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UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

In re: Michael Bonert and Vivien Bonert, Debtors

Case No.: 2:19-bk-20836 ER
Adv. Nos.: 2:19-ap-01377-ER (lead case); _____ (consolidated case)[1]

COMPLAINT FOR DAMAGES

Lead Case (Adv. No. 2:19-ap-01377-ER)

Packaging Corporation of America,

Plaintiff,

v.

Michael Bonert and Vivien Bonert, et al.,

Defendants.

Consolidated Case (Adv. No. _____)

Lawrence Foods, Inc.,

Plaintiff,

v.

Michael Bonert and Vivien Bonert,

Defendants.

[1] Consolidated pursuant to the Court's Order in Case No. 2:19-bk-20836 ER (Dkt. No. 318).

Plaintiff Lawrence Foods, Inc. ("Lawrence Foods", or the "Plaintiff") for its complaint ("Complaint") against defendants Michael Bonert ("Michael") and Vivien Bonert ("Vivien") (together, the "Defendants"), alleges upon personal knowledge with respect to itself and its own acts, and upon information and belief with respect to all other matters, as follows:

NATURE OF THE ACTION

1. This action arises out of Michael and Vivien's operation of interrelated companies that were used to defeat the rights of creditors of Bonert's Inc. – the now defunct pie-processing company.

2. The Plaintiff was one of these creditors. It provided Bonert's with $6,218.00 in goods for which it was not paid.

3. The Plaintiff submitted a claim in the bankruptcy proceeding, *In re Michael Bonert and Vivien Bonert*, Case No. 2:19-bk-20836 ER, which is pending in the United States Bankruptcy Court for the Central District of California. The Bankruptcy Court consolidated that claim and others and ordered the Plaintiff to file this adversary proceeding, which is consolidated with other adversary proceedings. *See* Dkt. No. 318, Case No. 2:19-bk-20836 ER.

THE PARTIES

4. The Plaintiff is a California corporation headquartered in Sunnyvale, California.

5. Non-party Bonert's Inc. d/b/a Bonert's Slice of Pie ("Bonert's") is a California corporation headquartered in Los Angeles County, California.

6. Non-party Bonert Management Company, Inc. ("BMC") is a defunct California corporation formerly headquartered in Los Angeles County, California. Its only shareholders are Michael and Vivien.

7. Non-party Bonert's Jadasaha, LLC ("Jadasaha") is a California limited liability company based in Los Angeles County, California. Its members, including Michael and Vivien, are only residents of California.

8. Non-party Bonert's MV, LLC ("MV") is a California limited liability company based in Los Angeles County, California. Its members, including Michael and Vivien, are only residents of California.

9. Non-party Bonert's Mibon, LLC ("Mibon") is a California limited liability company based in Los Angeles County, California. Its members, including Michael and Vivien, are only residents of California.

10. Non-party Beefam, LLC ("Beefam") is a California limited liability company based in Los Angeles County, California. Its members, including Michael and Vivien, are only residents of California.

11. Non-party 3144 Bonert's LLC ("3144") is a California limited liability company based in Los Angeles County, California. Its members, including Michael and Vivien, are only residents of California.

12. Michael and Vivien are residents of Los Angeles County, California.

13. The Plaintiff is unaware of the true names or capacities, whether individual, corporate, associate or otherwise of the defendants sued herein as DOES 1 through 10, and therefore, sues these defendants by such fictitious names, and alleges that each of said defendants claim an interest in the property herein described and which is subject to this action. The Plaintiff will amend this Complaint to allege their true names and capacities when they are ascertained.

JURISDICTION AND VENUE

14. The Bankruptcy Court has jurisdiction of this action under 28 U.S.C. § 157(b)(1) and § 1334(a).

15. This action is a core proceeding under 28 U.S.C. § 157(b)(2)(B), (H), (I), and (O).

16. Jurisdiction over Michael and Vivien is proper because both are residents of Beverly Hills, California, and they filed a bankruptcy petition, which this action arises from or relates to. Regardless of whether this proceeding is core, non-core, or otherwise, the Plaintiff consents to the entry of a final order and judgment by the Bankruptcy Court.

17. Venue is proper under 28 U.S.C. § 1409(a) because this proceeding arises from or relates to a bankruptcy proceeding.

FACTUAL ALLEGATIONS

1. The Defendants' relationships and their businesses.

18. At all relevant times, Michael and Vivien have been married.

19. Michael established Bonert's.

20. At all relevant times, Michael owned 60% of Bonert's personally, with 20% ownership in the Darren Bonert 2010 Irrevocable Trust, 10% ownership in the Sara Casen 2010 Irrevocable Trust, and 10% ownership in the Hanna Bonert 2010 Irrevocable Trust. Each of these trusts was established to benefit one of Michael's children.

21. At all relevant times, Michael was the CEO and president of Bonert's.

22. At all relevant times, Vivien was a full-time physician at a hospital in Los Angeles who was not an employee of Bonert's.

23. At all relevant times, BMC was a shell corporation that did nothing other than serve as a conduit for Michael to transfer funds from Bonert's to himself.

24. At all relevant times, MV, Mibon, Beefam, 3144, and Jadasaha each served as holding companies for real estate.

25. At all relevant times, Michael and Vivien owned, controlled, or both, MV, Mibon, Beefam, 3144, and Jadasaha

26. At all relevant times, Mibon, and Beefam provided short-term, interest-free loans to Bonert's.

2. Bonert's underlying indebtedness.

27. In April 2016, the Plaintiff provided $6,218.00 of goods to Bonert's (the "Goods").

28. The Plaintiff and Bonert's agreed to a price before any of the Goods were provided.

29. Bonert's agreed to pay the Plaintiff $6,218.00 for the Goods.

30. The Goods were delivered as requested by Bonert's.

31. Bonert's owes the Plaintiff $6,218.00 for the Goods.

32. During July 2016, a receiver was appointed to manage Bonert's. It is now a defunct company.

3. Michael and Vivien operated Bonert's, BMC, MV, Mibon, Beefam, 3144, and Jadasaha as a single business enterprise.

33. At all relevant times, Michael and Vivien were the controlling owners of Bonert's, BMC, MV, Mibon, Beefam, 3144, and Jadasaha.

34. As it's only CEO and president or managing member, Michael had complete control over Bonert's, BMC, MV, Mibon, Beefam, 3144, and Jadasaha.

A. Michael and Vivien commingled assets and treated Bonert's assets as if they were their own.

35. At all relevant times, check signing authority was restricted at Bonert's, as checks over $2,500 generally required a second signature, which effectively required a signature by Michael.

36. As such, Michael personally controlled all of Bonert's outgoing expenditures.

37. From at least the beginning of 2014 onwards, at fair valuations, the sum of Bonert's debts was greater than all of its assets.

38. From at least the beginning of 2014 onwards, Bonert's was generally not paying all of its creditors as their debts became due.

39. In 2015, Bonert's had operating losses of about $2,232,769.

40. From January 2014 onwards, despite Bonert's financial distress, Michael continued to take an annual compensation package from Bonert's in excess of $200,000.

41. Michael's salary from Bonert's does not include the additional funds in excess of $466,012.04, which were annually funneled through BMC from Bonert's and paid to Michael.

42. For instance, in 2014, Michael transferred at least $445,212.04 from Bonert's to BMC to himself, disguised as wages from BMC.

43. In 2015, Michael transferred at least $445,212.04 from Bonert's to BMC to himself, disguised as wages from BMC.

44. And in the first half of 2016, Michael transferred in excess of $171,235.40 from Bonert's to BMC to himself, disguised as wages from BMC.

45. Michael was provided by Bonert's with an American Express credit card.

46. Company funds were used to pay the bills for Michael's American Express credit card, which he used for many personal expenses.

47. Bonert's provided Vivien with an American Express credit card.

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