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7 LAWRENCE J. GERRANS, HALO MANAGEMENT
8 GROUP, LLC and HARTFORT LEGEND CAPITAL
9 ENTERPRISES

9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **COUNTY OF MARIN**

12 WILLIAM BAIN, WILLIAM A.
13 GLEASON, DOREEN A. GLEASON,
14 HILLERY JAFFE-URELL, and BARRY
15 SHULMAN,

15 Plaintiffs,

16 vs.

17 LAWREINCE J. GERRANS a/k/a LARRY
18 GERRANS, HALO MANAGEMENT
19 GROUP, LLC, and HARTFORD
20 LEGEND CAPITAL ENTERPRISES,

19 Defendants.

20 And

21 SANOVAS, INC., a Delaware
22 Corporation,

23 Nominal Defendants.

Case No. CIV1802981

**DEFENDANT LAWRENCE J. GERRANS'
OPPOSITION IN PART TO PLAINTIFFS'
MOTION FOR FINAL APPROVAL OF
SETTLEMENT AND ENTRY OF FINAL
JUDGMENT**

Date: July 30, 2021
Time: 1:30 p.m.
Courtroom: E
Judge: Hon. Andrew E. Sweet

Complaint Filed: August 21, 2018
Trial Date: June 7, 2021

1 Defendant Lawrence J. Gerrans (“Gerrans”) hereby responds to and opposes, in part,
2 Plaintiffs’ Motion for Final Approval of Settlement and Entry of Final Judgment (the
3 “Motion”). To clarify, Gerrans does not oppose Plaintiffs’ Motion and agrees that the settlement
4 he reached with Plaintiffs should be finally approved by this Court. However, Gerrans objects
5 to the form of the proposed Order and the proposed Judgment that Plaintiffs submitted with their
6 Motion as inconsistent with the terms of the underlying settlement.

7 **I. INTRODUCTION**

8 Gerrans does not dispute the factual and procedural history of this case as outlined in
9 Plaintiffs’ Motion. As chronicled by the Motion, the parties conducted extensive settlement
10 negotiations supervised by the Honorable Kelly Simmons, who provided exceptional assistance
11 and aided the parties in reaching an accord. Gerrans, Halo Management Group, LLC (“Halo”) and
12 Hartford Legend Capital Enterprises (“Hartford”), as the settling Defendants, have fully
13 complied with all of the terms and conditions of the parties’ settlement, memorialized on March
14 24, 2021. Consistent therewith, Gerrans, Halo and Hartford agreed with and did not object to
15 Plaintiffs’ Motion for Preliminary Approval of the parties’ settlement, heard and granted by this
16 Court on July 1, 2021.

17 In the same vein, the settling Defendants have no objection to the Court issuing a final
18 approval of the parties’ settlement. However, the terms of the proposed Order and the proposed
19 Judgment submitted with Plaintiffs’ Motion are not consistent with the parties’ settlement
20 agreement of March 24, 2021, a copy of which is attached as Exhibit 1 to the Declaration of
21 Brian Danitz filed concurrently with Plaintiffs’ Motion. Consequently, Gerrans objects to the
22 form of the Order and Judgment as drafted.

23 **II. ARGUMENT**

24 **A. The Proposed Order is Inconsistent with the Parties’ Settlement Agreement**

25 The parties’ settlement agreement, at section III.2.D. provides:

26 The Parties further agree that they will seek an Order and Judgment of the Court,
27 requiring Sanovas to provide both Lawrence J. Gerrans and Plaintiffs an ongoing
28 opportunity and method to effectively communicate with all other Sanovas, Inc.

1 shareholders on issues that concern the Company, in a timely manner, including, but not
2 limited to, communications regarding the nomination of individuals for the Board, and
3 communications regarding shareholder meetings and any issue to be discussed or voted
4 on by shareholders of Sanovas, its subsidiaries, or any of them, whether or not at a
shareholder meeting.

5 *See* Stipulation and Agreement of Compromise, Settlement and Release, attached as Exhibit 1 to
6 the Declaration of Brian Danitz Declaration, at pp. 10-11.

7 In contrast to the foregoing, the Order on the Motion proposed by Plaintiffs includes the
8 following provision, at paragraph 5(f):

9 Pursuant to the Settlement, Lawrence Gerrans shall be provide [sic] a means to
10 communicate with the shareholders, *subject to reasonable limits established by Sanovas*
and limited to within thirty (30) days of any shareholder vote.

11 *See* Proposed Order submitted concurrently with Plaintiffs' Motion. (Emphasis added.)

12 The proposed Order includes two significant limitations (i.e., "subject to reasonable
13 limits established by Sanovas" and "limited to within thirty (30) days of any shareholder vote").
14 These limitations were *never discussed or agreed upon* by the parties during their settlement
15 negotiations or at any other time. Moreover, these limitations were *not included* within the four
16 corners of the settlement agreement. In fact, Gerrans would not have agreed to settle this case
17 without the express terms that were included in Section III.2.D. of the settlement agreement as
18 set forth above without the limitations that Plaintiffs now seek to impose by way of the Order.
19 Plaintiffs cannot now, after the fact and in connection with obtaining an order approving of this
20 derivative settlement, attempt to place limitations on provisions or otherwise modify language
21 that was negotiated, agreed upon and memorialized months ago.

22 In addition to the foregoing, the parties' settlement agreement, at Section III.2.H
23 provides:

24 By entering this Settlement Agreement, Lawrence J. Gerrans does not waive and
25 expressly preserves all rights available to him, in equity or at law, to seek satisfaction of
26 any portion or all amounts ordered in restitution against him in the Criminal Matter by
27 tendering shares of stock in Sanovas, Inc. and/or any of its separate companies and
28 subsidiaries.

1 See Stipulation and Agreement of Compromise, Settlement and Release, attached as Exhibit 1 to
2 the Declaration of Brian Danitz Declaration, at p. 11.

3 This reservation of rights was and is a material term, without which Gerrans would not
4 have agreed to settle this case. The proposed Order, however, contains no such provision and
5 there is no indication in the Order reflecting that Gerrans has reserved any such rights. The
6 Order should be complete and reflect all material terms that were expressly negotiated by the
7 parties to the settlement. Insofar as Plaintiffs have agreed to Gerrans' reservation of rights and
8 executed a settlement agreement so indicating, the Order should be consistent therewith, and
9 also reflect Gerrans' reservation of rights.

10 In light of this, Gerrans respectfully submits that the following language should be
11 inserted at the end of paragraph 13 of the proposed Order, so that said paragraph would provide,
12 in its entirety, as follows (new language in **bold** text):

13 13. "Released Claims" does not include claims to enforce this Settlement. Nothing
14 herein shall in any way impair or restrict the rights of any Settling Party to enforce the
15 terms of the Stipulation. As stipulated by the Parties, the Settlement's Releases also do
16 not include the claims asserted in the Delaware litigation styled *Sanovas, Inc. v. Gerrans,*
17 *et al., Delaware Court of Chancery Case No. 2020-0993-PAF. In addition, and as*
18 **further stipulated by the Parties, Lawrence J. Gerrans does not waive and**
19 **expressly preserves all rights available to him, in equity or at law, to seek**
20 **satisfaction of any portion or all amounts ordered in restitution against him in the**
21 **matter of *United States v. Gerrans, Case No. 18-CR-00310 (N.D. Cal.) by tendering***
22 **shares of stock in Sanovas, Inc. and/or any of its separate companies and**
23 **subsidiaries.**

24 **B. The Proposed Judgment is Inconsistent with the Parties' Settlement Agreement**

25 For the same reasons noted above, Gerrans also objects to the form of the proposed
26 Judgment that was submitted concurrently with Plaintiffs' Motion. Unlike the proposed Order,
27 which at least references Gerrans' right to communicate with Sanovas shareholders (albeit with
28 improperly inserted restrictions), the proposed Judgment contains nothing at all that reflects this
carefully negotiated provision of the settlement agreement. As with the Order, so also should
any Judgment rendered in this matter properly reflect that Gerrans is provided with:

"an ongoing opportunity and method to effectively communicate with all other Sanovas,
Inc. shareholders on issues that concern the Company, in a timely manner, including, but

1 not limited to, communications regarding the nomination of individuals for the Board,
2 and communications regarding shareholder meetings and any issue to be discussed or
3 voted on by shareholders of Sanovas, its subsidiaries, or any of them, whether or not at a
shareholder meeting.”

4 Stipulation and Agreement of Compromise, Settlement and Release, attached as Exhibit 1 to the
5 Declaration of Brian Danitz Declaration, at pp. 10-11.

6 Gerrans respectfully submits that a new penultimate paragraph be added to the
7 Judgment, providing as follows:

8 7. Lawrence J. Gerrans shall be provided an ongoing opportunity and method to
9 effectively communicate with all other Sanovas, Inc. shareholders on issues that concern
10 the Company, in a timely manner, including, but not limited to, communications
11 regarding the nomination of individuals for the Board, and communications regarding
12 shareholder meetings and any issue to be discussed or voted on by shareholders of
13 Sanovas, its subsidiaries, or any of them, whether or not at a shareholder meeting.

14 Lastly, the proposed Judgment, like the proposed Order, makes no mention of Gerrans’
15 reservation of rights as provided in Section III.2.H. of the settlement agreement. For the same
16 reasons Gerrans’ reservation should be included in the Order, so also should it be reflected in
17 the Judgment.

18 Gerrans respectfully submits that an additional penultimate paragraph be added to the
19 Judgment, providing as follows:

20 8. This Judgment shall not operate to waive or otherwise render ineffective any
21 rights afforded at law or in equity to Lawrence J. Gerrans, to seek satisfaction of any
22 portion or all amounts ordered in restitution against him in the matter of *United States v.*
23 *Gerrans*, Case No. 18-CR-00310 (N.D. Cal.) by tendering shares of stock in Sanovas,
24 Inc. and/or any of its separate companies and subsidiaries.

25 The addition of these two paragraphs is entirely consistent with the terms of the parties’
26 settlement agreement and poses no harm or prejudice to the Plaintiffs and/or their rights under
27 the parties’ settlement agreement.
28

1 **IV. CONCLUSION**

2 For the reasons discussed above, Gerrans has no objection to the Court issuing an Order
3 and a Judgment finally approving of the parties' settlement agreement, but does object to the
4 current version of the proposed Order and the proposed Judgment as those documents were
5 submitted with Plaintiffs' Motion. The settlement agreement that is the subject of Plaintiff's
6 Motion was reached only after tireless effort by the parties and weeks of negotiations. Gerrans
7 has honored the terms and conditions of the agreement he reached with Plaintiffs. In return,
8 Gerrans reasonably expects that any Order or Judgment entered in this case will be consistent
9 with the terms and conditions of the settlement he consented to. It would be manifestly unjust at
10 this late date to impose new restrictions or limitations on Gerrans by way of any order or
11 judgment, or to leave out material terms, when the parties have already agreed to express terms
12 and provisions of their settlement agreement. For these reasons, Gerrans respectfully requests
13 that the Court modify the Order and the Judgment as proposed by Plaintiffs as set forth above.

14
15 Respectfully submitted this 19th day of July 2021.

16 **O'HAGAN MEYER**

17
18 By:  _____

19 Theodore C. Peters, Esq.

20 Attorney for Defendants,
21 LAWRENCE J. GERRANS, HALO
22 MANAGEMENT GROUP, LLC and HARTFORD
23 LEGEND CAPTIAL ENTERPRISES

1 **PROOF OF SERVICE**

2 *Bain, et al. vs. Gerrans, et al.*

3 *Marin County Superior Court Case No. CIV1802981*

4 I am over the age of eighteen years and not a party to the within action. I am
5 employed by O'HAGAN MEYER, whose business address is 1601 Pacific Coast Highway,
6 Suite 290, Hermosa Beach, CA 90254.

7 On **July 19, 2021**, I served the within document(s) described as:

8 **DEFENDANT LAWRENCE J. GERRANS' OPPOSITION IN PART TO
9 PLAINTIFFS' MOTION FOR FINAL APPROVAL OF SETTLEMENT AND ENTRY
10 OF FINAL JUDGMENT**

11 On the parties in said action as follows:

12 See Service List

13 **[BY ELECTRONIC SERVICE]** – Pursuant to CCP § 1010.6 I caused such
14 document(s) to be electronically transmitted to the email addresses of the
15 parties listed on the Service List pursuant to agreement with counsel for the
16 parties to receive service by e-mail.

17 **[BY MAIL SERVICE]** – Pursuant to CCP § 1013 I caused the documents
18 described above to be deposited for processing in the mailroom in our office.
19 I am “readily familiar” with the firm’s practices of collection and processing
20 correspondence for mailing. It is deposited with the U. S. Postal Service on
21 that same day with postage thereon fully prepaid at Hermosa Beach,
22 California, in the ordinary course of business.

23 **[BY OVERNIGHT SERVICE]** – Pursuant to CCP § 1013 I enclosed the
24 documents in an envelope or package provided by an overnight delivery carrier
25 and addressed to the persons at the addresses listed above. I placed the
26 envelope or package for collection and overnight delivery at an office or a
27 regularly utilized drop box of the overnight delivery carrier.

28 **[BY PERSONAL SERVICE]** – Pursuant to CCP 1011 - I caused such
document(s) to be hand delivered to the addressee(s) so indicated.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on **July 19, 2021**, at Hermosa Beach, California.



Liana Bickford

SERVICE LIST

Bain, et al. vs. Gerrans, et al.

Marin County Superior Court Case No. CIV1802981

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