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LAW OFFICE OF ANDREW F. KIM, ESQ PC
ATTORNEYS AT LAW

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ANDREW F. KIM (Bar No. 156533)
Akim@afklaw.com
REBECCA J. RILEY (Bar No. 139085)
Rriley@afklaw.com
LAW OFFICE OF ANDREW F. KIM ESQ PC
9018 Balboa Boulevard, Suite 552
Northridge, CA 91325
Telephone: (818) 216-5288
Facsimile: (818) 993-3012

Attorneys for Plaintiffs
DREW BREES and BRITTANY BREES

**SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN DIEGO**

DREW BREES, an individual,
BRITTANY BREES, an individual,

Plaintiffs,

v.

VAHID MORADI, an individual and
doing business as CJ CHARLES
JEWELERS; CJ CHARLES
JEWELERS, an entity of unknown
form; VAHID MORADI, INC., a
California corporation, and DOES 1
through 10, inclusive,

Defendants.

CASE NO.: 37-2018-00015885-CU-NP-CTL

COMPLAINT FOR:

- 1. FRAUD BY INTENTIONAL MISREPRESENTATION;**
- 2. BREACH OF FIDUCIARY DUTY;**
- 3. FRAUD BY CONCEALMENT;**
- 4. BREACH OF ORAL CONTRACT;**
- 5. CONVERSION;**
- 6. ACCOUNT STATED;**
- 7. BREACH OF ORAL CONTRACT;**
- and**
- 8. VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17200, ET SEQ.**

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1 Plaintiffs Drew Brees (“Mr. Brees”) and Brittany Brees (“Mrs. Brees”)
2 (together “Plaintiffs”) allege:

3 **INTRODUCTION AND SUMMARY OF THE COMPLAINT**

4 1. This action arises from defendant Vahid Moradi (“Moradi”) – the
5 president, CEO and founder of defendant CJ Charles Jewelers (“CJ Charles”) and
6 defendant Vahid Moradi, Inc. (“VMI”) (Moradi, CJ Charles and VMI are
7 together, the “Defendants”) – lying to Plaintiffs and defrauding them of millions
8 of dollars. Moradi is a long time, high-end jeweler and operates his business
9 through CJ Charles and VMI. He claims to be an expert with respect to
10 investment quality jewels and diamonds, including colored diamonds. Plaintiffs
11 became Defendants’ customers in 2003. From 2003 to 2010, Plaintiffs purchased
12 from Defendants as “retail purchases” jewels, diamonds and watches for personal
13 use and gifts. Plaintiffs also purchased numerous watches from Defendants for
14 investment purposes. Moradi befriended Plaintiffs, gained their trust and then
15 used his relationship and position to induce Plaintiffs to rely on his false
16 representations as to the investment quality and market value of numerous
17 diamonds purchased by Plaintiffs from 2012 to 2016.

18 2. The market value of investment grade diamonds has continuously
19 increased for more than 20 years. Experts agree that an investment grade
20 diamond can be an excellent investment. Only a diamond investment
21 professional, however, can really tell whether a specific diamond is a good
22 investment or merely a shiny rock.

23 3. Moradi represented to Plaintiffs that he was an expert in evaluating
24 investment grade diamonds and offered to act as Plaintiffs’ advisor and broker
25 with respect to making investment grade diamond purchases on Plaintiffs’ behalf
26 that would *appreciate* in value within three (3) to five (5) years. Moradi agreed
27 to find and recommend the best investment purchases through his worldwide
28 contacts in the highly-specialized market not readily accessible to lay people.

1 Moradi also offered to negotiate the purchases on their behalf. Plaintiffs
2 recognized that these purchases were different from their previous deals with
3 Moradi, and so they asked Moradi how he would be compensated for his advisor
4 and brokerage services. Moradi stated he would negotiate for Plaintiffs and be
5 compensated by the sellers for finding buyers. Moradi told Plaintiffs they would
6 pay only the actual cost charged by the seller.

7 4. Plaintiffs accepted Moradi's offer and agreed to rely on Moradi's
8 recommendations as to which purchases to make and what prices made such
9 purchases good investments. Moradi presented to Plaintiffs many of what he
10 contended were such purchase opportunities. Plaintiffs passed on most of the
11 opportunities but authorized Moradi to proceed with some.

12 5. In addition to Moradi finding purported investment quality diamonds
13 around the world, Plaintiffs purchased a few diamond pieces from Moradi's
14 inventory which he also recommended as being investment quality.

15 6. In early 2017, as part of their annual financial review, Plaintiffs'
16 financial advisor recommended that Plaintiffs have the investment diamond
17 purchases appraised by an independent appraiser. In March of 2017, Plaintiffs
18 followed their financial advisor's advice and consulted with an independent
19 appraiser. In total, Plaintiffs invested approximately \$15 million in investment
20 quality diamonds recommended by Moradi. The independent appraiser
21 determined the true market value of the diamonds Moradi had advised Plaintiffs
22 to buy was approximately *\$9 million less* than the prices Plaintiffs paid. When
23 Mr. Brees confronted Moradi with this information, Moradi admitted he provided
24 advice to Plaintiffs for purchases of diamonds that would appreciate in value.
25 Moradi confessed he charged Plaintiffs a substantial markup. Moradi insisted
26 unabashedly that he had done nothing wrong because he charged Plaintiffs the
27 price at which Moradi expected the jewelry *could be resold in ten (10) to fifteen*
28 *(15) years because Moradi knew Plaintiffs wanted a "long-term investment."*

1 Plaintiffs later learned that, as part of Moradi's con, he went so far as to use
2 reflective and painted settings to manipulate the appearance of diamonds he
3 advised Plaintiffs to purchase as investments to conceal from Plaintiffs the true
4 quality of the stones.

5 7. In addition to lying and defrauding Plaintiffs, Moradi has refused to
6 refund them money Moradi acknowledges he owes Plaintiffs. Plaintiffs wired
7 \$244,000 to Moradi to purchase a watch they later decided not to purchase.
8 Moradi agreed to cancel the sale and to retain the \$244,000 as a store credit to be
9 used for future purchases or for later refund upon Plaintiffs' request. Once
10 Plaintiffs discovered Moradi had defrauded them, Plaintiffs decided to cease
11 doing business with Moradi and eventually demanded, on March 28, 2018, a
12 refund of the \$244,000. Moradi refused to refund it to Plaintiffs.

13 8. As set forth more fully below, Moradi repeatedly breached his
14 agreements with Plaintiffs, formed a fiduciary relationship with Plaintiffs and
15 repeatedly breached that duty, lied to Plaintiffs in a scheme to commit fraud,
16 concealed from Plaintiffs material information, committed unfair business
17 practices in violation of California law, and has refused to return to Plaintiffs
18 \$244,000 of Plaintiffs' (unspent) money.

19 **PARTIES, JURISDICTION AND VENUE**

20 9. Plaintiff Drew Brees is an individual who for purposes of this action
21 resides in San Diego County.

22 10. Plaintiff Brittany Brees is an individual who for purposes of this
23 action resides in San Diego County.

24 11. Plaintiffs are informed and believe and, on that basis, allege that
25 Moradi is, and at all relevant times hereto was, a resident of the State of
26 California, County of San Diego. Plaintiffs are informed and believe and, on that
27 basis, allege that Moradi conducts business under the name "CJ Charles
28 Jewelers." Plaintiffs are not currently aware of the precise entity status of CJ

1 Charles.

2 12. Plaintiffs are informed and believe and, on that basis, allege that
3 VMI is, and at all times relevant hereto was, a California corporation that
4 conducts business in the State of California.

5 13. Plaintiffs are informed and believe and, on that basis, allege that
6 Moradi conducts, and at all times relevant hereto conducted, his jewelry business
7 also through VMI and CJ Charles Jewelers. The true names and capacities,
8 whether individual, corporate, associate, or otherwise, of the defendants sued
9 herein as Does 1 through 10, inclusive, are unknown to Plaintiffs, who therefore
10 sue these defendants by such fictitious names. The Defendants and Does 1
11 through 10 are sometimes referred to herein as "Defendants." Plaintiffs will
12 amend this Complaint to allege the true names and capacities of Does 1 through
13 10, inclusive, when ascertained. Plaintiffs are informed and believe and, on that
14 basis, allege that, at all times relevant hereto, each defendant designated herein as
15 a Doe defendant is or was in some manner or degree responsible for the injuries
16 suffered by Plaintiffs as alleged in this Complaint and were co-conspirators of the
17 Defendants in the acts and conduct set forth herein.

18 14. In addition, Plaintiffs are informed and believe and, on that basis,
19 allege that defendants VMI and CJ Charles were and are the alter egos of each
20 other and of defendant Moradi, to wit: (a) Moradi is the sole shareholder/owner
21 of VMI and CJ Charles and dominates and controls those entities; (b) VMI, CJ
22 Charles and Moradi commingle funds and assets as between them; (c) VMI, CJ
23 Charles and Moradi fail to segregate their respective funds; (d) VMI, CJ Charles
24 and Moradi divert corporate funds or assets to other than corporate uses; (e) VMI,
25 CJ Charles and Moradi each treat the other's assets as their own; (f) VMI, CJ
26 Charles and Moradi confuse their respective records; (g) VMI, CJ Charles and
27 Moradi use the same office location; (h) VMI and CJ Charles have been and are
28 inadequately capitalized; (i) VMI and CJ Charles have disregarded corporate

1 formalities; (j) VMI, CJ Charles and Moradi have failed to maintain an arm's
2 length relationship; (k) VMI, CJ Charles and Moradi have diverted assets among
3 themselves to the detriment of creditors; and (l) VMI, CJ Charles and Moradi
4 have manipulated assets and liabilities between them so as to concentrate assets in
5 one and the liabilities in the other. Accordingly, there has existed between VMI,
6 CJ Charles and Moradi a unity of interest and ownership such that there does not
7 exist a separateness between them, and injustice would result if the acts in
8 question were treated as those of only one of the corporate entities. The
9 individuality of each of these Defendants has ceased. Adherence to the fiction of
10 the separate existence of VMI, CJ Charles and Moradi would permit an abuse of
11 the corporate privilege, promote injustice and sanction a fraud.

12 15. Plaintiffs are informed and believe and, on that basis, allege that, at
13 all times relevant hereto, each of the Defendants was and is the agent, partner or
14 employee of every other defendant and, in doing the things alleged in this
15 Complaint, acted within the course and scope of such agency, partnership and/or
16 employment relationship.

17 16. This Court has subject matter jurisdiction over this action because it
18 involves an amount in controversy well in excess of the minimum jurisdictional
19 amount of this Court.

20 17. Substantially all of the actions, omissions and harms alleged herein
21 occurred in this judicial district, and venue is therefore proper in this Court

22 **GENERAL ALLEGATIONS COMMON**

23 **TO ALL CLAIMS**

24 18. Moradi has been operating CJ Charles (a "doing business as"
25 designation owned by Moradi and VMI) for more than three decades. Among the
26 services Moradi offers through CJ Charles is "jewelry buying services for
27 watches, diamonds, and estate jewelry," and Moradi promises customers "the
28 greatest of care and expertise" in providing these services. Plaintiffs are not now,

1 nor have they ever been experts with respect to the quality, value, or purchasing
2 of diamonds or jewelry for investment purposes or otherwise, and Moradi knows
3 this to be so.

4 19. Plaintiffs have spent multimillions of dollars doing business with
5 Moradi for acquisition of diamonds and jewelry for personal use, as gifts and for
6 investment purposes, including watches, rings, earrings, necklaces and bracelets,
7 among others. Plaintiffs sought and received Moradi's advice as to the quality
8 and value of each purchase. Over the years, Plaintiffs thanked Moradi often for
9 his assistance and advice in making jewelry purchases. On each occasion, Moradi
10 expressed that it was his honor to help Plaintiffs and he considered them close
11 friends.

12 20. In early 2017, in preparation for the annual review of Plaintiffs'
13 finances, Plaintiffs' financial advisor recommended that they get an independent
14 appraiser to evaluate the market value of the diamond jewelry assets they had
15 acquired with Moradi acting as their advisor and broker. In accordance with that
16 advice, Plaintiffs consulted with an independent expert jeweler to appraise the
17 pieces. Plaintiffs learned from that independent expert that Moradi had lied to
18 them about the true market value of the investment pieces in an aggregate of more
19 than \$9 million. The "updated" written appraisals which Moradi periodically
20 provided to Plaintiffs and the oral statements Moradi made to Plaintiffs regarding
21 the market value of the diamond pieces were also lies.

22 21. Moradi continuously claimed inflated market values for the
23 investment pieces until the Spring of 2017 when Plaintiffs asked Moradi to find a
24 buyer for their costliest investment diamond, a blue diamond ring more fully
25 described below. At that time, Moradi told Plaintiffs it was not a good time to
26 sell, and falsely claimed that the colored diamond market was "as weak as it has
27 ever been."

28 22. While Moradi was acting as Plaintiffs' diamond investment advisor

1 and broker, Moradi assisted Plaintiff with the acquisition of the diamond
 2 investment pieces set forth in the chart below, among others. (The chart is not
 3 exhaustive). Moradi represented that Plaintiffs' acquisition prices for the pieces
 4 were as set forth in the third column. The actual market value of the pieces is set
 5 forth in the fourth column, Defendants' illicit profit is set forth in the fifth column
 6 and the percentage of Defendants' illicit markups is set forth in the sixth column.
 7 In each instance, Moradi provided Plaintiffs with GIA certified appraisals on CJ
 8 Charles' stationary listing the value for insurance and other purposes as the price
 9 Plaintiffs paid.

| | Investment Piece | Purch. Date | Plaintiffs' Acquisition Cost | Actual Value | Illicit Profit | % mark-up |
|----|--------------------------------------|-------------|------------------------------|--------------|----------------|-----------|
| 10 | A. Pink Diamond Ring | 12/2012 | \$1,750,000 | \$1,280,000 | \$470,000 | 37 |
| 11 | B. Pear Shaped Diamond Ring | 2/2014 | \$285,000 | \$85,000 | \$200,000 | 235 |
| 12 | C. Pink Diamond Pear Shaped Earrings | 3/2015 | \$975,000 | \$176,398 | \$798,602 | 453 |
| 13 | D. Blue Diamond Ring | 3/2015 | \$8,180,000 | \$3,750,000 | \$4,430,000 | 118 |
| 14 | E. Harry Winston Ring | 6/2015 | \$1,575,000 | \$600,000 | \$975,000 | 163 |
| 15 | F. Multi-Stone Ring | 10/2016 | \$650,000 | \$100,000 | \$550,000 | 550 |
| 16 | G. Multi-Stone Bracelet | 10/2016 | \$850,000 | \$352,000 | \$498,000 | 141 |
| 17 | H. Bullet Shaped Diamond Necklace | 12/2016 | \$270,000 | \$140,000 | \$130,000 | 93 |

23. As shown below, for a period of about four (4) years, Plaintiffs paid
 24 Moradi more than \$15 million so that he could acquire on their behalf multiple
 25 diamond jewelry pieces Moradi advised them were savvy investment purchases.
 26 During this time, Moradi communicated with Plaintiffs frequently via email, text
 27 messages and telephone calls recommending diamonds for Plaintiffs to acquire as
 28

1 investments. He sent photos and messages describing the diamonds with terms
2 such as “impossible to replicate,” “the best he’d ever seen,” “collectable,” “one of
3 a kind,” and “sought after by investors.” Moradi stated that he had not seen the
4 equal of various diamonds in 10 and sometimes 20 years. Moradi said that he
5 “did not have a crystal ball, but if the market keeps going at this pace, you will
6 make a lot of money.” Moradi told Plaintiffs that they could wear and enjoy the
7 diamonds, that the diamonds would, at the same time, be “spectacular
8 investments” that increased in value, and would provide Plaintiffs with a positive
9 return on their investments. Moradi also assured Plaintiffs that Moradi would be
10 “taken care of by the sellers” with respect to these transactions.

11 24. Plaintiffs first met Moradi in about 2003. At the time, Plaintiffs
12 were young newlyweds and recent college graduates who had relocated to
13 Southern California. The Plaintiffs were initially referred to Moradi by a friend
14 because Mr. Brees was interested in purchasing watches he could wear but which
15 would increase in value over time. CJ Charles sells high end collectible watches
16 and is an authorized dealer of Officine Panerai Watches, a maker of highly
17 sought-after investment quality watches. Moradi assured Mr. Brees that he could
18 help Mr. Brees buy the type of watch he was seeking. Mr. Brees and Moradi
19 formed a bond. Mr. Brees began purchasing limited production watches from
20 Moradi and modestly priced jewelry for pleasure and as gifts. Soon Moradi met
21 Mrs. Brees too, and they, too, formed a bond.

22 25. Moradi worked carefully to cultivate Plaintiffs’ trust. Moradi invited
23 Plaintiffs to dinner with him and his wife (now ex-wife). Moradi became
24 involved in Plaintiffs’ charitable foundation. Moradi invited Plaintiffs and their
25 children to private holiday gatherings at his home as well as Moradi’s charitable
26 and business-related events. Moradi recommended to Plaintiffs investments
27 beyond watches and jewelry and on one occasion messaged, “Hey Drew, I
28 consider you a very close and dear friend, and I wanted you to be part of

1 [ParentsWare] because I believe in it. Have a great night buddy.” Moradi told
2 Plaintiffs in person and on the telephone that he considered them family friends.
3 Plaintiffs believed that they were family friends.

4 26. Moradi knew that Plaintiffs trusted Moradi, and Moradi knew that
5 Plaintiffs relied on Moradi’s representations and advice in making their jewelry
6 purchases. Plaintiffs even contacted Moradi while on vacation to ask Moradi’s
7 advice about the quality of watches and jewelry they came across in other cities.
8 In each instance, Moradi provided his opinion and always suggested he could get
9 them the best deal, if he did not have the piece in his store he could find it and
10 that they buy from him rather than anywhere else.

11 27. Plaintiffs’ purchases from Moradi began to increase in price and
12 frequency as Plaintiffs’ and Moradi’s relationship grew closer. Plaintiffs began
13 collecting more expensive watches and more expensive pieces of jewelry.
14 Moradi continued, as he always had, to hold himself out to Plaintiffs as an expert
15 with respect to the quality and value of the jewelry he provided as well as to
16 advise Plaintiffs as to which purchases were wise and which were not. Because
17 Plaintiffs believed Moradi to be an honest, trustworthy, expert jeweler selling
18 quality merchandise, as well as a friend, they referred family, friends, and
19 colleagues (even some from outside of California), to Moradi when those loved
20 ones wanted to make their own jewelry and watch purchases. As a showing of
21 Plaintiffs’ unqualified trust in Moradi, when Moradi requested that he do so, Mr.
22 Brees (who earns his living in part from endorsing goods and services) put his
23 professional reputation on the line and agreed to post a promotion of Moradi’s
24 business on Instagram for no compensation.

25 28. Moradi repeatedly told Plaintiffs that the limited production watches
26 and other pieces of jewelry he sold them were great investments and great assets
27 to have in their portfolio.

28 29. From 2008 to 2010, amidst the financial crisis, Moradi began to

1 promote more insistently to Plaintiffs the concept that diamonds were a unique
2 recession proof asset class that Moradi advised they use as an investment vehicle
3 to protect their family during the downturn. Moradi assured Plaintiffs that due to
4 his expertise he knew which pieces would be profitable for them to acquire in this
5 asset class. Initially, Plaintiffs just listened.

6 30. Mr. Brees began thinking that he wanted to buy an extravagant gift
7 for Mrs. Brees to commemorate Plaintiffs' 10th wedding anniversary - February 8,
8 2013. Mr. Brees decided that he wanted to buy a gift that would appreciate in
9 value and provide a return on Plaintiffs' investment. After hearing Moradi
10 repeatedly tout the benefits of the unique asset class of investment grade
11 diamonds, particularly colored diamonds, Plaintiffs' decided to make their first
12 foray into the specialized market with the anniversary gift. Plaintiffs told Moradi
13 they wanted to purchase an investment grade pink diamond ring for Mrs. Brees to
14 wear occasionally but which would appreciate in value. They made it clear that
15 while the ring must be beautiful, it was important that it would appreciate in value
16 significantly and provide a positive return on Plaintiffs' investment within three
17 (3) to five (5) years of purchasing it. Moradi assured Plaintiffs he understood and
18 that he would find such a ring for Plaintiffs.

19 31. On July 15, 2012, Mr. Brees wrote to Moradi, "What are the
20 different color and quality variations of a pink diamond? And what is the price
21 difference for those diamonds if we are talking 3 carat pink diamond?"
22 Moradi responded:

23 Those are great questions.

24 Natural Fancy intense pinks are among the color variations in diamonds
25 that are very scarce, and each one needs to be judged based on the color
26 saturation of the specific stone. Some are in nature with primary and
27 secondary colors, some secondary colors in a Pink diamond are more or
28 less desirable of course.

1 *One of my expertise is in the area of grading natural color diamonds, and*
2 *so my goal is to find the ideal color saturation in a pink (intense pink)*
3 *diamond of the 3 ct size range.*

4 I will be keeping you updated with every pink diamond that I examine and
5 *with their respective values.* We might also from time to time send one of
6 my people to show you some of pink diamonds as we get them, as I know
7 you will be very busy, if that is OK with you.

8 (Emphasis added).

9 32. On September 25, 2012, Moradi emailed Mr. Brees:
10 Incredible news, I have found an amazing Fancy intense Pink, which
11 I have had my eye on for a YEAR now. The challenge was
12 availability which at 1st there was a buyer that placed a large deposit
13 on it on the spot, and therefore THE source could not even discuss
14 the specifics of it with us.

15 The stone is truly one of finest Pink diamonds I have ever seen. The
16 fire are phenomenal, due to its extraordinary even saturation and
17 exceptional ideal cut. I have been very persistently perusing the
18 stone every so often, until today the owners of the diamond gave me
19 the green light to discuss it with you. At present[,] the stone is in
20 (*sic*) overseas right now and I could arrange for it to be here soon.,
21 (*sic*) Please look over the image of the 3.01 ct intense purplish pink
22 diamond and give me your thoughts as soon as you can.

23 33. Plaintiffs confirmed that they wanted to buy the pink diamond ring.
24 A few days later Moradi messaged, "I have a deal at \$1,750,000.00, (*sic*) This is
25 the best that can be done." Moradi told Mr. Brees that Plaintiffs would acquire
26 the ring at the seller's price of \$1,750,000.00 and as previously stated, Moradi
27 confirmed he would be paid by the seller. Once again, Moradi assured Plaintiffs
28 the ring was a wise investment at the price. Plaintiffs believed and trusted Moradi

1 and, based upon Moradi's representations, authorized Moradi to purchase the
2 pink diamond ring on their behalf for the stated price. Moradi lied to Plaintiffs
3 when he told them that \$1,750,000 was the price quote from the owners of the
4 pink diamond. Moradi did not disclose to Plaintiffs that he made a substantial
5 profit from the price paid by Plaintiffs over and above what Moradi paid for the
6 ring.

7 34. On occasion, Moradi tried to encourage Plaintiffs' acquisition of
8 jewelry that, according to Moradi, would look lovely on Mrs. Brees. Mrs. Brees
9 told Moradi more than once that it was not her lifestyle to wear much jewelry,
10 that she may wear some of the pieces a few times per year but that her primary
11 interest in acquiring the diamond jewelry was as an investment for her family.
12 Moradi said that he understood and advised that it was best to keep the diamonds
13 locked up.

14 35. As planned and at Moradi's direction, once Plaintiffs acquired the
15 pink diamond ring, Plaintiffs insured it and locked it in a vault. The insurance
16 coverage permits the ring to be removed from the vault up to 6 times per year and
17 requires prior notice to the insurance company every time it is removed. It is an
18 investment and not a piece to wear other than for very special occasions.

19 36. On November 27, 2012, Moradi contended that the ring had
20 increased in value \$575,000 *in two months*. On that date, Moradi sent a GIA
21 certified appraisal on CJ Charles' stationary asserting that the current retail value
22 of the ring for insurance and other purposes was \$2,325,000. Plaintiffs trusted the
23 appraisal. On February 2, 2016, Moradi sent Plaintiffs a GIA certified appraisal
24 on CJ Charles' stationary asserting the current retail value for insurance and other
25 purposes of the ring had increased to \$2,675,0000. Plaintiffs trusted the updated
26 appraisal. It seemed that Moradi's representations as to the investment value of
27 the ring had been true, or so Plaintiffs thought. In March of 2017, Plaintiffs
28 learned the actual market value of the pink diamond was approximately \$1.28

1 million.

2 37. Subsequent to the purchase of the pink diamond ring, Moradi
3 encouraged Brees to invest in a blue-gray diamond. On May 2, 2013, Mr. Brees
4 wrote to Moradi:

5 Hey Vahid. Would love to come by right around 11:20 am. I can only stay
6 for 30 minutes though. I am trying to keep this a surprise from Brittany so I
7 am sneaking over! Here are a few questions I had for you as I have been
8 thinking a lot about this over the last week.

9 1. What has been the annual percentage increase for Pink and Blue
10 diamonds over the last 5 years?

11 Moradi responded: "150-200% and there are cases that even more
12 appreciation could be shown; what I just found out in Basel Switzerland
13 Last week was that the supply of Blue and pink diamonds have dwindled
14 due to enormous demand. As an example we can look at what has
15 happened to Pinks in 6-7 months after you acquired it, Blues are even more
16 rare!"

17 2. How much does the size of the diamond determine that percentage
18 increase?

19 Moradi responded: "It is an important factor, since the Larger stones are
20 much harder to find."

21 3. How much more rare is a 3 carat pink or blue vs a 1 carat or below.
22 Price per carat difference between these two size ranges?

23 Moradi responded: "Exponentially more Scarce."

24 To be honest with you I am almost afraid to come see the blue because I
25 think I am going to fall in love with it. I just don't know if the timing is
26 right. The fact that we just spent \$1.75M on the pink makes me feel like I
27 am splurging a bit much right now. What keeps me hanging on is feeling
28 like this is a once in a lifetime opportunity at a grey blue diamond, perfect

1 size and cut. I would want to have it for Brits 40th bday but that is still 3
2 1/2 years away. The problem is I have no idea where these will be when
3 that time comes. Price or availability. Tough decision. Any thoughts?

4 Moradi responded: "*I have not had a piece like this before, Yes and it will*
5 *be very tough to replace.*"

6 38. On August 15, 2014, Moradi wrote to Mr. Brees concerning a 10.23
7 carat diamond ring:

8 This is considered as the Rarest of the clarity grades, particularly in a
9 10.23 ct size. *This is a piece that one could wear while the*
10 *diamond appreciates in value, a spectacular investment.*

11 Additionally[,] this size and quality is also extremely sought after by
12 diamond collectors.

13 I thought you should see, specially (*sic*) that it is coming from a
14 private client meaning *we could possibly purchase it below the*
15 *market valuation!*

16 (Emphasis added). Plaintiffs purchased the ring as an investment based
17 upon Moradi's effusive recommendation. Plaintiffs paid Moradi \$885,000
18 for the ring.

19 39. Plaintiffs purchased pink diamond earrings as investment pieces
20 solely on Moradi's recommendation. On January 29, 2015, Moradi wrote:

21 Look what we have just found!

22 This is a phenomenal pair of natural pink diamonds which I have been
23 waiting for, they finally got delivered to us after 14 months of waiting.

24 The details are that the two main pink diamonds are 4.67ct, set in a
25 s[t]unning design. Such mating pinks are extremely rare!

26 On January 30, 2015, Moradi wrote:

27 This is the best pair of natural Pinks that I have ever seen, and I have had
28 my eyes on them for a while until we got them in my hand yesterday.

1 Just as note, *the initial asking price last July was \$1.3 million, the price*
2 *today is \$975K which is unbelievable for such a great pair of pink*
3 *diamonds.*

4 I believe that they will be extremely rare and hard to ever find.

5 (Emphasis added).

6 40. In early 2018, the pink diamonds set in the pink diamond earrings
7 were also removed from their setting for marketing. It was discovered they were
8 set in platinum painted pink to make the stones appear to be of a much stronger
9 and more valuable color saturation. In fact, without a jeweler's loupe, outside of
10 the setting the diamonds do not appear to be pink at all. Moradi never disclosed
11 to Plaintiffs that this manipulation of color was performed. It was determined
12 that as of March 2018, the market value of the earrings is \$176,398.00.

13 41. In 2015, Plaintiffs purchased a Harry Winston diamond ring as an
14 investment based on Moradi's advice and recommendation. Moradi wrote to Mr.
15 Brees:

16 This piece is from an estate in Geneva Switzerland. What makes this
17 diamond incredible is that the piece is an old Harry Winston with a
18 22.26 ct extraordinary center emerald cut diamond, very rare size
19 diamond. I have not seen its equal in almost 10 years.

20 *I think we should take a look at this piece while it is still in our*
21 *possession.* I can call you tomorrow in the morning.

22 (Emphasis added). Mr. Brees responded:

23 Hey Vahid. I'm in New Orleans all week. No[t] sure if you will still
24 have the diamond by then. I can bring back the other one [the 10.23
25 ct diamond ring] this weekend.

26 *I'm looking at this from a pure investment standpoint.* If I am to
27 trade the D color IF 10 carat that we have now I want to believe that
28 this 22.26 I color will be much more valuable. Let's talk

1 tomorrow[.] (Emphasis added).

2 Moradi assured Plaintiffs this was a savvy investment.

3 42. On June 27, 2015, Plaintiffs paid Moradi \$1.575 million for the
4 Harry Winston Ring based solely on the recommendation and professional
5 investment advice of Moradi. Sotheby's auction documents show Moradi paid
6 \$565,000 for the Harry Winston Ring on May 12, 2015 in Geneva, Switzerland,
7 *one month before he recommended it to Plaintiffs as a solid investment at*
8 *almost 3 times the price.* Its actual market value was \$600,000.

9 43. Perhaps the most egregious example of Moradi's scheme was his
10 recommendation that Plaintiffs buy a blue diamond ring as an investment. On
11 March 13, 2015, Moradi wrote to Mr. Brees:

12 I hope all is well, look what is attached!! (attached was a photo of a
13 blue diamond). *This Fancy intense blue diamond will be sought*
14 *after by every collector and investor in the world,* however we are
15 still negotiating the terms and etc., (*sic*) therefore it will not hit the
16 market for the next 5-7 days. This is the blue diamond which we
17 spoke of and that the owner has had for a few years, she is now
18 bringing it to surface!

19 (Emphasis added). Mr. Brees responded,

20 Hey Vahid. I LOVE IT! Beautiful. Is this the one that you
21 mentioned a few weeks ago?

22 A few observations:

- 23 1. 4.11 carats seems like a pretty large blue diamond, extremely
24 hard to find
25 2. Fluorescence none, I imagine that is pretty rare as well
26 3. The cut cornered rectangular cut...Is that an unusual cut? It
27 appears to be more square than it is rectangular
28 4. **What are the fancy intense blues selling for per carat these**

1 days? What price per carat are you hoping to negotiate
2 with these?

3 (Emphasis added). Later that evening, Moradi responded to Mr. Brees:
4 This is one of the most import (*sic*) Blue Diamonds that has ever
5 surfaced!!! There are collectors from almost every corner of the
6 world, that are flying in to see it when we get a set value placed. *I*
7 *am told this blue could bring as much as \$2.5mill/ct or more, and I*
8 *am hoping to get it for a lot less.* The objective however is to keep
9 it on the down low and behind the scenes as much as possible. To
10 answer your question about how much such an intense blue could
11 sell per carat, is simply that nothing like this has quit (*sic*) ever been
12 sold. I think somewhere in the range of 1.7mill-2.7mill/ct is
13 probably (*sic*). Wow!!!

14 (Emphasis added). The next day, on March 14, 2015, Moradi wrote yet
15 again to Mr. Brees:

16 The Intense (*sic*) blue was sold to its present owner by great friend of
17 mine many years ago, therefore only we knew of its existence. As of
18 3 month (*sic*) ago I was made aware that there might be a possibility
19 of us getting our hands on it!! I know this is the most important blue
20 we might ever see!

21 44. Moradi ultimately told Plaintiffs the price he was able to negotiate
22 on their behalf was \$8.18 million. Moradi told Mr. Brees that the ring was worth
23 at least \$10 million. Plaintiffs trusted Moradi and based solely on Moradi's
24 recommendation and professional advice, Plaintiffs paid Moradi \$8.18 million
25 dollars to acquire the diamond for them. On March 25, 2018, Plaintiffs contacted
26 their financial advisor to advise him of the purchase and to ask that the \$8.18
27 million be wired to Moradi.

28 45. Plaintiffs' financial advisor advised Plaintiffs that tying up \$8.18

1 million in a single diamond for an investment should only be done on the advice
2 of a very knowledgeable and trusted advisor. Mr. Brees told the financial advisor
3 that Moradi was such a person. Mr. Brees told the financial advisor that he was
4 fortunate to have a good friend and jeweler that he trusted to advise him and help
5 him make wise decisions as to colored diamond investment purchases. Mr. Brees
6 told the financial advisor that he trusted Moradi completely and felt Moradi had
7 already helped to make wise jewelry investment purchases. Moreover, Mr. Brees
8 told his financial advisor that Moradi stated the blue diamond had built in value at
9 the purchase price of \$8.18 million because the ring was worth at least \$10
10 million.

11 46. On March 26, 2015, Moradi wrote:

12 Drew,

13 The weight and all specs on 4.09ct FIB are verified outside of the setting
14 and all looks great.

15 We are making a minor modification on the Gallery section where the FIB
16 blue diamond sits in (housed in) to solid polished platinum from presently
17 refinished rose gold, that makes us happier long term.

18 Moradi did not tell Mr. Brees that he was setting the blue diamond with the
19 reflective setting behind it to deceive Mr. Brees into believing the stone was a
20 better quality stone than it actually is.

21 47. In March of 2017, Plaintiffs sought an independent estimated
22 valuation of the blue diamond. The expert jeweler stated that based upon the GIA
23 certificate of the blue diamond, he would place its value at \$1.1 million per carat
24 for a total value of \$4.4 million. In early 2018, the blue diamond was removed
25 from its setting to market it. It was then discovered that the reflective, polished
26 platinum behind the diamond had been placed there to deceive the eye as to the
27 quality of the stone. The stone removed from the mounting showed it to be a
28 disappointing stone at the "low range" of saturation within the blue category. The

1 wholesale market value of this blue diamond at the time of Mr. Brees acquired it
2 was determined to be \$500,000 to \$600,000 per carat amounting to a total value
3 of between \$2,000,000 and \$2.5 million.

4 48. In early 2018, the diamond was shown to many experts including
5 colored diamond dealers, expert diamond cutters, and auction houses. All agreed
6 that the diamond did not now have, nor did it ever have, a value of \$8.18 million.
7 The best deal Plaintiffs were able to secure for sale of the blue diamond among
8 the most respected and notable colored diamond dealers in the world was \$3.75
9 million.

10 49. The value of investment grade diamonds, particularly with respect to
11 colored diamonds, has steadily increased for the past 20 years. The current
12 market value of the diamonds purchased by Plaintiffs on Moradi's advice has not
13 decreased due to the market. Moradi's stated values were lies.

14 50. On July 26, 2016, Plaintiffs wired to Defendants \$244,000 for the
15 purchase of a particular watch. The price of the watch was \$397,000. Mr. Brees
16 intended to trade in a watch – valued at \$153,000 – Plaintiffs previously
17 purchased from Defendants and would pay the balance of the price for the watch
18 – \$244,000 – by wire transfer. Mr. Brees had second thoughts about the purchase
19 – the watch was significantly more expensive than other watches he purchased
20 from Defendants – and decided not to purchase it. Mr. Brees spoke with Moradi
21 on the telephone, and Moradi told Mr. Brees that Defendants had other potential
22 buyers for the watch. Mr. Brees and Moradi agreed that Plaintiffs would not
23 trade in the \$153,000 watch and that Defendants would refund to Plaintiffs the
24 \$244,000. After some discussion about logistics (Mr. Brees was in training camp
25 – a very busy time), Moradi suggested that Defendants hold the \$244,000 as a
26 store credit against future purchases or for refund upon Plaintiffs' request.
27 Plaintiffs determined they would no longer purchase anything from Moradi and
28 demanded that Moradi pay \$244,000 to Plaintiffs. Moradi has refused to do so.

1 51. With respect to two of the other investment purchases Plaintiffs
2 made solely on Moradi's recommendation, Mr. Brees texted Moradi on October
3 7, 2016:

4 Hey Vahid. I know you negotiated the price of that multicolor
5 diamond ring and necklace (*sic*) [should read bracelet] down to 1.45.

6 Is that as low as they are willing to go?

7 Moradi responded:

8 Yes, I did press very hard and we got a very good price on it. This
9 could be as much as 1.9. The challenge would be to find and match
10 those natural color diamonds.

11 Plaintiffs confirmed in 2017 that the actual market value of both pieces was
12 \$452,000.

13 52. On July 19, 2017, Mr. Brees spoke with Moradi on the telephone and
14 confronted Moradi with the allegations set forth in this Complaint. Moradi
15 smugly denied any wrongdoing but made the following astonishing admissions
16 and misrepresentations:

17 • Moradi admitted he purchased the Harry Winston ring at
18 auction for \$565,000.

19 • Moradi admitted he was the second bidder at auction and
20 claimed he purchased the ring for a very low price.

21 • Moradi alleged he was approached by other retailers after the
22 auction who offered to purchase the Harry Winston ring for \$700,000 to \$1
23 million.

24 • Moradi admitted Plaintiffs paid Moradi \$1.575 million for the
25 Harry Winston ring approximately one month after Moradi acquired it.

26 • Moradi claimed the price Plaintiffs paid for the Harry Winston
27 ring was "what the market demanded."

28 • Moradi admitted he knew he was providing advice to

1 Plaintiffs and acquiring the investment pieces for Plaintiffs.

2 • Moradi admitted he knew Plaintiffs wanted him to find them
3 pieces with the primary attribute of the pieces being that they would
4 appreciate in value so that they would get a return on their investment.

5 • Moradi stated he charged Plaintiffs prices for the investment
6 pieces he advised them to buy and acquired for them *in the amount the*
7 *pieces will be worth in 10 to 15 years*, because he claimed Plaintiffs wanted
8 the pieces as “long-term” investments.

9 • Moradi “blamed the victim” and stated he sold jewelry to
10 Plaintiffs for investment purposes because Plaintiffs had an “insatiable
11 desire to buy jewelry.”

12 • Moradi alleged the colored diamond market is as “weak as it
13 has ever been” which accounts for the “drop” in market value of each and
14 every colored diamond investment piece Plaintiffs acquired on Moradi’s
15 “expert” recommendation.

16 **FIRST CAUSE OF ACTION**

17 **(Fraud by Intentional Misrepresentation Against All Defendants)**

18 53. Plaintiffs reallege and incorporate herein by reference each
19 allegation set forth in paragraphs 1 through 52 inclusive.

20 54. As set forth above, Moradi, on his own behalf and on behalf of the
21 other Defendants, repeatedly represented to Plaintiffs that Defendants acquired
22 jewelry pieces on Plaintiffs’ behalf for investment purposes of specified quality
23 and at specified costs without any markup or profit for Defendants. Moradi also
24 represented repeatedly, on his own behalf and on behalf of the other Defendants,
25 that the value of the jewelry pieces was at or above Plaintiffs’ acquisition costs
26 for those pieces.

27 55. These representations were false, and Defendants knew they were
28 false when the representations were made.

1 costs; (B) repeatedly falsely representing the quality of the jewelry; (C)
2 repeatedly falsely representing to Plaintiffs that the value of the investment
3 jewelry pieces was at or above Plaintiffs' acquisition costs for those pieces; and
4 (D) making massive undisclosed profits – more than \$9 million – on Plaintiffs'
5 acquisitions of investment jewelry pieces unbeknownst to and without the
6 permission of Plaintiffs.

7 63. As a direct and proximate result of Moradi's breaches of fiduciary
8 duty, Defendants, who conspired among themselves in this regard, have profited
9 at Plaintiffs' expense and to their detriment. Indeed, as a result of Defendants'
10 conduct, Plaintiffs have suffered damages, and Defendants, who conspired among
11 themselves in this regard, have been unjustly enriched, in an amount of at least \$9
12 million, according to proof at trial.

13 64. Moradi's breaches of fiduciary duty were oppressive and motivated
14 by malice, oppression and fraud in that they were intended by Moradi to cause
15 injury to Plaintiffs and were carried on by Moradi with willful and conscious
16 disregard for Plaintiffs' rights. As a result, the imposition of exemplary damages
17 against Moradi is warranted.

18 **THIRD CAUSE OF ACTION**

19 **(Fraud by Concealment Against Moradi)**

20 65. Plaintiffs reallege and incorporate herein by reference each
21 allegation set forth in paragraphs 1 through 52 and 60 through 64, inclusive.

22 66. As set forth above, Moradi owed a fiduciary duty to Plaintiffs by
23 virtue of Moradi's agreement to use his expertise in the precious jewelry industry
24 to assist and advise Plaintiffs with acquiring investment pieces and to act as their
25 broker.

26 67. Moradi repeatedly and intentionally failed to disclose to Plaintiffs
27 certain facts, including without limitation the actual quality of, and the actual
28 price at which Defendants acquired on Plaintiffs' behalf, investment jewelry

1 pieces and the actual value of those investment pieces. Moradi also concealed
2 from Plaintiffs that he made massive profits on Plaintiffs' acquisitions of the
3 investment pieces.

4 68. These facts were known to Moradi but not known to Plaintiffs.

5 69. Moradi intended to deceive Plaintiffs by concealing the facts.

6 70. Had Moradi disclosed to Plaintiffs the omitted information, Plaintiffs
7 reasonably would have behaved differently by, among other things, not
8 purchasing the investment pieces or purchasing them at the actual price at which
9 Defendants had acquired them on Plaintiffs' behalf.

10 71. As a direct result of the Defendants' conduct, Plaintiffs have suffered
11 damages, and Defendants, who conspired among themselves in this regard, have
12 been unjustly enriched, in an amount of at least \$9 million, according to proof at
13 trial.

14 72. Moradi's aforementioned acts were oppressive and motivated by
15 malice, oppression and fraud in that they were intended by Moradi to cause injury
16 to Plaintiffs and were carried on by Moradi with willful and conscious disregard
17 for Plaintiffs' rights. As a result, the imposition of exemplary or punitive
18 damages against Moradi is warranted.

19 **FOURTH CAUSE OF ACTION**

20 **(Conversion Against All Defendants)**

21 73. Plaintiffs reallege and incorporate herein by reference each
22 allegation set forth in paragraphs 1 through 52, inclusive.

23 74. Plaintiffs are informed and believe, and on that basis allege, that the
24 Defendants, and each of them, wrongfully exercised, and continue to exercise
25 wrongfully, dominion and control over the moneys that Defendants wrongfully
26 took as "profit" on the purchases by Plaintiffs of jewelry for investment purposes.
27 In addition, Defendants continue to exercise wrongfully dominion and control
28 over the unspent \$244,000 (formerly a store credit) which belongs to Plaintiffs.

1 75. At all times herein mentions, Plaintiffs were, and still are, entitled to
2 the possession of the moneys wrongfully taken from Plaintiffs.

3 76. The wrongful conduct of the Defendants in taking money from
4 Plaintiffs has harmed Plaintiffs by depriving Plaintiffs of those sums of money
5 according to proof at trial but in excess of \$9 million.

6 77. Defendants' aforementioned acts were oppressive and motivated by
7 malice, oppression and fraud in that they were intended by Moradi to cause injury
8 to Plaintiffs and were carried on by Moradi with willful and conscious disregard
9 for Plaintiffs' rights. As a result, the imposition of exemplary or punitive
10 damages against Moradi is warranted.

11 **FIFTH CAUSE OF ACTION**

12 **(Breach of Oral Contract Against All Defendants)**

13 78. Plaintiffs reallege and incorporate herein by reference each
14 allegation set forth in paragraphs 1 through 52, inclusive.

15 79. Plaintiffs and Defendants entered into an oral agreement pursuant to
16 which Defendants agreed to serve as Plaintiffs' advisor and broker with respect to
17 the purchase of high value jewelry pieces as investments. Plaintiffs and
18 Defendants agreed to work together to find jewelry, worth millions of dollars in
19 the aggregate, and that Moradi would use his expertise to advise Plaintiffs
20 concerning the quality, value and marketability of such jewelry. Moradi would
21 act as Plaintiffs' broker and fiduciary in acquiring the jewelry Plaintiffs decided
22 to purchase on Moradi's advice, and Plaintiffs would pay the cost of acquiring the
23 pieces on the open market. Moradi would determine that cost, communicate it to
24 Plaintiffs, and Plaintiffs would pay it, with no markup for Moradi. Moradi would
25 receive compensation from the sellers of the pieces, as often occurs in that
26 business.

27 80. Plaintiffs performed all of their obligations pursuant to the
28 agreement.

1 purchased from Defendants and would pay the balance of the price for the watch
2 – \$244,000 – by wire transfer. Mr. Brees had second thoughts about the purchase
3 – the watch was significantly more expensive than other watches he purchased
4 from Defendants – and decided not to purchase it. Mr. Brees spoke with Moradi
5 on the telephone, and Moradi told Mr. Brees that Defendants had other potential
6 buyers for the watch. Mr. Brees and Moradi agreed that Plaintiffs would not
7 trade in the \$153,000 watch and that Defendants would refund to Plaintiffs the
8 \$244,000. After some discussion about logistics (Mr. Brees was in training camp
9 – a very busy time), Moradi suggested that Defendants hold the \$244,000 as a
10 store credit against future purchases or for refund upon Plaintiffs’ request.
11 Plaintiffs determined they would no longer purchase anything from Moradi and,
12 on March 28, 2018, demanded that Moradi pay \$244,000 to Plaintiffs. Moradi
13 has refused to do so.

14 90. Plaintiffs performed all of their obligations pursuant to the
15 agreement.

16 91. Moradi breached the oral agreement by refusing to refund to
17 Plaintiffs \$244,000.

18 92. As a direct and proximate result of the breaches by Defendants of the
19 oral agreements, Plaintiffs have suffered damages in an amount of at least
20 \$244,000, according to proof at trial.

21 **SEVENTH CAUSE OF ACTION**

22 **(Unfair Business Practices Pursuant to Business & Professions Code §§**
23 **17200, *et seq.* Against All Defendants)**

24 93. Plaintiffs reallege and incorporate herein by reference each
25 allegation set forth in paragraphs 1 through 92, inclusive.

26 94. California Business and Professions Code § 17200 *et seq.* (“UCL”)
27 prohibits, among other things, unlawful, fraudulent, deceptive, and unfair
28 business practices.

1 95. Defendants have violated the UCL’s prohibition against engaging in
2 any unlawful act or practice as a result of their breaches of fiduciary duty and
3 fraud, among other things, as detailed above.

4 96. Plaintiffs have suffered injury in fact and have lost massive sums of
5 money as a direct, proximate, and substantial cause and result of Defendants’
6 violation of the UCL. Defendants, who conspired among themselves in this
7 regard, have unfairly and unlawfully obtained profits as a result of their unlawful
8 and unfair acts. Pursuant to §17203 of the UCL, Plaintiffs seek restitution of all
9 money acquired by means of Defendants conspiracy to violate the UCL, in an
10 amount of at least \$9 million, according to proof at trial.

11 **PRAYER FOR RELIEF**

12 **WHEREFORE**, Plaintiffs pray for Judgment against Defendants, and each
13 of them, on all of their causes of action herein, in an amount sufficient to
14 compensate Plaintiffs for the losses that they suffered as set forth in each of the
15 causes of action contained herein, and respectfully requests that this Court grant
16 them the following relief:

- 17 1. On the FIRST through FIFTH CAUSES OF ACTION for
18 compensatory damages of at least \$9 million according to proof;
- 19 3. On the FIRST through FOURTH CAUSES OF ACTION for
20 exemplary damages according to proof, in an amount sufficient to punish
21 Defendants for their intentional, willful and wanton conduct;
- 22 4. On the SIXTH and SEVENTH CAUSES OF ACTION for
23 \$244,000.
- 24 5. On the EIGHTH CAUSE OF ACTION for restitution and/or
25 disgorgement of any and all unjust enrichment obtained by Defendants;
- 26 6. On the FIRST through EIGHTH CAUSES OF ACTION:
- 27 (a) For expenses and costs of suit.
- 28 (b) For pre-judgment interest and post-judgment interest;

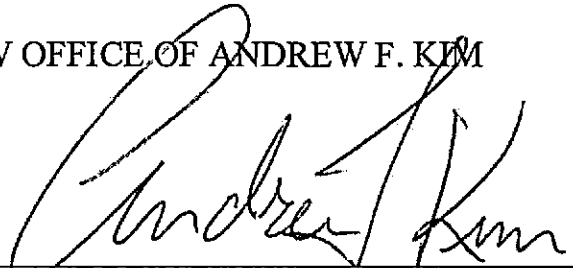
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(c) For such other and further relief as the Court may deem just, proper, and equitable to deprive Defendants of any unjust benefit or enrichment from their wrongful conduct;

(d) For attorneys' fees, if allowable, according to proof.

Date: April 2, 2018

LAW OFFICE OF ANDREW F. KIM

By: 

ANDREW F. KIM
REBECCA J. RILEY
Attorneys for Plaintiffs
DREW BREES and BRITTANY BREES