrative or investigative nature in which LeFever Mattson or LeFever is involved as a party, potential party, or a non-party witness or otherwise. Exhibit A, Section I.01(h).

22. The scope of indemnification applies only to Third-Party Transactions or damages incurred in connection with Proceedings relating to Third-Party Transactions. Exhibit A, Section III.01(b) and that it cannot bind any person or entity who did not sign it.

23. Should the Court determine Exhibit A is enforceable and was not breached by Defendants, Plaintiff requests the Court narrowly construe and limit all rights of indemnification to circumstances where a transaction was not “clearly documented.” Further, that Exhibit A can only bind a signatory.

24. An actual controversy has arisen and exists between Plaintiff and Defendants as to their respective rights and obligations in regard to the enforceability and scope of indemnity addressed in Exhibit A.

25. Plaintiff desires a judicial determination of these issues and the Parties' respective rights and obligations, and a judicial determination is necessary and appropriate at this time under the circumstances in order that Plaintiff and Defendants may ascertain their respective rights and obligations as set forth above. A Court order is necessary for future conduct. Declaratory judgment from the Court will resolve this dispute and relieve Plaintiff from the extraordinary and unconscionable burden Defendants seek to place on Plaintiff. Plaintiff has no adequate and speedy remedy at law to resolve the Parties' dispute, other than by declaratory judgment from this Court and respectfully requests that the Court resolve this dispute by issuing a judicial declaration as to the Parties' respective rights and liabilities with regard to Exhibit A.

WHEREFORE, Plaintiff prays for judgment as set forth below.

SECOND CAUSE OF ACTION

(Rescission – Against All Defendants)

26. Plaintiff incorporates all the allegations above as though fully set forth herein.

27. Plaintiff brings this Cause of Action pursuant to California Civil Code §§ 1688 and 1689 to extinguish the Indemnity Agreement attached hereto as Exhibit A.

28. Any execution of this document by Plaintiff was given by mistake. Plaintiff understood the scope of his offer of indemnification was to be limited to potential claims by investors related to any errors by him in sales of interests in the Divi limited partnership.

29. Plaintiff's consent was obtained by duress, fraud, menace, and undue influence undertaken by Defendants and the corporate attorney, Smith, who was jointly interested with Defendants in personal protection.

30. Plaintiff obtained no consideration for the onerous obligations imposed by Exhibit A. Further, any possible consideration to Plaintiff failed as Defendants refused in writing to provide needed information to Plaintiff, so as to allow him to demonstrate the true facts to the

1 Department of Justice and investors, so as to avoid or limit claims and reputational damage and
2 otherwise protect his rights.

3 31. The Indemnity Agreement prepared by Defendants and their agents is in part
4 unlawful and was obtained by attorney Smith, in part for his own benefit, without disclosure of
5 his conflict of interest or who he was representing while knowing Plaintiff was unrepresented.

6 32. Plaintiff received and accepted no benefits from Exhibit A and has notified
7 Defendants in writing that he has rescinded any express or implied consent to Exhibit A.

8 WHEREFORE, Plaintiff prays for judgment as set forth below.

9 **THIRD CAUSE OF ACTION**

10 **(Unfair Competition – Against All Defendants)**

11 33. Plaintiff incorporates all the allegations of Paragraphs 1-18 and 26-31 above as
12 though fully set forth herein.

13 34. Plaintiff, a natural person, brings this Cause of Action based upon California
14 Business and Professions Code § 17200, which precludes any unlawful, unfair, or fraudulent
15 business act or practice.

16 35. LeFever Mattson is a real estate business continually operating in the State of
17 California since 1989. One of its business strategies was to acquire, own and manage apartment
18 buildings through limited partnerships in which individuals invested. One of those limited
19 partnerships was Divi. As the CEO of LeFever Mattson, which at one time owned a significant
20 interest in Divi, Mattson was authorized to sell and transfer limited partnership interests to
21 investors and did so. Funds collected by LeFever Mattson were then deposited into a special
22 account and such proceeds were used, as needed, for LeFever Mattson's corporate purposes. This
23 type of transaction was a longstanding business practice of the corporation.

24 36. Beginning in November 2023, Defendant LeFever Mattson, aided and abetted by
25 LeFever, implemented a plan to disadvantage and injure Plaintiff and the third-party investors in
26 Divi. Defendants claimed that the sale and transfer, of limited partnership interests in Divi owned
27 by LeFever Mattson, by its CEO and 50% shareholder, to individual investors was not authorized.

1 Defendants claimed that therefore, since LeFever Mattson must still own its undivided and
 2 undiluted interest in Divi, that the investors owned nothing, and they had been defrauded by
 3 Plaintiff. Defendants also encouraged civil lawsuits and other proceedings be brought against
 4 Plaintiff claiming Mattson had stolen investors' money. Defendants' allegations of wrongful
 5 conduct by Plaintiff are false. Sales of LeFever Mattson's interests in Divi to third-parties was in
 6 the regular course of business, documented and within the authority of Plaintiff as CEO of
 7 LeFever Mattson. Proceeds from sales were used for legitimate corporate purposes. Plaintiff
 8 contends the investors own the interests they purchased.

9 37. Thereafter, Defendants, along with Smith, who failed to disclose the fact he was to
 10 personally benefit, through fraud, undue influence, menace, and mistake, presented Plaintiff with
 11 an unconscionable and partially illegal agreement to sign, as well as corporate documents,
 12 effectively ceding control of LeFever Mattson to Defendant LeFever and to Smith.

13 38. Plaintiff is informed, believes, and based thereon, alleges that, in furtherance of
 14 Defendants' scheme to seize control of LeFever Mattson, Defendants stopped paying normal and
 15 regular distributions to the investors and have declared prior transfers to investors void and
 16 retained the sales proceeds. Plaintiff is informed and believes and thereon alleges that Defendants
 17 are using these funds for their own purposes.

18 39. Defendants' unfair business practices have proximately caused significant injury in
 19 fact to Plaintiff, as well as the Divi investors. Such practices are unfair, illegal, and fraudulent.

20 40. Defendants should be and Plaintiff requests this Court enjoin Defendants from any
 21 further actions to transfer any revenue from Divi, except to pay normal business expenses and
 22 distributions to third-party investors. Defendants should be ordered to disgorge all net revenue
 23 from operations of Divi to its investors and Plaintiff on a pro rata basis. Further, LeFever
 24 Mattson should be ordered to account for and disgorge all proceeds from sales of limited
 25 partnership interests, which sales it now rejects. Plaintiff contends the sales of LeFever Mattson's
 26 limited partnership interests in Divi by LeFever Mattson to the investors should be confirmed. To
 27 the extent the Court determines the sales did not bind LeFever Mattson, LeFever Mattson should

1 be required to disgorge all funds taken from and equitably owned by Plaintiff and the Divi
2 investors, together with interest calculated at an appropriate rate.

3 WHEREFORE, Plaintiff prays for judgment as set forth below.

4 **FOURTH CAUSE OF ACTION**

5 **(Derivative Claim Against LeFever and Nominally Against LeFever Mattson)**

6 41. Plaintiff incorporates all the allegations above as though fully set forth herein.

7 42. In late 2023, Defendant LeFever assumed the role of CEO of Defendant LeFever
8 Mattson, which in this Cause of Action, is named only as a nominal defendant. As such, and as a
9 Director, LeFever had fiduciary duties of loyalty, good faith, fair dealings, full disclosure, and
10 due care to LeFever Mattson (sometimes referred to herein as the "Company").

11 43. Plaintiff is informed and believes, and on that basis, alleges, that these fiduciary
12 duties were and are being breached by Defendant LeFever, who has acted fraudulently,
13 negligently, and without the care, skill, prudence and diligence that a reasonably prudent person
14 acting in the capacity, and familiar with such matters, would use, and acting intentionally and
15 imprudently to refuse to honor sales of limited partnership interests by LeFever Mattson in Divi
16 to third-party investors, while also retaining investor funds and retaining the benefits of those
17 funds delivered to the Company for said limited partnership interests in Divi.

18 44. The acts by LeFever include, but are not limited to the following:

19 a. He used fraud, duress, intimidation, and threats to coerce Plaintiff to agree
20 to change the Bylaws and appoint Smith to the Board of Directors, so as to effectively gain
21 control of the Company.

22 b. As CEO, he has declared to investors that the interests they lawfully
23 acquired in Divi were not authorized and the sales are null and void.

24 c. He has ceased all normal monetary distributions to Divi investors.

25 d. He has refused to return investors the funds paid to, deposited with, and
26 used generally by the Company, in consideration for their limited partnership interests.

1 e. He has falsely stated that sales by the Company were made by Plaintiff in
2 his individual capacity, and the proceeds were not received by the Company.

3 f. He has created, allowed, and encouraged conflicts of interest at the
4 Company.

5 45. These breaches of fiduciary duties by LeFever have and will result in substantial
6 damages to the Company, including but not limited to lawsuits and reputational damage. LeFever
7 Mattson should authorize a legal action against LeFever to protect investors but will not do so
8 because LeFever effectively controls the Company.

9 46. Plaintiff brings this action derivatively for the right and for the benefit of the
10 shareholders of the Company to redress injuries suffered, and to be suffered, as a result of the
11 breaches of fiduciary duty and other violations by Defendant CEO LeFever. Formal demand on
12 the Directors to bring an action against LeFever would be futile in light of LeFever's control of
13 the Board, and the fact that the Company's remedy is to file an action to remove him as CEO and
14 Director, and remove Smith as a Director and counsel, and to immediately agree to honor the
15 Company's commitments to the investors in Divi. LeFever and Smith have directly participated
16 in the wrongs complained of herein, which disables them from acting independently, objectively
17 and in good faith to advance the interests of the Company or respond informally to any demand
18 by Plaintiff. Based on the allegations of the Complaint and the actions by LeFever to date,
19 including the failure and refusal to honor the rights of its investors and the interests of the
20 Company and its shareholders, such demand would be a futile and useless act, and said Company
21 is therefore sued and named as a nominal Defendant in this Cause of Action.

22 47. By refusing to honor its agreements with investors, or even return the proceeds it
23 received therefrom, LeFever has caused economic harm and damage to the Company, thus
24 breaching his fiduciary duties, causing damage in an amount not presently ascertainable, but in all
25 events in an amount in excess of the jurisdictional threshold of this Court and in an amount to be
26 proven at trial.

27 WHEREFORE, Plaintiff prays for a judgment as set forth below.

FIFTH CAUSE OF ACTION

(Improper Removal of Director and Reinstatement – Against All Defendants)

48. Plaintiff incorporates all the allegations of Paragraphs 1-16, 18-24, 26-31, 32-39 and 41-46 above as though fully set forth herein.

49. On May 14, 2024, Plaintiff, who was a Director of LeFever Mattson, demanded access to specified unprivileged corporate documents from Defendants, which demand was refused. See Exhibit B.

50. Plaintiff had an absolute statutory right to these documents pursuant to California Corporations Code § 1602.

51. On June 1, 2024, LeFever advised Plaintiff that he was calling a Special Meeting of the Board of Directors of LeFever Mattson for June 3, 2024. No agenda was provided.

52. Plaintiff is informed and believes, and thereon alleges that, at the Board meeting, as part of LeFever's scheme to further take control of LeFever Mattson, and to preclude Plaintiff from his statutory right of access to corporate documents, LeFever and Smith purported to remove Mattson as a Director.

53. The Board of Directors is precluded from removing a Director by California Corporations Code §303. The only way to remove a Director would be by suit in the Superior Court under § 304. Defendants did not take such action and Plaintiff requests this Court declare that Plaintiff is currently a Director of LeFever Mattson, entitled to all rights such status provides, and for monetary damages caused to Plaintiff by Defendants' wrongful actions in an amount to be proven at trial.

WHEREFORE, Plaintiff prays for judgment as set hereinafter set forth below.

SIXTH CAUSE OF ACTION

(Access to Corporate Documents – Corporations Code §§ 1602 and 1603 Against LeFever Mattson)

54. Plaintiff incorporates all the allegations above as though fully set forth herein.

55. Plaintiff, as Director was illegally locked out of access to corporate documents by Defendants. On May 14, 2024, a request for a set of specific corporate documents was made in writing. At the time Plaintiff, as a Director, had a right to inspect and copy these documents pursuant to California Corporations Code § 1602. That statutory right was violated by Defendants.

56. Seeking to undermine Plaintiff's access to documents, Plaintiff is informed and believes, and thereon alleges, that on June 3, 2024, Defendants purported to remove Plaintiff as a Director, despite the fact that they had no authority to do so pursuant to California Corporations Code § 303.

57. Plaintiff brings his Sixth Cause of Action pursuant to California Corporations Code § 1603, which provides that upon refusal of a lawful demand for inspection, this Superior Court, may enforce the right, or in the alternative, may order a third-party inspection. LeFever Mattson's actions have also caused damage to Plaintiff in an amount to be proven at trial.

WHEREFORE, Plaintiff prays for judgment as set forth below:

PRAYER FOR RELIEF

Plaintiff requests the relief described below as follows:

ON THE FIRST CAUSE OF ACTION

1. For a declaration that the Indemnity Agreement attached as Exhibit A be deemed to be null, void, and unenforceable;

2. In the alternative, that Defendants breached their obligations under the terms of Exhibit A and based thereon, Plaintiff has no liabilities or obligations to Defendants or others:

3. In the alternative, that Plaintiff's only indemnity obligations are under circumstances in which that indemnity for the claims, damages, and proceedings is based solely upon transactions in which funds collected were from transactions in which the terms and conditions were not clearly documented;

4. For a declaration that Exhibit A does not bind any person or entity which did not sign it;

5. For a temporary restraining order and preliminary injunction restraining and enjoining Defendants from taking any action based on Exhibit A until this matter has been finally adjudicated;

6. For costs of the suit; and

7. For such other and further relief as the Court deems proper.

ON THE SECOND CAUSE OF ACTION

1. For a judgment that the Indemnity Agreement attached as Exhibit A was breached by Defendants or is otherwise unenforceable and was properly rescinded;

2. For costs of suit; and

3. For such other and further relief as the Court deems proper.

ON THE THIRD CAUSE OF ACTION

1. For a judgment that sales of Divi limited partnership interests are binding on LeFever Mattson and that attempts to deny their enforceability and retain proceeds from such sales are acts of unfair competition;

2. Judgment requiring Defendants to disgorge net income of Divi to Plaintiff and investors in an amount to be proven at trial;

3. For preliminary and permanent injunctive relief precluding Defendants from transferring any revenue from Divi, except to pay normal business expenses and distributions to third-party investors on a pro rata basis;

4. For costs of the suit; and

5. For such other and further relief as the Court deems proper.

ON THE FOURTH CAUSE OF ACTION

1. For a judgment that Defendant LeFever breached his fiduciary duties to the Company by improperly exercising his control over it to refuse to honor sales of limited partnership interests by the Company in Divi to third-party investors, while also retaining investor funds and the benefits of those funds, delivered to the Company;

2. For consequential damages caused to the Company by the conduct described

1 above, in an amount to be proven at trial;

2 3. For costs of suit; and

3 4. For such other and further relief as the Court deems proper.

4 **ON THE FIFTH CAUSE OF ACTION**

5 1. For a declaration that Plaintiff was improperly removed as a Director of LeFever
6 Mattson and that all actions by the Board on June 3, 2024, and thereafter, are null and void;

7 2. For the reinstatement of Plaintiff to his position as a Board member of LeFever
8 Mattson;

9 3. For damages against all Defendants for the improper attempt to remove Plaintiff as
10 a Board member;

11 4. For costs of the suit; and

12 5. For such other and further relief as the Court deems proper.

13 **ON THE SIXTH CAUSE OF ACTION**

14 1. For an order that Plaintiff is entitled to immediate access to inspect all
15 unprivileged corporate documents and that the documents initially requested be immediately
16 made available for a judgment to that effect;

17 2. For damages against LeFever Mattson for its denial of access to corporate
18 documents, in an amount to be proven at trial;

19 3. For costs of the suit, and

20 4. For such other and further relief as the Court deems proper.

21 Dated: June 6, 2024

FENNEMORE WENDEL

22
23 By: Micheline N. Fairbank

24 Micheline N. Fairbank
25 Daniel Rapaport
26 Kurt Franklin
27 Thiele R. Dunaway
28 Attorneys for Plaintiff
KENNETH W. MATTSON

EXHIBIT A

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (this "**Agreement**") entered into effective as of January 1, 2024, is made by Kenneth W. Mattson, an individual (the "**Indemnitor**") in favor, and for the benefit of, Timothy LeFever, an individual ("**LeFever**") and LeFever Mattson, a California corporation ("**LeFever Mattson**", individually and collectively with LeFever, the "**Indemnitee**"; Indemnitor, LeFever and LeFever Mattson are each individually referred to herein as a "**Party**" and collectively as "**Parties**").

RECITALS

WHEREAS, Indemnitor and LeFever are the sole shareholders and sole members of the board directors of LeFever Mattson (the "**Board**");

WHEREAS, LeFever Mattson is the owner of various interests in, and the general partner and/or manager of, limited partnerships and limited liability companies that own, develop, manage and operate real estate and other business assets (collectively, the "**Operating Entities**");

WHEREAS, Indemnitor has entered into numerous transactions with individuals and/or entities pursuant to which Indemnitor has secured funds on terms and conditions not clearly documented (collectively, the "**Third Party Transactions**");

WHEREAS, the Parties acknowledge and agree that: (i) none of the Third Party Transactions were presented to the Board or shareholders of LeFever Mattson prior to the date that the Third Party Transactions were entered into, (ii) none of the Third Party Transactions were authorized or approved by the Board or shareholders of LeFever Mattson at any time prior to or after the date that the Third Party Transactions were entered into, (iii) neither LeFever nor LeFever Mattson is in any way a party to or obligated in connection with any of the Third Party Transactions, and (iv) neither LeFever nor LeFever Mattson received any benefit, directly or indirectly, economic or otherwise, in connection with or as a result of the Third Party Transactions;

WHEREAS, Indemnitor has covenanted and agreed to exercise Indemnitor's best efforts to properly document each of the Third Party Transactions as transactions solely between Indemnitor and the relevant third parties, and to obtain a release of Indemnitee insofar as such Third Party Transactions are concerned; and

WHEREAS, Indemnitee has agreed to reasonably cooperate with Indemnitor's efforts to document the Third Party Transactions conditioned on Indemnitor's agreement to indemnify Indemnitee and hold Indemnitee harmless from and against the Third Party Transactions, as hereinafter set forth, subject to the terms of this Agreement.

NOW, THEREFORE, in consideration of the Recitals, which are incorporated by reference, the representations, covenants, and warranties contained herein, and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties, intending to be bound legally, agree as follows:

ARTICLE I

DEFINITIONS

Section I.01. Definitions. The following terms, as used in this Agreement, have the respective meanings set forth below:

(a) **"Affiliate"** of any Person means any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person, and the term **"Affiliated"** shall have a correlative meaning. The term **"control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Members of the immediate family (i.e., spouse, parents and children) of any Person, and any family trusts for, and estate planning vehicles of, any Person and such Person's immediate family shall be deemed to be Affiliates of such Person.

(b) **"Damages"** include any and all liabilities, losses, costs, and/or Expenses (as defined below) incurred by an Indemnitee Party in connection with any Proceeding related to a Third Party Transaction, or arising from any misrepresentation or breach of any representation, warranty or covenant by Indemnitor in this Agreement.

(c) **"Disinterested Director"** means a member of the Board who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) **"Expenses"** include any and all reasonable attorneys' fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond or other appeal bond or their equivalent, and (ii) Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement or under any directors' and officers' liability insurance policies maintained by the LeFever Mattson.

(e) **"Independent Counsel"** means a law firm, or a partner or member of a law firm, that is (i) experienced in matters of corporation law, (ii) approved by both the Indemnitor and Indemnitee, and (iii) neither presently is, nor in the past five years has been, retained to represent (A) any Party hereto in any matter material to such Party (other than as Independent Counsel with respect to matters concerning Indemnitee under this Agreement, or other indemnitees under similar indemnification agreements), or (B) any other party to a Proceeding giving rise to a claim for indemnification hereunder.

(f) **"Liabilities"** means (i) all obligations incurred by any Indemnitee Party in connection with any Third Party Transaction; (ii) all Expenses incurred by any Indemnitee Party in the defense of Proceeding related to a Third Party Transaction, (iii) all Expenses incurred by any Indemnitee Party in connection with the protection, preservation, and enforcement by any Indemnitee Party of any rights, or remedies related to a Third Party Transaction, (iv) all Damages incurred by or assessed against any Indemnitee Party; and (v) all Expenses incurred in the defense, protection, preservation, and enforcement by Indemnitee of any rights, liens, or remedies against Indemnitor or in the defense, protection, preservation, and enforcement of this Agreement and (vi) any other liability incurred by Indemnitor to Indemnitee under this Agreement.

(g) **"Person"** means any individual, partnership, limited partnership, limited liability company, trust, estate, corporation, custodian, nominee or any other individual or entity acting on its own or in any representative capacity.

(h) **"Proceeding"** means any threatened, pending or completed claim, demand action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or proceeding against Indemnitee, whether brought directly or in the name or right of LeFever Mattson, and whether against LeFever, LeFever Mattson, or both, and whether of a civil, criminal, administrative or investigative nature, including any appeal therefrom and including without limitation any such Proceeding pending as of the date of this Agreement, in which Indemnitee was, is, may or will be involved as a party, a potential party, a non-party witness or otherwise by reason of (i) the fact that Indemnitee is or was a director or officer of LeFever Mattson, (ii) any action taken by Indemnitee or any action or inaction

on Indemnitee's part, including while LeFever was or is acting as a director or officer of LeFever Mattson, or (iii) the fact that he or she is or was serving at the request of LeFever Mattson as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of LeFever Mattson or any Affiliate, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification or advancement of expenses can be provided under this Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section II.01. Representations and Warranties. Indemnitor represents and warrants:

- (a) All of the Recitals set forth above are true, correct and complete in all respects.
- (b) Indemnitor is an individual residing in the State of California, and has all necessary power, authority and capacity to enter into and perform the terms of this Agreement.
- (c) Indemnitor and/or its Affiliates have received direct and indirect financial benefit in connection with the Third Party Transactions, and will receive direct and indirect financial benefit in exchange for Indemnitor's execution of this Agreement.
- (d) The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of or compliance with the terms and conditions of this Agreement, is not prevented or limited by, and does not conflict with or result in a breach of, the terms, conditions, or provisions of any contractual or other restriction on Indemnitor or any of its Affiliates, or agreement or instrument of any nature to which Indemnitor and/or its Affiliates is/are now a party, and it does not constitute a default under any of the foregoing.
- (e) This Agreement constitutes the valid and legally binding obligation of Indemnitor enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditor's rights generally.
- (f) There is no action or proceeding pending or, to the best of Indemnitor's knowledge, threatened, against, or materially affecting, Indemnitor or Indemnitor's assets before any court or administrative agency that might adversely affect Indemnitors' ability to perform the obligations under this Agreement.

ARTICLE III

INDEMNIFICATION AND GUARANTY

Section III.01. Indemnification and Payment Obligations. Indemnitor, on behalf of itself and its Affiliates, agents, successors, assigns, attorneys, employees and all other representatives (collectively referred to as the "**Indemnitor Parties**"), hereby agrees to indemnify, defend and hold harmless LeFever, LeFever Mattson, and their Affiliates, agents, successors, assigns, attorneys, employees and all other representatives (but specifically excluding Indemnitor Parties) (collectively referred to as the "**Indemnitee Parties**") from and against:

- (a) **Third-Party Transactions.** Indemnitor Parties shall indemnify, defend and hold Indemnitee Parties harmless from and against any and all Liabilities incurred by an Indemnitee Party in connection with any Third Party Transaction.
- (b) **Proceedings.** Indemnitor Parties shall indemnify, defend and hold Indemnitee Parties harmless from and against any and all Liabilities incurred by an Indemnitee Party in connection with any Proceeding in any way related to a Third Party Transaction.
- (c) **Settlement/Negotiations.** Indemnitor Parties shall indemnify, defend and hold Indemnitee Parties harmless from and against any and all Liabilities incurred by an Indemnitee Party in connection with the negotiation, settlement and/or other compromise of any claim or controversy in any way related to a Third Party Transaction.

Section III.02. Expenses. Indemnitor shall advance the Expenses incurred by any Indemnitee Party in connection with any Proceeding, as well as in all other instances when an Indemnitee Party is entitled to indemnification hereunder. Such advancement of expenses shall be made as soon as reasonably practicable, but in any event no later than thirty

(30) days after the receipt by Indemnitor of a written statement or statements requesting such advances from time to time (which statement(s) shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditure made that would cause an Indemnitee Party to waive any privilege accorded by applicable law shall not be included with the invoice). Expense advances shall be unsecured and interest free and made without regard to the ability of any Indemnitee Party to repay such advances. Indemnitee hereby undertakes to repay any advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by Indemnitor. This Section 3.02 shall not apply to the extent advancement is prohibited by law and shall not apply to any Proceeding for which indemnity is not permitted under this Agreement.

Section III.03. Payment. All payments by Indemnitor hereunder shall be paid in lawful money of the United States of America. Each payment obligation for Liabilities and/or Damages shall give rise to a separate cause of action, and separate lawsuits may, but need not, be brought hereunder as each cause of action arises. Amounts owed hereunder shall be funded by Indemnitor, promptly when the obligations are due, if applicable, or in any event not later than thirty (30) days after receipt of written demand from Indemnitee. If Indemnitor fails to pay or reimburse an Indemnitee Party as required hereunder within thirty (30) days following written demand therefor, Indemnitee may exercise any right or remedy set forth herein or available to it at law or in equity, and the Indemnitee shall additionally be entitled to interest on the unpaid amount accrued at a rate equal to the lesser of ten percent (10%) per annum and the highest rate permitted by applicable law.

Section III.04. Guaranty. Indemnitor hereby unconditionally, irrevocably, and absolutely guarantees to Indemnitee Parties the full, prompt, and complete payment when due of each of the Liabilities to be indemnified against by Indemnitor pursuant to this Agreement.

Section III.05. Unconditional Nature of Guaranty.

(a) The obligations of Indemnitor under this Agreement are irrevocable, absolute, and unconditional and shall remain in full force and effect until the Liabilities and all obligations related to the Third Party Transactions have been fully and finally paid and performed. This Agreement is made without defense, offset, or counterclaim, each of which is hereby waived by Indemnitor. This Agreement the obligations hereunder shall not be affected, limited, modified, or impaired upon the happening from time to time of any event or circumstance which might otherwise constitute a defense available to, or a discharge of Indemnitor with respect to, its obligations under this Agreement.

(b) Indemnitor agrees that no act or omission of any kind or at any time shall in any way impair the rights of Indemnitee to enforce any right, power, or benefit under this Agreement, and, no setoff, counterclaim, reduction, or diminution of any obligation which Indemnitor has or may have against Indemnitee, or any assignee or successor thereof shall be available hereunder.

Section III.06. Indemnitee's Rights to Proceed Against Indemnitor. Indemnitee, in its sole discretion, shall have the right to proceed first and directly against Indemnitor under this Agreement, without proceeding against or exhausting any other remedies which it may have against any entity or Person which may have guaranteed or is otherwise responsible or liable for Liabilities or Damages.

Section III.07. Waivers. Except as specifically set forth herein, Indemnitor expressly waives demand, presentment, protest, and notice of the acceptance of this Agreement or other action taken in reliance hereon and all other demands and notices of any description in connection with this Agreement, the Liabilities, Damages or otherwise.

ARTICLE IV

NOTICES AND DEFENSE OF CLAIMS

Section IV.01. Notice of Indemnification. Indemnitee shall notify the Indemnitor in writing of any matter with respect to which Indemnitee and/or an Indemnitee Party intends to seek indemnification or advancement of Expenses as soon as reasonably practicable following the receipt by Indemnitee of notice thereof. The written notification to Indemnitor shall include, in reasonable detail, a description of the nature of the Proceeding and the facts underlying the Proceeding or matter for which indemnification is sought. The failure by Indemnitee to notify Indemnitor will not relieve the Indemnitor from any liability which it may have to Indemnitee and/or any Indemnitee Party hereunder or other than under this Agreement, and any delay in so notifying the Indemnitor shall not constitute a waiver by Indemnitee of any rights, except to the extent that such failure or delay materially prejudices the Indemnitor.

Section IV.02. Assumption of Defense. In the event the Indemnitor may be obligated to indemnify Indemnitee and/or any Indemnitee Party, Indemnitor shall be entitled assume the defense of such matter with counsel approved by

Indemnitor, which approval shall not be unreasonably withheld, upon the delivery to Indemnitor of written notice of Indemnitor's election to do so. After delivery of such notice, approval of such counsel by Indemnitor and the retention of such counsel by the Indemnitor, the Indemnitor will not be liable to Indemnitor for any fees or expenses of counsel subsequently incurred by Indemnitor with respect to the same Proceeding. Notwithstanding the Indemnitor's assumption of the defense of any such Proceeding, the Indemnitor shall be obligated to pay the fees and expenses of Indemnitor's counsel in the event of any of the following: (i) to the extent the employment of counsel by Indemnitor is authorized by the Indemnitor, (ii) counsel for the Indemnitor or Indemnitor shall have reasonably concluded that there is a conflict of interest between Indemnitor and Indemnitor in the conduct of any such defense such that Indemnitor needs to be separately represented, (iii) the fees and expenses are non-duplicative and reasonably incurred in connection with Indemnitor's role in the Proceeding despite the Indemnitor's assumption of the defense, (iv) the Indemnitor is not financially or legally able to perform its indemnification obligations, or (v) the Indemnitor shall not have retained, or shall not continue to retain, such counsel to defend such Proceeding. The Indemnitor shall have the right to conduct such defense as it sees fit in its sole discretion. Regardless of any provision in this Agreement, Indemnitor shall have the right to employ counsel in any Proceeding at Indemnitor's personal expense.

Section IV.03. Cooperation. Indemnitor shall give the Indemnitor such information and cooperation in connection with the Proceeding as may be reasonably appropriate; provided that such cooperation is at no cost or Expense to Indemnitor or any Indemnitor Party.

Section IV.04. Delivery of Notices. Unless specifically stated otherwise in this Agreement, all notices, waivers, and demands required or permitted hereunder shall be in writing and delivered to the addresses set forth below, by one of the following methods: (a) hand delivery, whereby delivery is deemed to have occurred at the time of delivery; (b) a nationally recognized overnight courier company, whereby delivery is deemed to have occurred the business day following deposit with the courier; (c) registered United States mail, signature required and postage-prepaid, whereby delivery is deemed to have occurred on the third (3rd) business day following deposit with the United States Postal Service; or (d) electronic transmission (email) provided that the transmission is completed no later than 4:00 p.m. Pacific on a business day and the original also is sent via overnight courier or United States Mail, whereby delivery is deemed to have occurred at the end of the business day on which electronic transmission is completed.

To Indemnitor:	Address:	6359 Auburn Blvd., Suite B Citrus Heights, CA 95621
	Attention:	Ken Mattson
	Email:	mrskwm@hotmail.com
To Indemnitor:	Address:	6359 Auburn Blvd., Suite B Citrus Heights, CA 95621
	Attention:	Tim LeFever
	Email:	tlefever@lefma.com

Any Party may change its address for purposes of this Section 4.04 by giving written notice as provided in this Section 4.04. All notices and demands delivered by a Party's attorney on a Party's behalf shall be deemed to have been delivered by said Party. Notices shall be valid only if served in the manner provided in this Section 4.04.

ARTICLE V

INDEMNIFICATION PROCESS

Section V.01. Entitlement To Indemnification. Upon written request by Indemnitor for indemnification pursuant to Section 4.01(a), a determination with respect to Indemnitor Party's entitlement thereto shall be made in the specific case (A) by a majority vote of the Disinterested Directors, even though constituting less than a quorum of the Board, or (B) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitor. If it is determined that an Indemnitor Party is entitled to indemnification, payment to Indemnitor shall be made within thirty (30) days after such determination. Indemnitor shall cooperate with the person, persons or entity making the determination with respect to Indemnitor's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitor and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) reasonably incurred by Indemnitor in so cooperating with the person, persons or entity making such determination shall be considered Expenses, to the extent permitted by applicable law.

Section V.02. Independent Counsel. In the event the determination of entitlement to indemnification is to be

made by Independent Counsel pursuant to Section 5.01, the Independent Counsel shall be selected as provided in this Section 5.02. Independent Counsel shall be selected by Indemnatee, and Indemnatee shall give written notice to Indemnitor advising it of the identity of the Independent Counsel so selected. Within ten (10) days after such written notice of selection shall have been given, Indemnitor may deliver to the Indemnatee a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Article I of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected by Indemnatee shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after the later of (i) submission by Indemnatee of a written request for indemnification pursuant to Section 4.01(a) hereof, and (ii) the final disposition of the Proceeding, the parties have not agreed upon an Independent Counsel, the Indemnatee may petition a court of competent jurisdiction for resolution of any objection and for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 5.01 hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 6.01 of this Agreement, the Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section V.03. Burden of Proof. In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnatee is entitled to indemnification under this Agreement if Indemnatee has submitted a request for indemnification in accordance with Section 4.01(a) of this Agreement, and the Indemnitor shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by such person, persons or entity of any determination contrary to that presumption.

Section V.04. Expenses. The Indemnitor agrees to pay the reasonable fees and expenses of any Independent Counsel and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

ARTICLE VI

REMEDIES

Section VI.01. Commencement of Action. In the event that (i) a determination is made pursuant to Section 5.01 of this Agreement that Indemnatee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 3.02 or 5.04 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 5.01 of this Agreement within ninety (90) days after the later of the receipt by the Indemnitor of the request for indemnification or the final disposition of the Proceeding, (iv) payment of indemnification pursuant to this Agreement is not made within thirty (30) days after a determination has been made that an Indemnatee Party is entitled to indemnification, or (v) the Indemnitor or any other person or entity takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnatee the benefits provided or intended to be provided to Indemnatee hereunder, Indemnatee shall be entitled to an adjudication by a court of competent jurisdiction of Indemnatee's entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnatee, at his, her or its option, may seek an award in arbitration with respect to Indemnatee's entitlement to such indemnification or advancement of Expenses, to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnatee shall commence such proceeding seeking an adjudication or an award in arbitration within one hundred eighty (180) days following the date on which Indemnatee first has the right to commence such proceeding pursuant to this Section 6.01(a). The Indemnitor shall not oppose Indemnatee's right to seek any such adjudication or award in arbitration in accordance with this Agreement.

Section VI.02. Effect of Determination of Availability of Indemnification. Neither (i) the failure of to have made a determination in accordance with Section 5.01 above that indemnification of Indemnatee is proper in the circumstances because Indemnatee has met the applicable standard of conduct, nor (ii) an actual determination in accordance with Section 5.01 above that Indemnatee has not met the applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnatee has or has not met the applicable standard of conduct. In the event that a determination shall have been made that Indemnatee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Article VI shall be conducted in all respects as a de novo trial, or arbitration, on the merits, and Indemnatee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Article VI, the Indemnitor shall, to the fullest extent not prohibited by law, have the burden of proving

Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

Section VI.03. Defenses. To the fullest extent not prohibited by law, the Indemnitor shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Article VI that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Indemnitor is bound by all the provisions of this Agreement. If a determination shall have been made pursuant to Article V of this Agreement that Indemnitee is entitled to indemnification, the Indemnitor shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Article VI, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statements not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

Section VI.04. Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification shall be required to be made prior to the final disposition of a Proceeding.

ARTICLE VII

GENERAL PROVISIONS

Section VII.01. Term. This Agreement shall continue until and terminate upon the later of (a) seven (7) years after the Effective Date; or (b) one (1) year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to this Agreement relating thereto.

Section VII.02. Final Expression; Modifications. Each Party hereto acknowledges that this writing is intended as a final expression and a complete and exclusive statement respecting the subject matter hereof. This Agreement supersedes all prior agreements and understandings, both written and oral, between the Parties with respect to this Agreement. No course of prior dealing between or among any Party or Parties, no usage of trade, and no parol or extrinsic evidence of any nature shall be used to supplement or modify any terms, and there are no conditions to the full effectiveness, of this Agreement.

Section VII.03. No Remedy Exclusive; Effect of Waiver. No remedy conferred in this Agreement upon or reserved to any Party hereto is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission, or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver, amendment, release, or modification of this Agreement shall be established by conduct, custom, or course of dealing, but solely by an instrument in writing duly executed by the Parties hereto. A waiver on one occasion shall not be a bar to or waiver of any right on any other occasion.

Section VII.04. Expenses. The non-prevailing party agrees to pay all out-of-pocket costs and expenses of the prevailing party (as determined by a final, non-appealable judgment), including reasonable attorneys' fees, incurred by the prevailing party in connection with any dispute or enforcement proceedings under this Agreement.

Section VII.05. Benefit and Assignment. This Agreement is binding upon and inures to the benefit of each Party hereto, and their respective successors and assigns. No Party may assign all or any part of this Agreement without the prior written consent of all other Parties hereto.

Section VII.06. Severability. The invalidity or unenforceability of any one or more phrases, sentences, clauses, or sections contained in this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part thereof.

Section VII.07. Waiver; Amendment. This Agreement and any term, covenant, or condition hereof may not be changed, waived, discharged, modified, or terminated except by a writing executed by the Parties hereto. No waiver by any Party of any default hereunder shall operate as a waiver of any term or covenant of any other agreement or of any other default or of the same default on any prior or subsequent occasion, unless otherwise consented to by the Party entitled to enforce the default.

Section VII.08. Interpretation. Whenever used herein, the singular shall include the plural, the plural the singular,

and the use of any gender shall include all genders

Section VII.09. Further Assurances. Each Party shall each execute, acknowledge, deliver, file and record such further certificates, amendments, instruments and documents, and do all such other acts and things, as may be required by law or as may be necessary or advisable to carry out the intent and purpose of this Agreement. Without limiting the generality of the foregoing, each Party shall execute such documents and file such instruments or notices as may be necessary or desirable.

Section VII.10. JURY TRIAL WAIVER. INDEMNITOR AND INDEMNITEE EACH WAIVE TRIAL BY JURY IN ANY COURT IN ANY SUIT, ACTION, OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTIONS OF WHICH THIS AGREEMENT IS A PART OR THE ENFORCEMENT OF ANY PARTY'S RIGHTS AND REMEDIES AND ACKNOWLEDGE THAT SUCH PARTY MAKES THE WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THE WAIVER WITH SUCH PARTY'S ATTORNEYS.

Section VII.11. GOVERNING LAW; SUBMISSION TO JURISDICTION. THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. ANY LEGAL SUIT, ACTION, OR PROCEEDING RELATING TO THIS AGREEMENT SHALL BE BROUGHT IN THE FEDERAL OR STATE COURTS LOCATED IN THE STATE OF CALIFORNIA, EACH PARTY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION, OR PROCEEDING.

Section VII.12. No Third-Party Beneficiaries. The provisions of this Agreement are not intended for the benefit of and shall not confer any rights to any creditor (including Lender) or other person to whom any debts, liabilities, or obligations are owed by any of the Parties hereto.

Section VII.13. Non-Exclusivity. Except as expressly set forth herein, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

Section VII.14. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Counterparts may be executed and delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section VII.15. Captions. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

[SIGNATURE PAGE FOLLOWS]

20271005.2

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date set forth above.

INDEMNITOR

By: _____
Name: Kenneth W. Mattson

INDEMNITEE

LeFever

By: _____
Name: Timothy LeFever

LeFever Mattson, a California corporation

By: _____

Name: Kenneth W. Mattson

Title: Chief Executive Officer

20271005.2

EXHIBIT B

Randy Sue Pollock
Attorney at Law

286 Santa Clara Avenue
Oakland, California 94610

Tel: (510) 763-9967
Fax: (510) 380-6551
rsp@rspollocklaw.com
www.rspollocklaw.com

May 14, 2024

VIA E-MAIL: tlefever@lefma.com

Tim LeFever
6359 Auburn Blvd., Suite B.
Citrus Heights, CA 95621

Re: Ken Mattson

Dear Mr. LeFever:

I have been engaged to represent Mr. Mattson in connection with possible criminal proceedings arising out of his work for LeFever Mattson. I write you both in your individual and representative capacities. As part of my review, I need a great deal of information and data regarding the issues raised by you and the DOJ. This letter is to request you provide me with the information described below as soon as practicable.

First, I read an email dated May 9, 2024, the subject line of which is Divi Divi / Ken Mattson. It alleges Mr. Mattson:

- 1) Engaged in a large number of unauthorized and improper transactions concerning his interest in Divi Divi Tree;
- 2) He improperly transferred limited partnership interests unknown to the Board or Shareholders of LeFever Mattson;
- 3) He improperly made distributions;
- 4) He entered into an Indemnity Agreement for the benefit of LeFever Mattson;
- 5) You referred his attorney to "the proper authorities."

In order to properly evaluate this information and better advise Mr. Mattson, I request all documents, including all forms of written and electronic communication which you or LeFever Mattson have access to which refer, relate or evidence these statements. This would include communications between you and Scott Smith.

In order to attempt to understand and resolve any possible criminal exposure, we also request that you provide any documents, as broadly described above, which you believe suggest any other actions by Mr. Mattson which may be improper, unethical or fraudulent, which caused any damage, potential damage or loss to LeFever Mattson, you, any investor in any entity or property, or any other third-party.

Tim LeFever
May 14, 2024
Page 2

I also request all structural documents, such as Articles, By-Laws, Minutes, Operating Agreements, and Resolutions for LeFever Mattson, Divi Divi Tree LP and any other entity which you contend has been damaged or potentially damaged by any improper action by Mr. Mattson.

Mr. Mattson certainly wants to be able to evaluate and rectify, if appropriate, any situation where his actions may have been problematic. Your prompt cooperation will be of great assistance in that regard.

Sincerely,

A handwritten signature in black ink that reads "Randy Sue Pollock". The signature is written in a cursive, flowing style.

Randy Sue Pollock

Randy Sue Pollock

From: Scott Smith <ssmith@lefma.com>
Sent: Tuesday, May 21, 2024 5:50 PM
To: Randy Sue Pollock
Subject: RE: Ken Mattson

Caution: External (ssmith@lefma.com)

First-Time Sender [Details](#)

[Report This Email](#) [FAQ](#) GoDaddy Advanced Email Security, Powered by INKY

Hello Randy Sue, upon the conclusion of a meeting where Ken answers my questions, I have no problem providing you information and documents serving as evidence of the statements in clauses (1) and (2) of your letter to Tim LeFever. These statements come directly from a single source. Can you please let me know what you are referencing insofar as clause (3) in your letter which reads "He improperly made distributions"? I do not believe this statement was included in Tim LeFever's email notice sent on May 9, and I am unaware of the source. I'll provide you the agreement referenced in clause (4) of your letter at the conclusion of our meeting. I am uncertain as to what your letter is referring to insofar as clause (5), and the statement that "You referred his attorney to the proper authorities". I believe you are referring to a statement in Tim's notice that we've referred this matter to the proper authorities, but please confirm. If you intended to ask who those authorities are, I can tell you that we were referring to the SEC and US Attorneys Office.

If and when Ken is ready to meet, I will also require of him the completion of certain action items he's left undone. In particular, Ken needs to execute grant deeds in favor of LeFever Mattson concerning a number of properties that are part of our Pinyon Creek II development. Ken improperly titled these properties in his entity, KS Mattson Partners, LP. These properties belong to LeFever Mattson and he needs to effect their transfer to LeFever Mattson immediately. The deeds at issue have been sent to him already on a number of occasions, so this request should not come as a surprise. I would also request that you ask your client to consider resigning from LeFever Mattson's board of directors. It is clear that Ken is incapable of performing the necessary functions of a board member and satisfying his duties as a director under California law. This has been and will continue to be to his own detriment, and we believe it both necessary and appropriate for Ken to resign immediately. Please advise before our meeting takes place of whether he is willing to step down, and if he is, I will prepare a letter of resignation for your review.

If all of this is acceptable to you, please let me know the time and place you would like this meeting to occur. I hope it is clear that if this meeting is to take place, it needs to happen as soon as possible. Please let me know as well whether you plan to attend.

Thank you,

Scott
Scott C. Smith,
General Counsel, LeFever Mattson
6359 Auburn Blvd · Citrus Heights, CA 95621
Email: ssmith@lefma.com
Tel: (415) 279-5932

Randy Sue Pollock

From: Randy Sue Pollock
Sent: Wednesday, May 22, 2024 8:01 PM
To: Scott Smith
Subject: Ken Mattson

Mr. Smith,

In light of the federal criminal investigation, I cannot make Ken available to answer your questions. In connection with your query regarding improper distributions, it appears to me that you are making general claims of financial misconduct. If you are not claiming improper distributions, that is fine, however I need to review all documents relating to your allegations of financial impropriety. You are correct that my reference to your communications with governmental authorities would include the SEC and US attorney's office, I would like to review those communications.

I believe Ken is entitled to unfettered access to the requested documents and must demand that they be immediately provided without condition. As to your question regarding deeds, I do not yet have information about this, but will review it. If you could also send documents confirming the proper title for these properties, I will expedite my review of those issues. Please advise immediately if you will in fact provide the requested documents or not. Please let us know if in connection with this request you are representing Mr. LeFever and LeFever-Mattson.

RANDY SUE POLLOCK
Law Office of Randy Sue Pollock
286 Santa Clara Avenue
Oakland, CA 94610
T 510-763-9967
F 510-380-6551
C 510-703-3370
www.rspollocklaw.com

Randy Sue Pollock

From: Scott Smith <ssmith@lefma.com>
Sent: Friday, May 24, 2024 5:07 PM
To: Randy Sue Pollock
Subject: RE: Ken Mattson

External (ssmith@lefma.com)

[Report This Email](#) [FAQ](#) GoDaddy Advanced Email Security, Powered by INKY

Hi Randy Sue, and apologies for the delay in responding to your email. I've been busy all day putting out fires lit by your client. I still have a couple to go before my weekend starts, but I will endeavor to respond to your email as soon as possible early next week.

Thank you,

Scott

Scott C. Smith,
General Counsel, LeFever Mattson
6359 Auburn Blvd · Citrus Heights, CA 95621
Email: ssmith@lefma.com
Tel: (415) 279-5932

From: Randy Sue Pollock <rsp@rspollocklaw.com>
Sent: Wednesday, May 22, 2024 8:01 PM
To: Scott Smith <ssmith@lefma.com>
Subject: Ken Mattson

Mr. Smith,

In light of the federal criminal investigation, I cannot make Ken available to answer your questions. In connection with your query regarding improper distributions, it appears to me that you are making general claims of financial misconduct. If you are not claiming improper distributions, that is fine, however I need to review all documents relating to your allegations of financial impropriety. You are correct that my reference to your communications with governmental authorities would include the SEC and US attorney's office, I would like to review those communications.

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Please let us know if in connection with this request you are representing Mr. LeFever and LeFever-Mattson.

RANDY SUE POLLOCK
Law Office of Randy Sue Pollock
286 Santa Clara Avenue
Oakland, CA 94610
T 510-763-9967

EXHIBIT C

Randy Sue Pollock

From: Scott Smith <ssmith@lefma.com>
Sent: Thursday, May 23, 2024 5:20 PM
To: Randy Sue Pollock
Subject: FW: Special Meeting of the Board of Directors

External (ssmith@lefma.com)

[Report This Email](#) [FAQ](#) [GoDaddy Advanced Email Security](#), Powered by INKY

Hi Randy Sue, I hope your vacation is off to a wonderful start!

I do not know whether or not your client forwarded the below email to you, but as a courtesy, I wanted to let you know that a LeFever Mattson board meeting will take place tomorrow morning as planned. Your client is under no obligation to attend, and his absence will not affect the meeting or our ability to conduct and conclude business at the meeting. We will, however, address various company issues and make decisions likely affecting the interest of all shareholders. The meeting will take place by phone but only directors (Tim LeFever, Ken Mattson and myself) are invited to attend.

Thank you,

Scott

Scott C. Smith,
General Counsel, LeFever Mattson
6359 Auburn Blvd · Citrus Heights, CA 95621
Email: ssmith@lefma.com
Tel: (415) 279-5932

From: TIM LEFEVER <lefever96@aol.com>
Sent: Tuesday, May 21, 2024 6:52 PM
To: Ken Mattson <mrskwm@hotmail.com>; Scott Smith <ssmith@lefma.com>
Subject: Special Meeting of the Board of Directors

Ken and Scott,

Pursuant to Article III, Section 11 of the LeFever Mattson Bylaws, please accept this email as notice of a Special Meeting of the Board of Directors of LeFever Mattson to be held on Friday, May 24, 2024 at 9am, by phone call that I will initiate.

Please confirm that you will be on that call.

Tim

Sent from my iPhone

Randy Sue Pollock

From: Randy Sue Pollock
Sent: Thursday, May 23, 2024 5:31 PM
To: Scott Smith
Subject: Re: Special Meeting of the Board of Directors

Thank you. Trying to focus on Mexico but I need to know what's going on.

Rsp

Randy Sue Pollock
Attorney at Law
286 Santa Clara Avenue
Oakland, CA 94610
T: 510-763-9967
F: 510-380-6551
C: 510-703-3370
www.rspollocklaw.com

Sent from my iPhone...

Please excuse autocorrect non sequiturs and typos

On May 23, 2024, at 6:20 PM, Scott Smith <ssmith@lefma.com> wrote:

External (ssmith@lefma.com)

[Report This Email](#) [FAQ](#) [GoDaddy Advanced Email Security](#). Powered by INKY

Hi Randy Sue, I hope your vacation is off to a wonderful start!

I do not know whether or not your client forwarded the below email to you, but as a courtesy, I wanted to let you know that a LeFever Mattson board meeting will take place tomorrow morning as planned. Your client is under no obligation to attend, and his absence will not affect the meeting or our ability to conduct and conclude business at the meeting. We will, however, address various company issues and make decisions likely affecting the interest of all shareholders. The meeting will take place by phone but only directors (Tim LeFever, Ken Mattson and myself) are invited to attend.

Thank you,