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8
 9 UNITED STATES DISTRICT COURT
 10 DISTRICT OF NEVADA
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12 ALLSTATE INSURANCE COMPANY,
 ALLSTATE PROPERTY & CASUALTY
 13 INSURANCE COMPANY, ALLSTATE
 INDEMNITY COMPANY AND ALLSTATE
 14 FIRE & CASUALTY INSURANCE
 COMPANY,

15 Plaintiffs,

16 v.

17 OBTEEN N. NASSIRI, D.C., et al.,

18 Defendants.
 19

Case No. 2:20-cv-00425-JCM-DJA

**PLAINTIFFS' PROPOSED FINDINGS OF
FACT AND CONCLUSIONS OF LAW**

20 This matter having come on for a bench trial on March 25, 2023, the Honorable James C.
 21 Mahan presiding. Plaintiffs ALLSTATE INSURANCE COMPANY, ALLSTATE PROPERTY &
 22 CASUALTY INSURANCE COMPANY, ALLSTATE INDEMNITY COMPANY, and
 23 ALLSTATE FIRE & CASUALTY INSURANCE COMPANY (hereinafter "Plaintiffs" and/or
 24 "Allstate") were present with their attorneys Renee M. Maxfield, Esq. and Philip A. John, Esq. of
 25 McCormick, Barstow, Sheppard, Wayte & Carruth, LLP. Defendants OBTEEN NASSIRI and
 26 MED ED LABS were present with their attorneys, R. Duane Frizell, Esq. of Frizell Law Firm. The
 27 Court having considered the pleadings on file, the evidence offered by all parties at trial, and the
 28 arguments of counsel, issues the following Findings of Fact and Conclusions of Law.

I.
FINDINGS OF FACTS

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3 1. On September 10, 2013, Judgment was entered against Obteen Nassiri in *Allstate v.*
4 *Nassiri*, Case No. 2:08-cv-00369, which included compensatory damages in the amount of
5 \$3,559,246.46, pre-judgment interest in the amount of \$1,002,983.28, punitive damages in the
6 amount of \$1,678,248.34, and post-judgment interest calculated at a rate of .12%.

7 2. On April 11, 2014, Judgment was entered against Obteen Nassiri in *Allstate v.*
8 *Nassiri*, Case No. 2:08-cv-00369, upon granting of Allstate’s Motion for Attorneys’ Fees, Interest,
9 and Cost in the amount of \$1,195,008.50 for attorneys’ fees, pre-judgment interest of \$151,084.20,
10 costs of \$208,562.78, and additional pre-judgment interest on the costs award of \$28,040.05. The
11 September 10, 2013 and April 11, 2014 Judgments are hereinafter collectively referred to as “the
12 Judgment.”

13 3. Allstate has a valid and enforceable Judgment against Obteen Nassiri in the total
14 amount of \$9,029,557.85. The above Judgments were timely renewed by Allstate.

15 4. To date, Mr. Nassiri has failed to satisfy, or attempt to satisfy, the valid and
16 enforceable Judgment against him.

17 5. Mr. Nassiri’s decision to defy the Court’s Judgments has forced Allstate to seek
18 satisfaction of the Judgment from Med Ed Labs, Mr. Nassiri’s latest business venture.

19 6. Mr. Nassiri approached Mr. Johnston with the idea of opening a medical training
20 company to operate under Green Tree as a d/b/a. Med Ed Labs’ fictitious name certificate
21 paperwork was filed with the Nevada Secretary of State on February 10, 2015, indicating that Med
22 Ed Labs, with an address of PO Box 26567, Las Vegas, Nevada 89126, was filed under Green Tree
23 Services, LLC. Joshua Johnston was named as the managing partner of Green Tree Services.

24 7. On August 12, 2015, Med Ed Labs filed as domestic non-profit corporation with the
25 State of Nevada, Secretary of State.

26 8. On August 24, 2015, Med Ed Labs filed to terminate its d/b/a with Green Tree
27 Services, LLC.

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1 9. Mr. Johnston has a background in construction with no medical training or expertise.
2 Mr. Johnston, during his deposition, was unable to identify the name of a single employee employed
3 by Med Ed Labs. Mr. Johnston was also unable to identify business expenses of Med Ed Labs
4 versus personal expenses of Mr. Nassiri that were charged to Med Ed Labs' accounts and included
5 on Med Ed Labs' general ledgers.

6 10. Med Ed Labs' initial Secretary of State filing indicated Joshua Johnston held all
7 officer positions. Effective September 1, 2020, Med Ed Labs amended their Secretary of State filing
8 to identify Mr. Nassiri as an officer of the company under the position of Secretary.

9 11. Med Ed Labs' operated under the home address of Mr. Nassiri and his family at 231
10 Royal Wood Court, Las Vegas, Nevada 89148. Med Ed Labs also operated under the personal
11 cellular telephone number belonging to Mr. Nassiri. Med Ed Labs utilized Mr. Nassiri's registered
12 vehicle, a white van, for business operations.

13 12. Since its forming, Mr. Nassiri has operating Med Ed Labs, including day-to-day
14 operations, entering into contracts, taking out loans, hiring and firing of employees, making
15 determinations as to employee status, scheduling employees, determining employee salaries, and
16 overseeing the entire operation of Med Ed Labs. Mr. Johnston exercised no involvement or control
17 of the above-listed activities of Med Ed Labs.

18 13. Mr. Nassiri had access to, control of, and free use of Med Ed Labs bank accounts.
19 Mr. Nassiri had unfettered use of Med Ed Labs accounts, which he used to pay for his personal
20 expenses, including but not limited to his family's living expenses, private vehicle registrations,
21 vehicle insurance, family vacations, pet supplies, his wife's false eyelashes, retail shopping, nail
22 salons, etc.

23 14. Mr. Nassiri's personal use of Med Ed Labs' accounts were recorded as business
24 expenses of Med Ed Labs as evidenced by the general ledgers prepared by Richard Douglas, CPA
25 of BD & Associates. Mr. Nassiri entered into the accounting engagement agreement on behalf of
26 Med Ed Labs.

27 15. Mr. Nassiri and his wife, Jennifer Nassir, were issued loans from her father, James
28 Andersen, in the amounts of \$60,000 and \$40,000. The loans were intended to support the Nassiri's

1 and their family. The loans were recorded as liabilities on Med Ed Labs general ledgers and were
2 repaid through Med Ed Labs' accounts. Mr. Nassiri, not Mr. Johnston, executed Promissory Notes
3 on both loans.

4 16. Mr. Nassiri is the manager of Med Ed Labs, is in full control of the financials of
5 Med Ed Labs, used hundreds of thousands of dollars of company money for personal use, owns
6 assets which are used in the daily business of Med Ed Labs, and is the sole person involved in the
7 daily operations of the business.

8 17. Mr. Nassiri is the principal influencer and operator of the organization, he has
9 commingled his personal funds with company funds to such an extent that the two are
10 indistinguishable, he is the manager and sole operator of the business, and the unity of interest
11 between Mr. Nassiri and Med Ed renders them inseparable from each other.

12 **II.**
13 **CONCLUSIONS OF LAW**

14 **A. Alter Ego**

15 1. Pursuant to NRS 78.747,

16 A person acts as the alter-ego of a corporation only if:

17 (a) The corporation is influenced and governed by the person;

18 (b) There is such unity of interest and ownership that the corporation and the
19 person are inseparable from each other; and

20 (c) Adherence to the notion of the corporation being an entity separate from the
21 person would sanction fraud or promote a manifest injustice.

22 2. "Nevada has long recognized the equitable remedy of piercing the corporate veil
23 where the corporate form is abused and the corporation acts as an alter ego of a controlling
24 individual." *Brown v. Kinross Gold U.S.A., Inc.*, 531 F.Supp.2d 1234, 1241 (D.Nev. 2008).

25 3. Allegations of alter ego require a showing of the preponderance of the evidence, not
26 a higher showing of clear and convincing evidence as required for traditional fraud. *In re*
27 *Giampietro*, 317 B.R. 841, 852 (Bankr.D.Nev. 2004).

28 4. When evaluating the first two factors – substantial interest and unity of ownership,
the Nevada courts look to several additional factual considerations: "(1) whether there was a

1 commingling of funds, (2) undercapitalization, (3) the unauthorized diversion of funds, (4) the
2 individual treated the corporate assets as their own, and (5) a failure to observe corporate
3 formalities.” *Budnick v. Your Management, LLC*, 2010 WL 11575643 at *3 (D.Nev. 2010), citing
4 *Mallard Auto. Group, Ltd. v. LeClair Mgmt. Corp.*, 153 F.Supp.2d 1211, 1214 (D.Nev. 2001).

5 5. “‘Reverse’ alter ego involves a finding that a party can go after the assets of a
6 corporation to satisfy the debts of the individual. Nevada courts have found that “[i]t is particularly
7 appropriate to apply the alter ego doctrine in ‘reverse’ when the controlling party uses the controlled
8 entity to hide assets or secretly to conduct business to avoid a pre-existing liability of the controlling
9 party.” *TransFirst Group, Inc. v. Magliarditi*, 2017 WL 1158072 at *3 (D.Nev. 2017), citing *LFC*
10 *Marketing Group*, 116 Nev. at 903.

11 6. Based on a preponderance of the evidence, Mr. Nassiri influenced and governed Med
12 Ed labs, not Mr. Johnston. Mr. Nassiri, not Mr. Johnston, was involved entirely in the governance
13 of Med Ed Labs, running the daily operations, hiring and firing of employees, hiring and consulting
14 with their accountant, providing financial documentation to their accountant, entering into contacts
15 and loan agreements, and making purchases on the company account.

16 7. All communication relating to Med Ed Labs goes through Mr. Nassiri, not Mr.
17 Johnson. For example, Med Ed Labs’ contact information is Mr. Nassiri’s personal address and
18 personal cellular telephone. Med Ed Labs was synonymous with Mr. Nassiri.

19 8. Mr. Nassiri had full access and control over all of Med Ed Labs’ financial accounts,
20 the management of company finances, was a signer on the accounts, and engaged in commingling
21 of company assets with his personal assets thereby manipulating company assets for personal gain.

22 9. Based on a preponderance of the evidence, Mr. Johnson exercised no influence or
23 control of Med Ed Labs. While he was “owner in name”, he was not “owner in fact.”

24 10. Unity of interest and ownership can be demonstrated by “pervasive control,” wherein
25 the party “dictates every facet of the subsidiary’s business – from broad policy decisions to routine
26 matters of day-to-day operation.” *Ranza v. Nike, Inc.*, 793 F.3d 1059, 1073 (9th Cir. 2015).

27 11. Mr. Nassiri and Med Ed Labs are inseparable due to unity of interest and ownership.
28 Mr. Nassiri runs the day-to-day operations of Med Ed Labs, controls hiring, firing, and discipline of

1 employees, enters into legal contracts, signs company tax returns, has access and control over
 2 company finances, and commingled his personal funds with company assets. Based on the
 3 preponderance of the evidence, Mr. Nassiri has pervasive control of Med Ed Labs thereby
 4 establishing a unity of interest and ownership rendering the two inseparable.

5 12. Based on a preponderance of the evidence, each of the factors outlined in *Mallard*
 6 *Auto. Group, Ltd. v. LeClair Mgmt. Corp.* are satisfied. This Court finds that Mr. Nassiri
 7 commingled his funds with Med Ed Labs, the improper reporting of personal expenses of Mr.
 8 Nassiri as business expenses of Med Ed Labs resulting in undercapitalization of Med Ed Labs on
 9 their tax returns filed with the Internal Revenue Service, Mr. Nassiri engaged in unauthorized
 10 diversion of funds from Med Ed Labs for his personal use, and Mr. Nassiri treated Med Ed Labs’
 11 corporate assets as his own.

12 13. Furthermore, based on a preponderance of the evidence, the Court finds that treating
 13 Med Ed Labs as a separate entity from Mr. Nassiri would sanction fraud and promote a manifest
 14 injustice. In *No. 8 Mine, LLC v. Eljen Group, LLC*, 2020 WL 6273898 (D.Nev. 2020), the Court
 15 found that “adherence to the corporate fiction of a separate legal entity would sanction a fraud
 16 because [the individual] could use [the company] to shield his assets from a substantial judgment
 17 while depleting any assets of [the company].” *Id.* at *6-7. Mr. Nassiri’s personal use of Med Ed
 18 Labs’ assets while evading satisfaction of the Judgment is sufficient evidence for this Court to find
 19 that fraud and injustice will follow if Med Ed Labs is not found to be the alter ego of Mr. Nassiri.

20 14. Therefore, based on a preponderance of the evidence, this Court finds in favor of
 21 Plaintiffs, and each of them, against Defendants, and each of them, with respect to Plaintiffs’ First
 22 Cause of Action – Reverse Alter Ego and each and every allegations raised therein.

23 **B. Civil Conspiracy**

24 1. Civil conspiracy “arises where two or more persons undertake some concerted action
 25 with the intent ‘to accomplish an unlawful objective for the purpose of harming another,’ and
 26 damage results,” and this conspiracy “must be based on an agreement to commit a viable tort.”
 27 *Interior Electric Incorporated Nevada v. T.W.C. Construction, Inc.*, 2020 WL 719410 at *3 (D.Nev.
 28 2020), citing *Guilfoyle v. Monmouth Stock Transfer Co., Inc.*, 130 Nev. 801, 813 (2014).

1 2. Based on the preponderance of the evidence, this Court finds that there exists an
2 agreement between Mr. Nassiri and Mr. Johnston to operate Med Ed Labs under Mr. Johnston’s
3 name with the intent to conceal Mr. Nassiri’s assets and to preclude collection of the Judgment
4 against Mr. Nassiri.

5 3. Mr. Johnston conceded in his deposition that Mr. Nassiri used Med Ed Labs funds
6 for personal use, his lack of knowledge of any employees employed by Med Ed Labs, and his lack
7 of general knowledge regarding Med Ed Labs’ operations. Mr. Johnston’s testimony evidences that
8 he entered into a conspiracy with Mr. Nassiri to aid and abet in Mr. Nassiri’s concealment of his
9 assets and income from Allstate.

10 4. By entering into this agreement, Mr. Nassiri and Mr. Johnston knew, and intended,
11 that it would shield any means of income, employment, or revenue of Mr. Nassiri from Allstate.

12 5. Allstate sufficiently demonstrated harm caused by the civil conspiracy in that
13 Allstate has been forced to institute this matter and expend additional time and resources to satisfy
14 the Judgment entered against Mr. Nassiri.

15 6. This Court finds in favor of Plaintiffs, and each of them, against Defendants, and
16 each of them, with respect to Plaintiffs’ Second Cause of Action – Civil Conspiracy, and each and
17 every allegation raised therein.

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In sum, the Court finds as follows:

- a. Med Ed Labs is the alter ego of Obteen N. Nassiri
- b. Med Ed Labs is liable to Plaintiffs for the entirety of the Judgments entered against Mr. Nassiri in Case No. 2:08-cv-00369, including all accrued interest
- c. Obteen N. Nassiri and Med Ed Labs are liable for consequential damages, attorneys' fees, and punitive damages due to their unlawful conspiracy to defraud Plaintiffs.

DATED this 13th day of March, 2024

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CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of March, 2024, a true and correct copy of **PLAINTIFFS’ PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW** was served via the United States District Court CM/ECF system on all parties or persons requiring notice.

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By /s/ Christi Colucci
Christi Colucci, an Employee of
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