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9 YUICHIRO SAKURAI

10 UNITED STATES DISTRICT COURT
11 CENTRAL DISTRICT OF CALIFORNIA – WESTERN DIVISION

12 YUICHIRO SAKURAI,
13 Plaintiff,

14 vs.

15 KEIKO KATO, an individual,
16
17 Defendant.

) Case No: 2:15-cv-02482-JFW-AGR

) **FIRST AMENDED COMPLAINT**
) **FOR:**

-) **1. Material Misrepresentation**
) **in Securities Transaction**
) **2. Joint and Several Liability**
) **Materially Aiding Others**
) **3. Joint and Several Liability**
) **Materially Assisting Others**
) **4. Breach of Fiduciary Duty**
) **5. Defamation**
) **6. Trade Libel**
) **7. Unfair Business Practices**
) **(CA B&PC §17200)**
) **[JURY TRIAL DEMANDED]**

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23 Plaintiff, YUICHIRO SAKURAI (“Plaintiff” or “Sakurai”) complains and alleges as
24 follows:

25 **FIRST CAUSE OF ACTION**
26 **(Material Misrepresentation)**

27 1. Sakurai is an individual residing in the County of Los Angeles in the State of
28 California. Sakurai is sometimes hereafter referred to as “Plaintiff.”

1 2. Plaintiff is informed and believes and thereon alleges that Defendant
2 Keiko Kato (“Kato”) is an attorney practicing law with multiple locations,
3 including an office located at 385 S. Catalina Ave., Suite 3111, Pasadena,
4 California 91106, and at all times relevant herein was corporate counsel for Fresco
5 International Corporation.

6 4. In early 2009, Plaintiff learned of the existence of Fresco International
7 Corporation, an exporter of military parts to the Ministry of Defense in Japan.

8 5. Plaintiff was introduced to Defendant as corporate counsel for Fresco
9 International Corporation by Mr. Tsuneo Hisanaga.

10 6. In order to induce Plaintiff to become a shareholder of Fresco
11 International Corporation, Defendant, along with Mr. Hisanaga and Ms. Tohiko
12 Yamaguchi, the other shareholders of Fresco International Corporation made the
13 following representations and promises to Mr. Sakurai:

- 14 a. That the company was in good financial health;
- 15 b. That there were only 22 outstanding shares of Fresco
16 International Stock; and
- 17 c. That Mr. Sakurai would be given 13 shares of Fresco
18 International Stock making him the majority shareholder.

19 7. On or about December 1, 2009, defendant, as corporate counsel for
20 Fresco International Corporation, prepared and delivered a Document entitled
21 “Minutes of Special Meeting of the Board of Directors,” wherein 13 total shares of
22 Fresco International Corporation issued to Plaintiff. A true and correct copy of
23 these Minutes of that meeting prepared by defendant are attached hereto as Exhibit
24 A and are incorporated herein by this reference.

25 8. In exchange for the majority ownership of Fresco International,
26 plaintiff agreed to pay another shareholder, Mr. Tsuneo Hisanaga, \$60,000.00 and
27 an additional sum of \$11,500.00, over a period of time.

1 9. Defendant further communicated to Plaintiff that he was the majority
2 Shareholder by preparing and delivering the Minutes of Special Meeting of the
3 Shareholders of Fresco International Corp., dated December 15, 2009. A true and
4 correct copy of the Minutes of Shareholders, dated December 15, 2009, prepared
5 and delivered to Plaintiff is attached hereto as Exhibit B and is incorporated herein
6 by this reference.

7 10. Immediately after plaintiff paid to Mr. Hisanaga the \$60,000.00 down
8 payment and received the shares, plaintiff discovered that the value of the company
9 was not as represented and rather than purchasing shares of a solvent corporation,
10 he discovered he needed to personally pay approximately an additional \$200,000
11 on top of the initial \$60,000.00 that he had already paid Mr. Hisanaga, to keep the
12 corporation afloat as well as forgiving debts owed to the company by other
13 shareholders.

14 11. In light of the plaintiff's additional personal financing of
15 approximately \$200,000.00, to keep Fresco International Corp. in business, on or
16 about March 31, 2010, plaintiff was elected to the position of president as
17 evidenced by the Minutes of Special Meeting of the Board of Directors of Fresco
18 International Corp., as represented and prepared by defendant. A true and correct
19 copy of the Minutes of that meeting are attached hereto as Exhibit C and are
20 incorporated herein by this reference.

21 12. On or about April 9, 2013, plaintiff received Notice of Special
22 Meeting of the Shareholders of Fresco International Corp. to be held on April 19,
23 2013. A true and correct copy of the Notice is attached hereto as Exhibit D and is
24 incorporated herein by this reference.

25 13. In reviewing documents, plaintiff discovered that Defendant
26 concealed from him an additional set of Minutes of Special Meeting of the Board
27 of Directors of Fresco International, dated December 1, 2009. A true and correct
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1 copy of the Notice is attached hereto as Exhibit E and is incorporated herein by this
2 reference.

3 14. In response to the review of this Exhibit E, plaintiff immediately
4 wired the sum of \$11,500.00 to Mr. Tsuneo Hisanaga on or about April 11, 2013.
5 A true and correct copy of the Wire receipt is attached hereto as Exhibit F and is
6 incorporated herein by this reference.

7 15. In response to the Notice plaintiff requested that the Meeting be held
8 in English. No response was received by plaintiff.

9 16. Ms. Toshiko Yamaguchi telephoned Plaintiff shortly before the
10 meeting and notified Plaintiff that the Meeting would not be held in English.
11 Plaintiff immediately responded and stated that he would not attend the meeting
12 and disconnected the phone call.

13 17. Plaintiff received no word or response until he went to his bank and
14 discovered that the Fresco bank accounts were emptied and closed. Upon
15 discussions with Chase Bank, they stated that they were notified by representatives
16 in New York that plaintiff, Yuichiro Sakurai was removed as a director and officer
17 of Fresco and that new officers were installed.

18 18. On or about May 14, 2013, Plaintiff received an email from Ms.
19 Yamaguchi, purporting to be the Minutes of Special Meeting of Shareholders dated
20 April 19, 2013, prepared by Defendant. In the Minutes, Ms. Kato changed
21 Plaintiff's number of shares set aside his name from 13 shares to 10 shares as
22 Defendant had done in prior Minutes.

23 19. In reviewing the documents prepared by Defendant and set inside the
24 corporate book delivered to Mr. Sakurai displays two different sets of the
25 December 1, 2009 Minutes, attached hereto as Exhibits A and E.

26 20. As defendant Kato has been the corporate attorney of Fresco
27 International from inception, it became evident that defendant concealed the fact
28 that she conspired with the other shareholders to misrepresent to Plaintiff the

1 amount of shares that he was to be given, to induce him to give money to the other
2 shareholders for what he believed was a majority stake in a company, but was,
3 after the manipulation of defendant, a worthless minority stake.

4 21. Plaintiff is informed and believe, and thereon alleges that pursuant to
5 the Bylaws of the corporation, prepared by Defendant, for a Shareholder Meeting
6 to take place and to be effective, a majority of shares must be present to represent a
7 quorum. By misrepresenting the amount of shares owned by Plaintiff and
8 concealing the changes she made to the Minutes without Plaintiff's knowledge as a
9 shareholder, Defendant, Kato, conspired with the other shareholders to
10 fraudulently hold themselves out as majority shareholders and representatives of
11 the corporation to allow them to take unilateral actions they did not possess the
12 authority to take.

13 22. As of the date of the First Amended-Complaint, the other
14 shareholders, with the assistance of defendant Kato manipulating the corporate
15 minutes, have revised the Statement of Information with the Secretary of State of
16 New York without notice to plaintiff.

17 23. Although Plaintiff has informed defendant, Kato, as well as the other
18 shareholders that their actions are in violation of the Bylaws of the Corporation,
19 the Defendant has refused to cease her behavior and/or acknowledge any rights
20 possessed by plaintiff, due to the misrepresentation of the securities sold to
21 plaintiff.

22 24. As a result of defendant's material misrepresentations and
23 concealments as alleged herein, defendant is liable to plaintiff for damages
24 according to proof.

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SECOND CAUSE OF ACTION

(Joint and Several Liability Materially Aiding Others)

25. Plaintiff repeats and incorporates herein paragraphs 1 through 24, inclusive, of his first amended complaint as though set forth in full.

26. Defendant, Keiko Kato is, and at all times herein mentioned was the corporate attorney for Fresco International.

27. Defendant, Kato, as corporate counsel for Fresco International Corp., materially aided in the alteration of Corporate Minutes that changed the amount of shares transferred to plaintiff.

28. As a direct and proximate result of Defendant Kato’s actions, plaintiff has been damaged in a sum to be determined according to proof at trial.

THIRD CAUSE OF ACTION

(Joint and Several Liability of Materially Assisting Others)

29. Plaintiff repeats and incorporates herein paragraphs 1 through 28 inclusive, of his first amended complaint as though set forth in full.

30. At the time of the acts alleged herein, Defendant, Keiko Kato, materially assisted in the alteration of corporate documents that changed the amount of shares transferred to the Plaintiff.

31. Defendant Kato acted with the intent to deceive and/or defraud Plaintiff and to mislead others as to Plaintiff’s ownership in and control over Fresco and its assets.

32. As a result of the conduct of Kato as herein alleged, Plaintiff has been damaged in an amount to be established according to proof at trial.

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FOURTH CAUSE OF ACTION

(Breach of Fiduciary Duty)

33. Plaintiff repeats and incorporates herein paragraphs 1 through 33 inclusive, of his first amended complaint as though set forth in full.

34. Defendant Kato is, and at all times herein mentioned was corporate counsel for Fresco International Corp..

35. In her role as corporate counsel, Defendant Kato owes fiduciary duties to Fresco's shareholders, directors and officers, including, but not limited to its majority shareholder and president.

36. At all times relevant herein, Plaintiff is, and at all times herein mentioned was majority shareholder and/or president for Fresco International Corp..

37. Kato breached her fiduciary duties owed to Fresco and Plaintiff in that she:

(a) deliberately altered corporate documents pertaining to the amount of shares owned by the shareholders;

(b) assisted in and/or filed false and misleading papers on behalf of Fresco with the New York and California Secretary of State;

(c) Made false and misleading statements to others that actions at a shareholders meeting were valid although she knew they were not; and

(d) Represented the interests of minority shareholders all to the detriment of the corporation, its majority shareholder and president, Mr. Sakurai, plaintiff herein.

38. As a result of Kato's violation of her fiduciary duties as set forth herein, Plaintiff has been damaged in the sum to be determined according to proof.

FIFTH CAUSE OF ACTION

(Defamation)

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3 39. Plaintiff repeats and incorporates by reference paragraph 1 through 38
4 as if fully set forth herein.

5 40. On or about July 25, 2013, defendant sent a letter to Mr. Robert
6 Taddeo of Pacific Electronics Enterprises, Inc. A copy of this letter and the
7 attachments are attached hereto as Exhibit G and made a part hereof.

8 41. In the letter, defendant Kato falsely states that “Ms. Yoko Nogami has
9 been appointed by the Board of Directors of Fresco International Corp. as the new
10 C.E.O. and President.”

11 42. Defendant Kato is fully aware that the statement is false since, in her
12 capacity as corporate counsel, no quorum was present as required at the
13 Shareholders Meeting removing plaintiff as Director.

14 43. The Defamatory Statements disparaged Plaintiff’s business reputation
15 because the letters from Defendant Kato purported to be from her in her official
16 capacity that Plaintiff was no longer the president and C.E.O. and was continuing
17 under another’s leadership.

18 44. As set forth in Exhibit G, this letter was published to at least one of
19 Plaintiff’s vendors and/or suppliers, and is believed there are many others these
20 letters were published.

21 45. The Defamatory Statements were false because, among other things, no
22 quorum existed to remove plaintiff from the Board of Directors.

23 46. Because Defendant Kato was the corporate attorney and already had
24 manipulated the corporate minutes pertaining to the ownership of shares and
25 cannot not explain or otherwise support the Defamatory Statements, Kato knew, or
26 was reckless as to the fact that, the Defamatory Statements were false.

27 47. Defendant’s publications are ongoing, and their reports continue to be
28 published. Money damages will not make Plaintiff whole for the injury occasioned

1 by these statements. Unless enjoined by this Court, these false and damaging
2 statements will continue.

3 48. As a direct and proximate result of Defendant’s Defamatory Statements,
4 Plaintiff has suffered significant damages in an amount to be proven at trial.

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6 **SIXTH CAUSE OF ACTION**

7 **(Trade Libel)**

8 49. Plaintiff re-alleges and incorporates by reference herein paragraphs 1
9 – 48 above.

10 50. The Defamatory Statements disparaged the integrity of Plaintiff’s
11 businesses. These statements were made, not only to Plaintiff’s largest suppliers,
12 but to countless others. These vendors understood that the Defamatory Statements
13 related very negatively on the integrity of Plaintiff’s businesses and products.

14 51. As a direct and proximate result of Defendant’s Defamatory
15 Statements, Plaintiff has suffered damages in an amount to be proven at trial.

16 52. In addition to damages for lost sales, Plaintiff is entitled to punitive
17 damages under California Civil Code section 3294 in that Defendant acted with
18 malice, and such damages should be awarded at the discretion of the court or jury.

19 53. An actual controversy exists between Plaintiff and Defendant in that
20 Defendant has asserted and may continue to assert disparaging and untrue
21 characterizations about Plaintiff.

22 54. Unless this Court enjoins these actions, these false and damaging
23 statements will continue.

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1 **SEVENTH CAUSE OF ACTION**

2 **(Unfair Business Practices Business and Professions Code section 17200)**

3 55. Plaintiffs repeats and incorporates herein paragraphs 1 through 54,
4 inclusive of his first amended complaint as though set forth in full.

5 56. As alleged herein, Kato is misrepresenting to others that Plaintiff is
6 not the majority shareholder, president and/or C.E.O. of Fresco. Further, Kato has
7 either assisted, aided and or prepared documents with the New York and California
8 Secretary of State stating that Sakurai is not an officer or a director of Fresco
9 International Corp.

10 57. Plaintiff is informed and believes and thereon alleges that others are
11 negotiating contracts on behalf of Fresco and conducting business on behalf of
12 Fresco with the aid and or assistance of Defendant without the knowledge or
13 consent of Plaintiff.

14 58. Defendants' actions are causing irreparable injury to Plaintiff by
15 converting Plaintiffs' property, misleading innocent third parties as to the true
16 ownership, authority and control of Fresco.

17 59. The aforementioned acts and conduct of Kato constitutes unfair
18 business practices under California Business and Professions Code section 17200
19 et. seq.

20 60. For the foregoing reasons, Plaintiff seeks a temporary restraining
21 order, and preliminary and permanent injunctions prohibiting Defendant and her
22 agents, officers, employees and representatives, or anyone acting in concert
23 therewith, from moving or exercising control over any of Fresco's and Plaintiffs'
24 property, including, but not limited to , withdrawing or causing or permitting the
25 withdrawal or payment of any funds from any Fresco bank account or bank
26 account used to transact Fresco business, except to Plaintiff or pursuant to further
27 court order.
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1 61. For all the foregoing reasons, Plaintiff seeks a temporary restraining
2 order and preliminary and permanent injunctions, restraining and enjoining
3 Defendants and their respective agents, officers, employees and representatives,
4 and all persons acting in concert therewith, from engaging in, or performing,
5 directly or indirectly and or all of the following acts:

6 (a) Transferring, directly or indirectly, any interest by sale, shipment of
7 goods, pledge, grant of security interest, assignment, invoice or encumbering
8 in any manner the Fresco's assets, and all proceeds thereof;

9 (b) Moving any of Fresco's property and assets and all proceeds thereof
10 and Fresco's books and records and the books and records of the Defendants
11 to the extent they pertain to Fresco business or assets from any location;

12 (c) Transferring, concealing, destroying, defacing or altering any of
13 Fresco's books and records or the books and records of the Defendants to the
14 extent they pertain to Fresco's assets or business affairs;

15 (d) Demanding, collecting, receiving or in any other way diverting or
16 using Fresco's assets or proceeds thereof; and

17 (e) Causing any mail to be forwarded to any address other than the
18 address to which it is sent to its principal place of business in the state of
19 California, or otherwise interfering with or intercepting any mail intended
20 for Fresco.

21 61. Plaintiff is entitled to injunctive relief, including without limitation,
22 restitution.

23 62. Plaintiff is entitled to recover his attorney's fees and costs incurred in
24 connection with the prosecution of this action.

25
26 WHEREFORE, Plaintiff prays for judgment against Defendants, and each of
27 them, as follows:

28 1. For damages according to proof;

- 1 2. For punitive damages in an amount appropriate to punish Defendants and
- 2 deter others from engaging in similar misconduct;
- 3 3. That Kato be restrained from committing unfair business practices, and
- 4 that Plaintiff be entitled to restitution;
- 5 4. For a temporary restraining order, and preliminary and permanent
- 6 injunctions, ordering or prohibiting Defendant Kato and her agents,
- 7 officers, directors, employees and representatives, or anyone acting in
- 8 concert therewith, to perform or prohibiting Defendants from the conduct
- 9 described herein;
- 10 5. For reasonable attorney's fees and costs according to proof;
- 11 6. For such other and further relief as this Court may deem just and proper.
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14 Dated: April 24, 2015 THE LAW OFFICES OF JOSEPH R. CRUSE, JR.

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16 By: /s/ Joseph R. Cruse, Jr.
17 JOSEPH R. CRUSE, JR.
18 Attorneys for Plaintiff, Yuichiro Sakurai
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DEMAND FOR JURY TRIAL

Plaintiff hereby demand trial by jury of all issues that may be tried by jury.

Respectfully Submitted,

LAW OFFICES OF JOSEPH R. CRUSE, JR.

Dated: April 24,2015 /s/ Joseph R. Cruse, Jr.
Joseph R. Cruse, Jr.
Attorneys for Plaintiff
YUICHIRO SAKURAI