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15 Attorneys for Plaintiffs  
16 HENRY LORIN and PAUL M. CUGNO

17 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
18 **COUNTY OF LOS ANGELES**

19 HENRY LORIN, an individual; and  
20 PAUL M. CUGNO, an individual,  
21 Plaintiffs,

22 v.

23 LOOP INDUSTRIES, INC., a Nevada  
24 corporation, LOOP HOLDINGS, INC.,  
25 a Nevada corporation, and DANIEL  
26 SOLOMITA, an individual,  
27 Defendants.

Case No.: BC648640

[Honorable Gregory W. Alarcon,  
Dept. 36]

**SECOND AMENDED  
COMPLAINT**

Action Filed: January 27, 2017

28 Plaintiffs HENRY LORIN ("Lorin"), an individual, and PAUL M. CUGNO  
("Cugno"), an individual, (collectively, "Plaintiffs") complain and allege against  
LOOP INDUSTRIES, INC., a Nevada corporation, LOOP HOLDINGS, INC., a  
Nevada corporation, and DANIEL SOLOMITA, an individual (collectively,  
"Defendants"), as follows:

**I. PARTIES, JURISDICTION, AND VENUE**

1. Lorin is, and at all times mentioned herein was, a citizen and resident  
of the State of New York.

**FILED**  
Superior Court of California  
County of Los Angeles

AUG 03 2018

Sherri R. Carter, Executive Officer/Clerk of Court  
By *Paul A. [Signature]* Deputy

**FILED**

BAKER & HOSTETLER LLP  
ATTORNEYS AT LAW  
LOS ANGELES

08/07/2018

1           2.     Cugno is, and at all times mentioned herein was, a citizen and resident  
2 of Canada.

3           3.     Defendant LOOP INDUSTRIES, INC. (“Loop”) is in the business of  
4 depolymerizing waste plastics and converting them into chemicals. Plaintiffs are  
5 informed and believe, and based thereon allege, that at all times mentioned herein  
6 Loop was a corporation founded under the laws of the State of Nevada, whose  
7 primary corporate offices are located at: 1999 Avenue of the Stars, Suite 2520, Los  
8 Angeles, California 90067.

9           4.     Defendant LOOP HOLDINGS, INC. (“Holdings”) is in the business  
10 of depolymerizing waste plastics and converting them into chemicals, and is the  
11 wholly-owned subsidiary of Loop. Plaintiffs are informed and believe, and based  
12 thereon allege, that Holdings was a corporation founded on October 23, 2014  
13 under the laws of the State of Nevada, whose primary corporate offices are  
14 currently located, and have been located since October 23, 2014, at: 1999 Avenue  
15 of the Stars, Suite 2520, Los Angeles, California 90067.

16           5.     Plaintiffs are informed and believe, and based thereon allege, that  
17 Defendant DANIEL SOLOMITA (“Solomita”) is, and at all times mentioned  
18 herein was, the President, Secretary, Treasurer, and Chairman of the Board of  
19 Directors of Loop and Holdings. Additionally, Plaintiffs are informed and believe  
20 and thereon allege that Solomita is, and at all times mentioned herein was, a citizen  
21 and resident of Canada.

22           6.     Plaintiffs are informed and believe, and based thereon allege, that  
23 each and every defendant sued herein was at all times herein mentioned the agent  
24 or employee of each of the remaining defendants and was, at all times, acting  
25 within the purpose and scope of its agency and/or employment. As such, whenever  
26 any reference is made in this Complaint to any act of any defendant(s), that  
27 allegation shall mean that each defendant acted individually and jointly with the  
28 other defendants.

1           7.     This Court has personal jurisdiction over Defendants due to their  
2 substantial contacts with California, as alleged herein. Loop and Holdings have  
3 their primary corporate offices in Los Angeles, California, and Solomita is the  
4 President, Secretary, Treasurer, and Chairman of the Board of Directors of  
5 Holdings and Loop.

6           8.     Pursuant to California Code of Civil Procedure § 395(a), venue is  
7 proper in this Court because both Loop and Holdings have their primary corporate  
8 offices in Los Angeles, California.

9                           **II.   FACTUAL ALLEGATIONS**

10          9.     Plaintiffs, and each of them, have extensive experience in providing  
11 investment banking and corporate financial consulting services.

12          10.    In early 2014, Solomita, on behalf of himself and a private company  
13 he intended to form and control to conduct a depolymerizing waste plastics  
14 business, which, when formed, was known as Holdings (and is hereinafter referred  
15 to as Holdings), contacted Plaintiffs to request that Plaintiffs assist him and  
16 Holdings with strategic planning regarding various operational and financial  
17 matters.

18          11.    In August 2014, Solomita and Plaintiffs held meetings in Amangasett,  
19 New York to discuss the services requested from Plaintiffs and their compensation  
20 in return for same.

21          12.    Specifically, Solomita advised Plaintiffs that he intended to raise  
22 money for Holdings through capital investment and complete a reverse merger  
23 with an as-yet unidentified public company through which his private company  
24 (Holdings) would become a public company. That company was ultimately  
25 identified as First American Group, Inc., a publically-held Nevada corporation  
26 (“First American”). Plaintiffs instructed Solomita that in order to achieve his goal,  
27 he would need to make Holdings more attractive to investors.  
28

1           13. Plaintiffs and Solomita discussed how Plaintiffs could help Solomita  
2 make Holdings a more attractive investment. Solomita requested that Plaintiffs,  
3 and each of them, provide the following services to him and Holdings: (1) advising  
4 and assisting Solomita and Holdings regarding Holding's capital structure; (2)  
5 identifying opportunities for maximizing potential shareholder value; (3)  
6 developing business relationships for Holdings; and (4) advising Solomita and  
7 Holdings on business combination transactions and strategic alliances.

8           14. Solomita, on behalf of himself and Holdings, offered to Plaintiffs as  
9 consideration for Plaintiffs' agreement to provide the services listed above, the  
10 option to purchase 4,000,000 shares (post anticipated stock split) in the entity that  
11 would result from the reverse merger between Holdings and the as-yet unidentified  
12 public company (later identified as First American).

13           15. In September 2014, Solomita and Plaintiffs held more meetings in  
14 New York City, New York to finalize the agreement. Also present at the  
15 September 2014 meetings were Jonathan Destler and Donald Danks.

16           16. Around that time, Solomita, on behalf himself and Holdings, and  
17 Plaintiffs modified their agreement. Solomita, on behalf himself and Holdings,  
18 and Plaintiffs agreed that each Plaintiff would have the option to purchase at \$.008  
19 per share 1,000,000 shares (post anticipated stock split) of the entity that would  
20 result from the reverse merger between Holdings and the as-yet unidentified public  
21 company, and that Mr. Danks and Mr. Destler would have the option to purchase at  
22 \$.008 per share the remaining 2,000,000 shares of that same entity ("Agreement").  
23 Plaintiffs' option to buy the shares was not contingent on the success of any  
24 financing transactions entered into by Defendants.

25           17. The Agreement was oral and was never memorialized in writing.

26           18. After the Agreement was finalized and having no reason to question  
27 Solomita's and Holdings' promise to abide by the terms of the Agreement,  
28

1 Plaintiffs, Mr. Danks, and Mr. Destler performed services for Solomita and  
2 Holdings through the end of 2014 and into 2015.

3 19. Ultimately, Holdings identified First American as the entity with  
4 which it would complete a reverse merger.

5 20. Plaintiffs are informed and believe, and based thereon allege, that on  
6 June 29, 2015, Holdings entered into a Share Exchange Agreement with First  
7 American, whereby First American issued and sold approximately 93,000,000  
8 shares (pre anticipated stock split) of its common stock in consideration for all the  
9 issued and outstanding shares of Holdings. Plaintiffs are informed and believe,  
10 and based thereon allege, that shortly thereafter First American engaged in the  
11 previously anticipated 4 for 1 reverse stock split.

12 21. As a result of the reverse merger, Holdings became a wholly-owned  
13 subsidiary of First American, and First American subsequently changed its name to  
14 Loop Industries, Inc., the shares of which are registered under the Securities  
15 Exchange Act of 1934, as amended. Additionally, First American, and  
16 subsequently Loop, assumed the liabilities of Holdings, including the Agreement.

17 22. Pursuant to the Agreement, Mr. Destler and Mr. Danks each  
18 purchased the 1,000,000 shares of First American's common stock that they had  
19 been promised for a price of \$8,000.

20 23. Having not been provided the option to purchase the shares they had  
21 been promised, each Plaintiff requested from Solomita and Holdings the option to  
22 purchase the 1,000,000 shares.

23 24. Each Plaintiff was instructed to complete a stock purchase agreement  
24 and deliver a check for \$8,000 to receive his shares. Both Plaintiffs were ready  
25 and willing to complete the tasks requested.

26 25. In late February or early March of 2015, Plaintiffs were advised not to  
27 send the checks, and neither Plaintiff was ever provided the option to purchase the  
28

1 1,000,000 shares he had earned. Plaintiffs are informed and believe, and based  
2 thereon allege, that Solomita denied Plaintiffs the option to purchase the shares.

3 26. Plaintiffs are informed and believe, and based thereon allege, that  
4 approximately 500,000 of the shares of First American's common stock were later  
5 transferred to a person or persons affiliated with Solomita.

6 27. Plaintiffs are further informed and believe, and based thereon allege,  
7 that the remaining 1.5 million shares were personally obtained by Solomita.

8 28. As a result of Defendants' failure to abide by the Agreement,  
9 Plaintiffs, and each of them, have been damaged in an amount far in excess of this  
10 Court's \$25,000 jurisdictional minimum.

11 **FIRST CAUSE OF ACTION**

12 **(Breach of Contract Against All Defendants)**

13 29. Plaintiffs incorporate by reference Paragraphs 1 through 28 as though  
14 fully set forth in this cause of action.

15 30. The Agreement between Plaintiffs and Defendants constituted a valid  
16 and binding oral contract.

17 31. Plaintiffs, and each of them, have performed all obligations imposed  
18 on them under the Agreement or have been excused from performance by  
19 Defendants' breach.

20 32. Defendants breached the Agreement when they failed to provide  
21 Plaintiffs with the option to purchase 1,000,000 shares each of First American's  
22 common stock for \$8,000.

23 33. Plaintiffs, and each of them, have suffered injury and damages as a  
24 direct and proximate result of Defendants' breach.

25 34. The damages suffered by each Plaintiff greatly exceed this Court's  
26 \$25,000 jurisdictional minimum.

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**SECOND CAUSE OF ACTION**

**(Breach of the Implied Covenant of Good Faith and Fair Dealing Against All Defendants)**

35. Plaintiffs incorporate by reference Paragraphs 1 through 34 as though fully set forth in this cause of action.

36. The Agreement between Plaintiffs and Defendants constituted a valid and binding oral contract.

37. Plaintiffs, and each of them, have performed all obligations imposed on them under the Agreement or have been excused from performance by Defendants' breach.

38. Implied in every valid and enforceable contract is the covenant of good faith and fair dealing. The covenant imposes on each party to the contract the duty to do, among other things, everything that the contract presupposes that each party will do to accomplish the contract's purpose.

39. Defendants' actions, including, but not limited to, (1) failing to provide each Plaintiff with the option to purchase 1,000,000 shares of First American's common stock for \$8,000, (2) transferring to persons affiliated with Solomita approximately 500,000 of said shares, and (3) Solomita's personally obtaining the remaining 1.5 million shares, have violated the implied covenant of good faith and fair dealing contained in the Agreement with Plaintiffs.

40. Defendants' breach of the implied covenant of good faith and fair dealing directly and proximately caused Plaintiffs, and each of them, to suffer injury and damages in an amount in excess of this Court's \$25,000 jurisdictional minimum.

**THIRD CAUSE OF ACTION**

**(Fraud Against Solomita and Holdings)**

41. Plaintiffs incorporate by reference Paragraphs 1 through 40 as though fully set forth in this cause of action.

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1           42. Solomita, on behalf of himself and Holdings, promised to provide  
2 each Plaintiff with the option to purchase 1,000,000 shares of First American's  
3 common stock in exchange for Plaintiffs' agreement to assist Solomita and  
4 Holdings with various operational and financial matters and strategic planning.

5           43. Solomita, as the President, Secretary, Treasurer, and Chairman of the  
6 Board of Directors of Holdings, made this promise on behalf of himself and  
7 Holdings with the intent to induce Plaintiffs to enter into the Agreement, despite  
8 having no intention of ever performing.

9           44. Solomita's and Holdings' lack of intent to perform is evidenced by  
10 Solomita's and Holdings' transfer of approximately 500,000 shares of First  
11 American's common stock to persons affiliated with Solomita and Solomita's  
12 personally obtaining 1.5 million shares of said stock.

13           45. Absent Solomita's promise to provide each Plaintiff with the option to  
14 purchase 1,000,000 shares First American's common stock, neither Plaintiff would  
15 have entered into the Agreement.

16           46. Prior to Defendants' refusal to perform under the Agreement, neither  
17 Plaintiff had any reason to doubt Defendants' promise to provide each Plaintiff  
18 with the option to purchase 1,000,000 shares of First American's common stock.

19           47. Plaintiffs reasonably relied on Solomita's promise when they entered  
20 into the Agreement and performed services for Defendants pursuant thereto.

21           48. Defendants never provided each Plaintiff with the option to purchase  
22 1,000,000 shares of First American's common stock.

23           49. Defendants' refusal to perform under the Agreement caused  
24 Plaintiffs, and each of them, to suffer injury and damages in an amount in excess of  
25 this Court's \$25,000 jurisdictional minimum.

26           50. Plaintiffs' reasonable reliance on Solomita's and Holdings' promise  
27 was a substantial factor in causing Plaintiffs harm.  
28



1 51. Additionally, Solomita and Holdings acted with malice, oppression  
2 and fraud when they induced Plaintiffs to provide services pursuant to the  
3 Agreement without any intention of performing their obligations under the  
4 Agreement so as to justify an award of punitive and exemplary damages. Their  
5 actions, including, but not limited to, those described in paragraph 44 above,  
6 demonstrated their intent to injure Plaintiffs and their knowing and willful  
7 disregard of the rights of Plaintiffs.

8 52. Moreover, Solomita's and Holdings's actions demonstrated wanton  
9 dishonesty.

10 53. As the President, Secretary, Treasurer, and Chairman of the Board of  
11 Directors of Holdings, Solomita was an officer of Holdings and authorized,  
12 adopted, and/or approved Holdings' fraudulent conduct.

13 **FOURTH CAUSE OF ACTION**

14 **(Specific Performance Against All Defendants)**

15 54. Plaintiffs incorporate by reference Paragraphs 1 through 53 as though  
16 fully set forth in this cause of action.

17 55. The terms of the Agreement are sufficiently certain as to the rights  
18 and obligations of Plaintiffs and Defendants.

19 56. Plaintiffs, and each of them, have performed all obligations imposed  
20 on them under the Agreement or have been excused from performance by  
21 Defendants' breach.

22 57. Moreover, Plaintiffs, and each of them, have been and remain ready,  
23 willing, and able to comply with any other prerequisites to receiving their  
24 1,000,000 shares of First American's common stock, including, but not limited to,  
25 completing a stock purchase agreement and delivering a check for approximately  
26 \$8,000.

27 58. Plaintiffs' rights and obligations under the Agreement, including, but  
28 not limited to, receipt by each Plaintiff of the option to purchase 1,000,000 of First

1 American's common stock, are unique in nature, and money damages are  
2 inadequate to make Plaintiffs whole.

3 59. In light of Defendants' breaches, and in light of the unique nature of  
4 the Agreement, Plaintiffs seek an order of this Court directing Defendants to  
5 comply with their obligations under the Agreement.

6 **PRAYER FOR RELIEF**

7 **WHEREFORE**, Plaintiffs pray for:

8 **On the Third Cause of Action:**

9 1. Punitive and exemplary damages in an amount sufficient to deter  
10 Solomita and Holdings from further engaging in fraudulent conduct;

11 **On the Fourth Cause of Action:**

12 2. An Order of this Court Directing Defendants to comply with their  
13 obligations under the Agreement;

14 **On all Causes of Action:**

15 3. Damages in an amount in excess of \$25,000, the jurisdictional  
16 minimum of this Court, to be proven at trial;

17 4. Costs of suit incurred herein and reasonable attorneys' fees as  
18 permitted by law; and

19 5. Such other and further relief as the Court may deem just and proper.

20  
21 Dated: August 3, 2018

BAKER & HOSTETLER LLP

22  
23 By: 

Michael R. Matthias  
Andrew A. Wood

24  
25 Attorneys for Plaintiffs  
HENRY LORIN and PAUL M. CUGNO

1 **PROOF OF SERVICE**

2 I, Elly Cordero, declare:

3 I am employed in Orange County, California. I am over the age of eighteen  
4 years and not a party to the within-entitled action. My business address is 600  
5 Anton Boulevard, Suite 900, Costa Mesa, CA 92626-7221. On August 3, 2018, I  
6 served a copy of the within document(s):

7 **SECOND AMENDED COMPLAINT**



9 **BY MAIL:** I placed a true copy in a sealed envelope addressed as  
10 indicated above, on the above-mentioned date. I am familiar with the  
11 firm's practice of collection and processing correspondence for mailing.  
It is deposited with the U.S. Postal Service on that same day in the  
ordinary course of business. I am aware that on motion of party served,  
service is presumed invalid if postal cancellation date or postage meter  
date is more than one day after date of deposit for mailing in affidavit.

12 Aalok Sharma  
13 Mark E. Gustafson  
14 **WHITE & CASE LLP**  
15 555 S. Flower Street, Suite 2700  
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*Attorneys for Defendant*  
Loop Holdings, Inc.

17 I am readily familiar with the firm's practice of collection and processing  
18 correspondence for mailing. Under that practice it would be deposited with the  
19 U.S. Postal Service on that same day with postage thereon fully prepaid in the  
20 ordinary course of business. I am aware that on motion of the party served, service  
21 is presumed invalid if postal cancellation date or postage meter date is more than  
22 one day after date of deposit for mailing in affidavit.

23 I declare under penalty of perjury under the laws of the State of California  
24 that the above is true and correct.

25 Executed on August 3, 2018, at Costa Mesa, California.

26   
27 \_\_\_\_\_  
28 Elly Cordero

BAKER & HOSTETLER LLP  
ATTORNEYS AT LAW  
LOS ANGELES

08/07/2018