

LAW OFFICES OF
JOHN M. NETZORG
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2. Answering Defendants admit the allegations contained in Paragraph 2.
3. Answering Defendants admit the allegations contained in Paragraph 3.
4. Answering Paragraph 4, Answering Defendants are without sufficient knowledge or information upon which to base a belief as to the truth of the allegations contained in Paragraph 4, and upon said ground deny each and every allegation contained therein.

- 5. Answering Defendants deny the allegations contained in Paragraph 5.
- 6. Answering Defendants deny the allegations contained in Paragraph 6.
- 7. Answering Defendants deny the allegations contained in Paragraph 7.
- 8. Answering Defendants deny the allegations contained in Paragraph 8.
- 9. Answering Defendants deny the allegations contained in Paragraph 9.
- 10. Answering Defendants deny the allegations contained in Paragraph 10.
- 11. Answering Defendants deny the allegations contained in Paragraph 11.
- 12. Answering Defendants deny the allegations contained in Paragraph 12.

Attorney's Fee

Answering Defendants deny this allegation.

COUNTERCLAIM

COME NOW, Counterclaimants, RAY KOROGHLI and FARIBORZ FRED SADRI and for their counterclaims against the Counterdefendant GHOLAMREZ ZANDIAN JAZI, allege as follows:

- 1. Counterclaimant RAY KOROGHLI (hereinafter "Ray") is a member and manager of the three named LLCs.
- 2. Counterclaimant FARIBORZ FRED SADRI (hereinafter "Fred") is a member and manager of the three named LLCs.

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3. Counterdefendant GHOLAMREZA ZANDIAN JAZI aka Zandian and Zandian Jazi (hereinafter "Zandian") is believed to live in California.

4. Zandian was introduced to Fred by Fred's uncle who indicated Zandian was a prominent business man, was down on his luck, and needed some assistance.

5. Zandian and his family befriended Fred.

6. Zandian represented to Fred and Ray that he had substantial holdings in Europe and in Iran.

7. Zandian further represented that he had a personal relationship with Vidler Water Company, an affiliate of Pico Holdings, Inc., the purchasers of the Union Pacific land holdings in northern Nevada and water rights appurtenant thereto.

8. Zandian represented that by reason of his relationships with Vidler, its CEO, John R. Hart, and other officers, that he was in a position to acquire substantial land holdings in Nevada for a fraction of their value.

9. Based on these representations, the parties undertook a number of investments.

10. The parties' initial investment was Nevada Land and Water Resources, LLC.

11. This transaction closed in the summer of 2003.

12. Each of the partners was to be responsible for one-third of the million dollar investment in this 4400-acre parcel in Pah Rah, Washoe County, Nevada.

13. Zandian represented that he had a shipping company in Europe as well as houses in Paris, Nice, and Iran and was temporarily without funds.

14. Fred advanced 100% of Zandian's investment in the form of a purchase money note and deed of trust.

15. Later that year, in December, the parties closed on two other transactions, one of

1 which the Big Springs Ranch Project, a 37,000 acre parcel and 20,000 acre feet of water located
2 25 miles from Wendover.

3 16. As with the prior project, Fred and Ray put up \$900,000.00 apiece and Zandian
4 nothing.

5 17. The third investment was the Wendover Project, LLC.

6 18. When Zandian introduced the Wendover Project to his partners, he represented
7 that this 6400 acre Vidler holding, west of Wendover, Nevada, could be acquired for
8 \$15,000,000.00, or approximately one-third of its \$50,000,000.00 value.
9

10 19. Zandian, claiming to own a shipping yard in Europe, was to contribute his
11 \$3,000,000.00 in stock in the facility and the partners would share equally.

12 20. Fred and Ray organized the financing and brought in several new investors to
13 invest to reduce the loan amount.

14 21. The operating agreements disclosed what the managing partners were to receive.

15 22. The original purchase included a substantial purchase money deed of trust.

16 23. When debt service was necessary, Fred and Ray made the payments.

17 24. When the note and deed of trust matured, Fred hypothecated his other properties
18 in order to save the Wendover Project from foreclosure.
19

20 25. Subsequently, several investors were brought to Wendover to view the
21 project and introduced to City officials.
22

23 26. In response to inquiries as to the value of the land, the City officials indicated that
24 it was \$200.00 to \$400.00 an acre.

25 27. As a result of Zandian's failure to contribute anything, questions as to the accuracy
26 of his representations and his refusal to assist in the financing, Fred and Ray became concerned
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1 and flew to California to meet with John Hart, the CEO of Vidler Water Company and Pico
2 Holdings, the sellers of the land.

3 28. Fred and Ray were advised by Mr. Hart that the stock tendered by Zandian was
4 worthless.

5 29. On further demand, Fred and Ray were provided with documentation that
6 Zandian had received undisclosed commissions on all transactions from his principal, the seller.

7 30. Zandian represented that Fred and Ray would be partners in a 2,000 acre parcel in
8 Dayton, Nevada.

9 31. Without Fred and Ray's knowledge, Zandian proceeded with the acquisition of
10 this and other properties excluding Fred and Ray, but using investors introduced to him by them
11 to close the transactions.

12 32. Zandian proceeded to form LLCs including Gold Canyon Development, LLC,
13 High-Tech Development, LLC, Lion Park Development, LLC, Churchill Park Development,
14 LLC and Sparks Village, LLC during 2004 and additional LLCs during 2005 including Dayton
15 Plaza, LLC and Misfits Development, LLC.

16 33. As a result of learning that not only had Zandian tendered no consideration for his
17 interests, but that he had received undisclosed and improper commissions from the sellers on
18 each of the land transactions, the agreements were rescinded.

19 34. Nevada Land and Water, LLC, the first transaction, was never conveyed to the
20 LLC, but rather, Zandian refused and the interests were held as tenants-in-common.

21 35. Zandian has neither tendered nor paid one penny on the note and deed of trust
22 which was on the eve of foreclosure in December 2005.

23 36. As a result of having tendered worthless stock for the acquisition of the Wendover
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Project, and actually having received hundreds of thousands of dollars in secret compensation, his rescinded interest was transferred to the other investors pro rata.

FIRST COUNTERCLAIM FOR RELIEF

(Rescission)

37. Counterclaimants repeat and reallege each and every allegation set forth above in Paragraphs 1 through 36 as though fully set forth at length herein.

38. The Counterdefendant misrepresented the terms and conditions of the investments.

39. The Counterdefendant has taken over half a million dollars in undisclosed commissions and profits while simultaneously representing their value and Counterclaimants' intentions.

40. Had Counterclaimants been aware of the true facts, they never would have entered into the transactions.

41. By reason of the misrepresentations, breach of fiduciary duties, and receipt of undisclosed commissions and compensation, the Counterclaimants and investment entities are entitled to rescission.

42. By reason of a failure of consideration, the Counterclaimants and investment entities are entitled to rescission.

43. By reason of Counterdefendant's intentional misrepresentations and omissions of material fact, the Counterclaimants are entitled to rescission.

SECOND COUNTERCLAIM FOR RELIEF

(Derivative Claims by the LLCS and by Counterclaimants)

44. Counterclaimants repeat and reallege each and every allegation set forth in

Paragraphs 1 through 43 above as though fully set forth at length herein.

1
2 45. Counterdefendant was the fiduciary of the investors and was under a duty to
3 disclose all compensation received.

4 46. By negotiating commissions, not only was this conduct in violation of Nevada real
5 estate law, but it worked a fraud against the Counterclaimants in that Counterdefendant received
6 undisclosed commissions and profits.

7 47. The Counterdefendant had fiduciary duties and statutory duties to disclose all
8 compensation and agency relationships.

9
10 48. Even though Counterdefendant was not a Nevada licensee, he was nonetheless
11 required to comply with Nevada Agency Disclosure Statutes and the other real estate licensee
12 requirements.

13 49. Counterdefendant has not contributed one penny towards the principal amounts,
14 interest, property taxes, water rights, engineering or anything.

15 50. In receiving hundreds of thousands of dollars in undisclosed commissions, the
16 Counterdefendant has enriched himself at his fiduciaries' and the Counterclaimants' expense.

17 51. In so acting, the Counterdefendant has caused the Counterclaimants damages in
18 an amount in excess of \$10,000.00.

19 52. In doing the acts set forth, the Counterdefendant has acted willfully, maliciously,
20 and with the intent to injure the Counterclaimants such that the Counterclaimants are entitled to
21 punitive and exemplary damages in an amount in excess of \$10,000.00.

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23 **THIRD COUNTERCLAIM FOR RELIEF**

24 **(Breach of Fiduciary Duties)**

25 53. Counterclaimants repeat and reallege each and every allegation set forth in
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Paragraphs 1 through 51 above as though fully set forth at length herein.

54. Counterdefendant, as a partner, co-member, co-manager, undisclosed agent, and purported friend owed duties of disclosure to the Counterclaimants.

55. The standard for disclosure in Nevada is that each partner knows everything the other partner knows.

56. In negotiating secret commissions, misrepresenting assets, misrepresenting values, and in the other conduct complained of above, the Counterdefendant breached his fiduciary duties causing the Counterclaimants damages in an amount in excess of \$10,000.00.

57. In so acting in doing the acts set forth, the Counterdefendant has acted willfully, maliciously, and with the intent to injure the Counterclaimants such that the Counterclaimants are entitled to punitive and exemplary damages in an amount in excess of \$10,000.00.

FOURTH COUNTERCLAIM FOR RELIEF

(Derivative Claims)

58. Counterclaimants repeat and reallege each and every allegation contained in Paragraphs 1 through 56 above as though fully set forth at length herein.

59. Independently, and in the alternative, Counterclaimants make claim on behalf of the LLCs for recovery of the undisclosed commissions and profits and for rescission of Counterdefendant's membership interests.

60. Accordingly, the entities request an accounting and a judicial declaration that by reason of the misrepresentations, failure of consideration, breach of fiduciary duties and otherwise, that the membership interests claimed by Counterdefendant be declared null and void and rescinded and that the parties be restored to their status quo ante.

61. Derivatively and additionally, Counterclaimants request that all undisclosed

1 commissions and compensation received by Counterdefendant be disgorged together with the
2 rescission.

3 **FIFTH COUNTERCLAIM FOR RELIEF**

4 **(Constructive Trust)**

5 62. Counterclaimants repeat and reallege each and every allegation contained in
6 Paragraphs 1 through 60 above as though fully set forth at length herein.

7 63. Counterclaimants were advised that there were four Vidler properties being
8 pursued.

9 64. Counterdefendant acquired one of the four properties, without the
10 Counterclaimants' knowledge or consent, for his own account.

11 65. In acquiring the Dayton property, after advising the Counterclaimants that they
12 would receive it, the Counterdefendant acquired the property utilizing funds apparently provided
13 by one of the Counterclaimants' original investors.

14 66. In breaching his fiduciary duties, converting this company opportunity, and
15 defrauding his co-investors, Counterdefendant has damaged the Counterclaimants in an amount
16 in excess of \$10,000.00.

17 67. The conduct of Counterdefendant is such that a constructive trust need be imposed
18 upon the asset so that it may be retained for the benefit of the defrauded Counterclaimants.

19 **SIXTH COUNTERCLAIM FOR RELIEF**

20 **(Negligence)**

21 68. Counterclaimants repeat and reallege each and every allegation contained in
22 Paragraphs 1 through 66 above as though fully set forth herein.

23 69. Counterdefendant, in his dealings with Counterclaimants, owed them duties of
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good faith and to conduct himself in a manner which would not adversely impact the Counterclaimants' interests.

70. Counterdefendant owed both a contractual duty of good faith and by reason of the fiduciary relationships, a tort duty of good faith as well.

71. In breaching his duties to the Counterclaimants, the Counterdefendant has caused the Counterclaimants damages in an amount in excess of \$10,000.00 for negligence damages.

SEVENTH COUNTERCLAIM FOR RELIEF

72. Counterclaimants repeat and reallege each and every allegation contained in Paragraphs 1 through 70 above as though fully set forth at length herein.

73. In no event should this Counterclaim nor any provision of this pleading ever be interpreted as an action on the Star Living Trust note and deed of trust which are secured by the Nevada Land and Water Company interest of Counterdefendant.

74. The Star Living Trust has elected to proceed with non-judicial disclosure of that note and obligation.

75. Other than the note and deed of trust discussed herein, Counterdefendant has breached his obligations under the LLC agreements and in so doing, has caused Counterclaimants and the LLCs damages in an amount in excess of \$10,000.00.

EIGHTH CLAIM FOR RELIEF

(Declaratory Relief)

76. Counterclaimants repeat and reallege each and every allegation contained in Paragraphs 1 through 74 above as though fully set at length herein.

77. Disputes have arisen between the parties as to their mutual rights and entitlements.

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78. As outlined above, Counterclaimants have rescinded, legally or equitably, Counterdefendant's interests in the Wendover Project, LLC and the Big Springs, LLC.

79. Furthermore, Counterclaimants claim an interest in the fourth Vidler property located in Dayton.

80. The Counterclaimants do not seek the dissolution and winding up of the LLCs, but rather seek the rescission of Counterdefendant's interests.

81. It is otherwise necessary for the Court to adjudicate the parties' rights and entitlements.

82. Accordingly, Counterclaimants request a declaration from this Court determining the rights and entitlements of the parties in each of the investments.

NINTH CLAIM FOR RELIEF

(For Attorney's Fees and Special Damages)

83. Counterclaimants repeat and reallege each and every allegation contained in Paragraphs 1 through 82 above as though fully set forth at length herein.

84. By reason of Counterdefendant's activities, it has been necessary to retain attorneys.

85. In seeking the disgorgement of the profits, rescission and the other equitable relief requested herein, Counterclaimants are incurring attorney's fees due to Counterdefendant's conduct.

86. In so acting, Counterdefendant has caused Counterclaimants' damages in an amount in excess of \$10,000.00.

WHEREFORE, Counterclaimants pray for relief as follows:

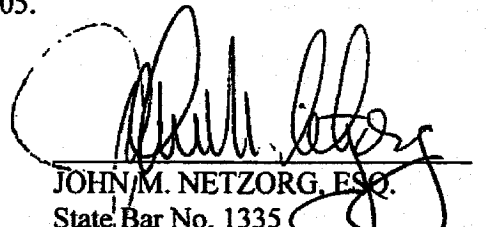
1. That Plaintiff take nothing by way of his Complaint;

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2. For rescission of Counterdefendant's interests;
3. For disgorgement by Counterdefendant of all undisclosed commissions and profits;
4. For an accounting of all proceeds received by Counterdefendant;
5. For general damages in an amount in excess of \$10,000.00;
6. For punitive damages in an amount in excess of \$10,000.00;
7. For the imposition of a constructive trust on the Dayton property and any other misappropriated opportunities or ventures;
8. For declaratory relief;
9. For such further relief as the court deems just and proper, including attorney's fees, costs, and interest.


Dated this 6th day of December 2005.


JOHN M. NETZORG, ESQ.
State Bar No. 1335
2810 W. Charleston Boulevard, #81
Las Vegas, Nevada 89102
Attorney for KOROGHLI/SADRI

RECEIPT OF COPY

RECEIPT OF COPY of the foregoing Answer and Counterclaim is acknowledged this

6 day of December 2005.


JOHN PETER LEE, ESQ.
JOHN PETER LEE, LTD.
Nevada Bar No. 1768
830 Las Vegas Boulevard South
Las Vegas, Nevada 89101
Attorney for Plaintiff/Counterdefendant

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