

The Man Who Made Jaime Dimon Worry About Fraud



Gerald Marcil and partners allegedly used shell companies to secure nearly \$160 million in overlapping loans, leaving lenders scrambling when buildings went into foreclosure

An article appeared in [The Real Deal](#) this week about Gerald Marcil, a prominent landlord behind many hotels and apartment buildings in Laguna Beach.

According to lawsuits filed by two major banks, Marcil and his associates were running an elaborate shell game which involved Double Pledging properties to multiple banks.

They allegedly pledged the same properties to different lenders, collecting loan after loan while banks believed they held exclusive rights to the buildings.

MOM CA Investco Was Their Company

The scheme fell apart earlier this year when MOM CA Investco, a company associated with Gerald Marcil, filed for bankruptcy in February. Zions Bancorporation discovered it wasn't first in line for repayment on six properties, despite carefully structuring its loans to guarantee that protection.

California Bank & Trust, a Zions subsidiary based in San Diego, says it lent more than \$60 million to an investor group in 2016 and 2017. The group listed 16 properties as collateral for the loans.

When those buildings started going into foreclosure, the bank made a disturbing discovery. Other lenders had already placed liens on several of the same properties, turning Zions' supposedly first mortgage position into worthless paper.

The Mechanics of the Alleged Fraud

The complaint describes the alleged fraud in detail. Marcil and his partners, Andrew Stupin and Deba Shyam, allegedly approached banks with what appeared to be straightforward loan requests backed by valuable California apartment complexes. But that wasn't the case.

The alleged fraud worked because the investors used a network of related companies to obscure the overlapping loans. MOM CA Investco was launched in 2021 by Mohammad Honarkar and Mahender Makhijani, but Marcil and Stupin were among the largest investors in Continuum Analytics, the entity that managed the distressed properties.

Chapter 11 Debtors	
Entity Name	Entity Name
1 MOM CA Investco LLC	12 777 AT Laguna, LLC
2 MOM AS Investco LLC	13 Laguna Art District Complex, LLC
3 MOM BS Investco LLC	14 Tesoro Redlands DE, LLC
4 Retreat at Laguna Villas, LLC	15 Aryabhata Group LLC
5 Sunset Cove Villas, LLC	16 Hotel Laguna, LLC
6 Duplex at Sleepy Hollow, LLC	17 4110 West 3rd Street DE, LLC
7 Cliff Drive Properties DE, LLC	18 314 S. Harvard DE, LLC
8 694 NCH Apartments, LLC	19 Laguna HI, LLC
9 Heisler Laguna, LLC	20 Laguna HW, LLC
10 Laguna Festival Center, LLC	21 The Masters Building, LLC
11 891 Laguna Canyon Road, LLC	22 837 Park Avenue, LLC

SOURCE: COURT FILINGS

Shyam is listed as the legal owner of Continuum Analytics. This web of ownership made it difficult for banks to track which properties had already been pledged to other lenders.

The Partnership Imploded

The investment group's collapse was messy. Honarkar eventually accused his partners of defrauding him, triggering a bitter dispute that spilled into public view.

Makhijani at one point used armed guards to seize control of some properties. He reportedly hired mobile billboards to drive through Laguna Beach displaying photographs of Honarkar and two city employees, accusing them of corruption.



The firm's Chapter 11 bankruptcy case covered a hotel in Laguna Beach and a \$65 million apartment complex in Redlands. A judge dismissed the case in August after the parties couldn't agree on a restructuring plan.

The Double Pledging Fraud Made Jaime Dimon Nervous

JPMorgan Chase CEO Jamie Dimon referenced the California cases during an analyst call two weeks ago, warning that regional banks may face broader exposure to borrowers accused of fraud.

"My antenna goes up when things like that happen," Dimon told analysts, according to CNN. "And I probably shouldn't say this, but when you see one cockroach, there are probably more."

His warning sent ripples through the commercial real estate lending market. Regional banks have become major players in apartment and office building loans, and any widespread fraud could trigger significant losses.

They Say The Claims Are Baseless

Brandon Tran, an attorney for Marcil and Stupin, dismissed the allegations as baseless. "My clients vehemently deny all the allegations of wrongdoing," Tran told Bloomberg.

"These claims are unfounded and misrepresent the facts," he said. "We are confident that once all the evidence is presented, our clients will be fully vindicated."

For now, the buildings at the center of the dispute sit in legal limbo while lawyers argue over who actually owns the right to foreclose on them.

Read The Complaint

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David W. Slayton,
Executive Officer/Clerk of Court,
By Y. Ayala, Deputy Clerk

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

WESTERN ALLIANCE BANK, an Arizona
Corporation,

Plaintiff,

v.

CANTOR GROUP V, LLC, a Delaware
Limited Liability Company, GERALD J.
MARCIL, an individual, and ANDREW
STUPIN, an individual,

Defendants.

CASE NO. **25STCV24263**

VERIFIED COMPLAINT

- (1) Breach of Contract (Against Cantor Group V, LLC)
- (2) Breach of Guaranty Agreements (Against Gerald J. Marcil and Andrew Stupin)
- (3) Appointment of Receiver (Against Cantor Group V, LLC)
- (4) Specific Performance/Turnover (Against Cantor Group V, LLC)
- (5) Declaratory Relief (Against Defendants)
- (6) Fraudulent Concealment (Against Cantor Group V, LLC)
- (7) Negligent Misrepresentation (Against Cantor Group V, LLC)

1 Plaintiff Western Alliance Bank (“WAB” or “Plaintiff” or “Lender”) by and through
2 counsel undersigned, and for its Complaint against Defendants Cantor Group V, LLC
3 (“Borrower”), Gerald J. Marcil (“Marcil”), and Andrew Stupin (“Stupin” and together with
4 Marcil, individually and collectively, the “Guarantors”) hereby alleges as follows:

5 1. This action arises from a \$100,000,000 warehouse revolving credit facility
6 extended by WAB to Borrower on October 28, 2024 (the “Loan”). A warehouse facility lets
7 a lender advance funds so the borrower can originate or buy mortgage loans, hold them
8 temporarily as inventory, and repay the advances from sale or payoff of those loans—then
9 re-borrow against a borrowing base made up only of eligible loans. The pledged loans and
10 their cash proceeds are the collateral, and availability depends on each pledged loan being
11 backed by a valid, perfected first-priority lien.

12 2. The Loan is governed by a Second Amended & Restated Business Loan and
13 Security Agreement, as amended on July 18, 2025 (the “BLSA” or “Loan Agreement”), a
14 Promissory Note, and other loan documents, and is absolutely and unconditionally
15 guaranteed by both Guarantors. A true and correct copy of the BLSA is attached hereto as
16 **Exhibit 1**. Under the July 18, 2025 amendment, the facility was converted to a term loan
17 with a maturity date of May 16, 2026. The outstanding balance of the loan is \$98,643,500.

18 3. Under the BLSA, Borrower promised that every pledged mortgage loan would
19 be backed by a valid, perfected *first-priority* lien.

20 4. That promise was false and was represented to WAB by fraudulent means.
21 After closing, WAB’s independent analysis showed many of the pledged loans were junior
22 to older, still-of-record deeds of trust. Borrower failed to disclose this material fact.

23 5. To compound matters, WAB’s analysis showed that several underlying
24 properties were already in foreclosure. Borrower failed to disclose this material fact.

25 6. Not only did Borrower fail to disclose numerous material facts, Borrower
26 engaged in a fraudulent scheme to create fake title policies by omitting those senior liens.
27 Borrower then furnished these doctored policies to WAB while purporting to insure that the
28 loans that acted as WAB’s collateral were in first position.

7. At the same time, Borrower drained funds from accounts that acted as additional/required collateral for the loans.

8. Specifically, Borrower violated core cash-management and reporting covenants: it failed the July 2025 \$2,000,000 Operating Account test (averaging roughly \$515,479), failed to establish and use the required WAB Capital Account, and failed to deliver the June 30, 2025 quarterly financial statements, Borrowing Base Certificate, and loan tape—on top of missed First Amendment post-closing items.

9. As of August 18, 2025, Borrower held only \$1,009.47 in the WAB Operating Account despite a required monthly average amount of \$2,000,000.

10. These facts reflect multiple Events of Default—including breach of warranty and misrepresentation and failures to perform. Certain acts and omissions of the Borrower outright eliminated the collateral of WAB. Other acts and omissions of the Borrower placed WAB’s collateral at immediate risk of dissipation and loss.

11. The Loan Documents authorize acceleration and appointment of a receiver “without notice,” and expressly carve receivership and other provisional remedies out of judicial reference to allow expedited, including ex parte, relief.

12. WAB therefore seeks money damages, enforcement of the Guaranties, and immediate appointment of a receiver (with temporary restraining order and preliminary injunction) to seize and control of cash and collateral, stop diversion and waste, and preserve the estate pending judgment.

PARTIES, JURISDICTION, AND VENUE

13. Plaintiff WAB is an Arizona corporation authorized to do business in the State of California and transacts business in Los Angeles County.

14. Borrower is a Delaware limited liability company that transacts business in the State of California and transacts business in Los Angeles County.

15. Defendant Marcil is an individual who, upon information and belief, resides in the State of California.

1 16. Defendant Stupin is an individual who, upon information and belief, resides
2 in the State of California.

3 17. The amount in controversy exceeds \$35,000, and this is an unlimited civil case
4 within the subject-matter jurisdiction of the Superior Court of California

5 18. Venue is proper in the Superior Court of California, County of Los Angeles,
6 because one or more parcels of the real property securing the Loan are situated in this
7 County.

8 19. Venue is also proper in this County because a substantial part of the
9 obligations and performance under the Loan Documents occurred or were to occur in Los
10 Angeles County, and Defendants transact business in this County. *See* Cal. Code Civ. Proc.
11 §§ 395(a), 395.5.

12 20. The Loan Documents contain forum-selection and judicial-reference
13 provisions that expressly contemplate California state-court jurisdiction and carve out
14 receivership and other provisional remedies for determination by the trial court, further
15 supporting jurisdiction and venue in this Court.

16 21. This action is not subject to the provisions of Civil Code §§ 2981 et seq. (Rees–
17 Levering Act) or §§ 1801 et seq. (Unruh Act).

18 22. In addition to the Events of Default and contractual receivership provisions
19 alleged below, WAB shows the following facts supporting ex parte appointment of a
20 receiver pursuant to Code of Civil Procedure § 564 and California Rules of Court, rule
21 3.1176:

22 23. WAB’s collateral consists of pledged mortgage loans and their cash proceeds.
23 These assets are highly liquid and subject to immediate diversion, dissipation, or
24 commingling. As described below, Borrower has already furnished doctored title policies
25 omitting senior encumbrances, pledged ineligible loans, failed to maintain required cash
26 balances, and failed to establish and use the WAB Capital Account as required. These facts
27 show that Borrower is actively concealing material information, failing core cash-
28 management duties, and diverting proceeds. During the time required for noticed motion

1 practice, WAB's collateral and cash proceeds are at imminent risk of being dissipated or
2 transferred beyond the reach of this Court, causing irreparable injury.

3 24. Upon information and belief, the Borrower, Cantor Group V, LLC, is the
4 entity in possession and control of the pledged mortgage loans, related proceeds, and
5 collateral accounts. Upon information and belief, the members of Cantor Group V, LLC
6 include:

- 7 • Ioannis Xilikakis, Member
- 8 • Andrew Stupin, Member
- 9 • Gerald Marcil, Member
- 10 • Deba Shyam, Member and Manager

11 25. These managers may be contacted through Borrower's counsel in this action.

12 26. The property subject to receivership (including, but not limited to, Collateral
13 Loans) has an aggregate face value exceeding \$100,000,000. A receiver is necessary to take
14 possession of and administer the Collateral Loans and cash proceeds to prevent further
15 diversion and dissipation. Appointment of a receiver will not stop or seriously interfere with
16 Borrower's legitimate business operations, because Borrower has already defaulted and
17 materially impaired the collateral; rather, receivership will preserve the estate for all
18 stakeholders by ensuring compliance with the BLSA's cash-management and collateral-
19 protection covenants.

20 27. To the extent any of the above information is incomplete, WAB has exercised
21 diligence in attempting to confirm facts regarding Borrower's possession, management, and
22 use of the collateral, including by review of public records, Borrower's loan-level reporting,
23 and communications with Borrower. WAB will supplement with additional details as they
24 are confirmed.

25 **THE BLSA AND COLLATERAL**

26 28. On October 28, 2024, Borrower executed the BLSA and related documents
27 for a \$100,000,000 revolving facility.

29. On July 18, 2025, the BLSA was amended by the First Amendment to Second Amended and Restated Loan Documents and Limited Waiver. Under the July 18, 2025 amendment, the facility was converted to a term loan with a maturity date of May 16, 2026. The outstanding balance of the loan is \$98,643,500.

30. The BLSA provides Borrower with a warehouse revolving line of credit. WAB advances money so Borrower can make or buy mortgage loans ("Collateral Loans"), which Borrower pledges to WAB. Borrower can draw, repay, and draw again, but only within the contract limits and only for that purpose.

31. In other words, before being converted into a term loan, the BLSA permitted Borrower to draw, repay, and re-borrow against a Borrowing Base comprised of "Eligible" pledged Collateral Loans. Each draw requires a current Borrowing Base Certificate with supporting loan-level information. (BLSA § 4.5.3; Schedule 6.7). As a term loan, no further draws are permitted. However, a Borrowing Base calculation is still performed to ensure there is adequate collateral coverage pursuant to the terms of the BLSA.

32. A pledged Collateral Loan is "Eligible" only if Borrower delivers a complete Collateral Loan Document Package—including a recordable/allonge and assignment—and WAB's lien on the underlying real property is valid, first-priority, and perfected. These are continuing duties (BLSA §§ 4.6.1(a), (c), (e)–(g); 5.3.1; 5.3.3; 5.3.10).

33. Specifically, Borrower made specific representations as of the date Collateral Loans were pledged, including:

- **Section 5.3.1:** "Subject to Permitted Exceptions (as defined below), the Mortgage *creates a first lien or a first priority ownership interest in an estate in fee simple estate in real property securing the related Collateral Note.*" (emphasis added)
- **Section 5.3.3:** "The Collateral Loan is covered by an American Land Title Association or California Land Title Association mortgage title insurance policy, or such other generally acceptable form of policy or insurance pursuant to insurance policies, and the issuer thereof is qualified to do business in the jurisdiction where the Underlying Collateral is located, and *which insures the holder of such Collateral Loan, its successors and assigns, as to the first priority lien of the Collateral Mortgage* in the original principal amount of the Collateral Loan and against any loss by reason of the invalidity or unenforceability of the lien resulting from the provisions of the Collateral Mortgage. . . . The title policy does not

1 contain any special exceptions (other than the standard exclusions) for zoning and
2 uses” (emphasis added);

- 3 • **Section 5.3.10:** “The related Mortgage *is a valid, subsisting, enforceable and*
4 *perfected first lien* on the Underlying Collateral, subject only to Permitted
5 Exceptions *The Mortgage and the Collateral Loan Note do not contain any*
6 *evidence of any security interest or other interest or right thereto. Such lien is*
7 *free and clear of all adverse claims, liens and encumbrances having priority over*
8 *the first lien of the Mortgage* subject only to (1) the lien of non-delinquent current
9 real property taxes and assessments not yet due and payable, (2) covenants,
10 conditions and restrictions, rights of way, easements and other matters of the public
11 record as of the date of recording which are acceptable to mortgage lending
12 institutions generally and specifically referred to in the lender’s title insurance
13 policy and either (A) which are referred to or otherwise considered in the appraisal
14 made in connection with the origination of the Collateral Loan, or (B) which do not
15 adversely affect the appraised value of the Underlying Collateral as set forth in
16 such appraisal and (3) other matters to which like properties are commonly subject
17 which do not materially interfere with the benefits of the security intended to be
18 provided by the Mortgage or the use, enjoyment, value or marketability of the
19 related Underlying Collateral (collectively, “Permitted Exceptions”). *Any security*
20 *agreement, chattel mortgage or equivalent document related to and delivered in*
21 *connection with the Collateral Loan establishes and creates a valid, subsisting,*
22 *enforceable and perfected first lien and first priority security interest on the*
23 *property described therein.”* (emphasis added).
- 24 • **Section 5.3.23:** “The Borrower or its trustee *is the sole legal, beneficial and*
25 *equitable owner and holder of the Collateral Loan and the indebtedness*
26 *evidenced by the Collateral Loan Note. . . . The Borrower has good, and*
27 *marketable title to and is the sole owner thereof has full right and authority to*
28 *pledge and assign the Collateral Loan to the Lender free and clear of any*
encumbrance, equity, lien, pledge, charge, claim (including, but not limited to,
any preference or fraudulent transfer claim) or security interest.” (emphasis
added)

34. If outstanding advances to Borrower exceed either the Credit Limit or the
Borrowing Base, Borrower must pay the excess (or difference between the outstanding
advances and the Credit Limit or Borrowing Base) within ten (10) business days after
demand. (BLSA § 4.1.1(a)).

35. Despite these obligations and warranties, Borrower pledged multiple
Collateral Loans that were not in first-lien position. (See BLSA Schedule 10B). And as
described below, Borrower has engaged in an egregious and fraudulent attempt to hide older,
still-of-record senior deeds of trust and foreclosure activity by furnishing “final” title

1 policies or purported policies that omit those senior encumbrances yet purport to insure
2 Borrower's lien as first priority, and by pledging loans lacking recorded security
3 instruments—thereby inflating the Borrowing Base and misrepresenting eligibility.

4 **BORROWER'S FRAUDULENT DOCTORING OF TITLE POLICIES**

5 36. Because a pledged loan is "Eligible" only if WAB's lien on the underlying real
6 property is valid, first-priority, and perfected, Borrower began providing WAB with
7 doctored title policies purporting to show that WAB's lien on the real property underlying
8 certain pledged loans was first priority. As set forth in the paragraphs below, Borrower's
9 fraudulent behavior was wide spread and systematic, spanning numerous properties that
10 comprised WAB's collateral.

11 **Fraudulent Title Report for Collateral Loan No. 26**

12 37. On October 15, 2024, Borrower's employee Jaspreet Singh Sethi provided to
13 WAB a purported Stewart Title Guaranty Company Title Policy No. M-2923-14382 dated
14 October 1, 2024 related to Collateral Loan No. 26, which involves property located at 2522
15 S. Grove Ave., Ontario, CA with property owner Conejo Riverside Group LLC.

16 38. The purported title policy shows WAB's lien on the real property underlying
17 the property as first priority:

- 18 11. Deed of Trust to secure an indebtedness in the amount shown below, and any other obligations
19 secured thereby:
Amount : \$16,500,000.00
20 Trustor : Conejo Riverside Group, LLC, a California limited liability company
Trustee : Cantor Group IV LLC, a Delaware limited liability company
Beneficiary : Cantor Group IV LLC, a Delaware limited liability company
21 Recorded : October 1, 2024 as Instrument No 2024-0235089 of Official Records

22
23 39. However, a title search run by WAB after entering into the First Amendment
24 to the BLSA shows a deed of trust for Preferred Bank for \$10,400,000 dated July 11, 2017
25 recorded July 17, 2017 in the first priority position.

EXCEPTIONS:

MORTGAGES, LIENS AND OTHER MATTERS AFFECTING TITLE:

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

DEBTOR: Conejo Riverside Group LLC, a California limited liability company

CREDITOR: Preferred Bank

TRUSTEE: Lawyers Title Company

DATED: July 11, 2017

RECORDED: July 17, 2017

RECORDED IN: Instrument Number 2017-0288429

AMOUNT: \$10,400,000.00

Absolute Assignment of Leases and Rents recorded July 17, 2017 in Instrument Number 2017-0288430.

Memorandum of Fifth Extension Agreement and Amendment to Loan Documents recorded November 22, 2023 in Instrument Number 2023-0289903.

Subordination, Non Disturbance and Attornment Agreement recorded December 19, 2023 in Instrument Number 2023-0312122.

Memorandum of Third Amendment to Deed of Trust recorded April 11, 2025 in Instrument Number 2025-0079011.

40. The purported title policy furnished by Borrower had no reference to the Preferred Bank deed of trust despite the fact the title policy provided by the Borrower should have been identical to the Title Policy provided directly from Stewart Title Guaranty Company.

41. Following the title searches that were completed post-amendment, WAB then received a copy of Title Policy No. M-2923-14382 directly from Stewart Title Guaranty Company which showed a deed of trust for Preferred Bank for \$10,400,000 dated July 11, 2017 recorded July 17, 2017 in the first priority position.

Fraudulent Title Report for Collateral Loan No. 32

42. As another example, on September 26, 2024, Borrower's employee Jaspreet Singh Sethi provided to WAB a purported Stewart Title Guaranty Company Title Policy No. M-2923-14032 dated March 28, 2024 related to Collateral Loan No. 32, which involves

property located at 23750 Alessandro Blvd, Building G, H, I, Moreno Valley, CA with property owner Alessandro Group, LLC.

43. The purported title policy shows WAB's lien on the real property underlying the property as first priority:

**CLTA STANDARD COVERAGE POLICY
SCHEDULE B – PART II**

ISSUED BY
STEWART TITLE GUARANTY COMPANY

Current owner of leasehold and any other matters affecting the interest of the lessee are not set forth herein.

17. Deed of Trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby:

Amount : \$7,750,000.00

Trustor : Alessandro Group LLC, a California limited liability company

Trustee : Cantor Group IV LLC, a Delaware limited liability company

Beneficiary : Cantor Group IV LLC, a Delaware limited liability company

Recorded : March 28, 2024 as Instrument No 2024-0091129 of Official Records

18. Rights or claims of tenants in possession whether or not shown by the Public Records.

19. Rights or claims of parties in possession whether or not shown by the Public Records.

(End of Exceptions)

44. However, a title search run by WAB after entering into the First Amendment to the BLSA shows a deed of trust for Nano Banc for \$9,720,000.00 recorded on September 9, 2019 in the first priority position.

45. The purported title policy furnished by Borrower had no reference to the Nano Banc deed of trust despite the fact the title policy provided by the Borrower should have been identical to the Title Policy provided directly from Stewart Title Guaranty Company.

46. Following the title searches that were completed post-amendment, WAB then received a copy of Title Policy No. M-2923-14032 directly from Stewart Title Guaranty Company which showed a deed of trust for Nano Banc for \$9,720,000.00 recorded on September 9, 2019 in the first priority position:

**CLTA STANDARD COVERAGE POLICY
SCHEDULE B – PART II**

ISSUED BY
STEWART TITLE GUARANTY COMPANY

Current owner of leasehold and any other matters affecting the interest of the lessee are not set forth herein.

17. Deed of Trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby:

Amount : \$9,720,000.00

Trustor : Alessandro Group LLC, a California limited liability company

Trustee : Nano Banc

Beneficiary : Nano Banc

Recorded : September 9, 2019, as [Instrument No. 2019-0350046](#), of Official Records.

Affects the Land and other property.

18. Rights or claims of tenants in possession whether or not shown by the Public Records.

19. Rights or claims of parties in possession whether or not shown by the Public Records.

20. Deed of Trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby:

Amount : \$7,750,000.00

Dated: January 3, 2024

Trustor : Alessandro Group LLC, a California limited liability company

Trustee : Cantor Group IV LLC, a Delaware limited liability company

Beneficiary : Cantor Group IV LLC, a Delaware limited liability company

Recorded : March 28, 2024 as Instrument No 2024-0091129 of Official Records

Fraudulent Title Report for Collateral Loan No. 33

47. As another example, on September 26, 2024, Borrower's employee Jaspreet Singh Sethi provided to WAB a purported Stewart Title Guaranty Company Title Policy No. M-2923-14438 dated April 3, 2024 related to Collateral Loan No. 33, which involves property located at 23750 Alessandro Blvd, Building A, B, O, N, Moreno Valley, CA with property owner Alessandro Group, LLC.

48. The purported title policy shows WAB's lien on the real property underlying the property as first priority:

17. Deed of Trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby:

Amount: \$6,500,000.00

Trustor: Alessandro Group LLC, a California limited liability company

Trustee: Cantor Group IV LLC, a Delaware limited liability company

Beneficiary: Cantor Group IV LLC, a Delaware limited liability company

Recorded: April 03, 2024, as [Instrument No. 2024-0096539](#), of Official Records.

49. However, a title search run by WAB after entering into the First Amendment to the BLSA shows a deed of trust for Nano Banc for \$9,720,000.00 dated August 29, 2019 recorded September 9, 2019:

EXCEPTIONS:

MORTGAGES, LIENS AND OTHER MATTERS AFFECTING TITLE:

DEED OF TRUST

DEBTOR: Alessandra Group LLC, a California limited liability company

CREDITOR: Nano Banc

BENEFICIARY: Nano Banc

DATED: August 29, 2019

RECORDED: September 9, 2019

RECORDED IN: Instrument Number 2019-0350046

AMOUNT: \$9,720,000.00

Modification Agreement recorded December 11, 2024 in Instrument Number 2024-0377764.

Substitution of Trustee naming First American Title Insurance Company as new Trustee, recorded May 20, 2025 in Instrument Number 2025-0152501.

Notice of Default and Election to Sell under Deed of Trust recorded May 20, 2025 in Instrument Number 2025-0152502.

50. The purported title policy furnished by Borrower had no reference to the Nano Banc deed of trust despite the fact the title policy provided by the Borrower should have been identical to the Title Policy provided directly from Stewart Title Guaranty Company.

51. Following the title searches that were completed post-amendment, WAB then received a copy of Title Policy No. M-2923-14438 directly from Stewart Title Guaranty Company which showed a deed of trust for Nano Banc for \$9,720,000.00 dated August 29, 2019 and recorded September 9, 2019 in the first priority position.

52. Of significant concern is that there was a "Notice of Default and Election to Sell under Deed of Trust" recorded on May 20, 2025.

Fraudulent Title Report for Collateral Loan No. 35

53. As another example, on October 15, 2024, Borrower's employee Jaspreet Singh Sethi provided to WAB a purported Stewart Title Guaranty Company Title Policy No.

1 M-2923-14378 dated April 3, 2024 related to Collateral Loan No. 35, which involves
2 property located at 2460 S. Grove Ave, Ontario, CA with property owner Conejo Riverside
3 Group LLC.

4 54. The purported title policy shows WAB's lien on the real property underlying
5 the property as first priority:

6 15. Deed of Trust to secure an indebtedness in the amount shown below, and any other obligations
7 secured thereby:

8 Amount : \$ 2,900,000.00

9 Trustor : Conejo Riverside Group, LLC, A California Limited Liability Company

10 Trustee : Cantor Group IV LLC, a Delaware limited liability company

11 Beneficiary : Cantor Group IV LLC, a Delaware limited liability company

12 Recorded : April 3, 2024 as Instrument No. 2024-0074068 of Official Records.

13 The beneficial interest of Cantor Group IV LLC, a Delaware limited liability company has
14 been assigned of record to Cantor Group V LLC, a Delaware limited liability company by
15 that certain document recorded April 3, 2024 by Instrument No. 2024-0074666 of Official
16 Records.

17 55. However, a title search run by WAB after entering into the First Amendment
18 to the BLSA shows a deed of trust for Preferred Bank for \$10,400,000.00 dated July 11,
19 2017 and recorded July 17, 2017:

20 **EXCEPTIONS:**

21 **MORTGAGES, LIENS AND OTHER MATTERS AFFECTING TITLE:**

22 **DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE
23 FILING**

24 **DEBTOR:** Conejo Riverside Group LLC, a California limited liability company

25 **CREDITOR:** Preferred Bank

26 **TRUSTEE:** Lawyers Title Company

27 **DATED:** July 11, 2017

28 **RECORDED:** July 17, 2017

RECORDED IN: Instrument Number 2017-0288429

AMOUNT: \$10,400,000.00

Absolute Assignment of Leases and Rents recorded July 17, 2017 in Instrument Number 2017-0288430.

Memorandum of Fifth Extension Agreement and Amendment to Loan Documents recorded November 22, 2023 in Instrument Number 2023-0289903.

Subordination, Non Disturbance and Attornment Agreement recorded December 19, 2023 in Instrument Number 2023-0312122.

Memorandum of Third Amendment to Deed of Trust recorded April 11, 2025 in Instrument Number 2025-0079011.

56. The purported title policy furnished by Borrower had no reference to the Preferred Bank deed of trust despite the fact the title policy provided by the Borrower should have been identical to the Title Policy provided directly from Stewart Title Guaranty Company.

57. Following the title searches that were completed post-amendment, WAB then received a copy of Title Policy No. M-2923-14378 directly from Stewart Title Guaranty Company which showed a deed of trust for Preferred Bank for \$10,400,000.00 dated July 11, 2017 and recorded July 17, 2017 in the first priority position.

Fraudulent Title Report for Collateral Loan No. 37

58. As another example, on April 3, 2025, Borrower's employee Jaspreet Singh Sethi provided to WAB a purported Chicago Title Insurance Company Title Policy No. FBSC2500654 dated March 21, 2025 related to Collateral Loan No. 37, which involves property located at 28207 Newhall Ranch Road, Valencia, CA with property owner Galois Group LLC.

59. The purported title policy shows WAB's lien on the real property underlying the property as first priority and references no other deeds of trust.

60. However, a title search run by WAB after entering into the First Amendment to the BLSA shows *two* deeds of trust for Preferred Bank. The first of which is for \$48,930,000.00 dated February 28, 2017 and recorded on March 8, 2017. The second is for \$1,500,000.00 dated December 4, 2023 and recorded December 8, 2023.

EXCEPTIONS:

MORTGAGES, LIENS AND OTHER MATTERS AFFECTING TITLE:

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

DEBTOR: Galois Group LLC, a California limited liability company

CREDITOR: Preferred Bank, a California banking corporation

BENEFICIARY: Commonwealth Land Title Company

DATED: February 28, 2017

RECORDED: March 8, 2017

RECORDED IN: Instrument Number 20170265806

AMOUNT: \$48,930,000.00

Memorandum of Modification of Deed of Trust, Extension Agreement and Amendment to Loan Documents, dated November 15, 2018 and recorded December 19, 2018 in Instrument Number 20181286946.

Memorandum of Modification of Deed of Trust, Extension Agreement and Amendment to Loan Documents, dated November 6, 2023 and recorded November 30, 2023 in Instrument Number 20230828723.

Memorandum of Third Amendment to Loan Documents dated September 4, 2024 and recorded October 24, 2024 in Instrument Number 20240729771.

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

DEBTOR: Galois Group LLC, a California limited liability company

CREDITOR: Preferred Bank, a California banking corporation

BENEFICIARY: Commonwealth Land Title Company

DATED: December 4, 2023

RECORDED: December 8, 2023

RECORDED IN: Instrument Number 20230857736

AMOUNT: \$1,500,000.00

Memorandum of Amendment to Loan Documents dated September 4, 2024 and recorded October 24, 2024 in Instrument Number 20240729772.

61. The purported title policy furnished by Borrower had no reference to the Preferred Bank deeds of trust despite the fact the title policy provided by the Borrower should have been identical to the Title Policy provided directly from Chicago Title Insurance Company.

62. Following the title searches that were completed post-amendment, WAB then received a copy of Title Policy No. FBSC2500654 directly from Chicago Title Insurance Company which showed *two* deeds of trust for Preferred Bank. The first of which is for \$48,930,000.00 dated February 28, 2017 and recorded on March 8, 2017. The second is for \$1,500,000.00 dated December 4, 2023 and recorded December 8, 2023.

Fraudulent Title Report for Collateral Loan No. 38

63. As another example, on April 3, 2025, Borrower's employee Jaspreet Singh Sethi provided to WAB a purported Chicago Title Insurance Company Title Policy No. FBSC2500661 dated March 21, 2025 related to Collateral Loan No. 38, which involves property located at 28251 Newhall Ranch Road, Valencia, CA with property owner Galois Group LLC.

64. The purported title policy shows WAB's lien on the real property underlying the property as first priority and references no other deeds of trust.

65. However, a title search run by WAB after entering into the First Amendment to the BLSA shows *two* deeds of trust for Preferred Bank. The first of which is for \$48,930,000.00 dated February 28, 2017 and recorded on March 8, 2017. The second is for \$1,500,000.00 dated December 4, 2023 and recorded December 8, 2023.

EXCEPTIONS:

MORTGAGES, LIENS AND OTHER MATTERS AFFECTING TITLE:

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

DEBTOR: Galois Group LLC, a California limited liability company

CREDITOR: Preferred Bank, a California banking corporation

BENEFICIARY: Commonwealth Land Title Company

DATED: February 28, 2017

RECORDED: March 8, 2017

RECORDED IN: Instrument Number 20170265806

AMOUNT: \$48,930,000.00

Memorandum of Modification of Deed of Trust, Extension Agreement and Amendment to Loan Documents dated November 15, 2018 and recorded December 19, 2018 in Instrument Number 20181286946.

Memorandum of Modification of Deed of Trust, Extension Agreement and Amendment to Loan Documents dated November 6, 2023 and recorded November 30, 2023 in Instrument Number 20230828723.

Memorandum of Third Amendment to Loan Documents dated September 4, 2024 and recorded October 24, 2024 in Instrument Number 20240729771.

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

DEBTOR: Galois Group LLC, a California limited liability company

CREDITOR: Preferred Bank, a California banking corporation

BENEFICIARY: Commonwealth Land Title Company

DATED: December 4, 2023

RECORDED: December 8, 2023

RECORDED IN: Instrument Number 20230857736

AMOUNT: \$1,500,000.00

Memorandum of Amendment to Loan Documents dated September 4, 2024 and recorded October 24, 2024 in Instrument Number 20240729772.

UCC FINANCING STATEMENT

DEBTOR: KCNS Santa Clarita LLC

SECURED PARTY: Western Equipment Finance

RECORDED: September 27, 2022

RECORDED IN: Instrument Number 20220939085

66. The purported title policy furnished by Borrower had no reference to the Preferred Bank deeds of trust despite the fact the title policy provided by the Borrower should have been identical to the Title Policy provided directly from Chicago Title Insurance Company.

67. Following the title searches that were completed post-amendment, WAB then received a copy of Title Policy No. FBSC2500661 directly from Chicago Title Insurance Company which showed *two* deeds of trust for Preferred Bank. The first of which is for \$48,930,000.00 dated February 28, 2017 and recorded on March 8, 2017. The second is for \$1,500,000.00 dated December 4, 2023 and recorded December 8, 2023.

Fraudulent Title Report for Collateral Loan No. 39

68. As another example, on April 3, 2025, Borrower's employee Jaspreet Singh Sethi provided to WAB a purported Chicago Title Insurance Company Title Policy No. FBSC2500642 dated March 21, 2025 related to Collateral Loan No. 39, which involves property located at 28301 Newhall Ranch Road, Valencia, CA with property owner Galois Group LLC.

69. The purported title policy shows WAB's lien on the real property underlying the property as first priority and references no other deeds of trust.

70. However, a title search run by WAB after entering into the First Amendment to the BLSA shows *two* deeds of trust for Preferred Bank. The first of which is for \$48,930,000.00 dated February 28, 2017 and recorded on March 8, 2017. The second is for \$1,500,000.00 dated December 4, 2023 and recorded December 8, 2023.

EXCEPTIONS:

MORTGAGES, LIENS AND OTHER MATTERS AFFECTING TITLE:

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE

FILING

DEBTOR: Galois Group LLC, a California limited liability company

CREDITOR: Preferred Bank, a California banking corporation

BENEFICIARY: Commonwealth Land Title Company

DATED: February 28, 2017

RECORDED: March 8, 2017

RECORDED IN: Instrument Number 20170265806

AMOUNT: \$48,930,000.00

Memorandum of Modification of Deed of Trust, Extension Agreement and Amendment to Loan Documents dated November 15, 2018 and recorded December 19, 2018 in Instrument Number 20181286946.

Memorandum of Modification of Deed of Trust, Extension Agreement and Amendment to Loan Documents dated November 6, 2023 and recorded November 30, 2023 in Instrument Number 20230828723.

Memorandum of Third Amendment to Loan Documents dated September 4, 2024 and recorded October 24, 2024 in Instrument Number 20240729771.

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE

FILING

DEBTOR: Galois Group LLC, a California limited liability company

CREDITOR: Preferred Bank, a California banking corporation

BENEFICIARY: Commonwealth Land Title Company

DATED: December 4, 2023

RECORDED: December 8, 2023

RECORDED IN: Instrument Number 20230857736

AMOUNT: \$1,500,000.00

Memorandum of Amendment to Loan Documents dated September 4, 2024 and recorded October 24, 2024 in Instrument Number 20240729772.

71. The purported title policy furnished by Borrower had no reference to the Preferred Bank deeds of trust despite the fact the title policy provided by the Borrower should have been identical to the Title Policy provided directly from Chicago Title Insurance Company.

72. Following the title searches that were completed post-amendment, WAB then received a copy of Title Policy No. FBSC2500642 directly from Chicago Title Insurance Company which showed *two* deeds of trust for Preferred Bank. The first of which is for \$48,930,000.00 dated February 28, 2017 and recorded on March 8, 2017. The second is for \$1,500,000.00 dated December 4, 2023 and recorded December 8, 2023.

Fraudulent Title Report for Collateral Loan No. 43

73. As another example, on April 3, 2025, Borrower's employee Jaspreet Singh Sethi provided to WAB a purported Chicago Title Insurance Company Title Policy No. FBSC2500646 dated March 21, 2025 related to Collateral Loan No. 43, which involves property located at 3700 Inland Empire Blvd, Ontario, CA with property owner Plaza Continental, LLC.

74. The purported title policy shows WAB's lien on the real property underlying the property as first priority and references no other deeds of trust.

75. However, a title search run by WAB after entering into the First Amendment to the BLSA shows *two* deeds of trust. The first deed of trust is for Preferred Bank for \$25,900,000.00 dated March 30, 2022 and recorded on April 7, 2022. The second deed of trust is for Nano Banc for \$4,333,151.35 dated November 10, 2022 and recorded January 13, 2023.

EXCEPTIONS:

MORTGAGES, LIENS AND OTHER MATTERS AFFECTING TITLE:

DEED OF TRUST, ASSIGNMENT OF RENTS ,SECURITY AGREEMENT AND FIXTURE FILING

DEBTOR: Plaza Continental Group LLC, a California limited liability company

CREDITOR: Preferred Bank, a California banking corporation

BENEFICIARY: Stewart Title fo California Inc.

DATED: March 30, 2022

RECORDED: April 7, 2022

RECORDED IN: Instrument Number 2022-0131489

AMOUNT: \$25,900,000.00

Absolute Assignment of Leases, Lease Guaranties, Rents, Issues and Profits, recorded April 7, 2022 in Instrument Number 2022-0131490.

Subordination, Nondisturbance and Attornment Agreement recorded August 15, 2022 in Instrument Number 2022-0279616.

Memorandum of Amendment to Loan Documents recorded October 3, 2024 in Instrument Number 2024-0237949.

Subordination Agreement recorded October 3, 2024 in Instrument Number 2024-0237950.

DEED OF TRUST

DEBTOR: Plaza Continental Group, LLC, a California Limited Liability Company

CREDITOR: Nano Banc

BENEFICIARY: Nano Banc

DATED: November 10, 2022

RECORDED: January 13, 2023

RECORDED IN: Instrument Number 2023-0010106

AMOUNT: \$4,333,151.35

Substitution of Trustee naming First American Title Insurance Company as new Trustee, recorded May 20, 2025 in Instrument Number 2025-0115088.

Notice of Default and Election to Sell under Deed of Trust recorded May 20, 2025 in Instrument Number 2025-0115089.

76. The purported title policy furnished by Borrower had no reference to the Preferred Bank and Nano Banc deeds of trust despite the fact the title policy provided by the Borrower should have been identical to the Title Policy provided directly from Chicago Title Insurance Company.

1 77. Following the title searches that were completed post-amendment, WAB then
2 received a copy of Title Policy No. FBSC2500646 directly from Chicago Title Insurance
3 Company which showed *two* deeds of trust for Preferred Bank and Nano Banc. The first
4 deed of trust is for Preferred Bank for \$25,900,000.00 dated March 30, 2022 and recorded
5 on April 7, 2022. The second deed of trust is for Nano Banc for \$4,333,151.35 dated
6 November 10, 2022 and recorded January 13, 2023.

7 78. Of particular concern to WAB is that there is a Notice of Default and Election
8 to Sell under Deed of Trust with regard to the Nano Banc deed of trust recorded on May 20,
9 2025.

10 **Fraudulent Title Report for Collateral Loan No. 44**

11 79. As another example, on April 3, 2025, Borrower's employee Jaspreet Singh
12 Sethi provided to WAB a purported Chicago Title Insurance Company Title Policy No.
13 FBSC2500660 dated March 21, 2025 related to Collateral Loan No. 44, which involves
14 property located at 12233 Central Ave, Chino, CA with property owner Chino Central
15 Group, LLC.

16 80. The purported title policy shows WAB's lien on the real property underlying
17 the property as first priority and references no other deeds of trust.

18 81. However, a title search run by WAB after entering into the First Amendment
19 to the BLSA shows *two* deeds of trust. The first deed of trust is for Preferred Bank for
20 \$22,400,000.00 dated August 4, 2016 and recorded on August 11, 2016. The second deed
21 of trust is for Nano Banc for \$5,990,000.00 dated January 26, 2023 and recorded June 30,
22 2023.

EXCEPTIONS:

MORTGAGES, LIENS AND OTHER MATTERS AFFECTING TITLE:

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

DEBTOR: Chino Central Group LLC, a Delaware limited liability company

CREDITOR: Preferred Bank

TRUSTEE: North American Title Company

DATED: August 4, 2016

RECORDED: August 11, 2016

RECORDED IN: Instrument Number 2016-0324243

AMOUNT: \$22,400,000.00

Absolute Assignment of Leases, Lease Guaranties, Rents, Issues and Profits recorded August 11, 2016 in Instrument Number 2016-0324244.

Memorandum of Assumption Agreement recorded January 6, 2017 in Instrument Number 2017-0007923.

Substitution of Trustee naming Preferred Bank, as new Trustee, recorded July 26, 2019 in Instrument Number 2019-0252177.

Memorandum of Modification Agreement recorded October 18, 2019 in Instrument Number 2019-0375552.

Modification Agreement recorded June 21, 2022 in Instrument Number 2022-0220576.

Modification Agreement (Memorandum of Third Amendment to Loan Documents), recorded October 1, 2024 in Instrument Number 2024-0234700.

Subordination Agreement recorded October 1, 2024 in Instrument Number 2024-0234701.

DEED OF TRUST

DEBTOR: Chino Central Group LLC, a Delaware limited liability company, as to an undivided 65.91% interest and Vineyard Village Group, LLC, a California limited liability company, as to an undivided 34.09%, as tenants in common

CREDITOR: Nano Banc

TRUSTEE: Nano Banc

DATED: January 26, 2023

RECORDED: June 30, 2023

RECORDED IN: Instrument Number 2023-0161735

AMOUNT: \$5,990,000.00

NOTE: Deed of Trust covers additional property.

1 82. The purported title policy furnished by Borrower had no reference to the
2 Preferred Bank and Nano Banc deeds of trust despite the fact the title policy provided by the
3 Borrower should have been identical to the Title Policy provided directly from Chicago Title
4 Insurance Company.

5 83. Following the title searches that were completed post-amendment, WAB then
6 received a copy of Title Policy No. FBSC2500660 directly from Chicago Title Insurance
7 Company which showed *two* deeds of trust for Preferred Bank and Nano Banc. The first
8 deed of trust is for Preferred Bank for \$22,400,000.00 dated August 4, 2016 and recorded
9 on August 11, 2016. The second deed of trust is for Nano Banc for \$5,990,000.00 dated
10 January 26, 2023 and recorded June 30, 2023.

11 **Fraudulent Title Report for Collateral Loan No. 45**

12 84. As another example, on April 3, 2025, Borrower's employee Jaspreet Singh
13 Sethi provided to WAB a purported Chicago Title Insurance Company Title Policy No.
14 FBSC2500653 dated March 21, 2025 related to Collateral Loan No. 45, which involves
15 property located at 9826 Cedar St, Bellflower, CA with property owner Cedar Street Group
16 LLC.

17 85. The purported title policy shows WAB's lien on the real property underlying
18 the property as first priority and references no other deeds of trust.

19 86. However, a title search run by WAB after entering into the First Amendment
20 to the BLSA shows *two* deeds of trust. The first deed of trust is for Umpqua Bank for
21 \$6,470,000.00 dated November 6, 2018 and recorded on November 14, 2018. The second
22 deed of trust is for Nano Banc for \$8,000,000.00 dated September 16, 2024 and recorded on
23 September 27, 2024.

EXCEPTIONS:

MORTGAGES, LIENS AND OTHER MATTERS AFFECTING TITLE:

**DEED OF TRUST AND ABSOLUTE ASSIGNMENT OF RENTS AND LEASES AND
SECURITY AGREEMENT (AND FIXTURE FILING)**

DEBTOR: Cedar Street Group, LLC, a California limited liability company

CREDITOR: Umpqua Bank

TRUSTEE: First American Title Company

DATED: November 6, 2018

RECORDED: November 14, 2018

RECORDED IN: Instrument Number 20181148482

AMOUNT: \$6,470,000.00

DEED OF TRUST

DEBTOR: Cedar Group, LLC, a California limited liability company

CREDITOR: Nano Banc

TRUSTEE: Nano Banc

DATED: September 16, 2024

RECORDED: September 27, 2024

RECORDED IN: Instrument Number 20240660094

AMOUNT: \$8,000,000.00

87. The purported title policy furnished by Borrower had no reference to the Umpqua Bank and Nano Banc deeds of trust despite the fact the title policy provided by the Borrower should have been identical to the Title Policy provided directly from Chicago Title Insurance Company.

88. Following the title searches that were completed post-amendment, WAB then received a copy of Title Policy No. FBSC2500653 directly from Chicago Title Insurance Company which showed *two* deeds of trust. The first deed of trust is for Umpqua Bank for \$6,470,000.00 dated November 6, 2018 and recorded on November 14, 2018. The second deed of trust is for Nano Banc for \$8,000,000.00 dated September 16, 2024 and recorded on September 27, 2024.

**DEFENDANTS DO NOT RESPOND WHEN CONFRONTED WITH DOCTORED
TITLE POLICIES**

89. On August 5, 2025, WAB sent Defendants a letter alerting them that while “the title policies provided by the Borrower” for the Collateral Loans referenced above “insure the Borrower’s lien as first priority, subject to no other liens,” a “recent title search” reflected that “the Borrower’s lien on the Underlying Collateral appears to be in second position.”

90. WAB requested information “as soon as possible regarding the status of title” for the Collateral Loans referenced above, by August 14, 2025 at the latest.

91. Defendants ignored the request for any information regarding the discrepancies between the Borrower-provided title policies and the title searches completed by WAB.

92. Defendants’ conduct constitutes an Event of Default under, among other provisions, BLSA Section 7.2 (“Any warranties or representations made or agreed to be made in this Agreement or in any of the other Loan Documents are breached in any material respect or shall prove to have been false or misleading in any material respect when made. Borrower shall not be entitled to a time period to cure any such default under this section.”) and BLSA Section 7.11 (“Borrower has made certain statements and disclosures in order to induce Lender to make the Loan and enter into this Agreement, and, if Borrower has made material misrepresentations or failed to disclose any material fact, Lender may treat such misrepresentation or omission as a breach of this Agreement and Borrower shall not be entitled to a time period to cure any such default.”).

**BORROWER’S FAILURE TO MAINTAIN \$2 MILLION IN MONTHLY
AVERAGE BALANCES IN ITS WAB OPERATING ACCOUNT**

93. Cash management is central to the BLSA and acts as an additional collateral source. Borrower is required to maintain its operating cash at WAB and keep a monthly average balance of at least \$2,000,000 in a WAB operating account (the “**Operating Account**”), measured each calendar month (BLSA § 6.18.4).

1 94. For the month of July 2025, the BLSA provides that the measurement runs
2 from July 18, 2025 (the date of the First Amendment) to July 31, 2025 (First Amend. § 5(a)
3 (conforming edits to BLSA § 6.18.4)).

4 95. Despite Borrower's obligations to maintain a monthly average balance of at
5 least \$2,000,000 in the Operating Account, for July 2025, Borrower maintained an average
6 of just \$515,479.32.

7 96. As of August 18, 2025, Borrower held only \$1,009.47 in the WAB Capital
8 Account despite a required monthly average amount of \$2,000,000.00.

9 97. On August 5, 2025, WAB alerted Borrower of its default under BLSA Section
10 6.18.4.

11 98. Borrower's failure to maintain at least \$2,000,000 in the Operating Account
12 for July 2025 constitutes an Event of Default that cannot be cured.

13 **BORROWER'S FAILURE TO ESTABLISH AND ROUTE FUNDS RELATED TO**
14 **COLLATERAL LOANS THROUGH A WAB CAPITAL ACCOUNT**

15 99. Borrower also agreed under the BLSA to establish and route all Collateral
16 Loans-related proceeds through a WAB Capital Account by July 18, 2025. (BLSA §§
17 6.18.8–6.18.9).

18 100. Despite Borrower's obligations, Borrower has neither established such a WAB
19 Capital Account nor remitted any of the Collateral Loans-related proceeds through any such
20 WAB Capital Account.

21 101. Borrower's failure to establish and route all Collateral Loans-related proceeds
22 through a WAB Capital Account by July 18, 2025 constitutes an Event of Default.

23 **BORROWER'S FAILURE TO PROVIDE FINANCIAL STATEMENTS**

24 102. Borrower also agreed under the BLSA to provide quarterly reporting within
25 30 days after each end of the quarter (including the calendar quarter ending June 30, 2025).

26 103. Quarterly reporting includes (i) financial statements, (ii) a Borrowing Base
27 Certificate, and (iii) a portfolio loan tape (BLSA Schedule 6.7, including §§ 6.7.4, 6.7.8,
28

1 6.7.11). An updated Borrowing Base calculation is required on a monthly basis under the
2 First Amendment to the BLSA. (*See* BLSA § 6.7.8).

3 104. Despite Borrower’s obligations, Borrower did not provide WAB with its
4 interim financial statements, a borrowing base certificate, or a quarterly portfolio loan tape
5 covering all borrower loans.

6 105. On August 5, 2025, WAB alerted Borrower of its breach of BLSA Schedule
7 6.7 Sections 6.7.4, 6.7.8, and 6.7.11.

8 106. Borrower’s failure to provide the above-referenced required documentation
9 constitutes an Event of Default.

10 **BORROWER’S FURTHER WRONGFUL CONDUCT AND BLSA’S REMEDIES**

11 **PROVISIONS**

12 107. While any Event of Default exists, Borrower may not make distributions to
13 owners (BLSA § 6.8). On information and belief, Borrower has diverted and/or risks
14 diverting collateral proceeds in violation of the cash-management covenants.

15 108. Upon an Event of Default, WAB may accelerate, cease further advances, and
16 seek appointment of one or more receivers “without notice” (BLSA §§ 8.1, 8.2). The
17 judicial-reference clause expressly carves out receivership and other provisional remedies,
18 including expedited and ex parte relief (BLSA § 9.22.2(3)).

19 109. The BLSA grants WAB attorney-in-fact powers after default to protect and
20 realize on collateral and proceeds (see BLSA § 8 and related power-of-attorney provisions).

21 **GUARANTY AGREEMENTS**

22 110. The Guaranty Agreements are absolute and unconditional guarantees of
23 payment, include waivers (including anti-deficiency and election-of-remedies waivers), and
24 survive collateral actions; the Guarantors failed to pay after demand.

25 111. On or about October 28, 2024, Defendant Andrew Stupin executed an
26 “Amended and Restated Commercial Guaranty” in favor of WAB (the “Stupin Guaranty”).
27 In it, “Credit” is defined broadly to mean any and all obligations owed by Borrower to WAB
28

1 under the BLSA, whether absolute or contingent, secured or unsecured, renewed or
2 modified.

3 112. Similarly, on or about October 28, 2024, Defendant Gerald J. Marcil executed
4 an “Amended and Restated Commercial Guaranty” in favor of WAB (the “Marcil Guaranty”
5 and with the Stupin Guaranty, the “Guaranty Agreements”). It uses the same broad definition
6 of “Credit,” tied to the BLSA.

7 113. The Guaranty Agreements guarantee payment (not collection) under the
8 BLSA, permitting WAB to collect directly from each Guarantor and without first foreclosing
9 under the BLSA.

10 114. Under the Stupin Guaranty, Stupin must pay, on demand, forty-five percent
11 (45%) of the “Credit,” plus the “Additional Guaranteed Obligations,” and the fees, costs and
12 expenses described in paragraph 21 of the Stupin Guaranty.

13 115. Under the Marcil Guaranty, Marcil must pay, on demand, five percent (5%)
14 of the “Credit,” plus the “Additional Guaranteed Obligations,” and similar fees, costs and
15 expenses described in paragraph 21 of the Marcil Guaranty.

16 116. “Additional Guaranteed Obligations” in both Guaranty Agreements expressly
17 include losses WAB suffers from, among other things: (i) fraud or intentional
18 misrepresentation by Borrower or its officers/agents in connection with the Loan Documents
19 or any certifications or warranties; (ii) misapplication of collections or other amounts
20 relating to the Collateral; (iii) failure to deliver or grant a valid security interest in Collateral;
21 and (iv) sales/transfers/encumbrances of Collateral in violation of the Loan Documents.

22 117. The Guaranty Agreements contain extensive waivers, including waivers of
23 defenses and rights under California Code of Civil Procedure §§ 580a, 580b, 580d, and 726;
24 waivers based on election of remedies; and waivers of presentment and numerous notices.

25 118. The Guaranty Agreements also: (a) make each Guarantor jointly and severally
26 liable if there is more than one guaranty; (b) state each Guarantor’s obligations are
27 independent and WAB may sue a Guarantor separately; (c) grant WAB setoff/security
28 interests in the Guarantor’s property at WAB; (d) revive obligations if a payment is later

1 avoided as fraudulent/preferential; and (e) require the Guarantor to pay WAB's enforcement
2 costs and attorneys' fees.

3 119. Given the Borrower defaults already pleaded (including doctoring title policies
4 to hide senior liens, misrepresenting first-lien status, failing cash-management covenants,
5 and missing required deliverables), the Guarantors' obligations have been triggered: the
6 doctored-title conduct and related misstatements fall squarely within the "Additional
7 Guaranteed Obligations," and the payment guaranties are absolute and unconditional.

8 120. WAB is entitled to judgment against the Guarantors for their respective
9 guaranteed shares of the Credit, plus all "Additional Guaranteed Obligations," and all fees,
10 costs and attorneys' fees recoverable under the Guaranty Agreements.

11 121. All conditions precedent to WAB's demands under the Guaranty Agreements
12 and BLSA have occurred, been satisfied, or are excused.

13 **FIRST CAUSE OF ACTION – BREACH OF CONTRACT**

14 **(AGAINST BORROWER)**

15 122. WAB incorporates by reference all prior paragraphs as if they were fully set
16 forth herein.

17 123. The BLSA is a valid and enforceable contract.

18 124. WAB performed all obligations under the BLSA (or any relevant obligations
19 have been excused).

20 125. Borrower breached the BLSA by, among other things: (a) pledging loans that
21 were not first-lien and providing title policies that omitted senior liens (*see, e.g.*, BLSA
22 §§5.3.1, 5.3.3, 5.3.10, 5.3.23); (b) failing to maintain the required monthly average in the
23 Operating Account for July 2025 (*see, e.g.*, BLSA §6.18.4; First Amend. §5(a)); (c) failing
24 to establish and use the WAB Capital Account and route proceeds (*see, e.g.*, BLSA
25 §§6.18.8–6.18.9); (d) failing to deliver quarterly financial statements, a Borrowing Base
26 Certificate, and the portfolio loan tape for the quarter ended June 30, 2025 (*see, e.g.*,
27 Schedule 6.7, including §§6.7.4, 6.7.8, 6.7.11); and (e) failing to remove ineligible loans and
28 pay down any resulting excess (*see, e.g.*, BLSA §§4.6.3, 4.1.1(a)).

126. Borrower's breaches constitute Events of Default under, among other sections, BLSA Sections 7.1, 7.2, and/or 7.11.

127. WAB has been damaged in an amount to be proven at trial, including principal, interest (and default interest as applicable), late charges, fees, and costs.

SECOND CAUSE OF ACTION – BREACH OF GUARANTY AGREEMENTS
(AGAINST MARCIL AND STUPIN)

128. WAB incorporates by reference all prior paragraphs as if they were fully set forth herein.

129. The Guaranty Agreements are valid, binding guarantees of payment. They permit WAB to proceed directly against each Guarantor and include broad waivers.

130. Borrower is in Event(s) of Default, as pleaded.

131. The Guaranty Agreements obligate Stupin to pay 45% of the Credit and Marcil to pay 5% of the Credit, plus "Additional Guaranteed Obligations," and WABs enforcement fees and costs.

132. Despite demand, the Guarantors have failed and refused to pay their obligations under the Guaranty Agreements.

133. WAB is entitled to judgment against the Guarantors for their guaranteed shares of the Credit, all "Additional Guaranteed Obligations," and all fees and costs.

THIRD CAUSE OF ACTION – APPOINTMENT OF RECEIVER
(AGAINST BORROWER)

134. WAB incorporates by reference all prior paragraphs as if they were fully set forth herein.

135. The BLSA authorizes appointment of a receiver "without notice" upon default (BLSA § 8.2), and the judicial-reference clause expressly carves out receivership and other provisional remedies for expedited or *ex parte* relief (BLSA § 9.22.2(3)).

136. Receivership is also proper under Cal. Code Civ. Proc. §564(b), including (but not limited to) subsections (6), (9), and (11), because the pledged loans and proceeds are in

1 danger of waste, loss, diversion, and impairment, and a receiver is necessary to preserve the
2 property and enforce WAB's security and cash-management rights.

3 137. WAB seeks appointment of a receiver with customary powers to take
4 possession of, manage, collect, and preserve the pledged loans and proceeds, to implement
5 the BLSA cash-management waterfall, and to otherwise protect the collateral pending
6 judgment, together with temporary restraining order and preliminary injunction in aid of the
7 receivership.

8 **FOURTH CAUSE OF ACTION – SPECIFIC PERFORMANCE / TURNOVER**
9 **(AGAINST BORROWER)**

10 138. WAB incorporates by reference all prior paragraphs as if they were fully set
11 forth herein.

12 139. Monetary damages alone are inadequate because Borrower's performance
13 concerns unique collateral administration, lien perfection, delivery of specific instruments,
14 and routing of identifiable proceeds.

15 140. WAB seeks orders compelling Borrower to: (a) maintain and comply with
16 cash-management requirements, including Operating Account and WAB Capital Account
17 obligations (BLSA §6.18.4; §§6.18.8–6.18.9; First Amend. §5(a)); (b) deliver all Collateral
18 Loan Documents and title policies required by the BLSA and First Amendment, including
19 recorded mortgages/assignments and missing items; and (c) remove ineligible loans from
20 the Borrowing Base and pay down any resulting excess (BLSA §§4.6.3, 4.1.1(a)).

21 **FIFTH CAUSE OF ACTION – DECLARATORY RELIEF**
22 **(AGAINST DEFENDANTS)**

23 141. WAB incorporates by reference all prior paragraphs as if they were fully set
24 forth herein.

25 142. An actual controversy exists concerning WAB's rights and Defendants'
26 obligations under the BLSA, the First Amendment, the Note, and the Guaranties, including
27 WAB's rights to accelerate, cease further advances, appoint a receiver, compel turnover, and
28 recover from the Guarantors.

143. WAB seeks a judicial declaration of, among other things, that:

(a) Events of Default have occurred and are continuing under the BLSA, including §§ 7.2 (breach of warranty), 7.11 (misrepresentation/non-disclosure), and 7.1 (failure to perform covenants), by reason of the doctored/defective title policies and non-first-lien pledges, cash-management breaches, missing deliverables, and related conduct pled above;

(b) WAB may accelerate all indebtedness and cease further advances (BLSA § 8.1) and otherwise enforce all Loan-Document remedies;

(c) WAB may remove any ineligible/withdrawn loans from the Borrowing Base and require a pay-down of any resulting excess within ten (10) Business Days after demand (BLSA §§ 4.6.3, 4.1.1(a));

(d) WAB is entitled to appointment of a receiver without notice under BLSA § 8.2 and under Cal. Code Civ. Proc. § 564(b)(6), (9), and (11), and receivership/provisional remedies are expressly carved out of judicial reference for expedited/ex parte relief (BLSA § 9.22.2(3));

(e) Borrower must comply with cash-management, including maintaining the Operating Account monthly average and establishing/using the WAB Capital Account and routing all collateral-related proceeds through it, with immediate turnover of all collections and proceeds to WAB/the receiver (BLSA § 6.18.4; §§ 6.18.8–6.18.9);

(f) Borrower must deliver all Collateral Loan Documents and title policies required by the Loan Documents (including recorded mortgages/assignments) and remove any pledged loan that fails eligibility (BLSA §§ 4.6.1–4.6.3; First Amendment §§ 11–12);

(g) While any Event of Default exists, Borrower is prohibited from making owner distributions (BLSA § 6.8);

(h) WAB may exercise the attorney-in-fact powers provided in the BLSA to protect and realize on collateral;

(i) Defendants Andrew Stupin and Gerald J. Marcil are liable under their Amended and Restated Commercial Guaranties for payment on demand of their respective

1 45% and 5% shares of the Credit, all “Additional Guaranteed Obligations,” and WAB’s
2 enforcement fees/costs; WAB may proceed directly against them without first foreclosing;
3 and the guaranty waivers (including CCP §§ 580a, 580b, 580d, 726 and election-of-
4 remedies) are enforceable;

5 (j) WAB is entitled to recover its reasonable attorneys’ fees, costs,
6 contract/default interest, late charges, and other agreed charges under the Loan Documents
7 and Guaranties; and

8 (k) WAB may set off amounts owed to it against any funds or property of
9 Borrower or the Guarantors in WAB’s possession, and any payments later avoided as
10 preferences or fraudulent transfers are reinstated as obligations under the guaranty revival
11 provisions.

12 **SIXTH CAUSE OF ACTION – FRAUD IN THE INDUCEMENT (ALTERNATIVE**
13 **TO BREACH OF CONTRACT)**
14 **(AGAINST BORROWER)**

15 144. WAB incorporates by reference all prior paragraphs as if they were fully set
16 forth herein.

17 145. Prior to and at the time of entering into the BLSA and related Loan
18 Documents, Borrower made false and fraudulent representations of material fact, including
19 but not limited to representations that (a) all pledged Collateral Loans were secured by valid,
20 perfected, first-priority liens; (b) the title policies furnished to WAB reflected the true lien
21 status of the pledged Collateral Loans; and (c) Borrower had good, marketable title to the
22 Collateral Loans free and clear of encumbrances having priority over WAB’s interest.

23 146. These representations were false. In truth, many pledged Collateral Loans
24 were junior to older, still-of-record deeds of trust and were already subject to foreclosure
25 proceedings. Borrower, through its employees and agents, knowingly created and furnished
26 doctored title policies that omitted these senior encumbrances, and then presented those
27 doctored policies to WAB to induce WAB to extend and amend the Loan.

147. Borrower knew these representations were false when made, or made them recklessly and without regard for their truth, with the intent that WAB rely on them.

148. WAB reasonably and justifiably relied on Borrower's misrepresentations in deciding to extend the Loan, enter into the BLSA and First Amendment, advance funds, and accept the purported collateral as security.

149. As a direct and proximate result of Borrower's fraud, WAB has suffered damages in an amount to be proven at trial, including but not limited to principal advances outstanding, lost interest, fees, and costs, and is further entitled to punitive damages because Borrower acted with malice, oppression, and fraud.

150. Borrower holds or has diverted identifiable proceeds, collections, and other sums arising from pledged Collateral Loans that are subject to WAB's security interests, cash-management covenants, and turnover obligations.

151. The amount of such proceeds cannot be ascertained without an accounting. Equity requires an accounting and imposition of a constructive trust over all proceeds and related accounts in favor of WAB, pending final judgment.

SEVENTH CAUSE OF ACTION – NEGLIGENT MISREPRESENTATION
(ALTERNATIVE TO BREACH OF CONTRACT AND FRAUDULENT
INDUCEMENT CLAIM)
(AGAINST BORROWER)

152. WAB incorporates by reference all prior paragraphs as if fully set forth herein.

153. In connection with the BLSA, First Amendment, and related Loan Documents, Borrower represented to WAB that (a) each pledged Collateral Loan was secured by a valid, perfected, first-priority lien; (b) the title policies furnished to WAB accurately reflected lien priority and insured first-lien status; and (c) Borrower had good, marketable title to the Collateral Loans free and clear of encumbrances having priority over WAB's interest.

154. These representations were false. In truth, many pledged Collateral Loans were junior to existing, still-of-record senior deeds of trust and, in some cases, already subject to foreclosure.

1 155. At the time the representations were made, Borrower had no reasonable
2 grounds for believing them to be true. Borrower either (a) knew of the existing senior liens
3 and foreclosure activity, or (b) acted without exercising reasonable care or competence to
4 verify lien status before making the representations to WAB.

5 156. WAB reasonably and justifiably relied on Borrower's representations in
6 deciding to enter into the BLSA and First Amendment, advance funds, and accept the
7 purported collateral as security.

8 157. As a direct and proximate result of Borrower's negligent misrepresentations,
9 WAB has suffered damages in an amount to be proven at trial, including but not limited to
10 principal advances outstanding, lost interest, fees, and costs.

11 **WHEREFORE**, WAB prays for judgment against Defendants as follows:

12 A. Against Borrower for all amounts due under the BLSA and related Loan
13 Documents, including principal, accrued and default interest (as applicable), late charges,
14 attorneys' fees, and costs;

15 B. Against the Guarantors, jointly and severally, for all amounts owing under
16 their Guaranty Agreements, including their guaranteed shares, "Additional Guaranteed
17 Obligations," and attorneys' fees and costs;

18 C. Appointing, without bond or on such bond as the Court deems appropriate, a
19 receiver with customary powers to take possession of, manage, collect, and preserve the
20 collateral and proceeds, and granting related injunctive relief;

21 D. Ordering specific performance and turnover;

22 E. Declaring the parties' rights and obligations as set forth above;

23 F. Awarding WAB compensatory damages in an amount to be proven at trial,
24 together with punitive and exemplary damages sufficient to punish and deter Defendants'
25 fraudulent conduct;

26 G. Decreeing rescission of the BLSA, First Amendment, Note, and related Loan
27 Documents (in the alternative), cancellation of such instruments, restitution to WAB of all
28

1 amounts advanced under the Loan, disgorgement of collateral proceeds wrongfully diverted,
2 and restoration of the status quo ante, with offsets as equity requires;

3 H. Awarding WAB its attorneys' fees and costs, and pre- and post-judgment
4 interest at the contract and legal rates; and

5 I. Granting all further relief the Court deems just and proper.

6
7 DATED: August 18, 2025

BALLARD SPAHR LLP

8
9 By: /s/Craig Solomon Ganz

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Attorneys for Plaintiff Western Alliance Bank

VERIFICATION

I, Al Thuma, declare:

I am the Senior Vice President and Division Chief Credit Officer at Western Alliance Bank.

I have read the foregoing Verified Complaint and know the contents thereof. I have reviewed Western Alliance Bank's records and on that basis I am informed and believe or, based upon my personal knowledge know, that the matters stated in the Verified Complaint are true, except as to those matters which are therein stated on information and belief, and as to those matters, I believe it to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

DATED: August 18, 2025

Signed by:
Al Thuma
By: _____
Al Thuma

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