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9 Attorneys for Plaintiff,
10 Shoumin Zhang

11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**

13 SHOUMIN ZHANG, an individual,)

14 Plaintiff,)

15 vs.)

16 AMERICAN FRANCHISE)
17 REGIONAL CENTER, LLC, a)
18 California limited liability company,)
19 AMERICANA ONE, LLC, a)
20 California limited liability company,)
21 EMAX ESCROW, INC., a California)
22 corporation, JOHN DEYONG HU, an)
23 individual,)

24 Defendants.)
25)
26)

) Case No.:

) **COMPLAINT FOR:**

-) **1. FRAUD**
-) **2. BREACH OF CONTRACT**
-) **3. BREACH OF IMPLIED**
-) **COVENANT OF GOOD FAITH**
-) **AND FAIR DEALING**
-) **4. CONVERSION**
-) **5. UNAUTHORIZED PRACTICE**
-) **OF LAW**
-) **6. BREACH OF FIDUCIARY**
-) **DUTY**
-) **7. UNFAIR BUSINESS**
-) **PRACTICES**
-) **8. DELIVERY OF DEPOSIT**

1 Plaintiff Shoumin Zhang alleges as follows:

2 **INTRODUCTION**

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4 1. This action arises from Defendants, American Franchise Regional
5 Center, LLC and Americana One, LLC fraudulently inducing Plaintiff Shoumin
6 Zhang to invest \$500,000 into a business with the promise of obtaining an
7
8 immigration visa.

9 **PARTIES**

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11 2. Plaintiff, Shoumin Zhang, is an individual who at all times relevant
12 herein was, a citizen or permanent resident of China, who resided in and was
13 domiciled in China.

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15 3. Defendant, American Franchise Regional Center, LLC (“AFRC”),
16 is a California limited liability company with its principal place of business in
17
18 the City of Arcadia, California.

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20 4. Defendant, Americana One, LLC (“Americana One”), is a
21 California limited liability company with its principal place of business in the
22 City of Arcadia, California.

23
24 5. Defendant, EMax Escrow, Inc. (“Emax”) is a California
25 corporation with its principal place of business in the City of Alhambra,
26 California.

1 proper pursuant to 28 U.S.C. § 1391(b)(2) as Plaintiff’s claims arose in Los
2 Angeles County, California.

3
4 **FACTS**

5 **Plaintiff Invests \$500,000 with the Regional Center for an Investor’s**
6 **Immigrant Visa**

7 10. Plaintiff is a Chinese national who intended to immigrate to the
8 United States.

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10 11. In or around February 2014, Plaintiff searched online for projects
11 that she could invest in to qualify for an immigration visa and discovered a
12 website run by the law firm Hu & Associates, Inc. (the “Hu Law Firm”), which
13 was acting as a finder for the Regional Center. Plaintiff requested further
14 information from the Hu Law Firm regarding investment opportunities.
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17 12. In or around February 2014, Hu responded to Plaintiff’s inquiry
18 via e-mail, representing to Plaintiff that the Regional Center had a project to
19 renovate a commercial building in Tustin, California into a new business entity
20 that would qualify foreign investors to obtain an immigration visa from the
21 United States government (the “Tustin Project”). Hu’s e-mail included a set of
22 documents claiming that the Tustin Project was guaranteed by the property
23 which housed the project, and that the property was worth approximately
24 \$8,000,000. In addition, there would be a guaranteed rate of return on any
25 investment.
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1 13. To facilitate the visa application process, Plaintiff also employed
2 the services of the Hu Law Firm on or about May 19, 2014 regarding the
3 petition for an EB5 investor immigrant visa.
4

5 14. On or about May 21, 2014, Plaintiff and Defendants entered into a
6 written agreement (the “Subscription Agreement”), wherein Plaintiff agreed to
7 purchase a limited liability company membership unit (“Unit”) in Americana
8 One for \$500,000, in order to qualify for a EB-5 visa. The Subscription
9 Agreement provided that Plaintiff could recover her money if her I-526
10 immigrant petition was not approved. A true and correct copy of the
11 Subscription Agreement is attached hereto as **Exhibit A**.
12
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14 15. Pursuant to the Subscription Agreement, Plaintiff selected the
15 escrow option of payment. Plaintiff then placed \$500,000 in escrow with Emax
16 Escrow, Inc. (“Emax”) and filed a I-526 immigrant petition.
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19 16. During this process, Hu acted as Plaintiff’s attorney with respect to
20 the various agreements that the Regional Center had Plaintiff sign, including the
21 Subscription Agreement.
22

23 **Plaintiff Discovers that The Claimed Value of the Investment is False**
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25 17. Subsequently, Plaintiff discovered that the value of the investment
26 as claimed in the February 2014 package was false, and that the investment
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1 property was not valued at approximately \$8,000,000. As such, Plaintiff sought
2 the return of her money and the termination of the I-526 application process.

3
4 **Plaintiff Demands the Return of her Money**

5 18. The Subscription Agreement provides that if Plaintiff's I-526
6 application was denied and Plaintiff requested the return of her funds, Emax
7 would return her funds as set forth in the Escrow Agreement. A true and
8 correct copy of the Escrow Agreement is attached hereto as **Exhibit B**.

9
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11 19. Section 3 of the Escrow Agreement provides that Emax was to
12 release the funds to Plaintiff within two (2) business days after Emax's receipt
13 of written notice from Americana One that (i) the I-526 petition was denied and
14 (ii) Plaintiff wishes a refund of the funds.

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16 **Hu and the Regional Center Refuse to Return Plaintiff's Money**

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18 20. In or around May 2015, Plaintiff visited the United States and
19 spoke with Hu, along with the managing member of the Regional Center,
20 Agnes Yen ("Yen"), in person at the Regional Center's office in Arcadia.
21 During the meeting, Plaintiff requested that the Regional Center return her
22 money. Though the Subscription Agreement expressly provides that Plaintiff
23 was entitled to a refund, Hu and Yen represented to Plaintiff that the contracts
24 did not allow Plaintiff to obtain a refund.
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1 **Plaintiff Takes Steps to Obtain a Refund of Her Money**

2 21. On or about June 11, 2015, the United States Citizenship and
3 Immigration Services terminated Plaintiff's I-526 petition.
4

5 22. On July 6, 2015, Plaintiff notified both AFRC and Americana One
6 that the I-526 petition was terminated, that she withdrew her subscription, and
7 wished for a refund of her funds. Accordingly, Plaintiff demanded that AFRC
8 and Americana One provide EMax with written notice of the denial and her
9 refund.
10

11 23. Since the Regional Center failed to respond to Plaintiff's July 6
12 notification, Plaintiff sent the Regional Center another demand to return
13 Plaintiff's funds on September 16, 2015. Plaintiff did not receive a response to
14 her September 16 demand.
15

16 24. On or about October 2, 2015, Plaintiff sent the Regional Center a
17 demand for arbitration and the return of her funds, via overnight express mail.
18 Since the Regional Center failed to accept the mailing after three attempts, it
19 was returned to Plaintiff.
20

21 25. On or about October 19, 2015, Plaintiff attempted to contact Emax
22 and determine whether Emax still held Plaintiff's funds in escrow, and whether
23 the Regional Center had instructed Emax to return Plaintiff's funds. Emax did
24 not respond to Plaintiff's inquiries.
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1 26. On or about November 5, 2015, Plaintiff personally served the
2 Regional Center with another demand for arbitration, requesting that the
3 Regional Center respond by November 15, 2015.
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5 27. On or about November 15, 2015, the Regional Center informed
6 Plaintiff that it would not refund her money because the Hu Law Group had
7 informed the Regional Center of a claim that Plaintiff owed the Hu Law Group
8 legal fees, even though the Subscription Agreement does not permit Americana
9 One to withhold any refund for such a reason.
10
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12 28. On or about November 18, 2015, Emax attempted to resign
13 pursuant to paragraph 8 of the Escrow Agreement, which provides that if Emax
14 were to resign, the funds were to be delivered to a designated successor escrow
15 agent. In the event that Emax did not receive joint written instructions from
16 both Americana One and Plaintiff within thirty (30) days, the funds would be
17 distributed to Americana One.
18
19

20 29. On or about December 10, 2015, Plaintiff notified Emax that its
21 attempt to withdraw was improperly served since it was served via e-mail and
22 the Escrow Agreement does not allow for that manner of notice, and again
23 requested that Emax provide information regarding the status of Plaintiff's
24 funds. Emax, however, refused to provide any information to Plaintiff's
25 counsel.
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1 30. On December 11, 2015, Plaintiff again requested that Emax
2 provide Plaintiff with information regarding her funds. Emax again failed to
3 respond.
4

5 31. As of today, Defendants have failed to return Plaintiff's \$500,000.
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7 **FIRST CLAIM FOR RELIEF**
8 **INTENTIONAL MISREPRESENTATION**
9 **Against all Defendants**

10 32. Plaintiff re-alleges and incorporates by reference paragraphs 1
11 through 31, inclusive, of this Complaint as if fully set forth herein.

12 33. In or around February 2014, Hu, acting as the Regional Center's
13 agent, represented to Plaintiff via e-mail that it had a safe investment
14 guaranteed with a property worth approximately \$8,000,000, and that she would
15 get a guaranteed rate of return if Plaintiff invested money with the Regional
16 Center.
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19 34. Hu and the Regional Center's statements were false and/or
20 misleading. The property in Tustin was not worth approximately \$8,000,000.
21 In addition, the Regional Center could not possibly have provided Plaintiff with
22 a guaranteed rate of return.
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25 35. Plaintiff is informed and believes, and on that basis alleges, that
26 Hu and the Regional Center knew that the representations were false when
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1 made, and made the representations recklessly and without regard for their
2 truth.

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4 36. Plaintiff is informed and believes, and on that basis alleges, that
5 Hu and the Regional Center intended that Plaintiff rely upon their
6 representations.

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8 37. Plaintiff is a foreign national with little knowledge of United States
9 laws and business practices. Hu was an attorney purporting to be capable of
10 helping Plaintiff through the immigration process. Thus, Plaintiff reasonably
11 relied upon Hu and the Regional Center's representations in deciding to invest
12 money into the Tustin Project.
13

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15 38. As a result of Hu and the Regional Center's actions, Plaintiff
16 suffered harm in the loss of at least \$500,000.
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18 39. But for Hu and the Regional Center's representations, Plaintiff
19 would not have invested money into the Tustin Project. Therefore, Plaintiff's
20 reliance upon Hu and the Regional Center's representations was a substantial
21 factor in causing her harm.
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23 40. Plaintiff is informed and believes, and on that basis alleges, that
24 Emax is further responsible for the harm to Plaintiff because it was also part of
25 the conspiracy to defraud Plaintiff.
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1 41. Plaintiff is informed and believes, and on that basis alleges, that
2 the Regional Center and Emax had an agreement to assist each other in
3 defrauding investors. The Regional Center was the one who selected Emax as
4 the escrow agent. The Escrow Agreement provides that Emax had the right to
5 unilaterally resign as the escrow agent, and that the funds would automatically
6 be disbursed to Americana One if Emax did not receive joint written
7 instructions from Americana One and Plaintiff regarding a successor escrow
8 agent, within thirty (30) calendar days. Plaintiff is informed and believes, and
9 on that basis alleges, that Emax included this provision in the Escrow
10 Agreement so that Americana One had the option of unilaterally refusing to
11 issue any such written instructions and obtaining the escrow funds without
12 Plaintiff's consent.
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17 42. Plaintiff is informed and believes, and on that basis alleges, that
18 Emax has been aware of the Regional Center's plans to defraud Plaintiff, and
19 agreed with the Regional Center and intended for Plaintiff to be defrauded. In
20 fact, Emax has made Plaintiff's attempts to recover her funds more difficult by
21 repeatedly ignoring Plaintiff's requests for information regarding the status of
22 her funds.
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1 57. As a proximate and direct result of AFRC and Americana One's
2 acts as herein alleged, Plaintiff has sustained damages in an amount to be
3 proven at trial.
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5 **FOURTH CLAIM**
6 **CONVERSION**
7 **Against All Defendants**

8 58. Plaintiff re-alleges and incorporates by reference paragraphs 1
9 through 57, inclusive, of this Complaint as if fully set forth herein.
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11 59. Plaintiff owned and possessed \$500,000.

12 60. Defendants interfered with Plaintiff's ownership and possession of
13 the \$500,000 by refusing to return the \$500,000 after Plaintiff demanded its
14 return. Hu also instructed the Regional Center not to return the funds until
15 Plaintiff resolved a fee dispute with him.
16

17 61. Plaintiff did not consent to Defendants' refusal to return the funds.
18

19 62. As a proximate and direct result of Defendants' acts as herein
20 alleged, Plaintiff has sustained damages of at least \$500,000, in an amount to be
21 proven at trial.
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23 63. Hu, AFRC, Americana One, and Emax are directly, contributorily
24 and/or vicariously liable for these actions.
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FIFTH CLAIM
UNAUTHORIZED PRACTICE OF LAW
Against Defendant Hu
(Under Bus. & Prof. Code § 6125 et seq.)

64. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 63, inclusive, of this Complaint as if fully set forth herein.

65. No person shall practice law in California unless the person is an active member of the State Bar.

66. The Hu Law Firm maintains an office in California. Hu provided Plaintiff with advice regarding various agreements for the Tustin Project, including the Subscription Agreement, which involved a California company and investment of funds into a project in California.

67. Hu also represented Plaintiff with respect to her efforts to obtain a refund. When Plaintiff traveled to the United States to demand a refund from the Regional Center, Hu asked Plaintiff for approximately \$2,000 to represent her during the visit. Plaintiff paid Hu the amount requested, and they went together to visit the Regional Center's offices in Arcadia. Hu provided Plaintiff with legal advice during the meeting between Hu, Yen, and Plaintiff regarding the refund of Plaintiff's money.

68. Hu is not an active member of the State Bar of California. Instead, he is an active member of the State Bar of New York.

1 69. As a proximate and direct result of Hu’s unauthorized practice of
2 law, Plaintiff entered into the Subscription Agreement with Americana One and
3 deposited \$500,000 into escrow. Thus, Plaintiff has sustained damages of at
4 least \$500,000, in an amount to be proven at trial.
5

6 70. Plaintiff also paid Hu \$2,000 to represent her at the meeting in
7 Arcadia as her legal counsel, when he had no legal right to do so.
8

9 **SIXTH CLAIM**
10 **BREACH OF FIDUCIARY DUTY**
11 **Against Defendant Hu**

12 71. Plaintiff re-alleges and incorporates by reference paragraphs 1
13 through 70, inclusive, of this Complaint as if fully set forth herein.
14

15 72. Hu owed a fiduciary duty of loyalty to Plaintiff as her attorney.

16 73. Plaintiff is informed and believes, and thereon alleges, that Hu
17 maintained a business or financial relationship with the Regional Center during
18 the time he represented Plaintiff as her attorney.
19

20 74. Hu breached the duty of loyalty by simultaneously representing or
21 working with the Regional Center, and failing to obtain Plaintiff’s informed
22 written consent to such simultaneous representation.
23

24 75. Plaintiff is informed and believes, and thereon alleges, that Hu also
25 breached the duty of loyalty by placing the Regional Center’s interests above
26 Plaintiff’s.
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1 76. As a direct and proximate result of this simultaneous
2 representation and breach of duty, Plaintiff suffered damages in an amount to be
3 determined at trial.
4

5 **SEVENTH CLAIM**
6 **UNFAIR BUSINESS PRACTICES**
7 **(UNDER BUS. & PROF. CODE § 17200 ET SEQ)**
8 **Against All Defendants**

9 77. Plaintiff re-alleges and incorporates by reference paragraphs 1
10 through 76, inclusive, of this Complaint as if fully set forth herein.

11 78. Plaintiff is informed and believes, and on that basis alleges, that
12 Defendants' aforesaid acts constitute actionable wrongs under California Bus.
13 & Prof. Code § 17200 et seq. in that the Regional Center defrauded Plaintiff
14 during the course of its business. Plaintiff is further informed and believes, and
15 on that basis alleges, that Emax aided and abetted the Regional Center in
16 defrauding Plaintiff.
17

18 79. Plaintiff is informed and believes, and on that basis alleges, that
19 the Regional Center performed the aforementioned actions to obtain an unfair
20 benefit for its business.
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22 80. By reason of the foregoing unlawful acts, Defendants have caused,
23 and continue to cause, substantial and irreparable damage and injury to Plaintiff
24 and the public. Defendants have benefitted from such unlawful conduct, and
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1 will continue to carry out such unlawful conduct and to be unjustly enriched
2 thereby unless enjoined by this Court.

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4 **EIGHTH CLAIM**
5 **DELIVERY OF DEPOSIT**
6 **(UNDER CIVIL CODE § 3380)**
7 **Against All Defendants**

8 81. Plaintiff re-alleges and incorporates by reference paragraphs 1
9 through 80, inclusive, of this Complaint as if fully set forth herein.

10 82. A person in control of personal property of which is he is not the
11 owner may be compelled specifically to deliver it to the person entitled to its
12 immediate possession.

13 83. Plaintiff deposited \$500,000 into escrow, and those funds are in
14 Emax's possession as the escrow holder.

15 84. Emax is not the owner of those funds. Plaintiff is entitled to
16 immediate possession of those funds pursuant to the terms of the Subscription
17 Agreement, since the I-526 petition was denied.

18 85. Plaintiff seeks an order from the Court compelling Emax to deliver
19 the \$500,000 in escrow to Plaintiff.

20
21 **PRAYER FOR RELIEF**

22 WHEREFORE, Plaintiff respectfully prays for judgment against
23 Defendants as follows:
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1 *As to the First Claim for Fraud, Third Claim for Breach of Implied Covenant*
2 *of Good Faith and Fair Dealing, and Fourth Claim for Conversion*

3
4 1. A preliminary and permanent injunction enjoining and prohibiting
5 Emax from disbursing the \$500,000 in escrow to Americana One.

6
7 2. Compensatory damages in the amount to be proven at trial,
8 believed to be in excess of \$500,000.

9 3. Punitive and exemplary damages.

10 4. Costs of suit.

11
12 5. Pre- and post-judgment interest on any amounts awarded at the
13 maximum legal rate as permitted by law and equity; and
14

15 6. Any other or further relief that the Court deems appropriate,
16 proper, and just.

17
18 *As to the Second Claim for Breach of Contract*

19 1. A preliminary and permanent injunction enjoining and prohibiting
20 Emax from disbursing the \$500,000 in escrow to Americana One.
21

22 2. Compensatory damages in the amount of \$500,000.

23 3. Costs of suit.

24
25 4. Pre- and post-judgment interest on any amounts awarded at the
26 maximum legal rate as permitted by law and equity; and
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1 5. Any other or further relief that the Court deems appropriate,
2 proper, and just.

3
4 ***As to the Fifth Claim for Unauthorized Practice of Law***

5 1. Compensatory damages.

6 2. Restitution of all amounts paid.

7
8 3. Attorneys' fees.

9 4. Costs of suit.

10
11 5. Pre- and post-judgment interest on any amounts awarded at the
12 maximum legal rate as permitted by law and equity; and

13 6. Any other or further relief that the Court deems appropriate,
14 proper, and just.

15
16 ***As to the Sixth Claim for Breach of Fiduciary Duty***

17
18 1. Compensatory damages.

19 2. Punitive Damages.

20 3. Costs of suit.

21
22 4. Pre- and post-judgment interest on any amounts awarded at the
23 maximum legal rate as permitted by law and equity; and

24
25 5. Any other or further relief that the Court deems appropriate,
26 proper, and just.

27
28 ***As to the Seventh Claim for Unfair Competition***

1 1. A preliminary and permanent injunction enjoining and prohibiting
2 Emax from disbursing the \$500,000 in escrow to Americana One.

3 2. An Order for Defendants to return \$500,000 to Plaintiff.

4 3. Costs of suit.

5 4. Pre- and post-judgment interest on any amounts awarded at the
6
7 maximum legal rate as permitted by law and equity; and

8 5. Any other or further relief that the Court deems appropriate,
9
10 proper, and just.

11
12 *As to the Eighth Claim for Delivery of Deposit*

13 1. An Order compelling Emax Escrow, Inc. to return the \$500,000
14
15 held in escrow to Plaintiff.

16 DATED: December 10, 2015

Respectfully Submitted,
THE LAW OFFICES OF MARY SUN

/s/ Jason Chuan _____

Jason Chuan
Mary M. Sun
Attorneys for Plaintiff,
Shoumin Zhang

DEMAND FOR TRIAL BY JURY

Plaintiff Shoumin Zhang hereby demands a trial by jury on all issues raised in the Complaint.

DATED: December 10, 2015

Respectfully Submitted,
THE LAW OFFICES OF MARY SUN

/s/ Jason Chuan
Jason Chuan
Mary M. Sun
Attorneys for Plaintiff,
Shoumin Zhang

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