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SUPERIOR COURT OF THE STATE OF CALIFORNIA

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IN AND FOR THE COUNTY OF LOS ANGELES

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NATIONAL SALES NETWORK,

Case No.: **20STCV11669**

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Plaintiff,

COMPLAINT FOR:

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vs.

(1) CONVERSION

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CLIFTON MOSELEY and FAYE MOSELEY,

(2) FRAUD

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Defendants.

(3) BREACH OF FIDUCIARY DUTY

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**(4) UNFAIR BUSINESS ACT OR
PRACTICE**

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(5) UNJUST ENRICHMENT

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DEMAND FOR JURY TRIAL

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1 Plaintiff National Sales Network (“NSN” or “NSN National”), by and through its
2 undersigned attorneys, hereby brings the following complaint against Clifton Moseley and Faye
3 Moseley (collectively “Defendants”). In support thereof, NSN alleges, on information and belief, as
4 follows:

5 **JURISDICTION, VENUE, AND PARTIES**

6 1. NSN is a 501(c)(3), not-for-profit membership organization with its headquarters
7 located in Atlanta, Georgia. NSN maintains 20 local chapters throughout the country, including a
8 local chapter located in Los Angeles County, California (the “NSN LA Chapter”).

9 2. Defendant Clifton Moseley (“Clifton”) is an individual residing in Baldwin Hills,
10 Los Angeles County, California.

11 3. Defendant Faye Moseley (“Faye”) is an individual residing in Baldwin Hills, Los
12 Angeles County, California.

13 4. Upon information and belief, Clifton and Faye are a married couple and share a
14 residence in Baldwin Hills, Los Angeles County, California.

15 5. This Court has jurisdiction over Defendants because they conduct business in
16 California, including but not limited to the conduct here at issue, because they reside in California,
17 and because they have sufficient minimum contacts with California to render the exercise of
18 jurisdiction by California courts permissible under traditional notions of fair play and substantial
19 justice.

20 6. Plaintiff is informed and believes that venue is proper in the County of Los Angeles,
21 California because Defendants do business and/or reside in this venue.

22 7. This action is an unlimited civil case for damages in excess of the jurisdictional
23 minimum of this Court, in an amount to be determined at trial.

24 **GENERAL ALLEGATIONS**

25 8. This complaint for damages stems from Defendants’ conduct while serving on the
26 board of the NSN LA Chapter.

27 9. At all times relevant hereto, Clifton served as the Board Chairman and President of
28 the NSN LA Chapter, and Faye served as a Board Member of the NSN LA Chapter.

1 10. As President of the NSN LA Chapter, Clifton was entrusted with managing all
2 monies and financial contributions received by the local chapter. Clifton was a designated signer on
3 the NSN LA bank account; he was entrusted with and authorized to use NSN LA corporate debit
4 cards; and, at all times relevant hereto, he was the only individual with authority to sign checks on
5 behalf of the NSN LA Chapter.

6 11. On April 13, 2018, NSN National launched a financial audit of the NSN LA Chapter.

7 12. Once completed, the financial audit revealed that dating back to at least January
8 2015, Defendants had engaged in a scheme wherein Clifton, in concert with Faye, willfully and
9 fraudulently embezzled funds from the NSN LA Chapter. Defendants prevented discovery of their
10 wrongdoing prior to the completion of the financial audit.

11 13. The audit of the NSN LA bank account revealed that between May 21, 2015 and
12 December 20, 2017, Clifton wrote sixteen checks addressed to himself, "Clifton Moseley," and
13 using these checks he withdrew \$8,364.97 from the NSN LA bank account for his personal use.

14 14. Specifically, the sixteen checks addressed to Clifton Mosely consisted of:

<u>Check #</u>	<u>Date</u>	<u>Addressee</u>	<u>Amount</u>
a. 1720	5/21/15	Clifton Moseley	\$244.97
b. 1736	11/24/15	Clifton Moseley	\$1,500.00
c. 1759	5/5/16	Clifton Moseley	\$500.00
d. 1768	9/9/16	Clifton Moseley	\$200.00
e. 1771	10/17/16	Clifton Moseley	\$820.00
f. 1780	11/28/16	Clifton Moseley	\$400.00
g. 1781	12/2/16	Clifton Moseley	\$100.00
h. 1782	12/10/16	Clifton Moseley	\$100.00
i. 1807	4/20/17	Clifton Moseley	\$1,700.00
j. 1810	6/5/17	Clifton Moseley	\$600.00
k. 1811	8/6/17	Clifton Moseley	\$100.00
l. 1812	9/8/17	Clifton Moseley	\$400.00
m. 1813	9/30/17	Clifton Moseley	\$500.00

1	n. 1814	10/5/17	Clifton Moseley	\$500.00
2	o. 1818	12/12/17	Clifton Moseley	\$500.00
3	p. 1821	12/20/17	Clifton Moseley	\$200.00

4 15. On the memo line for each of these checks, Clifton represented that the check
5 transactions were reimbursements for legitimate corporate expenses such as “Refund Deposit –
6 FedEx” or “Holiday Party Refund.” The audit did not uncover supporting documentation for any of
7 these alleged reimbursements.

8 16. The audit further revealed that between March 18, 2016 and April 12, 2018, Clifton
9 wrote six checks addressed to his wife, “Faye Moseley.”

10 17. Specifically, the six checks addressed to Faye Moseley consisted of:

11	<u>Check #</u>	<u>Date</u>	<u>Addressee</u>	<u>Amount</u>
12	a. 1751	3/18/16	Faye Moseley	\$9,618.48
13	b. 1764	6/27/16	Faye Moseley	\$467.48
14	c. 1800	3/1/17	Faye Moseley	\$7,760.62
15	d. 1808	4/20/17	Faye Moseley	\$144.00
16	e. 1831	1/25/18	Faye Moseley	\$1,250.00
17	f. 1844	4/12/18	Faye Moseley	\$1,905.82

18 18. Upon information and belief, Faye personally cashed/deposited each of the checks
19 referenced in Paragraph 17, effectively withdrawing \$21,146.40 from the NSN LA bank account for
20 her personal use.

21 19. Finally, the audit revealed that between January 12, 2015 and March 14, 2018,
22 Clifton used the company debit card on at least 80 occasions without providing any explanation or
23 supporting documentation. The purchases totaled \$29,018.83. A complete listing of these
24 purchases is attached hereto as Exhibit A.

25 20. Defendants never reimbursed NSN for the amounts that Clifton and Faye withdrew
26 from the NSN LA corporate bank account with checks signed and issued by Clifton, and they never
27 reimbursed NSN for any of the purchases that Clifton put on the company debit card without
28 supporting documentation.

1 21. After discovering these withdrawals against the NSN LA bank account and the
2 unaccounted for debit card purchases, NSN sent a series of letters and email communications to
3 Defendants, demanding a detailed written accounting consisting of (a) explanations for each
4 expense, (b) substantiation and documentation supporting the explanation for each expense, and (c)
5 contemporaneous corporate approval for each expense. *See* correspondence attached hereto as
6 Exhibit B.

7 22. Though they were afforded more than seven months to produce documentation, to
8 date, Defendants have failed to produce documentation accounting for any of the above listed
9 withdrawals from the NSN LA bank account or any of the identified purchases on the corporate
10 debit cards.

11 23. As a result of said Defendants' acts and omissions alleged above, Defendants have
12 proximately caused damage to NSN in an amount exceeding the jurisdictional minimum of this
13 Court that will be proved at trial.

14 **FIRST CAUSE OF ACTION**

15 **(CONVERSION)**

16 **(Against All Defendants)**

17 24. NSN repeats and realleges each of the allegations contained in the preceding
18 paragraphs as if fully set forth at length herein.

19 25. NSN owned and/or had a right to possess the funds in bank accounts maintained by
20 NSN LA Chapter.

21 26. Clifton wrongfully converted and embezzled monies in bank accounts maintained by
22 NSN by writing checks to himself and his wife Faye Moseley for their personal benefit and by
23 making unauthorized purchases on corporate debit cards also for their personal benefit.

24 27. At the time that Clifton engaged in these check transactions and debit card
25 purchases, Faye had actual knowledge that Clifton was converting and embezzling NSN monies by
26 means of those transactions and, as alleged herein, Faye knowingly assisted, cooperated with and/or
27 lent aid and encouragement in furtherance of Clifton's conversion of NSN monies in bank accounts
28 maintained by NSN.

1 28. NSN never provided informed consent to the above-referenced check transactions or
2 the disputed corporate debit card purchases.

3 29. NSN has sustained damages according to proof at trial as a result of Defendants' acts
4 and omissions, including, but not limited to, \$58,529.20 embezzled from the NSN LA bank
5 account, plus interest thereon.

6 30. NSN has expended money in pursuit of the converted funds, all to NSN's further
7 damage.

8 31. Defendants' conduct was willful, wanton, malicious and oppressive and in conscious
9 disregard of NSN's rights, justifying an award of exemplary and punitive damages.

10 Wherefore, NSN prays for judgment as hereinafter set forth.

11 **SECOND CAUSE OF ACTION**

12 **(FRAUD)**

13 **(Against All Defendants)**

14 32. NSN repeats and realleges each of the allegations contained in the preceding
15 paragraphs as if fully set forth at length herein.

16 33. Defendants violated the common law of fraud and California Civil Code Sections
17 1709, 1710, 1572, and 1573 through material misrepresentations and non-disclosures.

18 34. Starting in or around January 2015, Defendants engaged in a scheme wherein
19 Clifton, in concert with Faye, willfully and fraudulently embezzled funds from the NSN LA
20 Chapter.

21 35. Defendants' scheme consisted of:

- 22 a. Clifton writing checks from the NSN LA bank account to himself and to
23 Faye, and falsely presenting these check transactions as reimbursements for
24 legitimate expenses that he and Faye allegedly incurred on behalf of NSN;
25 and
26 b. Clifton making unauthorized purchases on corporate debit cards and passing
27 off these purchases as legitimate corporate expenses.

1 36. Clifton was fully aware that the above referenced check transactions and debit card
2 purchases were not, in fact, legitimate reimbursement expenses or corporate expenditures. Clifton
3 nonetheless presented both as legitimate to induce payment of the same.

4 37. At the time that Clifton engaged in these check transactions and debit card
5 purchases, Faye had actual knowledge that Clifton was willfully and fraudulently embezzling NSN
6 monies by means of those transactions and, as alleged herein, Faye knowingly assisted, cooperated
7 with and/or lent aid and encouragement in furtherance of Clifton's fraudulent embezzlement of
8 NSN monies.

9 38. At the time that funds were paid out of the NSN LA bank account, NSN justifiably
10 relied on Defendants' representations that the check transactions and corporate debit card purchases
11 were, in fact, legitimate expenses.

12 39. NSN has sustained damages according to proof at trial as a result of Defendants' acts
13 and omissions, including, but not limited to, \$58,529.20 fraudulently embezzled from the NSN LA
14 bank account, plus interest thereon, and attorneys' fees.

15 40. In doing the acts and omissions alleged above, Defendants acted with oppression,
16 fraud, malice, and in conscious disregard of the rights of NSN, and NSN is therefore entitled to
17 punitive damages according to proof at the time of trial.

18 Wherefore, NSN prays for judgment as hereinafter set forth.

19 **THIRD CAUSE OF ACTION**

20 **(BREACH OF FIDUCIARY DUTY)**

21 **(Against All Defendants)**

22 41. NSN repeats and realleges each of the allegations contained in the preceding
23 paragraphs as if fully set forth at length herein

24 42. A fiduciary relationship existed between NSN and Clifton based on Clifton serving
25 as the Board Chairman and President of the NSN LA Chapter.

26 43. Likewise, a fiduciary relationship existed between NSN and Faye based on Faye
27 serving as a Board Member of the NSN LA Chapter.

28 44. Clifton and Faye owed a duty of loyalty to NSN.

1 45. Clifton and Faye breached their fiduciary duty and/or duty of loyalty to NSN by
2 engaging in the above-alleged scheme wherein Defendants willfully and fraudulently embezzled
3 funds from the NSN LA bank account by executing illegitimate check transactions and making
4 unauthorized corporate debit card purchases.

5 46. NSN never provided informed consent to the above-referenced check transactions or
6 the disputed corporate debit card purchases.

7 47. Clifton and/or Faye's breach directly caused the damage and/or loss suffered by
8 NSN.

9 48. NSN has sustained damages according to proof at trial as a result of Defendants' acts
10 and omissions, including, but not limited to, \$58,529.20 fraudulently embezzled from the NSN LA
11 bank account, plus interest thereon, and attorneys' fees.

12 Wherefore, NSN prays for judgment as hereinafter set forth.

13 **FOURTH CAUSE OF ACTION**
14 **(UNFAIR BUSINESS ACT OR PRACTICE)**
15 **(Against All Defendants)**

16 49. NSN repeats and realleges each of the allegations contained in the preceding
17 paragraphs as if fully set forth at length herein.

18 50. The conduct of Defendants alleged herein constitutes unlawful, unfair and fraudulent
19 business acts and practices within the meaning of California Business & Professions Code §§
20 17200, et seq.

21 51. Defendants knew that the conduct alleged herein was improper and that they were
22 unlawfully and fraudulently embezzling funds from the NSN LA bank account.

23 52. Defendants, through their unlawful, unfair and fraudulent business acts and practices,
24 injured NSN and wrongfully acquired money from NSN.

25 53. Accordingly, NSN is entitled to restitution, and Defendants must disgorge all monies
26 they received as a result of the conduct alleged herein.

27 Wherefore, NSN prays for judgment as hereinafter set forth.
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1 **FIFTH CAUSE OF ACTION**

2 **(UNJUST ENRICHMENT)**

3 **(Against All Defendants)**

4 54. NSN repeats and realleges each of the allegations contained in the preceding
5 paragraphs as if fully set forth at length herein.

6 55. Defendants engaged in a scheme wherein Clifton, in concert with Faye, willfully
7 and fraudulently embezzled funds from the NSN LA Chapter as alleged herein.

8 56. Defendants received and enjoyed the benefits of the funds fraudulently obtained
9 from the NSN LA bank account.

10 57. Defendants have failed and refused to return the aforementioned funds and/or make
11 any form or restitution to NSN.

12 58. Defendants have been unjustly enriched by approximately \$58,529.20 fraudulently
13 embezzled from the NSN LA bank account, plus interest thereon.

14 Wherefore, NSN prays for judgment as hereinafter set forth.

15 **PRAYER FOR RELIEF**

16 **WHEREFORE,** Plaintiff NSN prays that judgment be entered against Defendants, and each
17 of them, and in favor of NSN as follows:

- 18 A. For compensatory damages according to proof, which are a minimum of
- 19 \$58,529.20 plus interest thereon;
- 20 B. For damages for time and money expended in pursuit of the converted
- 21 monies;
- 22 C. For punitive and/or exemplary damages in an amount appropriate to punish
- 23 Defendants and deter others from engaging in similar misconduct;
- 24 D. For pre and post-judgment interest;

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- E. For attorneys' fees and costs of suit herein incurred; and
- F. For such other and further relief as the Court may deem proper.

DATED: March 13, 2020

BUCHANAN INGERSOLL & ROONEY LLP



By: _____

Kimberly Arouh
One America Plaza
600 West Broadway, Suite 1100
San Diego, CA 92101

Attorneys for Plaintiff
National Sales Network

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DEMAND FOR JURY TRIAL

Plaintiff hereby demands a trial by jury of each and every claim so triable.

DATED: March 13, 2020

BUCHANAN INGERSOLL & ROONEY LLP



By: _____

Kimberly Arouh
One America Plaza
600 West Broadway, Suite 1100
San Diego, CA 92101

Attorneys for Plaintiff
National Sales Network

EXHIBIT A

Date	Check/Card #	Description	Amount
1/12/15	4690	RALPHS	\$120.97
2/18/15		SHELL	\$50.00
2/23/15		SHELL	\$49.99
2/27/15		WALMART	\$204.48
2/27/15		WALMART	\$53.94
2/27/15		WALMART	\$53.94
2/27/15		WALMART	\$53.94
3/2/15		Square Inc	\$991.94
3/4/15		TMS National Hea	\$10,000.00
3/2/15		Cash withdrawal	\$900.00
3/19/15	4690	AMERICAN AI	\$244.93
4/10/15	4690	RACETRAC	\$83.70
4/13/15	4690	CULVER CITY	\$24.84
4/27/15		RALPHS	\$54.91
4/28/15	4690	TRUKTON'S	\$32.37
4/29/15	4690	YAMAHA CORP OF AMERICA	\$45.32
5/18/15	4690	The Gary Center	\$550.00
5/26/15	4690	UNITED OIL	\$50.00
5/26/15	4690	UNITED OIL	\$40.00
6/11/15	4690	AMERICAN AI	\$236.10
7/6/15	4690	TRUCKINSYCHGBILLPMT	\$51.83
7/10/15	4690	UNITED OIL	\$50.00
7/10/15	4690	UNITED OIL	\$50.00
8/5/15	4690	BEVERLY HILL REGISTRAT	\$399.00
8/11/15		SHELL	\$49.99
8/14/15	4690	HILTON HOTEL AMERICAS HOUSTON	\$487.89
8/17/15	4690	LA SPARKS	\$500.00
8/24/15	4690	SWEET AUBURN SEAFO ATL	\$92.66
8/28/15	4690	UNITED OIL	\$35.00
9/14/15	4690	UNITED OIL	\$49.98
9/21/15	4690	UNITED OIL	\$23.99
9/22/15	4690	JACKSON LIMOUSINE CA	\$300.00
9/23/15	4690	UNITED OIL	\$30.00
9/28/15	4690	RALPHS	\$85.04
9/29/15	4690	UNITED OIL	\$30.00
11/16/15	4690	MARRIOTT BURBANK LONG BEACH CA	\$892.50
11/19/15		RALPHS	\$82.29
11/20/15		UNITED OIL	\$22.93
11/23/15	4690	CENTINELA CARWASH CULVER CITY	\$21.49
11/23/15	4690	CENTINELA CARWASH CULVER CITY	\$20.99
12/9/15	4690	BEVERLY HILL REGISTRAT	\$399.00
12/21/15	4690	HOUSE OF MACAU LOS ANGELES	\$1,922.10
12/28/15	4690	CIRQUE SOLEIL SHOW TX	\$311.90
2/8/16	4890	AMERICAN AIR FORT WORTH TX	\$187.10
2/11/16	4890	VIRGIN AMER	\$247.10
2/26/16		RALPHS	\$164.85
4/6/16	6088	DOLLAR RENT A CAR ATLANTA	\$243.29
5/2/16	6088	AMERICAN AIR FORT WORTH TX	\$13.00
5/10/16	6088	CASHIRE DOLLAR THRIFT	\$153.06
5/31/16	6088	HYATT REGENCY PALM SPR CA	\$187.06
8/6/16	6088	HYATT HTLS HR ATLANTA P	\$88.81
8/8/16	6088	HYATT HTLS HR ATLANTA P	\$20.36
8/8/16	6088	HYATT HOTELS ATLANTA	\$498.72
8/9/16	6088	THRIFTY CAR RENTAL ATLANTA	\$509.59
9/28/16	6088	LOWES NC	\$206.01
10/3/16	6088	ALBERTSONS LOS ANGELES CA	\$19.16
2/17/17	6088	AMERICAN AIR FORT WORTH TX	\$179.20
2/17/17	6088	AMERICAN AIR FORT WORTH TX	\$93.42
2/21/17	6088	RALPHS TORRANCE CA	\$149.71
5/24/17	6088	UNITED OIL LOS ANGELES CA	\$46.74
6/13/17	6088	AMERICAN AIR FORT WORTH TX	\$228.20
6/13/17	6088	VIRGIN AMER SAN FRANCISCO CA	\$182.20
6/13/17	6088	VIRGIN AMER SAN FRANCISCO CA	\$35.00
6/13/17	6088	VIRGIN AMER SAN FRANCISCO CA	\$25.00
6/28/17	6088	UNITED OIL LOS ANGELES CA	\$33.68
6/30/17	6088	UNITED OIL LOS ANGELES CA	\$41.93
7/3/17	6088	AT&T BILL PAYMENT WWW.ATT.COM TX	\$314.12
7/5/17	6088	UNIVERSAL BROADCASTING CA	\$387.00
7/20/17	6088	TWC TWG TIME WARNER CABLE CA	\$100.00
8/2/17	6088	UNIVERSAL BROADCASTING CA	\$258.00
8/3/17	6088	AMERICAN AIR FORT WORTH TX	\$60.00
8/16/17	6088	VIVID SEATS LOS ANGEL IL	\$146.99
9/5/17	6088	FOUR POINTS HOTEL CA	\$500.00
10/10/17	6088	STUB HUB INC CA	\$338.80
10/18/17	6088	INDIGO LA DOWNTOWN LOS ANGELESE CA	\$1,000.00
10/26/17		RALPHS TORRANCE CA	\$29.95
10/30/17	6088	FOUR POINTS HOTEL CA	\$984.99
11/20/17	6088	LOS BALCONES DEL PERU LOS ANGELES CA	\$110.17
12/8/17	6088	INDIGO LA DOWNTOWN LOS ANGELESE CA	\$1,000.00
12/11/17	6088	INDIGO LA DOWNTOWN FB LOS ANGELESE CA	\$49.33
3/20/18	6088	SOUL HOLLYWOOD CA	\$200.00
3/14/18	6088	BEACON STREET C CA	\$350.00

Total

\$29,038.89