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Assigned to Judicial Officer
David C Mathias

Attorneys for Plaintiff, NATHANIEL DEAN CARY

For All Purposes

7
8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF TULARE

10
11 NATHANIEL DEAN CARY, an individual,
12 Plaintiff,

13 v.

14 PUMP HOUSE, INC., a California
15 corporation; JACOB MATTHEW GAYER,
16 individually and as an officer and/or director
17 of PUMP HOUSE, INC., and DOES 1
18 through 25, inclusive

Defendants.

Case No. VCU298865

**VERIFIED COMPLAINT FOR
INVOLUNTARY DISSOLUTION OF
CORPORATION (CORP CODE § 1800)
AND BREACH OF FIDUCIARY DUTY**

Case Management Conference

10/02/2023 08:30 AM - Department 01

19 Plaintiff, NATHANIEL DEAN CARY (“Plaintiff”) alleges his complaint as follows:

- 20 1. This Complaint is filed in accordance with Corporate Code § 1800.
- 21 2. Defendant, PUMP HOUSE, INC., (“Defendant Corporation”) is now, and at all times
22 mentioned in this Complaint was, a close corporation organized and existing under the laws of the
23 State of California, with its principal executive office located at 1075 e. Main Street, Visalia,
24 Tulare County, California, 93292.
- 25 3. Defendant Corporation is not subject to the Banking Law, Fin. Code §§ 99 et seq.; the
26 Public Utilities Act, Pub. Util. Code §§ 201 et seq.; the Savings and Loan Association Law, Fin.
27 Code §§ 500 et seq.; or Ins. Code §§ 1010 et seq.
- 28 4. Defendant JACOB MATTHEW GAYER (“Defendant Jacob”), is now, and at all times

VERIFIED COMPLAINT FOR INVOLUNTARY DISSOLUTION OF CORPORATION (CORP CODE § 1800)
AND BREACH OF FIDUCIARY DUTY

1 mentioned in this Complaint was, a resident of Tulare County, California.

2 5. DOES 1 through 25, inclusive, are defendants whose identifies have not yet been
3 ascertained. They are individuals, partnerships, corporations or some other business entity. On
4 information and belief, each Doe defendant was somehow responsible for the damages caused in
5 this case. As soon as the true identities and capacities of the Doe defendants have been
6 ascertained, this complaint will be amended to reflect the true names and capacities of each Doe
7 defendant.

8 6. At all times relevant herein, Defendant Jacob is, and was, the majority shareholder, and
9 the Chief Executive Officer.

10 7. At all times relevant herein, Plaintiff is, and was, a shareholder of record of Defendant
11 Corporation originally holding 50%, reduced to 20% on October 20, 2022, of Defendant
12 Corporation's total outstanding shares (voting).

13 8. Defendant Corporation has 100 outstanding voting shares, of which Plaintiff is informed
14 and believes that 80% are held by Defendant Jacob, and 20% are held by Plaintiff.

15 9. Plaintiff is authorized and entitled to maintain an action for involuntary dissolution of
16 Defendant Corporation by the reason that Plaintiff is a shareholder of Defendant Corporation
17 which is a close corporation with fewer than thirty-five (35) shareholders.

18 10. On or about October 20, 2022, Defendant Jacob held an "annual meeting" whereby
19 Defendant Jacob, unilaterally, "voted unanimously" to reduce Plaintiff's shares of ownership
20 from 50% to 20% and Defendant Jacob transferred an additional 30% ownership to himself (for a
21 total of 80%) and Defendant Jacob would take "100% responsibility for the corporation." This
22 was done without Plaintiff's consent (see Exhibit 1 attached hereto and incorporated herein by
23 this reference).

24 11. Further, Defendant Jacob has not followed proper protocol in the handling of money
25 (cash); Defendant Jacob has refused to account to Plaintiff the revenue received and expenses
26 incurred.

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1 **FIRST CAUSE OF ACTION FOR INVOLUNTARY DISSOLUTION**

2 **(Against Defendant Corporation)**

3 12. Plaintiff hereby repeats, repleads, and incorporates by this reference each and all of the
4 allegations contained in paragraphs 1 through 11 inclusive, of this Complaint, as though fully set
5 forth herewith.

6 13. Plaintiff is informed and believes and based thereon alleges that grounds exist for
7 involuntary dissolution of Defendant Corporation pursuant to California Corporations Code §
8 1800(b)(4) & §1800(b)(5).

9 14. Plaintiff is informed and believes and based thereon alleges that Defendant Jacob, as the
10 purported controlling shareholder, director and officer of Defendant Corporation, has been guilty
11 of pervasive fraud and mismanagement, and has abused his authority and demonstrated persistent
12 unfairness towards Plaintiff, and that Defendant Corporation's property is being misapplied and
13 wasted by Defendant Jacob through the acts listed herein. (*California Corporations Code §*
14 *1800(b)(4)*).

15 15. Liquidation of Defendant Corporation is reasonably necessary for the protection of
16 Plaintiff's rights as a shareholder of Defendant Corporation in that Defendant Jacob, as the
17 purported controlling shareholder, director and officer of Defendant Corporation, is operating
18 Defendant Corporation in a manner detrimental to Plaintiff's interests in Defendant Corporation.
19 (*California Corporations Code § 1800(b)(5)*). More specifically, Plaintiff alleges that Defendant
20 Jacob has engaged in the following detrimental acts:

- 21 a. On information and belief, it is alleged that Defendant Jacob has substantially
22 increased his distributions at Defendant Corporation while, during the same time
23 period, reducing shareholder distributions to Plaintiff.
- 24 b. Plaintiff is informed and believes and based thereon alleges that Defendant Jacob
25 has "corporate meetings" without proper notice to Plaintiff whereby Defendant
26 Jacob takes detrimental actions against Plaintiff's share of ownership from 50% to
27 20%; failing to account for revenue and expenses; and harassing and bullying
28 Plaintiff.

- 1 c. On information and belief, Plaintiff believes Defendant Jacob is drinking
2 excessively at the bar (on the job) without pay for the alcohol and becoming
3 intoxicated. Plaintiff has been informed on at least one incident wherein
4 Defendant Jacob drank excessively and left the door to the safe open resulting in
5 money being stolen and could not count his till and combined with another
6 employees.
- 7 d. On information and belief, Plaintiff believes Defendant Jacob works a minimal
8 amount of days per week (approximately 1), but bills Defendant Corporation for
9 90 hours, including overtime, for work and hours not actually incurred.

10 16. Despite being a 50% and/or 20% owner of Defendant Corporation, Plaintiff has absolutely
11 no control and/or input as to Defendant Corporation's operations, direction, and/or management.
12 Additionally, Plaintiff only receives information regarding Defendant Corporation's activities on
13 a need-to-know basis as if Defendant Corporation is and/or was operating in a classified
14 environment.

15 17. Defendant Jacob's complete disregard for Plaintiff's rights as a shareholder of Defendant
16 Corporation, make it clear that judicial intervention is necessary to prevent further
17 mismanagement and protect the rights of Plaintiff. As such, involuntary dissolution of Defendant
18 Corporation is necessary to prevent any further harm to Plaintiff herein.

19 **SECOND CAUSE OF ACTION FOR BREACH OF FIDUCIARY DUTY**

20 **(Against Defendant Jacob)**

21 18. Plaintiff hereby repeats, repleads, and incorporates by this reference each and all of the
22 allegations contained in paragraphs 1 through 17 inclusive, of this Complaint, as though fully set
23 forth herewith.

24 19. At all times relevant herein Defendant Jacob, as the self-appointed controlling shareholder
25 and the controlling director and Chief Executive Officer of Defendant Corporation, owed
26 Plaintiff, a minority shareholder (as reflected in Exhibit 1 and in Defendant Corporation's Stock
27 Transfer Ledger), a fiduciary duty as a matter of law.

1 20. As described above in all the preceding paragraphs, Defendant Jacob has breached his
2 fiduciary duty to Plaintiff by advancing his own interests over Plaintiff and, on information and
3 belief, including but not limited to, engaging in self-dealing by failing to account for revenue and
4 expenses, as well as limiting and controlling the scope of information about Defendant
5 Corporation's operations.

6 21. As a direct and proximate result of Defendant Jacob's breaches of his fiduciary duty and
7 advancing his own financial interests ahead of Plaintiff's interest, Plaintiff has been harmed by
8 having the value of his substantial ownership interest in Defendant Corporation reduced to a de-
9 minimis level, as Plaintiff only receives nominal distributions from Defendant Corporation while,
10 at the same time, Defendant Jacob continues to increase his own distributions.

11 22. The true nature of Plaintiff's damages is currently unknown but is believed to be in excess
12 of this Court's minimum jurisdictional limit of \$25,000.00 and will be determined according to
13 proof at time of trial.

14 WHEREFORE, Plaintiff prays for relief as follows:

15 **FIRST CAUSE OF ACTION**

- 16 1. A judgment and order that Defendant Corporation be wound up and dissolved in the
17 manner provided by law;
18 2. Granting Plaintiff such ancillary orders and decrees as may be necessary to effectuate said
19 winding up and dissolution;
20 3. For costs of suit incurred herein; and
21 4. For such other and further relief as the Court deems just and proper.

22 **SECOND CAUSE OF ACTION**

- 23 1. For general damages in an amount according to proof at time of trial;
24 2. For special damages in an amount according to proof at time of trial;
25 3. For costs of suit incurred herein;
26 4. For such other and further relief as the Court deems just and proper.


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Dated: June 2, 2023.

FARLEY LAW FIRM

By



Michael P. Farley
Attorneys for Plaintiff

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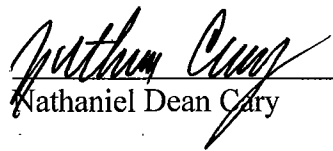
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VERIFICATION

I am Plaintiff to this action, and I have read the foregoing Verified Complaint for Involuntary Dissolution of Corporation (Corp Code § 1800) and Breach of Fiduciary Duty (“Complaint”). The matters stated in the Complaint are true based on my own knowledge, except as to those matters stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on June 2, 2023, at Visalia, California.



Nathaniel Dean Cary