

1 LAW OFFICES OF ROBERT J.
2 YOUNG
3 11664 National Blvd. Ste. 441
4 Los Angeles, CA 90064
5 Tel.: (310) 567-8644

6 Attorneys for Plaintiff Social Life
7 Network Inc.

8
9 UNITED STATES DISTRICT COURT
10
11 SOUTHERN DISTRICT OF CALIFORNIA
12

13
14 SOCIAL LIFE NETWORK, INC.,)
15)

16 *Plaintiff,*)

17 v.)

18 LGH INVESTMENTS, LLC and)
19 LUCAS HOPPEL,)

20)
21 *Defendants.*)
22)
23)
24)
25)
26)
27)
28)

CIVIL ACTION NO.

COMPLAINT FOR VIOLATION
OF FEDERAL SECURITIES
LAWS

1 per share (the “Warrant”) (attached hereto as **Exhibit 3**). The Warrant is expressly
2 valued at \$82,000.00.

3 4. The Warrant also contains an unorthodox and unethical “adjustment”
4 provision that prevents Social from all issuances of common stock or any other
5 interest in the company without exponentially increasing LGH’s Warrant shares.
6 *See* Warrant, at ¶ 2.2.

7 5. Between December 7, 2020 and April 16, 2021, Defendants have
8 received a total of 810,911,013 shares of Social securities with an estimated market
9 value of \$12,163,665.00 based on a \$100,000 convertible note and a non-mutually
10 agreed to warrant.

11 **JURISDICTION AND VENUE**

12 6. This Court has subject matter jurisdiction over this case under 28
13 U.S.C. § 1331 because Plaintiff is asserting a claim under the Act.

14 7. This Court also has subject matter jurisdiction over this case pursuant
15 to 28 U.S.C. § 1332 because the action is between citizens of different states and
16 the amount in controversy exceeds \$75,000.00.

17 8. This Court has supplemental jurisdiction over the state law claims
18 pursuant to 28 U.S.C. § 1367.

19 9. Venue is proper in this Court because it was a forum selected and
20 agreed to by the parties pursuant to the agreements that are subject of this litigation.

21 10. Further, venue is proper in this Court under 28 U.S.C. § 1391(b)(1)
22 and (2) because Hoppel is a permanent resident in this District and because a
23 substantial part of the events giving rise to this action occurred in this District.

24 **PARTIES**

25 11. Plaintiff is a Nevada corporation with a principal place of business
26 located at 3465 S. Gaylord Court, Suite A509, Englewood, Colorado 80113.

1 12. Social was founded on June 19, 2002. It is a technology company that
2 licenses Social Life Network Software as a Service (SaaS) Internet platform to the
3 residential real estate industry and various sports verticals. Social trades on the
4 OTC Markets under the ticker symbol “WDLF”.

5 13. LGH is a Wyoming limited liability company with its principal place
6 of business located at 30 North Gould Street, Suite R Sheridan, WY 82801.

7 14. Upon information and belief, LGH is a capital funding company that
8 purchases and sells securities for its own account as a business model. A business
9 entity search on the California Secretary of State website reveals that LGH is not
10 registered to do business in California.

11 15. Upon information and belief, Hoppel is a permanent resident,
12 domiciled, and, therefore, a citizen of the state of California, who resides at 6326
13 Caminito Estrellado, San Diego, CA 92120.

14 16. Upon information and belief, Hoppel is the president and managing
15 member of LGH. Accordingly, Hoppel possessed the power and authority to
16 directly control the statements, representations, and decisions of LGH. Hoppel
17 knew that the adverse facts specified herein had not been disclosed to Plaintiff, were
18 purposefully concealed from Plaintiff, and that the positive representations being
19 made were then materially false and misleading. Thus, Hoppel is liable for the false
20 statements pleaded herein.

21 **FRAUDULENT SCHEME AND COURSE OF BUSINESS**

22 17. Defendants are liable for: (i) making false statements; or (ii) failing to
23 disclose adverse facts known to them about LGH, its business practices, its short-
24 and long-term goals for the transaction, and its ability to lawfully engage in
25 securities transactions contemplated by the contracts. Defendants’ fraudulent
26 scheme and course of business that operated in contravention of the Act was a
27 success, as they: (i) deceived Plaintiff into entering into the Securities Contracts;

1 (ii) caused Plaintiff to issue newly-issued securities priced considerably below then-
2 current market pricing to Defendants, who were not capable of lawfully engaging
3 in the aforesaid securities transactions; and (iii) enabled permitted Defendants to
4 unlawfully acquire **810,911,013** Social securities.

5 BACKGROUND

6 18. In 2019, Social needed funding to sustain its business operations.
7 Working capital was required for payment of bills, wages, and previously acquired
8 debt.

9 19. Social was introduced to LGH through a brokerage firm called JH
10 Darbie & Co (“*JHD*”). Social’s first communications with JHD occurred on or
11 about March 28, 2019.

12 DEFENDANTS’ FALSE AND MISLEADING STATEMENTS

13 20. On April 9, 2019, at roughly 1:30 p.m. (MDT), Social, by and through
14 its CEO Ken Tapp (“*Tapp*”), held its initial conversation regarding the transaction
15 with Hoppel. In addition to Tapp and Hoppel, three additional persons participated
16 in the call: Mackey Mcfarlane of JHD, Alan Weiss of JHD, and Mark DiSiena of
17 Social.

18 21. Promptly after the conclusion of the April 9, 2019 discussion, Tapp
19 received an email from Hoppel transmitting the Term Sheet. Notably absent from
20 the Term Sheet was any reference, let alone the mere mentioning, of the Warrant
21 anti-dilution provision 2.2.

22 22. Three hours after Social’s receipt of the Term Sheet, Tapp sent back
23 to Hoppel via email a partially executed Term Sheet. *See* Exhibit 4.

24 23. In order to overcome the liquidity problems Social was facing, Social
25 needed financing from lenders who **did not** have the intention of selling and/or
26 distributing the shares that a lender would acquire through other securities (*i.e.*,
27
28

1 warrants and convertible notes), something Hoppel and LGH had been aware from
2 the initial conversation with Tapp on April 9, 2019.

3 24. Tapp received the Securities Contracts via email from Hoppel on April
4 10, 2019 at 4:24 p.m. Tapp promptly returned the signed copies of the Securities
5 Contracts via email to Hoppel on April 11, 2019 at 4:29 p.m. Approximately 1 hour
6 later, at 5:29 p.m. on April 11, 2019, Tapp received, via email, copies of the fully
7 executed Securities Contracts from Hoppel.

8 25. During subsequent phone conversations between Hoppel and Tapp,
9 Hoppel explicitly stated to Tapp that LGH had **no desire to harm the company or**
10 **its shareholders**, and that, to the contrary, LGH **does not make a practice of**
11 **converting shares and dumping them into the market**, as that would be
12 counterproductive since such practices would hurt Social and its shareholders.

13 26. In order to address Plaintiff's concerns, Defendants unambiguously
14 represented that the Warrant was entered without a view for distributing or reselling
15 warrant shares:

16 Representation by [LGH]. [LGH], by the acceptance hereof, represents
17 and warrants that it is acquiring this Warrant and, upon any exercise
18 hereof, will acquire the Warrant Shares issuable upon such exercise, for
19 its own account and **not with a view to or for distributing or reselling**
20 **such Warrant Shares** or any part thereof in violation of the Securities
Act or any applicable state securities law, except pursuant to sales
registered or exempted under the Securities Act.

21 Warrant, at Art. 4, ¶ 4.1 (emphasis added).

22 27. At all times Social relied upon the material representations made by
23 Hoppel that occurred between April of 2019 and March of 2021, which served as
24 the basis for Social entering into the Securities Contracts with LGH.

25 28. However, as LGH's subsequent conducted demonstrated, LGH merely
26 made these false and misleading statements to Social to facilitate entry into the
27 Securities Contracts and, more importantly, position itself so it could conduct the
28

1 very securities transactions Social had sought to avoid, as LGH had always sought
2 to acquire the Warrant Shares with a view for distributing or reselling same.

3 **THE SECURITIES CONTRACTS**

4 29. On April 11, 2019, relying upon Defendants' false and misleading
5 statements, the Parties entered into the Securities Contracts.

6 30. The Note, SPA, and Warrant are securities as defined under the Act.
7 *See* 15 U.S.C. § 78c(a)(10).

8 31. Thus, the purchase of the Note and the Warrant were purchases of
9 **securities** and, thus, each constitute a separate transaction in securities.

10 32. Additionally, the SPA required the issuance of 150,000 shares of
11 Social common stock to LGH on or before April 18, 2019 (the "*Inducement*
12 *Shares*").

13 33. In sum, LGH purchased from Social the Note and Warrant (**both**
14 **securities**), was promptly issued Social shares (**securities transaction**), and
15 subsequently submitted exercise notices under the Warrant (**additional securities**
16 **transactions**) resulting in the issuance to LGH hundreds of millions of shares of
17 common stock (**securities transaction**) of the Plaintiff. Upon information and
18 belief, shortly thereafter, LGH sold the newly-issued shares back into the market
19 for a substantial profit (**additional securities transactions**).

20 34. The Note had a stated 7% interest charge, due at maturity in 7 months.
21 Accordingly, the annualized rate is 12% apr.

22 35. The required Inducement Shares had a fair market value of \$18,000.

23 36. The Warrant, on its face, was structured to only provide Defendants
24 with up to 412,500 shares of Social common stock ("*Warrant Shares*") and an
25 aggregate exercise amount of \$82,500, with an exercise price of \$0.20 per share.

26 *The Anti-Dilution Formula*

1 37. An anti-dilution provision is a term that is used to ensure that when
2 parties enter into a warrant, fluctuations in the price of the issuer do not adversely
3 affect the total monetary value promised under the warrant.

4 38. A standard anti-dilution provision ensures that the counterparty
5 receives the full monetary value purchased under the warrant.

6 39. In this case, the Warrant includes numerous anti-dilution adjustments
7 that allowed LGH to receive an offensive and absurd number of Social common
8 stock. Rather than receiving 412,500 shares (for an aggregate exercise amount of
9 \$82,500), as stated in the Warrant, the anti-dilution formula provided LGH with the
10 right to exercise the same dollar amount into **811,911,013 shares of Social**
11 **common stock** at a market **value of \$17,840,043**, equal to approximately 10.8% of
12 total shares outstanding.

13 *Exercises & Issuances with the Anti-Dilution Formula*

14 40. On December 7, 2020, LGH submitted a cashless partial exercise of
15 186,666,667 shares.

16 41. On December 15, 2020, LGH submitted a cashless partial exercise of
17 106,451,613 shares.

18 42. On January 4, 2021, LGH submitted a cashless partial exercise of
19 114,545,455 shares.

20 43. On February 10, 2021, LGH submitted a cashless partial exercise of
21 199,242,424 shares.

22 44. On April 6, 2021, LGH submitted a cashless partial exercise of
23 204,004,854 shares.

24 45. The aggregate, open market value of all the Social shares issued to
25 LGH, based on the dates the shares were actually issued to LGH, is approximately
26 **\$17,840,043**.

1 **at least 13 other microcap companies.** See **Exhibit 5** (the “*Transaction List*”).
2 Thus, if the same transaction structure is applied (*i.e.*, requiring an issuer to execute
3 a convertible promissory note and warrant, and make an issuance of securities upon
4 entry into the transaction contracts), LGH has engaged in, at a minimum, **39 other,**
5 **separate securities transactions,** resulting in a minimum aggregate of **47**
6 **securities transactions.**¹

7 51. This type of activity is the “primary indicia” that LGH, directly and
8 through affiliated and controlled entities,² are “engaged in the business of buying
9 and selling securities” within the meaning of the term “dealer”. See, *e.g.*, *SEC v.*
10 *Keener*, 2020 WL 4736205, at *8 (S.D. Fl. Aug. 14, 2020).

11 52. Moreover, writing derivative contracts for securities, like the Note and
12 Warrant, is another characteristic of acting as a dealer.

13 53. Acquiring securities directly from an issuer at a discount, as opposed
14 to purchasing on the open market and then-current trading prices, is another
15 characteristic of a dealer. Here, LGH acquired shares, in connection with entry into
16 the SPA and via numerous partial exercises under the Warrant, at a fraction of the
17 price that Social securities were currently trading at.

18 54. Further, upon information and belief, LGH engaged in further
19 securities transactions pursuant to the securities contracts by acquiring shares from
20 the microcap issuers and then promptly selling those shares back into the
21 marketplace for a sizable profit.

22 55. Selling shares absent investment intent (*i.e.*, while trading prices are
23 actively falling) is another characteristic of a dealer. Upon information and belief,
24

25
26 ¹ Notably, if LGH conducted itself in the same manner with the 13 other microcap issuers as it did with Social, then
27 the number of securities transactions increases to **112**. However, it logically stands that LGH effectuated additional
28 securities transactions (*e.g.*, conversions under convertible promissory notes and additional partial exercises under
warrants) with the other issuers.

² Upon information and belief, Hoppel has control and/or a controlling interest in LGH Investments, Inc. and Lucas
Ventures LLC.

1 LGH quickly sold the newly-received Social shares back into the marketplace to
2 reap a substantial profit while Social's trading price was falling.

3 56. After LGH purchases securities (*e.g.*, the convertible promissory note
4 or warrant) from issuers, it acquires additional securities (most commonly, common
5 stocks) through mechanisms within the **security** it first acquired. The common
6 stock subsequently acquired is, in itself, a **security**, which Defendants then sell for
7 a profit absent investment intent.

8 57. The cashless exercise and anti-dilution provisions in Warrant provided
9 LGH with the ability to acquire newly issued securities far below market value,
10 which was then immediately sold into the public markets for immediate gains.

11 58. This systematic program that Defendants have developed, and relied
12 on as its business, demonstrates that LGH are in the business of engaging in
13 securities transactions for their own accounts.

14 59. LGH gains substantial profits by quickly selling the cheaply acquired
15 stock through the securities it purchased from issuers; that is LGH's business model.

16 60. The registration requirement of the Act mandates that a dealer join a
17 SRO, such FINRA, that will assist the SEC in regulating the activities of registered
18 dealers.

19 61. The underlying purpose of the registration requirement is it protects
20 stock issuers (and shareholders) from unscrupulous or unqualified agents acting as
21 dealers.

22 62. Furthermore, the registration requirement is of heightened importance
23 when it concerns microcap securities, because microcap securities are highly
24 susceptible to fraud, manipulation, and abuse due to the exchanges they are traded
25 on having significantly less stringent reporting requirements.

1 69. CA Civ § 1916-3 provides:

2 Every person, **company**, association or corporation, **who for any loan**
3 or forbearance of money, goods or things in action **shall have paid or**
4 **delivered any greater sum or value than is allowed to be received**
5 under the preceding sections, one and two, may either in person or his
6 or its personal representative, recover in an action at law against the
7 person, company, association or corporation who shall have taken or
8 received the same, or his or its personal representative, **treble the**
9 **amount of the money so paid or value delivered** in violation of said
10 sections, providing such action shall be brought within one year after
11 such payment or delivery.

12 70. CA Civ § 1916-2 provides:

13 No person, **company**, association or corporation shall directly or
14 indirectly take or receive in money, goods or things in action, or in any
15 other manner whatsoever, any greater sum or any greater value for the
16 loan or forbearance of money, goods or things in action than at the rate
17 of **twelve dollars upon one hundred dollars for one year**; and in the
18 computation of interest upon any bond, note, or other instrument or
19 agreement, interest shall not be compounded, nor shall the interest
20 thereon be construed to bear interest unless an agreement to that effect
21 is clearly expressed in writing and signed by the party to be charged
22 therewith. **Any agreement or contract of any nature in conflict with**
23 **the provisions of this section shall be null and void** as to any
24 agreement or stipulation therein contained to pay interest and no action
25 at law to recover interest in any sum shall be maintained and the debt
26 can not be declared due until the full period of time it was contracted for
27 has elapsed (emphasis added).

28 71. LGH charged Social an annualized interest rate in excess of at least
104.22%, pursuant to the express terms of the Note.

72. Under California law, any loan with an annualized interest rate greater
than twelve percent per annum shall be null and void. CA Civ § 1916-2.

73. Under California law, any fee, bonus, commission, discount or other
compensation is treated as part of the interest received by a lender. *See Wishnev v.*
The Northwestern Mutual Life Ins. Co., 8 Cal. 5th 199, 212-13 (2019).

74. The Agreements in this case were seven-month notes, with a stated
interest rate of 7%. Annualized, that rate becomes 12% apr.

1 and selling securities as a regular part of its business without being a registered
2 dealer. *See* 15 U.S.C. § 78o(a)(1).

3 82. LGH was not capable of lawfully effectuating the securities
4 transactions with Social detailed in this Complaint. The transactions were, simply
5 put, prohibited by the Act.

6 83. Defendants utilized the means of interstate commerce to effectuate the
7 securities transactions with Social, which are unlawful given that Defendants are
8 not registered dealers.

9 84. As both are parties to the Securities Contracts, Social is in contractual
10 privity with LGH.

11 85. The registration requirement is designed to protect stock issuers (and
12 others) from unscrupulous or unqualified agents acting as dealers. Accordingly,
13 Social, a stock issuer, is in the class of persons that the Act was designed to protect.
14 *See Reg'l Properties, Inc. v. Fin. & Real Estate Consulting Co.*, 678 F.2d 552, 559
15 (5th Cir. 1982).

16 86. Social has a private right of action for rescission of the Securities
17 Contracts in this case under Section 29(b) of the Act. *See Mills v. Electric Auto-*
18 *Lite Co.*, 396 U.S. 375 (1970).

19 87. As a result of the facts described in the foregoing paragraphs, an actual
20 controversy of sufficient immediacy exists between the Parties as to whether
21 Defendants violated Section 15(a)(1) of the Act and whether, pursuant to Section
22 29(b), the violative agreement or performance by Defendants of the same renders
23 the agreements void.

24 88. Section 29(b) of the Act voids the rights of the violator (*i.e.*,
25 Defendants, who are conducting themselves as unregistered dealers) when the
26 conduct of the violator contravenes the Act.

1 whether Defendants violated CA Corp § 25210 and whether the underlying
2 agreements are void under California law.

3 96. Pursuant to the Uniform Declaratory Judgment Act, 28 U.S.C. § 2201,
4 Social, in good faith, requests the Court declare: (i) Defendants, by its actions,
5 violated the CA Corp. § 25210; and (ii) pursuant to CA Corp. § 25210, the
6 Securities Contracts are void and/or rescinded.

7 **COUNT IV**

8 *Violations of Section 10(b) and SEC Rule 10b-5 of the Act*
9 *and CA Corp § 25401*

10
11 97. Plaintiff repeats, reiterates, and re-alleges each and every allegation of
12 the prior Paragraphs as though set forth herein.

13 98. During the times relevant hereto, Defendants disseminated or
14 approved the false statements specified above, which they knew or deliberately
15 disregarded were misleading in that they contained misrepresentations and failed to
16 disclose material facts necessary in order to make the statements made, in light of
17 the circumstances under which they were made, not misleading.

18 99. Defendants violated § 10(b) of the Act and SEC Rule 10b-5 in that
19 they:

- 20 a. employed devices, schemes, and artifices to defraud;
- 21 b. made untrue statements of material facts or omitted to state material
22 facts necessary in order to make the statements made, in light of the
23 circumstances under which they were made, not misleading; or
- 24 c. engaged in acts, practices, and a course of business that operated as
25 fraud or deceit upon Plaintiff and others similarly situated in
26 connection with the purchase and sale of Social common stock.

1 100. By example, the first cashless exercise was submitted on December 7,
2 2020 for 186,666,667 shares. A comparison of Social's closing stock price from
3 the 7 days *before* the exercise versus the 7 days *after* the exercise to show the loss
4 of Plaintiff's market capitalization.

5 101. In the days leading up to the exercise Social stock was as follows on
6 each date:

<u>Date</u>	<u>Price</u>	<u>Price Change</u>
November 25, 2020	0.0001	--
November 27, 2020	0.0001	0.00
November 30, 2020	0.0001	0.00
December 1, 2020	0.0001	0.00
December 2, 2020	0.0002	0.0001
December 3, 2020	0.0011	0.0009
December 4, 2020	0.0016	0.0005
December 7, 2020 (Exercise Date)	0.0071	0.0055
December 8, 2020	0.003	(0.0041)
December 9, 2020	0.0023	(0.0007)
December 10, 2020	0.0016	(0.0007)
December 11, 2020	0.0026	0.001
December 14, 2020	0.0031	0.0005

December 15, 2020	0.0031	0.00
(Exercise Date)		
December 16, 2020	0.0025	(0.0006)

102. Likewise, the second cashless exercise was submitted on December 15, 2020 for 106,451,613 shares. A comparison of Social’s closing stock price from the 7 days *before* the exercise versus the 7 days *after* the exercise to show the loss of Plaintiff’s market capitalization.

103. In the days leading up to the exercise Social stock was as follows on each date:

<u>Date</u>	<u>Price</u>	<u>Price Change</u>
December 4, 2020	0.0016	--
December 7, 2020	0.0071	0.0055
(Exercise Date)		
December 8, 2020	0.003	(0.0041)
December 9, 2020	0.0023	(0.0007)
December 10, 2020	0.0016	(0.0007)
December 11, 2020	0.0026	0.001
December 14, 2020	0.0031	0.0005
December 15, 2020	0.0031	0.00
(Exercise Date)		

1	December 16, 2020	0.0025	(0.0006)
2			
3	December 17, 2020	0.0023	(0.0002)
4	December 18, 2020	0.0020	(0.0003)
5	December 21, 2020	0.0020	0.000
6			
7	December 22, 2020	0.0016	(0.0004)
8	December 23, 2020	0.0014	(0.0002)
9			
10	December 24, 2020	0.0018	0.0004

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

104. Similarly, the third cashless exercise was submitted on January 4, 2021 for 114,545,455 shares. A comparison of Social’s closing stock price from the 7 days *before* the exercise versus the 7 days *after* the exercise to show the loss of Plaintiff’s market capitalization.

105. In the days leading up to the exercise Social stock was as follows on each date:

<u>Date</u>	<u>Price</u>	<u>Price Change</u>
December 22, 2020	0.0016	--
December 23, 2020	0.0014	(0.0002)
December 24, 2020	0.0018	0.0004
December 28, 2020	0.0016	(0.0002)
December 29, 2020	0.0015	(0.0001)
December 30, 2020	0.0022	0.0007

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

December 31, 2020	0.0022	0.00
January 4, 2021 (Exercise Date)	0.0031	0.0009
January 5, 2021	0.0026	(0.0005)
January 6, 2021	0.0027	0.0001
January 7, 2021	0.0024	(0.0003)
January 8, 2021	0.0020	(0.0004)
January 11, 2021	0.0021	0.0001
January 12, 2021	0.0020	(0.0001)
January 13, 2021	0.0019	(0.0001)

106. By example, the fourth cashless exercise was submitted on February 10, 2021 for 199,242,424 shares. A comparison of Social’s closing stock price from the 7 days *before* the exercise versus the 7 days *after* the exercise to show the loss of Plaintiff’s market capitalization.

107. In the days leading up to the exercise Social stock was as follows on each date:

<u>Date</u>	<u>Price</u>	<u>Price Change</u>
February 1, 2021	0.0047	--
February 2, 2021	0.0047	0.00
February 3, 2021	0.0048	0.0001

1	February 4, 2021	0.0077	0.0029
2			
3	February 5, 2021	0.0129	0.0052
4	February 8, 2021	0.0264	0.0135
5	February 9, 2021	0.0240	(0.0024)
6			
7	February 10, 2021	0.0247	0.0007
8	(Exercise Date)		
9	February 11, 2021	0.0270	0.0023
10			
11	February 12, 2021	0.0260	(0.0010)
12	February 16, 2021	0.0345	0.0085
13			
14	February 17, 2021	0.0355	0.0010
15	February 18, 2021	0.0291	(0.0064)
16	February 19, 2021	0.0278	(0.0013)
17			
18	February 22, 2021	0.0279	0.0001
19			

20 108. Finally, the fifth cashless exercise was submitted on April 6, 2021 for
21 204,004,854 shares. A comparison of Social's closing stock price from the 7 days
22 *before* the exercise versus the 7 days *after* the exercise to show the loss of Plaintiff's
23 market capitalization.

24 109. In the days leading up to the exercise Social stock was as follows on
25 each date:
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

<u>Date</u>	<u>Price</u>	<u>Price Change</u>
March 25, 2021	0.0176	--
March 26, 2021	0.0191	0.0015
March 29, 2021	0.0198	0.0007
March 30, 2021	0.0200	0.0002
March 31, 2021	0.0240	0.004
April 1, 2021	0.0203	(0.0037)
April 5, 2021	0.0213	0.0010
April 6, 2021 (Exercise Date)	0.0192	(0.0021)
April 7, 2021	0.0182	(0.0010)
April 8, 2021	0.0179	(0.0003)
April 9, 2021	0.0162	(0.0017)
April 12, 2021	0.0149	(0.0013)
April 13, 2021	0.0120	(0.0029)
April 14, 2021	0.0136	0.0016
April 15, 2021	0.0126	(0.0010)

110. This decline occurred from the extraordinary increase in the sale of Social securities, causing a massive increase in supply and, thus, decreasing the share price, and in turn, the market capitalization of Social.

1 111. LGH acted with scienter as it had the motive to engage in this scheme,
2 because of the structure of the Securities Contracts, and the opportunity to engage
3 in this scheme, because of the stock issued by Social to LGH and the benefits LGH
4 received from the acquisition of **hundreds of millions of shares** it was never
5 entitled to.

6 112. The market price reflects variable “A” in the cashless exercise formula.
7 Variable “A” is the last step to be conducted when calculating the number of shares
8 to be issued. It is located outside the parenthetical and divides the value outputted
9 by the formula in the numerator.

10 113. Inevitably, the lower the denominator in the formula, the greater the
11 number of shares will be issued to LGH.

12 114. Plaintiff has suffered damages in that, in reliance on the integrity of
13 Defendants’ misrepresentations, issued securities to LGH when it certainly bought
14 securities from Social with an intent to distribute and/or sell them. Plaintiff would
15 not have executed the Securities Transaction and permitted the securities
16 transactions thereunder had they been aware that Defendants’ misleading
17 statements were materially false.

18 115. As of this date Social has suffered a loss of no less than \$23,585,178
19 of its market capitalization due to the downward departure of its share price.

20 **COUNT V**

21 *Violations of Section 20(a) of the Act*

22 *Against Individual Defendant*

23
24 116. Plaintiff repeats, reiterates, and re-alleges each and every allegation of
25 the prior Paragraphs as though set forth herein.

26 117. The Individual Defendant acted as a controlling person of LGH within
27 the meaning of § 20(a) of the Act. By virtue of Hoppel’s position with LGH and
28

1 communications with Social and Tapp, the Individual Defendant had the power and
2 authority to, and in fact did, cause LGH to engage in the wrongful conduct described
3 herein. By reason of such conduct, the Individual Defendant is liable pursuant to
4 § 20(a) of the Act.

5 COUNT VI

6 *Declaring the Securities Contracts Void and Unenforceable Pursuant to* 7 *California's Doctrine of Unconscionability (CA Civ § 1670.5)*

8
9 118. Plaintiff repeats, reiterates, and re-alleges each and every allegation of
10 the prior Paragraphs as though set forth herein.

11 119. Under California law, unconscionability requires both procedural and
12 substantive unconscionability, with the procedural element focusing on
13 “**oppression**” or “**surprise**” due to unequal bargaining power, and the substantive
14 element focusing on “**overly harsh**” or “**one-sided**” results. *Armendariz v.*
15 *Foundation Health Psychcare Services, Inc.*, 6 P.3d 669, 670 (Cal. 2000).

16 120. Under CA Civ § 1670.5:

17 If the court as a matter of law finds the contract or any clause of the
18 contract to have been unconscionable at the time it was made the court
19 may refuse to enforce the contract, or it may enforce the remainder of
20 the contract without the unconscionable clause, or it may so limit the
21 application of any unconscionable clause as to avoid any unconscionable
22 result.

22 121. The Warrant, which is an exhibit to the SPA, had an incomprehensible
23 cashless exercise provision that was buried in the Warrant.

24 122. Social was unaware of the function of the cashless exercise provision
25 considering a strike price of \$0.20 was on the face of the Warrant.

26 123. The cashless exercise provision was embedded into the Warrant in a
27 procedurally unconscionable manner because it was not readily ascertainable upon
28 review of the contract.

1 124. The cashless exercise formula used was not customary in the industry.

2 125. The exercise provisions in the Warrant failed to demonstrate that LGH
3 could potentially be issued **hundreds of millions of shares** because the face of the
4 Warrant provides that LGH is entitled to only up to 412,000 shares.

5 126. LGH was able to acquire **hundreds of millions of shares** by way of
6 surprise as to hide the true term from Social.

7 127. Further, the Warrant was substantively unconscionable because it
8 provided the Defendants with **millions of dollars** of Social stock, in addition to the
9 other consideration provided. LGH only provided roughly \$110,000. This is
10 blatantly overly harsh and one-sided and sufficient to establish substantive
11 unconscionability. *See SPA.*

12 128. As demonstrated above, there was a sufficient presence of procedural
13 unconscionability as well as a significant presence of substantive unconscionability
14 based on the consideration exchanged between the parties.

15 129. Social, in good faith, requests the Court declare: (i) the Securities
16 Contracts are unconscionable; and (ii) the Securities Contracts are void and
17 unenforceable pursuant to CA Civ § 1670.5.

18 **COUNT VII**

19 *Unjust Enrichment*

20
21 130. Plaintiff repeats, reiterates, and re-alleges each and every allegation of
22 the prior Paragraphs as though set forth herein.

23 131. Under California law, a claim for unjust enrichment must satisfy two
24 elements: (1) receipt of a benefit; and (2) an unjust retention of the benefit at the
25 expense of another. *Prakashpalan v. Engstrom, Lipcomb & Lack*, 167 Cal. Rptr.
26 3d 832, 856 (Cal. Ct. App. 2014).

1 132. “The theory of unjust enrichment requires one who acquires a benefit
2 which may not justly be retained, to return either the thing or its equivalent to the
3 aggrieved party so as not to be unjustly enriched.” *Otworth v. Southern Pac.*
4 *Transportation Co.*, 212 Cal. Repr. 743, 749 (Cal. Ct. App. 1985).

5 133. LGH was unduly enriched and thus benefited at the expense of Social
6 for the reasons discussed above.

7 134. Equity and good conscience require Social to recover from LGH the
8 shares it received pursuant, or the equivalent value thereof, together with the
9 impermissible interest charged under the Note.

10 135. By reason of the foregoing, Social has been damaged in an amount to
11 be determined at trial, together with legal fees incurred in bringing the instant
12 action.

13 **COUNT VIII**

14 *Conversion*

15
16 136. Plaintiff repeats, reiterates, and re-alleges each and every allegation of
17 the prior Paragraphs as though set forth herein.

18 137. Under California law, conversion is defined as, “the wrongful exercise
19 of dominion over the property of another. The elements of a conversion claim are:
20 (1) the plaintiff's ownership or right to possession of the property; (2) the
21 defendant's conversion by a wrongful act or disposition of property rights; and
22 (3) damages ...” *Los Angeles Federal Credit Union v. Madatyan*, 147 Cal.Rptr. 3d
23 768, 772 (Cal. Ct. App. 2012).

24 138. Here, LGH wrongfully extended a distinct and intentional act of
25 dominion over Social’s shares when it acquired the shares pursuant to unlawful
26 Securities Contracts for reasons set forth above.

1 139. LGH acted inconsistent with Social's use and enjoyment of the shares
2 as described herein by violating numerous laws and regulations that are in direct
3 contravention of the Defendant's conduct.

4 140. Social was damaged in an amount of no less than \$17,840,043 because
5 that is what the value of Social's stock that LGH unlawfully acquired.

6 141. By reason of the foregoing, LGH took \$17,840,043 worth of Social
7 shares and such action was adverse to the rights of Social.

8 142. Social, in good faith, requests the Court compel LGH to return all of
9 the stock, or the value thereof, that it unlawfully obtained from Social.

10 **PRAYER FOR RELIEF**

11 **WHEREFORE**, Plaintiff seeks judgment in its favor against Defendants as
12 follows:

13 A. on the First Claim for Relief, Social requests the Court declare
14 (i) the Securities Contracts charged an interest rate in excess of 12%; (ii) the
15 Securities Contracts impose an annualized interest rate of at least 104.22%;
16 (iii) pursuant to CA Civ § 1916-2, the Securities Contracts are null void and/or
17 rescinded; and (iv) Social is entitled to treble the amount paid in excess of the legal
18 maximum pursuant to CA Civ § 1916-3;

19 B. on the Second Claim for Relief, Social requests the Court enter
20 an Order in Plaintiff's favor against Defendants finding (i) that LGH is an
21 unregistered dealer, acting in violation of 15 U.S.C. § 78o; and (ii) pursuant to 15
22 U.S.C. § 78cc, the Securities Contracts are void and/or rescinded;

23 C. on the Third Claim for Relief, Social requests the Court enter an
24 Order in Plaintiff's favor against Defendants finding LGH is an unregistered dealer,
25 acting in violation of CA Corp § 25210, and therefore, the Securities Contracts are
26 void and/or rescinded;

1 D. on the Fourth Claim for Relief, Social requests the Court enter
2 an Order in Plaintiff's favor against Defendants finding they violated Section 10(b)
3 of the Act, SEC Rule 10b-5, as well as the comparable and parallel state equivalent
4 of securities fraud statute as described above, and award all statutory relief
5 permissible, including damages in an amount of no less than \$40,000,000,
6 attributable to the stock wrongfully acquired and Social's loss in market
7 capitalization, and attorneys' fees;

8 E. on the Fifth Claim for Relief, Social requests the Court enter an
9 Order against Hoppel for joint and several liability pursuant to Section 20(a) of the
10 Act with LGH for damages in an amount to be determined at trial for directly
11 participating in Defendants' malfeasance, which resulted in multiple violations of
12 the Act;

13 F. on the Sixth Claim for Relief, Social requests the Court enter an
14 Order in Plaintiff's favor against Defendants finding the Securities Contracts are
15 unconscionable under CA Civ § 1670.5, and therefore, are unenforceable and/or
16 portions are unenforceable;

17 G. on the Seventh Claim for Relief, Social requests the Court enter
18 an Order in Plaintiff's favor against Defendants for LGH to return of all shares
19 and/or property that was wrongfully obtained based on the alleged violations herein
20 that was in excess of the value received by Social thereby unjustly enriching LGH;

21 H. on the Eighth Claim for Relief, Social requests the Court enter
22 an Order in Plaintiff's favor against Defendants based on violations of California's
23 tort of conversion in the amount of the value of all stock that was wrongfully
24 acquired by LGH as well as damages in an amount to be determined at trial;

25 I. Social was damaged in a total amount of no less than
26 \$40,000,000 due to its loss in market capitalization and stock that was wrongfully
27 acquired by LGH.

1 J. to the extent permissible, awarding Plaintiff compensatory,
2 direct, and consequential damages;

3 K. awarding Plaintiff punitive damages and/or treble damages as
4 the Court deems appropriate as a means to deter Defendants from continuing to
5 engage in the same fraudulent transactions;

6 L. requiring Defendants to pay Plaintiff's attorney fees and costs;
7 and

8 M. any other relief that the Court deems just, proper, and in the
9 interest of justice.

10 **JURY DEMAND**

11 Plaintiff demands a trial by jury on all issues properly so tried.
12
13

14 DATED: April 19, 2021

Respectfully Submitted,

15 /s/ Robert J. Young

16 Robert J. Young, Esq.

17 **LAW OFFICES OF ROBERT J.
18 YOUNG**

19 11664 National Blvd. Ste. 441

20 Los Angeles, CA 90064

Tel.: (310) 567-8644

21 **LEAD COUNSEL FOR PLAINTIFF
22 SOCIAL LIFE NETWORK, INC.**
23
24
25
26
27
28