

EXHIBIT 1

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Attorneys for Plaintiff
MEND HEALTH, INC.

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES – CENTRAL DISTRICT**

MEND HEALTH, INC., a California Corporation,

Plaintiff,

vs.

CARBON HEALTH TECHNOLOGIES, INC., a Delaware Corporation, SUJAL MANDAVIA, an individual, and DOES 1-20, inclusive,

Defendants.

CASE NO. **21STCV03098**

Judge:
Dept.:

COMPLAINT FOR:

- (1) BREACH OF CONTRACT;**
- (2) MISAPPROPRIATION OF TRADE SECRETS (CAL. CIV. CODE § 3426);**
- (3) FRAUD;**
- (4) NEGLIGENT MISREPRESENTATION;**
- (5) BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALINGS;**
- (6) VIOLATION OF CALIFORNIA BUSINESS AND PROFESSIONS CODE §17200**

DEMAND FOR JURY TRIAL

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1 Plaintiff Mend Health, Inc. (“Mend”) hereby alleges against Defendants Carbon Health
2 Technologies, Inc. (“Carbon”), Sujal Mandavia and Does 1 through 20, inclusive (collectively,
3 “Defendants”) the following:

4 **NATURE OF ACTION**

5 1. This is a textbook case of trade secret theft, fraud, and unfair competition. It is
6 also David versus Goliath, if Goliath had signed a nondisclosure agreement and then stolen the
7 blueprints to David’s slingshot. Here a large conglomerate, Defendants, lured a small local
8 competitor, Mend, into disclosing all of its confidential and proprietary information under the
9 guise of an acquisition. Then, once Defendants had obtained every last ounce of secret sauce
10 regarding Mend’s business, Defendants terminated negotiations and announced that – despite
11 their express representations to the contrary - they had been planning on opening a competing
12 venture *less than a one-half mile away* all along.

13 2. Emergency Room Doctor Anthony Cardillo opened Mend in June 2015, which
14 has since grown to three urgent care facilities in the San Fernando Valley (two in Sherman Oaks
15 and one in Burbank). While Mend has a “mom and pop” feel, Mend’s urgent care facilities
16 provide high quality medical services to patients and prides itself on being the neighborhood’s
17 walk-in medical clinic. Mend’s successful launch and expansion is attributed to its
18 understanding of the needs of the local market, its employment of leading technology, and its
19 highly skilled emergency medicine and family medicine physicians.

20 3. Carbon is one of the largest health care providers in the United States. In 2020,
21 Carbon announced that, with the help of \$100 million in venture capital funding, it intends to
22 grow its clinic footprint to 1,500 locations across the U.S. by 2025. Prior to this influx of
23 significant capital, Carbon had no active presence in the San Fernando Valley and had only
24 recently expanded its operations into Southern California.

25 4. In late August 2020, Defendants approached Dr. Cardillo about a potential
26 acquisition opportunity, touting its interest in rapid acquisitions that could close in 45 days with
27 expedited due diligence. Mend was weary about providing the blueprint for operating an
28 effective and profitable urgent care facility in its market to a direct competitor and sought

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1 adequate protections. In addition to a comprehensive nondisclosure agreement, Defendants’
2 representatives affirmatively represented on at least three separate occasions that Defendants had
3 no intention of opening its own facility in Mend’s market. Defendants stated, explicitly, that it
4 would either acquire Mend or move on and would not open a competing facility in the same
5 market.

6 5. During the due diligence process initiated by Defendants’ clinic acquisition team,
7 Defendants requested access to all of Mend’s most confidential proprietary and financial
8 information. Based on the nondisclosure agreement executed by the parties and the express
9 misrepresentations made by Defendants, Mend agreed and provided everything requested. After
10 extracting from Mend all of the information necessary to diligence, how to operate and succeed
11 in the Sherman Oaks market, and how to bury the competition and Mend in the process,
12 Defendants abruptly terminated acquisition discussions.

13 6. After the fact, Defendants admitted that while it was conducting “due diligence”
14 to acquire Mend, it was concurrently negotiating and subsequently signed a lease to open its own
15 clinic less than a half-mile from Mend’s facility. This, despite a nondisclosure agreement and
16 myriad explicit representations to the contrary. Armed with all of Mend’s operating information,
17 financial statements, payer contracts, and patient volume history, the opening of Carbon’s new
18 clinic is imminent and poised to swallow the competition.

19 7. Through this action, Mend seeks to recover its losses resulting from Defendants’
20 breach of the nondisclosure agreement and misappropriation of Mend’s trade secrets.
21 Defendant’s dastardly machination to defraud Mend into disclosing all of its confidential and
22 proprietary information under false pretenses cannot be countenanced. Mend is entitled to
23 injunctive relief to arrest Defendant’s tortuous conduct. Moreover, Mend needs injunctive relief
24 to survive.

25 **THE PARTIES**

26 8. Plaintiff Mend Health, Inc. is a California Corporation with its principal place of
27 business in the County of Los Angeles, State of California.
28

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