

1 DAVID R. ZARO (BAR NO. 124334)
E-Mail: dzaro@allenmatkins.com
2 MATTHEW D. PHAM (BAR NO. 287704)
E-Mail: mphan@allenmatkins.com
3 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
4 865 South Figueroa Street, Suite 2800
Los Angeles, California 90017-2543
5 Phone: (213) 622-5555
Fax: (213) 620-8816

6 EDWARD G. FATES (BAR NO. 227809)
E-Mail: tfates@allenmatkins.com
7 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
8 One America Plaza
9 600 West Broadway, 27th Floor
San Diego, California 92101-0903
10 Phone: (619) 233-1155
Fax: (619) 233-1158

11 Attorneys for Court-Appointed Receiver
12 KRISTA L. FREITAG

13 UNITED STATES DISTRICT COURT
14 CENTRAL DISTRICT OF CALIFORNIA
15

16 SECURITIES AND EXCHANGE
COMMISSION,

17 Plaintiff,

18 vs.
19

20 INTEGRATED NATIONAL
RESOURCES, INC. dba
WEEDGENICS, ROLF MAX
21 HIRSCHMANN aka "MAX
BERGMANN," PATRICK EARL
22 WILLIAMS,

23 Defendants, and

24 WEST COAST DEVELOPMENT LLC,
INR CONSULTING LLC (WYOMING
25 ENTITY), OCEANS 19 INC.,
AUTOBAHN PERFORMANCE LLC,
26 ONE CLICK GENERAL MEDIA INC.,
OPUS COLLECTIVE, JOHN ERIC
27 FRANCOM, INR-CA INVESTMENT
HOLDINGS, LLC, MICHAEL
28 DELGADO, TOTAL SOLUTION
CONSTRUCTION LLC. BAGPIPE

Case No. 8:23-cv-00855-JWH-KES

**DECLARATION OF EDWARD G.
FATES IN SUPPORT OF MOTION
FOR APPROVAL OF SETTLEMENT
WITH MYSTIC ENTITIES AND
MIGUEL ROACHO**

Date: July 10, 2026
Time: 9:00 a.m.
Ctrm: 9D
Judge: Hon. John W. Holcomb

1 HOLDINGS LLC, BAGPIPE
2 MULTIMEDIA LLC, TYLER
3 CAMPBELL, INR CONSULTING LLC
(CALIFORNIA ENTITY), HIDDEN
4 SPRINGS HOLDINGS GROUP LLC,
and ALEXANDRIA PORTER BOVEE
aka "AIA MONTGOMERY",

5 Relief Defendants.

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

1 I, Edward G. Fates, declare as follows:

2 1. I am an attorney licensed to practice before the United States District
3 Court for the Central District of California and am an attorney at the law firm of
4 Allen Matkins Leck Gamble Mallory & Natsis LLP ("Allen Matkins"), counsel of
5 record for Krista L. Freitag (the "Receiver"), the Court-appointed receiver for
6 Defendant Integrated National Resources, Inc., dba Weedgenics ("INR"), and Relief
7 Defendants West Coast Development LLC, INR Consulting LLC (Wyoming
8 Entity), Oceans 19 Inc., Autobahn Performance LLC, One Click General Media
9 Inc., Opus Collective, INR-CA Investment Holdings, LLC, Total Solution
10 Construction LLC, Bagpipe Holdings LLC, Bagpipe Multimedia LLC, INR
11 Consulting LLC (California Entity), and Hidden Springs Holdings Group LLC, and
12 their subsidiaries and affiliates (collectively the "Receivership Entities"), in the
13 above-captioned action. I am a member in good standing of the State Bar of
14 California. I have personal knowledge of the facts set forth in this Declaration and,
15 if called as a witness, could and would testify competently to such facts under oath.
16 I make this Declaration in support of the Receiver's Motion for Approval of
17 Settlement with Mystic Entities and Miguel Roacho ("Motion").

18 2. The Receiver filed a motion seeking authority to pursue certain claims
19 against the Mystic Entities and Miguel Roacho on behalf of the receivership estate
20 (the "Motion for Authority"). Dkt. No. 389. The Motion for Authority was granted
21 on October 20, 2025. Dkt. No. 391. On November 11, 2025, the Receiver filed a
22 Complaint (the "Receiver Complaint") in the Nevada District Court for Clark
23 County (the "Nevada Court") against the Mystic Entities and Roacho.¹

24 3. In response to the Receiver Complaint, the Mystic Entities filed a
25 motion for summary judgment, or in the alternative, to dismiss the Receiver
26

27 ¹ The Receiver would have filed the Receiver Complaint in this Court were it
28 not for the fact that the Mystic Entities and Roacho would very likely not be subject
to personal jurisdiction in California.

1 Complaint, and a motion for Rule 11 sanctions. Roacho joined both motions. Due
2 to certain scheduling conflicts, the parties stipulated to extend the Receiver's
3 deadline to oppose both motions. Despite the stipulation, the Nevada Court
4 promptly granted the Mystic Entities' motion for summary judgment before the
5 Receiver's opposition was due. The Nevada Court subsequently vacated that order
6 and the Receiver filed oppositions to both motions.

7 4. On February 3 and February 10, 2026, the Mystic Entities and Roacho
8 made statutory offers of judgment in the amount of \$150,000 and \$5,000,
9 respectively. The effect of these offers of judgment is to expose the receivership
10 estate to a potential award of attorneys' fees in favor of the Mystic Entities and
11 Roacho if the Receiver declined the offers and failed to secure a judgment in the
12 case in excess of the amounts offered.

13 5. On March 24, 2026, the Nevada Court held a hearing on the Mystic
14 Entities' two motions. During the hearing, the Nevada Court seemed to view the
15 evidence submitted by the Receiver with skepticism. As an example, one of the
16 declarations from an INR investor explained that when the investor arrived at
17 Qualcan's cannabis facility (the "Qualcan Facility") with INR principal Rolf
18 Hirschmann, Roacho came out to greet them and Hirschmann introduced Roacho to
19 the investor as Mike Garcia (the fictional CEO of INR). Per the INR investor,
20 Roacho said nothing to correct Hirschmann; in other words, by his actions, Roacho
21 agreed to play the role of the fictional CEO of INR. The Nevada Court's reaction to
22 this evidence was to ask if Roacho had another last name that sounded like Garcia,
23 apparently searching for an innocent explanation for Roacho's conduct.

24 6. In contrast, when it came to facts that would tend to undercut the
25 receivership estate's claims, the Nevada Court seemed ready to accept such facts,
26 even without supporting evidence. As an example, during the hearing, the Nevada
27 Court asked counsel for the Mystic Entities if his clients displayed their cannabis
28 licenses (held in the name of Qualcan) inside the Qualcan Facility. Counsel stated

1 that they did. The Nevada Court then asked if the font size of the licenses was such
2 that someone walking by them could read them (and therefore know the licenses
3 were held by Qualcan and not INR). Counsel stated that the font size could be read
4 by someone walking by. Although there was no evidence in the record relating to
5 the font size of cannabis licenses displayed within the facility, the Nevada Court
6 apparently accepted counsel's representations and asked no further questions on this
7 subject.

8 7. Included in the Receiver Complaint were two claims alleging that
9 Qualcan fraudulently transferred its assets – cannabis licenses, cannabis production
10 equipment, and related assets – to other Mystic-affiliated entities (New Division and
11 Jade Sky) for no consideration because Qualcan was facing liability to the
12 receivership estate (essentially making Qualcan judgment-proof). Despite the
13 Mystic Entities acknowledging that these transfers took place but disputing the
14 fraudulent intent behind them, the Nevada Court summarily disregarded these
15 claims on the grounds that New Division and Jade Sky did not receive any money
16 from the receivership entities, which has nothing to do with the fraudulent transfer
17 claims in the Receiver Complaint.

18 8. At the conclusion of the hearing, the Nevada Court stated that it was
19 “not seeing enough” evidence and would grant summary judgment in favor of the
20 Mystic Entities and Roacho on all claims in the Receiver Complaint, but would do
21 so without prejudice.² The Nevada Court also stated that it would deny the motion
22 for Rule 11 sanctions as moot.

23 9. Although the Receiver strongly disagrees with the Nevada Court's
24 ruling and believes it is erroneous, the options for correcting it – a motion for
25

26 ² It remains unclear how an award of summary judgment can be *without*
27 *prejudice*; granting judgment in one party's favor is inherently *with prejudice* to
28 their ability to further pursue those same claims. If not, it is necessarily less than a
final judgment.

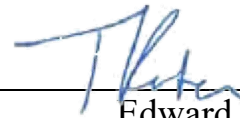
1 reconsideration or an appeal – would be time consuming and expensive. And the
2 reality facing the Receiver is that a successful appeal would simply mean that the
3 matter would be remanded back to the same Nevada Court. Moreover, the further
4 the Receiver proceeds with the litigation, the greater the receivership estate's
5 exposure would be to an award of attorneys' fees in favor of the Mystic Entities and
6 Roacho if the Nevada Court's ruling in their favor is affirmed.

7 10. Accordingly, on behalf of the Receiver, I revisited the subject of
8 settlement with the counsel for the Mystic Entities and Roacho. Subject to Court
9 approval, the Receiver, the Mystic Entities, and Roacho have entered into a
10 Settlement Agreement, pursuant to which the Mystic Entities and Roacho shall pay
11 \$127,500 to the receivership estate. A true and correct copy of the Settlement
12 Agreement is attached hereto as Exhibit A.

13 I declare under penalty of perjury that the foregoing is true and correct.

14 Executed on June 9, 2026, at San Diego, California.

15
16
17
18
19
20
21
22
23
24
25
26
27
28



Edward G. Fates

EXHIBIT A

SETTLEMENT & RELEASE AGREEMENT

This SETTLEMENT & RELEASE AGREEMENT (the “**Agreement**”), dated as of June 9, 2026 (the “**Effective Date**”), is made by and between KRISTA L. FREITAG (the “**Receiver**”), in her capacity as the court-appointed permanent receiver for the Receivership Entities (as that term is defined herein), and MYSTIC HOLDINGS, INC., QUALCAN LLC, NEW DIVISION LLC, and JADE SKY POINTE LLC (collectively, the “**Mystic Entities**”), and MIGUEL ROACHO (“**Roacho**”). The Receiver, the Mystic Entities and Roacho are sometimes referred to herein together as the “**Parties**” or individually as a “**Party**.”

RECITALS

A. On May 16, 2023, the Securities and Exchange Commission (the “**SEC**”) filed a complaint in the United States District Court for the Central District of California (the “**District Court**”) against defendants Integrated National Resources, Inc., d/b/a WeedGenics (“**INR**”), Rolf Max Hirschmann, a/k/a Max Bergmann (“**Hirschmann**”), and Patrick Earl Williams, and relief defendants West Coast Development LLC (“**WCD**”), INR Consulting LLC, a Wyoming limited liability company (“**INR Consulting (WY)**”), Oceans 19 Inc. (“**Oceans 19**”), Autobahn Performance LLC (“**Autobahn**”), One Click General Media Inc. (“**OCGM**”), Opus Collective (“**Opus**”), John Eric Francom, INR-CA Investment Holdings, LLC (“**INR-CA**”), Michael Delgado, Total Solution Construction LLC (“**Total Solution**”), Bagpipe Holdings LLC (“**Bagpipe Holdings**”), Bagpipe Multimedia LLC (“**Bagpipe Multimedia**”), Tyler Campbell, INR Consulting LLC, a California limited liability company (“**INR Consulting (CA)**”), Hidden Springs Holdings Group LLC (“**Hidden Springs**”), and Alexandria Porter Bovee, a/k/a Aia Montgomery, commencing the civil action captioned as *SEC v. Integrated National Resources, Inc., et al.* and bearing Case No. 8:23-cv-00855-JWH-KES (the “**SEC Action**”).

B. On May 19, 2023, the District Court entered the *Temporary Restraining Order and Orders (1) Freezing Assets; (2) Appointing a Temporary Receiver; (3) Requiring Accountings; (4) Prohibiting the Destruction of Documents; and (5) Granting Expedited Discovery; and Order to Show Cause Why a Preliminary Injunction Should Not Be Granted and a Permanent Receiver Should Not Be Appointed* (the “**TRO**”) in the SEC Action. Under the TRO, the District Court, among other things, appointed the Receiver as the temporary receiver for INR, WCD, INR Consulting (WY), Oceans 19, Autobahn, OCGM, Opus, INR-CA, Total Solution, Bagpipe Holdings, Bagpipe Multimedia, INR Consulting (CA), Hidden Springs, and their subsidiaries and affiliates (collectively, the “**Receivership Entities**”).

C. The District Court subsequently entered the following orders in the SEC Action, collectively pursuant to which the Receiver was appointed as the permanent receiver for the Receivership Entities (collectively, the “**Preliminary Injunction Orders**”): (a) the *Preliminary Injunction Order with Respect to Certain Defendants and Relief Defendants and Orders: (1) Freezing Assets; (2) Appointing a Permanent Receiver; (3) Requiring Accountings; and (4) Prohibiting the Destruction of Documents* entered on June 2, 2023; (b) the *Order Granting Plaintiff Securities and Exchange Commission and Relief Defendants Michael Delgado, Total Solution Construction LLC, Bagpipe Holdings LLC, and Bagpipe Multimedia LLC’s Joint Stipulated Request for a Preliminary Injunction Order and Orders: (1) Freezing Assets; (2) Appointing a Permanent Receiver; (3) Requiring Accountings; and (4) Prohibiting the*

Destruction of Documents entered on June 8, 2023; (c) the *Order Granting Plaintiff Securities and Exchange Commission's Request for a Preliminary Injunction Order and Orders: (1) Freezing Assets; (2) Appointing a Permanent Receiver; (3) Requiring Accountings; and (4) Prohibiting the Destruction of Documents with Respect to Relief Defendants Tyler Campbell, INR Consulting LLC (California Entity), and Hidden Springs Holdings Group LLC* entered on June 8, 2023; and (d) the *Order Granting Plaintiff Securities and Exchange Commission and Relief Defendants John Eric Francom and INR-CA Investment Holdings, LLC's Joint Stipulated Request for a Preliminary Injunction Order and Orders: (1) Freezing Assets; (2) Appointing a Permanent Receiver; and (3) Prohibiting the Destruction of Documents* entered on June 29, 2023.

D. The Receiver sought and obtained authority from the District Court to pursue certain claims against the Mystic Entities and Roacho on behalf of the receivership estate. On November 11, 2025, the Receiver filed a Complaint ("**Receiver Complaint**") in Nevada state court in Clark County ("**Nevada Court**") against the Mystic Entities and Roacho.

E. In response to the Receiver Complaint, the Mystic Entities filed a motion for summary judgment, or in the alternative, to dismiss the Receiver Complaint, and a motion for Rule 11 sanctions. Roacho joined both motions. The Receiver opposed both motions.

F. On March 24, 2026, the Nevada Court held a hearing, at the conclusion of which it stated it would grant summary judgment in favor of the Mystic Entities and Roacho on all claims in the Receiver Complaint, but would do so without prejudice. The Nevada Court also stated that it would deny the motion for Rule 11 sanctions as moot.

G. The Parties have since agreed to settle and resolve all claims against one another on the terms and conditions provided herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants, terms, and conditions hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agree as follows:

1. **Court Approval**. This Agreement (including Exhibit A) is subject to and conditioned on approval by the District Court. The Agreement shall have no force or effect unless and until it has been approved by the District Court. The Receiver will file a motion for District Court approval of the Agreement promptly after the Agreement has been fully executed.

2. **Payment**. Within five (5) business days of entry of an order by the District Court approving the Agreement, the Mystic Entities and Roacho shall pay a total of \$127,500.00 to the Receiver in a single, lump sum payment (via wire transfer pursuant to instructions provided by the Receiver). The Mystic Entities and Roacho shall be jointly and severally liable for the full \$127,500 amount.

3. Nevada Action. Once District Court approval has been obtained and all payments required under Section 2 above have been made, counsel for the Parties shall execute and the Mystic Entities shall file the Order Granting Motion for Summary Judgment or, Alternatively, to Dismiss and Denying Motion for Rule 11 Sanctions attached hereto as **Exhibit A** in the Nevada Court.

4. Mutual Release. On the condition that all payments due under Section 2 above have been fully made and timely received by the Receiver, and effective only upon satisfaction of such condition, the Receiver, on the one hand, and the Mystic Entities and Roacho, on the other hand, and each of them, for themselves and their affiliates, and their respective principals, agents, representatives, employees, attorneys, partners, members, managers, directors, officers, trustees, beneficiaries, successors and assigns, forever, irrevocably and unconditionally release and discharge one another, and their respective principals, agents, representatives, employees, attorneys, partners, members, managers, directors, officers, trustees, beneficiaries, heirs, executors, administrators, receivers, successors, assigns, and predecessors, of and from any and all claims, demands, debts, obligations, liabilities, costs, expenses, rights of action, causes of action, awards and judgments, all of which are hereinafter referred to as the **“Released Claims.”**

The Receiver, the Mystic Entities and Roacho, individually and collectively, acknowledge and agree that the Released Claims may include claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected and further acknowledge that the Released Claims may include claims which are presently unknown or unsuspected, and may be based upon hereafter discovered facts different from, or in addition to, those which they now know, or believe to be true. Nevertheless, the Parties agree that the foregoing releases shall be and remain effective in all respects, notwithstanding such different or additional facts, or the discovery thereof, and further hereby expressly waive and relinquish any and all rights provided in California Civil Code § 1542 which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The Receiver, the Mystic Entities and Roacho expressly waive and release any rights and benefits that they have or may have under any similar law or rule of any other jurisdiction pertaining to the matters released herein. It is the intention of the Parties through this Agreement and with the advice of counsel to fully, finally, and forever settle and release the claims and disputes existing between them as provided herein, known or unknown. The releases herein given shall be and remain in effect as full and complete releases of all such matters notwithstanding the discovery of any additional claims or facts relating thereto.

5. No Assignment. The Parties represent that they have not assigned, transferred, or purported to assign or transfer to any person or entity any of the Released Claims, and no other person or entity has any interest in any of the Released Claims.

6. Voluntary Signing. Each Party has executed this Agreement without any duress or undue influence.

7. Independent Counsel. Each Party acknowledges and agrees that it has had the opportunity to seek independent counsel in connection with negotiating and entering into this Agreement and has either retained counsel or has voluntarily chosen not to. If a Party has retained counsel, such Party acknowledges and agrees that it has been represented by independent counsel of its own choice throughout all negotiations which preceded the execution of this Agreement, that it has executed and approved of this Agreement after consultation with said counsel, and that it shall not deny the validity of this Agreement on the ground that such Party did not have the advice of legal counsel.

8. Governing Law and Venue. This Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of the State of California or the State of Nevada and, to the extent applicable, federal law relating to equity receiverships, and all disputes arising from this Agreement shall be subject to the jurisdiction of the United States District Court for the Central District of California, Southern Division or the Courts of the State of Nevada, with neither party waiving any claim with respect to personal jurisdiction.

9. Construction and Interpretation. The headings in this Agreement are inserted for convenience only and will not be deemed a part of the Agreement for construction or interpretation purposes. The Parties expressly declare that they each participated in the negotiation of this Agreement, and that therefore no ambiguities in this Agreement may be resolved in favor of one Party because the other Party was the drafter. No Party is the designated drafter of this Agreement.

10. Authority to Enter Into Agreement. Each Party represents and warrants that its respective signatory to this Agreement is fully authorized to enter into this Agreement on such Party's behalf and to legally bind such Party to this Agreement.

11. Waiver/Amendment. No breach of any provision of this Agreement can be waived unless in writing. Waiver of any one breach of any provision of this Agreement is not a waiver of any other breach of the same or of any other provision of this Agreement. Amendment of this Agreement may be made only by written agreement signed by the Parties.

12. Originals and Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Additionally, signature pages delivered via facsimile or email in portable document format (.pdf) shall be deemed original.

13. No Admission of Liability. This Agreement is acknowledged by the Parties to be a compromised settlement and does not constitute an admission of liability by any Party for any purpose.

14. Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations, and understandings of the Parties. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all of the Parties.

15. Attorneys' Fees and Costs. The Parties shall each bear their own costs and attorneys' fees incurred in connection with the Receiver Complaint, the associated litigation in the Nevada Court, and the negotiation and documentation of this Agreement. If any proceeding, action, suit or claim is undertaken to interpret or enforce this Agreement, the prevailing Party shall be entitled to recover from the other Party any reasonable attorneys' fees and costs incurred in connection with such dispute.

16. Notices. Notices to be provided hereunder shall be effective if sent to the following:

To the Mystic Entities:

Mystic Holdings, Inc. / Qualcan LLC / New Division LLC / Jade Sky Pointe LLC
c/o Garman Turner Gordon
7251 Amigo Street, Suite 210
Las Vegas, NV 89119
Attn: Dylan T. Ciciliano, Esq.

To Roacho:

Miguel Angel Roacho
c/o Palazzo Law Firm
520 S. Fourth Street
Las Vegas, NV 89101
Attn: T. Louis Palazzo, Esq.

To the Receiver:

Krista L. Freitag, Receiver
c/o Allen Matkins Leck Gamble Mallory & Natsis LLP
600 W. Broadway, 27th Floor
San Diego, CA 92101
Attn: Ted Fates, Esq.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

In WITNESS WHEREOF, the undersigned execute this Agreement as of the Effective Date.

MYSTIC HOLDINGS, INC.,
a Nevada corporation

By: _____

Name: _____

Its: President

QUALCAN LLC,
a Nevada limited liability company

By: _____

Name: _____

Its: President (Mystic)

NEW DIVISION LLC,
a Nevada limited liability company

By: _____

Name: _____

Its: President (Mystic)

JADE SKY POINT LLC,
a Nevada limited liability company

By: _____

Name: _____

Its: President (Mystic)

MIGUEL ANGEL ROACHO

By: _____

Miguel Angel Roacho

KRISTA L. FREITAG, COURT-APPOINTED
PERMANENT RECEIVER

By: _____

KRISTA L. FREITAG, solely in her
capacity as court-appointed permanent
receiver

Docusign Envelope ID: 2DD64FEB-A443-86C6-8104-D8EFCE79D512

In WITNESS WHEREOF, the undersigned execute this Agreement as of the Effective Date.

MYSTIC HOLDINGS, INC.,
a Nevada corporation

By: _____
Name: _____
Its: _____

QUALCAN LLC,
a Nevada limited liability company

By: _____
Name: _____
Its: _____

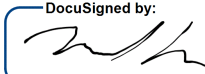
NEW DIVISION LLC,
a Nevada limited liability company

By: _____
Name: _____
Its: _____

JADE SKY POINTE LLC,
a Nevada limited liability company

By: _____
Name: _____
Its: _____

MIGUEL ANGEL ROACHO

By:  _____
DocuSigned by:
Miguel Angel Roacho

KRISTA L. FREITAG, COURT-APPOINTED
PERMANENT RECEIVER

By: _____
KRISTA L. FREITAG, solely in her
capacity as court-appointed permanent
receiver

EXHIBIT A

GARMAN TURNER GORDON LLP
DYLAN T. CICILIANO
Nevada Bar No. 12348
Email: dciciliano@gtg.legal
STEVEN E. KISH III
Nevada Bar No. 15257
7251 Amigo Street, Suite 210
Email: skish@gtg.legal
Las Vegas, Nevada 89119
Tel: (725) 777-3000
Fax: (725) 777-3112
Attorneys for Defendants
Mystic Holdings, Inc., Qualcan LLC,
New Division LLC, and Jade Sky Pointe LLC

DISTRICT COURT
CLARK COUNTY, NEVADA

KRISTA FREITAG, court-appointed receiver,

Plaintiff,

v.

CASE NO.: A-25-932645-B
DEPT. NO.: XIII

MYSTIC HOLDINGS, INC., a Nevada
corporation; QUALCAN L.L.C., a Nevada
limited liability company; NEW DIVISION
LLC, a Nevada limited liability company; JADE
SKY POINTE LLC, a Nevada limited liability
company; and MIGUEL ANGEL ROACHO, an
individual,

Defendants.

**ORDER GRANTING MOTION FOR
SUMMARY JUDGMENT OR,
ALTERNATIVELY, TO DISMISS AND
DENYING MOTION FOR RULE 11
SANCTIONS**

Presently before the Court is Defendants Mystic Holdings, Inc. ("Mystic"), Qualcan LLC ("Qualcan"), New Division LLC ("New Division"), and Jade Sky Pointe LLC ("Jade Sky"; collectively "Mystic Entities"), *Motion for Summary Judgment or, Alternatively, to Dismiss*. ("Summary Judgment Motion," Doc. No. 19; *see also* Doc. No. 20 (Appendix of Exhibits)). Also before the Court is the Mystic Entities' *Motion for Rule 11 Sanctions*. ("Rule 11 Motion," Doc. No. 25; *see also* Doc. No. 26 (Appendix of Exhibits)). Defendant Miguel Angel Roacho ("Roacho") filed a joinder to the Summary Judgment Motion. (Doc. Nos. 21). Plaintiff Krista Freitag, in her capacity as court-appointed receiver for the "Receivership Entities" "Receiver"), filed an Omnibus

1 Opposition to both Motions. (Doc. No. 32; *see also* Doc. No. 33 (Evidentiary Appendix)). The
2 Mystic Entities filed Replies (Doc. Nos. 35 & 36), to which Roacho joined (Doc. Nos. 37 & 38).

3 The Motions came before the Court for a hearing on March 24, 2026. (*See* Doc. No. 39
4 (“Transcript”). The Receiver appeared through her counsel, Messrs. Rickard, Fates, and Pham. The
5 Mystic Entities appeared through their counsel, Mr. Ciciliano. Roacho appeared through his counsel,
6 Mr. Palazzo.

7 The Court has reviewed and considered the foregoing Motions and related briefing, the
8 supporting exhibits thereto, the legal authority cited therein, the papers and pleadings on file herein,
9 and the argument of counsel at the hearing. Based thereon, the Court **FINDS, CONCLUDES**, and
10 **ORDERS** as follows:

11 **LEGAL STANDARD**

12 1. NRCP 56 provides that “the court shall grant summary judgment if the movant
13 shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment
14 as a matter of law.” NRCP 56(a). Moreover, any party may “file a motion for summary judgment at
15 any time.” NRCP 56(b). A defendant can prevail on summary judgment by demonstrating that a
16 plaintiff “cannot produce admissible evidence to support the fact” or element of its claims.

17 2. “While the pleadings and other proof must be construed in a light most favorable to
18 the nonmoving party, that party bears the burden to ‘do more than simply show that there is some
19 metaphysical doubt’ as to the operative facts in order to avoid summary judgment being entered in
20 the moving party’s favor.” *Wood v. Safeway, Inc.*, 121 Nev. 724, 732, 121 P.3d 1026, 1031 (2005)
21 (quoting *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986)). The
22 non-moving party “‘must, by affidavit or otherwise, set forth specific facts demonstrating the
23 existence of a genuine issue for trial or have summary judgment entered against him.’” *Id.* (quoting
24 *Bulbman, Inc. v. Nev. Bell*, 108 Nev. 105, 110 (1992)).

25 **FINDINGS OF FACT**

26 **A. THE PARTIES AND THE UNDERLYING PROCEEDINGS**

27 The Receiver is the court-appointed permanent receiver for Integrated National Resources, Inc. and
28 related entities (collectively, the “Receivership Entities”), appointed by the United States District

1 Court for the Central District of California in *SEC v. Integrated National Resources, Inc., et al.*, Case
2 No. 8:23-cv-00855-JWH-KES (the “SEC Action”). (Compl. ¶ 1.) The SEC Action arose from an
3 investment fraud perpetrated by third parties—including Rolf Hirschmann (a/k/a “Max Bergman”)
4 and Patrick Earl Williams (collectively, the “Scheme Principals”)—who solicited investors under
5 the false pretense that their funds would develop and expand cannabis operations. (Compl. ¶¶ 42-
6 45.) The Receivership Entities had no cannabis facilities, licenses, permits, or business operations
7 of any kind. (Compl. ¶ 44.) Investor net losses are alleged to have exceeded \$44 million. (Compl. ¶
8 45.)

9 4. Defendant Mystic Holdings, Inc. (“Mystic”) is a Nevada corporation and publicly
10 traded holding company that, through its subsidiaries, operates as a vertically integrated cannabis
11 company engaged in the cultivation, production, and sale of cannabis and cannabis products.
12 (Compl. ¶¶ 2, 9.) Defendant Qualcan L.L.C. (“Qualcan”) is a wholly owned subsidiary of Mystic
13 that operated a licensed cannabis cultivation, production, and dispensary facility located at 4145
14 Wagon Trail Avenue, Las Vegas, Nevada 89118 (the “Cannabis Facility” or “Facility”). (Compl. ¶¶
15 3, 14.) The Cannabis Facility also served as the location of Mystic’s headquarters and principal
16 executive offices. (Compl. ¶ 15.) Defendants New Division LLC and Jade Sky Pointe LLC are
17 wholly owned subsidiaries of Mystic that are alleged to have received cannabis licenses from
18 Qualcan in or about March or April 2025. (Compl. ¶¶ 4-5, 12.) Defendant Miguel Angel Roacho
19 (“Roacho”) is an individual who was present at the Facility on various occasions relevant to the
20 allegations in the complaint. (Compl. ¶ 6.) Mystic, Qualcan, New Division, and Jade Sky Pointe are
21 collectively referred to as the “Mystic Entities.”

22 5. Prior to initiating the proceeding, the Receiver conducted some discovery in the SEC
23 Action. As noted by the Receiver, the discovery was not exclusively related to Defendants and
24 addressed all facets of the Receivership. Nonetheless, the Receiver “retained an investigator” to
25 undertake “an investigation into the tours of [Mystic’s] Cannabis Facility” that Hirschmann had
26 orchestrated. (Doc. No. 1 at ¶ 66). The Receiver “issued document subpoenas to Mystic and Qualcan
27 in or about June 2023” and later “issued a more targeted document subpoena to Qualcan in March
28 2024, as well as a subpoena for the deposition of Qualcan’s person most knowledgeable. Then, in

1 July 2024, the Receiver issued document and deposition subpoenas to Roacho.” (Compl., Doc.
2 No. 1, at ¶ 65).

3 6. “On or about September 12, 2024, the Receiver took the deposition of Qualcan
4 principal Barracco, in his personal capacity and in his capacity as Qualcan’s person most
5 knowledgeable. The Receiver also took the deposition of LoMedico and Villanueva, two Qualcan
6 employees, that same day.” (Doc. No. 1 at ¶ 67). The Receiver likewise deposed Roacho “on or
7 about December 4, 2024.” (*Id.*).

8 7. Further, the Receiver has interviewed investors in the Scheme that went on tours of
9 the Facilities. With her Opposition, the Receiver submitted two declarations from investors. (Doc.
10 No. 39 at 50:10–51:4 (emphasis added)).

11 **B. MYSTIC’S ADVERTISING AND PUBLIC TOUR PROGRAM**

12 8. Mystic is a publicly traded entity that raised approximately \$17 million from
13 approximately 5,500 shareholders through a registered securities offering (Regulation A, Tier 2)
14 filed with the Securities and Exchange Commission. (MSJ, Ex. 1, Cristalli Decl. ¶¶ 5-6.) In
15 connection with its public offering, Mystic maintained a website located at
16 <https://investqualcan.com/> (the “Website”), which provided information and materials for potential
17 investors interested in investing in Mystic. (Compl. ¶ 25.) The Website featured a “Frequently Asked
18 Questions” section describing how to purchase stock and referencing an “Investor Deck” that Mystic
19 had prepared for potential investors. (Compl. ¶ 27.) The Investor Deck contained a disclaimer
20 identifying Mystic Holdings Inc. as the entity that prepared the materials. (Compl. ¶ 28.)

21 9. As part of the advertising and promotion of these offerings, Mystic and Qualcan
22 conducted public tours of the Cannabis Facility. (MSJ, Ex. 1, Cristalli Decl. ¶¶ 5-6; Compl. ¶ 40.)
23 These tours were a regular feature of the companies’ advertising and investor-relations program. The
24 Receiver alleges that particularly during the period in which Mystic had a public offering, Mystic
25 and Qualcan encouraged Roacho to bring potential investors to the Cannabis Facility. (Compl. ¶ 40.)

26 10. The Facility itself served as a component of Mystic’s advertising. During tours,
27 potential investors were taken through most areas of the Facility, including the laboratory, grow
28 rooms, dry room, and kitchen, where they could observe various stages of the cannabis cultivation

1 and production process and see the work that cannabis workers were performing. (Compl. ¶ 55.)
2 Potential investors were allowed to take photographs and videos within the Facility, and they were
3 often offered samples of the products being made in the kitchen. (Compl. ¶ 55.) The Facility
4 displayed Qualcan's cannabis licenses on the wall where visitors entered, as required by Nevada
5 law. (MSJ, Ex. 8, Barracco PMK Dep. 18:4-12; MSJ, Ex. 1-A (photographs of displayed licenses).)
6 Visitors were required to sign in and wear visitor lanyards that displayed Qualcan's registered
7 service mark and logo. (MSJ, Ex. 8, Barracco PMK Dep. 38:11-40:23; MSJ, Ex. 9 (photograph of
8 Qualcan visitor lanyard); MSJ, Ex. 10, LoMedico Dep. 33:9-20.) The Facility was itself advertising,
9 providing people with a firsthand, tangible demonstration of operations.

10 **C. THE SCHEME PRINCIPALS USE OF THE FACILITIES**

11 11. Williams, one of the Scheme Principals, stated that he learned that Mystic and
12 Qualcan were providing public tours and decided to bring the Scheme's investors to the facilities:
13 "There's a cultivation in Las Vegas, Qualcan, that was raising money for their own company. I told
14 them I had investors that were interested in investing in Qualcan who wanted to see their grow."
15 (MSJ, Ex. 4, Hirschmann Ex Parte App., Ex. A.)

16 12. The Receiver alleges that "[n]umerous investors took up that offer and did, in fact,
17 take tours of a facility" and that the tours took place "at least between late 2019 through late 2022,"
18 with Roacho granting access, co-leading the tours, and misleading investors into believing the
19 Facility was owned by the Receivership Entities — culminating in the allegation that investors
20 "noted that their tour of the facility, which allowed them to see the Receivership [Entities' purported
21 operations], . . . is what convinced them and many other investors that they knew to put money into
22 the scheme." (Compl. ¶¶5-6). The Receiver further contends that the investors' tours of the Facilities
23 caused \$22 million in damages. (Compl. at ¶¶59, 77, 87).

24 13. The Receiver alleges that during tours, Facility employees recognized Hirschmann
25 and knew him by name (i.e., "Max"), and that Hirschmann likewise knew those employees' names
26 and introduced them to the potential investors. (Compl. ¶ 57.)

27 14. The Receiver contends that tours were led by Roacho and that Roacho "acted as an
28 agent or representative of both entities, with [Qualcan and Mystic's] knowledge and permission

1 (Compl. ¶39) and that Mystic and Qualcan “not merely allow[ed] Roacho to bring potential investors
2 to the Cannabis Facility for tours, but encouraged him to do so.” (Compl. ¶40). The Receiver further
3 states that Roacho had an “agent card” under NRS 678B.340.

4 15. The Receiver contends that at least eleven (11) tours of the Facility occurred. In the
5 Opposition, the Receiver submits the declarations of Perminder Dale (the “Dale Decl.”) and John
6 Eric Francom (the “Francom Decl.”), both of whom invested in the Scheme after touring the
7 Facilities at 4145 Wagon Trail Avenue, Las Vegas, Nevada 89118 (Francom Decl. ¶9; Dale Decl.
8 ¶6).

9 16. Dale toured the Facilities in January 2022 and Francom toured the Facilities in
10 November 2022. Both the Francom Decl. and Dale Decl. state that Roacho and Hirschmann were
11 actively involved with and participated in the tour, and that Qualcan employees were present at
12 numerous junctures. (Francom Decl. ¶¶ 13-14; Dale Decl. ¶¶11-12). Both testified that the tours
13 conveyed information about the Facilities and products being manufactured and sold. (*Id.*). Based
14 on how they spoke with each other during the tour, Dale and Francom testified that it appeared that
15 Hirschmann and Roacho were making a prepared pitch (Dale Decl. ¶ 13; Francom Decl. ¶14).

16 17. Dale testified that when touring the kitchen area, “Roacho effectively took over and
17 provided [him] with a lot of information about the cannabis products made in the Facility (including
18 telling me how they make or produce the products, how they package the products, and what were
19 new products).” (Dale Decl. ¶12). The tour provided an in-depth presentation about a unique high-
20 concentrate cannabis product made at the facilities and an infused edible was provided as a sample.
21 (*Id.*).

22 18. Francom testified that tour conveyed the “technical aspects of cannabis production
23 and cultivation (including how x-ray equipment was used to decontaminate cannabis plants, the
24 different stages of cannabis plants, the cannabis extraction process, and how cannabis plants were
25 spliced to create new proprietary products).” (Francom Decl. ¶ 14).

26 19. Francom believed and understood that the “Qualcan” branding was the “name or
27 brand” that the scheme used for its product. (Francom Decl. ¶ 11). Dale was likewise told that by
28

1 Hirschmann that there were “multiple names and brands for its various lines of business and that one
2 of those names or brands was ‘Qualcan’” (Dale. Decl. ¶9).

3 **D. INSUFFICIENT EVIDENCE OF THE ENTITY DEFENDANTS’ INVOLVEMENT.**

4 20. In the Motion and Reply, the Mystic Entities submit evidence from the depositions
5 taken by the Receiver, as well as the Barracco Decl. and Cristalli Decl. establishing that the
6 Defendant Entities never communicated with the Receivership Entities or Scheme Principals, and
7 that the Defendant Entities were not familiar with, had no knowledge of, and did not deal with
8 individuals or entities associated with INR prior to the SEC Action. (Cristalli Decl. ¶ 8; MSJ at, Ex.
9 14 (Barracco Indiv. Dep.), at 13:21–15:21, Ex. 8 (Barracco PMK Dep., at 20:23–22:24); Ex. 11
10 (Roacho Dep., at 86:3–9); (Ex. 10 (LoMedico Dep., at 25:20–27:28, 29:6–30:22); Ex. 15,
11 (Villanueva Dep., at 23:5–28:1)).

12 21. Cristalli, an executive and director with the Mystic Entities, provided a declaration
13 that in responding to the Receiver’s subpoena, as well as a subpoena to the Securities and Exchange
14 Commission, he “supervised the search” of the Mystic Entities’ records and emails, as well as the
15 company’s public offering records” and provided the responsive records to the Receiver. (Cristalli
16 Decl. ¶6).

17 22. Cristalli further averred that “[t]he Mystic Entities have never received any funds
18 from INR, any Receivership Entity, or any individual identified by the Receiver as a Scheme
19 Principal” and that “the Mystic Entities have never entered into any agreement, arrangement, or
20 communication with INR, Patrick Earl Williams, Rolf Max Hirschmann (a/k/a “Max Bergmann”),
21 or any Receivership Entity concerning investments, fundraising, or investor solicitation.” (Cristalli
22 Decl. ¶10). The Mystic Entities include the testimony of Ms. Villanueva, which states that her
23 outside of the tours, she had not known or communicated with Hirschmann. (MSJ, Ex. 15,
24 Villanueva Dep. at 39:6-17).

25 23. In Opposition, the Receiver countered that Hirschmann and investors toured the
26 Facility and that the Investors communicated with Roacho, as set forth above, and that the Mystic
27 Entities’ employees were present for certain conversations. However, outside of what occurred
28 during the tours, the Receiver did not produce any evidence of the Mystic Entities or its principals’

1 involvements or knowledge of the Scheme or the Receivership Entities, including but not limited to
2 testimony from depositions taken, written records, or investor statements. The Receiver also did not
3 identify any false or misleading statements made by the Mystic Entities' employees.

4 24. The Receiver argued that Roacho made false or misleading statements to the
5 Investors and that because Roacho had an "agent card," his statements were attributable to the Mystic
6 Entities. However, Roacho testified that the "agent card" is issued by the Cannabis Control Board
7 and is not connected with the Mystic Entities. (Opp. Exh. 8 at p.62:1-65:11). Additionally, the
8 Mystic Entities asserted that neither they nor the principals authorized or permitted Roacho to lie to
9 investors.

10 25. The Receiver likewise conducted a financial analysis of the Receivership Entities
11 and traced the use of funds by the Receivership Entities and Scheme Principals. (MSJ, Exs. 13, 19).
12 The Complaint does not allege and the Opposition does not include any evidence that the
13 Defendants, including the Mystic Entities, received any funds or proceeds from the Receivership
14 Entities, the Scheme Principals, or the investors.

15 26. The Opposition includes the declaration of the Receiver's counsel, which states that
16 the Scheme Principals had withdrawn cash sums from the accounts and mailed packages to Las
17 Vegas and that the Receiver sought expansive discovery "beyond merely obtaining the bank records
18 of only the immediate Defendants," but did not include any evidence establishing a nexus between
19 the Scheme Principals withdrawal of funds and any of the Defendants.(Opp. at Exh. 5, ¶6-7).

20 CONCLUSIONS OF LAW

21 1. The Receiver's Complaint asserts claims against the Defendants for (1) aiding and
22 abetting breach of fiduciary duty, (2) aiding and abetting fraud, (3) civil conspiracy, (4) negligent
23 misrepresentation, (5) negligence, (6) avoidance and recovery of actual fraudulent transfer, and (7)
24 avoidance and recovery of constructively fraudulent transfer.

25 A. Counts 1 to 5.

26 2. Both aiding-and-abetting claims require the Receiver to prove, among other
27 elements, that the Mystic Entities had actual knowledge of the fraud or breach and substantially
28 assisted it. *See Guilfoyle v. Olde Monmouth Stock Transfer Co.*, 130 Nev. 801, 812–13, 335 P.3d

1 190, 198 (2014) (citing *In re Amerco Derivative Litig.*, 127 Nev. 196, 225, 252 P.3d 681, 701–02
2 (2011)) (aiding and abetting breach of fiduciary duty requires defendant “knowingly and
3 substantially participated in or encouraged” the breach); *Dow Chem. Co. v. Mahlum*, 114 Nev. 1468,
4 1490, 970 P.2d 98, 112 (1998), *abrogated on other grounds by GES, Inc. v. Corbitt*, 117 Nev. 265,
5 21 P.3d 11 (2001) (aiding and abetting fraud requires defendant “was aware of its role in promoting
6 the fraudulent misrepresentation” and “knowingly and substantially assisted”).

7 3. Civil conspiracy requires (1) an agreement between two or more persons, (2) to
8 accomplish an unlawful objective, (3) with the intent to harm another, and (4) resulting damage. *See*
9 *Guilfoyle*, 130 Nev. at 812–13, 335 P.3d at 198 (quotation omitted); *see Consol. Generator-Nev.,*
10 *Inc. v. Cummins Engine Co., Inc.*, 114 Nev. 1304, 1311, 971 P.2d 1251, 1256 (1998). In other words,
11 Nevada law requires *knowing participation* in order to be liable for civil conspiracy. *See In re*
12 *McKinsey & Co., Inc. Nat’l Rx Opiate Litig.*, No. MDL 3084 CRB, 2024 WL 2261926, at *6 (N.D.
13 Cal. May 16, 2024) (recognizing the heightened intent standard under Nevada law).

14 4. “An indispensable predicate to tort liability founded upon negligence is the existence
15 of a duty of care owed by the alleged wrongdoer to the person injured.” *Mangeris v. Gordon*, 94
16 Nev. 400, 402, 580 P.2d 481, 483 (1978). As a general rule, Nevada law imposes no duty to control
17 the conduct of third parties or to warn others of such conduct. *Id.*; *see also Sparks v. Alpha Tau*
18 *Omega Fraternity, Inc.*, 127 Nev. 287, 296, 255 P.3d 238, 244 (2011) (“Generally, no duty is owed
19 to control the dangerous conduct of another.” (internal quotations omitted)); *Sanchez v. Wal-Mart*
20 *Stores, Inc.*, 125 Nev. 818, 824, 221 P.3d 1276, 1280 (2009) (citing *Mangeris*, 94 Nev. at 402, 580
21 P.2d at 483).

22 5. The Court finds that there is insufficient evidence for a rational trier of fact to
23 conclude that Defendants had knowledge, were involved, or participated in any of the Receivership
24 Entities’ or Scheme Principals’ misconduct. *Compare Wood*, 121 Nev. at 731, 121 P.3d at 1031 (“A
25 factual dispute is genuine when the evidence is such that a rational trier of fact could return a verdict
26 for the nonmoving Party.”). With respect to the Mystic Entities, there is insufficient evidence that
27 the Mystic Entities were involved in the misconduct or that they actually aided and abetted a breach
28

1 of fiduciary duty or fraud, or that they were involved in a civil conspiracy or made any negligent
2 misrepresentation.

3 6. Additionally, while Roacho had a cannabis agent card under NRS 678B.340, the
4 Court finds that Roacho's conduct is not attributable to the Mystic Entities by virtue of having an
5 agent card. The Receiver argued that the Mystic Entities gave Roacho an "agent card specifically
6 for the purpose of bringing people in" to the facility" and that they gave him an "agent card," so he
7 has to be an agent. (Doc. 39 at 71:11-19). However, NRS 678B.340 and Roacho's testimony confirm
8 that the State of Nevada issues the agent card, which is required to be unaccompanied at a cannabis
9 facility. (Doc. 39 at 71:11-77:24). While the Mystic Entities and the law may have required that he
10 have an agent card to give an unaccompanied tour, that does not make Roacho an agent for purposes
11 of the claims alleged.

12 7. With respect to Roacho, while the Receiver presents evidence that Roacho granted
13 access to the Facility, was on the tours, coordinated with the Scheme Principals, and contends that
14 he failed to correct certain of the Scheme Principals' statements, the Court likewise finds that there
15 is insufficient evidence to establish the claims in the complaint.

16 **B. Counts 6 to 7.**

17 8. Counts 6 and 7 seek to recover fraudulent transfers. Here, the fraudulent transfers
18 are not transfers from the Receivership Entities or Scheme Principals, but instead alleged transfer of
19 certain cannabis licenses from Mystic or Qualcan to New Division and Jade Sky that the Receiver
20 effectively contends were designed to prevent the Receiver's recovery of an eventual judgment.

21 9. As such, the claims are dependent upon the existence of the Receiver's other claims
22 and eventual judgment against the Mystic Entities. As the Court finds that the Receivers' claims
23 against the Mystic Entities fail and therefore there is no credit/debtor relationship with the Receiver,
24 so do the derivative claims against the Mystic Entities for fraudulent transfers.

25 **C. Rule 56(d) Relief:**

26 10. "NRCP 56([d]) permits a district court to grant a continuance when a party opposing
27 a motion for summary judgment is unable to marshal facts in support of its opposition." *Aviation*
28 *Ventures, Inc. v. Joan Morris, Inc.*, 121 Nev. 113, 117–18, 110 P.3d 59, 62 (2005). "[A] motion for

1 a continuance under NRCP 56([d]) is appropriate only when the movant expresses how further
2 discovery will lead to the creation of a genuine issue of material fact.” *Id.* at 118, 110 P.3d at 62.
3 NRCP 56(d) is phrased permissively (“the court may”), and thus unlike the summary judgment
4 decision itself, “[t]he decision to grant or deny a continuance of a motion for summary judgment to
5 allow further discovery is reviewed for an abuse of discretion.” *Sciarratta v. Foremost Ins. Co.*, 137
6 Nev. 327, 333, 491 P.3d 7, 12 (2021). Here, while the matter is in its infancy, a party must have a
7 factual basis, even if it’s a good faith belief. Additionally, the Receiver has already conducted some
8 discovery in the SEC Action related to its claims.

9 11. In support of NRCP 56(d) relief, the Receiver seeks three area of discovery. The
10 Receiver first sought “photographs or identification cards of all personnel who worked in the
11 Qualcan Facility from 2019 to 2023” so that “defrauded investors who toured the Facility can
12 potentially identify the personnel whom they met during their tour.” (Doc. No. 32 at 6.) Assuming
13 the records exist, the Receiver does not explain how identifying those personnel would create a
14 genuine issue of material fact, as there is no allegation or evidence that any unidentified employee
15 made a material misrepresentation or that any investor relied on a statement by such an employee.

16 12. Second, the Receiver requests depositions of Joanna DeFilippis and Magdalena
17 “Maggie” Madrid on the basis that “Roacho had testified that, on some tours of the Qualcan Facility
18 that he conducted with Hirschmann” they were accompanied by DeFilippis or Madrid. (Doc. No. 32
19 at 6.) But the Receiver does not identify any testimony DeFilippis or Madrid could give that would
20 create a genuine issue of material fact as to the Mystic Entities participation, such as an alleged
21 statement or misstatement made by either person or in their presence. (Doc. No. 39 at 60:16–61:4.).

22 13. Third, the Receiver sought “discovery of financial records” to “potentially tie Mystic
23 or Qualcan (or their personnel) to the Receivership Entities and their funds.” (Doc. No. 32 at 6–7.)
24 At the hearing, counsel stated that “there was a large amount of cash that changed hands . . . pulled
25 out of bank accounts, [and] sent different places in FedEx packages,” including FedEx packages
26 being sent to Las Vegas and other places as well. (Doc. No. 39 at 48:23–49:3.) The Receiver,
27 however, offered no evidence or basis to believe that any package was sent to or cash was provided
28

1 to the Mystic Entities. (*See generally* Doc. Nos. 32 & 39.) The Receiver's speculation absent any
2 evidence is insufficient for purposes of NRCP 56(d).

3 Accordingly,

4 **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that the Summary
5 Judgment Motion (Doc. No. 19) be **GRANTED** without prejudice.

6 **IT IS FURTHER ORDERED** that the Rule 11 Motion (Doc. No. 25) be, and the same
7 hereby is, **DENIED** as moot without prejudice.

8 **IT IS FURTHER ORDERED** that by the agreement of the parties, as evidenced by their
9 signatures hereto, the matter shall be dismissed with prejudice with all parties bearing their own
10 attorney's fees and costs.

11 **IT IS FURTHER ORDERED** that the case is closed.

12 **IT IS SO ORDERED.**

13
14 _____
15 DISTRICT COURT JUDGE

16 Respectfully submitted by:

17 **GARMAN TURNER GORDON LLP**

PALAZZO LAW FIRM

18 /s/ Dylan T. Ciciliano
19 DYLAN T. CICILIANO (Bar No. 12348)
20 STEVEN E. KISH III (Bar No. 15257)
21 7251 Amigo Drive, Suite 210
22 Las Vegas, Nevada 89119
23 *Attorneys for Defendants*
24 *Mystic Holdings, Inc., Qualcan LLC,*
25 *New Division LLC, and Jade Sky Pointe LLC*

/s/
T. LOUIS PALAZZO (Bar No. 4128)
520 South Fourth Street
Las Vegas, Nevada 89101
Attorney for Defendant
Miguel Angel Roacho

26 **SEMENZA RICKARD LAW**

27 /s/
28 JARROD L. RICKARD (Bar No. 10203)
KATIE L. CANNATA (Bar No. 14848)
10161 Park Run Drive, Suite 150
Las Vegas, Nevada 89145

1 **ALLEN MATKINS LECK GAMBLE**
2 **MALLORY & NATSIS LLP**

3 EDWARD G. FATES (*pro hac vice*)
4 One America Plaza
5 600 West Broadway, 27th Floor
6 San Diego, California 92101-0903

7 MATTHEW D. PHAM (*pro hac vice*)
8 865 South Figueroa Street, Suite 2800
9 Los Angeles, California 90017-2543
10 *Attorneys for Plaintiff Krista Freitag*

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