

SEP 22 2021

Krista D. LeVier

BY Ashley Dunlap
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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

9 **COUNTY OF LAKE**

10

11 LANGTRY FARMS, LLC, a Delaware
Limited Liability Company

12 Plaintiff,

13 v.

14 HUGH REIMERS, an individual;
15 TORICK FARMS, LLC, a California Limited
Liability Company;
16 ERIC STINE, an individual;
DOE 2, an unnamed partnership;
17 and DOES 3-20.

18 Defendants.

Case No. CV421774

FIRST AMENDED COMPLAINT FOR:

- 1) Declaratory Judgment
- 2) Fraud;
- 3) Negligence;
- 4) Intentional Interference with Economic Advantage
- 5) Negligent Interference with Economic Advantage;
- 6) Breach of Contract;
- 7) Unfair Competition;
- 8) Breach of Fiduciary Duty;
- 9) Breach of Duty of Loyalty;
- 10) Conversion

JURY TRIAL DEMANDED

Complaint Filed: May 3, 2021

First Amended Complaint Filed:

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1 Plaintiff LANGTRY FARMS, LLC (“Plaintiff” or “LF”), for its First Amended Complaint,
2 alleges as follows:

3 **PARTIES**

4 1. Plaintiff is a Delaware Limited Liability Company in good standing, whose principal
5 place of business is located in Lake County, California. Plaintiff is the successor in interest to the
6 claims of Guenoc Winery, Inc., a Delaware corporation (“GWI”), which was dissolved as of
7 December 28, 2020. Plaintiff and GWI were affiliated entities.

8 2. Plaintiff is a duly licensed and bonded winery located in Lake County, California.
9 Plaintiff also owns vineyards and grows grapes. Plaintiff provides wine making, processing and
10 storage services for clients, commonly known as “custom crush” arrangements.

11 3. Plaintiff alleges on information and belief that Defendant Hugh Reimers (“Reimers”)
12 is an individual who is a resident of Sonoma County, California, and was or is the manager of Torick
13 Farms, LLC at various times during the time period at issue in this Complaint.

14 4. Plaintiff alleges on information and belief that Defendant Torick Farms, LLC
15 (“Torick”) is a California Limited Liability Company based in Sonoma County, California.

16 5. Plaintiff alleges on information and belief that Defendant Eric Stine (“Stine”) is an
17 individual who is a resident of Lake County, California, and was the Vice President of Winemaking
18 and Operations for GWI, which operated Plaintiff’s winery during the time period at issue in this
19 Complaint. Stine was hired by GWI in July 2020, a little more than a month before the first of the
20 2020 wildfires started. Defendants Stine and Reimers worked together for several years at Foley
21 Family Wines, where Stine reported to Reimers who served as the President of Foley Family Wines.
22 Subject to the instructions of his supervisors, Defendant Stine had control over and responsibility
23 for all winemaking operations at the GWI winery.

24 6. Plaintiff alleges on information and belief that Defendants Reimers and Stine formed
25 a partnership in September 2020 to carry out the conduct described herein. The name of such
26 partnership is unknown and as such is named as Defendant Doe 2. Plaintiff will amend this
27 Complaint to allege the true names and capacities of Defendant Doe 2 when ascertained. Plaintiff
28 alleges on information and belief that Defendant Doe 2 is responsible for the wrongful acts alleged
in this Complaint, and for the damages sustained by Plaintiff.

1 13. It took Plaintiff months after Defendant Stine was no longer an employee of GWI
2 and through discovery in this action to uncover the nature and extent of the scheme. Plaintiff's
3 efforts were further disrupted by Defendant Stine's destruction of thousands of emails,
4 communications and documents on Plaintiff's computer server prior to his termination in December
5 2020.

6 **Defendants Scheme To Profit From Disaster by Salvaging Napa Valley AVA Smoke Tainted**
7 **Fruit and Utilizing Stine's Insider Status**

8 14. The 2020 wine grape growing season in this County and nearby Counties was one of
9 the worst in memory. Wildfires in Lake, Sonoma, and Napa County, amongst others, resulted in
10 widespread smoke impacts to the grapes then on the vines.

11 15. Smoke is a serious threat to quality winemaking. Wines made from grapes exposed
12 to smoke have been variously described as astringent, bitter, or similar to "licking an ashtray."

13 16. Defendants Reimers and Stine, who have extensive histories in the wine industry,
14 devised a scheme to profit from the widespread smoke-damage which began in August, 2020.

15 17. By September 23, 2020 Reimers and Stine had put their scheme in writing. At the
16 most basic level the scheme was projected to generate \$2,925,000 in revenue in six months – a 294%
17 profit. Reimers was to receive \$1,957,523 in proceeds, and Stine \$967,478. However, the scheme
18 required that Reimers fund \$495,248 and Stine fund \$247,253.

19 18. Stine was a full-time employee of GWI, and committed when he accepted his offer
20 of employment on July 1, 2020 that he would "devote all of [his] work time and attention to the
21 business affairs of GWI and will not engage in any other business or occupation during such
22 employment." Stine also committed to keep GWI's information confidential, and that he would not
23 disclose any trade secrets, directly or indirectly, "or use them in any way, either during the term of
24 [his] employment or at any time thereafter, except for the benefit of" GWI. He also agreed not to
25 "remove or otherwise transmit confidential ,proprietary or secret information without express prior
26 written consent."

27 19. Stine's salary as Winemaker of GWI was modest and had started only 60 days prior
28 to Reimers and Stine determining Stine would need to contribute nearly a quarter of a million dollars

1 to their partnership. Stine thus needed to amass significant funds to contribute to the partnership
2 without disclosing that to his new employer.

3 20. In September 2020, Defendant Reimers presented to Langtry’s management –
4 without noting Stine’s participation – a scheme whereby Defendants Reimers and Torick would
5 purchase smoke tainted Napa Valley AVA grapes from Plaintiff’s vineyards at “salvage” values.
6 Plaintiff would then file a claim against its crop insurance policy for losses relating to the damaged
7 quality of the grapes. Later, Defendants would then, with Plaintiff’s proposed assistance, use those
8 “salvage” grapes to make wine at Plaintiff’s winery facility and share the proceeds from the sale of
9 that wine. The proposed sale would result in Plaintiff profiting from the sale of wine made from its
10 grapes above and beyond the recovery of its crop insurance claim.

11 21. Defendant Stine strongly supported this scheme and attempted to help facilitate it
12 without disclosing to Plaintiff’s management that he was the Inside Man in the Reimers partnership
13 and that Stine was entitled to 33% of the profits from the scheme.

14 22. Defendants did not disclose that they had formed a “partnership” to carry out their
15 plans while Stine remained employed by GWI.

16 23. Plaintiff declined the efforts by Reimers and Stine to participate in this scheme,
17 which Plaintiff believed constituted attempted insurance fraud and refused to be involved.

18 24. Plaintiff repeatedly made clear to Defendants that under no circumstances would
19 smoke exposed grapes or wine be welcome at Plaintiff’s winery facility.

20 25. Undeterred, Defendants Reimers and Torick sought to contract with Plaintiff for
21 custom crush services for the 2020 harvest. During this period, Defendants Reimers and Stine
22 frequently communicated with each other regarding the apparent smoke-impact on grapes and bulk
23 wine coming from Sonoma and Napa Counties.

24 26. Defendants Reimers and Torick ultimately purchased smoke exposed fruit from
25 Plaintiff with clear instructions that the fruit not be processed at Plaintiff’s winery. Defendants did
26 not disclose to Plaintiff that Defendant Stine was a partner in that transaction, and actively concealed
27 his involvement.

28 27. Subpoenaed text messages between Defendants Stine (“Me”) and Reimers confirmed

1 their intent to conceal Stine’s involvement:

2 28. Defendant Stine also provided Plaintiff’s confidential internal business information



3
4 **Hugh Reimers**

5 Hi Eric - I was thinking we move the
6 precision wine and out and then the
7 remaining Langtry balance in ?

6:28 PM

8 **Me**

9 Ok, do you want me to respond to Mike
10 on gallons from each location?

6:41 PM



11 **Hugh Reimers**

12 Melissa already relayed Langtry Gallons
13 to Mike = 18,711 gallons...

14 I'm thinking you should keep your name
15 off any Langtry related e-mails...

16 Cheers

17 Hugh

7:10 PM

18 to Reimers to assist with their arrangement, including the details of transactions Plaintiff entered
19 with other customers.

20 **Defendants Avoid Entering Into Formal Custom Crush Agreements**

21 29. In September 2020, a form custom crush agreement was provided to Defendants
22 Reimers and Torick, by Defendant Stine, acting in excess of his authority and in his own self-
23 interest, for processing fruit that Defendants knew were exposed to smoke.

24 30. Defendants Reimers and Stine discussed additional modifications to Plaintiff’s
25 standard contract on September 26, 2020 that further benefited their interests. Plaintiff however
26 never countersigned that proposed revised agreement.

27 31. Not knowing that Defendant Stine was collaborating with the other Defendants,
28 Plaintiff instead proposed a separate Salvage Agreement to Defendants Reimers and Torick on

1 October 29, 2020. The Salvage Agreement would have covered the processing and storage of
2 salvage, smoke exposed grapes/wine, but provide appropriate protections to the winery in light of
3 the extra risk and materials required for such work.

4 32. Defendants did not agree to that contract.

5 33. On October 30, 2020, Plaintiff again confirmed in writing that the October 29, 2020
6 Salvage Agreement was required for bringing any smoke-tainted fruit to the winery.

7 34. In response, Defendant Reimers, following consultation with Defendant Stine,
8 specifically represented on October 31, 2020 that “the grapes received at Langtry Estate October
9 28th & 29th from Torick Farms have no smoke taint or other quality issues and should not be
10 regarded as salvage.”

11 35. The October 31, 2020 representation by Reimers was false, and Defendants either
12 knew that representation was false at the time, or were reckless in not knowing so.

13 36. Defendants specifically intended that Plaintiff rely on this false statement, and
14 Plaintiff was damaged as a result.

15 **Defendants Deliver Smoke-Impacted Grapes To Plaintiff’s Winery and Reimers Conceals**
16 **from His Partners the Purchase of Smoke Tainted Pinot Noir Grapes from Their Partnership**

17 37. Contrary to specific direction from Plaintiff’s management and in the absence of a
18 formal agreement, Defendants nevertheless arranged to process smoke-exposed grapes at Plaintiff’s
19 winery, without the knowledge or consent of Plaintiff’s management.

20 38. On numerous occasions throughout the 2020 harvest, winegrapes that had been
21 exposed to smoke were delivered to Plaintiff’s winery facility by or at the direction of Defendants
22 Reimers, Torick and/or Stine and processed into wine. In each instance, required receipts were
23 issued in the form of legally mandated weightags (including weightags prepared by Defendant Sine
24 himself) documenting the source and volume received in Plaintiff’s winery, which acted as a
25 warehouse for storage of the resulting wine.

26
27
28

Thursday, Nov 5, 2020



Hugh Reimers

First 2 loads tomorrow have smoke impact - 11,200 gallons...

I'm thinking we hit with 2 g/l carbon then bentonite at 2g/l before putting onto skins....

The 2nd two loads - 6,900 gallons are clean with nice fruit but are fermenting....

Need to get these two loads onto skins soon....

12:49 PM



Hugh Reimers

Do you have carbon ?

1:43 PM

Me

Yes, we have carbon

1:59 PM



39. Smoke-exposed winegrapes delivered to Plaintiff's winery included grapes grown by Krasilsa Pacific Farms, LLC, a California limited liability company ("Krasilsa"), an entity for whom Reimers also served as Manager. Reimers represented to his partners in Krasilsa on September 9, 2020 that he was pursuing \$634,000 in crop insurance for their partnership losses due to smoke tainted Pinot Noir grapes from their partnership vineyards. He represented that he could not find any buyers for the smoke tainted grapes other than "Langtry winery" which was only willing to pay \$350 per ton for their partnership fruit. Reimers asked his partners for approval to pursue the \$634,000 in crop insurance and to sell the smoke tainted fruit to "Langtry winery". However, Hugh had no intentions of selling any Pinot Noir grapes to "Langtry winery" (Langtry has never purchased any smoke tainted fruit in the past and had no intention of purchasing any smoke tainted fruit in

1 2020) and Reimers was going to secretly purchase the fruit for himself.

2 40. Plaintiff discovered after September 2020 that Defendants Reimers and Stine
3 collaborated to complete a sham transaction where Langtry “purchased” grapes from Krasilisa at a
4 purported price of \$350 per ton, process that fruit into wine at the Langtry facility, and then resell
5 that wine to Torick for \$350 per ton. Reimers repaid Langtry for the wine from that fruit with a
6 personal check for \$150,000, yet he planned to sell the resulting wine for more than \$1 million.

7 41. Discovery revealed that Defendant Reimers knew that the grapes were smoke
8 impacted and had been rejected by other purchasers. Defendant Reimers misrepresented to his
9 business partners that Langtry was interested in purchasing that smoke-impacted fruit. At no time
10 did Langtry have any interest in purchasing smoke-impacted fruit or wine from anyone prior to 2020
11 or during 2020. Rather, Reimers was the real purchaser – and Defendant Stine assisted Reimers in
12 concealing the true purchaser from Reimers’ partners.

13 42. Defendant Stine conspired with Defendant Reimers to conceal from Plaintiff, and
14 Plaintiff was thus not aware, of the smoke impact to the delivered grapes and wine prior to
15 Defendants’ wine being placed in Plaintiff’s oak tanks and barrels, permanently rendering them
16 impacted as having held smoke tainted wine.

17 43. Plaintiff invoiced Defendants Reimers and Torick for the excess costs incurred in the
18 warehousing storage of Defendants’ wine, but Defendants have refused to pay the invoice therefore.

19 **Defendants Launder Smoke-Tainted Napa Valley AVA Grapes From Plaintiff’s Vineyard**

20 44. Knowing that Plaintiff had prohibited the processing or storage of smoke impacted
21 grapes or wine in its winery facility, Defendants surreptitiously conspired to have smoke-exposed
22 fruit originating from Plaintiff’s own Napa Valley vineyards crushed at a different custom crush
23 facility before secretly transferring to and storing that wine at Langtry’s winery.

24 45. To accomplish this, Defendants arranged to purchase smoke-exposed winegrapes
25 from Plaintiff at salvage prices far below typical prices for Napa County winegrapes.

26 46. Having specifically been directed that the smoke-exposed grapes **not** be processed
27 into wine at Plaintiff’s winery, Defendants arranged for the smoke-exposed grapes in Plaintiff’s
28 Napa Valley vineyards to be harvested and transported to another winery (Yokayo) for processing.

1 47. To avoid having to pay another facility for storage and other charges, Defendants
2 conspired to transfer the smoke-tainted wine back to Plaintiff's winery facility for storage while
3 concealing that transfer from Langtry's management.

4 48. On October 23, 2020, Defendants Reimers and Stine reviewed a financial model for
5 their partnership comparing the costs of Yokayo storage versus storing the wine at Plaintiff's
6 facility.

7 49. On Sunday, October 25, 2020, Reimers and Stine discussed secretly shipping the
8 smoke-tainted wine processed from the Langtry Farms' smoke-impacted grapes at the Yokayo
9 facility to Plaintiff's winery. That discussion included concealing the shipment from Plaintiff's



Hugh Reimers

Is the Langtry juice coming back from
Yokayo OK ?

2:41 PM

Me

I want to... give me a day to sort
everything out

3:00 PM



Stine Sub Rsp00003

Generated by GilApps SMS Backup & Print

Conversation between Me and Hugh Reimers - page 31 of 71



Hugh Reimers

Easton would never know it was Langtry
juice.....

3:23 PM

Me

Agreed, hey tomorrow is now in
question, we might not have power

3:24 PM



26 manager and GWI's President, Easton Manson:

27 50. Defendants knew the wine was smoke-tainted and not welcome at Plaintiff's winery.
28 Defendants knew that they would violate their instruction to **not** process smoke tainted fruit and

1 wine at Plaintiff's winery, yet carried out the transfer anyway without disclosing it to any of
2 Langtry's management.

3 51. Defendants succeeded in secretly transferring to and storing this smoke-tainted wine
4 at Plaintiff's facility for several months – without paying any storage charges – until Defendant
5 Stine was terminated and the wine and its source was later discovered by a new winemaker.

6 **Stine Attempts to Fund 33% of the Reimers/Stine Partnership**

7 52. In July of 2020, Stine was hired by Guenoc Winery Inc. and was paid \$6,250 per
8 month. By September 23, 2020 Stine had arranged a 33% partnership with Reimers requiring an
9 investment of a quarter of a million dollars in cash. Stine then attempted to secure those funds from
10 his employer to fund his competing business in breach of his duties to GWI.

11 53. For example, on November 18, 2020 Stine made a demand to his employer to pay
12 him \$66,000 for “commissions” he had purportedly earned as the GWI winemaker. In December of
13 2020 he followed up with additional demands for compensation related to “commissions” that he
14 could not yet quantify. All of these demands were made in the absence of any written or executed
15 commission agreements between Stine and his employer at the time.

16 **Stine Is Terminated And Plaintiff Uncovers The Scheme**

17 54. In December 2020, Defendant Stine was terminated in connection with the winding-
18 up of GWI. Although other employees were rehired by Plaintiff, Stine was not. Plaintiff began
19 investigating the wine in storage at the winery, and gradually uncovered Defendants' actions. This
20 effort was made more challenging as a result of Defendant Stine's destruction of thousands of emails
21 and records on Plaintiff's computer server.

22 55. Plaintiff discovered that it had stored Defendants' wine without any agreement and
23 that their actions had rendered storage containers, including oak tanks and barrels, exhausted, and
24 as such invoiced Defendant Torick for ordinary storage costs including the costs of storage vessels
25 exhausted by that storage.

26 56. Oak tanks and barrels are employed in winemaking precisely because of their porous
27 nature to exchange chemical compounds between the wine and the wood.

28 57. Plaintiff can never again use the oak tanks and barrels for other clients' wine and

1 hold them out as being free of potential contamination. The oak tanks and barrels must be replaced.

2 58. As experienced winemakers, Defendants Reimers and Stine were aware of the impact
3 that smoke-tainted wine would have on oak storage, yet intentionally misrepresented the quality of
4 the grapes and wine to Plaintiff. Nevertheless, Stine, on behalf of Reimers and the Reimers/Stine
5 partnership, converted those tanks and barrels to benefit himself and his partner. Those tanks and
6 barrels thus now require replacement. Defendant Reimers was charged for materials that Defendants
7 knew the storage of the wine would exhaust. Plaintiff subsequently through discovery learned that
8 Reimers and Stine were partners in the scheme. Reimers, Stine and their partnership are all jointly
9 responsible for those costs.

10 59. Further, Plaintiff discovered that Defendants engaged in numerous unlicensed sales
11 of wine that was facilitated by their surreptitious use of Plaintiff's facilities and personnel for their
12 production and storage of smoke-tainted wine at Plaintiff's winery. Defendants were able to make
13 millions of dollars in unlicensed sales of wine to various customers. Although Defendant Torick had
14 represented itself as a winery, Plaintiff subsequently discovered that Torick held no licenses
15 whatsoever to process, blend, or sell wine; nor did Defendant Reimers.

16 **Unjust Enrichment, Civil Conspiracy, Punitive Damages**

17 60. It is unjust for Defendants to retain the proceeds of their illegal sales of wine made
18 in violation of law and with the benefit of Plaintiff's facilities. Therefore, all proceeds of those
19 transactions should be disgorged as a result, and restitution should be paid to Plaintiff for lost profits
20 and sales that would have inured to Plaintiff absent Defendants' unlicensed sales of wine.

21 61. Likewise, Defendant Stine was paid salary and other compensation, and still claims
22 rights to additional compensation despite his ongoing breaches of duty to his employer. Although
23 Defendant Stine has alleged that there is compensation due to him, Stine engaged in conduct
24 described above that constituted fraud, bad faith, gross misconduct, gross mismanagement and
25 failed to follow instructions from his employer. As such, Defendant Stine has forfeited the right to
26 any compensation and all overpayments made as a result of his fraud or payments made to Stine by
27 mistake.

28 62. Defendants, and each of them, conspired with each other in carrying out the acts and

1 omissions alleged, and are jointly responsible for all actions and damages of each other.

2 63. Defendants agreed with each other, orally and in writing, to carry out the acts and
3 omissions alleged herein. Defendants' conduct amounted to a partnership, joint-venture and/or civil
4 conspiracy.

5 64. Defendants Stine and Reimers agreed in writing to transfer smoke-tainted wine to
6 Plaintiff's winery facility despite the known prohibition thereof, and to conceal that activity from
7 Plaintiff's management.

8 65. Defendants discussed and agreed to represent to Plaintiff that grapes delivered to
9 Plaintiff's facility were not impacted by smoke when Defendants knew the opposite to be true.

10 66. Defendants knew, or were willfully ignorant in not knowing, it was illegal to sell
11 wine without a license.

12 67. Defendants profited from their scheme to defraud Plaintiff and to engage in
13 unlicensed sales of wine, reaping more than \$3,500,000 in illegal proceeds, and were unjustly
14 enriched thereby. It is unjust for Defendants to retain those illegal proceeds, and they should be
15 disgorged.

16 68. Defendants engaged in misrepresentations, deceit, and concealment of material facts
17 and knew their conduct was deceptive and illegal, and punitive damages are appropriate as a result,
18 in an amount of at least three times their illegal proceeds, or not less than \$10,500,000.

19 69. As a direct and proximate result of Defendants' wrongful acts alleged above, Plaintiff
20 has been forced to incur costs and otherwise been damaged in an amount to be proven at trial.

21
22 **FIRST CAUSE OF ACTION**
(Declaratory Judgment)
(Against all Defendants)

23 70. Plaintiff realleges and reincorporates by reference each and every allegation
24 contained in paragraphs 1-69 as though fully set forth herein.

25 71. An actual controversy exists between the parties as to the existence and remedy to
26 which Plaintiff is entitled pursuant to the warehouse rights provided in the California Commercial
27 Code and a declaration from this Court will address the dispute and will not be hypothetical or
28

1 advisory.

2 72. Plaintiff provides storage services for wine requiring a bond and is therefore a
3 warehouse under the California Commercial Code.

4
5 73. Section 7206(a) of the California Commercial Code provides that:

6 *A warehouse, by giving notice to the person on whose account the*
7 *goods are held and any other person known to claim an interest in the*
8 *goods, may require payment of any charges and removal of the goods*
9 *from the warehouse at the termination of the period of storage fixed*
10 *by the document of title or, if a period is not fixed, within a stated*
11 *period not less than 30 days after the warehouse gives notice. If the*
12 *goods are not removed before the date specified in the notice, the*
13 *warehouse may sell them pursuant to Section 7210.*

14 74. Section 7206(c) of the California Commercial Code provides that:

15 *If, as a result of a quality or condition of the goods of which the*
16 *warehouse did not have notice at the time of deposit, the goods are a*
17 *hazard to other property, the warehouse facilities, or other persons,*
18 *the warehouse may sell the goods at public or private sale without*
19 *advertisement or posting on reasonable notification to all persons*
20 *known to claim an interest in the goods. If the warehouse, after a*
21 *reasonable effort, is unable to sell the goods, it may dispose of them*
22 *in any lawful manner and does not incur liability by reason of that*
23 *disposition.*

24 75. Section 7206(e) of the California Commercial Code provides that:

25 *A warehouse may satisfy its lien from the proceeds of any sale or*
26 *disposition under this section but shall hold the balance for delivery*
27 *on the demand of any person to which the warehouse would have been*
28 *bound to deliver the goods.*

76. Section 7209(a) of the California Commercial Code provides that:

A warehouse has a lien against the bailor on the goods covered by a
warehouse receipt or storage agreement or on the proceeds thereof
in its possession for charges for storage or transportation, including
demurrage and terminal charges, insurance, labor, or other charges,
present or future, in relation to the goods, and for expenses necessary
for preservation of the goods or reasonably incurred in their sale
pursuant to law.

77. Plaintiff issued receipts for delivery of fruit or bulk wine sufficient to constitute
warehouse receipts. However, Defendant evaded signing any contract with Plaintiff for the storage
services that have been provided in connection with the smoke-exposed grapes and wine
Defendants' delivered to Plaintiff's winery facility. As such, Plaintiff seeks a declaration that there

1 is no stated period for notice pursuant to Section 7206(a).

2 78. Defendant intentionally misrepresented and concealed from Plaintiff the quality and
3 condition of the goods delivered. As such, Plaintiff seeks a declaration that the goods are a hazard
4 to other property and Plaintiff may sell the goods without advertisement or posting; or that it may
5 dispose of the goods if there is no purchaser therefor following reasonable effort.

6 79. Defendant has refused to pay the invoiced amounts, but contends that the value of
7 the goods exceed the value of the asserted lien. Therefore Plaintiff must deliver the remainder of the
8 goods in excess of the value of the invoice. Plaintiff seeks a declaration that, pursuant to Section
9 7206(e), Plaintiff need not deliver the balance of the wine until after its lien is satisfied. This is
10 particularly required because the value of the wine is inherently speculative and unknown until a
11 willing buyer for the wine is found, if ever.

12 80. Wherefore, Plaintiff sees declaratory judgment in accordance with the forgoing
13 requested, as well as its costs and fees in securing the judgment.

14 **SECOND CAUSE OF ACTION**
15 **(Fraud)**
16 **(Against all Defendants)**

17 81. Plaintiff realleges and reincorporates by reference each and every allegation
18 contained in paragraphs 1-80 as though fully set forth herein.

19 82. Defendants knowingly and intentionally, or with disregard for the truth,
20 misrepresented to Plaintiff the true nature of the grapes and wines delivered to Plaintiff's winery
21 facility.

22 83. Defendants represented orally and in writing that grapes and wine delivered to
23 Plaintiff's winery, including grapes delivered on October 28 & 29 were not impacted by smoke or
24 tainted.

25 84. Defendants knew and misrepresented or willfully omitted to inform Plaintiff's
26 management as to Defendant Stine's financial interest in the wine and the Reimers/Stine partnership.

27 85. Defendants intended that Plaintiff rely on those representations, and Plaintiff did in
28 fact and justifiably rely on those representations in allowing Defendants' grapes and wine to be
stored at Plaintiff's winery facility.

1 96. Because there is no known means of entirely eliminating the impact of the interaction
2 between smoke-tainted wine and oak storage equipment, Plaintiff cannot reuse that equipment for
3 its own future winemaking use. Nor can Plaintiff represent to other custom-crush customers that
4 those tanks or barrels have not been used to store smoke-tainted wine and are free from smoke-taint-
5 related compounds. Because the prior use of such oak storage vessels for smoke-tainted wine may
6 impact wine that would be placed in those storage devices in the future, those tanks and barrels must
7 be replaced.

8 97. Had Defendants not misrepresented the nature of the grapes and wine, Plaintiff's oak
9 tanks and barrels would not have been damaged.

10 98. Defendants' conduct was a substantial factor in causing Plaintiff to suffer harm, and
11 Plaintiff will continue to suffer substantial injury and damage in amounts according to proof at trial.

12 99. Wherefore Plaintiff prays for judgment as set forth below.

13 **FOURTH CAUSE OF ACTION**
14 **(Intentional Interference with Economic Advantage)**
15 **(Against all Defendants)**

16 100. Plaintiff realleges and reincorporates by reference each and every allegation
17 contained in paragraphs 1-99 as though fully set forth herein.

18 101. Plaintiff provides custom crush services that would have resulted in an economic
19 benefit, or greater benefit, to Plaintiff had Defendants not undertaken their actions.

20 102. Plaintiff is informed and believes and thereon alleges that Defendants knew of the
21 relationship and intended to disrupt it.

22 103. Plaintiff is informed and believes and thereon alleges that Defendants delivered
23 smoke exposed grapes and wine to Plaintiff's winery facility with the intention of occupying
24 Plaintiff's storage equipment, including tanks and barrels, with smoke-tainted wine and thereby
25 prevent Plaintiff from using such storage equipment for other clients in the future.

26 104. Plaintiff is informed and believes and thereon alleges that each Defendant was in a
27 partnership with, joint ventured, or conspired with the other Defendants in carrying out a common
28 course of conduct to contaminate Plaintiff's storage equipment.

105. As a direct and proximate result of Defendants' conduct, Plaintiff's relationship with

1 its customers and custom crush clients were disrupted and will be disrupted.

2 106. Defendants' conduct was a substantial factor in causing Plaintiff to suffer harm,
3 including lost profits from future custom crush and storage services, and Plaintiff will continue to
4 suffer substantial injury and damage in amounts according to proof at trial.

5 107. Further, Defendants' conduct was and is fraudulent, oppressive, malicious, and in
6 conscious disregard of Plaintiff's rights, and Plaintiff is therefore entitled to punitive damages
7 against Defendants.

8 108. Wherefore Plaintiff prays for judgment as set forth below.

9 **FIFTH CAUSE OF ACTION**
10 **(Negligent Interference with Economic Advantage)**
11 **(Against all Defendants)**

12 109. Plaintiff realleges and reincorporates by reference each and every allegation
13 contained in paragraphs 1-80 and 92-108, but excluding paragraphs 81-91, as though fully set forth
14 herein.

15 110. Plaintiff provides custom crush services that would have resulted in an economic
16 benefit, or greater benefit, to Plaintiff had Defendants not undertaken their actions.

17 111. Plaintiff is informed and believes and thereon alleges that Defendants should have
18 known of the relationship and should have known that their actions would disrupt it.

19 112. Plaintiff is informed and believes and thereon alleges that Defendants delivered
20 smoke exposed grapes and wine to Plaintiff's winery facility, occupying Plaintiff's storage
21 equipment, including tanks and barrels, with smoke-tainted wine and thereby preventing Plaintiff
22 from using such storage equipment for other clients in the future.

23 113. Plaintiff is informed and believes and thereon alleges that each Defendant was in a
24 partnership with, joint ventured, or conspired with the other Defendants in carrying out a common
25 course of conduct that led to the contamination of Plaintiff's storage equipment.

26 114. As a direct and proximate result of Defendants' conduct, Plaintiff's relationship with
27 its customers and custom crush clients were disrupted and will be disrupted.

28 115. Defendants' conduct was a substantial factor in causing Plaintiff to suffer harm,
including lost profits from future custom crush and storage services, and Plaintiff will continue to

1 suffer substantial injury and damage in amounts according to proof at trial.

2 116. Wherefore Plaintiff prays for judgment as set forth below.

3 **SIXTH CAUSE OF ACTION**
4 **(Breach of Contract)**
5 **(All Defendants)**

6 117. Plaintiff realleges and reincorporates by reference each and every allegation
7 contained in paragraphs 1-116 as though fully set forth herein.

8 118. Plaintiff proposed a form of contract to Defendants to carry out custom crush
9 services. Defendant proposed revisions to that contract, to which Plaintiff did not agree. As such,
10 the contract is not valid and Plaintiff contends that no contract exists. In the alternative however,
11 Plaintiff alleges that it performed all obligations to produce wine under the contract but the terms of
12 that contract were violated by Defendants' delivery of smoke exposed fruit and wine to Plaintiff's
13 facility and failure to pay for the services and storage provided.

14 119. The unexecuted contracts also required Defendant to be duly licensed to carry out
15 wine transactions. Defendant did not obtain such licenses, in breach of the proposed contract.

16 120. As a direct and proximate result of Defendants' unlawful conversion, Plaintiff has
17 suffered and will continue to suffer substantial injury and damage in amounts according to proof at
18 trial.

19 121. Wherefore Plaintiff prays for judgment as set forth below.

20 **SEVENTH CAUSE OF ACTION**
21 **(Violation of B.P.C. § 17200 et seq.)**
22 **(Against All Defendants)**

23 122. Plaintiff realleges and reincorporates by reference each and every allegation
24 contained in paragraphs 1-121 as though fully set forth herein.

25 123. California's unfair competition law defines "unfair business competition" to include
26 "any unlawful, unfair, or fraudulent" act or practice. Cal. Bus. Prof. § 17200.

27 124. Plaintiff is informed and believes and therefore alleges Defendants actions described
28 above constitute unlawful, unfair or fraudulent business act or practices and unfair, deceptive, untrue
or misleading advertising in violation of the Unfair Competition Law, B.P.C. § 17200 *et seq.*

125. Plaintiff is informed and believes and therefore alleges Defendants, *inter alia*,

1 engaged in the unauthorized and unlawful sale of wine without a license, and made misleading
2 statements to Plaintiff regarding the smoke-exposed nature of the grapes and wine delivered to
3 Plaintiff's winery facility.

4 126. Each of the Defendants was in a partnership, joint-venture, and/or conspired with the
5 other Defendants in carrying out a common course of conduct to engage in unlicensed transactions
6 in wine and misrepresent the smoke-exposed nature of grapes and wine.

7 127. Defendants' actions constitute unfair competition and have acquired money and
8 property by means of such unfair competition.

9 128. Defendants' unfair competition described above should be enjoined and the profits
10 thereof accounted for and disgorged.

11 129. Defendants acquired through their unfair competition money and property which
12 should be restored to Plaintiff.

13 130. The violation of the Unfair Competition Law caused injury and damages to Plaintiff
14 in an amount to be proven at trial.

15 131. Wherefore Plaintiff prays for judgment as set forth below.

16 **EIGHTH CAUSE OF ACTION**
17 **(Breach of Fiduciary Duty)**
18 **(Against Defendant Stine)**

19 132. Plaintiff realleges and reincorporates by reference each and every allegation
20 contained in paragraphs 1-131 as though fully set forth herein.

21 133. Under California law, a corporation's officers and/or certain managers owe a
22 fiduciary duty to the corporate employer, including the duty to protect the interests of the corporation
23 and refrain from doing anything that would injure the corporation or deprive it of opportunities

24 134. Defendant Stine was Vice President of Winemaking for GWI. As Vice President of
25 Winemaking and Operations, Stine participated in the management of the corporation and had
26 control and responsibility over winemaking operations.

27 135. By engaging in the conduct alleged herein, including but not limited to conspiring to
28 deliver smoke exposed grapes and wine to Plaintiff's winery facility, and occupying Plaintiff's
storage equipment, including tanks and barrels, with smoke-tainted wine to benefit himself and his

1 partnership with Defendant Reimers, and thereby preventing Plaintiff from using such storage
2 equipment for other clients in the future, Defendant Stine breached his fiduciary duties owed to
3 GWI, and Plaintiff as its successor-in-interest..

4 136. As a direct and proximate result of Stine's actions, Plaintiff has suffered and will
5 continue to suffer substantial injury and damage in amounts according to proof at trial.

6 137. Stine's conduct was and is fraudulent, oppressive, malicious, and in conscious
7 disregard of Plaintiff's rights, and Plaintiff is therefore entitled to punitive damages against Stine.

8 **NINTH CAUSE OF ACTION**
9 **(Breach of Duty of Loyalty)**
10 **(Against Defendant Stine)**

11 138. Plaintiff realleges and reincorporates by reference each and every allegation
12 contained in paragraphs 1-131, but excluding paragraphs 132-137, as though fully set forth herein.

13 139. Employees in California owe a duty of undivided loyalty to their employer during
14 the term of employment. Breach of this duty occurs when an employee takes action which is inimical
15 to the best interests of the employer, and gives rise to a claim for breach of the duty of loyalty where
16 damage is caused to the employer thereby.

17 140. In the event that Defendant Stine did not hold a position with GWI sufficient to
18 establish a fiduciary duty owed to GWI and thereby Plaintiff, Defendant Stine was in an employment
19 relationship with GWI until in or about December 2020 and as a consequence of that employment,
20 Defendant Stine owed a duty of undivided loyalty to GWI, and Plaintiff as its successor-in-interest.

21 141. By engaging in the conduct alleged herein, including but not limited to conspiring to
22 deliver smoke exposed grapes and wine to Plaintiff's winery facility, and occupying Plaintiff's
23 storage equipment, including tanks and barrels, with smoke-tainted wine to benefit himself and his
24 partnership with Defendant Reimers, and thereby preventing Plaintiff from using such storage
25 equipment for other clients in the future, Defendant Stine breached that duty of loyalty.

26 142. As a direct and proximate result of Stine's actions, Plaintiff has suffered and will
27 continue to suffer substantial injury and damage in amounts according to proof at trial.

28 143. Stine's conduct was and is fraudulent, oppressive, malicious, and in conscious
disregard of Plaintiff's rights, and Plaintiff is therefore entitled to punitive damages against Stine.

TENTH CAUSE OF ACTION
(Conversion)
(Against Defendants)

144. Plaintiff realleges and reincorporates by reference each and every allegation contained in the preceding paragraphs as though fully set forth herein.

145. Plaintiff is informed and believes and based thereon alleges that Defendants unlawfully and wrongfully converted for their own use Plaintiff's tools and equipment, including its tanks and barrels, for the purpose of storing smoke-exposed grapes and wine. As a consequence of these actions, Plaintiff is unable to use this equipment in the future.

146. As a direct and proximate result of Defendants unlawful conversion, Plaintiff has suffered and will continue to suffer substantial injury and damage in amounts according to proof at trial.

147. Defendants' conduct was and is fraudulent, oppressive, malicious, and in conscious disregard of Plaintiff's rights, and Plaintiff is therefore entitled to punitive damages against Defendants.

WHEREFORE, Plaintiff prays for judgment as follows:

1. For a judgment declaring that Plaintiff has a valid and proper warehouse lien on Defendant's wine in Plaintiff's possession and that Plaintiff may sell such wine to cover the invoiced amounts due;
2. For an injunction preventing Defendants from engaging in the unlawful, unlicensed sale of wine;
3. For a determination that Reimers and Stine were in a partnership and that each and all Defendants and their partnership are jointly responsible for all damages.
4. For compensatory damages according to proof at trial;
5. For punitive damages according to proof at trial;
6. For restitution according to proof at trial;
7. For disgorgement of profits of unlicensed wine sales
8. For recovery of reasonable attorneys' fees according to proof;
9. For recovery of costs and expenses according to proof;

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10. For such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMAND

Plaintiff hereby demands a trial by jury of all matters so triable.

Dated: September 21, 2021

DICKENSON PEATMAN & FOGARTY



By: _____

Joshua S. Devore