

ORIGINAL

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DEC - 6 2019

By: R. Cersosimo, Clerk

Attorneys for Defendant DAVID ARAMBULA

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN DIEGO – HALL OF JUSTICE

CHRISTOPHER WILLIAMS,

Plaintiff,

v.

DAVID ARAMBULA; CITY OF LEMON GROVE; and DOES 1 through 1,000,

Defendants.

Case No. 37-2018-00023369-CU-PO-CTL
[Complaint Filed: May 11, 2018]

Judge: Hon. Richard S. Whitney
Dept: C-68

DEFENDANTS' MOTION IN LIMINE TO PRECLUDE PLAINTIFF FROM PRESENTING EVIDENCE OF LOST BUSINESS PROFITS; DECLARATION OF EMILY M. STRAUB

[MIL No. 18 of 22]

Trial Date: December 13, 2019

TO THE COURT, ALL PARTIES, AND THEIR COUNSEL OF RECORD:

PLEASE TAKE NOTICE that Defendant David Arambula hereby moves the Court, on behalf of the defense, for an order precluding Plaintiff Christopher Williams and his counsel of record from presenting evidence concerning plaintiff's claim of lost profits from his prospective marijuana dispensaries in the City of Lemon Grove.

This motion is based on the supporting memorandum of points and authorities, the pleadings and papers on file in this action, the accompanying declaration of Emily M. Straub, and upon such argument and evidence as may be presented prior to or at the hearing of this matter.

FAXED

1 **I. INTRODUCTION**

2 Plaintiff did not designate any expert witnesses in this case. Since plaintiff cannot present
3 the jury with expert opinions concerning his claim for lost profits from his prospective marijuana
4 dispensaries or his business model, the defense anticipates plaintiff will attempt to use his own
5 testimony and documentary evidence to establish lost profits. But plaintiff has no reliable evidence
6 to demonstrate with reasonable certainty the occurrence and extent of his lost profits. Plaintiff's
7 claim for lost profits is based on pure speculation with no foundation in economic reality or actual
8 past performance. Plaintiff must therefore be precluded from presenting the jury with evidence
9 bearing on his claim for lost profits.

10 **II. AUTHORITY FOR MOTION**

11 A motion *in limine* is the appropriate method "to preclude the presentation of evidence
12 deemed inadmissible and prejudicial by the moving party." (*Blanks v. Seyfarth Shaw, LLP* (2009)
13 171 Cal.App.4th 336, 375.) The important purpose served by such motion is "to avoid the
14 obviously futile attempt to "unring the bell" in the event a motion to strike is granted in the
15 proceedings before the jury." (*Hyatt v. Sierra Boat Co.* (1978) 79 Cal.App.3d 325, 337.)

16 **III. PLAINTIFF'S LOST PROFITS CLAIM IS COMPLETELY SPECULATIVE**

17 There can be no recovery of prospective lost profits unless "the evidence makes reasonably
18 certain their occurrence and extent." (*Grupe v. Glick* (1945) 26 Cal.2d 680, 693.) Indeed, "[l]ost
19 anticipated profits cannot be recovered if it is uncertain whether any profit would have been
20 derived at all from the proposed undertaking." (*S.C. Anderson, Inc. v. Bank of America N.T. &*
21 *S.A.* (1994) 24 Cal.App.4th 529, 536.) The projection of a viable future business, without more,
22 does not satisfy evidentiary requirements. (*Kids' Universe v. In2Labs* (2002) 95 Cal.App4th 870
23 at 887-888.) Likewise, a mere plan for how things are anticipated to work out will not suffice.
24 (*Greenwich S.F., LLC v. Wong* (2010) 190 Cal.App.4th 739, 743, 763 (Future profits found to be
25 "uncertain, hypothetical and entirely speculative" where based on testimony about what the subject
26 property would have been worth if developed according to plans and specifications.))

27 A lost profits claim for a prospective business must be based on "evidence of reasonable
28 reliability." (*Grupe v. Glick, supra*, 26 Cal.2d at 693.) Moreover, plaintiff must be able to "show

1 loss of net pecuniary gain, not just loss of gross revenue.” (*Kids’ Universe v. In2Labs, supra*, 95
2 Cal.App4th at 884.) In addition to utilizing expert opinions, plaintiff must be capable of presenting
3 evidence of things such as: a prior track record of success in a similar business, specific economic
4 or financial information, a market survey, and the like. (*Id.* at 884-885, 887-888.) In *Sargon*
5 *Enterprises, Inc. v. University of Southern California* (2012) 55 Cal.4th 747, the California
6 Supreme Court instructs: “Historical data, such as past business volume, supply an acceptable
7 basis for ascertaining lost future profits. In some instances, lost profits may be recovered where
8 plaintiff introduces evidence of the profits lost by similar businesses operating under similar
9 conditions.” (*Id.* at 774 (internal quotation marks and citations omitted).)

10 Here, plaintiff claims he lost “millions of dollars” from his prospective dispensaries as a
11 result of the subject physical altercation between himself and Mr. Arambula. (*See* excerpts of the
12 January 8, 2019 deposition of plaintiff attached as Exhibit 1 to Declaration of Emily M. Straub
13 (“Straub Decl.”) at 330:6-9, 331:18-332:16.) But plaintiff’s claim is a product of nothing more
14 than complete speculation. (Ex. 1 at 330:6-9, 331:18-332:16.) Plaintiff has no reliable evidence to
15 prove the existence or amount of his loss with reasonable certainty. Plaintiff admits he is not an
16 appraiser. (Ex. 1 at 331:23, 332:6-10.) Plaintiff also admits he has not actually calculated his past
17 or future income loss. (Ex. 1 at 336:12-25.) What is more, Plaintiff has never operated or otherwise
18 worked at a marijuana dispensary. (Ex. 1 at 79:23-80:1; *see* excerpts of the September 24, 2019
19 deposition of plaintiff attached as Exhibit 2 to Straub Decl. at 457:22-458:1.) He has no experience
20 with marijuana sales in any capacity. (Ex. 1 at 80:9-12; Ex. 2 at 457:22-458:1.) Prior to
21 endeavoring to open dispensaries in the City of Lemon Grove, plaintiff had never before invested
22 money in any marijuana dispensary businesses. (Ex. 2 at 458:2-6.) Plaintiff therefore has no
23 historical data to prove up his purported lost profits.

24 Historical data aside, plaintiff has no anticipated date for opening a dispensary. (Ex. 2 at
25 477:8-479:4.) Why? Plaintiff does not yet have a conditional use permit for the one location for
26 which he was able to obtain zoning clearance. The other locations cannot even obtain zoning
27 clearance because they are too close to schools and/or day care centers. All that plaintiff has to
28 show the jury is a business idea backed by nothing more than baseless assumptions. Plaintiff does

1 not even know how many employees he is going to need to run one dispensary. (Ex. 2 at 481:6-
2 17.) Plaintiff assumes his odds of success with a marijuana dispensary business are at least 50%.
3 (Ex. 2 at 472:25-473:18.) Interestingly, plaintiff does not know if his projected odds of success are
4 incorporated into his business plan. (Ex. 2 at 473:19-474:12.) Despite plaintiff's projected odds of
5 success, he concedes "[e]ight out of ten businesses close in the first two years." (Ex. 2 at 473:6-
6 8.) Even with this concession, plaintiff still assumes each of his dispensaries will be profitable
7 after only one year in operation. (Ex. 2 at 479:17-480:19.) And, while plaintiff claims he was "a
8 hundred percent sure" he would be getting multiple permits to open dispensaries, he currently has
9 none. (Ex. 2 at 474:8-12.) Plaintiff assumed he would be able to get through the application,
10 permit, and buildout process, and open his dispensary in jury one year's time, but that assumption
11 has also proven to be wrong. (Ex. 2 at 476:5-477:7.)

12 Equally noteworthy: plaintiff has no investors for any of the prospective dispensary
13 locations. (Ex. 2 at 492:25-493:5, 14-18.) Plaintiff believes there are people interested in investing
14 in his prospective dispensary businesses, but there are no firm commitments or agreed upon business
15 terms, and nobody will otherwise agree to invest any money until plaintiff obtains conditional use
16 permits. (Ex. 2 at 497:5-498:1.) Plaintiff does not even have a list of contact information for these
17 alleged prospective investors. (Ex. 2 at 493:6-9.) There is currently no money for plaintiff's
18 prospective dispensary businesses to utilize. (Ex. 2 at 484:18-485:2.) Plaintiff has no idea where
19 he is going to get that money. (Ex. 2 at 489:4-490:14) He is simply "open to the best deal [that is]
20 going to be most attractive, the most beneficial to the project in its totality." (Ex. 2 at 490:6-11.)
21 In plaintiff's mind, this "could be an investor, could be a loan, could be a merger and acquisition."
22 (Ex. 2 at 490:6-14.)

23 In view of the above laundry list of evidentiary shortcomings, it is clear plaintiff has no
24 reliable evidence to demonstrate with reasonable certainty the occurrence or extent of his
25 purported lost profits. Plaintiff should therefore be precluded from presenting the jury with any
26 evidence bearing on his claim for lost profits.

27 ///

28 ///

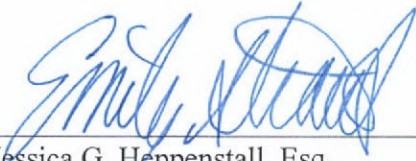
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IV. CONCLUSION

For all of the foregoing reasons, Mr. Arambula respectfully requests the Court grant this motion and issue and order precluding plaintiff and his counsel from introducing evidence concerning plaintiff's claim for lost profits.

Dated: December 5, 2019

TYSON & MENDES

By: 

Jessica G. Heppenstall, Esq.
Emily M. Straub, Esq.
Attorneys for Defendant DAVID ARAMBULA

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DECLARATION OF EMILY M. STRAUB

I, Emily M. Straub, Esq., declare as follows:

1. I am an attorney at law duly licensed to practice in all courts of the State of California.

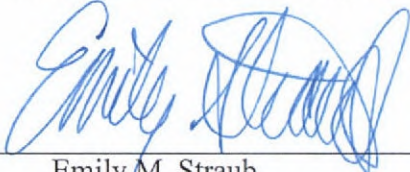
2. I am a counsel of record for Defendant David Arambula, and offer this declaration in support of the corresponding motion *in limine*.

3. The following facts are based on my own personal knowledge, and if called upon I could and would testify competently thereto.

4. Attached hereto as Exhibit 1 is a true and correct copy of select transcript excerpts from the first volume of deposition of Christopher Williams on January 8, 2019.

5. Attached hereto as Exhibit 2 is a true and correct copy of select transcript excerpts from the second volume of deposition of Christopher Williams on September 24, 2019.

I declare under penalty of perjury under the laws of the State of California, that the foregoing is true and correct and that this declaration was executed this 5th day of December, 2019, at La Jolla, California.



Emily M. Straub

EXHIBIT 1

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN DIEGO-HALL OF JUSTICE

CHRISTOPHER WILLIAMS,)	Case No.
)	37-2018-00023369
Plaintiff,)	CU-PO-CTL
)	
v.)	
)	
DAVID ARAMBULA, CITY OF)	
LEMON GROVE, and DOES 1)	
through 1,000,)	
)	
Defendants.)	

VIDEOTAPED DEPOSITION OF CHRISTOPHER WILLIAMS
San Diego, California
January 8, 2019
VOLUME 1

REPORTED BY: BOBBIE HIBBLER, CSR NO. 12475

1 A. 6915 -- I'll go in chronological order
2 at least to the best of my recollection. 8260
3 Broadway, Lemon Grove, California. 6915 through
4 35 North Avenue, Lemon Grove, California. 2295
5 Lemon Grove Avenue, Lemon Grove, California. 8280
6 Broadway, Lemon Grove, California. And I can't
7 recall the exact address on the one that I
8 attempted to apply for Harris Street.

9 Q. So would the attempt at Harris Street
10 would that be the fifth application you were
11 speaking of? You said four to five applications,
12 so I just want to make sure.

13 A. Yes. And I recently within the last
14 couple of weeks have re-applied again for 2295
15 Lemon Grove Avenue and 8260 Broadway.

16 Q. So that would be some time in January of
17 2019 that you submitted these applications?

18 A. I believe the 2295 and the 8260 was a
19 day or two before the winter break.

20 Q. So sometime in December of 2018; is that
21 right?

22 A. Yes, ma'am.

23 Q. Now have you ever operated a medical --
24 excuse me. Have you ever operated a medical
25 marijuana dispensary before in your life?

1 **A. Never.**

2 **Q. Why get into that business now?**

3 MR. BRIGGS: Objection. It's outside
4 the scope of discovery and invades his right of
5 privacy. He's not going to answer that question.

6 MS. STRAUB: We're going to go ahead and
7 mark the record please.

8 BY MS. STRAUB:

9 **Q. Do you have any experience marketing --**
10 **do you have any prior business experience selling**
11 **marijuana?**

12 **A. Never.**

13 **Q. Do you have any prior business**
14 **experience marketing the sale of marijuana?**

15 A. No. I do own a newspaper.

16 **Q. We'll talk a little bit about that. But**
17 **right now I'm just looking at the sale of**
18 **marijuana itself, not publications.**

19 A. I've never been in a cannabis business
20 before.

21 **Q. Okay. What's your interest in the**
22 **cannabis business?**

23 MR. BRIGGS: Objection. Outside the
24 scope of discovery and violates his right of
25 privacy. I'm instructing him not to answer.

1 making a claim for lost income?

2 A. No. I'm telling you the facts that I'm
3 not an attorney, and I don't fill out the
4 paperwork. And so I don't know how it's
5 categorized. I believe I'm out a whole lot.

6 Q. How would you categorize the money that
7 you are claiming in this lawsuit?

8 A. Categorize as missed opportunities,
9 eroding opportunities.

10 Q. I'm sorry, which opportunities was the
11 second one?

12 A. Eroding opportunities.

13 Q. Eroding opportunities?

14 A. Yeah. But I don't know if that's a
15 word.

16 Q. Okay.

17 A. But eroding opportunities. So that's
18 how I would categorize it. But, again, I'm not an
19 attorney. So the language and the definitions I
20 will leave that up to you guys.

21 Q. Okay. What are the missed opportunities
22 that you would attribute to this incident?

23 A. What are the missed opportunities?

24 Q. (Nods head in the affirmative.)

25 A. For, what, the first three or four days

1 I couldn't even get out of bed, so I couldn't do
2 any business. The others is, you know, this
3 happened a couple of days before my appeal and I
4 was denied what I believe wrongfully on the
5 appeal. And I believe this incident had something
6 to do with that.

7 Q. Okay. Any other missed opportunities
8 that you would attribute to the incident?

9 A. Just what was filed, you know. I'm not
10 an attorney so I don't know how it was filed. So
11 I just want to give you what I actually can give
12 you the facts of.

13 Q. That's the only thing you can testify to
14 those two missed incidents of missed
15 opportunities, then that's what we're going to
16 have to go with because I'm looking for your
17 understanding and your personal knowledge of what
18 you're claiming in this case. So if your only
19 understanding of missed opportunities are the two
20 that you mentioned, then we can leave it at that.
21 Is there anything else you want to talk about in
22 terms of missed opportunities?

23 A. I'm not an appraiser. I'm not, you know
24 -- I'm not an attorney. I feel like this incident
25 specifically because of Arambula cost me millions.

1 But I can't just go right there. I would love to,
2 you know. So that's how I leave it. And I'm
3 genuine and honest about it. It cost me millions
4 of dollars that I probably will never be able to
5 get back.

6 Q. How did you come up with that figure
7 millions of dollars?

8 A. Because you asked me how I felt and what
9 it was about. And, again, I said I'm not an
10 appraiser. I'm not an attorney. I can read Wall
11 Street Journal and look at CNN. I can see the
12 valuations that these particular properties are,
13 you know, getting in the millions, if not higher.
14 And because of the retaliation, because of this
15 incident, because of multiple factors I believe
16 that I missed out on those opportunities.

17 Q. So the opportunities you're speaking of
18 have to do with the medical marijuana
19 dispensaries; is that right?

20 A. no. The opportunity I'm speaking of has
21 to start with the medical marijuana opportunities.
22 But, again, I do a lot of things in the city and
23 all of that has been changed. Now I'm looked at
24 different, a whole bunch of different things when
25 it comes to doing business because of this

1 A. When it comes to business?

2 Q. Anything we haven't already talked about
3 that you would attribute to this incident?

4 A. Well, a lot of it we talked about
5 already.

6 Q. So anything new that we haven't already
7 covered of missed opportunities that you would
8 attribute to the --

9 A. At this point I wouldn't say there's
10 anything new that we haven't already discussed
11 over this period of time or today, excuse me.

12 Q. Okay. Are you claiming loss of future
13 income in this lawsuit?

14 A. I mean, I don't know exactly how things
15 are categorized. But if you ask me a question
16 absolutely.

17 Q. Have you calculated the amount of -- you
18 have a figure in mind that you're claiming for
19 lost future income?

20 A. No. Because I'm not like an appraiser.
21 It's not a business that I'm in.

22 Q. How about for past lost income, do you
23 have a figure that you have in mind today that
24 you're claiming?

25 A. No. I let my attorney handle that.

Christopher Williams, 1/8/2019

1 Declaration Under Penalty of Perjury

2

3

4 I, CHRISTOPHER WILLIAMS, the witness herein,
5 declare under penalty of perjury that I have read
6 the foregoing in its entirety; and that the
7 testimony contained therein, as corrected by me,
8 is a true and accurate transcription of my
9 testimony elicited at said time and place.

10

11 Executed this 15 day of Feb 2019, at

12 San Diego, CA.

13 (city)

(state)

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CHRISTOPHER WILLIAMS

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C E R T I F I C A T E

I, the undersigned, do hereby certify that I have read the foregoing deposition and that, to the best of my knowledge, said deposition is true and accurate (with the exception of the following changes listed below).

PAGE No.	LINE No.	
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211	10	I cannot recall if I was kicked
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222	4	One forearm over the other
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234	24	Kathleen's parents and sisters
		were not at my home when I arrived, they
		had already left to the hotel. The family was
		at my home when I left for the meeting and
		at my home in the morning when I woke up.

~~_____~~

~~_____~~

239	8	Jill went back to the hotel. Kathleen and
		Mac were the only two awake

254	20	Joanna Cary
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**Please turn to back of transcript and
sign the Penalty of Perjury page.**

EXHIBIT 2

Christopher Williams, Volume 2 9/24/2019

1 SUPERIOR COURT OF THE STATE OF CALIFORNIA
2 COUNTY OF SAN DIEGO-HALL OF JUSTICE
3
4 CHRISTOPHER WILLIAMS,) Case No.
5) 37-2018-00023369
6 Plaintiff,) CU-PO-CTL
7 v.)
8 DAVID ARAMBULA, CITY OF)
9 LEMON GROVE, and DOES 1)
10 through 1,000,)
11 Defendants.)
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VIDEOTAPED DEPOSITION OF CHRISTOPHER WILLIAMS

San Diego, California

September 24, 2019

VOLUME II

REPORTED BY: BOBBIE HIBBLER, CSR NO. 12475

1 Q. All right. Great. What led you to
2 become interested in the business of selling
3 cannabis?

4 A. The opportunities.

5 Q. What opportunities?

6 A. Opportunities to create generational
7 wealth, opportunities to be able to get an ROI on
8 my money.

9 Q. What's an ROI?

10 A. Return on investment.

11 Q. Okay.

12 A. Opportunity to get on what the Harvard
13 and the ivy league individuals are saying is one
14 of the next industries to be a part of.

15 Q. All right. And what specifically
16 motivated you to want to open up a marijuana
17 dispensary in Lemon Grove as opposed to somewhere
18 else?

19 A. Lemon Grove was one of the first cities
20 that allowed legal cannabis operation. So I was
21 just going where I could.

22 Q. Your last volume of deposition you
23 testified you never owned a marijuana dispensary
24 before. So my question for you now is have you
25 ever worked for a marijuana dispensary?

1 A. Never.

2 Q. Have you ever invested in a marijuana
3 dispensary other than possibly these perspective
4 dispensaries that you're applying for?

5 A. Besides the ones that I've applied for
6 never.

7 Q. Approximately what date was your
8 application approved for 6195 through 35 North
9 Avenue?

10 A. Approximately August 2017.

11 Q. Now, specifically for this address,
12 please tell me all steps you've taken to move
13 forward with trying to open it up since you
14 learned it was approved, your application was
15 approved?

16 A. So no offense it's a very broad question
17 because there's a lot that you have to do and you
18 have to follow and a process. So for sake of your
19 timeline and I know we have limited, do you want
20 me to break it down or do you want me -- like how
21 do you want me to break it down? There's a lot.

22 Q. How about like an overview just like the
23 different categories of action items you've taken
24 since you got the application approved, like you,
25 know, on such and such -- for example, such and

1 and it may kind of overlap with what you just
2 said.

3 A. Okay. No problem.

4 Q. Have you thought about regulatory risks?

5 A. Yes.

6 Q. Legal risks?

7 A. Of course.

8 Q. Geographic risks?

9 A. I love the location. But, yes you look
10 at a location before you decide if you can move
11 forward on a permit.

12 Q. Operational risks?

13 A. Yes.

14 Q. Financing risks?

15 A. Yes.

16 Q. Supply and demand risks?

17 A. Yes.

18 Q. Threats or criminal activity?

19 A. When -- do I believe something is going
20 to happen at the dispensary?

21 Q. Or if you need security, things like
22 that?

23 A. Probably as safe as hanging out at the
24 bank.

25 Q. And for each of the addresses let's

1 start with the one that was approved the 6915-35,
2 what are the odds of the level of success that you
3 assumed in your business plan?

4 A. The level of success?

5 Q. (Nods head in the affirmative.)

6 A. I mean, it's hard to put odds on a level
7 of success. Eight out of ten businesses close in
8 the first two years. But this is the cannabis
9 business, and one of the reasons why I got
10 involved is good opportunity for success in it.

11 Q. Okay. More than a 50 percent odd?

12 A. Fifty percent odd that we're successful?

13 Q. Yes.

14 A. I believe so. That's why I put my money
15 in it.

16 Q. Would you say that's the same figure for
17 all five locations?

18 A. Depends.

19 Q. At least the odds of success that you,
20 you know, incorporated into your business plan,
21 the master business plan, 50 percent?

22 A. It's hard to say because that's why we
23 chose to move on so many different properties.

24 Q. Well, help me understand --

25 A. Well, because the properties can't get

1 approved without certain discretions. So I can't
2 be a hundred percent on someone's discretion. So
3 I try to look at what those discretions or issues
4 potentially could be. And for us we say okay well
5 that's why we didn't just go with one property.
6 We have five horses in the race, only one horse
7 gets by the finish line, hopefully that one horse
8 his prize money pays for the other four. So I was
9 a hundred percent sure that we would be getting
10 multiple permits based off of the impartial
11 analysis and the information provided by the City
12 and City Attorney.

13 Q. Okay. For the 6915-35 address, prior to
14 this when you first went to start your application
15 process, when did you expect you would be able to
16 open your dispensary?

17 A. I believe we projected in our business
18 plan of February 2018. Maybe it was March 2018.

19 Q. February or March of 2018. How about
20 for the other locations, the 8260 Broadway when
21 did you expect you would be able to open your
22 dispensary after you -- when you started the
23 application process?

24 A. Similar time. Because if you recall
25 it's a master plan.

1 be -- I mean, did you work into your business plan
2 an anticipated time frame that between start to
3 stop, meaning you start the application process,
4 stop you get approved -- strike that.

5 Did you figure in a specific time frame
6 for when you would be -- an estimated time frame
7 for when you would be able to open up each of your
8 dispensaries?

9 A. Yes. We projected about a year's time.

10 Q. One year for each?

11 A. Yes. That's why it was February or
12 March because we were able to apply. The City
13 opened up the application process in March of
14 2017.

15 Q. Okay. Would that be -- was the Harris
16 address part of the master plan, master business
17 plan or did that come after?

18 A. It came after. So the plan came first.
19 Not necessarily with every single property in the
20 plan, because we would have to go and identify the
21 property. Then we would have to go and work on
22 try to close the deal with the property owner. So
23 as we went along 2295, 3915 Harris came along.

24 Q. I see. What did you base this one year
25 expected time frame on, like did someone give you

1 that figure or how did you figure out well my best
2 guess it's going to be a year before we can open
3 up shop?

4 A. Well, I tried to reverse engineer it
5 based off of a estimated amount of time for our
6 tenant improvements and then the entitlement
7 process.

8 Q. All right. For this particular address
9 the 6915-35 that has been approved on your
10 application, what do you currently anticipate for
11 your opening date or can you anticipate an opening
12 date right now?

13 A. I was anticipating March 2018. At this
14 point in time now based on my experience doing
15 what I'm asked and being told, I'm more educated
16 now. I know that that is a discretion based off
17 of the City staff. I don't get to make that time.

18 Q. All right. So let's focus on the
19 address that was or for the master business plan
20 -- strike that. Before -- let's start over.

21 When you first applied for the 6915-35
22 location, when did you expect to start generating
23 revenue after opening?

24 A. Start generating revenue?

25 Q. Yeah.

1 A. After opening.

2 Q. Yes.

3 A. It's cannabis, day one.

4 Q. Do you currently have any projected, you
5 know, estimate of when you could start generating
6 revenue for that particular location or is it day
7 one is just you don't know when that's going to
8 be?

9 A. I'm just trying to better understand.
10 So with these particular entitlements, I can't
11 generate any revenue or open until I have the
12 permits which come at the discretion of City
13 staff. So if I don't have the permits, I can't
14 generate any revenue, not legally.

15 Q. So there's no way you -- I think you
16 already answered this or responded in the last
17 question. But right now there's no -- it sounds
18 like there is no way for you to anticipate when
19 day one is going to be for running the dispensary
20 at 6915-35 North Avenue; is that right?

21 A. I can anticipate. But how realistic is
22 it based off of my previous anticipations? I'm
23 already almost a year and-a-half out of what I
24 anticipated at the beginning. So now my focus is
25 just doing what they ask, trying to be as thorough

1 as possible with our consultants so that way they
2 can't say we haven't provided them the information
3 and put the ball back in their court. Hope to
4 open as soon as possible.

5 Q. Okay. Then focusing on the 6915-35
6 location, when you first began application process
7 when did you expect to start generating profit?

8 A. I want to be clear. 6915 was not the
9 first property I applied for. Is that okay?

10 Q. Yeah. No, I know. The only reason I'm
11 focusing on that one right now is because that was
12 the approved application.

13 A. No problem --

14 Q. But we can talk about other ones as well
15 for sure.

16 A. Okay.

17 Q. So when you started the application
18 process for the 6915-35 location, when did you
19 expect to start generating profit on your
20 perspective dispensary?

21 A. When will we be profitable?

22 Q. Yes.

23 A. We're looking almost like a year out
24 based off all the expenses that it took to get to
25 that point.

1 Q. One year after opening?

2 A. Yeah, approximately.

3 Q. Is that --

4 A. To be profitable.

5 Q. Yes.

6 A. To be in the black.

7 Q. Okay. Was that the same projection for

8 the other four locations or did you have a

9 different expectation for them?

10 A. The business plan was pretty general to
11 the industry and the opportunities not necessarily
12 at the beginning specific to a property. Does
13 that make sense?

14 Q. Yes. So if I understand you correctly,
15 I guess the general milestone you had in mind is
16 we expect within one year of opening at each of
17 these locations we should be in the black; is that
18 right?

19 A. That's fair.

20 MS. STRAUB: Okay. We've been going
21 just about an hour, why don't we take just like a
22 five-minute break.

23 THE WITNESS: Sure.

24 THE VIDEOGRAPHER: Time off the record
25 is 2:14 p.m.

1 (WHEREUPON, A BREAK WAS TAKEN AND THE
2 PROCEEDINGS CONTINUED AS FOLLOWS:)

3 THE VIDEOGRAPHER: Time back on the
4 record is 2:26 p.m. Counsel, you may proceed.
5 BY MS. STRAUB:

6 Q. Back to talking about the dispensaries
7 and business plans and such.

8 For the 6915-35 address, how many
9 employees will you require to run the dispensary?

10 A. How many employees will I acquire?

11 Q. Require.

12 A. That would be a guess.

13 Q. We don't want you to guess. How about
14 the other four locations, any employee base
15 requirements that you have right now for those
16 locations?

17 A. That would be a guess.

18 Q. No guessing. And then for the 6915-35
19 address, what type of working capital requirement
20 will you have for this particular location?

21 A. For North Avenue?

22 Q. Yes.

23 A. Are you talking about all in or just for
24 the tenant improvements or the working capital?

25 Q. All in.

1 you know, part of that equation. But I consider
2 profit after you take all of the expenses from the
3 cash flow.

4 Q. Okay. When did you initially when you
5 applied for the North Avenue location expect to
6 generate positive cash flow for the dispensary?

7 A. For the dispensaries?

8 Q. Just for that particular location, the
9 6915-35 North Avenue, or North Avenue as we were
10 calling it?

11 A. Projected that it would take us a year
12 to get into the black.

13 Q. Would that be the same projection for
14 the other four locations?

15 A. Uh-huh (affirmative response).

16 Q. Is that yes?

17 A. Yes.

18 Q. How are you going to fund the opening
19 and operation of the North Avenue dispensary?

20 A. With money.

21 Q. Money is good. Where are you getting
22 the money to fund the North Avenue location?

23 A. I haven't quite got there yet.

24 Q. Okay. Have you determined where you're
25 going to get the money to operate the dispensaries

1 in any of the other four locations?

2 A. Not necessarily.

3 Q. Okay. How much money -- well, let's
4 back up. Based on your business plan that you
5 have, the general master business plan, how much
6 money do you figure you're going to need to open
7 and operate the North Avenue location?

8 A. Depends on what you mean by how much
9 money you need, because there's a lot of factors
10 that come into play. If you're talking about just
11 to get to a point where we can open, that's
12 different than adding on, you know, employees and
13 admin fees from the State. That's different than
14 any marketing or anything like that we would need
15 to employ to be successful. So it's a pretty
16 broad question.

17 Q. Fair enough. Let's start with opening,
18 just opening the doors and starting the business
19 at the North Avenue location, how much money will
20 it take to do that?

21 A. We projected anywhere from 1.5 to 2
22 million dollars.

23 Q. Is that the same projection for all the
24 other four locations?

25 A. Yes. But it was a general business

1 obtain for use in opening the North Avenue

2 location business?

3 A. What --

4 Q. Yeah, like where do you plan to get the
5 money from I guess is the easier question?

6 A. Money is all over. And it's cannabis.
7 So there is extreme interest from private equity,
8 venture capital, other entrepreneurs who are
9 already in the space. There's a lot of activity,
10 and a lot of consolidation, and a lot of finance
11 options that are out there when you get your
12 correct entitlements.

13 Q. Okay. So would some of those sources of
14 funding be investors then?

15 A. Could be, yes.

16 Q. How about loans, are there business
17 loans that you are thinking about obtaining?

18 A. It would be a challenge because of the
19 federal laws, so banks have been hesitant. But
20 those things are opening up. So loans or
21 financing from institutions like credit union
22 could be a possibility.

23 Q. Any other sources of funding you're
24 hoping to obtain for your North Avenue dispensary?

25 A. That's a -- like any investors,

1 potential institutions, potential VCs --

2 Q. I'm sorry, what's a VC?

3 A. Venture capitalist.

4 Q. Okay. I didn't mean to cut you off.

5 A. No problem.

6 Q. Other sources other than what we've

7 already talked about that you're looking into to

8 get funding?

9 A. At this point in time still open to the

10 best deal going to be the most attractive, the

11 most beneficial to the project in its totality.

12 So could be an investor, could be a loan, could be

13 a merger and acquisition. You know, we'll weigh

14 shows options out I guess when we're there.

15 Q. And then for the other locations other

16 than the North Avenue location, are you planning

17 on using the same sources of funding that you were

18 just discussing here for those locations?

19 A. Well, for 8280 and some of the other

20 addresses as for now it's been self-funded.

21 Q. Self-funded?

22 A. Yes.

23 Q. Meaning by you?

24 A. Yes.

25 Q. So do you have personal funds in all

1 that location because we didn't get to apply so we
2 didn't get to start the process of spending money.

3 Q. So no investments there then personally?

4 A. No capital outlay really.

5 Q. Do you keep the money that you
6 personally invested in these dispensaries in a
7 particular or a separate account at the bank, for
8 example?

9 A. Do I keep the money?

10 Q. Yeah.

11 A. They got the money. The money is gone.
12 They don't work for free. Like all that list I
13 gave you, I have to write a check or pay them for
14 them to do those submittals that we talked about
15 earlier.

16 Q. I see. So this is the money that you
17 were talking about personally invested is money
18 you've already spent?

19 A. The money is gone, yeah. Spent.

20 Q. So we're not talking about money that's
21 set aside to use to open up the business, or you
22 know, operate the business once it's up and
23 running; correct?

24 A. No.

25 Q. Do you have any current investors for

1 the North Avenue location?

2 A. Not yet.

3 Q. And perspective investors for that

4 location?

5 A. There's a ton of perspectives, yes.

6 Q. Do you have like a list that you keep

7 with like the names and contact info for potential

8 investors?

9 A. I don't have a list. I mean --

10 MR. BRIGGS: If you don't have a list,
11 you don't have a list.

12 A. I don't have a list.

13 BY MS. STRAUB:

14 Q. Okay. Would it be your testimony that

15 you don't currently have any investors in the

16 other four properties either?

17 A. No, I would have potentials but not any

18 investors yet.

19 Q. Can you give me the names of any

20 potential investors?

21 A. I could.

22 Q. Okay. Let's do that for what you can

23 remember while you're sitting here. What's the

24 first potential investor name that you can recall?

25 A. Calyx Peak. C-A-L-Y-X. Peak.

1 Does that do it for the potential
2 investors you can recall right now?

3 A. As of right now the best I can recall,
4 yes.

5 Q. Okay. Do you have any idea from any of
6 these potential investors of the amount of money
7 they're interested in investing?

8 A. There's a lot of variance to what
9 they're talking about investing and how they are
10 talking about investing.

11 Q. Is there a set deadline or milestone
12 date that you're waiting for to see if they're
13 going to put their money where their mouth is or
14 leave?

15 A. Absolutely.

16 Q. What is that date?

17 A. The official entitlement by the City.

18 Q. So once you get the entitlement,
19 official entitlement by the City for the North
20 Avenue location, how much time will these people
21 have to say whether they're -- will you give them
22 to either invest or not invest?

23 A. I will have them lay out their terms and
24 then I will decide accordingly what's based --
25 what's best for the project short term and long

1 term based off of their terms.

2 Q. Have you discussed any, you know --
3 strike that.

4 Would these investors, these perspective
5 investors be providing debt or equity financing or
6 have you decided that yet?

7 A. That's some of the variety in the deals.

8 Q. Okay. What is your understanding of the
9 difference between debt and equity financing?

10 A. Debt is something that I'll end up owing
11 whether we're success or not success. Equity is
12 what I will give up in regards to the broad
13 opportunity. And their equity would fall whether
14 it was successful or not. So if we were
15 successful then --

16 Q. Thank you. It sounds like you haven't
17 -- you answered that. So would it be fair that
18 you haven't quite -- or you haven't yet decided
19 for any of these investors whether they will be
20 providing debt or equity financing?

21 A. If I understand, have I talked about
22 debt or equity financing with these particular
23 investors?

24 Q. Yes. You can start there.

25 A. Yes.

Christopher Williams, Volume 2 9/24/2019

1 Declaration Under Penalty of Perjury

2

3

4 I, CHRISTOPHER WILLIAMS, the witness herein,
5 declare under penalty of perjury that I have read
6 the foregoing in its entirety; and that the
7 testimony contained therein, as corrected by me,
8 is a true and accurate transcription of my
9 testimony elicited at said time and place.

10

11 Executed this ____ day of ____ 20__, at

12 _____,

13 (City) (state)

14

15

16

17

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19

CHRISTOPHER WILLIAMS

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