IN THE SUPREME COURT
OF THE STATE OF NEVADA

FRANCISCO SILVA, AN INDIVIDUAL,

Appellant,

vs.

ED CLAY, AN INDIVIDUAL; SCOTT NELSON, AN INDIVIDUAL; DEDDRICK PERRY, AN INDIVIDUAL; AND CPI MANAGEMENT GROUP, LLC,

Respondent.

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Supreme Court Case No. 90651

District Court: A-25-909767-B

APPEAL
From the Eighth Judicial District Court
The Honorable Maria A. Gall

APPELLANT'S APPENDIX VOLUME 1

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Dated: October 21, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, the undersigned, declare under penalty of perjury, on October 21 2025, I caused to be served a true and correct copy of the foregoing **Appellant's Appendix Volume 1** by the method indicated:

☐ **BY U.S. MAIL:** by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at Las Vegas, Nevada addressed as set forth below:

☒ **BY ELECTRONIC SUBMISSION:** submitted to the above-entitled Court for electronic filing and service upon the following:

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DISTRICT COURT

CLARK COUNTY NEVADA

Francisco Silva, an individual; Plaintiff, v. Ed Clay, an individual; Scott Nelson, an individual; Deddrick Perry, an individual; Julie Freeman, an individual; Doe Defendants 1 – 10; Defendants, CPI Management Group, LLC, a Nevada limited-liability company; Nominal Defendant,	Case No. Dept. No. **VERIFIED COMPLAINT** **ARBITRATION EXEMPTION NAR(5)(a)(1)(J)** **BUSINESS COURT REQUESTED 1.61(a)(1) & (2)(ii).**

INTRODUCTION

1. Plaintiff Francisco Silva brings this action to protect and enforce his rights as a 25% owner of CPI Management Group, LLC ("CPI"), a Nevada limited-liability company.

2. Silva and Defendants Edward Clay, Scott Nelson, and Deddrick Perry formed CPI in 2021 to operate a regenerative medicine clinic in Tijuana, Mexico. Together, Clay, Nelson, and Perry are the "Rogue Members."

3. Silva is a biologist while the Rogue Members are experienced and sophisticated international business professionals.

4. Over the past year, Silva discovered that the Rogue Members have mismanaged CPI and covertly distributed Silva's and CPI's funds to entities owned by the Rogue Members. As Silva's concerns escalated, his inquiries—as a 25% owner of CPI—were met with resistance, obfuscation, and retaliation.

5. The Rogue Members' misconduct culminated at a CPI member meeting on December 18, 2024, during which the Rogue Members voted to strip Silva of his ownership interest in CPI—in violation of CPI's Operating Agreement—without compensation.

6. This Court must intervene to halt the Rogue Members from further damaging Silva and CPI.

* * *

7. CPI does business as the "Cellular Performance Institute," widely known for its cell therapy of high-performance athletes.

8. Prior to meeting Silva, the Rogue Members had worked together on multiple business projects. One such project was Centro Hospitalario Internacional del Pacifico, S.A ("CHIPSA"). CHIPSA is now Translational Advanced Medical Center ("TAMS").

9. CHIPSA/TAMS is an entity owned exclusively by the Rogue Members.

10. CHIPSA operated a hospital in Tijuana that offered alternative cancer treatments. Upon information and belief, at the time the Rogue Members approached Silva, CHIPSA was on the verge of bankruptcy.

11. The Rogue Members agreed to create CPI and offer CPI's treatment at the CHIPSA/TAMS facility in Tijuana.

12. As a result of offering CPI's treatment, CHIPSA/TAMS experienced a financial turnaround, moving from the brink of bankruptcy to generating large amounts of revenue.

13. The Rogue Members then diverted Silva's and CPI's funds to various other entities of which Silva is not a partner, including CHIPSA/TAMS for a multimillion-dollar renovation.

14. CPI also generated significant revenue for itself. Due to the success of CPI, and its positive effect on CHIPSA/TAMS' finances, the Rogue Members proposed merging CHIPSA/TAMS and CPI.

15. In July 2023, Silva requested CPI's and CHIPSA/TAMS' company information, financials, and materials to enable a full review of the companies. But the CFO at the time and the Rogue Members delayed and made excuses, never providing Silva with CPI's or CHIPSA/TAMS' financials and the proposed merger stalled.

16. During a CPI member meeting in April 2024, the Rogue Members informed Silva that Julie Freeman, the Chief Financial Officer for all of the Rogue Members' businesses including CPI and CHIPSA/TAMS, had embezzled funds from both companies. During this meeting, the Rogue Members further informed Silva that Freeman had embezzled nearly $5 million dollars from CPI and CHIPSA/TAMS over a three-year period between 2022 and 2024.

17. Without consulting Silva, the Rogue Members replaced Freeman with a new CFO, Israel Askew, for CPI. Silva then held several phone conversations with Askew who, along with Clay, confirmed that Askew would work to remunerate Silva for their unauthorized distributions.

18. At a May 2024 CPI members' meeting, the Rogue Members and Askew again confirmed that Silva had to be compensated due to the Rogue Members' unauthorized distributions diverting CPI funds to entities controlled by the Rogue Members or Freeman.

19. For example, CPI funds were spent to purchase a property in Tennessee and to fund mortgage payments on an apartment complex in Texas. Both properties are owned by entities controlled or owned by the Rogue Members. The Rogue Members blamed Freeman. The full extent to which the Rogue Members have misallocated CPI's and Silva's assets remains unknown to Silva.

20. Upon information and belief, the Rogue Members routinely used CPI funds for their own personal benefit and the benefit of their entities without Silva's consent or knowledge.

21. In retaliation for raising these issues, on November 21, 2024, the Rogue Members terminated Silva from his position as an officer of CPI and shut off his access to CPI's financial records.

22. Upon information and belief, Silva was terminated by the Rogue Members to disguise their own misappropriation of CPI's and Silva's funds and diversion of those funds to themselves or entities in which they have substantial financial interests.

23. On December 18, 2024, Silva met with the Rogue Members to discuss the future of

CPI. The Rogue Members announced a surprise vote whereby they voted 3 to 1 to strip Silva of his ownership interest in CPI. This vote breached CPI's Operating Agreement and violated Nevada law.

24. The Rogue Members did not compensate Silva for his share of CPI.

25. Silva requests immediate and extraordinary relief from this Court to protect his interests, including his 25% interest in CPI, as well as to protect CPI's interests.

PARTIES

26. Plaintiff Francisco Silva ("Silva"), an individual, resides in Salt Lake City, Utah. Silva is, and at all times relevant has been, a member holding a 25% interest in defendant CPI Management Group, LLC.

27. Defendant CPI Management Group, LLC ("CPI") is a limited-liability company organized under Nevada law and registered with Nevada's Secretary of State, Entity No. E15681742021-0. CPI has its registered office in Las Vegas, Nevada. Silva names CPI because it is a necessary party to the derivative relief he seeks in this action.

28. Upon information and belief, defendant Edward Clay ("Clay"), an individual, resides in Nashville, Tennessee. Upon information and belief, Clay is CPI's acting Chief Executive Officer. Upon information and belief, Clay is, and at all times relevant has been, a member holding a 37.5% interest in CPI.

29. Upon information and belief, defendant Scott Nelson ("Nelson"), an individual, resides in Las Vegas, Nevada. Upon information and belief, Nelson is CPI's officer in charge of marketing and patient recruitment. Upon information and belief, Nelson is, and at all times relevant has been, a member holding a 22.5% interest in CPI.

30. Upon information and belief, defendant Deddrick Perry ("Perry"), an individual, resides in Nashville, Tennessee. Upon information and belief, Perry is CPI's officer in charge of finance and supply chain management. Upon information and belief, Perry is, and at all times relevant has been, a member holding a 15% interest in CPI.

31. Upon information and belief, defendant Julie Freeman ("Freeman"), an individual, resides in Atlanta, Georgia. Upon information and belief, Freeman was CPI's Chief Financial

Officer from 2021 through April 2024.

32. Silva does not know the true names and capacities of the defendants sued herein as DOES 1-10, inclusive, and will amend this complaint to allege such facts as soon as they are ascertained. Silva is informed and believes that the defendants, and each of them designated herein as DOES 1-10, inclusive, are in some manner responsible for the conversion of CPI funds and/or Silva's funds. Silva is informed and believes that members of CPI's former finance team, CPI's current officers including its current CEO, and other unknown individuals have acted in concert with the Rogue Members or Freeman to effectuate the conversions against CPI and Silva. The Rogue Members, CPI, and DOES 1-10 are sometimes referred to herein collectively as "Defendants."

33. The Rogue Members repeatedly acted to enrich themselves at CPI and Silva's expense by disbursing CPI funds to various individuals and entities under their own control, without any corresponding disclosure or disbursement to Silva.

JURISDICTION & VENUE

34. Jurisdiction is appropriate in this Court because this is a dispute regarding the operation or governance of an entity created under NRS Chapter 86 (Limited-Liability Companies), EDCR 1.61(a)(1), and involving business torts, EDCR 1.61(a)(2)(ii).

35. Venue is appropriate in this Court because CPI's principal place of business and registered offices are located in Las Vegas, Nevada.

36. The amount in controversy exceeds $15,000.

FACTS AND GENERAL ALLEGATIONS

A. The Formation of CPI

37. Silva is a biologist and has spent his entire career in the field of bioscience, including as the Chief Science Officer of a major biomedicine corporation.

38. Prior to forming CPI, the Rogue Members operated an alternative cancer treatment facility called Centro Hospitalario Internacional del Pacifico, S.A. CHIPSA is now the Translational Advanced Medical Center.

39. Silva believed that CHIPSA/TAMS and its members were financially struggling,

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possibly on the verge of insolvency, and the Rogue Members might be interested in operating a new cutting-edge medical clinic utilizing his expertise.

40. Silva and the Rogue Members formed CPI by executing the Operating Agreement of CPI Management Group, LLC, effective June 29, 2021 (the "Operating Agreement"). A true and correct copy of the Operating Agreement is attached as **Exhibit 1**.

41. Pursuant to the Operating Agreement, Silva holds a 25% financial and voting interest in CPI, while the Rogue Members hold the other 75% with varying interests (Clay 37.5%, Nelson 22.5%, and Perry 15%). The stated purpose of CPI is to operate a biotech business and to do any other lawful act permitted by the Nevada Revised Limited Liability Company Act.

B. CPI Clinic in Tijuana

42. CPI hired an experienced local medical director and opened a small clinic in Tijuana, Mexico. Pursuant to the laws of Mexico, CPI and CHIPSA/TAMS received license and approval to operate through the Federal Committee for Protection from Sanitary Risks.

43. Patients travel to Tijuana and stay at the clinic for one to two weeks to receive multiple rounds of treatments. Treatment costs range from $25,000 to $35,000 per patient.

44. The CPI clinic grew steadily in 2021 and 2022, treating approximately five patients each month. Initial patients were mostly family and close friends of CPI members.

45. In July 2022, the business boomed. Due to the success of the treatment protocol, CPI expanded rapidly and serviced 20-30 patients weekly.

C. Potential Merger with CHIPSA/TAMS

46. In summer 2023, the Rogue Members approached Silva to propose merging CPI with CHIPSA/TAMS, their separate business preexisting CPI. In response, Silva requested CHIPSA/TAMS' financial information and statements, plus the same information for CPI, including a list of assets acquired using CPI's funds.

47. The Rogue Members never provided Silva with complete information about CHIPSA/TAMS. Silva later learned that CHIPSA/TAMS had no financial statements and that

CHIPSA/TAMS needed to hire an accountant to prepare rudimentary financials after reviewing years of invoices.

48. The interpersonal relationship between Silva and the Rogue Members deteriorated around this time. Silva noticed communication from the Rogue Members began to decrease in both frequency and substance.

D. Misappropriation of CPI Assets

49. In April 2024, the Rogue Members informed Silva that CFO Freeman, who was an independent contractor chosen by the Rogue Members without Silva's knowledge, had embezzled approximately $5,000,000 from CPI and CHIPSA/TAMS.

50. In response, Silva requested additional information about the embezzlement and CPI's overall financial health. The more Silva attempted to discuss the embezzlement, the more the Rogue Members shut him out.

51. Silva took it upon himself to review bank statements to investigate the embezzlement.

52. Silva discovered suspicious transactions, including large transfers of money to entities unfamiliar to Silva. In April 2024, Clay told Silva that Freeman had made entries labeled "pre-tax distributions" totaling approximately $900,000 to the Rogue Members. Silva, who owned 25% of CPI, never received his pro rata share of any such distribution.

53. During this review, Silva also discovered that the Rogue Members had used CPI funds to purchase a property in Nashville, Tennessee and to make mortgage payments on an apartment complex in Texas.

54. Upon information and belief, the Texas property is located at 336-342 Eden Dr. in Longview, Texas. The Texas property is wholly owned by a Nevada limited liability company, Advanced Integrated Medical Solutions, LLC ("AIMS"). AIMS is wholly owned by the Rogue Members. Silva believes that the Rogue Members use AIMS as a shell company to hide assets from Silva.

55. Silva believes that the Tennessee property purchased with CPI funds is located at 408 and 409 Russell St. in Nashville, Tennessee. According to property records, the Tennessee

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property is owned by a Tennessee limited liability company, Russell & Fifth, LLC ("Russell & Fifth"). On information and belief, Russell & Fifth is owned by the Rogue Members, and does not include Silva as a member. Silva believes that the Rogue Members use Russell & Fifth as a shell company to hide assets from Silva.

56. In May 2024, Silva met with the Rogue Members and CPI's new CFO, whom the Rogue Members hired without consulting Silva.

57. Upon information and belief, the new CFO, Israel Askew ("Askew"), is Clay's personal accountant.

58. Silva questioned the partiality of the Rogue Members' decision to hire Askew given the recent embezzlement from their previous hire and the suspicious distributions to the Rogue Members.

59. The Rogue Members and Askew refused to answer Silva's questions concerning CPI's improper distributions at that time. They also declined to explain whether CPI used funds to purchase assets through shell companies owned by the Rogue Members. The Rogue Members could or would not explain who approved these transactions or why they failed to inform Silva about them.

60. Silva believes that the Rogue Members worked with Freeman to divert funds away from CPI and Silva for their own personal gain.

61. In addition to the Rogue Members' above misconduct, Silva discovered numerous other payments from CPI to entities in the U.S. and Mexico that he believes are owned by the Rogue Members. Silva is not yet aware of the full extent of the Rogue Members' and Freeman's misconduct because they have conspired to hide CPI's financials and conduct—orchestrated by the Rogue Members—from Silva.

62. Silva believes that the Rogue Members and Freeman diverted more than $9,000,000 from CPI for their own benefit and to the detriment of CPI and Silva.

E. Silva's Termination and Ongoing Misconduct

63. On November 21, 2024, the Rogue Members terminated Silva from his position as an officer of CPI.

64. The Rogue Members locked Silva out from access to all CPI chat groups (including CPI's WhatsApp group), Google Docs, bank records, and QuickBooks on his date of termination.

65. Silva no longer has access to company financial records to further investigate the misappropriation of CPI assets.

66. Upon information and belief, Silva believes that CPI hired a forensic accountant, Robert Nordlander, to investigate the alleged asset misappropriation by Freeman.

67. The Rogue Members have excluded Silva from their investigation and any correspondence with Nordlander. For months, the Rogue Members claimed that a report was forthcoming any day.

68. On December 18, 2024, Silva participated in a CPI member meeting to discuss the Nordlander report and CPI's future. While the Rogue Members represented that Silva would see the report prior to the meeting, they did not send him a copy.

69. Silva did not see the Nordlander report until the meeting, moments before the Rogue Members purported to remove him from the company.

70. The Rogue Members stated that the Nordlander Report found no impropriety by any member and that Freeman acted alone.

71. Silva asked whether the Nordlander Report covered a forensic audit of the Freeman embezzlement or a forensic report of the entire company financials. Askew responded that the report accomplished both.

72. Silva then asked if CPI funds were used to purchase the Nashville property. Clay responded that the Rogue Members used their own funds for that purchase. Askew refused to answer further, after which Clay instructed the CFO to leave the meeting.

73. At that point, the Rogue Members voted to remove Silva from the company, effective immediately.

74. The Rogue Members did not compensate Silva for his interest nor distribute any of CPI's assets or property owed to him as a member of LLC.

75. Neither CPI's Operating Agreement nor Nevada law allow a majority of members of an LLC to strip a minority member of their ownership interest under such circumstances.

76. Following the December 18 meeting, CPI emailed Silva the Nordlander "report." The "report" was an unsigned letter from Robert Nordlander to CPI's counsel purporting to absolve the Rogue Members of any illicit conduct. It was not a full forensic analysis of Freeman's embezzlement.

77. The Rogue Members have stolen assets from CPI and Silva and abused the company's form to the detriment of both Silva and CPI.

78. The Rogue Members must be held jointly and severally liable.

79. Silva has standing to pursue derivative actions on CPI's behalf against the Rogue Members because he is a 25% owner of CPI.

80. Obtaining the Rogue Members' consent for Silva to bring actions on behalf of CPI would be futile because the Rogue Members are named as Defendants due to their own wrongdoing and bad acts that create the factual core for Silva's claims. Such efforts would also be futile in light of their ongoing refusal to respond to Silva's inquiries regarding the conduct undergirding this action.

FIRST CLAIM FOR RELIEF

(Breach of Operating Agreement against Clay, Nelson, and Perry)

81. Silva incorporates and realleges each preceding paragraph in this paragraph.

82. On June 29, 2021, the four managers of CPI executed a valid Operating Agreement governing CPI.

83. NRS 86.286(2)(b) provides that a valid Operating Agreement binds the LLC and is enforceable.

84. The Rogue Members have breached their duties and obligations under the Operating Agreement, thereby breaching the Operating Agreement itself, by:

a. Breaching the duty of loyalty in violation of Section 6.1.

b. Breaching the duty of care in violation of Section 6.2.

c. Breaching their fiduciary duties in violation of Section 6.3.

d. Breaching the implied covenant of good faith and fair dealing inherent to every contract governed by the Laws of the State of Nevada and in violation of Section 6.3.

e. Authorizing improper cash distributions in violation of Sections 8.1 and 8.4.

f. Failing to provide information to Silva due to him in violation of Section 14.1.

g. Voting to steal Silva's 25% owner interest in CPI without compensation.

85. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

SECOND CLAIM FOR RELIEF

(Breach of Covenant of Good Faith & Fair Dealing against Clay, Nelson, and Perry)

86. Silva incorporates and realleges each preceding paragraph in this paragraph.

87. NRS 86.298 imposes on managers of an LLC the same duty imposed by the covenant of good faith and fair dealing.

88. Clay, Nelson, and Perry are registered with the Nevada Secretary of State as "Managers" of CPI, which is an LLC.

89. NRS 86.286(7) provides that CPI's operating agreement may not limit or eliminate liability for any conduct that constitutes a bad faith violation of the covenant of good faith and fair dealing.

90. Clay, Nelson, and Perry are thus bound by the duties imposed by the covenant of good faith and fair dealing.

91. Clay, Nelson, and Perry have breached those duties by, among other things, acting in bad faith to enrich themselves at the expense of both CPI and their fellow managing member, Silva.

92. Clay, Nelson, and Perry have engaged in self-dealing individually or through private entities separate from CPI by using CPI's assets to pay for properties in Tennessee and Texas, and

other items unknown to Silva, to the detriment of Silva and CPI.

93. Clay, Nelson, and Perry have acted in bad faith by purporting to terminate Silva's interest in CPI.

94. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

THIRD CLAIM FOR RELIEF

(Breach of Duty of Loyalty against Clay, Nelson, and Perry)

95. Silva incorporates and realleges each preceding paragraph in this paragraph.

96. NRS 86.286(5) permits an LLC to expand the duties that each member owes to the other members and the LLC.

97. Section 6.1 of CPI's operating agreement expands the duty owed by its members to each other and to the LLC.

98. Section 6.1 of CPI's operating agreement requires each member "[t]o account to the Company and to hold as trustee for the Company any property, profit, or benefit derived by the Member in the conduct or winding up of the Company's business or derived from a use by the Member of the Company's property, including the appropriation of a Company opportunity."

99. Clay, Nelson, and Perry have breached this duty by, among other things, failing to properly allocate funds belonging and due to CPI and Silva.

100. Clay, Nelson, and Perry have further breached this duty by failing to hold as trustee the property, profit, and/or benefits produced as a result of CPI's business.

101. Clay, Nelson, and Perry have further breached this duty by misappropriating CPI's assets and/or misappropriating opportunities available to CPI for their own personal enrichment to the detriment of CPI and Silva.

102. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

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FOURTH CLAIM FOR RELIEF

(Breach of Duty of Care against Clay, Nelson, and Perry)

103. Silva incorporates and realleges each preceding paragraph in this paragraph.

104. NRS 86.286(5) permits an LLC to expand the duties that each member owes to the other members and the LLC.

105. Section 6.2 of CPI's operating agreement expands the duty owed by its members to each other and to the LLC.

106. Section 6.2 of CPI's operating agreement requires each member to "act in a manner he believes in good faith to be in the best interests of the Company and with the care an ordinarily prudent person in a like position would exercise under similar circumstances."

107. Clay, Nelson, and Perry have breached the duty of care, both with respect to CPI and to Silva, by acting to improperly enrich themselves.

108. Clay, Nelson, and Perry have acted in a manner inconsistent with the best interests of CPI and the care an ordinarily prudent person in a like position would exercise under similar circumstances.

109. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

FIFTH CLAIM FOR RELIEF

(Conversion on behalf of CPI against Freeman)

110. Silva incorporates and realleges each preceding paragraph in this paragraph.

111. NRS 86.483 permits a member of an LLC to bring an action in the right of the LLC to recover a judgment in its favor if an effort to cause other members to bring the action is not likely to succeed.

112. Silva is a member of CPI, which is an LLC.

113. Any efforts to cause Clay, Nelson, and Perry to bring this action against Freeman on behalf of CPI are futile because Freeman is a good friend of Clay's who may have conspired with him to defraud CPI. It is similarly futile as the Rogue Members have purported to remove

Silva from CPI for inquiring in the facts undergirding the embezzlement.

114. Furthermore, Clay, Nelson, and Perry are defendants to this action.

115. Clay, Nelson, and Perry worked to appoint Freeman as CFO to CPI beginning in 2021.

116. Over the last two years, Silva grew suspicious of various accounting and financial irregularities at CPI.

117. In 2023, Silva requested further information regarding CPI's true financial state from Clay, Nelson, and Perry.

118. Clay, Nelson, and Perry provided Silva with incomplete and/or inconsistent reports.

119. In April 2024, Clay, Nelson, and Perry surprised Silva with the announcement that they discovered financial irregularities. Upon performing his own research, Silva discovered that Freeman failed to report certain income earned by CPI and retained revenue earned by CPI.

120. Further investigation revealed that Freeman has embezzled millions of dollars from CPI.

121. Freeman's actions constitute a distinct act of dominion wrongfully exerted over CPI's property.

122. Freeman acted in denial, derogation, exclusion, or defiance of CPI's property rights.

123. Silva may recover, on behalf of CPI, the funds lost due to Freeman's embezzlement, plus applicable attorney fees and costs, interest, and all other relief deemed appropriate by this Court.

124. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

SIXTH CLAIM FOR RELIEF

(Conversion on behalf of CPI against Clay, Nelson, and Perry)

125. Silva incorporates and realleges each preceding paragraph in this paragraph.

126. Clay, Nelson, and Perry have converted CPI's property by, among other things, using it to purchase assets for their personal benefit to the detriment of the company.

127. Clay, Nelson, and Perry did not follow the distribution procedure outlined in Section 8.1 of CPI's Operating Agreement when spending excess CPI funds.

128. Clay, Nelson, and Perry converted CPI's assets by exerting wrongful dominion over funds that rightfully belonged to CPI.

129. Clay, Nelson, and Perry knowingly and fraudulently converted CPI's assets by misrepresenting aspects of their CPI fund transfers.

130. Clay, Nelson, and Perry have been unjustly enriched by their conversion and are liable to the company for compensatory damages and applicable interest.

131. Clay, Nelson, and Perry are further liable for reasonable attorney fees and expenses associated with bringing this action pursuant to NRS 86.489.

132. As a result of the Defendants' conduct, Silva, on behalf of CPI, is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

SEVENTH CLAIM FOR RELIEF

(Breach of Fiduciary Duty against Clay, Nelson, and Perry)

133. Silva incorporates and realleges each preceding paragraph in this paragraph.

134. Clay, Nelson, and Perry owe Silva a fiduciary duty imposed by the Operating Agreement and Nevada law.

135. Clay, Nelson, and Perry breached that duty by improperly purporting to vote Silva out of CPI without authorization and deceitfully misappropriating funds belonging or otherwise due to him.

136. Clay, Nelson, and Perry's breach caused injury to Silva.

137. Silva has suffered damages as a result of Clay, Nelson, and Perry's actions.

138. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

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EIGHTH CLAIM FOR RELIEF

(Negligent Hiring, Supervision, and Retention against Clay, Nelson, and Perry)

139. Silva incorporates and realleges each preceding paragraph in this paragraph.

140. Clay, Nelson, and Perry owed Silva the duty to exercise reasonable care in the hiring, supervision, and retention of employees at CPI.

141. Clay, Nelson, and Perry breached that duty by hiring Freeman, failing to supervise Freeman, and retaining Freeman.

142. Freeman had prior convictions for theft from her company when Clay, Nelson, and Perry hired her.

143. Freeman stole from CPI and converted CPI funds for over two years due to Clay, Nelson, and Perry's lack of oversight.

144. Freeman's actions, and Clay, Nelson, and Perry's ratification or willful ignorance to those actions, caused harm to both CPI and Silva.

145. Silva suffered pecuniary loss as a result of Clay, Nelson, and Perry's breaches of their duties.

146. Clay, Nelson, and Perry are individually, jointly and severally liable for their negligence.

147. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

NINTH CLAIM FOR RELIEF

(Accounting)

148. Silva incorporates and realleges each preceding paragraph in this paragraph.

149. An accounting is required under Section 14.1 of the Operating Agreement.

150. NRS 86.5417(1) also permits the district court to require an accounting of an LLC.

151. A fiduciary relationship exists between Silva and CPI and the Rogue Members such that an accounting is an appropriate equitable remedy.

152. The relationship between Silva and CPI and the Rogue Members is founded in trust

and confidence.

153. That trust and confidence have been eroded due to the actions of the Rogue Members and Freeman.

154. CPI is obligated to render an accounting to Silva to determine the damages to Silva as a result of Freeman and the other members' misallocations of funds.

TENTH CLAIM FOR RELIEF

(Minority Shareholder Oppression against Clay, Nelson, and Perry)

155. Silva incorporates and realleges each preceding paragraph in this paragraph.

156. Silva, having a 25% interest in CPI, is a non-controlling member of CPI.

157. Clay, Nelson, and Perry collectively held the remaining 75% interest, constituting a majority interest in CPI.

158. Clay, Nelson, and Perry undertook control and management of CPI's affairs.

159. Clay, Nelson, and Perry owed special duties to CPI and CPI's non-controlling members, to wit, Silva.

160. The majority-shareholder duties imposed on Clay, Nelson, and Perry required those Defendants to act in good faith and consistent with the best interests of CPI.

161. Clay, Nelson, and Perry breached their duties to act in good faith and consistent with the best interests of CPI by, among other things, raiding CPI's corporate funds; taking improper actions with respect to Silva; and engaging in self-dealing transactions between CPI and the entities controlled or otherwise related to the Defendants.

162. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Francisco Silva respectfully requests the Court enter judgment against all defendants, individually and jointly, as follows:

(a) For damages in an amount in excess of $15,000;

(b) For the imposition of a receiver and other injunctive relief;

(c) For costs of suit and attorneys' fees;

(d) For a court-ordered accounting;

(e) For pre- and post-judgment interest; and

(f) For such other and further relief as the Court deems just and proper.

DATED this 10th day of January 2025.

SNELL & WILMER L.L.P.

V.R. Bohman
Xyzlo Lee
1700 South Pavilion Center Drive, Suite 700
Las Vegas, Nevada 89135

Attorneys for Plaintiff Francisco Silva

INDEX OF EXHIBITS

Exhibit	Description
1	Operating Agreement of CPI Management Group, LLC

VERIFICATION

I, Francisco Silva, have read the foregoing pleading and know the contents thereof. The matters and things set forth are true to the best of my knowledge, except as to those matters set forth upon information and belief and, as to those, I believe them to be true; however, in compiling this information, information has been supplied by others and I am relying in part upon their representations.

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

DATED this 10th day of January 2025.

Francisco Silva

Snell & Wilmer

EXHIBIT 1

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OPERATING AGREEMENT

OF

CPI MANAGEMENT GROUP, LLC

This OPERATING AGREEMENT ("Agreement") is made effective the 29th day of June, 2021, by and among EDWARD CLAY, FRANCISCO SILVA, SCOTT NELSON, and DEDDRICK PERRY (collectively referred to as "Members" and individually as "Member") and CPI MANAGEMENT GROUP, LLC ("Company").

WITNESSETH:

WHEREAS, the Company has been formed as a limited liability company under Nevada law for the purposes hereinafter set forth; and

WHEREAS, the Members desire to set forth their respective rights, duties, and responsibilities with respect to such limited liability company and wish to adopt this Operating Agreement of the Company.

NOW, THEREFORE, in consideration of the mutual promises, obligations, and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by each of the Members, the Members, intending to be and being legally bound, agree as follows:

ARTICLE I
Definitions

1.1 Definitions. Whenever used in this Agreement, or any amendment hereof, the following terms shall have the meanings set forth below:

(a) **"Act"** means the Nevada Revised Limited Liability Company Act, as amended, and any corresponding provisions of future laws.

(b) **"Agreement"** means this Operating Agreement, together with any amendments hereto.

(c) **"Appraised Value"** shall have the meaning set forth in Section 11.3.

(d) **"Articles of Organization"** means the CPI MANAGEMENT GROUP, LLC Articles of Organization filed with the Nevada Secretary of State by which the Company was organized as a Nevada limited liability company pursuant to the Act, together with any amendments thereto.

(e) **"Capital Account"** means the account established and maintained for each Member on the books of the Company pursuant to Articles VII and VIII hereof.

(f) **"Capital Contribution" or "Contribution to Capital"** means the amount of cash and Gross Asset Value (at the time of the contribution) of any property contributed to

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the Company by or on behalf of a Member.

(g) **"Ceased Member"** a Member that triggers an event defined in Article X.

(h) **"Cessation"** means only the action of a Member deemed to be a Cessation by the Member pursuant to Article X, and shall not have the meaning given it in the Act.

(i) **"Code"** means the Internal Revenue Code of 1986, as amended, and any corresponding provisions of future laws.

(j) **"Company"** means CPI MANAGEMENT GROUP, LLC.

(k) **"Company Liability"** means any enforceable debt or obligation for which the Company is liable or which is secured by any Company Property.

(l) **"Company Property"** means any and all property, real, personal, tangible and intangible, either contributed by a Member as capital, transferred to, or otherwise acquired by the Company.

(m) **"Control" or "Controlled"** means with respect to any legal entity, the actual or constructive ownership of more than fifty percent (50%) of all the voting rights in the entity, determined using the constructive ownership rules under Section 318 of the Code, regardless of whether the legal entity in question is a corporation or other legal entity.

(n) **"Disinterested"** means with respect to any Member, a Member who (1) is not a party to a particular transaction or other undertaking, (2) has no material financial interest in any organization that is a party to that undertaking, and (3) is not a Family member of any Person who is either a party to that undertaking or has a material financial interest in any organization that is a party to that undertaking.

(o) **"Fair Market Value"** shall have the meaning set forth in Section 11.3.

(p) **"Family"** means (1) the spouse of any Member as of the initial effective date of this Agreement or any subsequent spouse, unless the Member and spouse become separated or a petition or complaint for divorce is filed, in which case such spouse shall not qualify as Family for purposes of this Agreement; (2) the lineal descendants and ancestors of an individual Member; (3) any estate, trust, guardianship, custodianship, or other fiduciary arrangement for the benefit of any one or more of the individuals described in (1) or (2) above; and (4) any corporation, partnership, limited partnership, limited liability limited partnership, limited liability company, or other business organization Controlled by any one or more individuals or entities described in (1), (2), or (3) above.

(q) **"Financial Rights"** means the right to share in the Profits and Losses of the Company and the right to share in distributions as set forth on Exhibit A.

(r) **"Gain"** means the taxable income or gain for Federal income tax purposes from the Sale of the Company Property.

(s) **"Gross Asset Value"** means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(1) The initial Gross Asset Values of any asset contributed by a Member to

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the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company;

(2) The Gross Asset Values of all Company assets may be adjusted at the discretion of the Members to equal their respective gross fair market values, as determined by the Members, as of the following times:

(i) the acquisition of an additional interest in the Company by any new or existing Members in exchange for a Capital Contribution;

(ii) the distribution by the Company to a Member of Company Property as consideration for an interest in the Company; and

(iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made only if the Members reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(3) The Gross Asset Value of any Company asset distributed to the Members shall be the gross market value of such asset on the date of distribution; and

(4) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and Sections 8.7, 8.8, 8.9, and 8.10, hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this paragraph (s)(4) to the extent the Members determine that an adjustment pursuant to paragraph (s)(2) of this Section is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this paragraph (s)(4).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to paragraph (s)(1), (s)(2), or (s)(4), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

(t) **"Losses"** means the losses of the Company as determined under Article VIII hereof.

(u) **"Member"** means the parties to this Agreement from time to time as indicated on Exhibit A.

(v) **"Membership Share"** means all of the rights of a Member under this Agreement and under the Act, including, but not limited to, a Member's Financial Rights and Voting Rights.

(w) **"Net Cash Flow"** means the total net income, computed for federal income tax purposes, increased by any depreciation or depletion deductions taken into account in computing taxable income and any nontaxable income or receipts (other than capital

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contributions and the proceeds of any Company borrowing); and reduced by any principal payments on any Company debts, expenditures to acquire, maintain, or improve Company assets, payments under Section 707(c) of the code, and such reasonable reserves and additions thereto as may be necessary for future contingent liabilities, and the retention of funds for future investment activities, as the Members shall determine to be advisable and in the best interest of the Company.

(x) **"Person"** means an individual, general partnership, limited liability company, limited liability partnership, limited partnership, limited liability limited partnership, trust, estate, corporation, custodian, trustee, executor, personal representative, legal representative, administrator, nominee, or any other entity or person, and any individual or entity acting in a representative capacity.

(y) **"Profits"** means the profits of the Company as determined under Article VIII hereof.

(z) **"Remaining Members"** are those Members owning units in the Company that are not deemed to be a Ceased Member under Article X.

(aa) **"Sale"** means any sale, disposition, or conversion of the Company Property in which gain or loss is recognized for Federal income tax purposes.

(bb) **"Transfer"** includes any assignment, sale, pledge, encumbrance, gift, bequest, or other transfer or disposition of a Company interest or permitting a Company interest to be sold, encumbered, attached, or otherwise disposed of, or changing the ownership in any manner whether voluntarily, involuntarily, or by operation of law.

(cc) **"Triggering Event"** shall be an event of cessation as defined in Article X.

(dd) **"Voting Rights"** means the right of Members to vote on any matter as provided in this Agreement or under the Act. Any reference to a Member's Voting Rights shall mean the percentage of Voting Rights in the Company held by the Members.

(ee) **"Voting Rights in the Company"** means the Voting Rights held by the Members, collectively. Unless otherwise specifically provided herein, reference to a percentage of Voting Rights in the Company shall mean a percentage of the total Voting Rights held by all the Members.

(ff) **"Wrongful Conduct"** means any illegal or criminal conduct, other than misdemeanors, which may include but is not limited to fraud, theft, embezzlement, or a felonious drug offense.

ARTICLE II
Formation, Purposes, and Powers

2.1 Formation.

The parties to this Agreement hereby agree to and adopt the terms and conditions set forth in this Agreement as the operating agreement of the Company. The Company shall exist under and be governed by the provisions of the Act, except as otherwise provided or modified by the

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Articles of Organization or this Agreement. The Company shall exist only for the purposes specified in this Agreement and shall not be deemed to create a partnership, joint venture, or any other relationship between the Members.

2.2 Name.

The name of the Company shall be CPI MANAGEMENT GROUP, LLC, and all company business must be conducted in that name or such other names that comply with applicable law as the Members may select from time to time.

2.3 Registered Office and Registered Agent.

The current principal place of business of the company is 3535 W Harmon Ave, Las Vegas NV 89103. The current registered office of the Company is 3535 W Harmon Ave, Las Vegas NV 89103. The current registered agent at such address is Edward Clay. The Company shall have such other registered offices and agents as the Members who own fifty-one percent (51%) of the Voting Rights in the Company may designate from time to time.

2.4 Purposes.

The character of business and purposes of the Company are (a) to operate a biotech business and (b) to do any other lawful act permitted of the Company by the Act.

2.5 Powers.

Subject to the provisions of this Agreement, the Company shall have the same powers as an individual to do all things necessary or convenient to carry on its business and affairs, including the power to:

(a) Sue and be sued, and defend in its name;

(b) Purchase, receive, lease, or otherwise acquire, and own, hold, improve, use, maintain, manage, operate, and otherwise deal with property of any kind, real, personal, tangible and intangible, or any legal or equitable interest in property, wherever located;

(c) Sell, convey, mortgage, grant a security interest in, lease, exchange, and otherwise encumber or dispose of all or any part of its property;

(d) Purchase, receive, subscribe for, or otherwise acquire, own, hold, vote, use, sell, mortgage, lend, grant a security interest in, or otherwise dispose of and deal in and with, shares or other interests in or obligations of any other entity;

(e) Make contracts and guarantees, incur liabilities, borrow money, issue its notes, bonds, and other obligations, which may be convertible into or include the option to purchase other securities of the limited liability company, and secure any of its obligations by a mortgage on or a security interest in any of its property, franchises, or income;

(f) Lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment;

(g) Be a promoter, partner, member, associate, or manager of any partnership, joint venture, trust, or other entity;

(h) Conduct its business, locate offices, and exercise the powers granted by this

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Agreement and the Act within or without the State of Nevada;

(i) Appoint officers, employees, and agents of the Company, define their duties, fix their compensation, and lend them money and credit;

(j) Pay pensions and establish qualified and non-qualified retirement plans, bonus plans, option plans, and benefit or incentive plans for any or all of its current or former Members, officers, employees, and agents, if otherwise permitted by law;

(k) Make donations for the public welfare or for charitable, scientific, or educational purposes;

(l) Make payments or donations, or do any other act, not inconsistent with law, that furthers the business of the Company;

(m) Perform any act and execute and deliver any documents required by any governmental authority; and

(n) Perform any and all other acts or activities customary, incidental, necessary, or convenient to the purposes and powers enumerated herein.

2.6 Construction.

Unless otherwise required by law, if and to the extent the provisions of this Agreement conflict with the Act, this Agreement shall control. If and to the extent the provisions of this Agreement do not conflict with the Act, the Act shall control.

ARTICLE III
Membership and Capitalization

3.1 Members.

Each Member's Capital Contribution to the Company, Financial Rights, and Voting Rights are shown on Exhibit A attached hereto.

3.2 Admission of New Members.

Except as otherwise provided in Article XI, additional Members (including transferees) may be admitted to the Company only with the consent of those Members who own fifty-one percent (51%) of the Voting Rights in the Company. The consenting Members shall indicate their consent to the admission of a new Member by executing with the new Member and the Company an amendment to Exhibit A of this Agreement setting forth the names, addresses, and percentage ownership of Financial Rights and Voting Rights of all the Members as a result of the new Member's admission. In addition, no Person shall become a Member unless such Person completes and executes an Admission Agreement or a new Operating Agreement with the Company.

Except as otherwise provided in the next paragraph, no creditor of a Member who obtains any portion of a Membership Share by charging order pursuant to the Act, or otherwise, or any Person, including any creditor, receiver, or bankruptcy estate that obtains any rights in the Company by reason of a security interest, pledge, or the filing of an action for foreclosure,

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bankruptcy, receivership, divorce, or any similar proceeding may become a Member in the Company without the unanimous written consent of the Members, obtained after the transfer.

Notwithstanding anything herein to the contrary, if at any time the Company has only one Member, and if that Member's entire Membership Share, or all of that Member's Financial Rights, are transferred voluntarily by the Member by sale, exchange, or gift, or involuntarily by reason of the Member's death, incompetence, insolvency, bankruptcy, or dissolution, then the transferee(s) of such Membership Share or Financial Rights shall automatically become full Member(s) of the Company.

3.3 Transferee of Membership Share Admitted as a Member.

Upon the transferee(s) of a transferor Member's entire Membership Share or all of the transferor Member's Financial Rights in the Company becoming Member(s), the transferor ceases to be a Member.

3.4 Transferee of Membership Share Not Admitted as a Member.

If the transferee of all or any part of a Membership Share is not admitted as a Member, he shall be entitled to retain the Financial Rights transferred to him, but he shall not have any Voting Rights and shall not be entitled to participate in the management of the Company or to exercise any other rights of a Member. The transferee is subject to any claims or offsets the Company has against the transferor, regardless of whether those claims or offsets exist at the time of the transfer or arise afterwards. An amendment to this Agreement may change the rights of a transferee, even if the amendment is made after the transfer. A transferee who is not admitted as a Member shall not have the right to seek a judicial determination that it is equitable to dissolve and wind up the Company's business under the Act. The transferor continues to be a Member, entitled to all rights of a Member, other than the rights transferred.

Notwithstanding anything herein to the contrary, a transferee who is not admitted as a Member shall not be entitled to receive any distributions from the Company until such transferee delivers to the Company written notice of the transfer, proof of the transfer deemed sufficient by the Company, the transferee's federal and state tax identification numbers, and/or social security number, current legal address and telephone number, and such other information as the Company may reasonably require.

3.5 Redemption of Member's Financial Rights Subjected to Charging Order.

In the event a Member's Financial Rights are subjected to a charging order under the Act, the Company may redeem the Member's Financial Rights so charged, with Company Property, at any time prior to foreclosure of said Financial Rights in accordance with the Act. Nothing in this Section shall be construed as affecting or limiting the rights of the judgment debtor and the other Members to redeem any Financial Rights subjected to a charging order with their own property in accordance with the Act.

3.6 Power of Attorney.

Any Member may give another Member power of attorney to act for or to execute documents in the name of such Member, provided the Member giving such power of attorney delivers a copy of the power of attorney to the Company. Any such power of attorney may be changed or

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revoked at any time by the Member who gave such power by giving notice of its change or revocation to the Company.

3.7 Voluntary Capital Calls.

Those Members who own fifty-one percent (51%) of the Voting Rights in the Company may request that the Members make additional Contributions to Capital by delivering notice of the request to each Member. Any additional capital shall be contributed by the Members in the same ratio as each Member's Financial Rights bears to the total of all the Financial Rights in the Company. Solely for purposes of this Section, a Member who has transferred his Financial Rights, but whose transferee has not become a Member, shall be deemed to hold the Financial Rights so transferred. If any Member fails to make his Capital Contribution within ten (10) days after notice of the capital call ("Defaulting Members") such failure shall not be a breach of this Agreement, and the amount which the Defaulting Member fails to contribute shall not be a personal debt obligation of the Defaulting Member. Such amount shall be payable only out of any distributions from the Company otherwise payable to the Defaulting Member (or his transferee). The Defaulting Member shall not be entitled to receive any distributions from the Company until all amounts due hereunder have been paid in full.

3.8 Indemnification.

Each Member shall and does hereby agree to indemnify and hold harmless the Company and the other Members from any and all liabilities, losses, costs, damages, or expenses (including, without limitation, the costs of litigation and reasonable attorneys' fees) arising out of, resulting from, or in any way related to the misrepresentation or breach of any representation or warranty of such Member set forth in this Agreement.

ARTICLE IV
Member Meetings

4.1 Classes and Voting.

Unless otherwise provided by this Agreement, there shall be one class of Members. Each Member shall have the Voting Rights prescribed on Exhibit A.

4.2 Place of Meetings.

All meetings of the Members shall be held at the Company's principal place of business, or at such other place as shall be agreed upon by those Members who own fifty-one percent (51%) of the Voting Rights in the Company.

4.3 Time of Meeting.

Meetings of the Members may be called at any time by any Member by delivery to all Members of written notice at least seven (7) days in advance of the proposed meeting date. The notice shall contain the time, date, and place of the meeting.

4.4 Member Voting and Quorum.

Each Member shall be entitled to vote in proportion to his Voting Rights in the Company. In order for any vote of the Members to be valid, a quorum must be represented at the meeting

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either in person or by proxy. Fifty-one percent (51%) of the Voting Rights in the Company constitutes a quorum.

4.5 Voting by Certain Members.

Voting Rights owned by a corporation or other business entity may be voted by the officer, agent, or proxy as the by-laws of that corporation or other governing instruments of the business entity prescribe, or, in the absence of such provision, as the board of directors or other governing body of the corporation or entity may determine.

Voting Rights owned by an administrator, executor, personal representative, or guardian may be voted by him, either in person or by proxy, without a transfer of such Voting Rights into his name. Voting Rights owned by a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to exercise any Voting Rights held by him without a transfer of the Voting Rights into his name.

Voting Rights owned by a receiver may be voted by the receiver, and Voting Rights owned by or under the control of a receiver may be voted by the receiver without the transfer thereof into his name if authority so to do is contained in an appropriate order of the court by which such receiver was appointed.

A Member whose Membership Shares or Voting Rights are pledged (if otherwise permitted hereunder) shall be entitled to vote such Voting Rights until the Voting Rights have been transferred into the name of the pledgee and thereafter the pledgee shall be entitled to vote the Voting Rights so transferred.

4.6 Proxies.

Members may vote by proxy appointed by an instrument in writing. A proxy shall be delivered to the other Members before the meeting at which it is to be voted and shall not be valid after the final adjournment of the meeting.

4.7 Waiver of Notice.

A Member may waive notice of any meeting by a signed writing. In addition, a Member who attends a meeting waives his right to assert any lack of notice, or defect in notice, of the meeting unless he states such objection at the outset of the meeting.

4.8 Manner of Meetings.

Members may participate in meetings by means of telephone conference or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting as provided herein shall constitute presence in person at such meeting.

4.9 Action without Meeting.

The Members may take action without notice and a meeting if all the Members consent to such action and sign a Written Consent of the Members that sets forth the action to be taken.

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ARTICLE V
Management and Control

5.1 General Authority.

The Company shall be member managed, as defined in the Act. Except as otherwise expressly provided by this Agreement, any matter relating to the business and affairs of the Company shall be decided by those Members who own fifty-one percent (51%) of the Voting Rights in the Company. Such Members, or their authorized delegates, shall have full and complete authority, power, and discretion to manage and control the business, affairs, and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. Without limiting the generality of the foregoing, they shall have the power and authority on behalf of the Company to:

(a) Acquire property, real, personal, tangible and intangible;

(b) Borrow money for the Company from banks, other lending institutions, and other Persons and to hypothecate, encumber, and grant security interests in the assets of the Company to secure payment of the borrowed sums;

(c) Purchase liability and other insurance to protect the Company and the Members;

(d) Hold, own, invest and reinvest, purchase and sell, any property, real, personal, tangible and intangible, in the name of the Company, including, but not limited to, deeds, mortgages, leasehold interests, general partnerships, limited partnerships, limited liability companies, common trust funds, mutual funds, stocks, options, warrants, rights, puts, calls, contracts, futures, bonds, debentures, securities (public and private), and other debt and equity interests of any kind or nature, and to actively trade, speculate on, maintain, and manage the same;

(e) Enter into, make, and perform contracts, agreements, and other undertakings binding on the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and make all decisions and waivers thereunder;

(f) Employ accountants, legal counsel, managing agents, money managers, property managers, investment advisors, and other advisors to perform services for the Company and to compensate them out of Company Property;

(g) Screen, interview, and examine staff and personnel to be employed by the Company;

(h) Open and maintain bank and investment accounts and arrangements, draw checks, letters of credit, and other orders for payment of money and designate individuals with authority to sign or give instructions with respect to those accounts and arrangements;

(i) Pay debts and obligations of the Company to the extent that Company Property is available;

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(j) Sell, purchase, lease, loan, borrow, rent, repair, partition, mortgage, pledge, encumber, develop, improve, subdivide, or otherwise deal with any property, including Company Property;

(k) Collect sums due the Company and bring suit on the Company's behalf or defend the Company in any action, and compromise, settle, collect, and otherwise represent, prosecute, and defend the legal rights and interests of the Company;

(l) File on behalf of the Company a voluntary petition for bankruptcy, or bring an action on behalf of the Company for receivership, insolvency, or other similar relief in any court of competent jurisdiction, and to defend, answer, respond, and otherwise represent the Company in any such action or proceeding; and

(m) Perform all other acts as may be necessary or appropriate to the conduct of the Company's business, and to execute, acknowledge, verify, and deliver any or all instruments desirable to effectuate any of the foregoing.

5.2 Additional Voting Requirements for Certain Major Decisions.

Notwithstanding anything herein to the contrary, the following major decisions shall require approval of the Members in the percentages designated:

(a) Any amendment to this Agreement or the Articles of Organization shall require the approval of those Members who own one hundred percent (100%) of the Voting Rights in the Company.

(b) The Company shall not compromise, settle, waive, or limit the obligation of any Member to make a Capital Contribution to the Company without the consent of those Disinterested Members who own one hundred percent (100%) of the Voting Rights owned by all Disinterested Members.

(c) The Company shall not sell, or contract to sell, or otherwise dispose of all or substantially all of the Company Property without the approval of those Members who own one hundred percent (100%) of the Voting Rights in the Company. For purposes of this subsection, all or substantially all of the Company Property means eighty-five percent (85%) of such property by value.

(d) The Company shall not enter into any merger, or any profit sharing, joint venture, or other such arrangement without the approval of those Members who own one hundred percent (100%) of the Voting Rights in the Company.

5.3 Delegation.

The Members may authorize or delegate any of their authority to any Person from time to time to act on their behalf.

5.4 Ratification.

The Members may ratify and adopt any and all acts of any Person done on behalf of the Company.

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5.5 Personal Services.

No Member shall be required to perform any services for the Company by virtue of being a Member of the Company.

5.6 Compensation for Services.

Those Members who provide services to the Company shall be entitled to reasonable compensation from the Company in an amount to be determined by by one hundred percent (100%) of the Disinterested Members. Such compensation shall be paid in the form of guaranteed payments under Section 707(c) of the Code. Also, the Members shall be entitled to reimbursement for all expenses reasonably incurred by them on behalf of the Company.

5.7 Officers.

Those Members who own one hundred percent (100%) of the Voting Rights in the Company may, from time to time, designate one or more individuals to be officers of the Company. Any officers so designated shall have such authority and perform such duties as the Members may, from time to time, delegate to them. The Members may assign titles to particular officers. Unless the Members decide otherwise, if the title is one commonly used for officers of a business corporation, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office. Any number of offices may be held by the same Person. Designation of a person as an officer shall not of itself create an employment agreement or any other contract rights. Each officer shall hold office until his successor shall be duly designated and qualified, or until his death or until he shall resign or shall have been removed, with or without cause, by those Members who own one hundred percent (100%) of the Voting Rights in the Company.

ARTICLE VI
Fiduciary Duties; Right to Rely; Indemnification

6.1 Duty of Loyalty.

A Member's duty of loyalty to the Company and the other Members is limited to the following:

(a) To account to the Company and to hold as trustee for the Company any property, profit, or benefit derived by the Member in the conduct or winding up of the Company's business or derived from a use by the Member of the Company's property, including the appropriation of a Company opportunity;

(b) To refrain from dealing with the Company in the conduct or winding up of the Company's business as or on behalf of a party having an interest adverse to the Company; and

(c) To refrain from competing with the Company in the conduct of the Company's business before dissolution of the Company.

With the consent of one hundred percent (100%) of the Disinterested Members, such Disinterested Members may identify specific types or categories of activities that do not violate

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the duty of loyalty, if not manifestly unreasonable. With the consent of one hundred percent (100%) of the Disinterested Members, such Disinterested Members may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.

Notwithstanding anything herein to the contrary, the Members and the Company acknowledge and agree that some or all of the Members, and/or their Family members, either directly or indirectly through other Persons, are engaged in other business and investment activities which may be considered to compete with or be adversarial to the business conducted by the Company; however, the Members and the Company intend and agree that they shall have no interest or rights with respect to any business, investment, or other activities of the Members or their Family members carried on outside the Company. The Members are sophisticated investors and are aware of the extent of the other Members' business and investment activities. No Member shall be under any obligation to disclose any business opportunity to the Company or the other Members. The fiduciary duties of the Members shall be limited to their dealings with the Company Property.

6.2 Duty of Care.

In carrying out his duties and exercising his powers hereunder, each Member shall act in a manner he believes in good faith to be in the best interests of the Company and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. Subject to the preceding sentence, no Member shall be liable, responsible, or accountable in damages or otherwise to the Company or the other Members for any acts performed or omitted by him in good faith and within the scope of this Agreement.

6.3 Fiduciary Duties.

Each Member shall discharge his duties and exercise any of his rights consistently with the obligation of good faith and fair dealing which he owes to the Company and the other Members. A Member does not violate a duty or obligation to the Company merely because the Member's conduct furthers the Member's own interest. A Member may lend money to and transact other business with the Company. As to each loan or transaction, the rights and obligations of the Member are the same as those of a Person who is not a Member, subject to other applicable law.

6.4 Right to Rely.

The Members shall not be held liable to the Company, or to the other Members, for relying in good faith upon the records required to be maintained by this Agreement and upon such information, opinions, reports, or statements by any of the Members, attorneys, accountants, agents, advisors, or any other Person who has been selected with reasonable care by or on behalf of the Company, as to matters the Member reasonably believes are within such other Person's professional or expert competence.

6.5 Indemnification of Members.

To the fullest extent allowed by law, the Members shall be indemnified and held harmless by the Company for any liability resulting from any act performed or omission made by them in good faith on behalf of the Company, except for acts or omissions of intentional misconduct or

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knowing violation of the law and any transaction for which the Member received a personal benefit in violation or breach of any provision of this Agreement.

6.6 Duty of Confidentiality.

Each Member hereby warrants, covenants, and agrees that he will not furnish, divulge, communicate, use to the detriment of the Company, or use for the business of any other Person, any of the Company's confidential information, including but not limited to pricing information, data, sales methods, know how, processes, licenses, trade secrets, names of customers, customer lists, names of Members, or the partners, shareholders, members, or other principals of any Member, future plans, accounting, marketing, financial data, or contract information. Each Member agrees to return all documents which contain any confidential information and all copies of such documents upon request by the Company.

ARTICLE VII
Capital Accounts and Accounting

7.1 Capital Accounts.

The Company shall establish for each Member a Capital Account, which shall be maintained in accordance with Section 704 of the Code and the capital account rules set forth in Treasury Regulations Section 1.704-1(b).

7.2 Compliance with Section 704(b) of the Code.

The provisions of this Agreement as they relate to the maintenance of Capital Accounts and allocations of Profits and Losses are intended, and shall be construed, and, if necessary, modified to cause the allocations of Profits, Losses, Gain, income, deductions, credit, and other items pursuant to this Agreement to have substantial economic effect within the meaning of the Treasury Regulations promulgated under Section 704(b) of the Code. Notwithstanding anything herein to the contrary, this Agreement shall not be construed as creating a deficit restoration obligation.

7.3 Partnership Representative.

Edward Clay is designated the initial partnership representative of the Company, as defined in Section 6223(a) of the Code. The Company may designate a new partnership representative from time to time without amending this Agreement.

ARTICLE VIII
Interim Distributions and Allocations

8.1 Distributions.

Distributions to the Members shall be made in accordance with the following:

(a) First, the Company shall distribute to those Members who have provided services to the Company the compensation to which each is entitled under Article V. Such distributions shall be guaranteed payments within the meaning of Section 707(c) of the Code.

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(b) From time to time those Members who own fifty-one percent (51%) of the Voting Rights in the Company shall determine to what extent, if any, the Company's Net Cash Flow exceeds the current and anticipated needs of the Company's business. Any Company Net Cash Flow in excess of such amounts shall be distributed to the Members.

(c) Notwithstanding anything herein to the contrary, within seventy-five (75) days after the end of each calendar year, the Company shall distribute to the Members an amount equal to forty percent (40%) of the Company's income that is taxable to the Members for federal income tax purposes for the immediately preceding calendar year. The amount of the distribution required under this subsection shall be reduced by all distributions which previously have been made from the Company to the Members pursuant to this Section for such calendar year other than guaranteed payments within the meaning of Section 707(c) of the Code.

Except as otherwise provided in this Agreement, all distributions to the Members must be made simultaneously to each of the Members and must be made in proportion to the Members' Financial Rights. Such distributions may be in cash or Company Property or partly in both. Items of Company Property need not be distributed proportionately, provided the Members agree upon the value of the property being distributed and the value of the property and the cash received by each Member is proportionate to his Financial Rights.

Subject to the Act, at the time that a Member becomes entitled to receive a distribution, the Member has the status of and is entitled to all remedies available to a creditor of the Company with respect to the distribution.

8.2 Restrictions on Distributions.

Notwithstanding anything herein to the contrary, no distribution to any Member may be made if after giving effect to the distribution either (a) the Company would not be able to pay its debts as they become due in the ordinary course of business, or (b) the Company's total assets would be less than the sum of its total liabilities plus the amount that would be needed if the Company were to be dissolved, wound up, and terminated at the time of the distribution, to satisfy the preferential rights upon dissolution, winding up, and termination of Members whose preferential rights are superior to those receiving the distribution. The provisions of Section 14-11-407 of the Act shall apply in construing this Section.

8.3 Calculation of Profits and Losses.

The Profits and Losses of the Company for each fiscal year or other period shall be the taxable income or loss of the Company for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be separately stated pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any Company income which is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this subsection shall be added to such taxable income or loss.

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) (expenditures of the Company not deductible in computing its taxable income and not

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properly chargeable to a capital account) or treated as such expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i)(2) and (3) (organizational expenditures which the Company elects not to amortize under Code Section 709(b) and certain disallowed losses) and not otherwise taken into account in computing Profits and Losses pursuant to this subsection shall be subtracted from such taxable income or loss.

(c) Gain or loss with respect to the disposition of Company Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed based upon the "adjusted book value" (as determined in the Treasury Regulations promulgated under Code Section 704) of such property without regard to the adjusted basis.

(d) Depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss shall, for purposes of this subsection, be based upon the "adjusted book value" (as determined in the Treasury Regulations promulgated under Section 704) of Company Property.

(e) Notwithstanding any other provision of this Section 8.3, any items which are specifically allocated pursuant to Section 8.11 shall not be taken into account in computing Profits and Losses.

8.4 Allocation of Profits and Losses.

The Profits and Losses of the Company for any fiscal year of the Company shall be allocated among the Members in accordance with their Financial Rights. The proceeds of any life insurance policy insuring the life of a Member which are received by the Company shall be allocated to the surviving Member(s), and the deceased Member, his estate, successors, or legal representatives shall have no interest in or distributive share of such proceeds.

8.5 Tax Item Allocation.

Unless otherwise specially allocated herein, whenever a proportionate part of Profits or Losses is charged or credited to the Capital Account of a Member, every item of income, gain, loss, deduction, credit, allowance, or tax preference entering into the computation of such Profits or Losses or applicable to the period during which such Profits or Losses were realized shall be considered credited or charged, as the case may be, to such Capital Account in the same proportion. In the event of a transfer of Financial Rights in the Company at any time other than at the end of the Company's tax year, the distributive share of Profits and Losses and any items of Company income, gain, loss, deduction, credit, or tax preference attributable to the transferred Financial Rights shall be apportioned for income tax purposes between the transferor and transferee in accordance with the number of days in the taxable year of the Company that each was the owner of such Financial Rights.

8.6 Code Section 704(c).

In accordance with the provisions of Code Section 704(c), income, gain, loss, and deductions with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated to the Members so as to take account of any variation between the adjusted basis of such property and the Gross Asset Value at the time of contribution.

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In the event the Gross Asset Value of any Company asset is adjusted pursuant to Section 1.1(s), subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Members in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 8.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of the Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

8.7 Nonrecourse Deductions.

Notwithstanding anything herein to the contrary, beginning in the first taxable year of the Company in which there are nonrecourse deductions, all nonrecourse deductions and distributions of proceeds attributable to nonrecourse borrowing (as defined in Treasury Regulations Section 1.704-2) shall be allocated in accordance with the Members' Financial Rights or in any other manner that is reasonably consistent with allocations that have substantial economic effect of some other significant Company item attributable to the property securing the nonrecourse liabilities. Items attributable to a particular Member's nonrecourse liability (as defined in Treasury Regulations Section 1.704-2(b)(4)) shall be allocated to the Member that bears the economic risk of loss for the liability.

8.8 Minimum Gain Chargeback Requirements.

Except as otherwise provided in Treasury Regulations Section 1.704-2(f), if there is a net decrease in Company minimum gain (as determined under Treasury Regulations Section 1.704-2(d)) for the Company's taxable year, each Member must be allocated items of income and gain for that taxable year equal to that Member's share of the net decrease in Company minimum gain. A Member's share of the net decrease in Company minimum gain is the amount of the total net decrease multiplied by the Member's percentage share of Company minimum gain at the end of the immediately preceding taxable year (as determined in Treasury Regulations Section 1.704-2(g)). A Member is not subject to this minimum gain chargeback requirement to the extent the Member's share of the net decrease in Company minimum gain is caused by a guarantee, refinancing, or other change in the debt instrument causing it to become partially or wholly a recourse liability or a Member nonrecourse liability, and the Member bears the economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2) for the newly guaranteed, refinanced, or otherwise changed liability.

If during a taxable year there is a net decrease in Member nonrecourse debt minimum gain (as determined under Treasury Regulations Section 1.704-2(i)(2)), any Member with a share of that Member nonrecourse debt minimum gain (as determined under Treasury Regulations Section 1.704-2(i)(5)) as of the beginning of that taxable year must be allocated items of income and gain for that taxable year (and, if necessary, for succeeding taxable years) equal to that Member's share of the net decrease in the Member nonrecourse debt minimum gain. A Member's share of the net decrease in Member nonrecourse debt minimum gain is determined in

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a manner consistent with the provisions of Treasury Regulations Section 1.704-2(g)(2). A Member is not subject to this minimum gain chargeback requirement, however, to the extent the net decrease in Member nonrecourse debt minimum gain arises because the liability ceases to be Member nonrecourse debt due to a conversion, refinancing, or other change in the debt instrument that causes it to become partially or wholly a nonrecourse liability. The amount that would otherwise be subject to the member nonrecourse minimum gain chargeback is added to the Member's share of Company minimum gain under Treasury Regulations Section 1.704-2(g)(3).

8.9 Qualified Income Offset.

Unless otherwise agreed, a Member is not required to fund any deficit in the Member's Capital Account at any time. However, if a Member unexpectedly receives an adjustment, allocation, or distribution described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), and the unexpected adjustment, allocation, or distribution results in a deficit balance in the Capital Account for the Member (or a deficit balance in excess of any limited dollar amount the Member is obligated to restore), the Member will be allocated items of income and gain consisting of a pro rata portion of each item of Company income and gain for such year in an amount and manner sufficient to eliminate the deficit balance or the increase in the deficit balance as quickly as possible. This Section will be interpreted, applied, and if necessary modified to constitute a "qualified income offset" as defined in Treasury Regulations Section 1.704-1(b)(2)(ii)(d).

8.10 Section 754 Adjustments.

To the extent an adjustment to the adjusted tax basis of any Company Property pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

8.11 Curative Allocations.

The allocations set forth herein are intended to comply with the Regulations promulgated under Section 704 of the Code and in the event that any allocation is required to be made pursuant to such Regulations ("Regulatory Allocations"), then such Regulatory Allocations shall be taken into account in allocating items of income, gain, loss, and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred. The Members shall have reasonable discretion, with respect to each Company tax year, to apply the provisions of this Section 8.11 in whatever order is likely to minimize the economic distortions that might otherwise result from the Regulatory Allocations.

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8.12 Distributions Subject to Set-Off.

Except as otherwise provided in this Agreement, all distributions are subject to set-off by the Company for any past-due obligation of a Member to the Company.

ARTICLE IX
Dissolution, Winding Up, and Termination

9.1 Dissolution.

Except as otherwise provided herein, the Company shall dissolve, its affairs shall be wound up, and the Company shall terminate only upon the happening of one or more of the following events:

(a) The written consent of those Members who own fifty-one percent (51%) of the Voting Rights in the Company;

(b) Any event occurs that makes it unlawful for all or substantially all of the business of the Company to be continued, but any cure of illegality within ninety (90) days after notice to the Company of the event is effective retroactively to the date of the event for purposes of this subsection;

(c) The filing by the Secretary of State of a certificate administratively dissolving the Company pursuant to the Act, unless the Company is reinstated in accordance with the Act.

(d) A decree of judicial dissolution entered by a court of competent jurisdiction.

9.2 Winding Up: Powers and Duties of Liquidator.

Except as otherwise provided herein, following dissolution of the Company, those Members who own fifty-one percent (51%) of the Voting Rights in the Company shall appoint one or more Members or an independent third party to serve as liquidator. The liquidator shall have full authority in winding up the Company's affairs. The liquidator shall:

(a) Deliver notice of the Company's dissolution to all of the Company's known claimants and creditors in the form and manner described in the Act;

(b) Publish notice of the Company's dissolution as provided in the Act;

(c) Make final liquidating distributions as provided below, and distribute any Company Property discovered after any such final liquidating distributions in the manner described below; and

(d) After dissolution and the completion of winding up, file a Certificate of Termination with the Nevada Secretary of State to terminate the legal existence of the Company in accordance with the Act.

9.3 Sale of Company Property.

Unless otherwise agreed by those Members who own fifty-one percent (51%) of the Voting Rights in the Company, the liquidator shall first attempt to sell all or any part of the Company's business as a going concern. If any such sale or partial sale is not consummated within six (6)

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months after the date of the dissolution, or such other period of time agreed to by such Members, the liquidator shall publish notice that all unsold Company assets are for sale and solicit bids for such assets. Any Company assets which remain unsold six (6) months after the date of the first publication of such notice shall be marshaled and auctioned by the liquidator. All assets unsold after the auction shall be distributed in kind in the manner described below.

9.4 Distribution in Kind.

The Company may distribute assets in kind to satisfy any or all of its obligations. If the Company will distribute assets in kind, the Members shall have thirty (30) days to agree upon the fair market value of such assets. If the Members cannot agree on the fair market value of any asset, the liquidator shall hire an independent appraiser to determine the fair market value of the asset in question. Any property distributed in kind shall be treated in accordance with Sections 721, 736, 737, and 751 of the Code. The liquidator shall adjust the Members' Capital Accounts to reflect any gain or loss which would have been allocated had such property been sold for its fair market value.

9.5 Final Liquidating Distributions.

After the sale of all Company assets, or the determination of fair market value for distribution in kind of Company assets, the liquidator shall apply the proceeds of the sale or the Company assets as follows:

(a) Payment or adequate provision for payment shall be made to creditors, including the liquidator if the liquidator is not a Member, for reimbursement for out-of-pocket expenses incurred and reasonable compensation for services rendered in connection with winding up the Company, and to the extent permitted by law, to Members who are creditors in satisfaction of liabilities of the Company;

(b) If the liquidator is a Member, to the liquidator for reimbursement for out-of-pocket expenses incurred and reasonable compensation for services rendered in connection with winding up the Company;

(c) All remaining cash and other assets shall be distributed to the Members in accordance with their positive Capital Account balances, determined after taking into account all Capital Account adjustments for the taxable year of the Company during which the distribution occurs.

9.6 Deficit Capital Account Balances.

Any deficit in a Member's Capital Account shall not be an asset of the Company, and no Member or transferee of all or any part of a Membership Share shall be obligated to contribute any amount to the Company in excess of any limited dollar amount the Member or transferee has otherwise agreed to restore.

9.7 Final and Complete Distribution.

The distributions provided for in this Article shall constitute a complete return of the Members' Contributions to Capital, and a final and complete distribution to the Members in satisfaction of all of their rights in the Company.

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9.8 Duties during Winding Up.

The duty of loyalty, duty of care, and other fiduciary duties set forth in this Agreement shall apply to any Person winding up the Company's business.

ARTICLE X
Cessation

10.1 Events of Cessation.

The provisions of the Act relating to cessation shall not apply to the Company. No Member shall have the power to withdraw from the Company except as provided herein. Only the occurrence of one or more of the following events with respect to a Member shall constitute the cessation of such Member:

(a) Withdrawing, retiring, or resigning from the Company with the consent of those Members who own fifty-one percent (51%) of the Voting Rights in the Company; or

(b) If a Member files a voluntary petition for bankruptcy, is adjudicated a bankrupt, or has a bankruptcy petition filed against him which is not dismissed within ninety (90) days; or

(c) Entry of an order by a court of competent jurisdiction adjudicating a Member to be insane, the appointment of a guardian for a Member, or a judicial determination that a Member has otherwise become incapable of performing his duties under this Agreement; or

(d) The giving by a Member of notice to the Company that the Member desires to transfer all or any portion of his Membership Share; or

(e) The death of a Member; or

(f) The Disability of a Member (Disability shall mean totally and permanently disabled for a period of twelve (12) months during a fifteen (15) consecutive month period so that a Member is unable to engage in his usual Company duties as determined by a doctor selected and paid by the Company); or

(g) The engagement in Wrongful Conduct by a Member; or

(h) The filing of a Petition or Complaint for Divorce, on any grounds, by a Member or Member's spouse resulting in all or a portion of a Member's Shares being transferred or awarded to a Person who is not a Member at the time of the filing; or

(i) If a Member engages in any sale, merger, share exchange, partnership, joint venture, or other arrangement, including the issuance of new shares of stock or equity interests in the Member or in any Person that Controls the Member, and as a result of said transaction a Person who is not one of the group of Persons in Control of the Member, as of the date such Member became a party to this Agreement, takes Control of the Member; or

(j) The filing of a Certificate of Dissolution, or the equivalent, for a Member that is a corporation, limited liability company, limited partnership, or other entity, or the lapse of

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ninety (90) days after notice to such Member of revocation of its charter without a reinstatement of its charter.

10.2 Effect of a Member's Cessation.

Unless otherwise provided in Article IX, the Cessation of a Member does not dissolve the Company. The right of a Ceased Member to be compensated for his Membership Share shall be governed exclusively by Article XI and not the Act. The parties waive any right they may have to assert that the Act or any other provision of law supersedes or modifies the provisions of this Agreement relating to the cessation of a Member's participation in the Company.

10.3 Effect on Cessation if There is Only One Remaining Member.

If a Triggering Event occurs that would cause the sole Member to be a Ceased Member, such Triggering Event shall not be deemed to cause the Cessation of such Member, but instead all rights associated with such Member's Membership Share shall be held by such Member's personal representative, power of attorney, trustee, conservator, receiver, liquidator, or similar fiduciary. Should a Triggering Event occur that causes simultaneous Cessation of all Remaining Members, then such Members shall not be treated as Ceased Members, but instead all rights associated with such Members' Membership Share shall be held by such Members' personal representative, power of attorney, trustee, conservator, receiver, liquidator, or similar fiduciary.

ARTICLE XI
Restrictions on Transfer and Buy-Sell Provisions

11.1 Restrictions on Transfer.

No Member may Transfer any portion or all of his Membership Share to any Person without the prior written consent of those Members who own fifty-one percent (51%) of the Voting Rights in the Company (without regard to the Member desiring to transfer his Membership Share). If such consent is obtained, the provisions of Article III shall govern the rights of the transferor and transferee. Any attempted conveyance or encumbrance of all or a portion of a Membership Share not expressly permitted herein shall be null, void, and without effect.

11.2 Right to Purchase.

(a) Cessation for Reasons Other Than Death. If a Member Cessation occurs within the meaning of Article X ("Triggering Event") other than by reason of death, then - such Member ("Ceased Member") is deemed to have offered to the Company all of his Membership Share at the price determined in accordance with Section 11.3 and upon the terms contained in Section 11.4.

If the Company does not accept said offer within ten (10) days after receiving written notice of the Triggering Event from the Ceased Member (or his estate or other legal representative, as the case may be) and the determination of the purchase price, then such Ceased Member's Membership Share shall be offered in writing, at the same price and upon the same terms, to the other Members ("Remaining Members") by delivery of written notice to them. The Company and/or the Remaining Members may accept the offer by

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delivering written notice to the Ceased Member. If the Company and/or the Remaining Members accept the offer, then all of the Membership Share offered for sale must be purchased by the Company and/or the Remaining Members. In the event more than one offeree accepts the offer, those accepting shall purchase in proportion to their Membership Shares, unless they agree otherwise.

If none of the Remaining Members accept the offer to purchase the Ceased Member's Membership Share within ten (10) days after receipt of written notice by them, then the Membership Share may be offered for sale to any Person, provided that such Membership Share shall be sold for at least the same price and upon the same terms at which it was offered to the Company and the Remaining Members.

In the event any sale of a Membership Share to a third Person shall not be consummated within sixty (60) days after the expiration of the Remaining Members' option to purchase, the Membership Share or any portion thereof may not be transferred unless the same shall be offered again to the Company and the Remaining Members in the manner and in accordance with the terms herein provided.

(b) Death. Notwithstanding anything herein to the contrary, upon the death of a Member, the Company shall purchase, and the estate of the decedent, or his successor in interest by operation of law shall sell all of the decedent's Membership Share in the Company now owned or hereafter acquired. The purchase price of such Membership Share shall be computed in accordance with the provisions of Section 11.3 and paid in accordance with the provisions of Section 11.4.

11.3 Purchase Price.

Unless the Member offering the Membership Share hereunder and those Remaining Members who own fifty-one percent (51%) of the Voting Rights agree otherwise, the purchase price shall be determined in accordance with the following:

The purchase price shall be the Appraised Value (as defined herein) of the Membership Share as of the date of the Triggering Event. Appraised Value shall mean the Fair Market Value (as defined below) of the Membership Share, without taking any applicable minority, lack of marketability, and other similar type discounts, including, but not limited to, those related to undivided interests in real estate, voting versus non-voting interests, blockage, key-person, or portfolio issues, obtained by agreement of two (2) appraisers, one appointed by the seller and one appointed by fifty-one percent (51%) of the Remaining Members on behalf of the Company. The seller and Company must appoint their respective appraisers by delivering notice of the identity of their respective appraisers to each other within thirty (30) days after Company receives written notice of the Triggering Event from the Ceased Member (or his estate or other legal representative, as the case may be). If the two (2) appraisers cannot agree on an Appraised Value within thirty (30) days after the last of them is appointed, then within five (5) days, they shall appoint a third appraiser to value the Membership Share. The third appraiser shall determine the Appraised Value within thirty (30) days after his appointment. The Appraised Value shall be the average of the two (2) appraisals which are closest to each other. In the event the third appraiser's determination of the Appraised Value is an exact average of the first two appraisals, then such third appraiser's determination shall be the Appraised Value. Fair Market

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Value is defined as the cash equivalent price at which property would change hands between a hypothetical willing buyer and a hypothetical willing seller, neither being under a compulsion to buy or sell and both having reasonable knowledge of relevant facts. The hypothetical buyer and seller are assumed to be able, as well as willing, to trade and are assumed to be well-informed about the property and concerning the market for such property. The seller and the Company - shall each pay the costs of the appraiser appointed by them, and one-half (1/2) of the cost of the third appraiser. The purchase price as determined herein shall be conclusive and binding on the parties, their personal representatives, legal representatives, heirs, successors and assigns. If any party fails to appoint an appraiser within the time required herein, the purchase price determined by the appraiser appointed by the other party shall be conclusive and binding upon the seller and purchaser(s), their personal representatives, legal representatives, heirs, successors, and assigns.

11.4 Payment of Purchase Price.

The closing of the purchase shall take place at the principal place of business of the Company within sixty (60) days after the purchase price has been determined and an offer accepted, or at such other date and place as the parties may agree.

Unless the parties mutually agree otherwise, ten percent (10%) of the purchase price shall be paid in cash at closing with the balance due in a five (5)-year promissory note at the then existing mid-term applicable federal interest rate.

Further, if a selling Member has personally guaranteed payment of any debt, obligation, or liability of the Company, then the purchaser(s) of the Member's Membership Share shall make reasonable efforts to have such Member (or his estate or successor(s)) released from such guarantee. If the lender or creditor refuses to release such Member, then the Company and the other Members, if the Company is purchasing the Membership Share, (or the purchasing Member(s) only if the Company is not purchasing the Membership Share), shall in writing, jointly and severally, indemnify and hold harmless such selling Member (or his estate, as the case may be) from payment of said debt, obligation, or liability.

11.5 Permitted Transfers.

Any of the Members may transfer a Membership Share without the provisions of this Article XI applying if the transferee is a revocable trust created by a Member that benefits that Member during his lifetime. Additionally, the following transfers are permitted without the provisions of this Article XI applying: (1) any transfer to a successor trustee of the same revocable trust where the original transferor to the revocable trust is still living and (2) any transfer from a revocable trust to the Member that made the original transfer to the revocable trust. The death of any Member whose Membership Share or any portion thereof is held in a revocable trust shall be treated as a Triggering Event under Section 10.1(e). A transfer other than as permitted in this Section 11.5 shall be subject to the provisions of this Article XI.

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ARTICLE XII
Resolution of Deadlock

12.1 Deadlock Resolution.

(a) "Deadlock" means a dispute among the Members, including the inability to agree on a vote or other decision, that has continued for more than fifteen (15) days, that is not resolved by the provisions on voting contained herein, concerning the business or affairs of the Company; provided, however, that a Deadlock shall not include any dispute regarding an interpretation of any terms or conditions of this Agreement; provided further, that a Deadlock shall not include the failure of the Members to approve any matter requiring unanimous approval under Section 5.2. In the event the Members reach a Deadlock, each Member agrees to submit the decision to non-binding mediation to attempt to resolve the dispute. Mediation must be requested by any Member or group of Members with the service of a written notice of such request on the other Members. All negotiations pursuant to this Section shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.

(b) In the event the Deadlock has not been resolved within thirty (30) days after the date any Member or group of Members first demanded mediation in writing ("Resolution Date") or mediation is attempted and fails, then any Member or group of Members ("Offering Member") shall have the right for ten (10) days after the Resolution Date or date of failed mediation, as the case may be, to serve a notice in writing making both an offer to buy and sell, stipulating the price per unit which the Offering Member will purchase all of the units of the Company held by the other Members ("Offeree Members") or at which the Offering Member will sell all of the units of the Company held by the Offering Member to the Offeree Members, together with the terms upon which the purchase or sale shall be completed. The first Member or group of Members to serve a notice in written shall be deemed to be the Offering Member. The price and terms for the Offering Member's offer to purchase and offer to sell must be the same. The Offeree Members shall have a period of sixty (60) days from the service of such notice in which to notify the Offering Member, in writing, as to whether the Offeree Members elect to purchase the Offering Member's units at said price, or to sell to the Offering Member the Offeree Members' units at the same price. In absence of a response from the Offeree Members, the Offeree Members shall be deemed to have served notice of their willingness to sell all of their remaining units and such deemed notice shall be effective as of the forty-fifth (45th) day following service of notice by the Offering Member. Any group of Members acting as the Offering Member or Offeree Members as defined under this Section 12.1 shall purchase the units pro rata.

(c) In the event no offer is made in the ten (10) day period following the Resolution Date or date of failed mediation, as the case may be, the Member or group of Members who requested mediation shall serve a notice, in writing within ten (10) days of the expiration period provided for in Section 12.1, paragraph (b), making both an offer to buy and sell, stipulating the price per unit which the Member or group of Members ("Mediation Offering Member") will purchase all of the units of the Company held by the other Members ("Offeree Members") or at which the Mediation Offering Member will sell all of the units of the Company held by the Mediation Offering Member to the Offeree Members, together with the terms upon which the purchase or sale shall be completed. The price and terms for the Mediation Offering Member's offer to

purchase and offer to sell must be the same. The Offeree Members shall have a period of sixty (60) days from the service of such notice in which to notify the Mediation Offering Member, in writing, as to whether the Offeree Members elect to purchase the Mediation Offering Member's units at said price, or to sell to the Mediation Offering Member the Offeree Members' units at the same price. In absence of a response from the Offeree Members, the Offeree Members shall be deemed to have served notice of their willingness to sell all of their remaining units and such deemed notice shall be effective as of the forty-fifth (45th) day following service of notice by the Offering Member. Any group of Members acting as the Mediation Offering Member or Offeree Members as defined under this Section 12.1 shall purchase the units pro rata.

ARTICLE XIII
Securities Provisions

13.1 Securities Notice.

The membership units have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state. Each membership unit certificate shall have the following legend placed on it:

NEVADA SECURITY LEGEND

THE UNITS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEVADA SECURITIES ACT OF 1980, AS AMENDED, IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH ACTS, INCLUDING, WITHOUT LIMITATION, PARAGRAPH (B)(4) OF T.C.A. § 48-1-103 OF THE NEVADA SECURITIES ACT OF 1980, AS AMENDED. THE UNITS REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD OR OTHERWISE TRANSFERRED, NOR WILL AN ASSIGNEE OR ENDORSEE HEREOF BE RECOGNIZED AS AN OWNER OF THE UNITS BY THE ISSUER UNLESS (I) A REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS WITH RESPECT TO THE UNITS AND THE TRANSFER SHALL THEN BE IN EFFECT, (II) IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER, THE UNITS ARE TRANSFERRED IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF SUCH LAWS, OR (III) A NO-ACTION LETTER OR ITS THEN EQUIVALENT WITH RESPECT TO SUCH SALE OR TRANSFER HAS BEEN ISSUED BY THE STAFF OF THE SECURITIES AND EXCHANGE COMMISSION AND BY THE SECURITIES DIVISION OF THE STATE OF NEVADA, IF APPROPRIATE. IN ADDITION, THE UNITS REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE RESTRICTIONS ON TRANSFER AND OTHER TERMS AND CONDITIONS SET FORTH IN THE OPERATING AGREEMENT AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED, OR TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THE OPERATING AGREEMENT AND ANY AMENDMENT THERETO.

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ARTICLE XIV
Miscellaneous Provisions

14.1 Members' Rights to Receive Information.

(a) The Company shall provide Members and their agents and attorneys access to its records, if any, at the Company's principal office. The Company shall provide former Members and their agents and attorneys access for proper purposes to records pertaining to the period during which they were Members. The right of access provides the opportunity to inspect and copy records during ordinary business hours. The Company may impose a reasonable charge, limited to the costs of labor and material, for copies of records furnished.

(b) The Company shall furnish to a Member, and to the legal representative of a deceased Member or Member under legal disability:

(1) Without demand, information concerning the Company's business or affairs reasonably required for the proper exercise of the Member's rights and performance of the Member's duties under this Agreement and the Act; and

(2) On demand, other information concerning the Company's business or affairs, except to the extent the demand or the information is unreasonable or otherwise improper under the circumstances.

(c) A Member has the right upon written demand given to the Company to obtain at the Company's expense a copy of this Agreement.

14.2 Notices.

All notices, consents, requests, demands, offers, reports, or other communications required or permitted hereunder shall be in writing and hand delivered or sent by certified or registered mail, postage prepaid, and return receipt requested, to the Company at its principal place of business and to a Member at the address on Exhibit A attached hereto, or to such other address as may hereafter be designated by the giving of notice in accordance with this Section. All notices, consents, or other communications shall be deemed given when actually hand delivered, or upon the date of mailing in accordance with this Section.

14.3 Amendment or Modification.

The Operating Agreement may be amended and modified from time to time only by a written instrument adopted and executed by all Members as determined in Section 5.2(a).

14.4 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada regardless of the residence or domicile, now or in the future, of any party hereto and notwithstanding any conflicts of laws.

14.5 Waiver.

No waiver of any breach of any covenant, agreement, or undertaking contained herein shall operate as a waiver of any subsequent breach of the same covenant, agreement, or undertaking or as a waiver of any breach of any other covenant, agreement, or undertaking. In the case of a

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breach by any party of any covenant, agreement, or undertaking, the nonbreaching party may nevertheless accept from the other, any payment or performance without waiving its right to exercise any right or remedy provided herein or otherwise, with respect to any such breach which was in existence at the time such payment or performance was accepted by it. No failure of any party to exercise any power given herein or to insist upon strict compliance with any covenant, agreement, or undertaking contained herein, or to object to any custom or practice which varies from the terms hereof, shall constitute a waiver of such party's right to demand exact compliance with the terms of this Agreement. The waiver by any party of a breach of any covenant, agreement, or undertaking contained herein shall be made only by a written waiver in each case, and no such waiver shall operate or be construed as a waiver of any prior or subsequent breach.

14.6 Severability.

If any provision of this Agreement shall, to any extent, be held invalid, illegal, or unenforceable, in whole or in part, the validity, legality, and enforceability of the remaining part of such provision, and the validity, legality, and enforceability of the other provisions hereof, shall not be affected thereby and each term, covenant, or condition shall be valid and enforceable to the fullest extent permitted by law. If any such invalidity shall be caused by the length of any period of time, the size of any area or the scope of activities set forth in any provision hereof, such period of time, such area or scope or all, shall be considered to be reduced to a period, area, or scope which would cure such invalidity. Any provision of this Agreement that is held invalid, illegal, or unenforceable in any jurisdiction shall not be deemed invalid, illegal, or unenforceable in any other jurisdiction.

14.7 Counterparts.

This Agreement may be executed in more than one counterpart, each such counterpart shall be deemed an original, and all such counterparts shall constitute one and the same agreement. This Agreement shall be effective when executed by all parties, but all parties need not execute the original or the same counterpart.

14.8 Captions.

The headings, titles, and captions of the Articles and Sections of this Agreement are inserted only to facilitate reference. They shall not define, limit, extend, or describe the scope or intent of this Agreement or any provision hereof, and they shall not constitute a part hereof or affect the meaning or interpretation of this Agreement or any part hereof.

14.9 Entire Agreement.

This Agreement embodies the entire understanding and agreement among the parties pertaining to the subject matter hereof, and all prior or contemporaneous representations, agreements, and understandings of the parties, whether written or oral, are superseded by this Agreement and shall be deemed merged herein.

14.10 Binding Effect.

This Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by and against all the parties and their respective heirs, legal representatives, personal representatives, successors, and permitted assigns. Nothing in this Agreement, expressed or

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implied, is intended to or shall confer upon any Person other than the parties, and their respective heirs, legal representatives, personal representatives, successors, and permitted assigns, any rights, remedies, obligations, or liabilities.

14.11 Use of Terms.

Use of the terms "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter," and other equivalent words refer to this Agreement in its entirety and not solely to the particular portion of the Agreement in which such word is used. Reference to "this Article," "this Section," or a similar reference to a specific part of this Agreement shall refer to the particular Article, Section or specific part in which such reference appears. Whenever used herein, any pronoun shall be deemed to include both the singular and plural and all genders.

14.12 Further Assurances.

In connection with this Operating Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Operating Agreement and those transactions.

14.13 Exhibits.

The exhibits attached to this Agreement are hereby made a part hereof and incorporated by reference. All such exhibits shall read as of the date of this Agreement or, as to any of the exhibits bearing a particular date, as of any other date specified therein.

14.14 Attorneys' Fees.

In the event that any party ("Defaulting Party") defaults in an obligation under this Agreement and, as a result thereof, the other party ("Non-defaulting Party") seeks to legally enforce rights hereunder against the Defaulting Party, then, in addition to all damages and other remedies to which the Non-defaulting Party is entitled by reason of such default, the Defaulting Party shall promptly pay to the Non-defaulting Party an amount equal to all reasonable costs and expenses (including, but not limited to, reasonable attorneys' fees, litigation expenses, court costs, and expert witness fees) paid or incurred by the Non-defaulting Party in connection with such enforcement.

IN WITNESS WHEREOF, the undersigned have executed, with the intent to seal, this Operating Agreement as of the day and year first above written.

WITNESSES:

DocuSigned by:
Ashley Morales
6A80994A08D74D3...

DocuSigned by:
Ashley Morales
6A80994A08D74D3...

DocuSigned by:
Ashley Morales
6A80994A08D74D3...

DocuSigned by:
Ashley Morales
6A80994A08D74D3...

MEMBERS:

DocuSigned by:
A32D663F692D424... (L.S.)
EDWARD CLAY

DocuSigned by:
Francisco Silva (L.S.)
D4EB7D2EBE29416...
FRANCISCO SILVA

DocuSigned by:
Scott Nelson (L.S.)
F8262B863C42C...
SCOTT NELSON

DocuSigned by:
5F83C1B3ED4C0... (L.S.)
DEDDRICK PERRY

COMPANY:

CPI MANAGEMENT GROUP, LLC

DocuSigned by:
Ashley Morales
6A80994A08D74D3...

By: DocuSigned by: (SEAL)
A32D663F692D424...
Edward Clay, Member

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EXHIBIT A

Member Name	Membership Units	Capital Contributed	Financial Rights	Voting Rights
Edward Clay 3535 W Harmon Ave, Las Vegas NV 89103	375	$375	37.5%	37.5%
Francisco Silva 3535 W Harmon Ave, Las Vegas NV 89103	250	$250	25%	25%
Scott Nelson 3535 W Harmon Ave, Las Vegas NV 89103	22.5	$225	22.50%	22.50%
Deddrick Perry 3535 W Harmon Ave, Las Vegas NV 89103	15	$150	15%	15%

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Steven D. Grierson
CLERK OF THE COURT

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Attorneys for Plaintiff Francisco Silva

DISTRICT COURT

CLARK COUNTY NEVADA

Francisco Silva, an individual;

Plaintiff,

v.

Ed Clay, an individual; Scott Nelson, an individual; Deddrick Perry, an individual; Julie Freeman, an individual; Doe Defendants 1 – 10;

Defendants,

CPI Management Group, LLC, a Nevada limited-liability company;

Nominal Defendant,

Case No. A-25-909767-B

Dept. No. IX

VERIFIED FIRST AMENDED COMPLAINT

ARBITRATION EXEMPTION NAR(5)(a)(1)(J)

BUSINESS COURT REQUESTED 1.61(a)(1) & (2)(ii).

INTRODUCTION

1. Plaintiff Francisco Silva brings this action to protect and enforce his rights as both the owner of two lines of stem cells derived from his family's genetic material and as a 25% owner of CPI Management Group, LLC ("CPI"), a Nevada limited-liability company.

2. Silva and Defendants Edward Clay, Scott Nelson, and Deddrick Perry formed CPI in 2021 to operate a regenerative medicine clinic in Tijuana, Mexico. Together, Clay, Nelson, and Perry are the "Rogue Members."

3. Silva is a biologist while the Rogue Members are experienced and sophisticated

international business professionals.

4. Over the past year, Silva discovered that the Rogue Members have mismanaged CPI and covertly distributed Silva's and CPI's funds to entities owned by the Rogue Members. As Silva's concerns escalated, his inquiries—as a 25% owner of CPI—were met with resistance, obfuscation, and retaliation.

5. The Rogue Members' misconduct culminated at a CPI member meeting on December 18, 2024, during which the Rogue Members voted to strip Silva of his ownership interest in CPI—in violation of CPI's Operating Agreement—without compensation.

6. Since that vote, Silva demanded that the Rogue Members immediately halt use of Silva's stem cell lines.

7. Upon information and belief, the Rogue Members continue to operate CPI in a manner that misappropriates Silva's stem cell lines—without Silva's authorization or consent—by conducting treatments at CPI's clinic using Silva's stem cells.

8. This Court must intervene to halt the Rogue Members from further damaging Silva and CPI.

* * *

9. CPI does business as the "Cellular Performance Institute," widely known for its cell therapy for high-performance athletes.

10. Prior to meeting Silva, the Rogue Members had worked together on multiple business projects. One such project was Centro Hospitalario Internacional del Pacifico, S.A ("CHIPSA"). CHIPSA is now the Translational and Advanced Medical Center ("TAM").

11. CHIPSA/TAM is an entity owned exclusively by the Rogue Members.

12. CHIPSA operated a hospital in Tijuana that offered alternative cancer treatments. Upon information and belief, at the time the Rogue Members approached Silva, CHIPSA was on the verge of bankruptcy.

13. The Rogue Members agreed to create CPI and offer CPI's treatment at the CHIPSA/TAM facility in Tijuana.

14. The treatment relies upon and employs Silva's stem cell lines, which Silva derived

from the umbilical cords of his two children.

15. Silva is the owner of the stem cell lines and has sole authority to license or otherwise control use of the stem cells.

16. Initially, Silva permitted CPI to use the stem cells.

17. As a result of offering CPI's treatment, CHIPSA/TAM experienced a financial turnaround, moving from the brink of bankruptcy to generating large amounts of revenue.

18. CPI, in marketing materials posted by CPI's official YouTube account, directly attributes its success to Silva. It describes Silva as "one of the top cellular scientists, stem cell scientists, in the world . . . [after] Francisco agreed to partner . . . the stem cell aspect just blew up. We [CPI] are now the largest manufacturer of mesenchymal stem cells in the world. We're making more stem cells than anybody, by far."[1]

19. The Rogue Members then diverted Silva's and CPI's funds to various other entities of which Silva is not a partner, including CHIPSA/TAM for a multimillion-dollar renovation.

20. CPI admits doing so during the same YouTube video: "And the stem cells have funded our cancer research . . . I can't wait for you to see the lab we're building."[2]

21. CPI also generated significant revenue for itself. Due to the success of CPI, and its positive effect on CHIPSA/TAM's finances, the Rogue Members proposed merging CHIPSA/TAM and CPI.

22. In July 2023, Silva requested CPI's and CHIPSA/TAM's company information, financials, and materials to fully review the companies. But the Rogue Members and both entities' Chief Financial Officer at the time, Julie Freeman, delayed and made excuses, never providing Silva with CPI's or CHIPSA/TAM's financials or a list of assets purchased using CPI funds. The proposed merger stalled.

23. At an April 2024 CPI members' meeting, the Rogue Members informed Silva that Freeman had embezzled funds from both companies. The Rogue Members added that Freeman had embezzled nearly $5 million dollars from CPI and CHIPSA/TAM between 2022 and 2024.

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[1] Cellular Performance Institute, "'Curing Cancer Became an Obsession' – CPI Stem Cells & The TAM Center"; *last accessed March 4, 2025 at https://www.youtube.com/watch?v=faUXymrht2Y*
[2] *Id.*

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24. Without consulting Silva, the Rogue Members replaced Freeman with a new CFO for CPI, Israel Askew. Silva then held several phone conversations with Askew who, along with Clay, confirmed that Askew would work to remunerate Silva, including for the Rogue Members' unauthorized distributions.

25. At a May 2024 CPI members' meeting, the Rogue Members and Askew again confirmed that Silva had to be compensated due to the Rogue Members' unauthorized distributions and diverting CPI funds to entities controlled by the Rogue Members or Freeman.

26. For example, CPI funds were spent to purchase a property in Tennessee and to fund mortgage payments on an apartment complex in Texas. Both properties are owned by entities controlled or owned by the Rogue Members. The Rogue Members blamed Freeman. The full extent to which the Rogue Members have misallocated CPI's and Silva's assets remains unknown to Silva.

27. Upon information and belief, the Rogue Members routinely used CPI funds for their own personal benefit and the benefit of their entities without Silva's consent or knowledge.

28. In retaliation for raising these issues, on November 21, 2024, the Rogue Members terminated Silva from his position as an officer of CPI and shut off his access to CPI's financial records.

29. Upon information and belief, Silva was terminated by the Rogue Members to disguise their own misappropriation of CPI's and Silva's funds and diversion of those funds to themselves or entities in which they have substantial financial interests.

30. On December 18, 2024, Silva met with the Rogue Members to discuss the future of CPI. The Rogue Members announced a surprise vote whereby they voted 3 to 1 to strip Silva of his ownership interest in CPI. This vote breached CPI's Operating Agreement and violated Nevada law.

31. The Rogue Members did not compensate Silva for his interest in CPI.

32. Since that vote, Silva has revoked authorization and consent for CPI or the Rogue Members to use his stem cell lines or stem cells derived therefrom.

33. Silva requests immediate relief from this Court to protect his interests, including his ownership interest to the stem cell lines and his 25% interest in CPI, as well as to protect CPI's

interests.

PARTIES

34. Plaintiff Francisco Silva ("Silva"), an individual, resides in Salt Lake City, Utah. Silva is, and at all times relevant has been, a member holding a 25% interest in defendant CPI Management Group, LLC.

35. Defendant CPI Management Group, LLC ("CPI") is a limited-liability company organized under Nevada law and registered with Nevada's Secretary of State, Entity No. E15681742021-0. CPI has its registered office in Las Vegas, Nevada. Silva names CPI because it is a necessary party to the derivative relief he seeks in this action.

36. Upon information and belief, defendant Edward Clay ("Clay"), an individual, resides in Nashville, Tennessee. Upon information and belief, Clay is CPI's acting Chief Executive Officer. Upon information and belief, Clay is, and at all times relevant has been, a member holding a 37.5% interest in CPI.

37. Upon information and belief, defendant Scott Nelson ("Nelson"), an individual, resides in Las Vegas, Nevada. Upon information and belief, Nelson is CPI's officer in charge of marketing and patient recruitment. Upon information and belief, Nelson is, and at all times relevant has been, a member holding a 22.5% interest in CPI.

38. Upon information and belief, defendant Deddrick Perry ("Perry"), an individual, resides in Nashville, Tennessee. Upon information and belief, Perry is CPI's officer in charge of finance and supply chain management. Upon information and belief, Perry is, and at all times relevant has been, a member holding a 15% interest in CPI.

39. Upon information and belief, defendant Julie Freeman ("Freeman"), an individual, resides in Georgia. Upon information and belief, Freeman was CPI's Chief Financial Officer from 2021 through April 2024.

40. Silva does not know the true names and capacities of the defendants sued herein as DOES 1-10, inclusive, and will amend this complaint to allege such facts as soon as they are ascertained. Silva is informed and believes that the defendants, and each of them designated herein as DOES 1-10, inclusive, are in some manner responsible for the conversion of CPI funds and/or

Silva's funds. Silva is informed and believes that members of CPI's former finance team, CPI's current officers including its current CEO, and other unknown individuals have acted in concert with the Rogue Members or Freeman to effectuate the conversions against CPI and Silva. The Rogue Members, CPI, and DOES 1-10 are sometimes referred to herein collectively as "Defendants."

41. The Rogue Members repeatedly acted to enrich themselves at CPI and Silva's expense by disbursing CPI funds to various individuals and entities under their own control, without any corresponding disclosure or disbursement to Silva.

JURISDICTION & VENUE

42. Jurisdiction is appropriate in this Court because this is a dispute regarding the operation or governance of an entity created under NRS Chapter 86 (Limited-Liability Companies), EDCR 1.61(a)(1), and involving business torts, EDCR 1.61(a)(2)(ii).

43. Venue is appropriate in this Court because CPI's principal place of business and registered offices are located in Las Vegas, Nevada.

44. The amount in controversy exceeds $15,000.

FACTS AND GENERAL ALLEGATIONS

A. The Formation of CPI

45. Silva is a biologist and has spent his entire career in the field of bioscience, including as the Chief Science Officer of a major biomedicine corporation.

46. Prior to forming CPI, the Rogue Members operated an alternative cancer treatment facility originally called CHIPSA, now known as TAM.

47. Silva believed that CHIPSA/TAM and its members were financially struggling, possibly on the verge of insolvency, and the Rogue Members might be interested in operating a new cutting-edge medical clinic utilizing his expertise.

48. Silva and the Rogue Members formed CPI by executing the Operating Agreement of CPI Management Group, LLC, effective June 29, 2021 (the "Operating Agreement"). A true and correct copy of the Operating Agreement is attached as **Exhibit 1**.

49. Pursuant to the Operating Agreement, Silva holds a 25% financial and voting

interest in CPI, while the Rogue Members hold the other 75% with varying interests (Clay 37.5%, Nelson 22.5%, and Perry 15%). The stated purpose of CPI is to operate a biotech business and to do any other lawful act permitted by the Nevada Revised Limited Liability Company Act.

B. CPI Clinic in Tijuana

50. CPI hired an experienced local medical director and opened a small clinic in Tijuana, Mexico. Pursuant to the laws of Mexico, CPI and CHIPSA/TAM received license and approval to operate through the Federal Committee for Protection from Sanitary Risks.

51. The CPI clinic treats a patient by injecting them with hundreds of millions of stem cells.

52. Silva supplied the CPI clinic with "original" stem cell lines derived from the umbilical cords of Silva's two children. Those "original" stem cell lines come from the "master" cell lines labeled #VJS040119FS and #041321FS.

53. Silva owns the "master" stem cell lines, which he created at BioRestorative Therapies, Inc. A true and correct letter from BioRestorative Therapies acknowledging Silva's ownership of the stem cell lines is attached as **Exhibit 2**.

54. The CPI clinic derived "duplicated" stem cells from those "original" stem cell lines using protocols and techniques prepared by Silva that require a low-oxygen environment.

55. To launch the CPI clinic and its treatment processes, Silva brought five vials of the "original" stem cell line to the clinic for duplication. The "original" vials are stored frozen and individually unfrozen to initiate the duplication. Each vial can be duplicated multiple times in a months-long process that generates billions of cells for use in the clinic.

56. The CPI clinic treats its patients with these "duplicated" stem cells.

57. Silva's stem cell lines are ideal for use in treatment of bulging, herniated, or torn discs causing back and neck pain. The protocols created by Silva have demonstrated a strong anti-inflammatory effect and patients treated with intradiscal injections have experienced tissue remodeling.

58. Silva devised the treatment method on his own and without input from the Rogue Members or other scientists at CPI. Silva further devised the method by which the clinic determines the amount of stem cells (i.e., the dose) to administer to each patient.

59. Upon information and belief, only Silva and individuals that Silva taught at CPI know specifics about the duplication process and dosing methodology.

60. Doctors and scientists at the CPI clinic were unaware of Silva's processes and methods prior to Silva bringing his knowledge to the clinic.

61. Silva has taken steps to preserve the secrecy of his processes and methods. Specifically, he has declined to publish or make publicly available details of his processes and methods. He further attempted to keep information regarding the processes and methods confidential and employed these processes and methods exclusively at CPI.

62. Silva and CPI derived economic value and a business advantage by having exclusive use of Silva's cells, processes, and methods.

63. Patients travel to Tijuana and stay at the clinic for one to two weeks to receive multiple rounds of treatments. Treatment costs range from $25,000 to $35,000 per patient.

64. The CPI clinic grew steadily in 2021 and 2022, treating approximately five patients each month. Initial patients were mostly family and close friends of CPI members.

65. In July 2022, the business boomed. Due to the success of the treatment protocol, CPI expanded rapidly and serviced 20-30 patients weekly.

C. Potential Merger with CHIPSA/TAM

66. In summer 2023, the Rogue Members approached Silva to propose merging CPI with CHIPSA/TAM, their separate business preexisting CPI. In response, Silva requested CHIPSA/TAM's financial information and statements, plus the same information for CPI, including a list of assets acquired using CPI's funds.

67. The Rogue Members never provided Silva with complete information about CHIPSA/TAM. Silva later learned that CHIPSA/TAM had no financial statements and that

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CHIPSA/TAM needed to hire an accountant to prepare rudimentary financials after reviewing years of invoices.

68. The interpersonal relationship between Silva and the Rogue Members deteriorated around this time. Silva noticed communication from the Rogue Members began to decrease in both frequency and substance.

D. Misappropriation of CPI Assets

69. In April 2024, the Rogue Members informed Silva that CFO Freeman, who was an independent contractor chosen by the Rogue Members without Silva's knowledge, had embezzled approximately $5,000,000 from CPI and CHIPSA/TAM.

70. In response, Silva requested additional information about the embezzlement and CPI's overall financial health. The more Silva attempted to discuss the embezzlement, the more the Rogue Members shut him out.

71. Upon information and belief, Freeman converted CPI money from various bank accounts controlled by CPI and related entities, such as CNP Management Partnership LLC and AIMS. Freeman disbursed funds from those accounts directly to herself or an entity she controlled called LAT29 LLC. Between 2021 and 2024, approximately eight bank accounts were used in this scheme.

72. Upon information and belief, Freeman further utilized the companies' payroll systems to withdraw over $4,758,409 between 2021 and 2024. Using her control of the payroll, she authorized disbursements directly in her name, paying herself as an independent contractor. Sometimes, payroll disbursements were part of CPI or the related entities' periodic payrolls. Other times, she disbursed funds to herself and herself alone.

73. While the account information and total dollar amount of Freeman's conversion can be determined with specificity, the details of each bank account and transaction are presently unknown to Silva because the Rogue Members have refused to provide him access to the financial information that he is entitled to as a member of CPI.

74. Silva took it upon himself to review bank statements to investigate the embezzlement.

75. Silva discovered suspicious transactions, including large transfers of money to entities unfamiliar to Silva. In April 2024, Clay told Silva that Freeman had made entries labeled "pre-tax distributions" totaling approximately $900,000 to the Rogue Members. Silva, who owned 25% of CPI, never received his pro rata share of any such distribution.

76. During this review, Silva also discovered that the Rogue Members had used CPI funds to purchase a property in Nashville, Tennessee and to make mortgage payments on an apartment complex in Texas.

77. Upon information and belief, the Texas property is located at 336-342 Eden Dr. in Longview, Texas. The Texas property is wholly owned by a Nevada limited liability company, Advanced Integrated Medical Solutions, LLC ("AIMS"). AIMS is wholly owned by the Rogue Members. Silva believes that the Rogue Members use AIMS as a shell company to hide assets from Silva.

78. Silva believes that the Tennessee property purchased with CPI funds is located at 408 and 409 Russell St. in Nashville, Tennessee. According to property records, the Tennessee property is owned by a Tennessee limited liability company, Russell & Fifth, LLC ("Russell & Fifth"). On information and belief, Russell & Fifth is owned by the Rogue Members, and does not include Silva as a member. Silva believes that the Rogue Members use Russell & Fifth as a shell company to hide assets from Silva.

79. In May 2024, Silva met with the Rogue Members and CPI's new CFO, whom the Rogue Members hired without consulting Silva.

80. Upon information and belief, the new CFO, Israel Askew ("Askew"), is Clay's personal accountant.

81. Silva questioned the partiality of the Rogue Members' decision to hire Askew given the recent embezzlement from their previous hire and the suspicious distributions to the Rogue Members.

82. The Rogue Members and Askew refused to answer Silva's questions concerning CPI's improper distributions at that time. They also declined to explain whether CPI used funds to purchase assets through shell companies owned by the Rogue Members. The Rogue Members could

or would not explain who approved these transactions or why they failed to inform Silva about them.

83. Silva believes that the Rogue Members worked with Freeman to divert funds away from CPI and Silva for their own personal gain.

84. In addition to the Rogue Members' above misconduct, Silva discovered numerous other payments from CPI to entities in the U.S. and Mexico that he believes are owned by the Rogue Members. Silva is not yet aware of the full extent of the Rogue Members' and Freeman's misconduct because they have conspired to hide CPI's financials and conduct—orchestrated by the Rogue Members—from Silva.

85. Silva believes that the Rogue Members and Freeman diverted more than $9,000,000 from CPI for their own benefit and to the detriment of CPI and Silva.

E. Silva's Termination and Company Misconduct

86. On November 21, 2024, the Rogue Members purportedly terminated Silva from his position as an officer of CPI.

87. The Rogue Members locked Silva out from access to all CPI chat groups (including CPI's WhatsApp group), Google Docs, bank records, and QuickBooks on his date of termination.

88. Silva no longer has access to company financial records to further investigate the misappropriation of CPI assets.

89. Upon information and belief, Silva believes that CPI hired a forensic accountant, Robert Nordlander, to investigate the alleged asset misappropriation by Freeman.

90. The Rogue Members have excluded Silva from their investigation and any correspondence with Nordlander. For months, the Rogue Members claimed that a report was forthcoming any day.

91. On December 18, 2024, Silva participated in a CPI member meeting to discuss the Nordlander report and CPI's future. While the Rogue Members represented that Silva would see the report prior to the meeting, they did not send him a copy.

92. Silva did not see the Nordlander report until the meeting, moments before the Rogue Members purported to remove him from the company.

93. The Rogue Members stated that the Nordlander Report found no impropriety by any member and that Freeman acted alone.

94. Silva asked whether the Nordlander Report covered a forensic audit of the Freeman embezzlement or a forensic report of the entire company financials. Askew responded that the report accomplished both.

95. Silva then asked if CPI funds were used to purchase the Nashville property. Clay responded that the Rogue Members used their own funds for that purchase. Askew refused to answer further, after which Clay instructed the CFO to leave the meeting.

96. At that point, the Rogue Members voted to remove Silva from the company, effective immediately.

97. The Rogue Members did not compensate Silva for his interest nor distribute any of CPI's assets or property owed to him as a member of LLC.

98. Neither CPI's Operating Agreement nor Nevada law allow a majority of members of an LLC to strip a minority member of their ownership interest under such circumstances.

99. Following the December 18 meeting, CPI emailed Silva the Nordlander "report." The "report" was an unsigned letter from Robert Nordlander to CPI's counsel purporting to absolve the Rogue Members of any illicit conduct. It was not a full forensic analysis of Freeman's embezzlement.

100. The Rogue Members have stolen assets from CPI and Silva and abused the company's form to the detriment of both Silva and CPI.

101. The Rogue Members must be held jointly and severally liable.

102. Silva has standing to pursue derivative actions on CPI's behalf against the Rogue Members because he is a 25% owner of CPI.

103. Obtaining the Rogue Members' consent for Silva to bring actions on behalf of CPI would be futile because the Rogue Members are named as Defendants due to their own wrongdoing and bad acts that create the factual core for Silva's claims. Such efforts would also be futile in light of their ongoing refusal to respond to Silva's inquiries regarding the conduct undergirding this action.

104. As further evidence of futility, the Rogue Members are represented by the same lawyers and law firms as CPI.

105. The Rogue Members also joined CPI's motion to dismiss Silva's derivative claim against Freeman in the original complaint. But Silva brings the claim against Freeman on behalf of CPI and its members to recover funds from Freeman that, if Silva succeeds, would be disbursed to CPI and thus enrich each of the Rogue Members.

106. The Rogue Members' opposition to Silva's attempts to recover Freeman's stolen funds, on behalf of CPI, underscores Silva's belief that the Rogue Members operated in concert with Freeman. It also confirms that any demand would be futile.

F. CPI Continues to Misappropriate Silva's Stem Cell Line

107. Upon information and belief, since the Rogue Members attempted to oust Silva from CPI, they have continued to use Silva's stem cell line to treat CPI patients.

108. Silva believes that the CPI and CHIPSA/TAM clinics possess two frozen vials of the raw, unduplicated stem cells belonging to Silva, the "original" stem cells.

109. The CPI clinic further possesses billions of stem cells derived from the vials that Silva authorized CPI to duplicate, but CPI has yet to use for treatment, the "duplicated" stem cells.

110. In a letter to CPI dated January 10, 2025, Silva withdrew his consent for CPI or the Rogue Members to use the "original" stem cells and "duplicated" cells derived from Silva's "original" stem cell lines. A true and correct copy of the letter withdrawing consent is attached as **Exhibit 3**.

111. On January 13, 2025, Silva served the letter withdrawing consent upon CPI and the Rogue Members.

112. In the letter, Silva withdrew his consent for the umbilical cord mesenchymal stem cells (the "original" stem cells) to be used, published, stored, processed, propagated, or analyzed by CPI, in addition to withdrawing consent for CPI to use any processes or methods related to or involving the stem cells.

113. On January 21, 2025, the Rogue Members and CPI denied—without citation to authority, legal or otherwise—that Silva had the appropriate ownership rights over the biological

materials in question and rejected that Silva's withdrawal-of-consent letter imposed any obligation upon them.

114. Upon information and belief, the CPI and CHIPSA/TAM clinic continues to treat patients using the stem cells and processes belonging to Silva.

115. Silva now seeks immediate relief from this Court to prevent CPI and the Rogue Members from continuing to profit off Silva's property (stem cells, and the related processes and methods), without compensation to Silva, and in derogation of Silva's property rights in the stem cell lines derived from Silva's children's umbilical cords.

FIRST CLAIM FOR RELIEF

(Breach of Operating Agreement against Clay, Nelson, and Perry)

116. Silva incorporates and realleges each preceding paragraph in this paragraph.

117. On June 29, 2021, the four managers of CPI executed a valid Operating Agreement governing CPI.

118. NRS 86.286(2)(b) provides that a valid Operating Agreement binds the LLC and is enforceable.

119. The Rogue Members have breached their duties and obligations under the Operating Agreement, thereby breaching the Operating Agreement itself, by:

a. Breaching the duty of loyalty in violation of Section 6.1.

b. Breaching the duty of care in violation of Section 6.2.

c. Breaching their fiduciary duties in violation of Section 6.3.

d. Breaching the implied covenant of good faith and fair dealing inherent to every contract governed by the Laws of the State of Nevada and in violation of Section 6.3.

e. Authorizing improper cash distributions in violation of Sections 8.1 and 8.4.

f. Failing to provide information to Silva due to him in violation of Section 14.1.

g. Voting to steal Silva's 25% owner interest in CPI without compensation.

120. Silva has performed any obligations required of him by the Operating Agreement or has a justification for or excuse from such performance.

121. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

SECOND CLAIM FOR RELIEF

(Breach of Covenant of Good Faith & Fair Dealing against Clay, Nelson, and Perry)

122. Silva incorporates and realleges each preceding paragraph in this paragraph.

123. NRS 86.298 imposes on managers of an LLC the same duty imposed by the covenant of good faith and fair dealing.

124. Clay, Nelson, and Perry are registered with the Nevada Secretary of State as "Managers" of CPI, which is an LLC.

125. NRS 86.286(7) provides that CPI's operating agreement may not limit or eliminate liability for any conduct that constitutes a bad faith violation of the covenant of good faith and fair dealing.

126. Clay, Nelson, and Perry are thus bound by the duties imposed by the covenant of good faith and fair dealing.

127. Clay, Nelson, and Perry have breached those duties by, among other things, acting in bad faith to enrich themselves at the expense of both CPI and their fellow managing member, Silva.

128. Clay, Nelson, and Perry have engaged in self-dealing individually or through private entities separate from CPI by using CPI's assets to pay for properties in Tennessee and Texas, and other items unknown to Silva, to the detriment of Silva and CPI.

129. Clay, Nelson, and Perry have acted in bad faith by purporting to terminate Silva's interest in CPI.

130. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

THIRD CLAIM FOR RELIEF

(Breach of Duty of Loyalty against Clay, Nelson, and Perry)

131. Silva incorporates and realleges each preceding paragraph in this paragraph.

132. NRS 86.286(5) permits an LLC to expand the duties that each member owes to the other members and the LLC.

133. Section 6.1 of CPI's operating agreement expands the duty owed by its members to each other and to the LLC.

134. Section 6.1 of CPI's operating agreement requires each member "[t]o account to the Company and to hold as trustee for the Company any property, profit, or benefit derived by the Member in the conduct or winding up of the Company's business or derived from a use by the Member of the Company's property, including the appropriation of a Company opportunity."

135. Clay, Nelson, and Perry have breached this duty by, among other things, failing to properly allocate funds belonging and due to CPI and Silva.

136. Clay, Nelson, and Perry have further breached this duty by failing to hold as trustee the property, profit, and/or benefits produced as a result of CPI's business.

137. Clay, Nelson, and Perry have further breached this duty by misappropriating CPI's assets and/or misappropriating opportunities available to CPI for their own personal enrichment to the detriment of CPI and Silva.

138. Upon information and belief, each of Clay, Nelson, and Perry individually voted for, authorized, and/or ratified the conduct by which they funneled CPI assets into their own entities.

139. Each of Clay, Nelson, and Perry are listed as members of AIMS and Russell & Fifth, the entities that Clay, Nelson, and Perry used in furtherance of their breach of the duty of loyalty.

140. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

FOURTH CLAIM FOR RELIEF

(Breach of Duty of Care against Clay, Nelson, and Perry)

141. Silva incorporates and realleges each preceding paragraph in this paragraph.

142. NRS 86.286(5) permits an LLC to expand the duties that each member owes to the other members and the LLC.

143. Section 6.2 of CPI's operating agreement expands the duty owed by its members to each other and to the LLC.

144. Section 6.2 of CPI's operating agreement requires each member to "act in a manner he believes in good faith to be in the best interests of the Company and with the care an ordinarily prudent person in a like position would exercise under similar circumstances."

145. Clay, Nelson, and Perry have breached the duty of care, both with respect to CPI and to Silva, by acting to improperly enrich themselves.

146. Clay, Nelson, and Perry have acted in a manner inconsistent with the best interests of CPI and the care an ordinarily prudent person in a like position would exercise under similar circumstances.

147. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

FIFTH CLAIM FOR RELIEF

(Conversion on behalf of CPI against Freeman)

148. Silva incorporates and realleges each preceding paragraph in this paragraph.

149. NRS 86.483 permits a member of an LLC to bring an action in the right of the LLC to recover a judgment in its favor if an effort to cause other members to bring the action is not likely to succeed.

150. Silva is a member of CPI, which is an LLC.

151. Any efforts to cause Clay, Nelson, and Perry to bring this action against Freeman on behalf of CPI are futile. Freeman is a good friend of Clay's who may have conspired with him to defraud CPI; the Rogue Members have purported to remove Silva from CPI for inquiring in the facts undergirding the embezzlement; the Rogue Members have the same legal counsel as CPI, and both entities have moved to dismiss this claims against Freeman which, if successful, would restore millions of embezzled dollars to them.

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152. Furthermore, Clay, Nelson, and Perry are defendants to this action.

153. Clay, Nelson, and Perry worked to appoint Freeman as CFO to CPI beginning in 2021.

154. Over the last two years, Silva grew suspicious of various accounting and financial irregularities at CPI.

155. In 2023, Silva requested further information regarding CPI's true financial state from Clay, Nelson, and Perry.

156. Clay, Nelson, and Perry provided Silva with incomplete and/or inconsistent reports.

157. In April 2024, Clay, Nelson, and Perry surprised Silva with the announcement that they discovered financial irregularities. Upon performing his own research, Silva discovered that Freeman failed to report certain income earned by CPI and retained revenue earned by CPI.

158. Further investigation revealed that Freeman has embezzled millions of dollars from CPI.

159. Freeman's actions constitute a distinct act of dominion wrongfully exerted over CPI's property.

160. Freeman acted in denial, derogation, exclusion, or defiance of CPI's property rights.

161. Silva may recover, on behalf of CPI, the funds lost due to Freeman's embezzlement, plus applicable attorney fees and costs, interest, and all other relief deemed appropriate by this Court.

162. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

SIXTH CLAIM FOR RELIEF

(Conversion on behalf of CPI against Clay, Nelson, and Perry)

163. Silva incorporates and realleges each preceding paragraph in this paragraph.

164. Clay, Nelson, and Perry have converted CPI's property by, among other things, using it to purchase assets for their personal benefit to the detriment of the company.

165. Clay, Nelson, and Perry did not follow the distribution procedure outlined in Section

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8.1 of CPI's Operating Agreement when spending excess CPI funds.

166. Clay, Nelson, and Perry converted CPI's assets by exerting wrongful dominion over funds that rightfully belonged to CPI.

167. Clay, Nelson, and Perry knowingly and fraudulently converted CPI's assets by misrepresenting aspects of their CPI fund transfers.

168. Clay, Nelson, and Perry have been unjustly enriched by their conversion and are liable to the company for compensatory damages and applicable interest.

169. Clay, Nelson, and Perry are further liable for reasonable attorney fees and expenses associated with bringing this action pursuant to NRS 86.489.

170. As a result of the Defendants' conduct, Silva, on behalf of CPI, is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

SEVENTH CLAIM FOR RELIEF

(Breach of Fiduciary Duty against Clay, Nelson, and Perry)

171. Silva incorporates and realleges each preceding paragraph in this paragraph.

172. Clay, Nelson, and Perry owe Silva a fiduciary duty imposed by the Operating Agreement and Nevada law.

173. Clay, Nelson, and Perry breached that duty by improperly purporting to vote Silva out of CPI without authorization and deceitfully misappropriating funds belonging or otherwise due to him.

174. Clay, Nelson, and Perry's breach caused injury to Silva.

175. Silva has suffered damages as a result of Clay, Nelson, and Perry's actions.

176. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

EIGHTH CLAIM FOR RELIEF

(Negligent Hiring, Supervision, and Retention against Clay, Nelson, and Perry)

177. Silva incorporates and realleges each preceding paragraph in this paragraph.

178. Clay, Nelson, and Perry owed Silva the duty to exercise reasonable care in the hiring, supervision, and retention of employees at CPI.

179. Clay, Nelson, and Perry breached that duty by hiring Freeman, failing to supervise Freeman, and retaining Freeman.

180. Freeman had prior convictions for theft from her company when Clay, Nelson, and Perry hired her. Clay, Nelson, and Perry were aware or should have been aware of Freeman's prior convictions at the time they hired her.

181. Freeman stole from CPI and converted CPI funds for over two years due to Clay, Nelson, and Perry's lack of oversight. Clay, Nelson, and Perry should have restricted Freeman's access to CPI funds, payroll systems, and/or financial accounts in light of her prior convictions for theft from an employer. Instead, they gave Freeman the access and authority to improperly withdraw money from CPI's bank accounts, payroll systems, and/or other devices still unknown to Silva.

182. Freeman's actions, and Clay, Nelson, and Perry's ratification or willful ignorance to those actions, caused harm to Silva.

183. Silva suffered pecuniary loss as a result of Clay, Nelson, and Perry's breaches of their duties.

184. Clay, Nelson, and Perry are individually, jointly and severally liable for their negligence.

185. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

NINTH CLAIM FOR RELIEF

(Negligent Hiring, Supervision, and Retention on behalf of CPI against Clay, Nelson, and Perry)

186. Silva incorporates and realleges each preceding paragraph in this paragraph.

187. Clay, Nelson, and Perry owed CPI the duty to exercise reasonable care in the hiring, supervision, and retention of employees at CPI.

188. Clay, Nelson, and Perry breached that duty by hiring Freeman, failing to supervise Freeman, and retaining Freeman.

189. Freeman had prior convictions for theft from her company when Clay, Nelson, and Perry hired her. Clay, Nelson, and Perry were aware or should have been aware of Freeman's prior convictions at the time they hired her.

190. Freeman stole from CPI and converted CPI funds for over two years due to Clay, Nelson, and Perry's lack of oversight. Clay, Nelson, and Perry should have restricted Freeman's access to CPI funds, payroll systems, and/or financial accounts in light of her prior convictions for theft from an employer. Instead, they gave Freeman the access and authority to improperly withdraw money from CPI's bank accounts, payroll systems, and/or other devices still unknown to Silva.

191. Freeman's actions, and Clay, Nelson, and Perry's ratification or willful ignorance to those actions, caused harm to CPI.

192. CPI suffered pecuniary loss as a result of Clay, Nelson, and Perry's breaches of their duties.

193. Clay, Nelson, and Perry are individually, jointly and severally liable for their negligence.

194. As a result of the Defendants' conduct, CPI is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

TENTH CLAIM FOR RELIEF

(Accounting)

195. Silva incorporates and realleges each preceding paragraph in this paragraph.

196. An accounting is required under Section 14.1 of the Operating Agreement.

197. NRS 86.5417(1) also permits the district court to require an accounting of an LLC.

198. A fiduciary relationship exists between Silva and CPI and the Rogue Members such that an accounting is an appropriate equitable remedy.

199. The relationship between Silva and CPI and the Rogue Members is founded in trust

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and confidence.

200. That trust and confidence have been eroded due to the actions of the Rogue Members and Freeman.

201. CPI is obligated to render an accounting to Silva to determine the damages to Silva as a result of Freeman and the other members' misallocations of funds.

ELEVENTH CLAIM FOR RELIEF

(Minority Member Oppression against Clay, Nelson, and Perry)

202. Silva incorporates and realleges each preceding paragraph in this paragraph.

203. Silva, having a 25% interest in CPI, is a non-controlling member of CPI.

204. Clay, Nelson, and Perry collectively held the remaining 75% interest, constituting a majority interest in CPI.

205. Clay, Nelson, and Perry undertook control and management of CPI's affairs.

206. Clay, Nelson, and Perry owed special duties to CPI and CPI's non-controlling members, to wit, Silva.

207. The majority-member duties imposed on Clay, Nelson, and Perry required those Defendants to act in good faith and consistent with the best interests of CPI.

208. Clay, Nelson, and Perry breached their duties to act in good faith and consistent with the best interests of CPI by, among other things, raiding CPI's corporate funds; taking improper actions with respect to Silva; and engaging in self-dealing transactions between CPI and the entities controlled or otherwise related to the Defendants.

209. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

TWELFTH CLAIM FOR RELIEF

(Conversion against Clay, Nelson, and Perry)

210. Silva incorporates and realleges each preceding paragraph in this paragraph.

211. Clay, Nelson, and Perry have converted Silva's physical and/or intellectual property associated with Silva's stem cell lines.

212. The physical property—including but not limited to the "original" stem cell lines, the "duplicated" stem cell lines, and all biological material created or produced therefrom—is Silva's property.

213. The physical property is derived from the umbilical cords of Silva's children.

214. The intellectual property is Silva's methods and processes that he taught to the doctors and scientists at CPI. Specifically, Silva's process for duplicating the "original" stem cells in a low-oxygen environment and Silva's methodology for determining the proper dosage of stem cells to inject into each patient.

215. Since January 10, 2025, Clay, Nelson, and Perry have wrongfully used Silva's property despite Silva's express revocation of consent.

216. Clay, Nelson, and Perry's actions deny Silva's property rights and occur in derogation, exclusion, or defiance of Silva's rights.

217. Upon information and belief, Clay, Nelson, and Perry continue to use Silva's property to treat patients at the CPI clinic in Tijuana.

218. Clay, Nelson, and Perry continue to profit from Silva's property by receiving compensation from CPI's patients.

219. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

THIRTEENTH CLAIM FOR RELIEF

(Negligence against Clay, Nelson, and Perry)

220. Silva incorporates and realleges each preceding paragraph in this paragraph.

221. Silva had relationships with Clay, Nelson, and Perry that created duties between and amongst those individuals.

222. Clay, Nelson, and Perry owe Silva the duty to exercise reasonable care over the biological matter that Silva permitted them to use as a result of their business relationship.

223. Clay, Nelson, and Perry breached that duty by improperly voting Silva out of CPI and prohibiting him from accessing or preserving stem cells that belong to him.

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224. Clay, Nelson, and Perry further breached that duty by continuing to use Silva's biological matter without Silva's consent and even after Silva expressly revoked his consent via letter.

225. Clay, Nelson, and Perry's breach caused injury to Silva.

226. Silva has suffered damages as a result of Clay, Nelson, and Perry's actions.

227. Clay, Nelson, and Perry are individually, jointly and severally liable for their negligence.

228. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

FOURTEENTH CLAIM FOR RELIEF

(Misappropriation of Trade Secrets against Clay, Nelson, and Perry)

229. Silva incorporates and realleges each preceding paragraph in this paragraph.

230. Clay, Nelson, and Perry are persons as contemplated by Nevada's Uniform Trade Secrets Act, NRS 600A.010 *et seq*.

231. Silva is the owner of trade secrets relating to his stem cell lines and the treatments provided at CPI.

232. Specifically, Silva devised the processes used to duplicate the "original" stem cells as well as the methodology to determine the proper dosage of stem cells to inject into each patient at CPI.

233. The methods and processes devised by Silva are secrets, *i.e.*, not generally known or ascertainable.

234. Silva has attempted to preserve the secrecy of his methods and processes by restricting access to the information underlying those methods and processes.

235. Upon information and belief, nobody outside of CPI has learned these methods or processes due, in part, to Silva's efforts to protect the methods and processes from disclosure.

236. Silva and CPI derived economic value and business advantage by having exclusive use of Silva's methods and processes. CPI grew rapidly and increased the costs of its treatments

following its implementation of Silva's methods and processes.

237. CPI's doctors and scientists did not know these methods or processes prior to Silva joining the clinic and instructing them.

238. CPI's economic value largely results from its implementation of Silva's methods and processes.

239. Nonetheless, Clay, Nelson, and Perry have attempted to remove Silva from CPI while retaining and exploiting Silva's stem cells and related methods and processes.

240. Clay, Nelson, and Perry had the intent to injure Silva or had reason to believe that their actions would injure Silva.

241. After Silva withdrew his consent relating to the stem cell lines, and related processes and methods, Clay, Nelson, and Perry misappropriated and among other things, wrongfully copied, duplicated, altered, transmitted, replicated, communicated, implanted and/or conveyed Silva's trade secrets either directly or indirectly by inducing CPI, CHIPSA, and/or TAM employees to do so.

242. Silva has suffered loss caused by the misappropriation and Clay, Nelson, and Perry have been unjustly enriched by the misappropriation.

243. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

FIFTEENTH CLAIM FOR RELIEF

(Unjust Enrichment against Clay, Nelson, and Perry)

244. Silva incorporates and realleges each preceding paragraph in this paragraph.

245. Clay, Nelson, and Perry have benefited financially from CPI and CPI's use of Silva's property, methods, and processes.

246. Clay, Nelson, and Perry have appreciated the benefit by authorizing the continued use of the property, methods, and processes after Silva withdrew his consent for CPI to use them.

247. Upon information and belief, Clay, Nelson, and Perry have accepted and retained the benefit by continuing to take distributions from the profits generated by the CPI clinic and/or

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using the profits generated by the CPI clinic to fund other ventures.

248. Because Silva has withdrawn his consent for Clay, Nelson, and Perry to authorize the use of his property, methods, and processes, the circumstances are such that it would be inequitable for Clay, Nelson, and Perry to retain the benefit without payment to Silva.

249. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

SIXTEENTH CLAIM FOR RELIEF

(Violation of Nevada Deceptive Trade Practices Act against Clay, Nelson, and Perry)

250. Silva incorporates and realleges each preceding paragraph in this paragraph.

251. NRS 598.0915(3) states: "A person engages in a 'deceptive trade practice' if, in the course of his or her business or occupation, he or she: Knowingly makes a false representation as to affiliation, connection, association with or certification by another person."

252. Upon information and belief, Clay, Nelson, and Perry have knowingly made false representations as to the affiliation, connection, association with or certification by Silva in information that CPI provides to its patients.

253. Upon information and belief, Clay, Nelson, and Perry made those false representations in the course of their business as managers of CPI.

254. As a result of the Defendants' conduct, Silva is entitled to an award of compensatory damages, punitive damages, attorney fees and costs, interest, injunctive relief, and all other relief deemed appropriate by this Court.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Francisco Silva respectfully requests the Court enter judgment against all defendants, individually and jointly, as follows:

(a) For damages in an amount in excess of $15,000;

(b) For the imposition of a receiver and other injunctive relief;

(c) For costs of suit and attorneys' fees;

(d) For a court-ordered accounting;

(e) For pre- and post-judgment interest; and

(f) For such other and further relief as the Court deems just and proper.

DATED this 7th day of March 2025.

SNELL & WILMER L.L.P.

/s/ *V.R. Bohman*
V.R. Bohman
Xyzlo Lee
1700 South Pavilion Center Drive, Suite 700
Las Vegas, Nevada 89135

Attorneys for Plaintiff Francisco Silva

INDEX OF EXHIBITS

Exhibit	Description
1	Operating Agreement of CPI Management Group, LLC
2	Ownership Letter between BioRestorative Technologies & Silva
3	Withdrawal of Consent Letter from Silva to CPI, Clay, Nelson & Perry

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VERIFICATION

I, Francisco Silva, have read the foregoing pleading and know the contents thereof. The matters and things set forth are true to the best of my knowledge, except as to those matters set forth upon information and belief and, as to those, I believe them to be true; however, in compiling this information, information has been supplied by others and I am relying in part upon their representations.

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

DATED this 5th day of March 2025.

____

Francisco Silva

EXHIBIT 1

OPERATING AGREEMENT

OF

CPI MANAGEMENT GROUP, LLC

This OPERATING AGREEMENT ("Agreement") is made effective the 29th day of June, 2021, by and among EDWARD CLAY, FRANCISCO SILVA, SCOTT NELSON, and DEDDRICK PERRY (collectively referred to as "Members" and individually as "Member") and CPI MANAGEMENT GROUP, LLC ("Company").

WITNESSETH:

WHEREAS, the Company has been formed as a limited liability company under Nevada law for the purposes hereinafter set forth; and

WHEREAS, the Members desire to set forth their respective rights, duties, and responsibilities with respect to such limited liability company and wish to adopt this Operating Agreement of the Company.

NOW, THEREFORE, in consideration of the mutual promises, obligations, and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by each of the Members, the Members, intending to be and being legally bound, agree as follows:

ARTICLE I
Definitions

1.1 Definitions. Whenever used in this Agreement, or any amendment hereof, the following terms shall have the meanings set forth below:

(a) **"Act"** means the Nevada Revised Limited Liability Company Act, as amended, and any corresponding provisions of future laws.

(b) **"Agreement"** means this Operating Agreement, together with any amendments hereto.

(c) **"Appraised Value"** shall have the meaning set forth in Section 11.3.

(d) **"Articles of Organization"** means the CPI MANAGEMENT GROUP, LLC Articles of Organization filed with the Nevada Secretary of State by which the Company was organized as a Nevada limited liability company pursuant to the Act, together with any amendments thereto.

(e) **"Capital Account"** means the account established and maintained for each Member on the books of the Company pursuant to Articles VII and VIII hereof.

(f) **"Capital Contribution" or "Contribution to Capital"** means the amount of cash and Gross Asset Value (at the time of the contribution) of any property contributed to

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the Company by or on behalf of a Member.

(g) **"Ceased Member"** a Member that triggers an event defined in Article X.

(h) **"Cessation"** means only the action of a Member deemed to be a Cessation by the Member pursuant to Article X, and shall not have the meaning given it in the Act.

(i) **"Code"** means the Internal Revenue Code of 1986, as amended, and any corresponding provisions of future laws.

(j) **"Company"** means CPI MANAGEMENT GROUP, LLC.

(k) **"Company Liability"** means any enforceable debt or obligation for which the Company is liable or which is secured by any Company Property.

(l) **"Company Property"** means any and all property, real, personal, tangible and intangible, either contributed by a Member as capital, transferred to, or otherwise acquired by the Company.

(m) **"Control" or "Controlled"** means with respect to any legal entity, the actual or constructive ownership of more than fifty percent (50%) of all the voting rights in the entity, determined using the constructive ownership rules under Section 318 of the Code, regardless of whether the legal entity in question is a corporation or other legal entity.

(n) **"Disinterested"** means with respect to any Member, a Member who (1) is not a party to a particular transaction or other undertaking, (2) has no material financial interest in any organization that is a party to that undertaking, and (3) is not a Family member of any Person who is either a party to that undertaking or has a material financial interest in any organization that is a party to that undertaking.

(o) **"Fair Market Value"** shall have the meaning set forth in Section 11.3.

(p) **"Family"** means (1) the spouse of any Member as of the initial effective date of this Agreement or any subsequent spouse, unless the Member and spouse become separated or a petition or complaint for divorce is filed, in which case such spouse shall not qualify as Family for purposes of this Agreement; (2) the lineal descendants and ancestors of an individual Member; (3) any estate, trust, guardianship, custodianship, or other fiduciary arrangement for the benefit of any one or more of the individuals described in (1) or (2) above; and (4) any corporation, partnership, limited partnership, limited liability limited partnership, limited liability company, or other business organization Controlled by any one or more individuals or entities described in (1), (2), or (3) above.

(q) **"Financial Rights"** means the right to share in the Profits and Losses of the Company and the right to share in distributions as set forth on Exhibit A.

(r) **"Gain"** means the taxable income or gain for Federal income tax purposes from the Sale of the Company Property.

(s) **"Gross Asset Value"** means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(1) The initial Gross Asset Values of any asset contributed by a Member to

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the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company;

(2) The Gross Asset Values of all Company assets may be adjusted at the discretion of the Members to equal their respective gross fair market values, as determined by the Members, as of the following times:

(i) the acquisition of an additional interest in the Company by any new or existing Members in exchange for a Capital Contribution;

(ii) the distribution by the Company to a Member of Company Property as consideration for an interest in the Company; and

(iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made only if the Members reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(3) The Gross Asset Value of any Company asset distributed to the Members shall be the gross market value of such asset on the date of distribution; and

(4) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and Sections 8.7, 8.8, 8.9, and 8.10, hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this paragraph (s)(4) to the extent the Members determine that an adjustment pursuant to paragraph (s)(2) of this Section is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this paragraph (s)(4).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to paragraph (s)(1), (s)(2), or (s)(4), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

(t) **"Losses"** means the losses of the Company as determined under Article VIII hereof.

(u) **"Member"** means the parties to this Agreement from time to time as indicated on Exhibit A.

(v) **"Membership Share"** means all of the rights of a Member under this Agreement and under the Act, including, but not limited to, a Member's Financial Rights and Voting Rights.

(w) **"Net Cash Flow"** means the total net income, computed for federal income tax purposes, increased by any depreciation or depletion deductions taken into account in computing taxable income and any nontaxable income or receipts (other than capital

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contributions and the proceeds of any Company borrowing); and reduced by any principal payments on any Company debts, expenditures to acquire, maintain, or improve Company assets, payments under Section 707(c) of the code, and such reasonable reserves and additions thereto as may be necessary for future contingent liabilities, and the retention of funds for future investment activities, as the Members shall determine to be advisable and in the best interest of the Company.

(x) **"Person"** means an individual, general partnership, limited liability company, limited liability partnership, limited partnership, limited liability limited partnership, trust, estate, corporation, custodian, trustee, executor, personal representative, legal representative, administrator, nominee, or any other entity or person, and any individual or entity acting in a representative capacity.

(y) **"Profits"** means the profits of the Company as determined under Article VIII hereof.

(z) **"Remaining Members"** are those Members owning units in the Company that are not deemed to be a Ceased Member under Article X.

(aa) **"Sale"** means any sale, disposition, or conversion of the Company Property in which gain or loss is recognized for Federal income tax purposes.

(bb) **"Transfer"** includes any assignment, sale, pledge, encumbrance, gift, bequest, or other transfer or disposition of a Company interest or permitting a Company interest to be sold, encumbered, attached, or otherwise disposed of, or changing the ownership in any manner whether voluntarily, involuntarily, or by operation of law.

(cc) **"Triggering Event"** shall be an event of cessation as defined in Article X.

(dd) **"Voting Rights"** means the right of Members to vote on any matter as provided in this Agreement or under the Act. Any reference to a Member's Voting Rights shall mean the percentage of Voting Rights in the Company held by the Members.

(ee) **"Voting Rights in the Company"** means the Voting Rights held by the Members, collectively. Unless otherwise specifically provided herein, reference to a percentage of Voting Rights in the Company shall mean a percentage of the total Voting Rights held by all the Members.

(ff) **"Wrongful Conduct"** means any illegal or criminal conduct, other than misdemeanors, which may include but is not limited to fraud, theft, embezzlement, or a felonious drug offense.

ARTICLE II
Formation, Purposes, and Powers

2.1 Formation.

The parties to this Agreement hereby agree to and adopt the terms and conditions set forth in this Agreement as the operating agreement of the Company. The Company shall exist under and be governed by the provisions of the Act, except as otherwise provided or modified by the

Articles of Organization or this Agreement. The Company shall exist only for the purposes specified in this Agreement and shall not be deemed to create a partnership, joint venture, or any other relationship between the Members.

2.2 Name.

The name of the Company shall be CPI MANAGEMENT GROUP, LLC, and all company business must be conducted in that name or such other names that comply with applicable law as the Members may select from time to time.

2.3 Registered Office and Registered Agent.

The current principal place of business of the company is 3535 W Harmon Ave, Las Vegas NV 89103. The current registered office of the Company is 3535 W Harmon Ave, Las Vegas NV 89103. The current registered agent at such address is Edward Clay. The Company shall have such other registered offices and agents as the Members who own fifty-one percent (51%) of the Voting Rights in the Company may designate from time to time.

2.4 Purposes.

The character of business and purposes of the Company are (a) to operate a biotech business and (b) to do any other lawful act permitted of the Company by the Act.

2.5 Powers.

Subject to the provisions of this Agreement, the Company shall have the same powers as an individual to do all things necessary or convenient to carry on its business and affairs, including the power to:

(a) Sue and be sued, and defend in its name;

(b) Purchase, receive, lease, or otherwise acquire, and own, hold, improve, use, maintain, manage, operate, and otherwise deal with property of any kind, real, personal, tangible and intangible, or any legal or equitable interest in property, wherever located;

(c) Sell, convey, mortgage, grant a security interest in, lease, exchange, and otherwise encumber or dispose of all or any part of its property;

(d) Purchase, receive, subscribe for, or otherwise acquire, own, hold, vote, use, sell, mortgage, lend, grant a security interest in, or otherwise dispose of and deal in and with, shares or other interests in or obligations of any other entity;

(e) Make contracts and guarantees, incur liabilities, borrow money, issue its notes, bonds, and other obligations, which may be convertible into or include the option to purchase other securities of the limited liability company, and secure any of its obligations by a mortgage on or a security interest in any of its property, franchises, or income;

(f) Lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment;

(g) Be a promoter, partner, member, associate, or manager of any partnership, joint venture, trust, or other entity;

(h) Conduct its business, locate offices, and exercise the powers granted by this

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Agreement and the Act within or without the State of Nevada;

(i) Appoint officers, employees, and agents of the Company, define their duties, fix their compensation, and lend them money and credit;

(j) Pay pensions and establish qualified and non-qualified retirement plans, bonus plans, option plans, and benefit or incentive plans for any or all of its current or former Members, officers, employees, and agents, if otherwise permitted by law;

(k) Make donations for the public welfare or for charitable, scientific, or educational purposes;

(l) Make payments or donations, or do any other act, not inconsistent with law, that furthers the business of the Company;

(m) Perform any act and execute and deliver any documents required by any governmental authority; and

(n) Perform any and all other acts or activities customary, incidental, necessary, or convenient to the purposes and powers enumerated herein.

2.6 Construction.

Unless otherwise required by law, if and to the extent the provisions of this Agreement conflict with the Act, this Agreement shall control. If and to the extent the provisions of this Agreement do not conflict with the Act, the Act shall control.

ARTICLE III
Membership and Capitalization

3.1 Members.

Each Member's Capital Contribution to the Company, Financial Rights, and Voting Rights are shown on Exhibit A attached hereto.

3.2 Admission of New Members.

Except as otherwise provided in Article XI, additional Members (including transferees) may be admitted to the Company only with the consent of those Members who own fifty-one percent (51%) of the Voting Rights in the Company. The consenting Members shall indicate their consent to the admission of a new Member by executing with the new Member and the Company an amendment to Exhibit A of this Agreement setting forth the names, addresses, and percentage ownership of Financial Rights and Voting Rights of all the Members as a result of the new Member's admission. In addition, no Person shall become a Member unless such Person completes and executes an Admission Agreement or a new Operating Agreement with the Company.

Except as otherwise provided in the next paragraph, no creditor of a Member who obtains any portion of a Membership Share by charging order pursuant to the Act, or otherwise, or any Person, including any creditor, receiver, or bankruptcy estate that obtains any rights in the Company by reason of a security interest, pledge, or the filing of an action for foreclosure,

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bankruptcy, receivership, divorce, or any similar proceeding may become a Member in the Company without the unanimous written consent of the Members, obtained after the transfer.

Notwithstanding anything herein to the contrary, if at any time the Company has only one Member, and if that Member's entire Membership Share, or all of that Member's Financial Rights, are transferred voluntarily by the Member by sale, exchange, or gift, or involuntarily by reason of the Member's death, incompetence, insolvency, bankruptcy, or dissolution, then the transferee(s) of such Membership Share or Financial Rights shall automatically become full Member(s) of the Company.

3.3 Transferee of Membership Share Admitted as a Member.

Upon the transferee(s) of a transferor Member's entire Membership Share or all of the transferor Member's Financial Rights in the Company becoming Member(s), the transferor ceases to be a Member.

3.4 Transferee of Membership Share Not Admitted as a Member.

If the transferee of all or any part of a Membership Share is not admitted as a Member, he shall be entitled to retain the Financial Rights transferred to him, but he shall not have any Voting Rights and shall not be entitled to participate in the management of the Company or to exercise any other rights of a Member. The transferee is subject to any claims or offsets the Company has against the transferor, regardless of whether those claims or offsets exist at the time of the transfer or arise afterwards. An amendment to this Agreement may change the rights of a transferee, even if the amendment is made after the transfer. A transferee who is not admitted as a Member shall not have the right to seek a judicial determination that it is equitable to dissolve and wind up the Company's business under the Act. The transferor continues to be a Member, entitled to all rights of a Member, other than the rights transferred.

Notwithstanding anything herein to the contrary, a transferee who is not admitted as a Member shall not be entitled to receive any distributions from the Company until such transferee delivers to the Company written notice of the transfer, proof of the transfer deemed sufficient by the Company, the transferee's federal and state tax identification numbers, and/or social security number, current legal address and telephone number, and such other information as the Company may reasonably require.

3.5 Redemption of Member's Financial Rights Subjected to Charging Order.

In the event a Member's Financial Rights are subjected to a charging order under the Act, the Company may redeem the Member's Financial Rights so charged, with Company Property, at any time prior to foreclosure of said Financial Rights in accordance with the Act. Nothing in this Section shall be construed as affecting or limiting the rights of the judgment debtor and the other Members to redeem any Financial Rights subjected to a charging order with their own property in accordance with the Act.

3.6 Power of Attorney.

Any Member may give another Member power of attorney to act for or to execute documents in the name of such Member, provided the Member giving such power of attorney delivers a copy of the power of attorney to the Company. Any such power of attorney may be changed or

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revoked at any time by the Member who gave such power by giving notice of its change or revocation to the Company.

3.7 Voluntary Capital Calls.

Those Members who own fifty-one percent (51%) of the Voting Rights in the Company may request that the Members make additional Contributions to Capital by delivering notice of the request to each Member. Any additional capital shall be contributed by the Members in the same ratio as each Member's Financial Rights bears to the total of all the Financial Rights in the Company. Solely for purposes of this Section, a Member who has transferred his Financial Rights, but whose transferee has not become a Member, shall be deemed to hold the Financial Rights so transferred. If any Member fails to make his Capital Contribution within ten (10) days after notice of the capital call ("Defaulting Members") such failure shall not be a breach of this Agreement, and the amount which the Defaulting Member fails to contribute shall not be a personal debt obligation of the Defaulting Member. Such amount shall be payable only out of any distributions from the Company otherwise payable to the Defaulting Member (or his transferee). The Defaulting Member shall not be entitled to receive any distributions from the Company until all amounts due hereunder have been paid in full.

3.8 Indemnification.

Each Member shall and does hereby agree to indemnify and hold harmless the Company and the other Members from any and all liabilities, losses, costs, damages, or expenses (including, without limitation, the costs of litigation and reasonable attorneys' fees) arising out of, resulting from, or in any way related to the misrepresentation or breach of any representation or warranty of such Member set forth in this Agreement.

ARTICLE IV
Member Meetings

4.1 Classes and Voting.

Unless otherwise provided by this Agreement, there shall be one class of Members. Each Member shall have the Voting Rights prescribed on Exhibit A.

4.2 Place of Meetings.

All meetings of the Members shall be held at the Company's principal place of business, or at such other place as shall be agreed upon by those Members who own fifty-one percent (51%) of the Voting Rights in the Company.

4.3 Time of Meeting.

Meetings of the Members may be called at any time by any Member by delivery to all Members of written notice at least seven (7) days in advance of the proposed meeting date. The notice shall contain the time, date, and place of the meeting.

4.4 Member Voting and Quorum.

Each Member shall be entitled to vote in proportion to his Voting Rights in the Company. In order for any vote of the Members to be valid, a quorum must be represented at the meeting

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either in person or by proxy. Fifty-one percent (51%) of the Voting Rights in the Company constitutes a quorum.

4.5 Voting by Certain Members.

Voting Rights owned by a corporation or other business entity may be voted by the officer, agent, or proxy as the by-laws of that corporation or other governing instruments of the business entity prescribe, or, in the absence of such provision, as the board of directors or other governing body of the corporation or entity may determine.

Voting Rights owned by an administrator, executor, personal representative, or guardian may be voted by him, either in person or by proxy, without a transfer of such Voting Rights into his name. Voting Rights owned by a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to exercise any Voting Rights held by him without a transfer of the Voting Rights into his name.

Voting Rights owned by a receiver may be voted by the receiver, and Voting Rights owned by or under the control of a receiver may be voted by the receiver without the transfer thereof into his name if authority so to do is contained in an appropriate order of the court by which such receiver was appointed.

A Member whose Membership Shares or Voting Rights are pledged (if otherwise permitted hereunder) shall be entitled to vote such Voting Rights until the Voting Rights have been transferred into the name of the pledgee and thereafter the pledgee shall be entitled to vote the Voting Rights so transferred.

4.6 Proxies.

Members may vote by proxy appointed by an instrument in writing. A proxy shall be delivered to the other Members before the meeting at which it is to be voted and shall not be valid after the final adjournment of the meeting.

4.7 Waiver of Notice.

A Member may waive notice of any meeting by a signed writing. In addition, a Member who attends a meeting waives his right to assert any lack of notice, or defect in notice, of the meeting unless he states such objection at the outset of the meeting.

4.8 Manner of Meetings.

Members may participate in meetings by means of telephone conference or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting as provided herein shall constitute presence in person at such meeting.

4.9 Action without Meeting.

The Members may take action without notice and a meeting if all the Members consent to such action and sign a Written Consent of the Members that sets forth the action to be taken.

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ARTICLE V
Management and Control

5.1 General Authority.

The Company shall be member managed, as defined in the Act. Except as otherwise expressly provided by this Agreement, any matter relating to the business and affairs of the Company shall be decided by those Members who own fifty-one percent (51%) of the Voting Rights in the Company. Such Members, or their authorized delegates, shall have full and complete authority, power, and discretion to manage and control the business, affairs, and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. Without limiting the generality of the foregoing, they shall have the power and authority on behalf of the Company to:

(a) Acquire property, real, personal, tangible and intangible;

(b) Borrow money for the Company from banks, other lending institutions, and other Persons and to hypothecate, encumber, and grant security interests in the assets of the Company to secure payment of the borrowed sums;

(c) Purchase liability and other insurance to protect the Company and the Members;

(d) Hold, own, invest and reinvest, purchase and sell, any property, real, personal, tangible and intangible, in the name of the Company, including, but not limited to, deeds, mortgages, leasehold interests, general partnerships, limited partnerships, limited liability companies, common trust funds, mutual funds, stocks, options, warrants, rights, puts, calls, contracts, futures, bonds, debentures, securities (public and private), and other debt and equity interests of any kind or nature, and to actively trade, speculate on, maintain, and manage the same;

(e) Enter into, make, and perform contracts, agreements, and other undertakings binding on the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and make all decisions and waivers thereunder;

(f) Employ accountants, legal counsel, managing agents, money managers, property managers, investment advisors, and other advisors to perform services for the Company and to compensate them out of Company Property;

(g) Screen, interview, and examine staff and personnel to be employed by the Company;

(h) Open and maintain bank and investment accounts and arrangements, draw checks, letters of credit, and other orders for payment of money and designate individuals with authority to sign or give instructions with respect to those accounts and arrangements;

(i) Pay debts and obligations of the Company to the extent that Company Property is available;

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(j) Sell, purchase, lease, loan, borrow, rent, repair, partition, mortgage, pledge, encumber, develop, improve, subdivide, or otherwise deal with any property, including Company Property;

(k) Collect sums due the Company and bring suit on the Company's behalf or defend the Company in any action, and compromise, settle, collect, and otherwise represent, prosecute, and defend the legal rights and interests of the Company;

(l) File on behalf of the Company a voluntary petition for bankruptcy, or bring an action on behalf of the Company for receivership, insolvency, or other similar relief in any court of competent jurisdiction, and to defend, answer, respond, and otherwise represent the Company in any such action or proceeding; and

(m) Perform all other acts as may be necessary or appropriate to the conduct of the Company's business, and to execute, acknowledge, verify, and deliver any or all instruments desirable to effectuate any of the foregoing.

5.2 Additional Voting Requirements for Certain Major Decisions.

Notwithstanding anything herein to the contrary, the following major decisions shall require approval of the Members in the percentages designated:

(a) Any amendment to this Agreement or the Articles of Organization shall require the approval of those Members who own one hundred percent (100%) of the Voting Rights in the Company.

(b) The Company shall not compromise, settle, waive, or limit the obligation of any Member to make a Capital Contribution to the Company without the consent of those Disinterested Members who own one hundred percent (100%) of the Voting Rights owned by all Disinterested Members.

(c) The Company shall not sell, or contract to sell, or otherwise dispose of all or substantially all of the Company Property without the approval of those Members who own one hundred percent (100%) of the Voting Rights in the Company. For purposes of this subsection, all or substantially all of the Company Property means eighty-five percent (85%) of such property by value.

(d) The Company shall not enter into any merger, or any profit sharing, joint venture, or other such arrangement without the approval of those Members who own one hundred percent (100%) of the Voting Rights in the Company.

5.3 Delegation.

The Members may authorize or delegate any of their authority to any Person from time to time to act on their behalf.

5.4 Ratification.

The Members may ratify and adopt any and all acts of any Person done on behalf of the Company.

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5.5 Personal Services.

No Member shall be required to perform any services for the Company by virtue of being a Member of the Company.

5.6 Compensation for Services.

Those Members who provide services to the Company shall be entitled to reasonable compensation from the Company in an amount to be determined by by one hundred percent (100%) of the Disinterested Members. Such compensation shall be paid in the form of guaranteed payments under Section 707(c) of the Code. Also, the Members shall be entitled to reimbursement for all expenses reasonably incurred by them on behalf of the Company.

5.7 Officers.

Those Members who own one hundred percent (100%) of the Voting Rights in the Company may, from time to time, designate one or more individuals to be officers of the Company. Any officers so designated shall have such authority and perform such duties as the Members may, from time to time, delegate to them. The Members may assign titles to particular officers. Unless the Members decide otherwise, if the title is one commonly used for officers of a business corporation, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office. Any number of offices may be held by the same Person. Designation of a person as an officer shall not of itself create an employment agreement or any other contract rights. Each officer shall hold office until his successor shall be duly designated and qualified, or until his death or until he shall resign or shall have been removed, with or without cause, by those Members who own one hundred percent (100%) of the Voting Rights in the Company.

ARTICLE VI
Fiduciary Duties; Right to Rely; Indemnification

6.1 Duty of Loyalty.

A Member's duty of loyalty to the Company and the other Members is limited to the following:

(a) To account to the Company and to hold as trustee for the Company any property, profit, or benefit derived by the Member in the conduct or winding up of the Company's business or derived from a use by the Member of the Company's property, including the appropriation of a Company opportunity;

(b) To refrain from dealing with the Company in the conduct or winding up of the Company's business as or on behalf of a party having an interest adverse to the Company; and

(c) To refrain from competing with the Company in the conduct of the Company's business before dissolution of the Company.

With the consent of one hundred percent (100%) of the Disinterested Members, such Disinterested Members may identify specific types or categories of activities that do not violate

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the duty of loyalty, if not manifestly unreasonable. With the consent of one hundred percent (100%) of the Disinterested Members, such Disinterested Members may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.

Notwithstanding anything herein to the contrary, the Members and the Company acknowledge and agree that some or all of the Members, and/or their Family members, either directly or indirectly through other Persons, are engaged in other business and investment activities which may be considered to compete with or be adversarial to the business conducted by the Company; however, the Members and the Company intend and agree that they shall have no interest or rights with respect to any business, investment, or other activities of the Members or their Family members carried on outside the Company. The Members are sophisticated investors and are aware of the extent of the other Members' business and investment activities. No Member shall be under any obligation to disclose any business opportunity to the Company or the other Members. The fiduciary duties of the Members shall be limited to their dealings with the Company Property.

6.2 Duty of Care.

In carrying out his duties and exercising his powers hereunder, each Member shall act in a manner he believes in good faith to be in the best interests of the Company and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. Subject to the preceding sentence, no Member shall be liable, responsible, or accountable in damages or otherwise to the Company or the other Members for any acts performed or omitted by him in good faith and within the scope of this Agreement.

6.3 Fiduciary Duties.

Each Member shall discharge his duties and exercise any of his rights consistently with the obligation of good faith and fair dealing which he owes to the Company and the other Members. A Member does not violate a duty or obligation to the Company merely because the Member's conduct furthers the Member's own interest. A Member may lend money to and transact other business with the Company. As to each loan or transaction, the rights and obligations of the Member are the same as those of a Person who is not a Member, subject to other applicable law.

6.4 Right to Rely.

The Members shall not be held liable to the Company, or to the other Members, for relying in good faith upon the records required to be maintained by this Agreement and upon such information, opinions, reports, or statements by any of the Members, attorneys, accountants, agents, advisors, or any other Person who has been selected with reasonable care by or on behalf of the Company, as to matters the Member reasonably believes are within such other Person's professional or expert competence.

6.5 Indemnification of Members.

To the fullest extent allowed by law, the Members shall be indemnified and held harmless by the Company for any liability resulting from any act performed or omission made by them in good faith on behalf of the Company, except for acts or omissions of intentional misconduct or

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knowing violation of the law and any transaction for which the Member received a personal benefit in violation or breach of any provision of this Agreement.

6.6 Duty of Confidentiality.

Each Member hereby warrants, covenants, and agrees that he will not furnish, divulge, communicate, use to the detriment of the Company, or use for the business of any other Person, any of the Company's confidential information, including but not limited to pricing information, data, sales methods, know how, processes, licenses, trade secrets, names of customers, customer lists, names of Members, or the partners, shareholders, members, or other principals of any Member, future plans, accounting, marketing, financial data, or contract information. Each Member agrees to return all documents which contain any confidential information and all copies of such documents upon request by the Company.

ARTICLE VII
Capital Accounts and Accounting

7.1 Capital Accounts.

The Company shall establish for each Member a Capital Account, which shall be maintained in accordance with Section 704 of the Code and the capital account rules set forth in Treasury Regulations Section 1.704-1(b).

7.2 Compliance with Section 704(b) of the Code.

The provisions of this Agreement as they relate to the maintenance of Capital Accounts and allocations of Profits and Losses are intended, and shall be construed, and, if necessary, modified to cause the allocations of Profits, Losses, Gain, income, deductions, credit, and other items pursuant to this Agreement to have substantial economic effect within the meaning of the Treasury Regulations promulgated under Section 704(b) of the Code. Notwithstanding anything herein to the contrary, this Agreement shall not be construed as creating a deficit restoration obligation.

7.3 Partnership Representative.

Edward Clay is designated the initial partnership representative of the Company, as defined in Section 6223(a) of the Code. The Company may designate a new partnership representative from time to time without amending this Agreement.

ARTICLE VIII
Interim Distributions and Allocations

8.1 Distributions.

Distributions to the Members shall be made in accordance with the following:

(a) First, the Company shall distribute to those Members who have provided services to the Company the compensation to which each is entitled under Article V. Such distributions shall be guaranteed payments within the meaning of Section 707(c) of the Code.

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(b) From time to time those Members who own fifty-one percent (51%) of the Voting Rights in the Company shall determine to what extent, if any, the Company's Net Cash Flow exceeds the current and anticipated needs of the Company's business. Any Company Net Cash Flow in excess of such amounts shall be distributed to the Members.

(c) Notwithstanding anything herein to the contrary, within seventy-five (75) days after the end of each calendar year, the Company shall distribute to the Members an amount equal to forty percent (40%) of the Company's income that is taxable to the Members for federal income tax purposes for the immediately preceding calendar year. The amount of the distribution required under this subsection shall be reduced by all distributions which previously have been made from the Company to the Members pursuant to this Section for such calendar year other than guaranteed payments within the meaning of Section 707(c) of the Code.

Except as otherwise provided in this Agreement, all distributions to the Members must be made simultaneously to each of the Members and must be made in proportion to the Members' Financial Rights. Such distributions may be in cash or Company Property or partly in both. Items of Company Property need not be distributed proportionately, provided the Members agree upon the value of the property being distributed and the value of the property and the cash received by each Member is proportionate to his Financial Rights.

Subject to the Act, at the time that a Member becomes entitled to receive a distribution, the Member has the status of and is entitled to all remedies available to a creditor of the Company with respect to the distribution.

8.2 Restrictions on Distributions.

Notwithstanding anything herein to the contrary, no distribution to any Member may be made if after giving effect to the distribution either (a) the Company would not be able to pay its debts as they become due in the ordinary course of business, or (b) the Company's total assets would be less than the sum of its total liabilities plus the amount that would be needed if the Company were to be dissolved, wound up, and terminated at the time of the distribution, to satisfy the preferential rights upon dissolution, winding up, and termination of Members whose preferential rights are superior to those receiving the distribution. The provisions of Section 14-11-407 of the Act shall apply in construing this Section.

8.3 Calculation of Profits and Losses.

The Profits and Losses of the Company for each fiscal year or other period shall be the taxable income or loss of the Company for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be separately stated pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any Company income which is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this subsection shall be added to such taxable income or loss.

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) (expenditures of the Company not deductible in computing its taxable income and not

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properly chargeable to a capital account) or treated as such expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i)(2) and (3) (organizational expenditures which the Company elects not to amortize under Code Section 709(b) and certain disallowed losses) and not otherwise taken into account in computing Profits and Losses pursuant to this subsection shall be subtracted from such taxable income or loss.

(c) Gain or loss with respect to the disposition of Company Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed based upon the "adjusted book value" (as determined in the Treasury Regulations promulgated under Code Section 704) of such property without regard to the adjusted basis.

(d) Depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss shall, for purposes of this subsection, be based upon the "adjusted book value" (as determined in the Treasury Regulations promulgated under Section 704) of Company Property.

(e) Notwithstanding any other provision of this Section 8.3, any items which are specifically allocated pursuant to Section 8.11 shall not be taken into account in computing Profits and Losses.

8.4 Allocation of Profits and Losses.

The Profits and Losses of the Company for any fiscal year of the Company shall be allocated among the Members in accordance with their Financial Rights. The proceeds of any life insurance policy insuring the life of a Member which are received by the Company shall be allocated to the surviving Member(s), and the deceased Member, his estate, successors, or legal representatives shall have no interest in or distributive share of such proceeds.

8.5 Tax Item Allocation.

Unless otherwise specially allocated herein, whenever a proportionate part of Profits or Losses is charged or credited to the Capital Account of a Member, every item of income, gain, loss, deduction, credit, allowance, or tax preference entering into the computation of such Profits or Losses or applicable to the period during which such Profits or Losses were realized shall be considered credited or charged, as the case may be, to such Capital Account in the same proportion. In the event of a transfer of Financial Rights in the Company at any time other than at the end of the Company's tax year, the distributive share of Profits and Losses and any items of Company income, gain, loss, deduction, credit, or tax preference attributable to the transferred Financial Rights shall be apportioned for income tax purposes between the transferor and transferee in accordance with the number of days in the taxable year of the Company that each was the owner of such Financial Rights.

8.6 Code Section 704(c).

In accordance with the provisions of Code Section 704(c), income, gain, loss, and deductions with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated to the Members so as to take account of any variation between the adjusted basis of such property and the Gross Asset Value at the time of contribution.

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In the event the Gross Asset Value of any Company asset is adjusted pursuant to Section 1.1(s), subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Members in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 8.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of the Profits, Losses, other items, or distributions pursuant to any provision of this Agreement.

8.7 Nonrecourse Deductions.

Notwithstanding anything herein to the contrary, beginning in the first taxable year of the Company in which there are nonrecourse deductions, all nonrecourse deductions and distributions of proceeds attributable to nonrecourse borrowing (as defined in Treasury Regulations Section 1.704-2) shall be allocated in accordance with the Members' Financial Rights or in any other manner that is reasonably consistent with allocations that have substantial economic effect of some other significant Company item attributable to the property securing the nonrecourse liabilities. Items attributable to a particular Member's nonrecourse liability (as defined in Treasury Regulations Section 1.704-2(b)(4)) shall be allocated to the Member that bears the economic risk of loss for the liability.

8.8 Minimum Gain Chargeback Requirements.

Except as otherwise provided in Treasury Regulations Section 1.704-2(f), if there is a net decrease in Company minimum gain (as determined under Treasury Regulations Section 1.704-2(d)) for the Company's taxable year, each Member must be allocated items of income and gain for that taxable year equal to that Member's share of the net decrease in Company minimum gain. A Member's share of the net decrease in Company minimum gain is the amount of the total net decrease multiplied by the Member's percentage share of Company minimum gain at the end of the immediately preceding taxable year (as determined in Treasury Regulations Section 1.704-2(g)). A Member is not subject to this minimum gain chargeback requirement to the extent the Member's share of the net decrease in Company minimum gain is caused by a guarantee, refinancing, or other change in the debt instrument causing it to become partially or wholly a recourse liability or a Member nonrecourse liability, and the Member bears the economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2) for the newly guaranteed, refinanced, or otherwise changed liability.

If during a taxable year there is a net decrease in Member nonrecourse debt minimum gain (as determined under Treasury Regulations Section 1.704-2(i)(2)), any Member with a share of that Member nonrecourse debt minimum gain (as determined under Treasury Regulations Section 1.704-2(i)(5)) as of the beginning of that taxable year must be allocated items of income and gain for that taxable year (and, if necessary, for succeeding taxable years) equal to that Member's share of the net decrease in the Member nonrecourse debt minimum gain. A Member's share of the net decrease in Member nonrecourse debt minimum gain is determined in

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a manner consistent with the provisions of Treasury Regulations Section 1.704-2(g)(2). A Member is not subject to this minimum gain chargeback requirement, however, to the extent the net decrease in Member nonrecourse debt minimum gain arises because the liability ceases to be Member nonrecourse debt due to a conversion, refinancing, or other change in the debt instrument that causes it to become partially or wholly a nonrecourse liability. The amount that would otherwise be subject to the member nonrecourse minimum gain chargeback is added to the Member's share of Company minimum gain under Treasury Regulations Section 1.704-2(g)(3).

8.9 Qualified Income Offset.

Unless otherwise agreed, a Member is not required to fund any deficit in the Member's Capital Account at any time. However, if a Member unexpectedly receives an adjustment, allocation, or distribution described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6), and the unexpected adjustment, allocation, or distribution results in a deficit balance in the Capital Account for the Member (or a deficit balance in excess of any limited dollar amount the Member is obligated to restore), the Member will be allocated items of income and gain consisting of a pro rata portion of each item of Company income and gain for such year in an amount and manner sufficient to eliminate the deficit balance or the increase in the deficit balance as quickly as possible. This Section will be interpreted, applied, and if necessary modified to constitute a "qualified income offset" as defined in Treasury Regulations Section 1.704-1(b)(2)(ii)(d).

8.10 Section 754 Adjustments.

To the extent an adjustment to the adjusted tax basis of any Company Property pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

8.11 Curative Allocations.

The allocations set forth herein are intended to comply with the Regulations promulgated under Section 704 of the Code and in the event that any allocation is required to be made pursuant to such Regulations ("Regulatory Allocations"), then such Regulatory Allocations shall be taken into account in allocating items of income, gain, loss, and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred. The Members shall have reasonable discretion, with respect to each Company tax year, to apply the provisions of this Section 8.11 in whatever order is likely to minimize the economic distortions that might otherwise result from the Regulatory Allocations.

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8.12 Distributions Subject to Set-Off.

Except as otherwise provided in this Agreement, all distributions are subject to set-off by the Company for any past-due obligation of a Member to the Company.

ARTICLE IX
Dissolution, Winding Up, and Termination

9.1 Dissolution.

Except as otherwise provided herein, the Company shall dissolve, its affairs shall be wound up, and the Company shall terminate only upon the happening of one or more of the following events:

(a) The written consent of those Members who own fifty-one percent (51%) of the Voting Rights in the Company;

(b) Any event occurs that makes it unlawful for all or substantially all of the business of the Company to be continued, but any cure of illegality within ninety (90) days after notice to the Company of the event is effective retroactively to the date of the event for purposes of this subsection;

(c) The filing by the Secretary of State of a certificate administratively dissolving the Company pursuant to the Act, unless the Company is reinstated in accordance with the Act.

(d) A decree of judicial dissolution entered by a court of competent jurisdiction.

9.2 Winding Up: Powers and Duties of Liquidator.

Except as otherwise provided herein, following dissolution of the Company, those Members who own fifty-one percent (51%) of the Voting Rights in the Company shall appoint one or more Members or an independent third party to serve as liquidator. The liquidator shall have full authority in winding up the Company's affairs. The liquidator shall:

(a) Deliver notice of the Company's dissolution to all of the Company's known claimants and creditors in the form and manner described in the Act;

(b) Publish notice of the Company's dissolution as provided in the Act;

(c) Make final liquidating distributions as provided below, and distribute any Company Property discovered after any such final liquidating distributions in the manner described below; and

(d) After dissolution and the completion of winding up, file a Certificate of Termination with the Nevada Secretary of State to terminate the legal existence of the Company in accordance with the Act.

9.3 Sale of Company Property.

Unless otherwise agreed by those Members who own fifty-one percent (51%) of the Voting Rights in the Company, the liquidator shall first attempt to sell all or any part of the Company's business as a going concern. If any such sale or partial sale is not consummated within six (6)

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months after the date of the dissolution, or such other period of time agreed to by such Members, the liquidator shall publish notice that all unsold Company assets are for sale and solicit bids for such assets. Any Company assets which remain unsold six (6) months after the date of the first publication of such notice shall be marshaled and auctioned by the liquidator. All assets unsold after the auction shall be distributed in kind in the manner described below.

9.4 Distribution in Kind.

The Company may distribute assets in kind to satisfy any or all of its obligations. If the Company will distribute assets in kind, the Members shall have thirty (30) days to agree upon the fair market value of such assets. If the Members cannot agree on the fair market value of any asset, the liquidator shall hire an independent appraiser to determine the fair market value of the asset in question. Any property distributed in kind shall be treated in accordance with Sections 721, 736, 737, and 751 of the Code. The liquidator shall adjust the Members' Capital Accounts to reflect any gain or loss which would have been allocated had such property been sold for its fair market value.

9.5 Final Liquidating Distributions.

After the sale of all Company assets, or the determination of fair market value for distribution in kind of Company assets, the liquidator shall apply the proceeds of the sale or the Company assets as follows:

(a) Payment or adequate provision for payment shall be made to creditors, including the liquidator if the liquidator is not a Member, for reimbursement for out-of-pocket expenses incurred and reasonable compensation for services rendered in connection with winding up the Company, and to the extent permitted by law, to Members who are creditors in satisfaction of liabilities of the Company;

(b) If the liquidator is a Member, to the liquidator for reimbursement for out-of-pocket expenses incurred and reasonable compensation for services rendered in connection with winding up the Company;

(c) All remaining cash and other assets shall be distributed to the Members in accordance with their positive Capital Account balances, determined after taking into account all Capital Account adjustments for the taxable year of the Company during which the distribution occurs.

9.6 Deficit Capital Account Balances.

Any deficit in a Member's Capital Account shall not be an asset of the Company, and no Member or transferee of all or any part of a Membership Share shall be obligated to contribute any amount to the Company in excess of any limited dollar amount the Member or transferee has otherwise agreed to restore.

9.7 Final and Complete Distribution.

The distributions provided for in this Article shall constitute a complete return of the Members' Contributions to Capital, and a final and complete distribution to the Members in satisfaction of all of their rights in the Company.

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9.8 Duties during Winding Up.

The duty of loyalty, duty of care, and other fiduciary duties set forth in this Agreement shall apply to any Person winding up the Company's business.

ARTICLE X
Cessation

10.1 Events of Cessation.

The provisions of the Act relating to cessation shall not apply to the Company. No Member shall have the power to withdraw from the Company except as provided herein. Only the occurrence of one or more of the following events with respect to a Member shall constitute the cessation of such Member:

(a) Withdrawing, retiring, or resigning from the Company with the consent of those Members who own fifty-one percent (51%) of the Voting Rights in the Company; or

(b) If a Member files a voluntary petition for bankruptcy, is adjudicated a bankrupt, or has a bankruptcy petition filed against him which is not dismissed within ninety (90) days; or

(c) Entry of an order by a court of competent jurisdiction adjudicating a Member to be insane, the appointment of a guardian for a Member, or a judicial determination that a Member has otherwise become incapable of performing his duties under this Agreement; or

(d) The giving by a Member of notice to the Company that the Member desires to transfer all or any portion of his Membership Share; or

(e) The death of a Member; or

(f) The Disability of a Member (Disability shall mean totally and permanently disabled for a period of twelve (12) months during a fifteen (15) consecutive month period so that a Member is unable to engage in his usual Company duties as determined by a doctor selected and paid by the Company); or

(g) The engagement in Wrongful Conduct by a Member; or

(h) The filing of a Petition or Complaint for Divorce, on any grounds, by a Member or Member's spouse resulting in all or a portion of a Member's Shares being transferred or awarded to a Person who is not a Member at the time of the filing; or

(i) If a Member engages in any sale, merger, share exchange, partnership, joint venture, or other arrangement, including the issuance of new shares of stock or equity interests in the Member or in any Person that Controls the Member, and as a result of said transaction a Person who is not one of the group of Persons in Control of the Member, as of the date such Member became a party to this Agreement, takes Control of the Member; or

(j) The filing of a Certificate of Dissolution, or the equivalent, for a Member that is a corporation, limited liability company, limited partnership, or other entity, or the lapse of

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ninety (90) days after notice to such Member of revocation of its charter without a reinstatement of its charter.

10.2 Effect of a Member's Cessation.

Unless otherwise provided in Article IX, the Cessation of a Member does not dissolve the Company. The right of a Ceased Member to be compensated for his Membership Share shall be governed exclusively by Article XI and not the Act. The parties waive any right they may have to assert that the Act or any other provision of law supersedes or modifies the provisions of this Agreement relating to the cessation of a Member's participation in the Company.

10.3 Effect on Cessation if There is Only One Remaining Member.

If a Triggering Event occurs that would cause the sole Member to be a Ceased Member, such Triggering Event shall not be deemed to cause the Cessation of such Member, but instead all rights associated with such Member's Membership Share shall be held by such Member's personal representative, power of attorney, trustee, conservator, receiver, liquidator, or similar fiduciary. Should a Triggering Event occur that causes simultaneous Cessation of all Remaining Members, then such Members shall not be treated as Ceased Members, but instead all rights associated with such Members' Membership Share shall be held by such Members' personal representative, power of attorney, trustee, conservator, receiver, liquidator, or similar fiduciary.

ARTICLE XI
Restrictions on Transfer and Buy-Sell Provisions

11.1 Restrictions on Transfer.

No Member may Transfer any portion or all of his Membership Share to any Person without the prior written consent of those Members who own fifty-one percent (51%) of the Voting Rights in the Company (without regard to the Member desiring to transfer his Membership Share). If such consent is obtained, the provisions of Article III shall govern the rights of the transferor and transferee. Any attempted conveyance or encumbrance of all or a portion of a Membership Share not expressly permitted herein shall be null, void, and without effect.

11.2 Right to Purchase.

(a) Cessation for Reasons Other Than Death. If a Member Cessation occurs within the meaning of Article X ("Triggering Event") other than by reason of death, then - such Member ("Ceased Member") is deemed to have offered to the Company all of his Membership Share at the price determined in accordance with Section 11.3 and upon the terms contained in Section 11.4.

If the Company does not accept said offer within ten (10) days after receiving written notice of the Triggering Event from the Ceased Member (or his estate or other legal representative, as the case may be) and the determination of the purchase price, then such Ceased Member's Membership Share shall be offered in writing, at the same price and upon the same terms, to the other Members ("Remaining Members") by delivery of written notice to them. The Company and/or the Remaining Members may accept the offer by

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delivering written notice to the Ceased Member. If the Company and/or the Remaining Members accept the offer, then all of the Membership Share offered for sale must be purchased by the Company and/or the Remaining Members. In the event more than one offeree accepts the offer, those accepting shall purchase in proportion to their Membership Shares, unless they agree otherwise.

If none of the Remaining Members accept the offer to purchase the Ceased Member's Membership Share within ten (10) days after receipt of written notice by them, then the Membership Share may be offered for sale to any Person, provided that such Membership Share shall be sold for at least the same price and upon the same terms at which it was offered to the Company and the Remaining Members.

In the event any sale of a Membership Share to a third Person shall not be consummated within sixty (60) days after the expiration of the Remaining Members' option to purchase, the Membership Share or any portion thereof may not be transferred unless the same shall be offered again to the Company and the Remaining Members in the manner and in accordance with the terms herein provided.

(b) Death. Notwithstanding anything herein to the contrary, upon the death of a Member, the Company shall purchase, and the estate of the decedent, or his successor in interest by operation of law shall sell all of the decedent's Membership Share in the Company now owned or hereafter acquired. The purchase price of such Membership Share shall be computed in accordance with the provisions of Section 11.3 and paid in accordance with the provisions of Section 11.4.

11.3 Purchase Price.

Unless the Member offering the Membership Share hereunder and those Remaining Members who own fifty-one percent (51%) of the Voting Rights agree otherwise, the purchase price shall be determined in accordance with the following:

The purchase price shall be the Appraised Value (as defined herein) of the Membership Share as of the date of the Triggering Event. Appraised Value shall mean the Fair Market Value (as defined below) of the Membership Share, without taking any applicable minority, lack of marketability, and other similar type discounts, including, but not limited to, those related to undivided interests in real estate, voting versus non-voting interests, blockage, key-person, or portfolio issues, obtained by agreement of two (2) appraisers, one appointed by the seller and one appointed by fifty-one percent (51%) of the Remaining Members on behalf of the Company. The seller and Company must appoint their respective appraisers by delivering notice of the identity of their respective appraisers to each other within thirty (30) days after Company receives written notice of the Triggering Event from the Ceased Member (or his estate or other legal representative, as the case may be). If the two (2) appraisers cannot agree on an Appraised Value within thirty (30) days after the last of them is appointed, then within five (5) days, they shall appoint a third appraiser to value the Membership Share. The third appraiser shall determine the Appraised Value within thirty (30) days after his appointment. The Appraised Value shall be the average of the two (2) appraisals which are closest to each other. In the event the third appraiser's determination of the Appraised Value is an exact average of the first two appraisals, then such third appraiser's determination shall be the Appraised Value. Fair Market

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Value is defined as the cash equivalent price at which property would change hands between a hypothetical willing buyer and a hypothetical willing seller, neither being under a compulsion to buy or sell and both having reasonable knowledge of relevant facts. The hypothetical buyer and seller are assumed to be able, as well as willing, to trade and are assumed to be well-informed about the property and concerning the market for such property. The seller and the Company - shall each pay the costs of the appraiser appointed by them, and one-half (1/2) of the cost of the third appraiser. The purchase price as determined herein shall be conclusive and binding on the parties, their personal representatives, legal representatives, heirs, successors and assigns. If any party fails to appoint an appraiser within the time required herein, the purchase price determined by the appraiser appointed by the other party shall be conclusive and binding upon the seller and purchaser(s), their personal representatives, legal representatives, heirs, successors, and assigns.

11.4 Payment of Purchase Price.

The closing of the purchase shall take place at the principal place of business of the Company within sixty (60) days after the purchase price has been determined and an offer accepted, or at such other date and place as the parties may agree.

Unless the parties mutually agree otherwise, ten percent (10%) of the purchase price shall be paid in cash at closing with the balance due in a five (5)-year promissory note at the then existing mid-term applicable federal interest rate.

Further, if a selling Member has personally guaranteed payment of any debt, obligation, or liability of the Company, then the purchaser(s) of the Member's Membership Share shall make reasonable efforts to have such Member (or his estate or successor(s)) released from such guarantee. If the lender or creditor refuses to release such Member, then the Company and the other Members, if the Company is purchasing the Membership Share, (or the purchasing Member(s) only if the Company is not purchasing the Membership Share), shall in writing, jointly and severally, indemnify and hold harmless such selling Member (or his estate, as the case may be) from payment of said debt, obligation, or liability.

11.5 Permitted Transfers.

Any of the Members may transfer a Membership Share without the provisions of this Article XI applying if the transferee is a revocable trust created by a Member that benefits that Member during his lifetime. Additionally, the following transfers are permitted without the provisions of this Article XI applying: (1) any transfer to a successor trustee of the same revocable trust where the original transferor to the revocable trust is still living and (2) any transfer from a revocable trust to the Member that made the original transfer to the revocable trust. The death of any Member whose Membership Share or any portion thereof is held in a revocable trust shall be treated as a Triggering Event under Section 10.1(e). A transfer other than as permitted in this Section 11.5 shall be subject to the provisions of this Article XI.

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ARTICLE XII
Resolution of Deadlock

12.1 Deadlock Resolution.

(a) "Deadlock" means a dispute among the Members, including the inability to agree on a vote or other decision, that has continued for more than fifteen (15) days, that is not resolved by the provisions on voting contained herein, concerning the business or affairs of the Company; provided, however, that a Deadlock shall not include any dispute regarding an interpretation of any terms or conditions of this Agreement; provided further, that a Deadlock shall not include the failure of the Members to approve any matter requiring unanimous approval under Section 5.2. In the event the Members reach a Deadlock, each Member agrees to submit the decision to non-binding mediation to attempt to resolve the dispute. Mediation must be requested by any Member or group of Members with the service of a written notice of such request on the other Members. All negotiations pursuant to this Section shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.

(b) In the event the Deadlock has not been resolved within thirty (30) days after the date any Member or group of Members first demanded mediation in writing ("Resolution Date") or mediation is attempted and fails, then any Member or group of Members ("Offering Member") shall have the right for ten (10) days after the Resolution Date or date of failed mediation, as the case may be, to serve a notice in writing making both an offer to buy and sell, stipulating the price per unit which the Offering Member will purchase all of the units of the Company held by the other Members ("Offeree Members") or at which the Offering Member will sell all of the units of the Company held by the Offering Member to the Offeree Members, together with the terms upon which the purchase or sale shall be completed. The first Member or group of Members to serve a notice in written shall be deemed to be the Offering Member. The price and terms for the Offering Member's offer to purchase and offer to sell must be the same. The Offeree Members shall have a period of sixty (60) days from the service of such notice in which to notify the Offering Member, in writing, as to whether the Offeree Members elect to purchase the Offering Member's units at said price, or to sell to the Offering Member the Offeree Members' units at the same price. In absence of a response from the Offeree Members, the Offeree Members shall be deemed to have served notice of their willingness to sell all of their remaining units and such deemed notice shall be effective as of the forty-fifth (45th) day following service of notice by the Offering Member. Any group of Members acting as the Offering Member or Offeree Members as defined under this Section 12.1 shall purchase the units pro rata.

(c) In the event no offer is made in the ten (10) day period following the Resolution Date or date of failed mediation, as the case may be, the Member or group of Members who requested mediation shall serve a notice, in writing within ten (10) days of the expiration period provided for in Section 12.1, paragraph (b), making both an offer to buy and sell, stipulating the price per unit which the Member or group of Members ("Mediation Offering Member") will purchase all of the units of the Company held by the other Members ("Offeree Members") or at which the Mediation Offering Member will sell all of the units of the Company held by the Mediation Offering Member to the Offeree Members, together with the terms upon which the purchase or sale shall be completed. The price and terms for the Mediation Offering Member's offer to

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purchase and offer to sell must be the same. The Offeree Members shall have a period of sixty (60) days from the service of such notice in which to notify the Mediation Offering Member, in writing, as to whether the Offeree Members elect to purchase the Mediation Offering Member's units at said price, or to sell to the Mediation Offering Member the Offeree Members' units at the same price. In absence of a response from the Offeree Members, the Offeree Members shall be deemed to have served notice of their willingness to sell all of their remaining units and such deemed notice shall be effective as of the forty-fifth (45th) day following service of notice by the Offering Member. Any group of Members acting as the Mediation Offering Member or Offeree Members as defined under this Section 12.1 shall purchase the units pro rata.

ARTICLE XIII
Securities Provisions

13.1 Securities Notice.

The membership units have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state. Each membership unit certificate shall have the following legend placed on it:

NEVADA SECURITY LEGEND

THE UNITS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEVADA SECURITIES ACT OF 1980, AS AMENDED, IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH ACTS, INCLUDING, WITHOUT LIMITATION, PARAGRAPH (B)(4) OF T.C.A. § 48-1-103 OF THE NEVADA SECURITIES ACT OF 1980, AS AMENDED. THE UNITS REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD OR OTHERWISE TRANSFERRED, NOR WILL AN ASSIGNEE OR ENDORSEE HEREOF BE RECOGNIZED AS AN OWNER OF THE UNITS BY THE ISSUER UNLESS (I) A REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS WITH RESPECT TO THE UNITS AND THE TRANSFER SHALL THEN BE IN EFFECT, (II) IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER, THE UNITS ARE TRANSFERRED IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF SUCH LAWS, OR (III) A NO-ACTION LETTER OR ITS THEN EQUIVALENT WITH RESPECT TO SUCH SALE OR TRANSFER HAS BEEN ISSUED BY THE STAFF OF THE SECURITIES AND EXCHANGE COMMISSION AND BY THE SECURITIES DIVISION OF THE STATE OF NEVADA, IF APPROPRIATE. IN ADDITION, THE UNITS REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE RESTRICTIONS ON TRANSFER AND OTHER TERMS AND CONDITIONS SET FORTH IN THE OPERATING AGREEMENT AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED, OR TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THE OPERATING AGREEMENT AND ANY AMENDMENT THERETO.

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ARTICLE XIV
Miscellaneous Provisions

14.1 Members' Rights to Receive Information.

(a) The Company shall provide Members and their agents and attorneys access to its records, if any, at the Company's principal office. The Company shall provide former Members and their agents and attorneys access for proper purposes to records pertaining to the period during which they were Members. The right of access provides the opportunity to inspect and copy records during ordinary business hours. The Company may impose a reasonable charge, limited to the costs of labor and material, for copies of records furnished.

(b) The Company shall furnish to a Member, and to the legal representative of a deceased Member or Member under legal disability:

(1) Without demand, information concerning the Company's business or affairs reasonably required for the proper exercise of the Member's rights and performance of the Member's duties under this Agreement and the Act; and

(2) On demand, other information concerning the Company's business or affairs, except to the extent the demand or the information is unreasonable or otherwise improper under the circumstances.

(c) A Member has the right upon written demand given to the Company to obtain at the Company's expense a copy of this Agreement.

14.2 Notices.

All notices, consents, requests, demands, offers, reports, or other communications required or permitted hereunder shall be in writing and hand delivered or sent by certified or registered mail, postage prepaid, and return receipt requested, to the Company at its principal place of business and to a Member at the address on Exhibit A attached hereto, or to such other address as may hereafter be designated by the giving of notice in accordance with this Section. All notices, consents, or other communications shall be deemed given when actually hand delivered, or upon the date of mailing in accordance with this Section.

14.3 Amendment or Modification.

The Operating Agreement may be amended and modified from time to time only by a written instrument adopted and executed by all Members as determined in Section 5.2(a).

14.4 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada regardless of the residence or domicile, now or in the future, of any party hereto and notwithstanding any conflicts of laws.

14.5 Waiver.

No waiver of any breach of any covenant, agreement, or undertaking contained herein shall operate as a waiver of any subsequent breach of the same covenant, agreement, or undertaking or as a waiver of any breach of any other covenant, agreement, or undertaking. In the case of a

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breach by any party of any covenant, agreement, or undertaking, the nonbreaching party may nevertheless accept from the other, any payment or performance without waiving its right to exercise any right or remedy provided herein or otherwise, with respect to any such breach which was in existence at the time such payment or performance was accepted by it. No failure of any party to exercise any power given herein or to insist upon strict compliance with any covenant, agreement, or undertaking contained herein, or to object to any custom or practice which varies from the terms hereof, shall constitute a waiver of such party's right to demand exact compliance with the terms of this Agreement. The waiver by any party of a breach of any covenant, agreement, or undertaking contained herein shall be made only by a written waiver in each case, and no such waiver shall operate or be construed as a waiver of any prior or subsequent breach.

14.6 Severability.

If any provision of this Agreement shall, to any extent, be held invalid, illegal, or unenforceable, in whole or in part, the validity, legality, and enforceability of the remaining part of such provision, and the validity, legality, and enforceability of the other provisions hereof, shall not be affected thereby and each term, covenant, or condition shall be valid and enforceable to the fullest extent permitted by law. If any such invalidity shall be caused by the length of any period of time, the size of any area or the scope of activities set forth in any provision hereof, such period of time, such area or scope or all, shall be considered to be reduced to a period, area, or scope which would cure such invalidity. Any provision of this Agreement that is held invalid, illegal, or unenforceable in any jurisdiction shall not be deemed invalid, illegal, or unenforceable in any other jurisdiction.

14.7 Counterparts.

This Agreement may be executed in more than one counterpart, each such counterpart shall be deemed an original, and all such counterparts shall constitute one and the same agreement. This Agreement shall be effective when executed by all parties, but all parties need not execute the original or the same counterpart.

14.8 Captions.

The headings, titles, and captions of the Articles and Sections of this Agreement are inserted only to facilitate reference. They shall not define, limit, extend, or describe the scope or intent of this Agreement or any provision hereof, and they shall not constitute a part hereof or affect the meaning or interpretation of this Agreement or any part hereof.

14.9 Entire Agreement.

This Agreement embodies the entire understanding and agreement among the parties pertaining to the subject matter hereof, and all prior or contemporaneous representations, agreements, and understandings of the parties, whether written or oral, are superseded by this Agreement and shall be deemed merged herein.

14.10 Binding Effect.

This Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by and against all the parties and their respective heirs, legal representatives, personal representatives, successors, and permitted assigns. Nothing in this Agreement, expressed or

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implied, is intended to or shall confer upon any Person other than the parties, and their respective heirs, legal representatives, personal representatives, successors, and permitted assigns, any rights, remedies, obligations, or liabilities.

14.11 Use of Terms.

Use of the terms "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter," and other equivalent words refer to this Agreement in its entirety and not solely to the particular portion of the Agreement in which such word is used. Reference to "this Article," "this Section," or a similar reference to a specific part of this Agreement shall refer to the particular Article, Section or specific part in which such reference appears. Whenever used herein, any pronoun shall be deemed to include both the singular and plural and all genders.

14.12 Further Assurances.

In connection with this Operating Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Operating Agreement and those transactions.

14.13 Exhibits.

The exhibits attached to this Agreement are hereby made a part hereof and incorporated by reference. All such exhibits shall read as of the date of this Agreement or, as to any of the exhibits bearing a particular date, as of any other date specified therein.

14.14 Attorneys' Fees.

In the event that any party ("Defaulting Party") defaults in an obligation under this Agreement and, as a result thereof, the other party ("Non-defaulting Party") seeks to legally enforce rights hereunder against the Defaulting Party, then, in addition to all damages and other remedies to which the Non-defaulting Party is entitled by reason of such default, the Defaulting Party shall promptly pay to the Non-defaulting Party an amount equal to all reasonable costs and expenses (including, but not limited to, reasonable attorneys' fees, litigation expenses, court costs, and expert witness fees) paid or incurred by the Non-defaulting Party in connection with such enforcement.

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IN WITNESS WHEREOF, the undersigned have executed, with the intent to seal, this Operating Agreement as of the day and year first above written.

WITNESSES:

DocuSigned by:
Ashley Morales
6A80994A08D74D3...

DocuSigned by:
Ashley Morales
6A80994A08D74D3...

DocuSigned by:
Ashley Morales
6A80994A08D74D3...

DocuSigned by:
Ashley Morales
6A80994A08D74D3...

DocuSigned by:
Ashley Morales
6A80994A08D74D3...

MEMBERS:

DocuSigned by:
______________________ (L.S.)
A82D668F692D424...
EDWARD CLAY

DocuSigned by:
Francisco Silva
______________________ (L.S.)
D4EB7D2EBE29416...
FRANCISCO SILVA

DocuSigned by:
Scott Nelson
______________________ (L.S.)
F18262F8636C42C...
SCOTT NELSON

DocuSigned by:
______________________ (L.S.)
6783C1BB6ED14C0...
DEDDRICK PERRY

COMPANY:

CPI MANAGEMENT GROUP, LLC

DocuSigned by:
By: ______________________ (SEAL)
A82D668F692D424...
Edward Clay, Member

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EXHIBIT A

Member Name	**Membership Units**	**Capital Contributed**	**Financial Rights**	**Voting Rights**
Edward Clay 3535 W Harmon Ave, Las Vegas NV 89103	375	$375	37.5%	37.5%
Francisco Silva 3535 W Harmon Ave, Las Vegas NV 89103	250	$250	25%	25%
Scott Nelson 3535 W Harmon Ave, Las Vegas NV 89103	22.5	$225	22.50%	22.50%
Deddrick Perry 3535 W Harmon Ave, Las Vegas NV 89103	15	$150	15%	15%

EXHIBIT 2

BioRestorative Therapies, Inc.
40 Marcus Drive, Suite One
Melville, New York 11747

February 11, 2025

To: Francisco Silva

Reference is made to your email of February 3, 2025 and the Executive Employment Agreement, dated as of March 18, 2021, between BioRestorative Therapies, Inc. (the "Company") and you (the "Employment Agreement"). All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Employment Agreement.

In your email, you seek to confirm the ownership of cell lines that were biologically derived from your children's umbilical cords and that were labeled as master cell line #VJS040119FS for Victor Silva and master cell line #041321FS for Selma Silva (collectively, the "FS Cell Lines").

The Company hereby acknowledges and confirms that you own the FS Cell Lines. This letter shall not be construed to limit your obligations under the Employment Agreement, including the restrictive covenants set forth in Section 7 of the Employment Agreement. In addition, except for the ownership of the FS Cell Lines, you remain bound by the provisions of Section 8 of the Employment Agreement with respect to the assignment of Developments to the Company.

Very truly yours,

BIORESTORATIVE THERAPIES, INC.

DocuSigned by:

By: Lance Alstodt
71EF60FA21034EC...

Lance Alstodt
Chief Executive Officer

Agreed:

DocuSigned by:

Francisco Silva
96ACAD65663446F...

Francisco Silva

EXHIBIT 3

SNELL
& WILMER

April Wurster
Partner
O: 858.434.5011 | F: 858.434.5006
awurster@swlaw.com

January 10, 2025

Trey Harwell
Neal & Harwell, PLC
1201 Demonbreun Street, Suite 1000
Nashville, TN 37203

Attorneys for:
Cellular Performance Institute
Nubes 670-A Esquina Creston
Secc.Jardines Del Sol
Playas Tijuana, Baja California
Mexico CP 22505

Re: Withdrawal of Consent

Dear Mr. Harwell,

As you are aware, we represent Francisco Silva, Silva hereby withdraws any prior consent for the umbilical cord mesenchymal stem cells ("Material") to be used (including, but not limited to, clinical or research use), published, stored, processed, propagated, or analyzed by Cellular Performance Institute ("CPI"), which he may have provided to CPI or authorized others to provide to CPI on his behalf. As used herein, "Material" includes (a) any unmodified descendant from the UC-MSC, such as cell from cell as well as anything released or secreted from the cells including but not limited to exosomes, secretomes, and other biologics "Progeny"; (b) substances created by CPI that constitute an unmodified functional subunit or product expressed by the Material, for example, subclones of unmodified cell lines, purified or fractionated subsets of the Material "Unmodified Derivatives"; and (c) substances created by CPI which contain or incorporate the Material or are a derivative of the Material and which are not Progeny or Unmodified Derivatives "Modifications."

Silva further hereby withdraws any prior consent for the Material to be used, stored, processed, propagated or analyzed by CPI, which may have been provided to CPI by Silva on behalf of his spouse/child/children or authorized by him for others to provide to CPI on behalf of his spouse/child/children.

Silva further hereby withdraws any prior consent for "Technology" to be used (including, but not limited to, clinical or research use), published, or analyzed by CPI, which he may have provided to CPI or authorized others to provide to CPI on his behalf. As used herein, "Technology" means all of the following owned by Silva relating to the Material: (i) all know-how, technology, inventions, discoveries, ideas, processes, methods, designs, plans, instructions, specifications,

formulas, testing and other protocols, settings, and procedures, vendor and supply chain contacts and information, and other confidential or proprietary technical, scientific, engineering, business, or financial information; and (ii) all documentation, materials, and other tangible embodiments of any of the foregoing, in any form or medium, including papers, invention disclosures, laboratory notebooks, notes, drawings, flowcharts, diagrams, descriptions, manuals, and prototypes.

This withdrawal of consent is effective on the date received.

Please immediately destroy all Material and Technology within CPI's possession, custody or control, or shared by CPI with other persons or institutions, including but not limited to, the TAM Center, any treating physicians, Dr. Patricia Juarez, any students Dr. Juarez provided the cells to, Centro de Investigación Científica y de Educación Superior de Ensenada, Baja California (CICESE), and any others who have access to the Material and/or Technology and certify such destruction, including an inventory of the Material and/or Technology that was destroyed, in writing within 3 business days of receipt of this letter.

Please immediately notify the medical director of the TAM Center, any treating physicians, Dr. Patricia Juarez, any students Dr. Juarez provided the cells to, CICESE, and any others who have access to the Material and/or Technology of this withdrawal of consent to use the Materials and Technology and certify such notification was provided in writing within 3 business days of receipt of this letter.

For avoidance of doubt, Silva withdraws any consent he may have provided to publish data referring to or related to the Material and/or Technology.

The withdrawal of consent does not affect the use of the Material and Technology up to this point.

Best Regards,

Snell & Wilmer

April Wurster

Manuel Rajunov

cc: TAM CENTER Cárdenas 2928, Las Flores 2da Secc, 22526 Tijuana, B.C., Mexico

Dr. Patricia Juarez, pjuarez@cicese.mx

CICESE Carretera Ensenada - Tijuana No. 3918, Zona Playitas, CP. 22860, Ensenada, B.C. México

Ed Clay

Scott Nelson

Deddrick Perry

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Steven D. Grierson
CLERK OF THE COURT

V.R. Bohman, Esq. (NV Bar No. 13075)
Xyzlo Lee, Esq. (NV Bar No. 16912)
SNELL & WILMER L.L.P.
1700 South Pavilion Center Drive, Suite 700
Las Vegas, NV 89135
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Email: vbohman@swlaw.com
xlee@swlaw.com

Attorneys for Plaintiff Francisco Silva

DISTRICT COURT

CLARK COUNTY NEVADA

Francisco Silva, an individual; Plaintiff, v. Ed Clay, an individual; Scott Nelson, an individual; Deddrick Perry, an individual; Julie Freeman, an individual; Doe Defendants 1 – 10; Defendants, CPI Management Group, LLC, a Nevada limited-liability company; Nominal Defendant,	Case No. A-25-909767-B Dept. No. 9 **APPLICATION FOR PRELIMINARY INJUNCTION** **HEARING REQUESTED**

Plaintiff Francisco Silva ("Silva") applies for a preliminary injunction to prevent Defendants Ed Clay, Scott Nelson, Deddrick Perry (the "Rogue Members") from using, authorizing, or causing others to use Silva's stem cell lines derived from Silva's children's umbilical cords. Silva and the Rogue Members are founding members of Nominal Defendant CPI Management Group, LLC ("CPI"). This application is made and based upon NRCP 65, NRS 33.010, EDCR 2.10, the following Declaration of Francisco Silva and Memorandum of Points and Authorities, the Verified First Amended Complaint, the other pleadings and papers on file in this matter, and any argument that the Court may entertain.

Snell & Wilmer

DECLARATION OF FRANCISCO SILVA
IN SUPPORT OF APPLICATION FOR PRELIMINARY INJUNCTION

I, Francisco Silva, declare under penalty of perjury:

1. I am the plaintiff in the case captioned *Francisco Silva v. Ed Clay et al.*, A-25-909767-B, filed in Nevada's Eighth Judicial District Court.

2. I verified the Verified First Amended Complaint, a true and correct copy of which appears on this Court's docket.

3. I am the owner of the cell lines that were biologically derived from my children's umbilical cords and that were labeled as master cell lines #VJS040119FS and #041321FS.

4. I founded CPI, a Nevada limited liability company, together with the Rogue Members to operate a biotechnology business. We opened a clinic in Tijuana, Mexico offering stem cell treatments for back and neck pain caused by bulging, herniated or torn discs, and for several other neurodegenerative, cardiovascular, metabolic, and autoimmune conditions.

5. I devised and implemented processes relating to duplication of the stem cell lines to create duplicate stem cells.

6. While I was an officer and minority member of CPI, I gave limited consent for CPI to use the duplicated stem cells at the clinic in Mexico that CPI injected into its patients for treatment.

7. My officer position with CPI was terminated on November 21, 2024, after raising concerns with the Rogue Members over mismanagement and misappropriation of funds. Then on December 18, 2024, the Rogue Members purported to terminate my membership interest without compensation.

8. On January 10, 2025, I withdrew consent for CPI, the Rogue Members, or any other employee or agent of CPI to use, publish, store, process, propagate, or analyze the stem cells, any descendant from the stem cells, substances created by CPI that constitute a subunit of the cells, or substances created by CPI that contain, incorporate, or are derivative of the cells.

9. On my behalf, my lawyers sent that withdrawal of consent to Trey Harwell, counsel for Ed Clay, Scott Nelson, and Deddrick Perry, and requested an acknowledgement that CPI stop

1 using my biological material as described above.

2 10. On January 21, 2025, Mr. Harwell responded by denying that his clients had any
3 legal obligations resulting from my withdrawal of consent. He specifically challenged my
4 ownership of the stem cells and ignored my request to give the same notice to the treating physicians
5 and entities at CPI.

6 11. On February 11, 2025, I confirmed ownership of the cell lines at issue via a letter
7 agreement with BioRestorative Therapies, Inc., my current employer. A true and correct copy of
8 that letter appears as Exhibit 2 to the Verified First Amended Complaint.

9 12. On February 19, 2025, CPI contacted me through counsel and requested a meeting
10 to discuss a "Material Purchase and License Agreement" for "IP assets" (i.e. stem cells and stem
11 cell extraction, duplication, and dosing).

12 13. Without a license and without my consent, CPI continues to use my stem cell lines.
13 I have personally viewed several emails from CPI stating that new patients continued to check into
14 the Tijuana clinic for treatment derived from my stem cells.

15 14. I have also personally viewed several social media posts created by patients at CPI
16 wherein those patients purport to receive treatment, or are displayed hooked up to infusion pumps
17 used in CPI's treatment, derived from my stem cells.

18 15. I am not aware of any other stem cells that CPI has ever used, or could use, for
19 treatment at the Tijuana clinic except for stem cells derived from my master cell lines.

20 16. Defendants' ongoing use of the biological material derived from my family's
21 genetic material without my consent continues to inflict financial and other harms on me.

22 DATED this 7th day of March, 2025.

23

24 ______________________________

Francisco Silva

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27
28

Snell & Wilmer

MEMORANDUM OF POINTS AND AUTHORITIES

I. Introduction

The court should enjoin the Rogue Members from using or causing others to use Silva's stem cell lines or stem cells derived from those lines.[1] The Rogue Members and CPI do not have Silva's consent or license to use either. Silva is thus entitled to relief enjoining the Rogue Members from further use. The continued use of Silva's cells causes irreparable harm to Silva. Silva's cells cannot be extracted once they are administered to patients, nor can any other measure or judgment of this Court undo their use. The irreparable harm is multidimensional, as well: the Rogue Members' possession and unauthorized use of Silva's cells is a barrier to Silva's full utilization of his cells through an exclusive licensing agreement with another entity. The regenerative medicine industry is quickly evolving with emerging technologies; stem cells proven effective like Silva's are highly valued. The opportunity for Silva to capitalize on his cell lines will close soon as other companies close the technology gap and stem cell therapies become commonplace for domestic patients.

Silva and the Rogue Members formed CPI, a Nevada limited liability company, on or about June 29, 2021. Silva is a minority member holding a 25% interest. CPI operates a clinic in Tijuana, Mexico to treat patients using stem cell therapies. Silva owns the stem cells used for the treatments. Silva developed the processes and procedures for duplicating his cells along with protocols for treatment and dosing (the processes, procedures, and protocols collectively being "Processes"). While working for CPI and as a member, he consented to CPI using his cells to treat patients at the CPI clinic. After disputes arose over the Rogue Members' mismanagement of CPI and misappropriation of company assets, the Rogue Members fired Silva from his role at the company. Shortly thereafter, the Rogue Members purported to strip Silva of his membership interest in CPI without compensation. Silva seeks to redress these wrongs, but this application for preliminary injunction focuses only on the Rogue Members and CPI's unauthorized and continued use of

[1] To clarify terminology: the master cells are currently held by Silva and were taken directly from his children's placentas. The original cells are taken from the master cells, and were delivered in frozen vials to CPI by Silva. The duplicate cells are duplicated from the original cells and are injected into patients for treatments at CPI.

Silva's stem cells and Processes.

Silva formally withdrew his consent to CPI's use of his cell lines on January 10, 2025. CPI recognizes its need for a license and contacted Silva, through counsel, on February 19, 2025, seeking to license the lines. Silva has no interest in doing so. Despite lacking consent or a license to use Silva's stem cells, the Rogue Members continue treating patients with Silva's cells. Silva enjoys a reasonable likelihood of success on the merits of his stem-cell related claim for conversion. He is the owner of stem cells and Processes that the Rogue Members and CPI have converted for their own benefit and the detriment of Silva. The potential hardships weigh sharply in Silva's favor. The public interest favors protection of Silva's property. And without this Court's intervention, Silva will suffer great irreparable harm.

II. Factual Background

A. CPI's background and use of Silva's biological material and Processes.

CPI does business as the "Cellular Performance Institute," widely known for its cell therapy for high-performance athletes.[2] Silva and the Rogue Members together formed CPI in 2021 to operate CPI's regenerative medicine clinic in Tijuana, Mexico.[3] The Rogue Members contributed capital, business acumen, and marketing relationships, while Silva contributed the scientific know-how and biological material necessary for stem cell treatments.[4]

Namely, the treatment relies upon and employs Silva's master stem cell lines, which Silva derived from the umbilical cords of his two children, as well as Silva's Processes.[5] Silva is the owner of the master stem cell lines and has sole authority to license or otherwise control use of the stem cells.[6]

Initially, Silva permitted CPI to use his stem cells and Processes.[7] That caused CPI to experience great success as it derived economic and other business advantages from its use of Silva's biological material and Processes.[8] Patients pay tens of thousands of dollars per treatment

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[2] Verified First Amended Complaint ("FAC") at ¶ 9.
[3] *Id.* at ¶ 2.
[4] *Id.* at ¶¶ 3, 14–15.
[5] *Id.* at ¶ 14.
[6] *Id.* at ¶ 15; Silva Decl. at ¶ 11; Ownership Confirmation Letter at 1.
[7] FAC at ¶¶ 16, 55, 58.
[8] *Id.* at ¶ 60–62.

and stay at the CPI clinic to receive their treatment.[9] The CPI clinic now treats dozens of patients weekly.[10]

Silva is the sole inventor of the Processes that CPI uses to treat patients, and upon information and belief Silva's cells are the only cells used at CPI.[11] To launch the CPI clinic and its treatment processes, Silva delivered five frozen vials of the original stem cells to one of CPI's scientists.[12] Silva then implemented a process for duplicating his stem cells in a low-oxygen environment, as the duplicated stem cells would be injected into patients.[13] Each vial of Silva's original stem cells can be duplicated multiple times in a months-long process that generates billions of cells for use in the clinic.[14] The duplicated stem cells are ideal for use in treatment of bulging, herniated, or torn discs causing back and neck pain.[15]

B. Silva's termination and withdrawal of consent.

Silva authorized CPI to use his original stem cells and their duplicates as well as his Processes during his tenure at CPI, but his relationship with the Rogue Members deteriorated in late 2024 when he began to investigate certain financial irregularities at CPI.[16] In November 2024, the Rogue Members terminated Silva from his position as an officer of CPI and in December 2024, they voted to remove him as a member of CPI without compensating him for his membership interest.[17]

Silva believes that CPI still possesses two frozen vials of his original stem cells that he delivered in 2021, as well as billions more of his duplicated stem cells derived from the original stem cells.[18] In a letter sent January 10, 2025, Silva withdrew his consent for CPI or the Rogue Members to use either his original or duplicated stem cells derived from his master stem cell lines.[19] Specifically, he withdrew his consent for his umbilical cord mesenchymal stem cells (the original

[9] *Id.* at ¶ 63.
[10] *Id.* at ¶ 65.
[11] *Id.* at ¶¶ 58–59.
[12] *Id.* at ¶ 55.
[13] *Id.* at ¶¶ 54–55.
[14] *Id.* at ¶ 55.
[15] *Id.* at ¶ 57.
[16] *Id.* at ¶¶ 69–85.
[17] *Id.* at ¶ 96–98.
[18] *Id.* at ¶¶ 100–01.
[19] *Id.* at ¶ 110; Withdrawal of Consent Letter at 1.

stem cells) to be used, published, stored, processed, propagated, or analyzed by CPI, in addition to withdrawing consent for CPI to use any processes or methods related to or involving his stem cells.[20] On January 13, 2025, he served his withdrawal of consent on CPI and the Rogue Members.[21] On February 19, 2025, the TAM Center contacted Silva through counsel requesting a meeting to discuss a licensing agreement or the material purchase of Silva's "IP assets."[22]

Since Silva's withdrawal of consent, counsel for the Rogue Members denied that the Rogue Members or CPI have any obligation resulting from Silva's withdrawal of consent.[23] Silva has personally viewed several automated emails that CPI sent to his email address indicating that patients continue to check into CPI for stem cell treatment.[24] He has also personally viewed several social media posts that patients at the CPI clinic posted which demonstrate that they continue to receive treatment and injections of his stem cells.[25] The Rogue Members' ongoing use of the biological material derived from Silva's genetic material without his consent continues to inflict financial and other harms upon Silva.[26]

C. Procedural history.

On January 10, 2025, Silva initiated suit by filing the Verified Complaint in this matter.[27] He withdrew his consent for CPI or the Rogue Members to use the stem cells on that same day.[28] On February 24, 2025, the Rogue Members responded by moving to strike and moving to dismiss. Silva has cured any deficiencies via the Verified First Amended Complaint, filed concurrently with this motion. The Verified First Amended Complaint also adds new causes of action relating to the Rogue Members' continued authorization of CPI's use of Silva's property following Silva's withdrawal of consent. now requests immediate relief from this Court to protect his interests in his stem cell lines and Processes.

[20] FAC at ¶ 112; Withdrawal of Consent Letter at 1.
[21] FAC at ¶ 111.
[22] Silva Decl. at ¶ 12.
[23] *Id*. at ¶ 10.
[24] *Id.* at ¶ 13.
[25] *Id.* at ¶ 14.
[26] *Id.* at ¶ 16.
[27] Verified Compl., Doc. No. 1.
[28] FAC at ¶ 102; Withdrawal of Consent Letter at 1.

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III. Argument

First, Silva is entitled to injunctive relief under any of the three statutory bases contemplated by NRS 33.010. Second, the traditional factors bearing on injunctive relief all weigh heavily in Silva's favor. Third, should the Court issue an injunction, it should require Silva to post a nominal bond.

A. Silva is entitled to injunctive relief under NRS 33.010(1).

The Court may issue injunctive relief "[w]hen it shall appear by the complaint that the plaintiff is entitled to the relief demanded, and such relief or any part thereof consists of restraining the commission or continuance of the act complained of, either for a limited period or perpetually." NRS 33.010(1). The Verified First Amended Complaint demonstrates that Silva is entitled to the relief demanded. Silva has alleged, and verified, that he is the owner of his biological material; that he has withdrawn consent for the Rogue Members or CPI to use his biological material; and that the Rogue Members continue to authorize CPI's use of Silva's biological material and Processes without compensating Silva. FAC at ¶¶ 52–53 (ownership); 110–12 (consent); 114 (continued use). As explained further below, this evidence and all other the Court may entertain will establish that Silva will be entitled to relief under a theory of conversion. *See infra* Section III(D)(1).

To remedy the conversion, Silva seeks both a preliminary injunction at this stage and a permanent injunction following judgment to halt the Rogue Members from using his biological material.[29] The relief thus consists of "either for a limited period or perpetually" restraining the commission of the act about which Silva complains. NRS 33.010(1). Because Silva satisfies the statutory prerequisites, the Court may issue an injunction pursuant to NRS 33.010(1).

B. Silva is entitled to injunctive relief under NRS 33.010(2).

Alternatively, the Court may issue injunctive relief "[w]hen it shall appear by the complaint or affidavit that the commission or continuance of some act, during the litigation, would produce great or irreparable injury to the plaintiff." NRS 33.010(2). As explained further below, the Verified

[29] In addition to all other rights and remedies to which Silva may be entitled.

First Amended Complaint and Declaration of Francisco Silva[30] both demonstrate that the Rogue Members' continued use or authorization of us of Silva's biological material will produce great and irreparable harm to Silva. *See infra* Section III(D)(2). Because Silva satisfies the statutory prerequisite, the Court may issue an injunction pursuant to NRS 33.010(2).

C. Silva is entitled to injunctive relief under NRS 33.010(3).

Alternatively, the Court may issue injunctive relief "[w]hen it shall appear, during the litigation, that the defendant is doing or threatens, or is about to do, or is procuring or suffering to be done, some act in violation of the plaintiff's rights respecting the subject of the action, and tending to render the judgment ineffectual." NRS 33.010(3). As a preliminary matter, the stem cells at issue are not fungible widgets produced in a factory. Instead, they are Silva's family's genetic material, unique to them. Any nonconsensual use inherently violates Silva's rights in a way no judgment can reverse. This is particularly true because the Rogue Members are injecting Silva's cells into third parties. There is no way to reverse that process.

Beyond these harms, the Rogue Members' actions thus far evince their intent to transfer money and/or property in a fashion that will tend to render any judgment issued by this Court ineffectual. A "district court has authority to issue a preliminary injunction where the [movant] can establish that monetary damages will be an inadequate remedy due to impending insolvency of the [opposing party] or that [the opposing party] has engaged in a pattern of secreting or dissipating assets to avoid judgment." *Cap. Pure Assets, Ltd. v. CC Tech. Corp.*, 2024 WL 4279245, at *6 (D. Nev. Sept. 24, 2024) (brackets in original) (quoting *Hilao v. Marcos*, 25 F.3d 1467, 1480 (9th Cir. 1994)). Other courts have applied this principle to freeze defendants' assets after finding that the defendants had improperly transferred funds to affiliated entities and/or individuals. *See, e.g.*, *Travelers Cas. & Sur. Co. of Am. v. Williams Bro., Inc.*, 2013 WL 5537191, at *3 (D. Nev. Oct. 4, 2013) (collecting cases); *Red Head, Inc. v. Fresno Rock Taco, LLC*, 2009 WL 37829, at *4–5 (N.D.

[30] While NRS 33.010(2) states that evidence shall appear by the complaint or affidavit, the Declaration of Francisco Silva may operate with the same evidentiary effect as an affidavit. *See* NRS 53.045 ("Any matter whose existence or truth may be established by an affidavit . . . may be established with the same effect by an unsworn declaration of its existence or truth signed by the declarant under penalty of perjury, and dated, in substantially the following form . . . ."). The Declaration of Francisco Silva is in substantially the form required by NRS 53.045, so it may be considered with the equivalent force as if it were an affidavit.

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Cal. Jan. 5, 2009). They have determined that a plaintiff faces irreparable harm when "there [is] substantial danger that the defendants would transfer or conceal [plaintiff's] funds, resulting in denying recovery to [plaintiff]." *In re Estate of Ferdinand Marcos, Human Rights Litig.*, 25 F.3d 1467, 1480 (9th Cir. 1994).

Silva does not request relief nearly as extraordinary as freezing the Rogue Members' assets. His request is far narrower – to simply enjoin the Rogue Members from using or authorizing the use of Silva's biological material. However, the underlying principle is the same: the evidence uncovered thus far demonstrates that the Rogue Members will attempt to diffuse the assets that CPI gains from misappropriating Silva's stem cells. *See* FAC at ¶¶ 75–85. Their doing so, including by routing CPI assets through entities affiliated with the Rogue Members, will "tend[ ] to render the judgment ineffectual." NRS 33.010(3). Because Silva satisfies the statutory prerequisites, the Court may issue an injunction under NRS 33.010(3).

D. The factors relevant to injunctive relief all favor Silva.

Regardless of whether the Court grants Silva's requested relief under NRS 33.010(1), (2), and/or (3), courts also consider the traditional factors pertaining to injunctive relief. These include "(1) a likelihood of success on the merits; and (2) a reasonable probability that the non-moving party's conduct, if allowed to continue, will cause irreparable harm for which compensatory damages is an inadequate remedy." *Univ. & Cmty. Coll. Sys. of Nev. v. Nevadans for Sound Gov't.*, 120 Nev. 712, 721, 100 P.3d 179, 187 (2004) (cleaned up) (analyzing NRS 33.010(1)); *Dangberg Holdings Nev., L.L.C. v. Douglas Cnty. & its Bd. of Cnty. Comm'rs*, 115 Nev. 129, 143, 978 P.2d 311, 319 (1999) (applying the same factors to injunction sought under each subsection of NRS 33.010). "In considering preliminary injunctions, courts also weigh the potential hardships to the [] parties and others, and the public interest." *Univ & Cmty. Coll. Sys*, 120 Nev. at 721, 100 P.3d at 187. All these factors favor Silva.

1. Silva is likely to succeed on the merits of his claim for conversion.

Silva seeks injunctive relief solely as to his conversion claim stemming from the Rogue Member's ongoing use of his stem cells and Processes. "Conversion is 'a distinct act of dominion wrongfully exerted over another's personal property in denial of, or inconsistent with his title or

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rights therein or in derogation, exclusion, or defiance of such title or rights.'" *Evans v. Dean Witter Reynolds, Inc.*, 116 Nev. 598, 606, 5 P.3d 1043, 1048 (2000) (quoting *Wantz v. Redfield*, 74 Nev. 196, 198, 326 P.2d 413, 414 (1958)). It is "an act of general intent, which does not require wrongful intent and is not excused by care, good faith, or lack of knowledge." *Id.* Broken down to its constituent elements, a claim for conversion requires (1) a distinct act of dominion wrongfully exerted (2) over another's personal property (3) in denial of, or inconsistent with his title or rights therein or in derogation, exclusion, or defiance of such title or rights. Silva easily meets all three elements and ultimately will do so at trial.

First, the Rogue Members wrongfully exerted a distinct act of dominion over Silva's stem cell lines by authorizing the continued use and duplication of the stem cells derived from Silva's stem cell lines using Silva's Processes. And the use is wrongful because Silva explicitly revoked his consent for such use on January 10, 2025. Silva served the withdrawal-of-consent letter directly upon the Rogue Members. While a claim for conversion does not require wrongful intent or presuppose that the defendant knew of the wrongful act, the Rogue Members nonetheless knew or should have known of the wrongfulness of their act as soon as they received his letter.

Anyone profiting off another individual's biological material must first obtain consent from the individual for doing so. It is such a bedrock principle of medical ethics that nobody seriously challenges it; the undersigned counsel could not locate a single case where a defendant commercialized a plaintiff's stem cell lines without the plaintiff's consent. But U.S. regulators and the American Medical Association agree: "[p]hysicians involved in research with human biological materials should . . . Obtain informed consent to use biological materials in research from the tissue donor. Human biological materials and their products may not be used for commercial purposes without the consent of the tissue donor." AMA Code of Ethics, Op. 7.3.9., *last accessed online on February 28, 2025 at https://code-medical-ethics.ama-assn.org/ethics-opinions/commercial-use-human-biological-materials*. And when commercializing those biological materials, the physicians must "[s]hare profits from the commercial use of human biological materials with the tissue donor in accordance with lawful contractual agreements." *Id.* Even if these regulations do not directly apply to the Rogue Members, they underscore the enormity of the Rogue Members' wrongful

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exertion of dominion over Silva's stem cells.

Second, the stem cell lines are Silva's property (with the reference numbers #VJS040119FS and #041321FS). These cells are derived from the umbilical cords of his own children. Beyond being his biological material, Silva personally owns the cell lines. *See* Ownership Letter, Exhibit 2 to the Complaint. No other cell lines exist that are derived from his children's umbilical cords. Silva further owns the Processes associated with these cells.

Third, the Rogue Members' actions are inconsistent with Silva's rights in and ownership of the stem cell lines and are in derogation, exclusion, and/or defiance of Silva's rights. Silva demanded that the Rogue Members and CPI stop using his stem cells and Processes. The Rogue Members continue treating patients with Silva's cells and using his Processes without Silva's consent. The Rogue Members are using Silva's property (*i.e.*, the stem cells and Processes) for their own gain and to Silva's exclusion and detriment. Further, Silva is unable to enter an exclusive licensing agreement to any other entity while CPI continues to use Silva's stem cells and Processes. Therefore, the Rogue Members have denied Silva the full panoply of rights that he ought to enjoy as the sole owner of his stem cells and Processes.

2. There is a reasonable probability that the Rogue Members' conduct, if allowed to continue, will cause Silva irreparable harm.

An injunction should issue if there is "reasonable probability that real injury will occur if the injunction does not issue." *Berryman v. Int'l Bhd. of Elec. Workers*, 82 Nev. 277, 280, 416 P.2d 387, 389 (1966). The threatened harm must be the type "for which compensatory damage is an inadequate remedy." *Dixon v. Thatcher*, 103 Nev. 414, 415, 742 P.2d 1029, 1029 (1987). Silva can demonstrate both that he faces the reasonable probability of real injury and that the injury cannot be remedied by compensatory damages.

The harm to Silva occurs each time the cells and Processes are used without his consent. *See, e.g.*, Sharon Nan Perley, *From Control Over One's Body To Control Over One's Body Parts: Extending the Doctrine of Informed Consent*, 67 N.Y.U. L. Rev. 335, 337 (discussing an individual's dignitary and property interests in their excised tissues, cells, and body parts for medical use). The Rogue Members continue to misuse Silva's stem cell lines and Processes, even

1 after Silva explicitly revoked his consent in writing. Each injection is permanent and irreversible;
2 there is no way to undo the procedure and remove the stem cells after they have been injected into
3 a patient. And each misuse of Silva's cells implicates Silva's—and his children's—right to privacy.
4 *See Norman-Bloodsaw v. Lawrence Berkeley Lab'y*, 135 F.3d 1260, 1269 (9th Cir. 1998) ("One
5 can think of few subject areas more personal and more likely to implicate privacy interests than
6 that of one's health or genetic make-up."); *Havasupai Tribe of Havasupai Rsrv. v. Ariz. Bd. of*
7 *Regents*, 204 P.3d 1063, 1076 (Ariz. Ct. App. 2008) ("[I]nvasions of privacy relating to tissue
8 samples . . . naturally give rise to subjective personal injury, even when, as here, the samples are
9 given voluntarily."). Furthermore, the harm to Silva exists regardless of the effect of the Rogue
10 Members' misuse on Silva directly. *See* Restatement (Second) of Torts § 652(H) (claimant is
11 entitled to recover damages for "harm to his interest in privacy" distinct from "his mental distress
12 proved to have been suffered").
13 The injury Silva suffers from each misuse cannot be compensated by an award of monetary
14 damages. *See Havasupai Tribe*, 204 P.3d at 1076 ("The injury that naturally flows from the
15 purported privacy invasions . . . is necessarily subjective, deeply personal and may not be
16 quantifiable except by a jury."). The stem cells are the unique property of Silva derived from the
17 biological material of his own children. He has a physical property interest and a more personal
18 privacy interest in the use of these cells. Monetary compensation alone is inadequate compensation
19 for use of his family's cells without his consent.
20 Furthermore, Silva is unable to license his cells or Processes to others while in the
21 possession of the Rogue Members and CPI. Silva's techniques and methodologies relative to his
22 cells are cutting edge biotechnology. Silva's cells have proven effective in treating patients at the
23 CPI clinic in Mexico. CPI itself acknowledges the value of Silva's stem cells. His cells are valuable
24 because companies in the United States are developing technologies and vying for market share.
25 Silva is unable to capitalize on these opportunities because of the Rogue Members and CPI's
26 continued use of Silva's cells and Processes. This lost opportunity cost will be all but impossible
27 to measure after it passes.
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3. The balance of hardships tips sharply in Silva's favor.

The "court may also weigh the . . . relative hardships of the parties in deciding whether to grant a preliminary injunction." *Clark Cnty. Sch. Dist. v. Buchanan*, 112 Nev. 1146, 1150, 924 P.2d 716, 719 (1996). The hardships to Silva absent an injunction are immense. The Rogue Members improperly deprive him of both property and privacy rights by improperly authorizing the continuing use of Silva's stem cell lines without consent. The hardships to the Rogue Members should the injunction issue, however, are minimal and stem from their blatant disregard for the source and ownership of the stem cells and Processes they are using to enrich themselves. The Rogue Members themselves will simply be restrained from using or authorizing others to use property that does not belong to them. Furthermore, any possible harm to the Rogue Members can be renumerated by monetary damages should the injunction improperly issue.

4. The public interest favors protecting Silva's stem cell lineage.

In cases where the public has an interest in the outcome of private litigation, the Court may consider those interests in ruling on an application for injunctive relief. *See Ellis v. McDaniel*, 95 Nev. 455, 459, 596 P.2d 222, 225 (1979) (considering the effects to the public resulting from the grant of injunction). Here, the public has a great interest in preventing the nonconsensual use of biological material. That is especially true here, where these treatments are elective and not standard medical care.

As science progresses and the use of biological material in medical treatment grows commonplace, courts must grapple with the concept of consent for use as applied to that material. These are not issues that should be unilaterally decided by three businessmen with a pecuniary interest in perpetuating their misuse of their former business partner's stem cells. To the contrary, the public has a great interest in ensuring that privacy and property rights remain respected.

IV. The bond amount should be modest.

If the Court grants Silva's application, Silva, as the movant, must give "security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained." NRCP 65(c). But the purpose of such security "is to protect those enjoined from damages associated with the wrongful issuance of injunctions[.]"

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Dangberg Holdings Nev., 115 Nev. at 145, 978 P.2d at 321. There is almost no likelihood of a wrongful issuance of injunction in this case.

Silva's requested relief merely restrains the Rogue Members and their agents from exploiting Silva's property and stem cell lines, which they have no claim to use in light of Silva's withdrawal of consent. Therefore, there is a near-zero likelihood that the Court wrongfully enjoins or restrains any of the Rogue Members. Even if Silva fails on the merits of his claim for conversion, any damages resulting from wrongful restraint would be minimal—at worst, comprising damages resulting from the Rogue Members' non-use of a product that does not belong to them and that they do not have consent to use. Other courts have noted that "the bond amount may be zero if there is no evidence that the [enjoined] party will suffer damages from the injunction." *Conn. Gen. Life. Ins. Co. v. New Images of Beverly Hills*, 321 F.3d 878, 882 (9th Cir. 2003).

Given Silva's likelihood of success and the nominal or non-existent harm faced by the Rogue Members if the application is improperly granted, a modest bond of $1,000 is appropriate.

V. Conclusion

For the reasons detailed above, the Court should issue the requested preliminary injunction.

Dated: March 7, 2025

SNELL & WILMER L.L.P.

/s/ *V.R. Bohman*

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CERTIFICATE OF SERVICE

I, the undersigned, declare under penalty of perjury, that I am over the age of eighteen (18) years, and I am not a party to, nor interested in, this action. On March 7, 2025, I caused to be served a true and correct copy of the foregoing **APPLICATION FOR PRELIMINARY INJUNCTION** upon the following by the method indicated:

______ **BY E-MAIL:** Pursuant to EDCR Rule 7.26(a), by transmitting via e-mail the document(s) listed above to the e-mail addresses set forth below and/or included on the Court's Service List for the above-referenced case.

______ **BY U.S. MAIL:** Pursuant to EDCR Rule 7.26(a), by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at Las Vegas, Nevada addressed as set forth below.

______ **BY U.S. CERTIFIED MAIL, RETURN RECEIPT REQUESTED:** Pursuant to EDCR Rule 7.26(a), by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid, in the United States mail at Las Vegas, Nevada addressed as set forth below.

__X__ **BY ELECTRONIC FILING & ELECTRONIC SERVICE:** Pursuant to NRCP 5(b) and Administrative Order 14-2, by submitting to the above-entitled Court for electronic filing and service upon the Court's e-service list for the above-referenced case.

______ **BY ELECTRONIC SERVICE ONLY:** Pursuant to NRCP 5(b) and Administrative Order 14-2, by submitting to the above-entitled Court for electronic service upon the following Court's e-service list for the above-referenced case:

Dated: March 7, 2025.

/s/ Lyndsey Mosbey
An Employee of Snell & Wilmer L.L.P.

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DISTRICT COURT, CLARK COUNTY, NEVADA

Plaintiff / Petitioner: Francisco Silva, an individual;	**Case No:** A-25-909767-B Dept. No. IX
Defendant / Respondent: Ed Clay, an individual; Scott Nelson, an individual; Deddrick Perry, an individual; Julie Freeman, an individual; Doe Defendants 1 – 10;	AFFIDAVIT/DECLARATION OF SERVICE Julie Freeman

I, Parks Harris, ID#CPS192, being duly sworn, or under penalty of perjury, state that at all times relevant, I was over the age of 18 years and not a party to this action, and that within the boundaries of the state where service was effected, I was authorized by law to make service of the documents.

That on Mon, Mar 24 2025 at 06:03 PM, at the address of 2001 MAIN ST, within PORTERDALE, GA, the undersigned duly served the following document(s): Summons, First Amended Complaint in the above entitled action upon Julie Freeman, by then and there, personally delivering 1 true and correct copy(ies) of the above documents into the hands of and leaving same with Julie Freeman.

I declare under penalty of perjury under the law of the State of Nevada that the foregoing is true and correct. No Notary is Required per NRS 53.045.

Date: 03/24/2025

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18 **DISTRICT COURT**
CLARK COUNTY NEVADA
19

20 Francisco Silva, an individual, 21 Plaintiff, 22 vs. 23 Ed Clay, an individual; Scott Nelson, an individual; Deddrick Perry, an individual; Julie Freeman, an individual; Doe Member Defendants 1 – 10; 25 Member Defendants, 26 CPI Management Group, LLC, a Nevada limited liability company; 28 Nominal Defendant.	Case No. A-25-909767-B Dept. 9 **NOMINAL DEFENDANT, CPI MANAGEMENT GROUP, LLC, AND MEMBER DEFENDANTS ED CLAY, SCOTT NELSON, AND DEDDRICK PERRY'S OPPOSITION TO PLAINTIFF'S APPLICATION FOR PRELIMINARY INJUNCTION** Hearing Date: April 10, 2025 Hearing Time: 9:00 a.m.

Member Defendants, ED CLAY, an individual, SCOTT NELSON, an individual, DEDDRICK PERRY, an individual, and Nominal Defendant, CPI MANAGEMENT GROUP, LLC, a Nevada limited liability company ("CPI"), by and through their attorneys of record, Jeffery A. Bendavid, Esq. and Jacqueline Vokoun, Esq. of Bendavid Law, Peter S. Christiansen, Esq., and Whitney Barrett, Esq., of Christiansen Trial Lawyers, and Aubrey B. Harwell III, Esq., of Neal & Harwell, PLC (Pro Hac Vice Pending) hereby submit their Opposition to Plaintiff's Application for Preliminary Injunction.

This Opposition is based on the memorandum of points and authorities contained herein, any exhibits, pleadings, and papers on file, and any oral argument permitted by the Court at the time for hearing on this matter.

DATED this 31st day of March 2025.

BENDAVID LAW

/s/ Jeffery A. Bendavid, Esq.

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff's Application for Preliminary Injunction is merely Plaintiff's latest means of retaliating against the Member Defendants in their individual capacity for his removal from CPI Management Group, LLC ("CPI") as a result of his fraudulent representations and ineptitudes and must be denied. Plaintiff's Application is based solely on his claim for conversion against the Member Defendants in their individual capacities for actions he specifically alleges were actually committed by CPI. Whether Plaintiff is genuinely confused about the legal relationship between an entity and its members or attempting to surreptitiously pierce the corporate veil, the result is the same: Plaintiff cannot succeed on the merits of his sole conversion claim alleged against the individual Member Defendants.

As a preliminary matter, Plaintiff's claim for conversion of his purported "physical" and "intellectual" property is statutorily barred by his trade secrets claim based on the alleged misappropriation of the exact same property. Moreover, Plaintiff cannot assert a claim for conversion of the original cell vials, manufacturing process, or the manufactured cells derived therefrom because he does not have any ownership interest therein.

To induce the individual Member Defendants into providing Plaintiff with a 25% membership interest in CPI, Plaintiff fraudulently claimed that he would provide "patents" he purportedly owned for the extraction, use, and growth of stem cells to the Lab as part of his contribution. He further agreed to provide in-person training to the Lab staff on a monthly basis, vials of stem cells for use by the Lab, and create standard operating procedures. However, the Member Defendants later discovered that Plaintiff never owned any such "patents" or "know how" and failed to follow through on any of his other commitments.

As a result of Plaintiff's repeated ineptitudes and failure to follow through with his training obligations, the Lab had no option but to create its own standard operating

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procedure and process, which is materially different from the initial cursory training provided by Plaintiff. Moreover, Plaintiff could not have an ownership interest in the Lab's process because, to the extent he contributed any "know how" at all, he had no ownership interest in any of the information to begin with despite his fraudulent claims to the contrary, as the Member Defendants later discovered.

Likewise, the Member Defendants named in Plaintiff's conversion claim also do not individually own, possess, or use either the initial stem cell vials, the manufacturing process, or the manufactured cells created therein in any capacity whatsoever. It is abundantly clear that Plaintiff's conversion claim is based on the alleged actions of CPI and not the Member Defendants individually. Plaintiff cannot maintain a claim of conversion against the Member Defendants in their individual capacity for CPI's alleged use, misappropriation, or act of dominion over the original cell vials, manufacturing process, and the cells derived therefrom. As such, his conversion claim cannot succeed on the merits.

Furthermore, Plaintiff has not and cannot demonstrate that he will suffer irreparable harm if the Application for Preliminary Injunction is denied. Setting aside the fact that Plaintiff has no ownership interests in the referenced stem cells or processes used by the Lab, none of the harm Plaintiff alleges he will suffer is legally irreparable. Monetary damages would inherently address the "lost opportunity costs" purportedly resulting from Plaintiff's inability to capitalize on the remaining "master" stem cell vials in his possession. Plaintiff's attempt to show irreparable harm through "privacy interests" also fails because Plaintiff has not explained how or provided any legal authority stating that Plaintiff has a privacy right in his children's biological material which he has also sold to medical facilities all over the continent.

Likewise, Plaintiff provides no legal authority supporting his erroneous contention that the public somehow has an interest in ensuring Plaintiff's "privacy and property rights remain respected" or any hardship supporting the issuance of an injunction. In contrast, the public's interest in access to medical care and the potential

hardships that will be suffered by the over 1,000 patients currently scheduled to receive treatments, the Clinic and Lab staff who will be furloughed from their jobs, and the loss of revenue and unrecoverable property that will result heavily weigh against granting Plaintiff's requested injunction. For those same reasons, a substantial security bond of at least $60,000,000.00 is necessary to protect against the natural and proximate consequences that will follow from a wrongful injunction.

It is clear that Plaintiff cannot succeed on the merits of his conversion claim against Member Defendants individually and has failed to show a reasonable probability of irreparable harm. As a result, his Application for Preliminary Injunction must be denied.

II. FACTS

Prior to the formation of CPI, Member Defendants acquired and operated CHIPSA, now the Translational Advanced Medical Center in Tijuana, Mexico ("TAM Center"). *Ex. A, Decl. of Scott Nelson,* ¶5. In 2014, Defendant Edward Clay ("Clay") faced a dire personal crisis. *Id.* Clay's mother was diagnosed with a rare form of Rheumatoid Arthritis, and every treatment available in the United States had failed her. Driven by desperation, Clay, alongside Defendant Deddrick Perry ("Perry"), discovered CHIPSA Hospital, an integrative cancer and autoimmune disease facility in Tijuana, Mexico that had been shuttered for over a year following its owner's retirement. *Id.* On October 27, 2014, Clay and Defendant Scott Nelson ("Nelson") traveled to Tijuana to negotiate the purchase of CHIPSA, determined to transform it into a lifeline not just for Clay's mother, but for thousands of others. *Id.*

By June 2015, Member Defendants began the process of opening the TAM Center by hiring staff and renovating the facility. *Id.* at ¶6. During this time, Member Defendants even moved into the TAM Center, each Defendant living and working there for six (6) months to ensure its success. *Id.* On August 15, 2015, the first patient arrived at the TAM Center. *Id.* Then, on September 16, 2015, Clay's mother entered the TAM Center in a wheelchair and was able to walk out of the hospital just three weeks later.

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1 *Id.* Nearly a decade has passed, and she remains healthier than the day she arrived—a
2 testament to the TAM Center's impact. *Id.*
3 Over the next ten years, Member Defendants built the TAM Center into a world-
4 class institution that now employs 16 PhD scientists, 28 medical doctors, and 16
5 specialists. *Id.* at ¶7. Before Plaintiff's involvement, Member Defendants laid a robust
6 foundation for the TAM Center, developing proprietary marketing plans, networking
7 with leaders in the biotechnology and stem cell industries, and obtaining a cellular
8 manufacturing license from Mexico's Federal Committee for Protection from Sanitary
9 Risks in January of 2020. *Id.* at ¶8.
10 When the Clinic was forced to close as a result of the COVID-19 pandemic in
11 2020, Member Defendants went through a gut-wrenching period. *Id.* at ¶10. Treatments
12 for future patients were canceled, existing patients were stranded, and Member
13 Defendants had no way to help them as their health rapidly declined. *Id.* However,
14 Member Defendants refused to abandon the Clinic employees and continued to pay
15 them throughout the closure. *Id.* at ¶11. Despite Plaintiff's callous claims that Member
16 Defendants were "financially struggling," Member Defendants were merely, like
17 everyone else, navigating the circumstances caused by an unforeseen and unanticipated
18 global economic event. *Id.*
19 In 2021, Plaintiff approached Member Defendants with a proposed transaction
20 wherein he would provide the ownership rights to his patents for the extraction and use
21 of umbilical cord lining stem cells and the process to grow mesenchymal stem cells in
22 a hypoxic environment in exchange for a <u>25% interest in the management company</u>. *Id.*
23 ¶12. Under Plaintiff's proposed transaction, he would provide his alleged patents, in-
24 person monthly training, policy and training materials, and several vials of stem cells
25 for use in his purportedly patented processes to the North Beach Lab, a Mexican entity
26 distinct and separate from CPI (the "Lab"). In addition, Plaintiff agreed to regularly
27 attend company meetings and devise new cellular treatments and technologies. *Id.*
28 While medical facilities can easily access vials from stem cell lines such as

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1 Plaintiff's "master line" at little to no cost, Plaintiff insisted he provide the initial cell
2 vials to the Lab as part of his contribution in order to fraudulently induce Member
3 Defendants to provide him with the 25% membership interest in CPI. *Id.* at ¶13.
4 Plaintiff's contribution of the original cell vials was unconditional. *Id.* The parties did
5 not ever agree that the Lab's use of the cells was somehow "restricted" or that Plaintiff
6 could revoke his "consent" to their use at any time, nor did Plaintiff indicate in any way
7 that he believed such an agreement ever existed. *Id.*

8 In fact, Plaintiff showed Nelson his freezer containing a stock of additional vials
9 of the "master" cell line allegedly derived from his children's umbilical cords that
10 Plaintiff had personally delivered to the Lab. *Id.* at ¶23. Based on his existing stock,
11 Plaintiff assured Nelson that the supply would never be depleted. *Id.* He further stated
12 that he could also supply the Lab with additional cells from the same umbilical cord if
13 needed. *Id.* Plaintiff also informed the Member Defendants that he has repeatedly
14 provided vials from the same cell line as those delivered to the Lab to other medical
15 facilities and biotechnology companies. *Id.*

16 On June 29, 2021, Member Defendants and Plaintiff formed CPI Management
17 Group, LLC, a Nevada limited liability corporation ("CPI") responsible for the
18 management of several entities related to the Lab and a clinic setup within the TAM
19 Center specifically for stem cell treatments (the "Clinic"). *Id.* at ¶12. At CPI's kickoff
20 meeting on June 28, 2021, Plaintiff specifically committed to fourteen (14) action
21 items, including Scientific Advisory Board member lists, stem cell culture protocols,
22 lab work descriptions, standard operating procedures, lists of necessary reagents,
23 consumables, information on natural killer cells, and visit dates for the monthly in-
24 person training of the Lab staff. *Id.*

25 Member Defendants were optimistic and excited about CPI's future and
26 Plaintiff's involvement, but those feelings were quickly stifled as Plaintiff's pattern of
27 unreliable and unethical behavior began to emerge. *Id.* at ¶14. Plaintiff consistently
28 failed to meet his commitments. *Id.* Despite the promise to provide in-person training

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1 on a monthly basis, over the entire course of his tenure with CPI, Plaintiff traveled to
2 the Lab only a handful of times, staying just a couple of days each time. *Id.* Plaintiff
3 never created a standard operating procedure as promised. *Id.* Thankfully, the Lab staff
4 had enough knowledge and experience with stem cells to develop a comprehensive
5 process despite Plaintiff's failure to provide sufficient training. *Id.* at ¶30. Moreover,
6 Plaintiff disclosed for the first time in July of 2022 that he had previously been involved
7 in the illegal sale of aborted fetus parts. *Id.* at ¶15. Member Defendants were shocked
8 and displeased that Plaintiff had not disclosed this information before the formation of
9 CPI. *Id.*

10 However, CPI managed to flourish despite Plaintiff's absenteeism under the
11 operational effectiveness model designed and implemented by Member Defendants and
12 the diligent work of the Lab and Clinic staff. *Id.* at ¶16. Of course, Plaintiff financially
13 benefited from CPI's success and was compensated as a member of CPI despite his
14 failure to contribute or perform as promised. *Id.* Over the years, Plaintiff continued to
15 make new "commitments," such as devising new therapies and clinical trials,
16 overseeing the buildout of a new lab facility, and developing a quality management
17 system, none of which ever materialized. *Id.* at ¶15. Plaintiff's incompetencies started
18 having significant and noticeable negative effects on CPI, including delays, cost
19 overruns, and stalls in patient treatment. *Id.* at ¶17.

20 Moreover, Member Defendants began to learn that Plaintiff had deceived them in
21 multiple ways in order to induce them to provide him with a 25% membership interest
22 in CPI. *Id.* at ¶25. For instance, in 2021, Plaintiff represented to Member Defendants
23 that his work with CPI, the Lab, and the Clinic did not conflict with his obligations as
24 Vice President, Director, and employee of the publicly traded company, Bio-
25 Restorative Therapies ("BRTX"). *Id.* at ¶18. However, Member Defendants later
26 learned that Plaintiff had actually renewed his BRTX contract in 2021 and was subject
27 to both a non-compete and intellectual property assignment clause. *Id.* Plaintiff
28 concealed his ongoing obligations and drew a salary from both CPI and BRTX for three

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years, despite the fact that his involvement with CPI was explicitly prohibited by his contract with BRTX. *Id.* at ¶20.

In March of 2024, Nelson requested that Plaintiff send him a link to the patents he purportedly owned, and Plaintiff, trying to continue to hide the truth that no such patents existed, responded by merely providing links to several "studies," but no patents. *Id.* at ¶22. Then, in June of 2024, the staff discovered that a competitor was using the hypoxic stem cell process Plaintiff had previously represented he personally owned. *Id.* Nelson reached out to Plaintiff again requesting proof of ownership for the patents so the Clinic could use the patents to assure current and potential patients of the Lab's unique process. *Id.* Plaintiff continued his scheme and stated he would send links to his alleged patents to "the team," but he never did. *Id.*

As the Member Defendants started closing in on the fact that Plaintiff had fraudulently represented ownership in the patents, Plaintiff attempted to cover up his lack of ownership. *Id.* at ¶26. For instance, in an email dated November 11, 2024, Plaintiff attempted to induce the Member Defendants into entering into a proposed licensing agreement, demanding 5% of CPI's revenue for items and processes that he delivered as part of the consideration for his 25% membership interest in CPI. *Id.* Of course, he did not attempt to license of any patents that he had originally and fraudulently represented he owned to the Member Defendants. *Id.*

In light of Plaintiff's repeated failures and the discovery that he had fraudulently induced the Member Defendants into giving him a 25% ownership interest, CPI terminated Plaintiff's employment on November 21, 2024, and redeemed his membership interest pursuant to the Operating Agreement on December 18, 2024. *Id.* at ¶31.

In retaliation, Plaintiff initiated the instant litigation naming Member Defendants in their individual capacity and CPI as a "Nominal Defendant" on January 10, 2025. Doc. #1, *Verified. Compl.* That same day, Plaintiff sent a letter addressed solely to CPI attempting to "withdraw his consent" to the use of the original cell vials Plaintiff had

personally delivered to the Lab, while having no basis for doing so. *Id.* Nearly two months later, Plaintiff filed the instant Application for Preliminary Injunction based solely on his singular claim for conversion against the Member Defendants in their individual capacity as a retaliatory attempt to cripple CPI's management abilities and unlawfully halt the Lab's and Clinic's operations ("Application"). *Id.;* Doc. #17, *Appl. for Prelim. Inj. ("Appl.")*

However, as demonstrated herein, Plaintiff's Application must be denied because he cannot assert a claim for conversion against the Member Defendants in their individual capacity based on actions he specifically alleges were done by CPI as an entity. Doc. #16, *Verified Am. Compl. ("FAVC").* Moreover, Plaintiff has failed to show any irreparable harm that would result if his Application were not granted. In contrast, CPI, the Lab, the Clinic, their staff, and patients would all be subjected to substantial hardships if the proposed injunction were in place. Should this Court grant Plaintiff's Application, a substantial security bond of at least $60,000,000.00 must be imposed.

III. LEGAL STANDARD

A preliminary injunction is only proper where the moving party has demonstrated: (1) that he will suffer irreparable harm for which compensatory damages would not suffice in the absence of a preliminary injunction, and (2) that he has a reasonable likelihood of success on the merits of his claims. *Excellence Cmty. Mgmt., LLC v. Gilmore*, 131 Nev. 347, 350, 351 P.3d 720, 722 (2015). Additionally, a preliminary injunction can only be issued if the movant gives security in an amount proper to pay the costs and damages sustained by any party wrongfully enjoined or restrained. NRCP 65(c). Here, Plaintiff has not and cannot demonstrate either irreparable harm or a likelihood of success on the merits of his conversion claim against Member Defendants and his Application must be denied. Moreover, substantial damages will result if Plaintiff's Application is granted, and a bond of at least $60,000,000.00 would be necessary.

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IV. ARGUMENT

Plaintiff's Application for Preliminary Injunction is based solely on his conversion claim improperly pled against Member Defendants and must be denied. As a preliminary matter, Plaintiff's claim for conversion is legally precluded by his claim for misappropriation of trade secrets. NRS 600A.090(1). Moreover, as Plaintiff knows and alleges in his Verified Complaint, none of the Member Defendants individually named have ever had ownership or possession of any "stem cells" or "processes" purportedly belonging to Plaintiff. *See, FAVC.* Under Nevada law, the Member Defendants cannot be held individually liable for the acts of CPI or any other entity based solely on their membership interest therein. Furthermore, because Plaintiff also has no ownership interests in the stem cell lines and processes, he cannot demonstrate either irreparable harm or a likelihood of success on the merits. As such, Plaintiff's Application must be denied.

A. Plaintiff Is Not Entitled to Relief Pursuant to NRS 33.010.

Plaintiff's Application misinterprets Nevada law to erroneously conclude that Plaintiff is somehow "entitled" to a preliminary injunction pursuant to NRS 33.010. However, NRS 33.010 merely provides the types of cases in which a preliminary injunction "may be granted." Contrary to Plaintiff's assertions, meeting the requirements stated in any subsection of NRS 33.010 means only that a preliminary injunction is permitted in such instances, but is not mandatory. *Nev. Pub. Emples. Ret. Bd. v. Smith*, 129 Nev. 618, 627, 310 P.3d 560, 566 (2013). As stated above, a preliminary injunction is only proper where the moving party has demonstrated both irreparable harm and a likelihood of success on the merits. *Dangberg Holdings Nev., L.L.C. v. Douglas County*, 115 Nev. 129, 142, 978 P.2d 311, 319 (1999). As such, Plaintiff is not "entitled to injunctive relief under NRS 33.010."

B. Plaintiff's Conversion Claim is Precluded Under Nevada Law.

Plaintiff's Application for Preliminary Injunction against Member Defendants must be denied because Plaintiff's conversion claim is precluded by his claim for

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misappropriation of trade secrets. Pursuant to NRS 600A.090(1), a plaintiff cannot assert a tort claim based upon the same allegations as his claim for misappropriation of trade secrets. As a result, where a plaintiff "recites essentially the same facts in support of its conversion claim" as his trade secrets claim, the plaintiff's claim for conversion is precluded by NRS 600A.090. *Fortunet, Inc. v. Coronel*, 2024 Nev. Unpub. LEXIS 636, *4, 554 P.3d 210 (2024); *Frantz v. Johnson*, 116 Nev. 455, 465, 999 P.2d 351, 357 (2000).

Here, Plaintiff's claim for conversion is based on allegations nearly identical to those used to support his claim for misappropriation of trade secrets. *FAVC,* ¶¶211-242. Plaintiff alleges that the Member Defendants are liable for conversion of: (1) "physical property" consisting of the original cell vials and manufactured cells created by the Lab, and (2) "intellectual property" consisting of his processes for duplicating cells in a low-oxygen environment and determining proper stem cell dosage. *Id.* at ¶¶211-218. Likewise, Plaintiff alleges that the Member Defendants are liable for misappropriation of trade secrets pursuant to NRS 600A.010 based on: (1) the use, retention, and exploitation of Plaintiff's "stem cells," and (2) his processes for duplicating cells in a low-oxygen environment and determining proper dosage. *Id.* ¶¶232-239. Additionally, both claims rely on Plaintiff's alleged "express revocation of consent" to the use of his "stem cell lines and related processes and methods." *Id.* As such, the allegations in these claims are both entirely based on the use of the exact same alleged "physical" and "intellectual" property.

Plaintiff's claims for conversion and misappropriation of trade secrets are undeniably based on the exact same allegations of "misuse" of Plaintiff's purported physical and intellectual property and thus Plaintiff's claim for conversion is statutorily barred pursuant to NRS 600A.090. As such, Plaintiff's Application for Preliminary Injunction must be denied because it is based solely on his statutorily precluded claim for conversion.

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C. Plaintiff Cannot Demonstrate a Likelihood of Success on the Merits of His Conversion Claim.

In addition to being precluded by NRS 600A.090, Plaintiff's conversion claim against Member Defendants also fails on the merits. In order to succeed on his conversion claim, Plaintiff must show that Member Defendants: (1) wrongfully exerted dominion over Plaintiff's property, (2) in denial of or inconsistent with Plaintiff's rights or title thereto, or in derogation, exclusion, or defiance of such rights. *Winchell v. Schiff,* 124 Nev. 938, 944, 193 P.3d 946, 950 (2008). Here, Plaintiff cannot succeed on the merits of his conversion claim because Member Defendants do not individually own, possess, or use any stem cells or processes outside of the scope of their membership of CPI. Furthermore, neither Member Defendants, CPI, nor any other entity could have acted in denial of Plaintiff's rights or title because Plaintiff simply has no ownership interests in any of the stem cells or processes referenced in his claim. As such, Plaintiff's claim for conversion cannot succeed on the merits and his Application must be denied.

1. Plaintiff Cannot Assert a Claim for Conversion Against Member Defendants as Plaintiff Has Not Proven That Member Defendants Engaged In Acts As Individuals.

Plaintiff's claim for conversion against Member Defendants in their individual capacities fails on its face under Nevada law because a member or manager of a limited liability company cannot be held liable for the acts of the entity simply as a result of being a member or manager under Nevada law. NRS 86.381; *Gardner v. Henderson Water Park, LLC,* 133 Nev. 391, 393-94, 399 P.3d 350, 351 (2017). Here, Plaintiff's claim for conversion against the Member Defendants in their individual capacities cannot succeed on the merits because he has not identified any wrongful act committed by the Member Defendants that is either tortious in nature or cannot be justified or excused in law. *Wantz v. Redfield*, 74 Nev. 196, 198, 326 P.2d 413, 414 (1958). *Ferreira v. P.C.H., Inc.*, 105 Nev. 305, 308, 774 P.2d 1041, 1043-44 (1989).

For the first twenty-two (22) pages of his Verified Complaint, Plaintiff

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1 specifically alleges that <u>CPI, and not Member Defendants</u>, derived economic value
2 from having "exclusive use of [Plaintiff's] cells, processes, and methods," "treats
3 patients by injecting them with hundreds of millions of stem cells," "continues to
4 misappropriate [Plaintiff's] stem cell lines," and "possess[es] two frozen vials of the
5 original stem cells" and "billions of stem cells derived from the vials that [Plaintiff]
6 <u>authorized CPI to duplicate</u>." *See, FAVC*. In a blatant and sloppy attempt to pierce the
7 corporate veil, Plaintiff suddenly changes the narrative by claiming that it was
8 somehow the Member Defendants who "have wrongfully used [Plaintiff's] property,"
9 denied "[Plaintiff's] property rights," and "continue to use [Plaintiff's] property to treat
10 patients." *Id.* at ¶¶210-19.

11 However, as Plaintiff knows, the Member Defendants do not personally possess
12 vials of any "original" or "duplicate" stem cells. *Id.* at ¶25. Likewise, the Member
13 Defendants are not doctors and do not treat patients at any clinic or use his alleged
14 property in any way. *Id.* Moreover, the evidence provided by Plaintiff contradicts his
15 actual assertion that the Member Defendants knowingly acted in derogation, exclusion,
16 or defiance of Plaintiff's alleged rights after he purportedly "withdrew his consent."
17 *FAVC, Ex. 3,* at 1. The letter allegedly withdrawing consent for the use of "his" cells
18 was addressed <u>exclusively to CPI</u> and not the Member Defendants individually. *Id*. As
19 such, Plaintiff has not and cannot provide any basis as to how the <u>Member Defendants</u>
20 have any possession or control over his alleged property outside the course and scope
21 of their membership and management of CPI.

22 Furthermore, setting aside Plaintiff's improper attempt to pierce the corporate
23 veil, Plaintiff's conversion claim still fails because CPI also does not own, possess, or
24 use alleged stem cells or processes, as CPI is merely a management company. As
25 Plaintiff knows, he provided the original cell vials and rudimentary "process"
26 information directly to the Lab, a Mexican entity, that is not named in this Action and
27 is far outside the jurisdiction of this Court. *Ex. A,* at ¶13. As such, Plaintiff's conversion
28 claim against Member Defendants individually cannot succeed on the merits under

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Nevada law and his Application must be denied.

2. Plaintiff Does Not Have an Ownership Interest in the Stem Cell Lines or Processes.

Plaintiff's claim for conversion fails on the merits because he has no ownership interest in the original cell vials, the manufactured cells created by the Lab, or the processes used to manufacture those cells. A claim for conversion fundamentally cannot succeed where a plaintiff does not have rights or title to the property he claims has been converted. *Winchell,* 124 Nev. at 944, 193 P.3d at 950. Here, Plaintiff has no rights or title in the original cell vials that he unconditionally and voluntarily provided to the Lab, the process used and developed by the Lab to create cells for treatment, or the manufactured cells derived therefrom. As such, Plaintiff cannot succeed on the merits of his conversion claim and his Application for Preliminary Injunction must be denied.

a. Plaintiff Contributed the Original Cell Vials and Process Information

Plaintiff provided the original cell vials and the initial information regarding stem cell extraction and growth in a hypoxic environment directly to the Lab as part of his contribution in consideration for his 25% membership interest in CPI, and as such, does not have an ownership interest thereto. *Ex. A,* ¶13. Under Nevada law, a limited liability company is a legal entity separate and distinct from its individual members. NRS 86.201(3). Moreover, pursuant to NRS 86.311(1), any real and personal property contributed to or purchased by a limited liability company is owned and held solely by the entity. Individual members do not have an ownership interest in or rights to the company's personal property. *Id.*

As part of the consideration for his 25% membership interest in CPI, Plaintiff agreed to provide the Lab ownership of his patents for the extraction and use of umbilical cord lining stem cells and the process to grow mesenchymal stem cells in a hypoxic environment. *Ex. A,* ¶12. Plaintiff further agreed, among a long list of other things, to provide monthly training to the Lab staff, select and purchase equipment for

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1 the Lab, attend quarterly company meetings, and create new stem cell treatments. *Id.*
2 As part of his contribution, Plaintiff also provided five vials of original stem cells to
3 use for growing the initial mesenchymal stem cells in a hypoxic environment pursuant
4 to his allegedly owned "processes*." Id.* at ¶13.

5 Though Plaintiff repeatedly failed to meet the majority of his obligations, he
6 managed to personally provide the Lab with five original cell vials and provide an in-
7 person training session to the Lab staff. *Id.* at ¶30. Plaintiff was compensated for these
8 contributions with his 25% membership interest in CPI and received a share of the
9 profits generated while he was a member despite his failure to meet any of his other
10 obligations. *Id.* As such, Plaintiff ceased to have an ownership interest in the vials or
11 any process information when he provided it to the Lab as part of the contribution for
12 his 25% membership interest in CPI and therefore cannot assert a claim for conversion.

13 **b. Plaintiff Has No Legal Interest in the Original Cell Vials or Process.**

14 Even if Plaintiff had not contributed the original cell vials and processes to the
15 Lab in exchange for his membership interest in CPI, Plaintiff has still failed to
16 demonstrate an ownership interest in the original cell vials or processes. In reality,
17 Plaintiff unconditionally and voluntarily provided the initial information regarding the
18 stem cell processes and the original vials of cells to the Lab and has no ownership
19 interests therein.

20 Contrary to Plaintiff's implications, the five original cell vials provided are not
21 unique or otherwise unobtainable without his involvement. *Id.* at ¶13. The Lab and
22 other medical facilities are able to acquire similar cells easily and at little or no cost. *Id.*
23 In fact, Plaintiff has sold and continues to sell vials of the same "master cell line" to
24 multiple other entities. *Id.* at ¶23.

25 Moreover, Plaintiff's singular piece of "evidence" allegedly supporting his
26 "ownership" of the original cell vials is simply a letter from his employer, BRTX,
27 merely stating that <u>BRTX does not have an ownership interest in the "FS Cell Lines"</u>
28 pursuant to Plaintiff's Executive Employment Agreement with BRTX. *FAVC, Ex. 2.*

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However, this letter only clarifies that BRTX does not claim ownership of the "FS cell lines," and is not any type of binding authority clarifying the property rights of the Lab or any other facility with regards to the individual vials containing samples of those lines. *Id.*

In fact, even the "master cell line" labels or "numbering" alleged by Plaintiff were entirely fabricated by Plaintiff and are not an official registered number with any authority or entity. *Id.* This is just another attempt by Plaintiff to manufacturer "ownership" and pretend as if these "numbers" were some type of official registration of this cell line. They are not: Plaintiff literally made up the numbers in a blatant attempt to falsely bolster his claims. *Id.*

In addition, Plaintiff represented to the Court at the prior hearing to extend the deadlines for this matter, that he delayed filing his Application because he was "waiting" on this letter to establish his ownership. As provided above, this letter does not demonstrate Plaintiff's ownership. It only states that his employer, which he told CPI he was resigning from, does not own these cells. *Id.* In reality, Plaintiff has no proof of any kind of his ownership, and he cannot provide any such evidence. If Plaintiff had such proof, he would have included with his Verified Complaint, which included all the other alleged documents supposedly supporting his claims. *See, FAVC.* More importantly, neither this letter nor any other evidence provided by Plaintiff demonstrate that Plaintiff's contribution of the vials of cells to the Lab was conditioned in any way or that Plaintiff had any right to revoke their use after his contribution. Such evidence simply does not exist.

Furthermore, Plaintiff explicitly states in his Verified Complaint that he "brought" and "supplied" the Lab with five vials of the original stem cells for duplication. *Id.* at ¶¶52-55. Plaintiff provides no evidence and does not even allege that his provision of the cells to the Lab was conditional or subject to revocation at any time. *Id.* In providing the Lab with the original cell vials, he relinquished any potential ownership interests he had therein.

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1 Likewise, Plaintiff did not provide training to the Lab staff regarding his alleged
2 processes on a conditional or limited basis. *Id.* In fact, Plaintiff initially agreed to
3 provide the Lab with ownership of the "patents" for his processes. *Ex. A,* ¶. However,
4 the Member Defendants later discovered that Plaintiff had no ownership interest
5 whatsoever in any patent regarding the extraction and use of umbilical cord lining stem
6 cells and or the process to grow mesenchymal stem cells in a hypoxic environment. *Id.*
7 As a result of Plaintiff's fraudulent inducement regarding the patent ownership, his
8 membership interests in CPI were redeemed. *Id.* Therefore, to the extent that Plaintiff
9 provided the Lab with any information about "processes," he had no actual ownership
10 interest therein.

11 **c. The Manufactured Cells and Related Process Were Created by the Lab**

12 Plaintiff has no ownership interest in the "process" used by the Lab or the
13 manufactured cells derived therefrom because both were created by the Lab. Courts
14 have long recognized that the cells created through "human ingenuity" are factually and
15 legally distinct from the original cells taken directly from a body. *See e.g., Moore v.*
16 *Regents of University of California*, 1990 Cal. LEXIS 2858 ***, 51 Cal. 3d 120, 141,
17 271 (1990). Here, as a result of Plaintiff's failure to meet his training obligations, the
18 Lab was forced to create its own process for producing stem cells to be used in
19 treatment, and Plaintiff has no ownership in that process, or any products derived
20 therefrom.

21 In *Moore*, the plaintiff attempted to extend the claim of conversion, as Plaintiff
22 has attempted here, to ownership in a cell line and the derived products created from
23 that plaintiff's personage. *Id.* at 47-50. The Supreme Court of California in *Moore*
24 determined that the plaintiff could not sustain a claim for conversion because he did
25 not own the cells in question, nor did he have possession. *Id.* at 47-48. Further, the
26 Supreme Court of California in *Moore* determined that the plaintiff did not own the
27 cells created from the original cell line. *Id.*

28 In fact, the Supreme Court of California in *Moore* held that extending a claim for

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1 conversion of stem cells was not proper because extending because it would hinder
2 medical research and treatment. *Id.* at 53-56. In *Moore,* the Supreme Court of California
3 further recognized that the United States Patent and Trademark Office requires patent
4 holders to make patented stem cells available to stimulate scientific research. *Id.* at 54-
5 56. As a result, thousands of human cell lines are stored in repositories that respond to
6 tens of thousands of requests per year for samples. *Id.* at 54-55. The Supreme Court of
7 California in *Moore* thus reasoned that an extended claim for Conversion to human
8 stem cells would stifle these efforts. *Id.* at 62-63.

9 Like the plaintiff in *Moore*, Plaintiff has not and cannot demonstrate any
10 ownership interest in the cells contributed to the Lab nor can he demonstrate any
11 ownership in the cells manufactured therefrom. Plaintiff's ownership interest is based
12 entirely on a "letter" from his employer that only declares that his employer does not
13 own the cells and has no claim to them under Plaintiff's employment agreement. *Id.*
14 Unlike in *Moore*, the cells in question were not extracted from Plaintiff, but allegedly
15 from his children. *Id.* Further, the cells that Plaintiff provided to the Lab were not
16 extracted directly from his "wife's umbilical cord" and provided to the Lab, as he
17 intentionally misrepresents, but were provided from Plaintiff's extensive cell repository
18 which contains numerous cells created from various cell lines that he routinely provides
19 and sells to interested parties. *Ex. A,* ¶¶. In fact, the Member Defendants traveled to
20 Plaintiff's repository in Long Island, New York, in 2022, where Plaintiff showed his
21 vast collection of cell lines that he claimed he could provide to anyone at any time. *Id.*

22 Further, Plaintiff cannot demonstrate that the cells manufactured by the Lab were
23 derived from his "process." Tellingly, Plaintiff does even not identify what that process
24 is. *See FAVC.* In reality, Plaintiff made minimal contributions to the process used by
25 the Lab to manufacture the stem cells used for treatment. *Ex. A,* ¶. Despite agreeing to
26 contribute and transfer his "ownership" in related patents, provide in-person training to
27 the Lab team on a monthly basis, and develop a comprehensive standard operating
28 procedure, Plaintiff was barely involved in the creation of the Lab's process. *Id.* When

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1 Plaintiff personally delivered the original cell vials to the Lab, he provided initial
2 training to the Lab's staff sufficient to get them started on the manufacturing process
3 and occasionally provided assistance on an as-needed basis over the phone and through
4 video calls. *Id.* Thankfully, the scientists and staff` employed by the Lab had sufficient
5 experience working with cells and were able to develop their own standard operating
6 procedure and complete a process that is currently used by the Lab. *Id.*

7 Plaintiff falsely declares unilaterally that he "owns the process" used by the Lab
8 without providing any description of what process he allegedly "owns" or <u>any evidence
9 that the Lab is using that process</u>. In reality, the process currently in use by the Lab
10 materially differs from the initial training Plaintiff provided. *Id.* For example, the Lab
11 has made changes to the amount of platelet lysate used and seeding cells per cell
12 factory, added mandatory protocols regarding TrypLE cell suspensions, filtration steps,
13 and volume of media changes, as well as developed a comprehensive quality control
14 process specific to the Lab. *Ex. B, Letter.* As such, Plaintiff does not "own" the process
15 used by the Lab. The technology and process actually utilized by the Lab was created
16 by the Lab and is the sole property of the Lab. *Id.*

17 Moreover, Plaintiff never had an ownership interest in the "processes" he allegedly
18 provided regarding proper dosage and hypoxic stem cells to begin with. *Ex. A,* ¶. For
19 example, a substantial number of clinical studies have examined the appropriate dosage
20 of stem cells for treatment. *Id.* As such, the dosage used by the Lab is an industry
21 standard and not unique to either Plaintiff or the Lab. *Id.* In addition, Plaintiff did not
22 actually own the patents related to extraction and use of umbilical cord lining stem cells
23 and the process for growing mesenchymal stem cells in a hypoxic environment as he
24 fraudulently represented to the Member Defendants. *Id.*

25 In fact, the Member Defendants have discovered that the patent for growing stem
26 cells in a hypoxic environment, which is the process Plaintiff fraudulently and
27 knowingly misrepresented to CPI and the Member Defendants that he owned, is owned
28 and held by Stemedica Cell Technologies, Inc., a Nevada corporation. Id. Further, Jadi

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1 Cell LLC, through an assignment from Amit Patel, owns the patent (US 9,803,176 B2)
2 for utilizing umbilical cord lining for stem cells. Id. Additionally, a patent (US
3 8,778,679 B2) for umbilical cord lining stem cells and methods and material for
4 isolating and culturing the same was owned by Davinci Biosciences, LLC, which was
5 assigned by Plaintiff in 2012. Thus, at the time he received his 25% membership interest
6 in CPI, Plaintiff knew he did not own any of the patents that he offered to the Member
7 Defendants to induce them into providing him a 25% membership interest in CPI.

8 The reality is that Plaintiff has no ownership interest in any of the "methodology"
9 initially provided to the Lab. Plaintiff knowingly and fraudulently misrepresented this
10 ownership to CPI and the Member Defendants to induce them into providing a 25%
11 membership interest in CPI to Plaintiff. Likewise, any manufactured cells created by
12 the Lab are a result of the Lab's ingenuity and factually and legally distinct from any
13 original cell vials Plaintiff originally provided.

14 Therefore, Plaintiff has no ownership interest in the original cell vials, the process
15 used by the Lab to manufacture cells, or the actual cells derived therefrom, and
16 Plaintiff's claim for conversion cannot succeed on the merits.

17 **D. Plaintiff Cannot Demonstrate Irreparable Harm.**

18 In addition to his failure to demonstrate a likelihood of success on the merits,
19 Plaintiff's Application for Preliminary Injunction must also be denied because he has
20 failed to show that he would suffer irreparable harm for which an award of
21 compensatory damages would not be adequate. Under Nevada law, irreparable harm
22 does not exist where it can be remedied through an award of monetary damages.
23 *Triangulum Partners, LLC v. Galaxy Gaming, Inc.*, 2021 Nev. Unpub. LEXIS 218, *2,
24 483 P.3d 1118. Here, the Lab's use of the original cell vials, alleged processes, and
25 manufactured cells in no way implicate Plaintiff's alleged "privacy interests" and
26 monetary damages would sufficiently address any falsely alleged "lost opportunity
27 costs." As such, Plaintiff has not demonstrated that there is a reasonable probability he
28 will suffer irreparable harm, and his Application for Preliminary Injunction must be

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denied.

Plaintiff's self-serving declaration that he suffers "personal injury" as a result of "Member Defendants' use of "his biological material" is entirely without merit. As a preliminary matter, the Lab is one of multiple medical facilities that possess and use the "master" cell line allegedly derived from the umbilical cords of Plaintiff's children. *Ex. A,* ¶. Plaintiff's "master" cell line includes at least one freezer full of original cell vials still in his possession. *Id.* Plaintiff has sold or donated vials of the "master" cell lines to medical facilities all over the continent. *Id.* His contribution of the five original cell vials directly to the Lab as part of the consideration for his 25% membership interest in CPI was merely another transaction possible as a result of Plaintiff's commercialization of the "master" cell lines. *Id.* Plaintiff has provided no evidence of any kind or any authority substantiating his claim that a transaction involving commercialized biological material is subject to revocation at any time. *Id.*

Likewise, Plaintiff provides no authority demonstrating how his "privacy interests" are implicated by the use of cells derived from his children's umbilical cords. Plaintiff bases his argument solely on cases from outside this jurisdiction determining that "tissue samples" and issues of "genetic make-up" give rise to subjective personal injury based on invasion of privacy. *Appl.*, 13:1-12. However, neither the *Noorman-Bloodsaw* nor *Havasupai* cases held that a parent has a privacy interest in their child's biological material. *Norman-Bloodsaw v. Lawrence Berkeley Lab'y*, 135 F.3d 1260, 1269 (9th Cir. 1998); *Havasupai Tribe v. Ariz. Bd. of Regents*, 220 Ariz. 214, 227, 204 P.3d 1063, 1076 (2008). In *Norman-Bloodsaw,* the Ninth Circuit only considered whether federal and state privacy laws prevented an employer from testing an employee for sensitive medical and genetic information. 135 F.3d. at 1264. *Norman-Bloodsaw* never considered whether commercialized stem cells maintained an element of privacy to the father of the stem cell providers, which Plaintiff's argument. *Id.*

Furthermore, *Havasupai* directly undermines Plaintiff's assertion that personal injury based on a purported privacy invasion amounts to irreparable harm as the

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appellate court in Arizona explicitly held that such harm is quantifiable by a jury. 204 P.3d at 1076. Additionally, the Arizona Appellate court in Havasupai only considered whether the Havasupai tribe in Arizona complied with Arizona's notice-of-claim statute. *Id*. at 1066. Again, the Arizona appellate court never considered the continuing rights of a person in commercialized stem cells nor the rights of parent over their children's stem cells. *Id.*

Moreover, Plaintiff cannot demonstrate that monetary damages would be inadequate because he falsely and explicitly states he will be "unable to capitalize" on the opportunity to license his cells and processes to others without the injunction. *Appl.*, 13:20-27. Any such "missed opportunity costs" to capitalize would, by their very nature, be remedied through an award of money damages. Furthermore, the Lab has not asserted any exclusive right to the use of the original cell vials, and as explained above, has developed its own process separate from Plaintiff's. *Ex. A,* ¶. Plaintiff is thus perfectly free to market all the remaining vials of the "master" cell line in his possession and his processes to other biotechnology companies. As a result, Plaintiff cannot be irreparably harmed by the "missed opportunity costs" because such costs are either quantifiable or entirely nonexistent.

As such, Plaintiff has failed to demonstrate a reasonable probability that he will suffer irreparable harm in the absence of an injunction, and his Application must be denied.

E. Plaintiff Does Not Show That a Preliminary Injunction Is Necessary Based on Potential Hardships and Public Interest.

While the Court is not required to consider the potential hardships or public interests potentially implicated by a proposed injunction, these factors undeniably weigh against granting Plaintiff's Application. Even where a plaintiff has demonstrated both a likelihood of success on the merits and irreparable harm, a district court can still deny a requested injunction based on potential hardships to the parties and the considerations of public interest. *Clark County Sch. Dist. v. Buchanan*, 112 Nev. 1146,

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1 1150, 924 P.2d 716, 719 (1996). Here, though Plaintiff has completely failed to meet
2 either preliminary injunction requirement as demonstrated above, Plaintiff's
3 Application should also be denied because the hardships to the parties potentially
4 impacted and the public's interest in receiving medical care heavily weigh against a
5 preliminary injunction.

6 Plaintiff's argument that the public interest and hardship to the parties is based
7 solely on his unsupported contention that Plaintiff has an alleged "privacy" right in the
8 original cell vials and the cells manufactured by the Lab. *Appl.*, 14:1-23. However, as
9 demonstrated above, Plaintiff has not demonstrated how his privacy interests are in any
10 way implicated by the use of his children's biological material, especially given
11 Plaintiff's decision to sell that same biological material to various other medical
12 facilities across the continent. *Ex. A,* ¶. Likewise, Plaintiff provides no legal authority
13 supporting his erroneous contention that the public somehow has an interest in ensuring
14 Plaintiff's "privacy and property rights remain respected." *Appl.,* 14:22-23.

15 In contrast, issuance of Plaintiff's proposed preliminary injunction would impose
16 substantial hardships on the Lab and Clinic and be adverse to the public's interest in
17 accessing healthcare. The Nevada Supreme Court has long recognized that the public
18 has an interest in the accessibility of specialized forms of medical care. *Ellis v.*
19 *McDaniel*, 95 Nev. 455, 459, 596 P.2d 222, 225 (1979). Here, Plaintiff's proposed
20 preliminary injunction would be adverse to the public interest by denying patients
21 access to the stem cell treatment provided by the Clinic plus impose significant
22 hardships on patients scheduled to receive treatment, those already undergoing
23 treatment, and the Lab, Clinic, and their staff. *Ex. A,* ¶.

24 The Lab and Clinic employ over 240 doctors, specialists, nurses, and
25 administrative staff involved in the cell manufacturing process and the treatment of
26 patients with the manufactured stem cells. *Id.* In order to treat the hundreds of patients
27 who visit the Clinic, the Lab manufactures roughly 6 billion cells each week and has
28 around 40 billion manufactured stem cells in stock at any given time. *Id.* These stem

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cells are the final product of the Lab's process and include supplies, materials, and reagents that cannot be recovered or reused. *Id.*

If Plaintiff's requested injunction were somehow granted, the Lab and Clinic would be unable to treat the over 1,000 patients who are currently being treated with the manufactured stem cells or scheduled for treatment over the next six (6) months alone. *Id.* As a patient's treatment requires a series of multiple injections over a sustained period of time, the patients currently undergoing treatment would be completely abandoned in the middle of the process. *Id.*

The Lab and Clinic would also be forced to furlough over 240 employees causing significant harm to the staff for an indeterminate amount of time. *Id.* Additionally, materials used in the 40 billion manufactured stem cells the Lab currently has in stock must be used for treatment within a limited amount of time or else are unusable. *Id.* In the event the Lab was not able to use these cells for treatment of patients, the Lab would be unable to recover their value which equals approximately $7,000,000 plus the costs of the supplies, materials, and reagents that have already been used in their production. *Id.*

As demonstrated herein, patients who are currently undergoing treatment, patients scheduled to receive treatment, and the Lab, Clinic, and their staff would all suffer significant hardships that, in addition to the public interest, undeniably outweigh Plaintiff's unsubstantiated and false claim of "right" to privacy. As such, Plaintiff's Application for Preliminary Injunction must be denied.

F. A Security Bond of At Least $60,000,000.00 Is Proper Pursuant to NRCP 65(c).

N.R.C.P. 65(c) provides that no preliminary injunction may be issued unless the applicant provides a security bond in an amount deemed proper by the court for the payment of costs and damages that may be incurred or suffered by a wrongfully enjoined party. The purpose of posting a security bond in accordance with N.R.C.P. 65(c) is to protect those parties from the damages incurred as a result of a wrongful injunction. *American Bonding Co. v. Roggen Enters.*, 109 Nev. 588, 590-91, 854 P. 2d

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868, 870 (1993). As a result, parties subject to a wrongful injunction may recover the actual expenses and losses arising from the injunction, including the costs of the original proceeding, the reasonable attorneys' fees incurred for setting aside a wrongful injunction, and those damages that are the natural and proximate consequence of the issuance and enforcement of the injunction. Id. at 591 (*quoting Brown v. Jones*, 5 Nev. 374, 377 (1870)).

Plaintiff argues in his Application that the bond should be minimal or zero because there is "almost no likelihood of a wrongful issuance of an injunction." *Appl.,* 15:3-11. Plaintiff incorrectly reasons that since Member Defendants do not own Plaintiff's "product" and do not have "consent" to use it, no damages can be suffered. *Id.* However, this self-serving "logic" is woefully insufficient because it is based on the completely unsupported and demonstrably false conclusion that he somehow "owns the product." *Id.* As demonstrated above, Plaintiff has no ownership interest whatsoever in the original cell vials or the manufactured cells created by the Lab.

Nonetheless, the natural and proximate consequential damages that would arise from Plaintiff's wrongful injunction over the next six months alone are extensive and a security bond of at least $60,000,000.00 is necessary. *Ex. A,* ¶. To begin with, an order enjoining the use of the manufactured stem cells for treatment of Clinic patients would result in a loss of revenue equal to approximately $1,048,264.00 per week, or $27,254,881.00 over the next six months alone. *Id.* Additionally, if the Clinic's existing patients were unable to finish their treatments, they would need to be reimbursed approximately $24,843,000.00 for their advanced payments. *Ex. A,* ¶. Furthermore, if the Lab's existing stock of manufactured cells cannot be used for treatment before their expiration date, the Lab will not be able to recover the value of those cells, which is equal to approximately $7,000,000.00 plus the costs of the supplies, materials, and reagents used therein. *Id.*

Moreover, if the Clinic is unable to treat its patients, over 240 doctors, specialists, nurses, and administrative staff will be without a job. *Id.* Under Mexican law, each of

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these employees must also be provided with three (3) months of severance pay, equal to a cost of approximately $1,220,122.33.[1] *Ex. A,* ¶. As such, a bond of at least $60,000,000.00 is necessary to protect against the natural and proximate consequences that will follow from the wrongful injunction.

V. CONCLUSION

Plaintiff's Application for Preliminary Injunction based on his singular claim of conversion against Member Defendants in their individual capacity must be denied. Plaintiff has not demonstrated an ownership interest in the stem cells or processes, has not identified a wrongful act of dominion committed by the Member Defendants individually, and cannot show any irreparable harm that will result in the absence of the proposed injunction. Moreover, Plaintiff's claim is statutorily precluded by his identical claim for misappropriation of trade secrets. As such, Plaintiff has failed to meet the requirements for preliminary injunction under Nevada law and his Application must be denied.

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[1] Calculated pursuant to Section XXII, Paragraph A of the Political Constitution of the United Mexican States and Articles 48, 74, 76, 80 through 89, and 98 through 116 of the Mexican Federal Labor Law, based on average daily payroll of $157,143 pesos and the current USD exchange rate of $20.3182 pesos per dollar.

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DATED this 31st day of March 2025.

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/s/ Jeffery A. Bendavid, Esq.

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Exhibit A

OPPS
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DISTRICT COURT
CLARK COUNTY NEVADA

Francisco Silva, an individual, Plaintiff, vs. Ed Clay, an individual; Scott Nelson, an individual; Deddrick Perry, an individual; Julie Freeman, an individual; Doe Defendants 1 – 10; Defendants, CPI Management Group, LLC, a Nevada limited liability company; Nominal Defendant.	Case No. A-25-909767-B Dept. 9 **DECLARATION OF SCOTT NELSON**

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

1 I, Scott Nelson, hereby declare and swear under penalty of perjury as follows:

2 1. I am one of the original members of CPI Management Group, LLC ("CPI"). I
3 submit this affidavit to address and correct the multiple falsehoods presented by
4 Francisco Silva in his legal filings with this Court and to provide a truthful and accurate
5 account of the events and circumstances relevant to this matter.

6 2. Silva's Amended Complaint, in paragraph 3, falsely asserts that he is merely a
7 biologist while portraying me and my co-defendants as "experienced and sophisticated
8 international business professionals." This characterization is misleading. Silva has
9 represented himself as "Doctor" to CPI's professional staff, despite never participating
10 in a PhD program nor earning such a degree. His only claimed formal academic
11 credential is a bachelor's degree from California Polytechnical University.

12 3. Contrary to his portrayal, Silva possesses significant business experience. He
13 served as CEO of Davinci, a company later criminally prosecuted for illegally profiting
14 from the sale of human embryo tissue. Following Davinci's closure by the State of
15 California, Silva formed iBiologics Consulting as its successor, which he continues to
16 use today. Additionally, for over a decade, he has been a Vice President, Director, and
17 employee of Bio-Restorative Therapies, Inc. ("BRTX"), a publicly traded company.

18 4. Silva's involvement with CPI began with fraud in the inducement and violated
19 the loyalty and confidentiality provisions of his signed contract with BRTX. His
20 business career reflects a consistent pattern: taking credit for others' achievements,
21 extracting personal gain from every company he is involved with, offering nothing in
22 return, and readily engaging in unethical or criminal acts to enhance his wealth. Silva
23 even attempted to involve my co-defendants in a hostile takeover of BRTX through
24 sophisticated insider trading, proposing to instruct Edward Clay on how to commit
25 these acts—further debunking his claim of being a mere scientist overshadowed by
26 sophisticated business professionals.

27 5. In 2014, Edward Clay faced a dire personal crisis when his mother was
28 diagnosed with a rare form of Rheumatoid Arthritis. After all available treatments in

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1 the United States failed, Clay, alongside Deddrick Perry, discovered the Centro
2 Hospitalario Internacional del Pacifico, S.A. (now TAM Center), a cancer and
3 autoimmune disease facility in Tijuana, Mexico, which had been closed for over a year
4 following its owner's retirement. On October 27, 2014, Clay and I traveled to Tijuana
5 to negotiate its purchase, driven by a determination to transform it into a lifeline for
6 Clay's mother and thousands of others.

7 6. By June 2015, we began the process of reopening. We rehired staff, renovated
8 the facility, and lived and worked there for six months to ensure its success. I personally
9 took a loan against my house to fund this venture—a sacrifice reflecting our
10 commitment. On August 15, 2015, our first patient arrived. Shortly after, Clay's mother
11 entered the facility in a wheelchair and walked out three weeks later. Nearly a decade
12 later, she remains healthier than before, a testament to TAM Centers impact.

13 7. Over the next ten years, Clay, Perry, and I built TAM into a world-class
14 institution. Today, it employs 16 PhD scientists, 28 medical doctors, and 16 specialist
15 medical doctors. Our focus was holistic healing and immunotherapy: in 2016, we
16 partnered with the nonprofit Hope Song, bringing live musicians to uplift patients
17 weekly, and hired psychologists for a "Power of the Mind" class. TAM provides over
18 a million dollars annually in free treatments to those unable to pay. In 2025, we pledged
19 $5 million to the Miracle Hope Foundation to support veterans and first responders.
20 Known in the MMA and martial arts communities for our integrity, we have earned
21 trust through decades of service. Clay, in over 20 years of business, has never been sued
22 nor sued anyone—a rarity underscoring his character.

23 8. Before Silva's involvement, we laid a robust foundation for CPI. In 2015, we
24 developed a proprietary marketing plan using targeted Facebook ads, SEO, Google
25 AdWords, and custom pixels. We networked with other industry leaders, collaborated
26 with other biotechnology companies, and launched HealthQuest365 in September 2016
27 in partnership with other industry leaders. By 2018, we secured a Tijuana building for
28 stem cell operations, and established a scientific advisory board. In January 2020, we

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1 obtained a cellular manufacturing license from Mexico's Federal Committee for
2 Protection from Sanitary Risks—18 months before Silva entered the picture as a
3 partner.

4 9. In 2021, we upgraded our cleanroom and secondary lab in North Beach,
5 Tijuana, with advanced HEPA filtration, large air handler, electrical enhancements, and
6 gas lines, funded by Advanced Integrated Medical Solutions, LLC (AIMS) and CNP
7 Management Partnership LLC (CNP). We remodeled 7,000 square feet of patient space
8 despite post-COVID cash flow challenges and hired a lab operations lead in June 2021.

9 10. The COVID-19 pandemic in 2020 forced TAM to close as border closure fears
10 halted patient visits. This was a devastating period for us, as we had to send home stage
11 4 cancer patients with no other options. Many declined rapidly, and some died during
12 the closure. Future treatments were canceled, and returning patients were stranded—a
13 global tragedy compounded by our personal connections with these families.

14 11. Despite these challenges, we refused to abandon our 150 employees, keeping
15 them on payroll at immense personal cost. This loyalty stands in stark contrast to Silva's
16 later mockery in a childish Instagram post, claiming we were "broke," while
17 disregarding the global context of the pandemic.

18 12. In early 2021, Francisco Silva approached us with an enticing proposal: U.S.
19 patents for the extraction and use of umbilical cord lining stem cells, and the process to
20 grow mesenchymal stem cells in a hypoxic environment, which he claimed to own
21 outright. He offered to provide these patents to our Mexican lab entity in exchange for
22 a 25% stake in CPI Management Group, LLC, formed on June 29, 2021. In addition,
23 he promised to train staff at our lab and clinic, provide materials, and visit monthly. We
24 declined a $13.8 million offer to sell TAM in March 2021, because we were persuaded
25 by his pitch.

26 13. In February, I developed patient acquisition protocols using trade secrets from
27 AIMS and CNP, enrolling the first 100 patients. In March, I named the venture
28 "Cellular Performance Institute" and purchased the domain. Plaintiff volunteered to

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provide initial vials of umbilical cord mesenchymal stem cells (UCMSC) to the lab. However, such UCMSC lines are easily accessible by medical facilities and available for a low cost. No written agreement restricted the use of the UCMSC line Silva personally delivered to our Mexican lab entity, and Silva never indicated that he believed he could revoke consent for its use at any time.

14. At a kickoff meeting on June 28, 2021, Silva committed to 14 action items—including Scientific Advisory Board member lists, UCMSC culture protocols, a Phase II lab description, standard operating procedures, reagents, consumables, and visit dates—sparking optimism. However, warning signs emerged quickly. At a June 2021 Scientific Advisory Board meeting, he arrived intoxicated, fixated on profits, and boasted, "I never lose," alienating a team dedicated to patient care. In July 2021, he promised to provide "natural killer" cell protocols by year-end, but they never materialized.

15. Silva's commitments consistently fell apart. On September 9, 2021, Perry requested patent valuation data; Silva deflected, citing a home move, and never provided it. He skipped the December 2021 Christmas Party, disappointing staff eager to meet him. In 2022, he missed April, July, and October company leadership meetings. He also promised TILs, CAR-T therapies, clinical trials, and a bioinformatics lab at the January Q1 meeting—none of which he delivered. In July 2022, he admitted past involvement in selling aborted baby parts, a disclosure that shocked us and conflicted with the religious values of our ourselves and Mexican staff.

16. Despite Silva's absence, CPI flourished under our leadership. From January to August 2022, revenue reached $1.9 million, then skyrocketing to $28 million over the next 16 months, fueled by celebrity endorsements and amplified by one of the largest podcasts in the world. Silva contributed nothing to this success. In May 2022, we visited his New York office and lab, where he showcased stem cells, including numerous vials of master cells he claimed were from his children's umbilical cords.

17. In 2023, Silva attended leadership meetings only three times. At the February

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leadership meeting, he promised heart and liver stem cell therapies, staff certifications, and data collection plans—none of which were delivered. An April lab buildout he was supposed to oversee faltered, leading to delays and cost overruns. By October, he had not produced a Quality Management System (QMS) roadmap as promised. In Q2, he misrepresented progress on clinical protocols, stalling treatments.

18. Silva's deception extended further. In Q1 2021, he implied his obligations to BRTX did not conflict with his work for CPI, concealing the fact that he was subject to a non-compete and IP assignment clause. He repeatedly reaffirmed these false representations. However, in July 2021, he renewed his BRTX contract, prohibiting involvement with CPI, yet accepted a CPI salary. In Q2 2022, he misused CPI resources for personal trials lacking viability. On October 17, 2016, he formed iBiologics Consulting following lawsuits against DV Biologics, casting doubt on the origins of his intellectual property. In Q3 2024, he suggested insider trading using non-public CPI and BRTX data, exposing us to potential criminal liability.

19. In April, it was discovered by legal counsel Trey Harwell and Israel Askew that CPI's CFO Julie Freeman had embezzled $5 million. On April 12, 2024, Silva participated in a confrontation call with Freeman, Trey Harwell, Israel Askew, Clay, and me. Rather than assisting, he demanded his name be removed from CPI's website on April 24, 2024. On May 4, 2024, in Los Angeles, he accused us of theft, blamed Perry for Freeman's actions despite attending the same meetings and denied knowledge of an audit despite participating in Deloitte calls. He then promised weekly visits to Tijuana, which he never fulfilled.

20. Silva's sabotage intensified. On May 24, 2024, he berated the controller, nearly prompting a resignation he had to plead to reverse. In June 2024, he claimed he had left BRTX and moved to Utah, even having CPI pay for relocation fees. He told us he had left BRTX and was going to work full time for CPI. We later learned that he never quit BRTX and drew a salary from both companies for more than 3 years.

21. He disrupted the lab's supply chain, delaying shipments; in August, he sent

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only two of 15 promised cell factory boxes, falsely claiming shortages and damaging vendor relationships. On June 6, 2024, staff discovered that a competitor was using hypoxic stem cells, undermining Silva's patent claims.

22. I had previously asked for links to his patents in March of 2024, and Silva merely responded by providing links to studies that did not provide any information about his patents. Following the staff's discovery that a competitor was potentially using the same process, I wanted to be able to provide some evidence to existing and potential patients that the Lab's and Clinic's services that Silva had owned the patents for years. I once again reached out to Silva and he stated he would send links to his alleged patents to "the team," but never followed through.

23. Things grew contentious and in July 2024, Silva resisted firing the lab's quality manager, Claudia Cruz, despite her negligence. She subsequently quit, revealing incomplete certificates of analysis that were his responsibility. On July 12, he lied about a canceled flight to avoid addressing and fixing this issue with the certificates of analysis.

24. As our suspicions about Silva's patent ownership intensified, we repeatedly tried to get information and Silva repeatedly delayed in providing answers.

25. We subsequently were informed that Stemedica Cell Technologies, Inc., a Nevada corporation, held the patent for growing stem cells in a hypoxic environment, which is the patent(s) that Silva claimed he owned. We also were informed that Jadi Cell LLC, through an assignment from Amit Patel, owned the patent for utilizing umbilical cord lining for stem cells.

26. Then, on November 12, 2024, Silva sent a licensing agreement demanding $2 million and 5% of revenue completely out of the blue, admitting he did not own the patents—a fraud laid bare. After an order placed by the lab that same day went unfulfilled due to Silva's incompetencies resulting in delays to experiments, CPI terminated Silva on November 21, 2024, and escrowed his stake on December 18, 2024.

27. Silva initiated legal action against us on January 10, 2025, withdrawing

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consent for UCMSC use, and filed an injunction on March 7, 2025, aiming to cripple CPI. His motion is replete with falsehoods.

28. He claims ownership of the cell line (#VJS040119FS, #041321FS) but provides no evidence beyond a BRTX letter denying their ownership, which does not affirm his. We also further investigated the registration of the "cell lines" and learned that the labels used were entirely made up by Silva using his children's initials and birth dates. There is no official registration or naming convention for master cell lines.

29. Silva did not found the TAM Center as he claims online and didn't even know any of the partners until 2018.

30. He did not devise the stem cell duplication process. The lab's current stem cell production process is proprietary, developed under its scientists' supervision, not Silva's. Silva provided rudimentary in-person trainings to lab staff a handful of times and was occasionally (but infrequently) available to provide assistance via phone and Zoom calls. However, this initial input consisted of information that was not proprietary and easily found in peer-reviewed papers published prior to Silva's involvement. The lab's process has undergone significant modifications over the past three years—including adjustments to reagent quantities, cell factory volumes, and equipment—led by PhD scientists and medical doctors, whose accomplishments far surpass Silva's formal education.

31. Silva was terminated for fraud and non-performance, not for raising concerns.

32. Despite his fraud, we have set aside distributions he would have earned, out of fairness and respect for the judicial process. However, his lawsuits and injunction requests actively harm CPI.

23. In 2022, Silva also took me and the other members to see his "freezer" in Long Island, New York, containing biological material he claimed to have gathered for over 15 years, including cell lines from liver, brown fat, and other organs and upon information and belief, the cells he provided to the Lab. He showed me vials of the cell line provided to our Mexico lab, part of a master cell bank, assuring me we would never

deplete it. He further stated that, if needed, he could supply additional cells from the same umbilical cord. I also learned that he told Amit Patel he could provide the same cell line and produce cells in his New York lab, mentioning they had also been used in an FDA trial in Miami and by biotech company Jadicell.

24. The intravenous stem cell protocol we use was established by us long before Silva's involvement. Intravenous dosages are an industry standard and public knowledge, well-documented in a meta-analysis of 914 medical trials. Our joint and intra-articular protocols are based on published trials in peer-reviewed papers and are standard practice among stem cell clinics worldwide.

25. Neither my co-defendants nor I personally possess any vials of stem cells. Likewise, we are not medical doctors or lab scientists and do not manufacture stem cells at the lab or treat patients at the clinic.

26. If the lab and clinic were enjoined from using the manufactured cells for patient treatment, over 1,000 patients scheduled to receive treatment in the next six (6) months would be denied care. As the treatment services provided by the clinic involve multiple injections spaced out preset periods of time, patients currently in the middle of their treatments would be abandoned in the middle of the process, adversely affecting their recovery. Additionally, it would result in approximately $1,048,264.00 in lost revenue per week, or $27,254,881.00 over the next six (6) months. Additionally, the clinic would have to reimburse patients who have already paid for their services in an amount of approximately $24,843,000.00.

27. The lab and clinic have approximately 40 million manufactured stem cells in stock at any time. These cells are valued at approximately $7,000,000.00 plus the costs of supplies and products already used in the manufacturing. Reagents used in these cells have a limited shelf-life and the manufactured cells will be unusable past the expiration date.

28. Additionally, the lab and clinic would have to lay off or furlough over 240 doctors, PhD scientists, nurses, and administrative staff if the stem cell treatments were

indefinitely halted. Based on the average daily payroll of $157,143.00 pesos, the lab and clinic would be responsible for payment of approximately $24,790,689.62 pesos in mandatory severance pay under Mexico law.

29. The facts presented herein demonstrate that Francisco Silva's involvement with CPI was characterized by deceit, non-performance, and efforts to exploit the company for personal gain. His conduct stands in sharp contrast to the integrity, dedication, and sacrifices made by me and my co-defendants to build and sustain CPI.

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

DATED this 31 day of March 2025.

SCOTT NELSON

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Exhibit B

To Whom It May Concern,

Since the initiation of this project, significant changes have been made to the original protocol for manufacturing umbilical cord-derived mesenchymal stem cells (U-MSCs). These changes have been implemented over time to optimize the process, enhance quality control, improve team dynamics, and increase efficiency. Our approach is continuously refined based on our unique experience and the latest peer-reviewed data, reflecting the rapid evolution of scientific knowledge.

After consulting our team, here are some of the key changes:
• The percentage of Platelet Lysate was reduced from 10% to 8%.
• In July 2023, a filtration step was added to the process.
• We have incorporated CryoStor10 reagent and are exploring the development of our own in-house cryopreservation media in the near future.
• A significant change involves standardizing the number of cells seeded in the cell factories. Previously, varying amounts were seeded, resulting in less predictable cell expansion.
• Another notable adjustment is in the volume of media changes. We now perform a partial exchange of 600 mL out of the total 850 mL in the cell factory.
• We have revised steps in the vial checks as part of the quality control process.
• We have modified the quantity of TrypLE used for dissociating cells from the cell factory surface during harvest, reducing it from 250 mL to 200 mL.
• When recovering the TrypLE cell suspension, we now mandatorily add 100 mL of DPBS to wash the chamber, a step that was previously optional.
• Previously, we hydrated the cell factory with 100 mL of media, but now we use 400 mL.
• Previously, we placed the cell factories in the incubator without verifying that the liquid was evenly dispersed, but now we mandate checking the liquid level.
I must also emphasize that this process remains dynamic, with various aspects documented in peer-reviewed public literature, reflecting its ongoing evolution.

Sincerely,

Don Diego Guerena Elizalde

Don Diego Guerena, PhD
Legal Sanitary Officer, Laboratory Operations
TAM Center