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ATTORNEYS FOR PLAINTIFF

15 **UNITED STATES DISTRICT COURT**
16 **CENTRAL DISTRICT OF CALIFORNIA**

| | | |
|----------------------------------|---|------------------------------------|
| |) | No. ED 5:18-cv-02104-SJO-PLA |
| Federal Trade Commission, |) | |
| Plaintiff, |) | PLAINTIFF’S NOTICE OF MOTION AND |
| v. |) | MOTION FOR AN ORDER TO SHOW |
| Jason Cardiff, et al., |) | CAUSE WHY DEFENDANTS EUNJUNG |
| Defendants. |) | AND JASON CARDIFF AND THIRD |
| |) | PARTY JACQUES POUJADE SHOULD |
| |) | NOT BE HELD IN CONTEMPT OF THE |
| |) | COURT’S PRELIMINARY ORDERS AND |
| |) | SANCTIONED UNTIL THEY COMPLY |
| |) | FULLY WITH THOSE ORDERS |
| |) | |
| |) | Hearing Date: July 15, 2019 |
| |) | Time: 10:00 a.m. |
| |) | Place: Courtroom 10C |
| |) | [Hon. S. James Otero] |

NOTICE OF MOTION AND MOTION

PLEASE TAKE NOTICE that Plaintiff Federal Trade Commission (“FTC” or “the Commission) respectfully moves this Court for an Order to Show Cause Why Defendants Eunjung and Jason Cardiff and Third Party Jacques Poujade Should Not Be Held In Contempt of This Court’s Orders and Sanctioned Until They Comply Fully With Those Orders.

In support of this motion, the FTC submits the concurrently filed Memorandum in Support of Its Motion for an Order to Show Cause and supporting evidence and states the following:

1. On October 3, 2018, the FTC filed its Complaint for Permanent Injunction and Other Equitable Relief pursuant to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), the Restore Online Shoppers’ Confidence Act (“ROSCA”), 15 U.S.C. §§ 8401-8405, and the Electronic Fund Transfer Act (“EFTA”), 15 U.S.C. §§ 1693-1693r, and Section 6 of the Telemarketing and Consumer Fraud and Abuse Prevention Act (the “Telemarketing Act”), 15 U.S.C. § 6105, and moved, pursuant to Fed. R. Civ. P. 65(b), for a temporary restraining order, asset freeze, other equitable relief, and an order to show cause why a preliminary injunction should not issue against Defendants Jason Cardiff, Eunjung Cardiff, a/k/a Eunjung Lee, a/k/a Eunjung No, Danielle Cadiz, a/k/a Danielle Walker, Redwood Scientific Technologies, Inc. (California), Redwood Scientific Technologies, Inc. (Nevada), Redwood Scientific Technologies, Inc. (Delaware), Identify, LLC, Advanced Men’s Institute Prolongz LLC, Run Away Products, LLC, and Carols Place Limited Partnership.

2. This Court entered a temporary restraining order (“TRO”) on October 10, 2018. (Dkt. No. 29) Defendants Jason Cardiff and Eunjung Cardiff were served with that order on October 12, 2018. (Dkt. 38 and Dkt. 39) On October 24, 2018, the Court extended the TRO as to Defendants Jason Cardiff and Eunjung Cardiff. (Dkt. No. 48) On November 7, 2018, in open Court and in the presence

1 of Defendants Jason Cardiff and Eunjung Cardiff, the Court granted a Preliminary
2 Injunction as to Defendants Jason Cardiff and Eunjung Cardiff, which was entered
3 and served on the Cardiffs on November 8, 2018. (Dkt. No. 59) Jacques Poujade
4 had actual notice of the Temporary Restraining Order and received the Preliminary
5 Injunction through his attorney in March 2019. (Dkt. 126, p. 13-15)

6 3. Plaintiff has filed this Motion because, as explained in the
7 accompanying Memorandum, Defendants Eunjung Cardiff and Jason Cardiff and
8 Third Party Jacques Poujade have violated provisions in the Court's Temporary
9 Restraining Order and Preliminary Injunction.

10 4. Defendants Eunjung Cardiff and Jason Cardiff have violated Sections
11 VII, IX, X, XI, XIV, XVII, XVIII, XX, and XXVI of the Temporary Restraining
12 Order and Preliminary Injunction. The Cardiffs have concealed and dissipated
13 their assets, in violation of Section VII (Asset Freeze). They have failed to report
14 assets and entities of which they were directors, officers, and owners, in violation
15 of Section IX (Financial Disclosures). They have failed to provide a full
16 accounting of all assets and accounts outside of the United States, have failed to
17 provide documents and records held by third parties outside the United States, and
18 have failed to repatriate and deliver to the Receiver all documents and assets
19 located in foreign countries, in violation of Section X (Foreign Asset Repatriation).
20 The Cardiffs have dissipated domestic or foreign assets, and hindered the
21 repatriation of assets, in violation of Section XI (Non-Interference with Asset
22 Freeze and Repatriation). They have failed to provide the FTC and Receiver with
23 required information about business entities they operated or controlled, in
24 violation of Section XIV (Report of New Business Activity). They have failed to
25 deliver assets to the Receiver, in violation of Section XVII (Transfer of
26 Receivership Property to Receiver). They have failed to provide to the Receiver a
27 list of all assets and accounts of the Receivership entities and the Cardiffs held in
28 other names, in violation of Section XVIII (Provision of Information to Receiver).

1 They have interfered with the Receiver's efforts to take possession of assets or
2 documents subject to the receivership, and disposed of assets belonging to the
3 Receivership and the Cardiffs, in violation of Section XX (Non-Interference with
4 the Receiver). And they have failed to comply with expedited discovery, in
5 violation of Section XXVI (Expedited Discovery).

6 5. Third party Jacques Poujade has violated Sections VII, VIII, XI,
7 XVII, and XXVI of the Temporary Restraining Order and Permanent Injunction.
8 He has transferred, loaned, concealed, and disbursed Cardiff assets, in violation of
9 Section VII (Asset Freeze). He has failed to hold, preserve, and prohibit the
10 disbursement, dissipation, or other disposal of Cardiff documents and assets, in
11 violation of Section VIII (Duties of Asset Holders and Other Third Parties). He
12 has taken actions that resulted in the dissipation of domestic or foreign assets, and
13 in the hindrance of the repatriation of those assets, in violation of Section XI (Non-
14 Interference with Asset Freeze and Repatriation). He has failed to deliver Cardiff
15 assets to the Receiver, in violation of Section XVII (Transfer of Receivership
16 Property to Receiver). And he has failed to provide complete expedited discovery,
17 in violation of Section XXVI (Expedited Discovery).

18 6. This motion is made following the conference of counsel pursuant to
19 L.R. 7-3, which took place as follows: On May 13, 2019, the FTC advised counsel
20 for the Cardiffs of its intention to initiate contempt proceedings. The Commission
21 advised counsel that its motion for an Order to Show Cause would contend that the
22 Cardiffs had violated the asset freeze, reporting, and repatriation provisions of the
23 TRO and PI. FTC counsel reiterated this position on May 21, May 23, and June
24 11, 2019. Separately, on May 13, 2019, the FTC also advised counsel for Jacques
25 Poujade that Mr. Poujade was in violation of the Preliminary Injunction. On June
26 6, 2019, the FTC again advised counsel for Mr. Poujade of its position that he had
27 violated the Preliminary Injunction and of its intention to initiate contempt
28 proceedings. The FTC, Defendants Eunjung Cardiff and Jason Cardiff, and third

1 party Jacques Poujade have not been able to reach a resolution in connection with
2 the requested relief: a detailed accounting of all assets, turnover of all relevant
3 assets to the Receiver (including repatriation of assets held outside the United
4 States), and replenishment of all dissipated assets to the Receiver.

5 This motion is supported by the accompanying Memorandum and
6 concurrently filed declarations in support, and the Orders previously issued by the
7 Court.

8 Accordingly, for good cause shown and the reasons set forth here and more
9 fully in the FTC's Memorandum, the FTC respectfully requests that the Court issue
10 an Order to Show Cause Why Defendants Eunjung and Jason Cardiff and Third
11 Party Jacques Poujade Should Not Be Held In Contempt Of This Court's Orders
12 and Sanctioned Until They Comply Fully With Those Orders, and that it set the
13 hearing on the merits for July 15, 2019. The Commission further requests that the
14 Show Cause Order contain express notice that Eunjung Cardiff, Jason Cardiff, and
15 Jacques Poujade may be sanctioned for their failure to comply with the Court's
16 Orders and that in the case of Eunjung and Jason Cardiff, such sanctions may
17 include, but will not necessarily be limited to, coercive incarceration.

18
19 Dated: June 17, 2019

s/ Elizabeth Jones Sanger
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Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

1 Certificate of Service

2 I hereby certify that on June 17, 2019, I served the foregoing Plaintiff's
3 Notice of Motion and Motion For An Order to Show Cause Why Defendants
4 Eunjung and Jason Cardiff and Third Party Jacques Poujade Should Not Be Held
5 In Contempt Of This Court's Orders and Sanctioned Until They Comply Fully
6 With Those Orders, Declaration of Counsel Elizabeth Sanger, accompanying
7 Memorandum, and Declarations of Sallie Schools, Brick Kane, and Connor Sands,
8 and Proposed Order as follows:

9
10 James White, Esq., counsel, on behalf of Defendants Jason Cardiff and Eunjung
11 Cardiff
12 By ECF

13 Robb Evans & Associates, Receiver, through counsel, Frandzel Robins Bloom &
14 Csato, L.C., Attorneys at Law
15 By ECF to Hal D. Goldflam, Esq., Michael Gerard Fletcher, Esq., and Craig A.
16 Welin, Esq.

17 Michael Kinney, Esq., counsel, on behalf of Jacques Poujade
18 By Email to mkinney@lblglaw.com and
19 By Federal Express to
20 Michael Kinney, Esq.
21 Litigation and Business Law Group, Inc.
22 41707 Winchester Road, Suite 205
23 Temecula, CA 92590

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/s/ Elizabeth Jones Sanger
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16 **CENTRAL DISTRICT OF CALIFORNIA**

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| Plaintiff, |) | MEMORANDUM IN SUPPORT OF |
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| |) | Hearing Date: July 15, 2019 |
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| |) | [Hon. S. James Otero] |

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1 **I. INTRODUCTION**

2 On October 10, 2018, this Court entered a Temporary Restraining Order
3 (“TRO”) against Eunjung and Jason Cardiff (“the Cardiffs”) and the web of alter
4 ego corporations they used to deceptively market dissolvable oral thin film strips.
5 (Dkt. 29). The TRO froze and placed the assets of both the Cardiffs and their
6 companies under receivership. The TRO also ordered the Cardiffs to submit sworn
7 financial disclosure forms to the FTC, cooperate with expedited discovery, identify
8 any new business activity to the Temporary Receiver, and repatriate and turn over
9 assets held outside the United States.¹ The Cardiffs were served with the TRO on
10 October 12, 2018. Dkts. 38, 39.

11 In violation of the TRO and PI, the Cardiffs have secreted their assets while
12 maintaining control and use of them. In the first four business days after he was
13 served with the TRO, Jason Cardiff made 39 calls to the Canadian bank where
14 Clover Cannastrip Thin Film Technologies, Inc. (“Clover Cannastrip”) had an
15 account – an account that he controlled; those same days, more than \$1.5 million
16 (Canadian dollars, “CAD”) was drained from the account in two large transactions.
17 By November 7, 2018 – when the Cardiffs personally appeared before this Court –
18 \$3 million CAD had been wired to a company purportedly controlled by the
19 brother of Jacques Poujade, the Cardiffs’ longtime friend, and coincidentally
20 bearing the same brand name the Cardiffs had been using since at least June 2018.
21 The next day, a newly-opened bank account in the name of a company registered
22 by Jacques Poujade received an infusion of \$100,000 USD from the brother’s
23 company, and the money started flowing to the Cardiffs. All told, \$490,000 USD

24
25 ¹ The Court subsequently extended the TRO (Dkt. 48), and later issued a
26 Preliminary Injunction (“PI”) (Dkt. 59) containing substantially similar provisions.
27 The PI was issued on November 8, 2018, and the Cardiffs and their then-counsel
28 were served that same day. Sands Decl., p. 8-9, ¶ 46 & Att. 82, p. 929.

1 moved between those two companies from November 8, 2018 to May 22, 2019,
2 with at least \$206,000 USD paying for the Cardiffs' lavish personal expenses, and
3 the remainder paying for the expenses of cannabis film strip business activities.

4 As discussed below, the Cardiffs (1) failed to repatriate and turn over
5 \$4 million CAD that they controlled via one of their businesses, Clover Cannastrip;
6 (2) dissipated assets subject to the asset freeze by spending freely on luxurious
7 personal expenses and their ongoing cannabis film strip venture; and (3) failed to
8 disclose their domestic and foreign cannabis film strip operations by submitting
9 incomplete financial disclosure forms and refusing to comply with requests for
10 documents.

11 Jacques Poujade has violated this Court's Orders by assisting or acting in
12 concert with the Cardiffs to circumvent the asset freeze and receivership.
13 Specifically, Jacques Poujade funnels money that the Cardiffs control to them
14 under the guise of a loan and hides Jason Cardiff's ongoing involvement in several
15 cannabis film strip businesses.

16 A coercive fine for the Cardiffs makes no sense as it could only come from
17 frozen funds that should be preserved for consumer redress. Further, the Cardiffs
18 are recidivists² for whom monetary fines will be ineffective. Accordingly, the
19 Court should order the Cardiffs to show cause why they should not be incarcerated
20 until they purge their contempt by: repatriating all foreign assets and turning over
21 those assets to the Receiver; replenishing the Receivership estate for money
22

23 ² The Cardiffs disregarded this Court's Orders to comply with the FTC's Civil
24 Investigative Demand; Jason Cardiff ordered his employees to destroy documents
25 before making a production to the FTC; and the Cardiffs immediately violated the
26 TRO in the present litigation. *See FTC v. Redwood Sci. Tech., Inc.*, No. 2:17-cv-
27 07821-SJO-PLA, Dkt. 22 (C.D. Cal. Mar. 20, 2018) (Otero, J.); Sands Decl., p. 2,
28 ¶ 6 & Att. 5, p. 68-74; Receiver's Joinder, Temporary Receiver's Affidavit of
Noncompliance, Oct. 23, 2018.

1 dissipated in violation of the asset freeze; and providing the FTC and Receiver
2 with a full and accurate accounting of all Cardiff businesses and assets.

3 The Court should order Jacques Poujade to show cause why he should not be
4 held in contempt and sanctioned until he replenishes the Receivership estate for the
5 full amount of funds he assisted the Cardiffs in dissipating; provides a full and
6 accurate accounting of the disposition of all Cardiff assets; and fully complies with
7 the Commission’s subpoena for documents.

8 **II. THE CARDIFFS’ CANNABIS FILM STRIP OPERATIONS ARE A**
9 **DE FACTO CONTINUATION OF THE REDWOOD SCIENTIFIC**
10 **COMMON ENTERPRISE**

11 **A. Cloverstrips**

12 The Cardiffs, began developing their cannabidiol (“CBD”) film strip
13 business under the brand name “Cloverstrip” in early 2018.³ Relying initially on
14 their existing alter ego common enterprise corporations,⁴ the Cardiffs used a web
15 of old and new entities – with shared officers and directors, addresses, and
16 incorporation numbers – to launch the CBD strips. Sands Decl., p. 26-27, ¶ 83 &
17 Table 8.

18 Defendant Redwood Scientific designed packaging for Cloverstrips by at
19 least June 6, 2018. Schools Decl., p. 2-3, ¶ 6 & Att. 29, p. 159. Defendant
20 Advanced Men’s Institute registered Cloverstrips with the FDA on June 22, 2018.
21 Sands Decl., p. 2, ¶ 9 & Att. 10, p. 127; p. 3, ¶ 10 & Att. 24, p. 192; p. 3, ¶ 10 &

22 ³ “Cloverstrips” were the unifying theme of various Cardiff alter egos in the U.S.
23 and Canada, which used the names Clover Cannastrip Thin Film Technologies
24 Corp., Clover Cannabis Thin Film Technologies Corp., Cloverstrip Thin Film
25 Technologies, Cannabis Oral Thin Film Technology, Roadrunner Scientific, Intel
26 Property, and Pharmastrip, among others. See Sands Decl., p. 27, Table 8.

27 ⁴ The Court previously found that the FTC was likely to succeed in showing that
28 the named corporate defendants acted as a common enterprise and are the alter
egos of Jason and Eunjung Cardiff. Dkt. 59, p. 6, ¶ D (lines 12-17).

1 Att. 23, p. 191. By early July 2018, Defendants Redwood Scientific and Advanced
2 Men’s Institute were importing Cloverstrips from one of the companies that
3 manufactured the smoking cessation, weight loss, and male sexual enhancement
4 strips that are the subject of the Complaint. Sands Decl., p. x, ¶ y & Att. 8-9, p.
5 122-26. The Commission found stacks of shipping boxes containing more than
6 15,000 Cloverstrip packages at the business premises on October 12, 2018.
7 Schools Decl., p. 3, ¶ 7 & Att. 35, p. 186-90.

8 Eunjung Cardiff signed merchant account applications on behalf of
9 Defendant Identify, doing business as “Clover Strip” (Sands Decl., p. 2, ¶ 9 & Att.
10 11-12, p. 128-45), and Jason Cardiff signed a merchant account application on
11 behalf of Intel Property LLC⁵ to sell “CBD oral thin film strips,” listing its website
12 as cloverstrip.com (Schools Decl., p. 2-3, ¶ 6 & Att. 31, p. 170). In August 2018,
13 Jason Cardiff instructed wholesale purchasers of Cloverstrips to make payment to
14 Intel Property, LLC. Schools Decl., p. 2, ¶ 5 & Att. 16, p. 98.

15 Jason Cardiff incorporated Clover Cannastrip in British Columbia on July
16 31, 2018. Sands Decl., p. 7, ¶¶ 35-36 & Att. 72-73, p. 871-74. The company had
17 three founding directors: Eunjung Cardiff, Jason Cardiff, and Jacques Poujade. *Id.*
18 When Jason Cardiff applied for business liability insurance for Clover Cannastrip
19 on October 1, 2018, he listed Redwood Scientific’s Upland, California address and
20 identified its website as “cloverstrip.com,” the same website listed in the merchant
21 account applications he and Eunjung Cardiff signed on behalf of Intel Property and
22 Defendant Identify. Sands Decl., p. 2, ¶ 10 & Att. 18, p. 168.

23 “Clover Strips” was also the title of an August 2018 investor presentation for
24 Clover Cannabis Thin Film Technologies Corp. (“Clover Cannabis”). Sands Decl.,
25

26
27 ⁵ Redwood Scientific’s 870 Mountain Ave. business suites were leased to Intel
28 Property LLC. Dkt. 81-1, p. 15.

1 p. 5, ¶ 25 & Att. 57, p. 711. That presentation – which featured an image of the
2 same Cloverstrip packaging the Commission found at the Redwood Scientific
3 business premises – identified Jason Cardiff as the CEO and President of Clover
4 Cannabis.⁶ Handwritten notes recovered from Eunjung Cardiff’s desk closely
5 match the presentation’s timeline for investment rounds and details for geographic
6 expansion of the business operation. Schools Decl., p. 2, ¶ 5 & Att. 26, p. 148-52.

7 Distributor agreements for Clover Cannabis also appear on Cloverstrip
8 letterhead and refer to the same incorporation number that Clover Cannastrip
9 received when Jason Cardiff incorporated it in July 2018 (Sands Decl., p. 3, ¶ 10 &
10 Att. 16-17, p. 158-67, Att. 25, p. 193), meaning that these “companies” were, in
11 reality, one and the same. Jason Cardiff signed one such distributor agreement on
12 October 10, 2018 (the same day the Court issued the TRO). Sands Decl., p. 3, ¶ 10
13 & Att. 16, p. 158.

14 Jason Cardiff also used a similar name – Cloverstrip Thin Film Technologies
15 – on a September 27, 2018 check he signed for “Cloverstrip Patent Trademark.”
16 Schools Decl., p. 2, ¶ 5 & Att. 12, p. 75-76. The check was from the same Clover
17 Cannastrip bank account where \$1.84 million CAD had been deposited earlier in
18 the month, and from which \$1.56 million CAD was later withdrawn, just days after
19 Jason Cardiff received notice of the TRO. Sands Decl., p. 13, ¶ 50.

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⁶ It also noted that Clover Cannabis is “poised for a nationwide rollout” that would start producing CBD and tetrahydrocannabinol (“THC”) film strips in California and leverage Redwood Scientific’s “unparalleled industry experience,” gleaned from selling “87 million oral film strips,” including the products challenged in the Commission’s Complaint.

1 **B. Pharmastrip and dissolveresponsibly.com**

2 Numerous documents found when the Receiver took over the Redwood
3 Scientific business premises show the Cardiffs’ preparations to launch CBD and
4 THC film strips under the brand name Pharmastrip, often in tandem with
5 Cloverstrips.

6 As early as July 1, 2018, Jason Cardiff was listed as President of
7 Pharmastrip on a draft “Exclusive Product Reseller Agreement” with Oregon Thin
8 Film Distribution Ltd., a Portland, Oregon business affiliate⁷ that currently sells
9 Cloverstrips and True CBD.⁸ Schools Decl., p. 2-3, ¶ 6 & Att. 30, p. 161; Sands
10 Decl., p. 7, ¶ 37-38 & Att. 74-75, p. 875-911. On October 3, 2018, he signed a
11 Scope of Work agreement with FX Web Media (the company that developed
12 advertising materials for the film strips challenged in the FTC’s Complaint) for
13 “Pharmastrip, corporate and product branding, marketing and advertising.” Sands
14 Decl., p. 3, ¶ 10 & Att. 22, p. 188-90. The marketing plan covered both
15 Pharmastrip’s “Classic Collection” of THC strips and Cloverstrip’s “Harmony,
16 Melody, and Serenity” CBD strips. *Id.* Both Eunjung and Jason Cardiff had
17

18 _____
19 ⁷ Oregon Thin Film Distribution’s principal, Stephen Sweeney, was also listed in a
20 presentation as part of “The Team” of Cannabis Oral Thin Film Technology, along
21 with the Cardiffs and Jacques Poujade. Schools Decl., p. 2-3, ¶ 6 & Att. 17, p. 99.

22 ⁸ True CBD appears to be nothing more than rebranded Cloverstrips. A True CBD
23 eBay page actually featured the Cloverstrip Certificate of Analysis prepared for
24 Oregon Thin Film Distribution, and the products share the “DISCREET –
25 RELIABLE – NATURAL” slogan. Sands Decl., p. 6-7, ¶ 32 & Att. 70, p. 802,
26 811. True CBD’s Facebook page is managed by blake@dislvs.com, which
27 matches the domain used by former Redwood Scientific employee Julie Green to
28 conduct business on behalf of Pharmastrip. Sands Decl., p. 6, ¶ 31 & Att. 69, p.
796; p. 4, ¶ 21 & Att. 46, p. 417. Jason Cardiff likely purchased the domain on
October 24, 2018, but he refused to answer questions about it at his deposition.
Sands Decl., p. 2, ¶ 5 & Att. 4, p. 67 [Tr. 121:17-123:8].

1 worked on product development, including product and flavor names and
2 descriptions. Sands Decl., p. 24, ¶ 74-75 & Att. 87, p. 946-47, 953; Schools Decl.,
3 p. 2, ¶ 5 & Att. 27, p. 154-55.

4 Phone records show that Jason Cardiff has continued to communicate with
5 FX Web Media’s principal, Ty Sherrell, on a regular basis; in fact, between
6 October 12, 2018 and May 7, 2019, Jason Cardiff and Ty Sherrell exchanged at
7 least 268 phone calls and spoke for at least 1,109 minutes. Sands Decl., p. 19-20,
8 ¶ 67 & Table 4. Mr. Cardiff and Mr. Sherrell continued to talk as key deliverables
9 from the Scope of Work agreement were met, including Mr. Sherrell’s purchase of
10 the Pharmastrip website domain (dissolveresponsibly.com)⁹; production of
11 Pharmastrip corporate promotion videos; and the development of packaging and
12 box designs for numerous Pharmastrip subbrands, including a line of copycat
13 Redwood Scientific products containing the same “active” ingredients as the stop-
14 smoking and sexual performance strips challenged in the FTC’s Complaint, among
15 others, and a “Classic Collection” line matching digital package mock-ups
16 recovered at the Redwood Scientific business premises on October 12, 2018.
17 Sands Decl., p. 8, ¶ 45 & Att. 81, p. 926-28; p. 21-22, ¶ 68-69 & Att. 86, p. 941-
18 43; p. 24, ¶ 76-77 & Att. 71; p. 22-23, ¶ 70 & Att. 87, p. 948-55.

19 Other records also show that Pharmastrip was already integrated into the
20 Cardiffs’ business operation before the TRO (e.g., a saved username and password
21 for administration of Pharmastrip.com¹⁰; an order confirmation for t-shirts and caps
22

23 ⁹ Mr. Sherrell was listed as the registrant of dissolveresponsibly.com until March
24 30, 2019. Jason Cardiff was questioned about Mr. Sherrell’s role with the website
25 at his March 29 deposition; the two then spoke by phone on March 30. Sands
26 Decl., p. 22, ¶ 69.

27 ¹⁰ Internet domain records show that pharmastrip.com, cannabisotf.com, and
28 greenpharma.co were all registered on June 25, 2018 by GoDaddy.com. On June
25, 2018, Eunjung Cardiff’s credit card incurred \$277.22 in charges from

1 bearing the Pharmastrip logo that were ordered at Jason Cardiff’s direction; and the
2 title page of a compilation of cannabis-related scientific journal articles that
3 referenced both “Cloverstrip Cannabis CBD” and “Pharmastrip Thin Film
4 Technologies.” Sands Decl., p. 3, ¶ 13 & Att. 34-35, p. 234-35, 237; p. 2, ¶ 9 &
5 Att. 14, p. 151.

6 Finally, Jason Cardiff’s signature as “President and CEO” of Pharmastrip
7 appears on an October 8, 2018 letter on Pharmastrip letterhead, addressed to the
8 U.S. Consulate in Shanghai, and listing the Redwood Scientific business address in
9 Upland, California. Sands Decl., p. 25, ¶ 82 & Att. 33, p. 233. Former Redwood
10 Scientific employee Julie Green,¹¹ who drafted the letter, testified that it was
11 mistakenly drafted on Pharmastrip letterhead (and should have been on Redwood
12 Scientific letterhead), despite the text’s five internal references to Pharmastrip.
13 Sands Decl., p. 2, ¶ 8 & Att. 7, p. 108-12; 117-20. But documents obtained from
14 the U.S. Department of State, Bureau of Consular Affairs belie Ms. Green’s
15 testimony: the applicant referenced in the letter did, in fact, apply for a visa in
16 connection with Pharmastrip – and listed Jason Cardiff as his contact. Sands Decl.,
17 p. 5, ¶ 26 & Att. 60, p. 739-43.

18
19 _____
20 GoDaddy.com. Eunjung and Jason Cardiff had emails @cannabisotf.com and
21 Jason Cardiff had one @greenpharma.co. Sands Decl., p. 5, ¶ 24 & Att. 55, p. 709;
22 p. 5, ¶ 26 & Att. 60, p. 740; Schools Decl., p. 2-3, ¶ 6 & Att. 17, p. 99.

23 ¹¹ Pharmastrip’s Chief Chemist identified Ms. Green as a current manager of
24 Pharmastrip in a May 2019 conversation with the Receiver. Dkt. 121, p. 7, ¶ 9.
25 Julie Green never even missed a paycheck, receiving a check from Redwood
26 Scientific on October 15, 2018, and one from Alphatech on November 1, 2018,
27 where she continued to develop Pharmastrip letterhead. Sands Decl., p. 2, ¶ 8 &
28 Att. 7, p. 102-07; 115; Sands Decl., p. 3, ¶ 14 & Att. 36, p. 319. Alphatech bank
records also show regular biweekly payments beginning in November 2018 to
former Redwood Scientific employee Justin Daines. Sands Decl., p. 3, ¶ 14 & Att.
36, p. 309-14.

1 Stated simply, to get their passports back, the Cardiffs lied about Jason
2 Cardiff getting a job offer from some independent company called Pharmastrip.
3 Sands Decl., p. 1-2, ¶ 4 & Att. 3, p. 66 [Tr. 121:1-9]. The overwhelming evidence
4 shows that the Pharmastrip brand was nothing more than a continuation of their old
5 businesses with new corporations as cover.

6 Jason Cardiff’s phone records also show hundreds of ongoing
7 communications not only with Pharmastrip’s media firm, but also with key
8 employees, such as Julie Green and Yuan Yang, among other business associates.¹²
9 Sands Decl., p. 4-5, ¶ 22-23 & Att. 47-54, p. 472-708; p. 20-21 & Tables 5-6.
10 Indeed, he speaks with Mr. Yang (Pharmastrip’s Chief Chemist) on a daily basis in
11 person, by telephone, or by text message. *Id.*; Dkt. 121, p. 7, ¶ 9. Pharmastrip’s
12 Chief Chemist informed the Receiver that Pharmastrip “just completed its first run
13 of cannabis-related products which are now being shipped to customers. ... [and]
14 that an additional cannabis-related production facility in Colorado is expected to be
15 operational in June 2019, and that other cannabis-related production facilities are
16 planned.” Dkt. 121, p. 7, ¶¶ 9-10. The Commission does not yet know how much
17 revenue has been generated by this current business activity.

18 C. Other Cannabis Operations

19 The Cardiffs control at least two other entities that appear to be involved in
20 – or established for purposes relating to – their cannabis film strip venture.
21 Cannastrip Labs LLC was established in Wyoming on July 26, 2018, just days
22 before Jason Cardiff incorporated Clover Cannastrip in Canada. Sands Decl., p. 6,
23 ¶ 29 & Att. 67, p. 783. Although Internal Revenue Service documents list Jason
24

25 ¹² Although Julie Green stated in her March 22, 2019 deposition that she had last
26 spoken with Jason Cardiff “a couple weeks ago,” phone records indicate that she
27 spoke to him the night before her deposition. Sands Decl., p. 2, ¶ 8 & Att. 7, p.
28 116; p. 8-10, ¶ 8-10 & Att. 52, p. 622.

1 Cardiff's 89-year old father, Gerald Cardiff, as the "sole [member]," the elder Mr.
2 Cardiff does not know anything about this company. Sands Decl., p. 3, ¶ 12 & Att.
3 32, p. 231. Jason Cardiff is identified as the contact person in case of a
4 subpoena,¹³ and the Cardiffs' asset protection limited partnership (Defendant
5 Carols Place Limited Partnership) is the 100% member. Sands Decl., p. 3, ¶ 12 &
6 Att. 31, p. 229-30.

7 On October 2, 2018, Jason Cardiff filed incorporation papers as the sole
8 Director of Haffelgad Switzerland Ltd., a company he registered in Ireland. Sands
9 Decl., p. 3, ¶ 10 & Att. 21, p. 177-87. The same day, a Shanghai, China machinery
10 manufacturer issued a "pro forma invoice" for film strip manufacturing equipment
11 to Haffelgad Switzerland Ltd.; Jason Cardiff's name is on the invoice. Sands
12 Decl., p. 3, ¶ 10 & Att. 20, p. 174-76. The machines were priced at \$113,800 USD
13 total. *Id.* Jason Cardiff appears to have also ordered three additional sets of
14 machines from the same Chinese company. Pro forma invoices for that equipment
15 – identifying Machine 1, Machine 2, and Machine 3 – are dated October 7, 2018,
16 January 9, 2019, and October 7, 2018, respectively, for sets of machines
17 cumulatively valued at nearly \$400,000 USD. Sands Decl., p. 4, ¶ 20 & Att. 43, p.
18 385-93.

22 ¹³ Gerald Cardiff also disclaimed knowledge of merchant applications for the sale
23 of oral film strips, filed in September 2018 by the ironically-named "True and
24 Honesty, LLC," that purportedly bear his signature. Sands Decl., p. 2, ¶ 7 & Att. 6,
25 p. 78; p. 3, ¶ 12 & Att. 29, p. 219. Nor was the elder Mr. Cardiff familiar with IRS
26 notices listing him as sole member of True and Honesty, or a bank account for that
27 same entity opened in his name. Sands Decl., p. 2, ¶ 7 & Att. 6, p. 77. True and
28 Honesty was also used by the Cardiffs to hold their "super voting preferred" shares
of Redwood Scientific stock. Dkt. 7, p. 52-53, ¶ 147.

1 **III. THE CARDIFFS HAVE VIOLATED MULTIPLE PROVISIONS OF**
2 **THIS COURT’S ORDERS**

3 **A. The Cardiffs Hid Assets in Canada and the United States from the**
4 **Commission and the Receiver**

5 1. Cannabis Business Bank Account Funds

6 The Cardiffs did not report Clover Cannastrip investment funds to the
7 Commission or the Receiver, did not repatriate the money, and did not identify to
8 the Commission or the Receiver the TD Canada Trust bank account in which those
9 funds were held, despite the fact that they were two of the company’s three
10 Directors.¹⁴ Jason Cardiff controlled the Clover Cannastrip bank account when he
11 received notice of the TRO, as evidenced by his September 27, 2018 signature on a
12 check for that account and by the fact that \$1.56 million CAD was drained from
13 the account during the same four-day period (October 15-18, 2018) when he made
14 39 phone calls to the bank.

15 On September 6, 2018, a Canadian cannabis business, FSD Pharma, Inc.,
16 made a \$1.5 million CAD investment in Clover Cannastrip pursuant to a
17 subscription agreement that listed Jason Cardiff as the sole contact for Clover
18 Cannastrip. Sands Decl., p. 5, ¶ 25 & Att. 59, p. 731-38. Those funds (minus
19 brokerage fees) were in Clover Cannastrip’s TD Canada Trust account when Jason
20 Cardiff was served with the TRO. Sands Decl., p. 13, ¶ 50 & Att. 42, p. 377-84.
21 Clover Cannastrip’s assets were not limited to the FSD Pharma investment. On or
22 about September 10, 2018, a group of unidentified investors paid \$500,000 CAD

23 ¹⁴ On November 16, 2018, Clover Cannastrip updated its business entity
24 registration, stating that the Cardiffs resigned as Directors on October 8, 2018.
25 Sands Decl., p. 7, ¶ 36 & Att. 73, p. 873-74. The update is highly suspect, given
26 that the referenced event purportedly occurred six weeks earlier, and because the
27 Cardiffs refused to answer questions about their positions as Directors of Clover
28 Cannastrip at their depositions. Sands Decl., p. 1-2, ¶ 4 & Att. 3, p. 66; p. 2, ¶ 5 &
Att. 4, p. 67.

1 for 2.5 million shares of stock. Dkt. 126, p. 10-11, ¶ 15. Those funds were also in
2 Clover Cannastrip’s Canadian bank account when Jason Cardiff was served with
3 the TRO. Sands Decl., p. 13, ¶ 50 & Att. 42, p. 377-84.

4 A British Columbia Securities Commission filing made by Clover
5 Cannastrip reports an additional \$2.02 million CAD raised on November 5, 2018.
6 Sands Decl., p. 31, ¶ 51 & Att. 68, p. 785-95. Those funds were not deposited in
7 Clover Cannastrip’s TD Canada bank account; instead, they were wired (minus
8 brokerage fees) to the trust account of Clover Cannastrip’s Canadian law firm, Sui
9 & Co., Solicitors, on November 5, 2018. Sands Decl., p. 13, ¶ 53 & Att. 44, p.
10 394-97.

11 Jason Cardiff’s own actions show that he controlled all of the Clover
12 Cannastrip funds. In mid-October 2018, when the Cardiffs sought to retain legal
13 counsel in the days following their notice of the TRO, Jason Cardiff represented to
14 a prospective law firm that he had access to funds in Canada that he believed could
15 be used to pay for the Cardiffs’ legal representation. Sands Decl., p. 1, ¶ 2 & Att.
16 1, p. 49-50. The firm explored those sources with Mr. Cardiff – a pending \$2
17 million business deal in Canada and \$200,000 in a Canadian company (in which
18 Jason Cardiff’s shares were held by an LLC owned by his father).¹⁵ *Id.* One of the
19 attorney’s contemporaneous notes also say “[Jason Cardiff’s] laptops have e-mails
20 about cannabis company and 1 million shares.” *Id.*; p. 24, ¶ 74 & Att. 27, p. 196-
21 203. Jason Cardiff’s conversations with that law firm comport with the \$2 million
22 CAD deal closed by Clover Cannastrip just two weeks later, on November 5, and
23 the Cannastrip Labs LLC registered in the name of his father.

24
25
26 _____
27 ¹⁵ The firm ultimately determined that the funds in question were subject to the
28 asset freeze, and therefore could not be used as payment for legal services. Sands
Decl., p. 24, ¶ 74 & Att. 27, p. 215-16.

1 In total, the Cardiffs failed to identify, account for, repatriate, and turn over
2 at least \$4 million CAD to the Receiver: \$500,000 received on September 6, \$1.5
3 million received on September 13, and \$2.02 million received on November 5.

4 2. Cannabis Business Fixed Assets

5 The Cardiffs' assets also include the machinery that Pharmastrip is using to
6 produce film strips in Cathedral City, California. Dkt. 121, p. 7, ¶10. Yuan
7 Yang's statements about the company's expansion plans are consistent with
8 Eunjung Cardiff's handwritten notes indicating plans to expand the business
9 operation to Washington and potentially 18 other states. Schools Decl., p. 2, ¶ 5 &
10 Att. 26, p. 148-52. Based on the four pro forma invoices sent to Haffelgad
11 Switzerland, the machinery is worth more than \$500,000 USD. Sands Decl., p. 3,
12 ¶ 10 & Att. 20, p. 174-76; p. 4, ¶ 20 & Att. 43, p. 385-93. When asked about the
13 status and location of the film strip machines at his deposition, Jason Cardiff
14 refused to answer. Sands Decl., p. 2, ¶ 5 & Att. 4, p. 6-7. The Court should infer
15 that Jason Cardiff owns and is concealing Pharmastrip's film strip machines.¹⁶

16 **B. The Cardiffs Dissipated Assets that Should Have Been Turned
17 Over to the Receiver**

18 The Commission and the Receiver have previously laid out in detail the
19 Cardiffs' penchant for the "good life," to the tune now of more than \$206,000 USD
20 in personal expenses paid by Alphatech's U.S. Bank account over the seven-month
21 period following their notice of the TRO. Sands Decl., p. 15, ¶ 58; Dkt. 115-2, p.
22 13, line 15; Dkt. 121, p. 5-6. The Commission can now show the route that the
23 Clover Cannastrip funds – which were covered by the asset freeze – took to get to

24 _____
25 ¹⁶ *Keating v. Office of Thrift Supervision*, 45 F.3d 322, 326 (9th Cir. 1995) (trier of
26 fact can draw adverse inferences from the invocation of the Fifth Amendment in a
27 civil proceeding), citing *Baxter v. Palmigiano*, 425 U.S. 308, 318 (1976). The
28 Cardiffs' refusal to answer other deposition questions warrants adverse inferences
about the subjects of those questions. See also Dkt. 115-2, p. 8, lines 8-9.

1 Pharmastrip Corp. (the company purportedly controlled by Jacques Poujade’s
2 brother, Richard Poujade) and then to Alphatech.

3 Sui & Co. (“Sui”), a Canadian law firm that represents various Cardiff
4 interests,¹⁷ manages a trust account that was originally named “Pharmastrip
5 Corp./Clover Cannastrip Thin Film Technologies Corp.” and then renamed
6 “Pharmastrip Corp./True Pharmastrip, Inc.” The account names show the unity of
7 these three entities. Sands Decl., p. 4, ¶ 20 & Att. 44-45, p. 394-401. Even more
8 important, Sui’s trust statements for that account show that the law firm: (1)
9 received \$1.2 million CAD from Clover Cannastrip on October 16, 2018, and
10 wired the same amount to Pharmastrip Corp. on October 25; and (2) received a
11 deposit of \$1.7 million CAD on November 5, 2018 (the same date for which
12 Clover Cannastrip reports a \$2.02 million CAD sale of securities), and wired \$1.8
13 million to Pharmastrip Corp. one day later. Sands Decl., p. 4, ¶ 20 & Att. 44, p.
14 394-95.

15 Also on November 6, 2018, Jacques Poujade’s accountant foreign-enrolled
16 Alphatech Holdings LLC in California. Sands Decl., p. 1, ¶ 3 & Att. 2, p. 55-57.
17 On November 7, 2018, the accountant opened a bank account for Alphatech at US
18 Bank. *Id.* On November 8, 2018, Pharmastrip Corp. wired \$100,000 USD to the
19 Alphatech account from the home address of Richard Poujade. Thirteen wire
20 transfers from Pharmastrip followed between January 2, 2019 and May 22, 2019,
21 for a total of \$490,000 USD (minus international wire fees). Sands Decl., p. 16-17,
22 ¶ 59 & Table 3 & Att. 36-40, p. 238-367.

23
24
25 ¹⁷ After being served with the TRO, Jason Cardiff tried to wire \$40,000 USD to
26 Sui from the bank account of Defendant Carols Place Limited Partnership, the
27 Cardiffs’ asset protection limited partnership. Receiver’s Joinder, Temporary
28 Receiver’s Affidavit of Noncompliance, Oct. 23, 2018.

1 There is no legitimate business explanation for the money Pharmastrip Corp.
2 received from Clover Cannastrip (via Sui), and no evidence that Pharmastrip Corp.
3 provided any consideration for those funds. Pharmastrip Corp. was incorporated
4 on September 19, 2018. Sands Decl., p. 28, ¶ 85 & Att. 89, p. 980-86. It has no
5 employees and cannot yet legally conduct business in Canada. Dkt. 115-2, p. 4,
6 ¶19; Dkt. 126, p. 12. Its address is a “virtual office” mail drop that is paid for by
7 Alphatech. Sands Decl., p. 4, ¶ 21 & Att. 46, p. 403-06. The source of
8 Pharmastrip Corp.’s funds, therefore, can only reasonably be attributed to the
9 Cardiffs’ preexisting cannabis film strip business, with Richard Poujade’s
10 Pharmastrip Corp. bank account nothing more than a pass-through device to move
11 funds to the Cardiffs under the guise of a loan.

12 This elaborate ruse enabled the Cardiffs to divert Clover Cannastrip investor
13 funds to cover their personal expenses, in circumvention of the asset freeze, and
14 prevent the disruption of their ongoing cannabis film strip business activities by
15 providing a distinct Canadian legal entity beyond the Receiver’s reach under which
16 those activities could occur undetected. The Alphatech bank account was closed
17 on May 24, 2019; only \$3,146 of the \$490,000 USD it received from Pharmastrip
18 remained. Sands Decl., p. 4, ¶ 17 & Att. 40, p. 356.

19 **C. The Cardiffs Did Not Report Their Cannabis Film Strip**
20 **Businesses to the Commission Or the Receiver**

21 Eunjung and Jason Cardiff each submitted a Financial Disclosure form to the
22 Commission on October 25, 2018 pursuant to the TRO. Sands Decl., p. 5, ¶ 28 &
23 Att. 65-66, p. 760-82. That form required them to report specific information “for
24 this year-to-date and for each of the previous five full years, for each business
25 entity of which [they were] a director, officer member, partner, employee . . . agent
26 owner, shareholder contractor, participant or consultant at any time during that
27 period.” They were also required to identify “all bank accounts for all entities” for
28 which they either had been an officer, director, member, owner, or signatory for

1 the last five years. Despite these requirements, the Cardiffs did not mention Clover
2 Cannastrip, Clover Cannabis, Pharmastrip, Cannastrip Labs, Haffelgad
3 Switzerland, the Sui trust account, or the Clover Cannastrip or Pharmastrip bank
4 accounts on their forms, nor did they report these entities to the Receiver. *Id.*;
5 Kane Decl., p. 2, ¶ 3. The Cardiffs also refused to comply with the FTC’s request
6 for production of documents, asserting an invalid Fifth Amendment privilege on
7 May 16, 2019.¹⁸ Sands Decl., p. 27, ¶ 84 & Att. 88, p. 956-62.

8 **IV. JACQUES POUJADE HAS VIOLATED THIS COURT’S ORDER BY**
9 **ACTING IN CONCERT WITH THE CARDIFFS TO CIRCUMVENT**
10 **THE ASSET FREEZE**

11 **A. Jacques Poujade Had Knowledge of the Asset Freeze**

12 Jacques Poujade acknowledges that he first learned of the TRO in October
13 2018, when Jason Cardiff told him that “all of his assets were seized” and “that the
14 injunction completely prohibited him from having a bank account.” Dkt. 126, p.
15 13-14, ¶¶ 28-29. Additionally, Jacques Poujade’s counsel, who agreed to accept
16 service of subpoenas to Jacques Poujade and his accountant, received a copy of the
17 PI on March 20, 2019. Sands Decl., p. 9, ¶ 47 & Att. 83, p. 930.

18 **B. Jacques Poujade Assisted and Continues to Assist the Cardiffs in**
19 **Dissipating Assets and Concealing Their Business Activities**

20 There is no dispute that Jacques Poujade has funneled through the Alphatech
21 bank account at least \$206,000 that was used to pay for the Cardiffs’ personal
22 expenses. What is disputed is the nature and control of those funds. The
23 Commission has presented clear and convincing evidence that the money used to
24 pay the Cardiffs’ expenses was, in fact, money the Cardiffs controlled, originally

25
26 ¹⁸ *SEC v. Bankers Alliance Corp.*, No. 95-cv-0428 (PLF), 1995 U.S. Dist. LEXIS
27 14730, **11-12 (D.D.C. May 5, 1995) (Fifth Amendment privilege was not
28 implicated by turning over records of foreign bank accounts).

1 through Clover Cannastrip. This money was then washed through other accounts
2 before paying those expenses.

3 The Cardiffs' and Jacques Poujade's version of the facts defies belief. They
4 ask the Court to believe that Jacques Poujade was the architect of the cannabis film
5 strip venture. Dkt. 126, p. 8-9, ¶¶ 7-9. Yet the overwhelming evidence shows that
6 it is a continuation of the Redwood Scientific common enterprise ("same team...
7 same technology," Sands Decl., p. 5, ¶ 25 & Att. 57, p. 717), relying on the
8 Cardiffs' existing business operation and Jason Cardiff's continued involvement
9 and control. The Cardiffs spent months preparing to sell CBD and THC
10 dissolvable film strips.

11 Jacques Poujade concedes that the Cardiffs initially controlled Clover
12 Cannastrip's Board of Directors, but he contends that they "agreed to resign"
13 before any capital was raised, and Jason Cardiff "surrendered his 100 shares of
14 stock" on August 29, 2018. Dkt. 126, p. 9, ¶ 10; p. 10, ¶ 13. This post-hoc attempt
15 to divorce his friends from the business before both the substantial September 2018
16 investments in Clover Cannastrip and the issuance of the TRO by claiming that the
17 Cardiffs immediately acceded to his demand that they walk away – apparently
18 without compensation – is simply not credible.

19 In addition, Jacques Poujade's versions of events do not align with the facts.
20 First, he cites a November 16, 2018 business registration filing as proof that the
21 Cardiffs resigned as Directors on October 8, 2018; this contradicts his own claim
22 that they agreed to resign in August. Dkt. 126, p. 11, ¶ 18. In addition, the
23 evidence shows that Jason Cardiff traveled to Toronto on August 30, 2018 and
24 pitched FSD Pharma on Cloverstrips, identifying himself (not Jacques Poujade, *see*
25 Dkt. 126, p. 9, ¶ 10) as President and CEO of Clover Cannabis, and serving as the
26 only named contact in the subscription agreement signed by FSD Pharma on
27 September 6, 2018. Sands Decl., p. 5, ¶ 25 & Att. 59, p. 731-38, Att. 57, p. 711-
28 27; p. 5, ¶ 24 & Att. 56, p. 710. Jason Cardiff also maintained phone contact with

1 Clover Cannastrip’s securities counsel, broker, and corporate counsel well after
2 Jacques Poujade supposedly cut him out in August 2018. Dkt. 126, p. 9-10, ¶¶ 12-
3 13; Sands Decl., p. 13-14, ¶ 51-55.

4 Jacques Poujade’s story frequently relies on undated documents of dubious
5 authenticity. The document he presented as evidence that Jason Cardiff
6 surrendered 100 shares of Clover Cannastrip stock on August 29, 2018 actually
7 only shows the date on which the shares were issued (July 31, 2018). Dkt. 126, p.
8 18. Similarly, the notice purporting to show that the Cardiffs resigned as Directors
9 of Clover Cannastrip on October 8, 2018 was not filed until November 16, 2018 (a
10 week *after* the Cardiffs personally appeared before this Court and had been served
11 with the PI). Dkt. 126, p. 19-20. Further, his claim that the *November 1, 2018*
12 promissory note between Jason Cardiff and Alphatech “mirrored” the *January 2,*
13 *2019* promissory note between Alphatech and Pharmastrip is simply
14 chronologically impossible. Dkt. 126, p. 14, ¶ 29; p. 22-25.

15 Jacques Poujade’s claim that he “came up with the idea of manufacturing
16 cannabis infused oral thin strips” in June 2018 does not withstand scrutiny because
17 the Cardiffs were already preparing to market Cloverstrips by June 6, 2018. Dkt.
18 126, p. 8, ¶ 7; *see supra*, Sec. II.A. His claim that the Cardiffs did not control
19 Clover Cannastrip funds is an outright lie – Jason Cardiff signed a check from the
20 Clover Cannastrip bank account for legal services on September 27, 2018 (Dkt.
21 126, p. 9-10, ¶¶ 12-13; *see supra*, Sec. II.A.), and he was prepared to use that
22 money to fund his legal defense in this case (*see supra*, Sec. III.A.1). As with
23 Jacques Poujade’s assertion that he was the moving force behind Clover
24 Cannastrip, there is no evidence that he came up with the name Pharmastrip in
25 August 2018; in fact, Jason Cardiff was using the name at Redwood Scientific as
26 early as June and July 2018. Sands Decl., p. 5, ¶ 24 & Att. 55, p. 709; p. 3, ¶ 13 &
27 Att. 35, p. 237; Schools Decl., p. 3, ¶ 6 & Att. 30, p. 160, 167.

1 **C. Jacques Poujade Continues to Assist the Cardiffs in Evading the**
2 **Asset Freeze and Concealing Their Current Business Activities**

3 Every day Jacques Poujade continues to maintain the fiction that the Cardiffs
4 do not control the assets of Clover Cannastrip (now renamed “True Pharmastrip”),
5 Pharmastrip, and Alphatech, he is acting in concert or participation with them to
6 evade the asset freeze, repatriation provisions, and business reporting requirements
7 of the Preliminary Injunction. The FTC served him with a subpoena for relevant
8 documents on April 10, 2019, issued pursuant to the PI’s expedited discovery
9 provision. He continues to withhold records for his brother’s Canadian
10 Pharmastrip bank account even after admitting in his declaration that Clover
11 Cannastrip, Pharmastrip Corp., and Alphatech all work together as one in the
12 cannabis film strip business. Dkt. 126, p. 13, ¶¶ 25, 27. While \$490,000 USD was
13 siphoned into the Alphatech account for the Cardiffs’ use, the remainder of the
14 \$4 million CAD acquired by Clover Cannastrip in September and November 2018
15 remains unaccounted for, presumably in the Pharmastrip Corp. bank account.

16 **V. LEGAL ARGUMENT**

17 **A. Legal Standard**

18 This Court has inherent authority to enforce compliance with its lawful
19 orders through the remedy of civil contempt. *See Gifford v. Heckler*, 741 F.2d 263,
20 265-66 (9th Cir. 1984); *see also Shillitani v. United States*, 384 U.S. 364, 370
21 (1966). This authority extends to non-parties like Jacques Poujade pursuant both
22 to Fed. R. Civ. P. 65(d) in connection with actions “in active concert or
23 participation” with named defendants, and to the Court’s broader power to fashion
24 equitable relief to enforce in rem injunctions, such as the classic example of an
25 injunction to preserve the assets of a receivership estate. *FTC v. Productive Mktg.,*
26 *Inc.*, 136 F. Supp. 2d 1096, 1103-06 (C.D. Cal. 2001) (finding nonparty in
27 contempt of preliminary injunction for failing to turn over assets to a receiver).

28 After the FTC’s showing of contempt, “[t]he burden then shifts to the
contemnors to show why they were unable to comply[.]” *FTC v. Affordable Media*,

1 *LLC*, 179 F.3d 1228, 1239 (9th Cir. 1999) (quotation omitted), a showing that
2 requires the Cardiffs and Jacques Poujade to prove they “took every reasonable
3 step” to comply. *Stone v. City & Cnty. of San Francisco*, 968 F.2d 850, 856 n.9
4 (9th Cir. 1992). In determining whether a party is in contempt, the Court may
5 consider the credibility of the alleged contemnors. *Bunnett & Co. v. Dores*, No. A-
6 15-CV-1104-LY-AWA, 2018 U.S. Dist. LEXIS 36478, **11-15, 33 (W.D. Tex.
7 Mar. 6, 2018) (court determined that the contemnors’ excuses lacked credibility,
8 and that clear and convincing evidence showed that defendant and nonparties were
9 in contempt of a TRO by using a backhand method and tortured payment structure
10 to provide money to a defendant in violation of an asset freeze). Here, the Cardiffs
11 and Jacques Poujade share a complete lack of credibility, and the overwhelming
12 evidence shows that they used a multi-step series of transactions involving Clover
13 Cannastrip, Pharmastrip, and Alphatech to provide the Cardiffs money in violation
14 of the asset freeze.

15 **B. The Assets at Issue Belong in the Receivership**

16 The TRO and PI unambiguously define “assets” as “any legal or equitable
17 interest in, right to, or claim to, any property, wherever located and by whomever
18 held.” The TRO and PI injunctive provisions expand on this already broad
19 definition by covering assets that are owned or controlled, directly or indirectly, by
20 Defendants or any entity owned, managed or controlled by them, are held for their
21 benefit, or are in their actual or constructive possession. See, e.g., TRO and PI
22 Sections VII (Asset Freeze) and Sections VIII (Duties of Asset Holders and Other
23 Third Parties).

24 Clear and convincing evidence shows that the assets at issue are directly or
25 indirectly owned or controlled by the Cardiffs and by Clover Cannastrip and
26 Pharmastrip, alter-ego entities owned, managed, or controlled by the Cardiffs, and
27 which are a de facto continuation of the Cardiffs’ thin film business operations.
28 The overwhelming evidence also shows that the assets are held for the Cardiffs’

1 benefit and are in their actual or constructive possession. *CFTC v. Emerald*
2 *Worldwide Holdings, Inc.*, No. CV 03-8339 AHM, 2004 U.S. Dist. LEXIS 27511,
3 **18-21 (C.D. Cal. Jul. 29, 2004) (failure to repatriate assets violated asset freeze;
4 nominal ownership was irrelevant where order defined “assets” to include funds
5 controlled by or held for the benefit of Defendants).

6 **C. The Cardiffs Are in Contempt of the Court’s Orders**

7 Clear and convincing evidence shows that the Cardiffs are in contempt of at
8 least nine separate provisions of the Court’s TRO and PI relating to assets that
9 should be a part of the Receivership. Dkts. 29, 59. Specifically, the evidence
10 clearly and convincingly shows that the Cardiffs have violated Sections VII, IX, X,
11 XI, XIV, XVII, XVIII, XX, and XXVI of the TRO and PI. As described above,
12 the Cardiffs have concealed and dissipated their assets (e.g., Clover Cannastrip and
13 Pharmastrip assets), in violation of Section VII (Asset Freeze). They have failed to
14 report assets and entities of which they were directors, officers, and owners, in
15 violation of Section IX (Financial Disclosures). They have failed to provide a full
16 accounting of all assets and accounts outside of the United States, have failed to
17 take all steps necessary to provide documents and records held by third parties
18 outside the United States, and have failed to transfer to the United States and
19 deliver to the Receiver all documents and assets located in foreign countries, in
20 violation of Section X (Foreign Asset Repatriation).

21 The Cardiffs have taken actions that resulted in the dissipation of domestic
22 or foreign assets, and in the hindrance of the repatriation of those assets, in
23 violation of Section XI (Non-Interference with Asset Freeze and Repatriation).
24 They have operated and exercised control over business entities without providing
25 the FTC and the Receiver a written statement disclosing required information (i.e.,
26 name, address, identity of officers, directors, principals, managers, employees, and
27 intended activities), in violation of Section XIV (Report of New Business
28 Activity). They have failed to deliver assets to the Receiver, in violation of

1 Section XVII (Transfer of Receivership Property to Receiver). They have failed to
2 provide to the Receiver a list of all assets and accounts of the Receivership entities
3 and the Cardiffs held in other names, in violation of Section XVIII (Provision of
4 Information to Receiver). They have interfered with the Receiver's efforts to take
5 possession of assets or documents subject to the receivership, and disposed of
6 assets belonging to the Receivership and the Cardiffs, in violation of Section XX
7 (Non-Interference with the Receiver). And they have failed to produce a single
8 document pursuant to requests made via expedited discovery, in violation of
9 Section XXVI (Expedited Discovery).

10 Despite Jason Cardiff's more active role, both he and Eunjung Cardiff are
11 responsible for these ongoing violations. They have both concealed and dissipated
12 assets, failed to provide a full accounting of their assets, and failed to turn over
13 assets to the Receiver. They both failed to disclose their connection to Clover
14 Cannastrip, and failed to disclose the continued foreign and domestic operations of
15 Clover Cannastrip, Pharmastrip, and Alphatech. They have both benefited from
16 the Clover Cannastrip funds that were channeled through Pharmastrip and then
17 Alphatech to pay personal expenses, in violation of the asset freeze. They have
18 both failed to respond to discovery.

19 **D. Jacques Poujade Is in Contempt of the Court's Orders**

20 The evidence clearly and convincingly shows that Jacques Poujade has
21 violated Sections VII, VIII, XI, XVII, and XXVI of the TRO and PI. As described
22 above, he has – in active concert or participation with the Cardiffs – transferred,
23 loaned, concealed, and disbursed Cardiff assets, in violation of Section VII (Asset
24 Freeze). He has failed to hold, preserve, and prohibit the disbursement,
25 dissipation, or other disposal of Cardiff documents and assets, in violation of
26 Section VIII (Duties of Asset Holders and Other Third Parties). He has taken
27 actions that resulted in the dissipation of domestic or foreign assets, and in the
28 hindrance of the repatriation of those assets, in violation of Section XI (Non-

1 Interference with Asset Freeze and Repatriation). He has failed to deliver Cardiff
2 assets to the Receiver, in violation of Section XVII (Transfer of Receivership
3 Property to Receiver). And he has failed to provide complete expedited discovery,
4 in violation of Section XXVI (Expedited Discovery). These violations are ongoing.

5 **E. The Cardiffs' and Jacques Poujade's Contempt Warrants Civil**
6 **Incarceration as to the Cardiffs and a Fine as to Jacques Poujade**
7 **Until They Transfer and Return Assets and Produce a Detailed**
8 **Accounting**

9 The Court's power to impose civil contempt sanctions in order to coerce
10 compliance with its orders is clear. *Jones v. All Am. Auto Prot., Inc.*, No. 2:15-cv-
11 01656-SJO-AGR, 2016 U.S. Dist. LEXIS 69409, **1-2 (C.D. Cal. May 24, 2016)
12 (Otero, J). In fashioning a coercive sanction, this Court has considered "the
13 character and magnitude of the harm threatened by continued contumacy, and the
14 probable effectiveness of any suggested sanction in bringing about the result
15 desired.'" *Id.* at *4, (quoting *U.S. v. United Mine Workers of Am.*, 330 U.S. 258,
16 304 (1947)).

17 1. Coercive Incarceration for the Cardiffs

18 The Court should immediately incarcerate the Cardiffs. Monetary sanctions
19 will not be effective in convincing them to comply with the Preliminary Injunction,
20 since their funds are already frozen. In addition, any money should be preserved
21 for the ultimate purpose of consumer redress. Further, given the extent of the
22 Cardiffs' contumacy over more than seven months, and history of disregarding this
23 Court's Orders, only the threat of coercive incarceration until such time as they
24 comply fully with all of the provisions of the Preliminary Injunction is likely to
25 gain their compliance. *Bankers Alliance Corp.*, 881 F.Supp. 673, 683-84 (D. D.C.
26 1995) (failure to comply with contempt order finding violation of repatriation
27 provision in preliminary injunction warranted incarceration of individual
28 defendants).

1 2. Monetary Sanction for Jacques Poujade

2 A coercive fine, rather than incarceration, may be an appropriate remedy,
3 provided Jacques Poujade can show that the money is not coming from the funds
4 he is helping the Cardiffs hide. The FTC requests that the Court impose a daily
5 fine in an amount high enough to compel Jacques Poujade's prompt compliance,
6 such as \$5,000 per day, until he purges his contempt.

7 3. Purge Conditions: Detailed Accounting, Repatriation and Turn
8 Over, and Replenishing of the Receivership Estate

9 The FTC requests that the Court order the Cardiffs and Jacques Poujade to:
10 provide a detailed accounting of all assets covered by the TRO and PI, including
11 all Clover Cannastrip and Pharmastrip assets; turn over all Cardiff assets to the
12 Receiver, including assets that have to be repatriated from abroad; and replenish
13 the receivership estate for the funds they have dissipated in violation of the asset
14 freeze. *SEC v. Fujinaga*, No. 2:13-CV-1658 JCM, 2016 U.S. Dist. LEXIS 159428,
15 **17-18 (D. Nev. Nov. 15, 2016) (upon receiver's contempt motion, court ordered
16 defendant to return all funds withdrawn from a bank account and to disclose their
17 source; and to provide a detailed accounting under oath of each deposit/credit to,
18 and each withdrawal/debit from, the bank account, including the source of each
19 deposit/credit, the recipient or beneficiary of each withdrawal/debit, and the
20 purpose of each debit); *Bankers Alliance Corp.*, No. 95-cv-0428 (PLF), 1995 U.S.
21 Dist. LEXIS 14730, **11-12 (D. D.C. May 5, 1995) (contemnor was capable of
22 repatriating assets and Fifth Amendment privilege was not implicated by turning
23 over records of foreign bank accounts). In addition to the information required in
24 *Fujinaga*, the FTC requests that a full accounting include the identification of any
25 consideration received for any transfer of funds, including consideration for any
26 transfers from Clover Cannastrip to Pharmastrip, from Pharmastrip to Alphatech,
27 and from Alphatech to the Cardiffs, and the production of all bank documents on
28

1 file with banks where subject accounts are held, including documents identifying
2 the parties responsible for the account and wire transfer details.

3 **VI. CONCLUSION**

4 For the foregoing reasons, the FTC respectfully requests that the Court order
5 the Cardiffs to appear personally and show cause why they should not be held in
6 contempt and coercively incarcerated until they repatriate their foreign assets and
7 turn their assets over to the Receiver; replenish the receivership estate for the funds
8 they have dissipated to date in violation of the asset freeze; and provide a full
9 accounting of the \$4 million CAD of Clover Cannastrip funds and all other
10 unreported monetary and non-monetary Cardiff assets.

11 The FTC also requests that Jacques Poujade be ordered to appear personally
12 and show cause why he should not be held in contempt and sanctioned with a daily
13 fine until he replenishes the receivership estate for the \$490,000 USD he helped
14 dissipate and produces all documents responsive to the Commission's subpoena,
15 including a full accounting of the Clover Cannastrip funds.

16
17 Respectfully submitted,

18 Dated: June 17, 2019

19 s/ Elizabeth Jones Sanger
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22 SHIRA D. MODELL
23 smodell@ftc.gov; (202) 326-3116
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17 ATTORNEYS FOR PLAINTIFF

18 **UNITED STATES DISTRICT COURT**
19 **CENTRAL DISTRICT OF CALIFORNIA**

20 **Federal Trade Commission,**
21 Plaintiff,
22 v.
23 **Jason Cardiff, et al.,**
24 Defendants.

Case No. ED 18-CV-02104-SJO
(PLAx)

DECLARATION OF BRICK
KANE IN SUPPORT OF FTC
MOTION FOR ORDER TO
SHOW CAUSE AGAINST JASON
CARDIFF, EUNJUNG CARDIFF,
AND JACQUES POUJADE

25 1. I am the President of Robb Evans & Associates LLC, the receiver
26 (“Receiver”) duly appointed by the United States District Court in this
27 matter. I have been employed by Robb Evans & Associates LLC for 24
28 years, and I worked in the banking industry for 20 years before I joined

1 Robb Evans & Associates LLC. I have personal knowledge of the
2 matters set forth in this declaration, and could and would testify
3 competently if called upon to do so in this matter.

- 4 2. As part of my official responsibilities I have reviewed the financial
5 disclosures provided to the Receiver by Defendants Jason Cardiff and
6 Eunjung Cardiff. Those financial disclosures contain no references at all
7 to machinery used for the manufacture of sublingual film strips. Also,
8 except for a single reference to an HSBC account in Sydney, Australia
9 with a balance of \$1,310, and another reference without an address that
10 appears to relate to an HSBC account in the UK with a balance of \$2,256,
11 the disclosures do not contain any references at all to other foreign bank
12 accounts held in the name of or for the benefit of any Defendant.
- 13 3. The entity names Haffelgad Switzerland, True Pharmastrip, Clover
14 Cannastrip Thin Film Technologies, and Pharmastrip Corp have never
15 been disclosed to the Receiver as companies in which any Defendant
16 may have presently or had in the past a legal or beneficial interest.
- 17 4. My office also obtained T-Mobile telephone bills in the name of
18 Runaway Products, a Receivership Entity. The monthly records I have
19 obtained include call detail for five separate mobile numbers assigned to
20 Runaway Products and used by Jason and Eunjung Cardiff covering the
21 time period September 24, 2018 to May 23, 2019. I have provided these
22 monthly telephone records to the Federal Trade Commission.
- 23 5. Jason Cardiff previously advised me when I interviewed him on October
24 12, 2018, the day of the Immediate Access, that he uses the telephone
25 number [REDACTED] as his personal mobile telephone number.
- 26 6. Subsequently, according to T-Mobile records, on or about November 9,
27 2018, Jason Cardiff obtained another mobile phone on the Runaway
28 Products account. That telephone number is [REDACTED].

1 I declare under penalty of perjury under the laws of the State of California
2 and of the United States of America that the foregoing is true and correct,
3 that the matters stated herein as my belief and opinion are truly believed by
4 me, and that this declaration was executed on this 17th day of June, 2019, at
5 Sun Valley, California.

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7 _____
8 Brick Kane, Receiver
9 Robb Evans & Associates LLC
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20 **UNITED STATES DISTRICT COURT**
21 **CENTRAL DISTRICT OF CALIFORNIA**

22 **Federal Trade Commission,**
23 Plaintiff,
24 v.
25 **Jason Cardiff, et al.,**
26 Defendants.

27 Case No. ED 18-CV-02104 SJO (PLAx)

28
DECLARATION OF FTC LEAD
INVESTIGATOR CONNOR SANDS
IN SUPPORT OF PLAINTIFF'S
MOTION FOR AN ORDER TO
SHOW CAUSE WHY DEFENDANTS
EUNJUNG AND JASON CARDIFF
AND THIRD PARTY JACQUES
POUJADE SHOULD NOT BE HELD
IN CONTEMPT AND SANCTIONED

DECLARATION OF CONNOR SANDS

PURSUANT TO 28 U.S.C. § 1746

1
2
3 1. I am a Federal Trade Investigator with the Federal Trade Commission
4 ("FTC") assigned to the headquarters satellite office at 400 7th Street, SW,
5 Washington, D.C. 20024. I have been employed by the FTC since 2015. Among
6 other things, my position entails investigating entities and persons who may be
7 violating statutes and rules enforced by the FTC. In the course of my employment,
8 I have participated in an investigation first related to Redwood Scientific
9 Technologies, Inc. (RSTI), and this subsequent litigation. I have personal
10 knowledge of the matters discussed in this declaration and, if called as a witness, I
11 could and would competently testify as to the matters discussed in this declaration.

DEPOSITION TRANSCRIPTS

12
13 2. On March 19, 2019, pursuant to a subpoena for testimony issued by the
14 FTC, Adam Pines, Esq., appeared and provided sworn testimony at a 30(b)(6)
15 deposition on behalf of Glaser, Weil, Fink, Howard, Avchen & Shapiro, LLC
16 (Glaser Weil). A true and correct excerpt of the transcript of that deposition is
17 attached to this declaration as Attachment 1.

18 3. On March 27, 2019, pursuant to a subpoena for testimony issued by the
19 FTC, Peter Picciano appeared and provided sworn testimony at a deposition. A
20 true and correct excerpt of the transcript of that deposition is attached to this
21 declaration as Attachment 2.

22 4. On March 28, 2019, pursuant to a subpoena for testimony issued by the
23 FTC, Eunjung Cardiff appeared and provided sworn testimony at a deposition. A
24 full, redacted transcript of that deposition was submitted as an attachment to
25 Plaintiff's Opposition to Motion for Release of Passports and Release of Funds for
26 Living Allowance and Attorney Fees (Dkt 115-5, pp. 46-204). A full, unredacted
27 transcript of that deposition was also submitted, and is available at Dkt. 116-4, pp.
28 46-204. Attachment 3 to my declaration lists the transcript pages that are cited in

1 the Commission's Memorandum In Support of a Motion for An Order to Show
2 Cause being filed today.

3 5. On March 29, 2019, pursuant to a subpoena for testimony issued by the
4 FTC, Jason Cardiff appeared and provided sworn testimony at a deposition. A full,
5 redacted transcript of that deposition was submitted as an attachment to Plaintiff's
6 Opposition to Motion for Release of Passports and Release of Funds for Living
7 Allowance and Attorney Fees (Dkt 115-5, pp. 205-387). A full, unredacted
8 transcript of that deposition was also submitted, and is available at Dkt. 116-4, pp.
9 204-387. Attachment 4 to my declaration lists the transcript pages that are cited in
10 the Commission's Memorandum In Support of a Motion for An Order to Show
11 Cause being filed today.

12 6. On December 7, 2018, pursuant to a subpoena for testimony issued by the
13 FTC, Danielle Cadiz appeared and provided sworn testimony at a deposition. A
14 true and correct except of the transcript of that deposition is attached to this
15 declaration as Attachment 5.

16 7. On March 30, 2019, pursuant to a subpoena for testimony issued by the
17 FTC, Gerald Cardiff appeared and provided sworn testimony at a deposition. A
18 true and correct redacted except of the transcript of that deposition is attached to
19 this declaration as Attachment 6.

20 8. On March 22, 2019, pursuant to a subpoena for testimony issued by the
21 FTC, Julie Green appeared and provided sworn testimony at a deposition. A true
22 and correct except of the transcript of that deposition is attached to this declaration
23 as Attachment 7.

24 **DEPOSITION EXHIBITS**

25 9. On March 28, 2019, pursuant to a subpoena for testimony issued by the
26 FTC, Eunjung Cardiff appeared and provided sworn testimony at a deposition.
27 True and correct redacted copies of exhibits used during that deposition are
28 attached to this declaration as Attachments 8 through 14.

1 10. On March 29, 2019, pursuant to a subpoena for testimony issued by the
2 FTC, Jason Cardiff appeared and provided sworn testimony at a deposition. True
3 and correct redacted copies of exhibits used during that deposition are attached to
4 this declaration as Attachments 15 through 26.

5 11. On March 19, 2019, pursuant to a subpoena for testimony issued by the
6 FTC, Adam Pines, Esq., appeared and provided sworn testimony at a 30(b)(6)
7 deposition on behalf of Glaser, Weil, Fink, Howard, Avchen & Shapiro, LLC
8 (Glaser Weil). A true and correct copy of an exhibit used during that deposition is
9 attached to this declaration as Attachment 27.

10 12. On March 30, 2019, pursuant to a subpoena for testimony issued by the
11 FTC, Gerald Cardiff appeared and provided sworn testimony at a deposition. True
12 and correct redacted copies of exhibits used during that deposition are attached to
13 this declaration as Attachments 28 through 32.

14 13. On March 22, 2019, pursuant to a subpoena for testimony issued by the
15 FTC, Julie Green appeared and provided sworn testimony at a deposition. True and
16 correct redacted copies of exhibits used during that deposition are attached to this
17 declaration as Attachments 33 through 35.

18 **THIRD-PARTY PRODUCTIONS**

19 14. On February 27, 2019, as part of a production in response to a subpoena
20 issued by the FTC, US Bank produced documents related to Alphatech Holdings
21 LLC (California). Included in those documents are monthly statements from
22 November and December of 2018, and January of 2019. True and correct redacted
23 copies of those documents are attached to this declaration as Attachment 36.

24 15. On March 4, 2019, as part of a production in response to a subpoena issued
25 by the FTC, US Bank produced a document related to Alphatech Holdings LLC
26 (California). Included is a monthly statement from February of 2019. A true and
27 correct redacted copy of that document is attached to this declaration as
28 Attachment 37.

1 16. On April 4, 2019, as part of a production in response to a subpoena issued by
2 the FTC, US Bank produced a document related to Alphatech Holdings LLC
3 (California). Included is a monthly statement from March of 2019. A true and
4 correct redacted copy of that document is attached to this declaration as
5 Attachment 38.

6 17. On June 11, 2019, as part of a production in response to a subpoena issued
7 by the FTC, US Bank produced documents related to Alphatech Holdings LLC
8 (California). Included are the monthly statements from April and May of 2019.
9 True and correct redacted copies of those documents are attached to this
10 declaration as Attachments 39 and 40.

11 18. On April 10, 2019, the FTC issued a Subpoena Duces Tecum to Jacques
12 Poujade for production of documents. A true and correct copy of the subpoena is
13 attached to this declaration as Attachment 41.

14 19. On May 29, 2019, Jacques Poujade produced TD Canada Trust bank
15 statements for an account held in the name of Clover Cannastrip Thin Film
16 Technologies Corp. True and correct redacted copies of those documents are
17 attached to this declaration as Attachment 42.

18 20. On June 12, 2019, Jacques Poujade produced documents to the FTC. Select
19 documents from that production are attached to this declaration as Attachments 43
20 through 45.

21 21. On May 23, 2019, Regus Group Companies produced documents in
22 response to a subpoena issued by the FTC. True and correct copies of those
23 documents are attached to this declaration as Attachment 46.

24 22. On May 6, 2019, Receiver, Robb Evans & Associates, LLC provided T-
25 Mobile phone records related an account in the name of Defendant Run Away
26 Products LLC. Upon receiving the records, I performed searches of the phone
27 numbers contained within and annotated the records. True and correct redacted
28 excerpts (phone numbers and other account information has been redacted) of

1 those annotated records are attached to this declaration as Attachments 47 through
2 53. Full unannotated and unredacted copies can be made available upon request. A
3 more fulsome explanation of my annotation process is described below at
4 paragraphs 60-64.

5 23. On June 3, 2019, Receiver, Robb Evans & Associates, LLC provided T-
6 Mobile phone records related an account in the name of Defendant Run Away
7 Products LLC. Upon receiving the records, I performed searches of the phone
8 numbers contained within and annotated the records. True and correct redacted
9 excerpts of those annotated records are attached to this declaration as Attachment
10 54. Full unannotated and unredacted copies can be made available upon request. A
11 more fulsome explanation of my annotation process is described below at is below
12 at paragraphs 60-64.

13 24. On March 6, 2019, American Express provided documents related to AMEX
14 credit card accounts in the name of Eunjung Cardiff. True and correct excerpts of
15 those documents are attached to this declaration as Attachments 55 and 56.

16 25. On May 30, 2019, FSD Pharma Inc. (Canada) provided documents to the
17 FTC related to Clover Cannastrip Thin Film Technologies Corp. True and correct
18 redacted copies of those documents are attached to this declaration as Attachments
19 57 through 59.

20 26. On June 10, 2019, the United States Department of State provided
21 documents to the FTC. True and correct redacted copies of those documents are
22 attached to this declaration as Attachment 60.

23 **DOCUMENTS PRODUCED BY DEFENDANTS**

24 27. On June 14, 2018, Defendants produced documents as part of a partial
25 production in response to the FTC's Civil Investigative Demand. True and correct
26 redacted copies of some of those documents are attached to this declaration as
27 Attachments 61 through 64, and 85.

1 28. On October 25, 2018, Defendants Eunjung Cardiff and Jason Cardiff
2 produced sworn financial disclosures. True and correct redacted copies are
3 attached to this declaration as Attachments 65 and 66.

4 **INDEPENDENTLY GATHERED DOCUMENTS**

5 29. On February 12, 2019, I accessed and downloaded a publically available
6 Wyoming Secretary of State report regarding the filing of Cannastrip Labs LLC. A
7 true and correct copy of that document is attached to this declaration as
8 Attachment 67.

9 30. On February 12, 2019, I accessed and downloaded a publically available
10 British Columbia securities report filed on November 22, 2018 by Clover
11 Cannastrip Thin Film Technologies Corp. A true and correct copy of that
12 document is attached to this declaration as Attachment 68.

13 31. On April 17, 2019, in the course of my employment, I visited the public
14 Facebook page of True CBD (@TrueCBDStrip) and captured the live content on
15 the "About" webpage. The page states "10mg CBD Isolate Per Strip. 3 Flavors:
16 LingonBerry, Mint Zing, Citrus Zest." The page also lists a website,
17 TrueCBDStrip.com, an email address blake@dislvs.com, and a phone number.
18 Using a public records database, I confirmed that the listed phone number is
19 registered to Blake Markovich, an individual who receives regular paychecks from
20 Alphatech Holdings LLC. Due to the listed phone number belonging to an
21 individual, it has been redacted for the purpose of this public filing. A true and
22 correct redacted copy of that capture is attached to this declaration as
23 Attachment 69.

24 32. On April 17, 2019, in the course of my employment, I visited a live
25 Ebay.com webpage related to True CBD and captured the live content. The images
26 on the webpage included both product packaging for True CBD, and a Certificate
27 of Analysis for Cloverstrip Thin Film, dated August 22, 2018. The page lists a
28 website, TrueCBDStrip.com, and notes that the product is being shipped from

1 Aliso Viejo, California, which is also where the Alphatech Holdings business is
2 located. A true and correct copy of that capture is attached to this declaration as
3 Attachment 70.

4 33. On April 23, 2019, in the course of my employment, I visited the live
5 website DissolveResponsibly.com and captured the content. A true and correct
6 copy of that capture is attached to this declaration as Attachment 71.

7 34. On April 23, 2019, I visited www.YouTube.com and captured screen shots
8 of three pages containing videos uploaded by user “Pharmastrip” on November 26,
9 2018. The videos were found at the following URLs:

10 <https://www.youtube.com/watch?7&v=IRjSW0XE47I;>

11 <https://www.youtube.com/watch?158&v=nLZoXRDh98c;> and

12 <https://www.youtube.com/watch?v=sNiefzPOoXE>. True and correct copies of
13 these captures are attached to this Declaration as Attachment 86.

14 35. On April 30, 2019, I accessed and downloaded a publically available British
15 Columbia Company Summary for True Pharmastrip Inc. (formerly Clover
16 Cannastrip Thin Film Technologies Corp.). A true and correct redacted copy of
17 that document is attached to this declaration as Attachment 72.

18 36. On April 30, 2019, I accessed and downloaded a publically available British
19 Columbia Notice of Change of Directors for Clover Cannastrip Thin Film
20 Technologies Corp. A true and correct redacted copy of that document is attached
21 to this declaration as Attachment 73.

22 37. On March 6, 2019, in the course of my employment, I visited the live
23 website CloverstripCBD.com and captured the content. A true and correct copy of
24 that capture is attached to this declaration as Attachment 74.

25 38. On June 13, 2019, in the course of my employment, I visited the live website
26 BobSled-CBD.com and captured the content. A true and correct copy of that
27 capture is attached to this declaration as Attachment 75.

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1 39. On March 13, 2019, I accessed and downloaded a publically available
2 Certificate of Incorporation for Oregon Thin Film Distribution Corporation
3 Limited, filed by sole director Stephen Sweeney. A true and correct copy of that
4 document is attached to this declaration as Attachment 84.

5 **DOMAIN REGISTRY RECORDS**

6 40. On December 17, 2018, I captured the live domain registration information
7 for www.dislvs.com. A true and correct copy of that capture is attached to this
8 declaration as Attachment 76.

9 41. On March 19, 2019, I captured the live domain registration information for
10 www.DissolveResponsibly.com. A true and correct copy of that capture is attached
11 to this declaration as Attachment 77.

12 42. On April 29, 2019, I captured the live domain registration information for
13 www.CannabisOTF.co. A true and correct copy of that capture is attached to this
14 declaration as Attachment 78.

15 43. On May 30, 2019, I captured the live domain registration information for
16 www.GreenPharma.co. A true and correct copy of that capture is attached to this
17 declaration as Attachment 79.

18 44. On March 13, 2019, I captured the live domain registration information for
19 www.Pharmastrip.com. A true and correct copy of that capture is attached to this
20 declaration as Attachment 80.

21 45. On June 5, 2019, I captured the WhoIs History comparison of
22 www.DissolveResponsibly.com for the dates of March 19, 2019 and April 22,
23 2019. A true and correct copy of that capture is attached to this declaration as
24 Attachment 81.

25 **FTC CORRESPONDENCE**

26 46. On November 8, 2018, an email was sent from FTC attorney James A.
27 Prunty to Defendants Eunjung Cardiff and Jason Cardiff at their previously self-
28

1 designated email addresses. A true and correct copy of that document is attached to
2 this declaration as Attachment 82.

3 47. On March 20, 2019, an email was sent from FTC attorney James A. Prunty
4 to Attorney Michael Kinney. A true and correct copy of that document is attached
5 to this declaration as Attachment 83.

6 IMMEDIATE ACCESS DOCUMENTS

7 48. Pursuant to the immediate access provisions of the Court's Temporary
8 Restraining Order dated October 10, 2018 (Dkt. #29), on October 12, 2018, FTC
9 Investigator Sallie S. Schools accompanied FTC staff and staff of the Court-
10 appointed Temporary Receiver, Robb Evans and Associates, to the Defendants'
11 Business Premises at 820 North Mountain Ave., Suite 100, Upland, CA 91786, and
12 870 North Mountain Ave., Suites 115 and 118, Upland, CA 91786 (collectively,
13 the "Business Premises"). [Schools Decl. p.1]. As stated in Ms. Schools'
14 declaration, FTC staff copied documents and records, and FTC forensic examiners
15 imaged computers, servers, and other media types at the Business Premises. Table
16 1 in Ms. Schools' declaration identifies hard copy documents and electronically
17 stored documents that were gathered from the Business Premises, and attached
18 them to her declaration as Attachments 2 through 36. Some of those same
19 documents were subsequently used at the March 2019 depositions of Julie Green,
20 Eunjung Cardiff, Jason Cardiff, and Gerald Cardiff. In the course of my duties, I
21 helped in the preparation of documents that the FTC used as exhibits in those
22 depositions. In preparing those documents, the FTC's "Document Removal
23 Inventory" forms were removed from the hard copy documents attached to
24 Schools' declaration as Attachments 8, 12, 13, 15, 16, 26, 27, and 34. As a means
25 of demonstrating that the original documents remained unchanged, Table 1 below
26 shows the correlation between documents Ms. Schools declared as having been
27 gathered at the Immediate Access, and the documents that I attached to this
28

1 declaration above as documents that were used at the Green, and Cardiff
 2 depositions (and now bear an authenticating deposition exhibit sticker).

3 **TABLE 1**

| Description | Sands Att. | Schools Att. | Depo. Exh. # | Bates |
|---|---------------|-----------------|---------------|------------------|
| Invoice from Aavishkar to Redwood | 8 | 2 | E. Cardiff 8 | F01-RED-05790772 |
| FCC Logistics, Inc. Invoice to Advanced Mens Institute | 9 | 3 | E. Cardiff 9 | F01-RED-05790762 |
| Letter from Cloverstrip to Retail Partner | 10 | 4 | E. Cardiff 10 | F01-RED-05790676 |
| Merchant Processing Application and Agreement | 11 | 5 | E. Cardiff 12 | F01-RED-05790321 |
| Continuing Personal Guaranty Provision - Personal Guarantor | 12 | 6 | E. Cardiff 13 | F01-RED-05790320 |
| FX Web Media Pharmastrip CA Scope of Work | 13 | 7 | E. Cardiff 18 | F01-RED-00619250 |
| Mark McNeeley Distributor Agreement | 16 | 9 | J. Cardiff 21 | F01-RED-05790944 |
| Cloverstrip Exclusive Distributor Agreement | 17 | 10 | J. Cardiff 22 | F01-RED-05790570 |
| Admiral Insurance | 18 | 11 | J. Cardiff 24 | F01-RED-05790868 |

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|--|----|----|---------------|-------------------|
| Company Application | | | | |
| Photocopy of Check | 19 | 12 | J. Cardiff 26 | FTC-RS-S1-0000953 |
| FX Web Media Scope of Work | 22 | 13 | J. Cardiff 32 | FTC-RS-S1-0003209 |
| Cloverstrip Letter | 24 | 14 | J. Cardiff 45 | F01-RED-05790676 |
| True and Honesty LLC EIN | 28 | 18 | G. Cardiff 4 | F01-RED-00242583 |
| True and Honesty LLC TYSY Merchant Application | 29 | 19 | G. Cardiff 5 | F01-RED-05790830 |
| True and Honesty LLC WorldPay Merchant Application | 30 | 20 | G. Cardiff 6 | F01-RED-05790829 |
| Cannastrip Labs LLC Registered Agent Services Agreement | 31 | 21 | G. Cardiff 9 | F01-RED-00242618 |
| Cannastrip Labs LLC EIN | 32 | 22 | G. Cardiff 10 | F01-RED-00622496 |
| Pharmastrip Letter to Shanghai Consulate Dated 10/8/2018 | 33 | 23 | J. Green 10 | F01-RED-05790917 |
| Receipt for Pharmastrip Merchandise | 34 | 24 | J. Green 11 | F01-RED-05790951 |
| Business Accounts and Credentials | 35 | 25 | J. Green 33 | F01-RED-00617977 |
| Proforma Invoice for Machinery Dated 10/2/2018 | 20 | 28 | J. Cardiff 29 | F01-RED-05790909 |

| | | | | |
|---|----|----|---------------|------------------|
| 1 2 3 4 Cloverstrip Cannabis CBD PharmaStrip Thin Film Technologies Brochure | 14 | 32 | E. Cardiff 11 | F01-RED-05790848 |
| 5 6 7 Justin Daines Distributor Agreement | 25 | 33 | J. Cardiff 19 | F01-RED-05790666 |

DOCUMENT AND RECORDS ANALYSIS

49. Attachments 20 and 43 to this declaration are comprised of four pro forma invoices from a Shanghai-based manufacturer of oral thin film manufacturing machines. Each of the four invoices indicates that the party receiving the invoice is Haffelgad Switzerland, a company registered in Cork, Ireland by Jason Cardiff on October 2, 2018 (Attachment 21). Jason Cardiff’s name appears just below Haffelgad Switzerland’s address. Each of the invoices, which bears a unique invoice number, identifies three pieces of machinery, a film strip casting machine, a drying and slitting machine, and a packaging machine. In addition, the four invoices also appear to be distinct from one another, either by date, commodity specifications, or pricing. Further, the three invoices in Attachment 43, which was produced by Jacques Poujade, each list a different deposit amount as having been paid. In addition, the three invoices produced by Jacques Poujade each bear a handwritten annotation at the top, “Machine 1”, “Machine 2”, and “Machine 3”, respectively. These handwritten annotations were already on the documents at the time of production. The invoice dated January 2, 2019 indicates that an engineer sent by the manufacturer is expected to be paid by the purchaser between January 6 and January 20, 2019. The listed total price for each of the four invoices is, \$113,800.00, \$141,800.00, \$113,800.00, and \$141,800.00. The sum total of the four invoices is \$511,200.00.

1 50. Attachment 19 to this declaration is a TD Canada Trust check filled out by
2 hand and signed by Jason Cardiff on September 27, 2018. The field in the upper
3 left portion of the check reserved for the account name lists “Cloverstrip Thin Film
4 Technologies.” The memo line on the bottom left portion of the check lists
5 “Cloverstrip Patent Trademark.” The account number written on the check ends in
6 3745. This is the same account number as the statements for Clover Cannastrip
7 Thin Film Technologies Corp., that are attached to this declaration as Attachment
8 42. This is the account in which \$1,840,000 was deposited in September 2018, and
9 from which \$1,200,000 was withdrawn on October 16, 2018 and wired to Sui &
10 Co.

11 51. Attachment 47 to this declaration is annotated T-Mobile phone records
12 which indicate that in September 2018, Jason Cardiff was in contact with Haywood
13 Securities Inc., (“Haywood”) a Canadian investment firm. Haywood is the firm
14 that brokered the \$1,500,000 investment between Clover Cannastrip Thin Film
15 Technologies Corp. and FSD Pharma in September 2018 (see Sands Attachment
16 58). Additionally, Haywood brokered the November 5, 2018 sale of Clover
17 Cannastrip securities that resulted in \$2,020,000 in funds raised (see Sands
18 Attachment 68).

19 52. Attachment 47 also indicates that in September 2018, Jason Cardiff was in
20 contact with Sui & Co. Solicitors (“Sui”). Sui is the law firm that holds a joint trust
21 account for Clover Cannastrip, Pharmastrip, and now True Pharmastrip (see Sands
22 Attachments 44 and 45).

23 53. Attachment 42 shows that on October 16, 2018, \$1,200,000 was wired out of
24 the Clover Cannastrip TD Canada account. Attachment 44 shows that on October
25 16, 2018, \$1,200,000 was wired into the Sui Trust account, and that on October 25,
26 2018, Sui made an “intercompany funds transfer” that wired \$1,200,000 to
27 Pharmastrip Corp.
28

1 54. In addition, on November 5, 2018, the same day Haywood brokered a
2 \$2,020,000 deal for Clover Cannastrip (Attachment 68), \$1,707,600 was wired into
3 the Sui trust account for Clover Cannastrip and Pharmastrip (Attachment 44). The
4 entry next to the deposit notes that the funds are “re: net sale proceeds for
5 9,300,000 units at C\$0.20/unit, less \$3600 work fee and 8% commission.” The
6 following day, on November 6, Sui made another “intercompany funds transfer”
7 that wired \$1,810,000 to Pharmastrip Corp. (Attachment 44).

8 55. Schools Attachment 34 contains T-Mobile phone records which indicate that
9 in September 2018, Jason Cardiff was in contact with Irwin Lowy LLP, a Canadian
10 Law Firm. Within the document, pages spanning bates FTC-RS-S1-0001768-1770
11 show multiple calls logged to Toronto, ON phone number 416-361-2818. A simple
12 Google search shows that the same number is associated with Irwin Lowy LLP,
13 specifically the firm’s associate, Steven Agnew, who specializes in corporate and
14 securities law. Irwin Lowy LLP is listed on the \$1,500,000 Subscription
15 Agreement FSD Pharma entered into with Clover Cannastrip on September 6,
16 2018 (Sands 59). Irwin Lowy LLP is also listed as the contact on Clover
17 Cannastrip’s November 22, 2018 British Columbia securities filing regarding the
18 \$2,020,000 raised on November 5 (see Sands Attachment 68).

19 56. In Attachment 65 to this declaration, Eunjung Cardiff’s financial disclosure
20 form to the FTC, Eunjung Cardiff listed her personal cell phone number; the
21 number has subsequently been redacted for the purposes of this public filing. It
22 was with the knowledge of this phone number being attributed to Eunjung Cardiff
23 that Attachments 47-54 to this declaration containing T-Mobile statements were
24 annotated. Further explanation of the annotations is below at paragraphs 60-64.

25 57. Attachment 85 to this declaration includes text of Jason Cardiff providing
26 his personal cell phone number in an email to a third party; the number has
27 subsequently been redacted for the purposes of this public filing. It was with the
28 knowledge of this phone number being attributed to Jason Cardiff that Attachments

1 47-54 to this declaration containing T-Mobile statements were annotated. As
 2 explained by the Receiver, Jason Cardiff used two of these telephone numbers.
 3 (See Kane Declaration paragraphs 5-6.) Further explanation of the annotations is
 4 below at paragraphs 60-64.

5 58. As of April 23, 2019, \$174,733.00 had been identified as funds paid out of
 6 the Alphatech Holdings US Bank account for Cardiff expenses (Dkt. 115-2 at 13
 7 line 15). In the time since then, the May 2019 statement for Alphatech Holdings
 8 was produced to the FTC (see Attachment 40). Using the same parameters that
 9 calculated the previous figure, approximately \$31,321 in Cardiff expenses were
 10 paid out of the Alphatech account in May 2019. With the addition of \$31,321 and
 11 the previously calculated \$174,733, the Cardiff expenses paid by Alphatech
 12 between November 2018 and May 2019 total approximately \$206,000. Table 2
 13 below identifies the specific amounts withdrawn from the Alphatech account
 14 attributed to the Cardiffs in May 2019.

15
 16
 17 **TABLE 2**
 18 **Cardiff Expenses Paid by Alphatech Funds**

| Date of Entry on Statement | Description | Amount |
|-----------------------------------|--------------------|---------------|
| 5/1/2019 | Porsche Consumer | \$2,863.17 |
| 5/2/2019 | Aetna | \$2,530.52 |
| 5/8/2019 | BarclayCard US | \$3,000.00 |
| 5/9/2019 | BarclayCard US | \$250.00 |
| 5/9/2019 | BarclayCard US | \$1,735.67 |

| | | | |
|----|-----------|--------------------------|---------------------------|
| 1 | 5/9/2019 | BarclayCard US | \$3,950.00 |
| 2 | 5/14/2019 | [Check] Francisco Castro | \$1,600.00 |
| 3 | | (Cardiff's Gardener) | |
| 4 | | | |
| 5 | 5/15/2019 | [Check] Carden Arbor | \$1,235.00 |
| 6 | | Memo: "Juliet Cardiff" | |
| 7 | | | |
| 8 | 5/15/2019 | Porsche Consumer | \$1,566.71 |
| 9 | 5/15/2019 | T-Mobile | 382.32 |
| 10 | | | |
| 11 | 5/20/2019 | AMEX ePayment | \$526.81 |
| 12 | 5/20/2019 | AMEX ePayment | \$650.51 |
| 13 | | | |
| 14 | 5/21/2019 | Aetna | \$2,530.52 |
| 15 | 5/23/2015 | [Check] Claremont Manor | \$6,000.00 |
| 16 | | Memo: "Gerald Cardiff" | |
| 17 | | | |
| 18 | 5/24/2019 | BarclayCard US | \$2,500.00 |
| 19 | | | |
| 20 | | | Total: \$31,321.23 |

21
 22 59. Attachments 36 through 40 contain the Alphatech Holdings bank statements
 23 produced by US Bank. These statements show at least 14 wire transfers from
 24 Pharmastrip to Alphatech totaling at least \$489,720.00. All of the transfers appear
 25 to be \$20 short of a round amount. It is believed that a \$20 international wire fee is
 26 incurred upon the recipient of the funds, and that the original amount wired is for
 27
 28

1 an amount \$20 higher. Table 3 below lists the dates and amounts of the wires from
 2 Pharmastrip to Alphatech.

3 **TABLE 3**
 4 **Wire Transfers from Pharmastrip to Alphatech**

| Date Wired Funds Received by Alphatech | Amount Received by Alphatech |
|--|------------------------------|
| 11/8/2018 | \$99,980.00 |
| 1/2/2019 | \$99,980.00 |
| 2/20/2019 | \$24,980.00 |
| 2/25/2019 | \$24,980.00 |
| 3/4/2019 | \$24,980.00 |
| 3/15/2019 | \$24,980.00 |
| 3/29/2019 | \$24,980.00 |
| 4/5/2019 | \$24,980.00 |
| 4/11/2019 | \$24,980.00 |
| 4/22/2019 | \$24,980.00 |
| 4/26/2019 | \$24,980.00 |
| 5/6/2019 | \$24,980.00 |
| 5/15/2019 | \$24,980.00 |
| 5/22/2019 | \$14,980.00 |
| | Total: \$489,720.00 |

25
 26 60. Attachments 47 through 54 are redacted and annotated excerpts of T-Mobile
 27 cell phone records related to Defendant Run Away Products. The monthly
 28 statements are excerpted due to their length and inclusion of non-relevant

1 information, such as data usage and the logged information of the phone numbers
2 on the plan not attributed to Eunjung Cardiff or Jason Cardiff. Each attachment
3 includes the first page of the statement, as well as the call and/or text logs
4 coinciding with phone numbers attributed to Eunjung Cardiff and/or Jason Cardiff.
5 Eunjung Cardiff and Jason Cardiff have identified their personal cell phone
6 numbers in Attachments 65, and 85, respectively (see Kane Decl.).

7 61. In preparing the annotation of the T-Mobile phone records that comprise
8 Attachments 47 to 54, I used investigative tools, documents produced by the
9 defendants, as well as public search engines to identify and cross-reference the
10 phone numbers listed in the T-Mobile records.

11 62. One investigative tool I used was Thompson Reuters CLEAR, an online
12 investigation tool that compiles historical and real-time data to assist in locating,
13 identifying, and connecting subjects. Another investigative tool I used was
14 LexisNexis Accurint, which uses public records and non-public information to help
15 identify subjects. In addition to the information available in CLEAR and Accurint,
16 I searched through the FTC's electronically maintained database of documents
17 produced by Defendants in order to find phone numbers of persons and entities that
18 the Defendants have communicated with in the past. Finally, I relied on publically
19 listed information found using the search engines Google.com and Bing.com.

20 63. My method of annotating the T-Mobile records was to examine the call/text
21 logs for phone numbers and then enter the phone numbers into the various
22 databases and search engines in order to identify, cross-reference, and confirm the
23 owners of the phone numbers. The annotations were verified to the best of my
24 ability with the information I had at my disposal. If I could not locate any
25 information about the owner of a phone number, or if the information I found was
26 inconsistent between my sources, I did not make an annotation next to that entry.
27 The below two examples illustrate the inclusion of the annotations in regards to the
28

1 appearance of the records, with my addition of other party’s information added to a
 2 blank section of the page on the right side.

| | | | | | | | | | | |
|---------|----------------|---------|------------------|---|----|---|----|---|----|---|
| 9/28/18 | Azusa-Glen, CA | 9:33 AM | 626-253-3704 (W) | 1 | \$ | - | \$ | - | \$ | - |
|---------|----------------|---------|------------------|---|----|---|----|---|----|---|

5 Example 1 (without annotation)

| | | | | | | | | | | | |
|---------|----------------|---------|------------------|---|----|---|----|---|--------------------|----|---|
| 9/28/18 | Azusa-Glen, CA | 9:33 AM | 626-253-3704 (W) | 1 | \$ | - | \$ | - | Unique Landscaping | \$ | - |
|---------|----------------|---------|------------------|---|----|---|----|---|--------------------|----|---|

8 Example 2 (with annotation)

10 64. Using the annotated call/text records, I was able to tabulate the number of
 11 instances in which communication was logged between the Jason Cardiff and
 12 certain phone numbers.

13 65. Table 4 below lists communications between Jason Cardiff and Ty Sherrell,
 14 the owner of FX Web Media.

15 66. Table 5 below lists communications between Jason Cardiff and Yuan Yang,
 16 the Chief Chemist at Pharmastrip Corp. in Palm Springs, California.

17 67. Table 6 below lists communications between Jason Cardiff and Julie Green,
 18 the former Redwood Scientific Technologies employee and current Alphatech
 19 Holdings LLC employee.

20 **TABLE 4**

21 **T-Mobile Records of Contact Between Jason Cardiff and Ty Sherrell**
 22 **(FX Web Media)**

| Date Range of Communication | Communications Logged | Duration (if applicable) |
|------------------------------------|------------------------------|---------------------------------|
| 10/12/2018 – 10/22-2018 | 12 calls | 55 minutes |
| 10/29/2018 – 11-21-2018 | 32 calls | 131 minutes |
| 11/24/2018 – | 47 calls | 213 minutes |

| | | |
|---------------------------|-----------------|-------------|
| 12/19/2018 | | |
| 12/28/2018 – 1/23/2019 | 33 calls | 104 minutes |
| 1/24/2019 – 2/23/2019 | 67 calls | 332 minutes |
| 2/25/2019 – 3/21/2019 | 40 calls | 165 minutes |
| 3/26/2019 – 4/22/2019 | 27 calls | 75 minutes |
| 4/24/2019 – 4/30/2019 | 4 text messages | n/a |
| 4/25/2019 – 5/7/2019 | 10 calls | 34 minutes |

TABLE 5

**T-Mobile Records of Contact Between Jason Cardiff and Yuan Yang
(Pharmastrip’s Chief Chemist)**

| Date Range of Communication | Communications Logged | Duration (if applicable) |
|------------------------------------|------------------------------|---------------------------------|
| 12/4/2018 | 2 calls | 3 minutes |
| 12/19/2018 | 2 text messages | n/a |
| 1/8/2019 – 1/23/2019 | 36 calls | 83 minutes |
| 1/14/2019 – 1/23/2019 | 39 text messages | n/a |
| 1/28/2019 – 2/21/2019 | 30 calls | 88 minutes |
| 1/28/2019 – 2/20/2019 | 19 text messages | n/a |

| | | |
|--------------------------|------------------|------------|
| 2/28/2019 – 3/23/2019 | 11 calls | 27 minutes |
| 2/25/2019 – 3/23/2019 | 31 text messages | n/a |
| 3/26/2019 – 4/20/2019 | 13 calls | 37 minutes |
| 3/24/2019 – 4/21/2019 | 32 text messages | n/a |

TABLE 6

**T-Mobile Records of Contact Between Jason Cardiff and Julie Green
(Formerly of Redwood Scientific and Currently Employed by Alphatech)**

| Date Range of Communication | Communications Logged | Duration (if applicable) |
|------------------------------------|------------------------------|---------------------------------|
| 10/12/2018 – 10/20-2018 | 20 calls | 94 minutes |
| 1/9/2019 – 1/14/2019 | 9 calls | 82 minutes |
| 4/24/2019 – 5/17/2019 | 15 calls | 50 minutes |
| 5/7/2019 | 2 text messages | n/a |

68. Amongst the many phone calls logged between Jason Cardiff and Ty Sherrell, were calls that coincided with deliverables regarding the website DissolveResponsibly.com, which was registered by Ty Sherrell on October 8, 2018 (Attachment 77) in accordance with the terms of the Pharmastrip and FX Web Media Scope of Work signed by Jason Cardiff on October 3, 2018. (Attachments 22 and 13). Jason Cardiff spoke to Ty Sherrell on the date the Scope of Work was signed, as well as the day that DissolveResponsibly.com was registered (Attachment 47). In addition to the creation of a website, the Scope of Work calls for the creation of three corporate videos for the website. On April 23, 2019, while

1 capturing the live website DissolveResponsibly.com, I noted that there were three
2 embedded videos (Attachment 86) that were linked to the website from YouTube,
3 where they had been uploaded (video stills at Attachment 71 pgs. 36 & 40). I noted
4 that all three videos were uploaded to YouTube on November 26, 2018 by a profile
5 titled “Pharmastrip.” As noted above in Table 4, Jason Cardiff and Ty Sherrell
6 were communicating frequently during that time period between the signing of the
7 Scope of Work and the uploading of what appear to be three finished corporate
8 videos, including on the date of the uploads.

9 69. Beginning on October 10, 2018, with the registration of
10 DissolveResponsibly.com, the registrant name was “Ty Sherrell” and the registrant
11 organization was “FX Web Media” (Attachment 77). This domain registration
12 information remained unchanged until March 30, 2019, when the domain
13 registration was replaced with “Domain Privacy Service FBO Registrant” and the
14 registrant organization ceased to list FX Web Media (Attachment 81, page 1, boxes
15 5, 15, and 16). The deposition of Jason Cardiff was conducted the day before, on
16 March 29, 2019. At his deposition, Jason Cardiff was presented with evidence that
17 the FTC was aware of the existence of DissolveResponsibly.com, and that FX Web
18 Media had registered it (Attachment 4, pp. 119, 8-14). In fact as noted on page 2 of
19 Attachment 53, a 10 minute phone call was made to Ty Sherrell on the morning of
20 March 30, 2018, from a phone number that had been added to the Run Away
21 Products T-Mobile plan on November 9, 2018, (Attachment 48; see also Kane
22 Decl.) the day after the Cardiffs had been served the Preliminary Injunction
23 (Attachment 82).

24 70. The website that Ty Sherrell incorporated as a result of the Jason Cardiff
25 signed Scope of Work, DissolveResponsibly.com, mentions Pharmastrip on nearly
26 every page, and frequently mentions Pharmastrip.com; in addition to featuring a
27 number of brands and sub-brands of cannabis infused oral thin film strips
28 (Attachment 71). A number of these brands and sub-brands closely match the

1 contents of the Pharmastrip and FX Web Media Scope of Work (Attachments 22
2 and 13). Handwritten notes of Eunjung Cardiff and Jason Cardiff regarding
3 products and branding obtained during the immediate access on October 12, 2018,
4 bear striking similarities to both the product SKUs on the Scope of Work, and
5 content of DissolveResponsibly.com (Attachment 71; Schools Attachments 8, 15,
6 27). In addition to the new cannabis products, the Dissolve Responsibly website
7 includes a video advertising the “Infusion Collection,” which are oral thin film
8 strips containing select ingredients, infused with cannabis (Attachment 71 at 36
9 (video available upon request)). The line includes products for smoking cessation,
10 male sexual enhancement, stress and anxiety relief, sleep aid, and a multivitamin.
11 Coincidentally, these five products, minus the cannabis, were all previously
12 marketed and sold by Defendants Redwood Scientific Technologies, Eunjung
13 Cardiff and Jason Cardiff. To further illustrate the similarities between the
14 Cardiff’s handwritten notes, the FX Web Media Scope of Work, the product True
15 CBD (Attachments 69 and 70) and the content on the Dissolve Responsibly
16 website, I have created several graphics. True and correct copies are attached to
17 this declaration as Attachment 87.

18 **PRODUCT COMPARISONS**

19 71. Attachment 87 is comprised of twelve graphics that I created, which I
20 discuss below.

21 72. Graphic 1 illustrates the similarities between photos taken of packaging for
22 Cloverstrip found at the Immediate Access (Schools Attachment 35) and images
23 from a True CBD Ebay.com posting (Attachment 70). In both instances, the
24 product features a Mint-Zing flavored oral thin film strip in a package with green
25 accents. The phrase “DISCREET RELIABLE NATURAL” appears prominently at
26 the top of the back of both boxes. Also, both products contain the same listed
27 inactive ingredients. Finally, both products purport to contain the same 1X
28

1 homeopathic dosage of Cannabinol Hemp Oil, despite the fact that they are
2 marketed as containing 10mg of Cannabinol Hemp Oil.

3 73. Graphic 2 is a comparison of True CBD packaging from various sources
4 (Attachments 69 and 71).

5 74. Graphic 3 is a comparison of three varieties of Cloverstrip packaging and
6 Eunjung Cardiff's handwritten notes found at the Immediate Access (Schools
7 Attachment 27). Specifically the names and associated flavors, 'citrus' for Serenity
8 (which is Citrus-Zest flavored) and 'mint' for Harmony (which is Mint-Zing
9 flavored).

10 75. Graphic 4 illustrates additional comparisons between Citrus-Zest CBD
11 products and Eunjung Cardiff's handwritten notes (Schools Attachment 27).
12 Specifically, the tagline for Serenity "A BLEND FOR CALMING AND
13 SOOTHING THE SENSE" is a word-for-word copy of Eunjung Cardiff's notes.
14 Also, the use of 'clarity' and 'serene' are very similar to the eventual product
15 names 'Serenity' and 'Clear.'

16 76. Graphics 5 through 9 show the strong similarities between Redwood
17 Scientific products and products advertised on DissolveResponsibly.com;
18 including smoking cessation and male sexual enhancement products challenged in
19 the FTC's Complaint (Attachment 71 and paragraph 70).

20 77. Graphics 10 through 12 demonstrate the strong similarities between digital
21 mock-ups of Pharmastrip 'Classic Collection' packaging and Jason Cardiff's
22 handwritten notes, both obtained at the immediate access (Schools Attachments 15
23 and 36), and the Pharmastrip 'Classic Collection' packaging from
24 DissolveResponsibly.com (Attachment 71). Those similarities include flavoring,
25 the collection name, the sub-brand names, product packaging color, graphics used,
26 and the overall design of the packaging.

27 78. A draft Exclusive Product Reseller Agreement between Pharmastrip
28 President Jason Cardiff and Oregon Thin Film Distribution dated July 1, 2018 was

1 obtained during the Immediate Access (Schools Attachment 30). In the Agreement,
2 under “Reseller Obligations,” it states that the “Reseller will (i) at its own costs,
3 maintain and keep active the website www.CloverstripCBD.com (“Website”),
4 through which Customers can review Product information and place orders directly
5 from Reseller; (ii) advertise the Products using marketing materials provided by
6 Producer.”

7 79. The website capture I did on March 6, 2019 of CloverStripCBD.com lists
8 the website’s contact as Oregon Thin Film Distribution (Attachment 74). Stephen
9 Sweeney incorporated Oregon Thin Film Distribution (Attachment 84). This
10 website markets and sells the three flavored varieties of Cloverstrip oral thin film
11 strips, Mint-Zing, Citrus-Zest, and Lingonberry.

12 80. I captured another Oregon Thin Film Distribution website, [BobSled-](http://BobSled-CBD.com)
13 CBD.com on June 13, 2019 (Attachment 75). This website markets and sells three
14 flavored varieties of TrueCBD oral thin film strips, Mint-Zing, Citrus-Zest, and
15 Lingonberry.

16 81. Stephen Sweeney was listed as a team member on a presentation for a
17 cannabis oral thin film company in which the Cardiffs and Jacques Poujade are
18 also featured, with Jason Cardiff listed as the Chief Executive Officer and
19 President, Eunjung Cardiff as Marketing Director, and Jacques Poujade as Director
20 (Schools Attachment 17). All Team Members had email addresses at the domain
21 @cannabisotf.com.

22 82. The October 8, 2018 letter directed to the U.S. Consulate in Shanghai that
23 bears the Pharmastrip name and logo, as well as Jason Cardiff’s signature as
24 President and CEO (Attachment 33), shares many similarities with the documents
25 the U.S. Department of State produced (Attachment 60). The visa applicant named
26 in the Pharmastrip letter is Xiuwei Lu; the name listed with the State Department is
27 Xiuwei Lin. Despite the slight variation in spelling, the passport number for the
28 individual is identical, and has been redacted for the purpose of this public filing.

1 Additional similarities between the Pharmastrip letter and State Department
 2 documents are shown below in Table 7.

3
 4 **TABLE 7**

5 **Similarities between Pharmastrip Letter and US State Department Records**

| Information | 10/8/2018 Pharmastrip Letter to Shanghai | U.S. State Department Records |
|-------------------------------|--|---|
| Name of Company | Pharmastrip | Pharmastrip |
| Address of Company | 820 North Mountain Suite 100, Upland, California, 91786, USA | 820 North Mountain Suite, 100 Upland, California 91786, USA |
| Date of Arrival in US | November 1, 2018 | November 1, 2018 |
| Date of Departure from US | February 1, 2018 | February 1, 2018 |
| Contact Person in US | Jason Cardiff Pharmastrip President and CEO | Cardiff, Jason |
| Chinese Manufacturing Company | Ruian Aligned Technology, Zhejiang, China | Ruian Aligned Technology, Zhejiang, China |
| Location of Visit | 820 North Mountain Suite 100, Upland, California, 91786, USA | 820 North Mountain Suite, 100 Upland, California 91786, USA |

24 83. Many of the entities associated with the cannabis film strip businesses
 25 shared identifying characteristics. A sample of the cross-over characteristics from
 26 Schools Atts. 5, 6, 11, 12, 16, 17, 23, 30, and 31; Sands Atts. 17, 57, 59, 68, and
 27 73; and Dkt. 81-1 p. 15 appears in Table 8 below:
 28

TABLE 8

| | |
|--|---|
| Jason Cardiff – director | <ul style="list-style-type: none"> • Clover Cannastrip Thin Film Technologies Corp. • Clover Cannabis Thin Film Technologies Corp. • Cannabis Oral Thin Film Technology • Pharmastrip |
| Jacques Poujade – director | <ul style="list-style-type: none"> • Clover Cannastrip Thin Film Technologies Corp. • Clover Cannabis Thin Film Technologies Corp. • Cannabis Oral Thin Film Technology |
| Eunjung Cardiff – director | <ul style="list-style-type: none"> • Clover Cannastrip Thin Film Technologies Corp. • Cannabis Oral Thin Film Technology |
| 701 W Georgia Street Vancouver, BC Canada | <ul style="list-style-type: none"> • Clover Cannastrip Thin Film Technologies Corp. • Cloverstrip Thin Film Technologies |
| 820-870 North Mountain Ave Upland, CA USA | <ul style="list-style-type: none"> • Clover Cannastrip Thin Film Technologies Corp. • Roadrunner Scientific • Intel Property, LLC • Pharmastrip |
| Cloverstrip.com web domain | <ul style="list-style-type: none"> • Clover Cannastrip Thin Film Technologies Corp. • Roadrunner Scientific • Intel Property LLC |
| BC Incorporation Number 1174145 | <ul style="list-style-type: none"> • Clover Cannastrip Thin Film Technologies Corp. • Clover Cannabis Thin Film Technologies Corp. |

84. On May 16, 2019, Eunjung Cardiff and Jason Cardiff submitted responses to the FTC’s February 22, 2019 Requests for Production of Documents. A true and correct copy of the submission is attached to this declaration as Attachment 88.

1 85. On March 13, 2019, I accessed and downloaded a publically available
2 Canadian incorporation documents for Pharmastrip Corp. A true and correct copy
3 of that document is attached to this declaration as Attachment 89.

4
5
6
7 Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the statements
8 made in this declaration are true and correct.

9
10 Executed on June 17, 2019 in Washington, DC

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12 

13 Connor Sands

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