

Los Angeles Court Rejects \$20 Million Cannabis Fraud Retrial Request

A Los Angeles judge has made a significant ruling in a case involving CADM Inc. and its affiliates, who were accused of defrauding Leafire Inc. and Llullu LLC in a real estate scheme within the cannabis industry.

Denial of Motion for a New Trial

Judge Joel L. Lofton denied CADM's motion for a new trial, citing failure to serve the motion to the proper attorneys representing the plaintiffs on time. Even if filed correctly, the judge found CADM's arguments for a new trial lacking in merit.

Allegations and Scheme Details

The lawsuit alleged that CADM and its owner, Jianqian Gu, misrepresented ownership of eight cannabis facilities across California, soliciting a \$12 million loan from Leafire and Llullu under false pretenses. Instead of using the funds as promised, the money was diverted to pay personal debts and other projects.

Nature of the Facilities

The facilities in question included cultivation sites and dispensaries in Los Angeles, Santa Barbara, and Northern California. Notably, these included a substantial 300,000 square-foot greenhouse in Santa Barbara and various warehouses.

Involvement of Affiliates

Several affiliates of CADM, allegedly owned or controlled by Gu, were implicated in fraudulent property transfers. These actions were perceived as attempts to evade legal consequences and prevent the plaintiffs from collecting their claims.

Verdict Upheld

The court upheld the original verdict, awarding Leafire and Llullu \$17.2 million in compensatory damages and \$2.1 million in punitive damages from Gu. Additionally, \$150,000 in punitive damages was awarded from six companies involved in the scheme.

The judge emphasized that the compensatory damages were supported by extensive evidence presented during the trial, including additional consequential damages related to specific upgrades and installations at the facilities. The ruling indicates the court's commitment to upholding justice and accountability in the cannabis industry.