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1 ELKINS KALT WEINTRAUB REUBEN GARTSIDE LLP
 JULIE Z. KIMBALL, State Bar No. 252449
 2 *jkimball@elkinskalt.com*
 SVETLANA M. NAGIEL, State Bar No. 284619
 3 *snagiel@elkinskalt.com*
 10345 W. Olympic Blvd.
 4 Los Angeles, California 90064
 Telephone: 310.746.4400
 5 Facsimile: 310.746.4499

6 Attorneys for Plaintiff WBC Special Assets,
 LLC, a Delaware Limited Liability
 7 Company, and Capital Lending Resources,
 Inc., a California Corporation
 8

9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
 10 **COUNTY OF LOS ANGELES, CENTRAL DISTRICT**

12 WBC SPECIAL ASSETS, LLC, a
 Delaware Limited Liability Company as
 13 assignee of West Bay Capital, LLC, a
 California Limited Liability Company;
 14 CAPITAL LENDING RESOURCES,
 INC., a California Corporation.

15 Plaintiff,

16 v.

17 URBAN COMMONS, LLC, a Delaware
 Limited Liability Company; TAYLOR
 18 WOODS, an individual; HOWARD WU;
 an individual; and DOES 1 through 10
 19 Inclusive,

20 Defendants.
 21

CASE No. **21STCV07672**

COMPLAINT FOR:

1. BREACH OF CONTRACT—WEST BAY REIT LOAN
2. BREACH OF CONTRACT—WEST BAY REIT GUARANTY
3. BREACH OF CONTRACT—CLR REIT LOAN
4. BREACH OF CONTRACT—CLR REIT LOAN GUARANTY
5. BREACH OF CONTRACT—WEST BAY WAGNER LOAN
6. BREACH OF CONTRACT—WEST BAY WAGNER LOAN GUARANTY
7. FRAUD
8. CONVERSION
9. UNFAIR BUSINESS PRACTICES (BUS. & PROF. CODE § 17200 et seq.).

Action Filed: TBA
 Trial Date: None Set

ELKINS KALT WEINTRAUB REUBEN GARTSIDE LLP
 10345 W. Olympic Blvd.
 Los Angeles, California 90064
 Telephone: 310.746.4400 • Facsimile: 310.746.4499

1 Plaintiff WBC SPECIAL ASSETS, LLC, a Delaware Limited Liability
2 Company, and CAPITAL LENDING RESOURCES, INC., a California Corporation
3 (collectively, the “Plaintiffs”), hereby file this Complaint against Defendants URBAN
4 COMMONS, LLC, a Delaware Limited Liability Company, TAYLOR WOODS, an
5 individual, HOWARD WU, an individual, and DOES 1-10, inclusive (collectively,
6 “Defendants”), and allege as follows:

7
8 **INTRODUCTION**

9 1. Defendants Wu and Woods misappropriated over \$10 million from
10 Plaintiffs WBC Special Assets, LLC, as assignee of West Bay Capital, LLC (together,
11 “West Bay”), and Capital Lending Resources, Inc. (“CLR”) in connection with two
12 loans Wu and Woods obtained on behalf of both their wholly owned and controlled
13 entity, Defendant Urban Commons, LLC (“Urban Commons”), and Eagle Hospitality
14 Trust (“EHT”), formed, managed and controlled at the time by Wu and Woods.

15 2. Wu and Woods needed loans in connection with their real estate
16 investment projects, namely the purchase and sale of hotel properties. Specifically,
17 Wu and Woods formed Defendant Urban Commons, and related alter-ego entities,
18 through which they bought hotels. They then made some renovations or upgrades to
19 the properties and sold them to EHT, a Singapore Stock Exchange listed Real Estate
20 Investment Trust that Wu and Woods sponsored and managed through another
21 alter-ego entity, Eagle Hospitality REIT Management Pte, Ltd. EHT then leased the
22 hotels back to Wu and Woods, through Urban Commons and its subsidiaries.

23 3. Wu and Woods approached Plaintiffs on behalf of Urban Commons and
24 EHT for loans.

25 4. First, Wu and Woods urgently needed funding towards EHT’s IPO,
26 towards capitalizing the REIT. EHT is a stapled Trust, comprising of Eagle
27 Hospitality Real Estate Investment Trust (“EHT-REIT”) and Eagle Hospitality
28 Business Trust (both controlled by Wu and Woods through one of their alter ego

1 entities). Wu and Woods represented to Plaintiffs that they needed \$7.5 million (the
2 “REIT Loan”) because one of their major investors was unable to fund a committed
3 investment towards the IPO. The REIT Loan closed the day before EHT’s IPO.
4 Plaintiff West Bay agreed to loan the funds to Urban Commons; Plaintiff CLR, as the
5 broker, was to receive origination fees. Wu and Woods personally guaranteed the
6 payments, and also agreed to pledge EHT shares to West Bay as security. As
7 additional collateral, Wu and Woods agreed West Bay would have the most senior
8 pledge of interest in Urban Commons Harvard, LLC and Urban Commons Gramercy,
9 LLC, their wholly-owned and controlled entities.

10 5. On information and belief, at the time they approached Plaintiffs for the
11 REIT Loan, Wu and Woods were aware they did not have investments to sufficiently
12 capitalize EHT. Within a few months of the IPO, Wu and Woods still failed to post as
13 master lessees, for EHT’s use, the full amount of security deposits and failed to meet
14 other payment obligations associated with the hotels before and after the IPO. **On or**
15 **around the time of the IPO, Wu and Woods already failed to make some required**
16 **payments on hotels owned by EHT (through EHT-REIT) and leased to Wu and**
17 **Woods, thereby undermining EHT’s financial position. Wu and Woods never**
18 **disclosed this information to Plaintiffs.**

19 6. Although Wu and Woods agreed to pledge and deliver EHT shares as
20 security for the REIT loan, they failed to do so. On information and belief, Wu and
21 Woods never intended to comply, agreeing to pledge EHT shares to induce Plaintiffs
22 to enter into the REIT Loan.

23 7. Wu and Woods misrepresented that Plaintiff West Bay would have the
24 most senior pledge of interest in Urban Commons Harvard, LLC; they knew at the
25 time the REIT Loan was entered into that a more senior lien existed. They also
26 misrepresented the value of their equity interest.

27 8. Wu and Woods misrepresented their ownership interest in Urban
28 Commons Gramercy, LLC, which was significantly lower than represented. They

1 also misrepresented the value of their equity interest.

2 9. Wu and Woods later approached Plaintiffs on behalf of Urban Commons
3 and EHT for a short-term \$2.5 million loan to bridge financial commitments on The
4 Wagner Hotel located at 2 West Street, New York, New York, which Wu and Woods
5 represented would be sold to the EHT (the “Wagner Loan”). West Bay agreed to loan
6 the funds to Urban Commons; CLR, as the broker, was to be paid origination fees.
7 Wu and Woods personally guaranteed the payments, and further agreed to provide
8 as security for the loan the fees they received for managing EHT as well as a first
9 priority security interest in the stake of Urban Commons in Urban Commons Battery
10 Park, LLC.

11 10. Unbeknownst to Plaintiffs, on information and belief, at the time Wu
12 and Woods approached Plaintiffs for the Wagner Loan, they were aware that EHT
13 was undercapitalized and being operated in violation of Singapore securities law,
14 that EHT was not receiving lease payments from Wu and Woods as master lessees,
15 and that EHT stood to default on obligations worth many millions. Plaintiffs would
16 not have agreed to the Wagner Loan, including EHT management fees as collateral,
17 had Wu and Woods disclosed this information.

18 11. Wu and Woods did not make payments as required under the REIT
19 Loan and Wagner Loan.

20 12. Plaintiffs sent demand letters for repayment to no avail.

21 13. Plaintiffs seek damages against Urban Commons, Wu and Woods, for
22 which they are jointly and severally liable, in an amount reasonably estimated as
23 follows: (1) over \$9,615,334.54 to West Bay under the REIT Loan; (2) over
24 \$2,940,049.00 to West Bay for the Wagner Loan; and (3) over \$950,000 to CLR under
25 the REIT Loan.

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PARTIES

1
2 14. Plaintiff WBC Special Assets, LLC is a Delaware limited liability
3 company. On January 29, 2021 West Bay Capital, LLC, which is and at all relevant
4 times herein was, a California limited liability company doing business in the State
5 of California, County of Los Angeles, assigned all of the agreements and claims on
6 which this action is brought to WBC Special Assets, LLC. WBC Special Assets, LLC
7 is now the holder of the claims at issue.

8 15. Defendant Taylor Woods is an individual doing business in the State of
9 California, County of Los Angeles.

10 16. Defendant Howard Wu is an individual doing business in the State of
11 California, County of Los Angeles.

12 17. Plaintiffs are informed and believe, and thereon allege that Defendant
13 Urban Commons, LLC is, and at all times herein mentioned was, a Delaware limited
14 liability company doing business in the State of California, County of Los Angeles.
15 Moreover, Plaintiffs are informed and believe, and thereon allege, that Defendants
16 Howard Wu and Taylor Woods are its Managers either directly, or through one of
17 their alter ego entities.

18 18. Plaintiffs are ignorant of the true names and capacities of DOES 1
19 through 10, inclusive, and therefore sue those defendants by their fictitious names.
20 Plaintiffs will amend this Complaint to insert the true names and capacities of those
21 defendants when they have been ascertained.

22 19. Plaintiffs are informed and believe, and thereon alleges, that each of the
23 fictitiously named defendants named as DOES 1 through 10, inclusive, is responsible
24 in some manner for the acts and occurrences herein alleged. Plaintiffs' damages
25 herein alleged were proximately caused by the conduct of each of those defendants.

26 20. Plaintiffs are informed and believe, and thereon allege, that Defendants
27 were at all relevant times the agents, co-conspirators, aiders and abettors, alter egos,
28 or partners of each other.

1 21. Plaintiffs are informed and believe, and thereon allege, that Defendants
2 Wu and Woods controlled directly or indirectly Defendant Urban Commons, LLC and
3 EHT as their sole Managers, and used the entities to defraud Plaintiffs including by
4 diverting income and by insufficiently funding the entities.

5 22. Each of the Defendants acted and performed within the scope of their
6 agency relationship. Plaintiffs are informed and believe, and thereon allege, that
7 Defendants, and each of them, conspired with each other as to each and every act
8 alleged herein, so that the acts performed by one of them are attributable to the
9 other. Whenever and wherever reference is made to any act by a Defendant or
10 Defendants, such allegation shall also be deemed to mean the acts and omissions of
11 each Defendant acting individually, jointly, and severally.

GENERAL ALLEGATIONS

A. DEFENDANTS BREACH THE REIT LOAN AND THE REIT LOAN GUARANTY

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13
14
15
16 23. On information and belief Wu and Woods wholly owned and controlled
17 through Urban Commons, and its subsidiary limited liability companies, hotel real
18 estate throughout the United States. On information and belief, Wu and Woods
19 transferred some of those hotel properties to form EHT. EHT was comprised of the
20 Eagle Hospitality Real Estate Investment Trust (“EHT-REIT”) and a the Eagle
21 Hospitality Business Trust. Wu and Woods were the managers of EHT; on
22 information and belief they managed EHT-REIT through their wholly-owned and
23 controlled entity Eagle Hospitality REIT Management Pte, Ltd (“EHT Manager”).
24 EHT Manager is an affiliate of Urban Commons; EHT Manager received
25 management fees, which it then transferred or distributed to Urban Commons, and
26 then Wu and Woods.

27 24. Wu and Woods wanted to list EHT on the Singapore Exchange. To that
28 end, they approached Plaintiffs for a \$7.5 million loan that would be paid to Urban

1 Commons on behalf of EHT.

2 25. Woods had multiple phone calls on behalf of Urban Commons and EHT
3 in May 2019 during at least one of which Woods represented to Plaintiffs that Wu
4 and Woods urgently needed \$7.5 million towards EHT’s IPO, towards the initial
5 capitalization of the REIT, because one of their major investors was unable to fund a
6 committed investment. During at least one phone call in May 2019 Woods further
7 represented that they had sufficient investment commitments to capitalize EHT and
8 comply with all applicable laws. The representations were made to Edward Marek,
9 Manager of West Bay. The REIT Loan closed on May 23, 2019, the day before EHT’s
10 scheduled IPO on May 24, 2019.

11 26. Plaintiffs agreed to extend credit on the condition that Wu and Woods
12 personally guarantee the loan, and provide additional security as follows: (1) pledge
13 and deliver EHT shares, as well as (2) provide the most senior pledge of interest in
14 Urban Commons Harvard, LLC and Urban Commons Gramercy, LLC. Without
15 these commitments, Plaintiffs were not willing to extend credit.

16 27. On information and belief, Wu and Woods were aware at the time that
17 EHT was underfunded and did not have sufficient investment commitments, and
18 moreover that as master lessees they were unable to meet their financial obligations
19 to EHT. On or around the time of the IPO, Wu and Woods already had been renegeing
20 on financial payments due on behalf of the hotels that were part of EHT. Had
21 Plaintiffs known this, they never would have agreed to the REIT Loan. Moreover,
22 within a few months of the IPO, as master lessees of EHT hotels Wu and Woods
23 failed to post for EHT’s use the full amount of security deposits that were required.

24 28. REIT Loan. West Bay agreed to lend Urban Commons \$7.5 million “[i]n
25 connection with the IPO” of EHT (“REIT Loan”). The REIT Loan closed on May 23,
26 2019. Per the REIT Loan agreement, EHT’s IPO was “scheduled to take place on the
27 Singapore Exchange on May 24, 2019.”

28 29. Woods proposed, and the parties agreed, that Urban Commons would

1 pay CLR an origination fee of \$150,000 and a bonus origination fee of \$950,000 for
2 brokering the loan, both “deemed earned by CLR upon the Closing Date” of May 23,
3 2019 (the bonus origination fee was proposed by Woods). The origination fee was to
4 be subtracted from the \$7.5 million loan prior to funding, whereas the bonus
5 origination fee was to be paid by Urban Commons on the loan Maturity Date of May
6 23, 2020.

7 30. West Bay loaned Urban Commons \$7.5 million at an interest rate of
8 15% per annum as proposed by Woods.

9 31. Urban Commons agreed that after the EHT IPO “Borrower [Urban
10 Commons] shall pledge to Lender [West Bay] Thirteen Million Two Hundred Twenty-
11 Five Thousand (13,225,000) shares of EH[T]-REIT owned by Borrower [Urban
12 Commons] (such number of shares in EH[T] REIT being approximately equal to Nine
13 Million Dollars (\$9,000,000).” The shares were to be pledged by December 10, 2019.

14 32. Urban Commons also agreed to further secure the loan by a “pledge of
15 its membership interests in (A) Urban Commons Harvard, LLC, a California limited
16 liability company [], and (B) Urban Commons Gramercy, LLC, a California limited
17 liability company [], as security for the Loan in the form and substance attached
18 hereto as Exhibit B.” Woods represented that he and Wu had \$7 million in equity in
19 each of these LLCs. Urban Commons represented and warranted that “[n]o lien
20 exists or will exist upon” this collateral “at any time (and no right or option to acquire
21 the same exists in favor of any other Person other than Lender [West Bay]).” This
22 representation and warranty was false, when made, as Plaintiffs later discovered.

23 33. The REIT Loan was to be governed by California law and the parties
24 consented to venue in Los Angeles County.

25 34. The REIT Loan further stated that the obligation of Urban Commons “to
26 repay the Loan [was] guaranteed by Howard Wu and Taylor Woods pursuant to a
27 Guaranty in the form and substance of Exhibit C,” the REIT Loan Guaranty.

28 35. REIT Loan Guaranty. The Guaranty was entered into on May 23, 2019,

1 in conjunction with the REIT Loan. Per the Guaranty, Wu and Woods “desire[] to
2 guarantee, jointly and severally, the full repayment of the [REIT] Loan.”

3 36. Wu and Woods guaranteed “payment of the Debt and satisfaction of *all*
4 obligations and liabilities of Borrower under the [REIT] Loan Documents.” (emphasis
5 added).

6 37. Wu and Woods also agreed to cover any enforcement costs, including
7 attorneys’ fees. Specifically, they agreed to “pay all fees, costs, and expenses incurred
8 in connection with Lender’s enforcement of this Guaranty, including, without
9 limitation, legal expenses incurred in connection with such enforcement, and interest
10 thereon . . . to Lender, upon demand, if any of the following occurs: (a) this Guaranty
11 is placed in the hands of an attorney for collection or is collected through any legal
12 proceeding; (b) an attorney is retained to represent Lender in any . . . proceeding[]
13 affecting creditors’ rights and involving a claim under this Guaranty; or (c) an
14 attorney is retained to represent Lender in any proceedings whatsoever in connection
15 with this Guaranty and Lender prevails in any such proceedings.”

16 38. The Guaranty was governed by California law.

17 39. Wu and Woods also agreed to venue in the County of Los Angeles.

18 40. REIT Loan First Amendment. Urban Commons, Wu, and Woods were
19 unable to perform under the REIT Loan and REIT Loan Guaranty by, among other
20 things, failing to make timely payment as well as failing to pledge and deliver EHT’s
21 shares. Per the First Amendment dated December 31, 2019, Urban Commons
22 “requested that [West Bay], among other things, extend the date by which [Urban
23 Commons] must pledge the REIT Interests.”

24 41. The time to pledge EHT’s shares was extended from December 10, 2019
25 to March 6, 2020.

26 42. Urban Commons represented that its “representations and warranties
27 made . . . in the Loan Documents are as of the date hereof, and on the Effective Date
28 will be, true, correct and complete in all material respects.” This representation was

1 false when made, because a more senior lien existed on Urban Commons Harvard,
2 LLC, the membership interest of which was to serve as collateral for the REIT Loan.

3 43. On information and belief, the representations and warranties made in
4 the Loan Documents were not true, correct and complete in all material respects—
5 they were, in fact, false when made with respect to the collateral in the form of EHT’s
6 shares, because EHT was underfunded.

7 44. Wu and Woods, as Guarantors, “consent[ed] to the modification of the
8 Loan Documents” and signed the First Amendment on behalf of themselves,
9 individually, as well as on behalf of Urban Commons.

10 45. Wu and Woods further represented, as Guarantors, that “[t]here is no
11 litigation, citation, injunctive proceeding or like matter pending, affecting or
12 threatened in writing against Guarantor or its assets or all or any portion of the
13 property and/or the collateral securing the Loan which, if adversely determined,
14 would reasonably be expected to materially and adversely affect Guarantor’s ability
15 to perform its obligations under the Guaranty or the other Loan Documents.”

16 46. “The foregoing representations and warranties and the representations
17 of [Urban Commons] and [Wu and Woods] set forth in this Agreement and the Loan
18 Documents constitute material inducements to Lender and that, but for such
19 representations and warranties, Lender would not have entered into this
20 Agreement.”

21 47. The Amendment, like the REIT Loan (together, going forward, the
22 “REIT Loan” unless otherwise specified), was to be governed by California law; the
23 parties consented to the jurisdiction of “any state or federal court located within the
24 State of California in any suit, action or proceeding based hereon or arising out of,
25 under or in connection with this Agreement or any of the other Loan
26 Documents”

27 48. Defendants Breach the REIT Loan. The REIT Loan has matured.
28 However, despite demands to comply, Urban Commons—as well as Wu and Woods—

1 failed to make required payments under the REIT Loan and REIT Loan Guaranty.
2 Moreover Defendants never delivered EHT shares as required security. Plaintiff
3 CLR was never paid the bonus original fee as required.

4 49. On information and belief, Defendants intentionally misrepresented
5 that there were no liens on the collateral at issue in the REIT Loan, and also
6 misrepresented the value of their equity stakes in Urban Commons Harvard, LLC as
7 well as in Urban Commons Gramercy, LLC, in order to induce Plaintiffs to enter into
8 the REIT Loan. Plaintiffs discovered that there is a senior equity interest on Urban
9 Commons Harvard, LLC that existed at the time Urban Commons entered into the
10 REIT Loan and Amendment. On information and belief, Urban Commons refinanced
11 and later sold the real property held by Urban Commons Harvard, LLC but failed to
12 pay from the proceeds any portion of what was owed to Plaintiffs. Plaintiffs never
13 would have entered into the REIT Loan and Amendment had they been aware of the
14 senior lien on Urban Commons Harvard, LLC.

15 50. Similarly, Defendants intentionally misrepresented that they had a
16 greater ownership interest in Urban Commons Gramercy, LLC than turned out to be
17 the case. Had Plaintiffs known this they never would have agreed to accept the
18 interest as collateral, and would not have entered into the REIT Loan and
19 Amendment.

20 51. Defendants represented at the time the REIT Loan was being
21 negotiated that Urban Commons and EHT had sufficient investors. However, on
22 information and belief, at the time the entities were insufficiently funded to meet all
23 financial obligations. Urban Commons and EHT also were insufficiently funded at
24 the time the Amendment to the REIT Loan was negotiated and entered into. But for
25 Defendants' misrepresentations and failure to disclose, Plaintiffs would not have
26 entered into the REIT Loan and Amendment.

27 52. On information and belief, each Defendant benefited from the
28 fraudulent scheme, having benefited financially from the loan made by Plaintiffs.

1 53. Defendants owe West Bay over \$9,615,334.54; they also owe CLR over
2 \$950,000.

3
4 **B. DEFENDANTS BREACH THE WAGNER LOAN AND GUARANTEE**

5 54. Woods had multiple phone calls on behalf of Urban Commons and EHT,
6 including in February, 2020, during which Woods represented that he and Wu
7 needed a short-term loan to bridge financial commitments on The Wagner Hotel
8 located at 2 West Street, New York, New York, which they would be able to repay in
9 a few months from obtained investment commitments. During at least one such
10 phone call, Woods further represented that he and Wu had sufficient investment
11 commitments to capitalize EHT and comply with all applicable laws, and would be
12 willing to provide their management fees from EHT as collateral; Woods also stated
13 that Urban Commons had sufficient investment commitments to repay the loan on
14 time. The representations were made to William McBride and Edward Marek.

15 55. At the time these representations were made, Woods was aware that
16 Urban Commons failed to pay rent to EHT as master lessee of its various hotel
17 properties. Woods also was aware that Urban Commons defaulted on other
18 obligations as master lessee. Woods also was aware that he and Wu failed to post
19 complete security deposits, so that EHT was underfunded and unable to meet its
20 financial obligations.

21 56. But for the misrepresentations and omissions of Woods, Plaintiffs never
22 would have entered into the Wagner Loan.

23 57. Wagner Loan. West Bay and Urban Commons entered into a loan
24 agreement that closed on February 14, 2020, pursuant to which West Bay agreed to
25 loan Urban Commons \$2.5 million dollars “for purposes of paying for certain costs
26 and expenses of” The Wagner Hotel (the “Wagner Loan”).

27 58. As proposed by Woods, Urban Commons agreed to repay the loan at an
28 interest rate per annum that was the greater of (a) 15% or (b) the LIBOR rate, plus

1 13.35% rounded up to the nearest one-eight percent. The Maturity Date on the loan
2 was April 14, 2020.

3 59. CLR brokered the loan and was to receive a \$125,000 origination fee as
4 well as a bonus origination fee, as proposed by Woods and agreed to by the parties.
5 The bonus origination fee was to be paid, pursuant to a Fee Agreement between the
6 parties incorporated into the Wagner Loan, in two installments—the first, no later
7 than March 15, 2021 and the second, no later than March 15, 2022—in the amount
8 equal to the greater of \$125,000 or 2.5% of all gross income earned by Urban
9 Commons during the preceding calendar year.

10 60. As security for the Wagner Loan Urban Commons and its named
11 “affiliate” Eagle Hospitality REIT Management Pte. Ltd (“EHT Manager”), the
12 manager of EHT-REIT, agreed to pledge on a continuing basis as security for the
13 Wagner Loan all the management fees received for its services. Pursuant to the
14 Pledge and Security Agreement (“PSA”), incorporated by reference into the Wagner
15 Loan, EHT Manager “transfers or distributes” all such fees to Urban Commons.
16 Pursuant to the PSA, Urban Commons and EHT Manager represented that “[t]here
17 are no claims, actions, suits, or proceedings pending or . . . threatened, against
18 [Urban Commons and EHT Manager] affecting the collateral.” Urban Commons and
19 EHT Manager were jointly and severally liable for obligations under the PSA such
20 that West Bay “may enforce this Agreement and the other Loan Documents
21 independently as to” Urban Commons or EHT Manager.

22 61. In the Wagner Loan, Urban Commons represented and warranted that
23 there were “no claims, actions, suits, or proceedings pending or . . . threatened,
24 against” Urban Commons and EHT Manager, among other entities.

25 62. As additional security for the Wagner loan, Wu and Woods agreed “to
26 pledge and grant a first priority security interest” to West Bay in the membership
27 interest of Urban Commons in Urban Commons Battery Park, LLC. Pursuant to the
28 Wagner Loan, Urban Commons “shall not pledge” this collateral “for the benefit of

1 any other Person, other than with respect to the [Wagner] Loan.” Plaintiffs later
2 learned that Wu and Woods obtained loans secured by the same interest pledged to
3 West Bay pursuant to the Wagner Loan.

4 63. Further, in the Wagner Loan the parties agreed California law applies
5 and also agreed to venue in Los Angeles County.

6 64. Wagner Loan Guaranty. The parties entered into the Wagner Loan
7 Guaranty simultaneously with the Wagner Loan. Pursuant to the Wagner Loan
8 Guaranty, dated February 14, 2020, Wu and Woods personally guaranteed the
9 Wagner Loan. The Wagner Loan Guaranty stated that West Bay “is unwilling to
10 make the [Wagner] Loan to [Urban Commons] unless [Wu and Woods]
11 unconditionally guarantee[] payment and performance to [West Bay] of the
12 Guaranteed Obligations.”

13 65. Guaranteed Obligations are defined as “payment of the Debt and
14 satisfaction of all obligations and liabilities of [Urban Commons] under the Loan
15 Documents.”

16 66. Debt was defined as “the principal sum evidenced by the Promissory
17 Note” (the \$2.5 million), “and any and all liabilities, obligations and indebtedness of
18 any and every kind and nature heretofore, now or hereafter owing, arising out of or
19 otherwise contained in the Loan Documents and secured by the Pledge Agreement . .
20 . together with interest thereon at the rate of interest specified in the Promissory
21 Note and all other sums other than principal or interest which may or shall become
22 due and payable pursuant to the provisions of the Loan Documents.”

23 67. Loan Documents means the “Loan Agreement, the Note, the Pledge
24 Agreement, and all other documents executed and/or delivered in connection with the
25 Loan.”

26 68. Wu and Woods agreed to pay enforcement costs, including “all fees,
27 costs, and expenses actually incurred in connection with [West Bay’s enforcement of
28 this Guaranty, including, without limitation, reasonable third-party legal expensed

1 incurred in connection with such enforcement, and interest thereon . . . to [West
2 Bay], upon demand, if any of the following occurs: . . . (c) an attorney is retained to
3 represent [West Bay] in any proceedings whatsoever in connection with this
4 Guaranty and [West Bay] prevails in any such proceeding.”

5 69. The Wagner Loan Guaranty was to be governed by California law; the
6 parties also agreed to venue in Los Angeles County.

7 70. Defendants Breached the Wagner Loan and Guaranty. The Wagner
8 Loan has matured. However, despite demands to comply, Urban Commons—as well
9 as Wu and Woods— failed to make required payments under the Wagner Loan and
10 Guaranty. They further breached the Wagner Loan by encumbering their interest in
11 Urban Commons Battery Park, LLC in violation of the agreement.

12 71. Defendants represented at the time the Wagner Loan was being
13 negotiated that Urban Commons and EHT had sufficient investors. However, at the
14 time the entities were insufficiently funded to meet all financial obligations. Woods
15 was aware, for example, that EHT had not received any rent payments since January
16 2020, and was aware that, even prior to that time, the hotels owned by EHT (through
17 EHT-REIT) defaulted on various payment obligations. But for Defendants’
18 misrepresentations and failure to disclose, Plaintiffs would not have entered into the
19 Wagner Loan.

20 72. On information and belief, each Defendant benefited from the
21 fraudulent scheme, having benefited financially from the loan made by Plaintiffs.

22 73. Defendants owe West Bay over \$2,940,049.00.

23
24 **C. WEST BAY ASSIGNED ITS RIGHTS TO WBC SPECIAL ASSETS, LLC**

25 74. West Bay assigned its right to enforce the agreements at issue, as well
26 as any related tort claims, to Plaintiff WBC Special Assets, LLC. The assignment
27 was entered into on January 29, 2021 at which time West Bay conveyed to WBC
28 Special Assets “all of Assignor’s right, title and interest in” the Wagner Loan and

1 REIT Loan, “the Loan Documents,” “Assignor’s security interests in the collateral
2 securing the Loan[s]” and “all tort claims related to or arising from the Loan
3 Documents, including . . . any and all claims and causes of action for any monetary
4 losses sustained as a result of fraud and deceit that induced Assignor to enter into
5 the Loan Documents.”

6
7 FIRST CAUSE OF ACTION FOR BREACH OF CONTRACT

8 (By Plaintiff WBC Special Assets against Defendant Urban Commons and Does 1-10)

9 75. WBC Special Assets re-alleges and incorporates paragraphs 1 through
10 74 above, as though set forth fully herein.

11 76. West Bay entered into the REIT Loan (including documents
12 incorporated therein, including as Exhibits thereto) and Amendment thereto
13 (together the “REIT Loan”), with Urban Commons.

14 77. West Bay performed all of its obligations under the REIT Loan (or,
15 alternatively, was excused from performance).

16 78. Urban Commons breached the REIT Loan as alleged above.

17 79. WBC Special Assets was assigned by West Bay the right to enforce the
18 REIT Loan.

19 80. WBC Special Assets was damaged as a result in an amount to be
20 determined by proof at the time of trial or judgment, which is reasonably estimated
21 at over \$9,615,334.54.

22
23 SECOND CAUSE OF ACTION FOR BREACH OF CONTRACT

24 (By Plaintiff WBC Special Assets against Defendants Wu, Woods and Does 1-10)

25 81. WBC Special Assets re-alleges and incorporates paragraphs 1 through
26 74 above, as though set forth fully herein.

27 82. West Bay entered into the REIT Loan Guaranty with Wu and Woods in
28 their individual capacities.

1 83. West Bay performed all of its obligations under the REIT Loan
2 (including documents incorporated therein, including as Exhibits thereto) and
3 Amendment thereto (together the “REIT Loan”), and REIT Loan Guaranty (or,
4 alternatively, was excused from performance).

5 84. Wu and Woods breached the REIT Loan Guaranty as alleged above.

6 85. Wu and Woods are responsible for all damages that resulted from
7 breaches by Urban Commons of the REIT Loan.

8 86. WBC Special Assets was assigned by West Bay the right to enforce the
9 REIT Loan Guaranty.

10 87. WBC Special Assets is owed under the REIT Loan Guaranty an amount
11 to be determined by proof at the time of trial or judgment, which is reasonably
12 estimated at over \$9,615,334.54.

13
14 THIRD CAUSE OF ACTION FOR BREACH OF CONTRACT

15 (By Plaintiff CLR against Defendant Urban Commons and Does 1-10)

16 88. CLR re-alleges and incorporates paragraphs 1 through 74 above, as
17 though set forth fully herein.

18 89. West Bay and Urban Commons entered into the REIT Loan (including
19 documents incorporated therein, including as Exhibits thereto) and Amendment
20 thereto (together the “REIT Loan”) pursuant to which Urban Commons agreed,
21 among other things, to pay a bonus loan origination fee of \$950,000 to CLR. The
22 REIT Loan was entered, in part, expressly to benefit CLR. CLR is not a party to the
23 contract but was an intended beneficiary, to be paid under the REIT Loan for
24 brokering the loan.

25 90. West Bay performed all of its obligations under the REIT Loan (or,
26 alternatively, were excused from performance).

27 91. Urban Commons breached the REIT Loan by failing to pay the
28 origination fee to CLR.

1 92. CLR was damaged as a result in an amount to be determined by proof at
2 the time of trial or judgment, which is reasonably estimated at over \$950,000.

3
4 FOURTH CAUSE OF ACTION FOR BREACH OF CONTRACT

5 (By Plaintiff CLR against Defendants Wu, Woods and Does 1-10)

6 93. CLR re-alleges and incorporates paragraphs 1 through 74 above, as
7 though set forth fully herein.

8 94. Wu and Woods entered into the REIT Loan Guaranty pursuant to which
9 they agreed to guaranty all payments due under the REIT Loan (including
10 documents incorporated therein, including as Exhibits thereto) and Amendment
11 thereto (together the “REIT Loan”), including the bonus origination fee due to CLR as
12 an intended third-party beneficiary of the contract.

13 95. West Bay performed all of their obligations under the REIT Loan as did
14 CLR by brokering the loan (or, alternatively, they were excused from performance).

15 96. Urban Commons breached the REIT Loan as alleged above, including by
16 failing to pay CLR’s origination fee; Wu and Woods, in turn, breached the REIT Loan
17 Guaranty as alleged above, including by failing to pay CLR’s origination fee.

18 97. Wu and Woods are responsible for all damages that resulted from
19 breaches by Urban Commons.

20 98. CLR is owed under the REIT Loan Guaranty an amount to be
21 determined by proof at the time of trial or judgment, which is reasonably estimated
22 at over \$950,000.

23
24 FIFTH CAUSE OF ACTION FOR BREACH OF CONTRACT

25 (By Plaintiff WBC Special Assets against Defendant Urban Commons and Does 1-10)

26 99. WBC Special Assets re-alleges and incorporates paragraphs 1 through
27 74 above, as though set forth fully herein.

28 100. West Bay entered into the Wagner Loan with Urban Commons.

1 101. West Bay performed all of its obligations under the Wagner Loan (or,
2 alternatively, was excused from performance).

3 102. Urban Commons breached the Wagner Loan as alleged above.

4 103. WBC Special Assets was assigned by West Bay the right to enforce the
5 Wagner Loan.

6 104. WBC Special Assets was damaged as a result in an amount to be
7 determined by proof at the time of trial or judgment, which is reasonably estimated
8 at over \$2,940,049.00.

9
10 SIXTH CAUSE OF ACTION FOR BREACH OF CONTRACT

11 (By Plaintiff West Bay against Defendants Wu, Woods and Does 1-10)

12 105. WBC Special Assets re-alleges and incorporates paragraphs 1 through
13 74 above, as though set forth fully herein.

14 106. West Bay entered into the Wagner Loan Guaranty with Wu and Woods
15 in their individual capacities.

16 107. West Bay performed all of its obligations under Wagner Loan Guaranty
17 (or, alternatively, was excused from performance).

18 108. Wu and Woods breached the Wagner Loan Guaranty as alleged above.

19 109. Wu and Woods are responsible for all damages that resulted from
20 breaches by Urban Commons of the Wagner Loan.

21 110. WBC Special Assets was assigned by West Bay the right to enforce the
22 Wagner Loan Guaranty.

23 111. WBC Special Assets is owed under the Wagner Loan Guaranty an
24 amount to be determined by proof at the time of trial or judgment, which is
25 reasonably estimated at over \$2,940,049.00.

SEVENTH CAUSE OF ACTION—FRAUD

(Against all Defendants)

112. Plaintiffs reallege and incorporate herein by reference paragraphs 1 through 74 above, as though set forth fully herein.

113. Defendants represented through Woods that they had sufficient investors to fund Urban Commons as well as EHT before West Bay agreed to loan them money, and Plaintiff CLR agreed to broker the transactions, pursuant to the REIT Loan and Wagner Loan. This was false.

114. Defendants represented that they did not have any senior pledge of interest on Urban Commons Harvard, LLC, the interest in which was provided as collateral under the REIT Loan. This was false.

115. Defendants also represented that they held a larger membership interest in Urban Commons Gramercy, LLC than proved to be the case, which was to serve as collateral under the REIT Loan, than was the case.

116. Defendants knew that they did not have sufficient investors to pay Plaintiffs back as agreed to in in the REIT Loan and Wagner Loan, and also knew that there was a lien on Urban Commons Harvard, LLC that was more senior to Plaintiffs’ interest, and they made the representations recklessly and without regard for the truth. Defendants made the representations so that Plaintiffs rely upon them and to induce Plaintiffs to enter into the loan agreements or broker the same.

117. Defendants also agreed to pledge EHT shares, in both the REIT Loan and Amendment thereto, as collateral for the loan. On information and belief, they never intended to do so, intentionally agreeing the shares would be pledged in order to induce Plaintiffs to enter into the REIT Loan and Amendment.

118. West Bay and Plaintiff CLR reasonably relied on the misrepresentations to their detriment, including by entering in the loan agreements and funding them.

119. On information and belief Defendants also failed to disclose they operated EHT in violation of Singapore securities laws at the time the parties

1 entered into the First Amendment to the REIT Loan and the Wagner Loan.
2 Defendants had exclusive knowledge of these material facts, which were only known
3 by Defendants and not Plaintiffs.

4 120. Defendants concealed this information with the intent to deceive. Had
5 Plaintiffs known the omitted information, Plaintiffs reasonably would have behaved
6 differently and would not have entered into the loans.

7 121. The misrepresentations and omissions were a substantial factor in
8 causing West Bay's and Plaintiff CLR's harm.

9 122. West Bay assigned the tort claims relating to, or arising from, the
10 agreements issue in this case to Plaintiff WBC Special Assets.

11 123. As a direct and proximate result of Defendants' misrepresentations and
12 omissions, Plaintiffs WBC Special Assets and CLR suffered damages. Plaintiffs are
13 entitled to recover actual damages, as well as punitive damages in an amount
14 sufficient to punish Defendants and to deter future wrongful conduct.

15
16 EIGHTH CAUSE OF ACTION—CONVERSION

17 (Against all Defendants)

18 124. Plaintiffs reallege and incorporate herein by reference paragraphs 1
19 through 74 above, as though set forth fully herein.

20 125. West Bay advanced to Defendants a specific and identifiable sum of
21 money in connection with EHT's IPO. Defendants misappropriated that sum,
22 namely \$7.5 million from West Bay. Defendants also misappropriated \$950,000 from
23 Plaintiff CLR.

24 126. West Bay also advanced to Defendants a specific and identifiable sum of
25 money towards bridging financial commitments on The Wagner Hotel. Defendants
26 misappropriated that sum, namely \$2.5 million from West Bay.

27 127. West Bay and Plaintiff CLR owned, and had the right to possess, the
28 funds misappropriated by Defendants.

1 128. Defendants intentionally and substantially interfered with Plaintiffs’
2 property by taking the misappropriated funds, refusing West Bay and Plaintiff CLR
3 access to the misappropriated funds and refusing to return the misappropriated
4 funds to West Bay and Plaintiff CLR after they demanded repayment.

5 129. West Bay and Plaintiff CLR did not consent to Defendants’
6 misappropriation of the funds.

7 130. West Bay and Plaintiff CLR were harmed by Defendants’ conduct,
8 which was a substantial factor in causing Plaintiffs’ harm. Plaintiffs are entitled to
9 damages in an amount to be determined at trial.

10 131. West Bay assigned the tort claims relating to, or arising from, the
11 agreements issue in this case to Plaintiff WBC Special Assets.

12 132. In carrying out the actions alleged herein, Defendants acted with
13 malice, fraud and oppression, Plaintiffs are entitled to an award of punitive damages
14 in an amount to be determined by the Court.

15
16 NINTH CAUSE OF ACTION – UNFAIR BUSINESS PRACTICES

17 (CALIFORNIA BUSINESS & PROFESSIONS CODE

18 SECTION 17200, ET SEQ.)

19 (Against All Defendants)

20 133. Plaintiffs re-allege and incorporate paragraphs 1 through 74 above, as
21 though set forth fully herein.

22 134. The aforementioned unfair, unlawful and fraudulent business practices
23 of Defendants and each of them, have caused harm and injury in fact to Plaintiffs,
24 including loss of money as alleged hereinabove, and constitutes unfair competition
25 proscribed by California Business & Professions Code § 17200.

26 135. As a direct, proximate, and foreseeable result of Defendants’ wrongful
27 conduct, Plaintiffs have suffered monetary losses. Plaintiffs are entitled to full
28 restitution and disgorgement of all amounts that have been improperly retained by

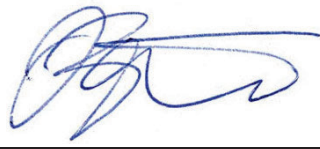
1 Defendants as a result of their unfair, unlawful and fraudulent business practices.

2 136. Plaintiffs also seek restitution of sums lost as a result of said unfair
3 competition in an amount to be proven at trial.

4 **WHEREFORE**, Plaintiff hereby requests judgment as follows:

- 5 1. Damages in an amount to be determined;
- 6 2. Restitution in an amount to be determined;
- 7 3. Disgorgement in an amount to be determined;
- 8 4. Punitive damages in an amount to be determined;
- 9 5. Reasonable attorney fees and costs incurred in this litigation;
- 10 6. Prejudgment interest; and
- 11 7. Such other and further relief as the Court deems just and proper.

12
13 DATED: February 26, 2021 ELKINS KALT WEINTRAUB REUBEN
14 GARTSIDE LLP

15
16 By: 
17 JULIE Z. KIMBALL
18 Attorneys for Plaintiffs WBC Special Assets,
19 LLC, a Delaware Limited Liability Company and
20 Capital Lending Resources, Inc., a California
21 Corporation
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