

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

MICHAEL L. FEDERICI, Bar No. 291749  
THE FEDERICI LAW FIRM  
10000 Lincoln Drive E., One Greentree Centre, Suite 201  
Marlton, NJ 08053  
Tel: (856) 242-1394  
[mfederici@thefedericifirm.com](mailto:mfederici@thefedericifirm.com)

Attorneys for Plaintiff,  
DELTA TECHNOLOGIES, LLC

**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
IN AND FOR THE COUNTY OF LOS ANGELES**

DELTA TECHNOLOGIES, LLC, a California  
limited liability company,

Plaintiff,

vs.

SHIVAN KANAGARAJA, an individual; BEST  
INDUSTRIES, INC., a New Jersey corporation;  
VAPE WHOLE SUPPLY, LLC, a Florida  
limited liability company; and DOES 1 through  
50, inclusive,

Defendants.

Case No.: 21STCV29200

**COMPLAINT FOR DAMAGES AND  
INJUNCTIVE RELIEF FOR:**

**(1) BREACH OF CONTRACT; and  
(2) DEFAMATION.**

**UNLIMITED CIVIL CASE**

**JURY TRIAL DEMANDED**

Plaintiff Delta Technologies, LLC (“Plaintiff”) alleges as follows:

**THE PARTIES**

1. Plaintiff is and at all relevant times herein was a limited liability company duly formed and existing under the laws of the State of California, with its principal place of business in the City of Los Angeles.

2. Defendant Shivan Kanagaraja (“Kanagaraja”) is and at all relevant times herein was

1 an individual whom Plaintiff is informed, believes, and based thereon alleges was a resident of New  
2 Jersey and Florida at various points during the relevant timeframe.

3 3. Defendant Best Industries, Inc. (“BI”) is and at all relevant times herein was a  
4 corporation formed under the laws of the State of New Jersey.

5 4. Defendant Vape Whole Supply, Inc. (“VWS”) is and at all relevant times herein was  
6 a limited liability company formed under the laws of the State of Florida.

7 5. Plaintiff is ignorant of the true names and capacities of defendants sued as Does 1  
8 through 50, inclusive, and therefore sues these defendants by these fictitious names. Plaintiff will  
9 amend this complaint to allege their true names and capacities when they have been ascertained.  
10 Plaintiff is informed and believes and thereon alleges that each of the fictitiously named defendants  
11 is in breach of some contract or is tortiously or otherwise legally responsible in some manner for  
12 the occurrences alleged in this Complaint and for Plaintiff's damages, including but not limited  
13 through the doctrines of ratification and estoppel. Moreover, Plaintiff is informed, believes, and  
14 based thereon alleges that Kanagaraja, in operating both BI and VWS, disregards the corporate  
15 form and treats each such entity as his *alter egos* in a joint enterprise in order to avoid his creditors'  
16 rightful claims. Application of the *alter ego* doctrine to hold Kanagaraja personally liable for his  
17 *alter egos*' debts will therefore prevent fraud and avert iniquity to Plaintiff.

18 6. Plaintiff is informed and believes and thereon alleges that, at all relevant times, each  
19 of the defendants, including Does 1 through 50, inclusive, was the agent or employee of each of the  
20 remaining defendants and, in doing the things alleged, was acting within the scope of that agency  
21 or employment.

### 22 **JURISDICTION AND VENUE**

23 7. This Court has subject matter jurisdiction over this matter because the amount in  
24 controversy is well in excess of the jurisdictional minimum.

25 8. This Court has personal jurisdiction over these Defendants because, as detailed  
26 below, Defendants, and each of them, maintained sufficient minimum contacts with the State of  
27 California by, *inter alia*, entering into various transactions with Plaintiff to be performed in  
28 California, procuring the vast bulk of their income from California, defaming Plaintiff and libeling

1 Plaintiff's products to all of Plaintiff's potential customers and clients on the website  
2 [www.vapewholesupply.com](http://www.vapewholesupply.com), and by entering into a contract subject to California law.

3 9. In addition, the supermajority of evidence and witnesses that will be relevant in this  
4 case are located in California, as most of the evidence will pertain to Plaintiff's operations and  
5 damages, and the witnesses to Kanagaraja's dubious business practices relevant to this case are in  
6 California.

7 10. While Kanagaraja is believed to be a Florida resident at present, and operates his  
8 New Jersey and Florida *alter egos* from there, the California courts are no more or less costly or  
9 burdensome than the New Jersey or Florida courts. In addition, since the parties chose California  
10 as the law governing their agreement as alleged herein, a California court would be less burdensome  
11 and potentially less prejudicial than all others given its better familiarity with the governing law.

12 11. As the managing agent and/or director of the *alter ego* entities, Kanagaraja's  
13 contacts with California must be imputed to the entities. Kanagaraja purposefully sought out  
14 Plaintiff in California specifically *because* Plaintiff was in California. Kanagaraja and his *alter ego*  
15 entities are marketers and distributors of cannabis and/or cannabis-related products such as CBD,  
16 CBN, Delta-8-tetrahydrocannabinol, and/or THCV. Given the ease of access to such products in  
17 California, where large-scale cannabis and hemp farming is legal, California is a prime spot for  
18 unscrupulous businesspersons such as Kanagaraja.

19 12. Further, Kanagaraja and his *alter ego* entities own and operate the website  
20 [www.vapewholesupply.com](http://www.vapewholesupply.com), where the defamatory statements at issue herein are posted. This  
21 website markets and sells to Plaintiff's California end-users and other consumers of cannabis-  
22 related products. Plaintiff, from Los Angeles, provided Kanagaraja and his *alter ego* entities with  
23 a point-of-sale solution as the credit card and other payment processor for Kanagaraja's website.

24 13. California has an overriding State policy over other jurisdictions to prevent its  
25 residents, such as Plaintiff, from being financially abused by unscrupulous business actors in  
26 outside jurisdictions, such as Defendants, and to see that California law is applied appropriately in  
27 this matter given the choice-of-law provision in the subject agreement. Moreover, given California  
28 is a target for persons such as Kanagaraja exactly because of California's cannabis laws, it has a

1 strong interest in exercising jurisdiction over those who profit from its legalized cannabis laws.

2 14. In short, Defendants targeted California for their business ventures due to California  
3 law and maintained sufficient minimum contacts with this forum. It would therefore not offend  
4 traditional notions of fair play and substantial justice for California courts to exercise personal  
5 jurisdiction over such Defendants.

6 15. Venue is appropriate in this Court because the entire purpose of the contract was the  
7 manufacture, marketing, and distribution of products from Plaintiff's facilities located in downtown  
8 Los Angeles, and because the payment of all of Defendants' commissions under the subject contract  
9 were to be paid by Plaintiff from Los Angeles. Moreover, all of Defendants' point-of-sale, payment  
10 processing, and fulfillment occurred through Plaintiff's facilities in Los Angeles.

11 **FACTUAL ALLEGATIONS**

12 16. In or about July or August of 2020, Plaintiff's managing member, Alexander Jacobs,  
13 was introduced to Kanagarajan through an online hemp-related group.

14 17. Kanagarajan informed Plaintiff that he desired manufacturers and distributors to sell  
15 their products on his website, [www.vapewholesupply.com](http://www.vapewholesupply.com) (the "VWS Website") because he did  
16 not have payment processing or any start-up capital for inventory to do it himself just yet.

17 18. Plaintiff, Kanagarajan, and VWS agreed that Plaintiff would create and manufacture  
18 two brands of hemp-based products containing CBD and its molecular cousins such as CBDN,  
19 THCV, and the like for sale on the VWS Website. None of Plaintiff's products contain any more  
20 than 0.3% Delta-9-tetrahydrocannabinol (THC). All of Plaintiff's products therefore were and are  
21 legal under section 7606 of the Agricultural Act of 2014.

22 19. Plaintiff's brands would come to be known as Delta Farms and Spensary (the  
23 "Brands").

24 20. Plaintiff, Kanagarajan, and VWS further agreed that Plaintiff would use the VWS  
25 Website as the first major online distributor for the Brands. Kanagarajan and VWS maintained  
26 their own business and sold other products and brands from unrelated manufacturers on the VWS  
27 Website as well.

28 ///

1           21. All product development for the Brands, such as artwork, research and development,  
2 investment, production, and testing was done by Plaintiff, and at all times Plaintiff retained all  
3 ownership rights in the Brands.

4           22. Kanagarajan and VWS assisted Plaintiff in marketing the Brands and the final  
5 products, and sold them from the VWS Website. All purchases were manufactured and fulfilled  
6 out of Plaintiff's facilities in Los Angeles. Every two weeks he would provide Plaintiff with a  
7 report of what was sold, and Plaintiff would pay him.

8           23. In or about January 2021, Kanagarajan stopped sending Plaintiff invoices timely.  
9 For approximately six months Plaintiff remitted payments directly to Kanagarajan's personal bank  
10 accounts. Plaintiff is informed, believes, and based thereon alleges that at some point in March  
11 2021, Kanagarajan formally incorporated BI as an S-Corporation, which he began using as an *alter*  
12 *ego* shortly thereafter. BI effectively stood in Kanagarajan's shoes.

13           24. In around the first quarter of 2021, Plaintiff noticed that Kanagarajan was staying  
14 up later and later at night and waking up later and later in the day. This began to negatively impact  
15 Kanagarajan's ability to competently respond to Plaintiff's customer support issues or to  
16 competently process and transmit orders to Plaintiff in a timely manner.

17           25. In addition, Kanagarajan began giving certain customers steep discounts, and  
18 maintained his own affiliate network for the sale of the Brands, all without Plaintiff's knowledge  
19 or consent. He would then pass these prices and commissions to Plaintiff but continue to demand  
20 his full commission, which cut deeply into Plaintiff's effective profit margins on the Brands.

21           26. Kanagarajan maintained that he worked 12-14 hours per day, which Plaintiff found  
22 dubious. Plaintiff therefore created its own e-commerce websites to help take pressure off  
23 Kanagarajan and to open further avenues to sell the Brands, which were enjoying great success.

24           27. Plaintiff determined through running its own websites that it took approximately 2-  
25 4 hours per day to administer the website and respond to consumers, and not 12-14.

26           28. In this timeframe, in a period where Kanagarajan had failed to invoice Plaintiff for  
27 months, Plaintiff began receiving complaints from Kanagarajan's affiliates demanding payment  
28 directly from Plaintiff. Plaintiff never agreed to participate in Kanagarajan's affiliate program and

1 has no such agreements with any of his affiliates. At that point, Plaintiff demanded an accounting.  
2 Plaintiff was unsure what it even owed Kanagarajan, if anything, since Kanagarajan did not provide  
3 the accounting that Plaintiff demanded.

4 29. Rather than take responsibility for this, Kanagarajan began telling his affiliates that  
5 it was Spensary's (Plaintiff's) fault, when in reality he did not have the money to pay his affiliates  
6 because he had not invoiced Plaintiff as he agreed he would. Plaintiff is informed, believes, and  
7 based thereon alleges that these affiliates intended to take these payment issues public if they were  
8 not immediately paid.

9 30. Plaintiff is informed, believes, and based thereon alleges that Kanagarajan intended  
10 to use BI to create his own brand called Best Extracts. His goal was to directly compete with  
11 Plaintiff, given Kanagarajan's perception that Plaintiff had somehow slighted him by asking for  
12 accountings and timely invoices, demanding that Kanagarajan treat its customers with respect,  
13 demanding that Kanagarajan handle his own affairs with his independently established affiliate  
14 network, and by Plaintiff's creating its own websites.

15 31. In light of this breakdown in their relationship, Plaintiff presented a written  
16 agreement to BI, by and through Kanagarajan, to more specifically spell out what would be  
17 expected of each party going forward. Plaintiff also refused to sell its products on the VWS Website  
18 until Kanagarajan executed this document or some acceptable counter-offer thereon.

19 32. Kanagarajan initially resisted signing the document, but eventually executed the  
20 agreement approximately 7-10 days later on July 31, 2021 (the "Agreement"). It carried a three-  
21 year term. The next day, Kanagarajan called Plaintiff's manager several times through the course  
22 of the morning while Plaintiff's manager was in a long meeting. Plaintiff's manager was unable to  
23 take his call.

24 33. As a result, shortly thereafter, Kanagarajan made a derogatory post on the front page  
25 of the VWS Website stating: "WE NO LONGER ENDORSE DELTA FARMS OR SPENSARY,  
26 or can vouch for the efficacy or safety of their products, unfortunately, due to unknown sourcing.  
27 -Shivan, CEO". This statement strongly implied the Brands were somehow unsafe or ineffective  
28 and came from dubious sources. These implications were and are false. All of Plaintiff's products

1 are rigorously tested both for potency and to ensure they are safe for sale in the United States.  
2 Plaintiff is informed, believes, and based thereon alleges that Kanagarajan again perceived some  
3 slight because Plaintiff’s manager did not immediately respond to his calls, and made this post in  
4 order to effectuate some retribution, and to cause harm to Plaintiff.

5 34. Plaintiff first learned of this defamation when it received an email from a customer  
6 on the morning of August 3 asking why Kanagarajan had posted the statement on the VWS Website.  
7 The customer said she had enjoyed a good relationship with the Brands but that it “might be time  
8 to move on if we can’t vouch for the safety of the products. That is number one for me.”

9 35. Plaintiff made demand on Defendants to immediately take down the offending  
10 language from the VWS Website. Defendants refused and did not respond to Plaintiff.

11 36. Plaintiff is informed, believes, and based thereon alleges that approximately 200-  
12 300 persons visit the VWS Website per day. This defamatory language remained on the VWS  
13 Website until August 7, 2021, when Plaintiff’s agents were able to access the Website and take the  
14 offending language down. In addition, Plaintiff found people posting on the popular forum website  
15 Reddit about the language, and had to issue corrective statements.

16 37. At paragraph 9, the Agreement stated that BI “and all of its agents shall not at any  
17 time disparage in any manner or assist any other person in disparaging” Plaintiff to any person,  
18 company, entity, or governmental entity. BI agreed that a breach of this provision would result, at  
19 a minimum, in a forfeiture of any amounts due under any invoice BI had previously sent to Plaintiff.

20 38. At paragraph 13, BI agreed it would pay \$25,000 in liquidated damages for any  
21 breach of the agreement, in addition to all other damages to which Plaintiff may be entitled. The  
22 parties agreed, given the volatility in the cannabis and cannabis-peripheral markets under the  
23 constantly changing laws and regulations in the various jurisdictions in the United States, that this  
24 was a reasonable estimate of base damages under the Agreement.

25 39. At paragraph 14, BI agreed to pay all Plaintiff’s reasonable attorney’s fees and costs  
26 in any action arising out of the terms of or existence of the Agreement.

27 ///

28 ///

1 **FIRST CAUSE OF ACTION**

2 **BREACH OF CONTRACT**

3 **(By Plaintiff Against All Defendants)**

4 40. Plaintiff incorporates the preceding paragraphs as though set forth fully herein.

5 41. As set forth above, Plaintiff and BI entered into the Agreement on or about July 31,  
6 2021.

7 42. Among its provisions, the Agreement required BI and all of its agents to refrain from  
8 disparaging Plaintiff.

9 43. BI, as the *alter ego* of Kanagarajan, and Kanagarajan, as BI's purported agent,  
10 breached the Agreement by posting defamatory and disparaging statements on the VWS Website  
11 on or about August 2, 2021, implying that Plaintiff's products were ineffective and/or unsafe, and  
12 that it sourced its products from unknown sources. Moreover, Plaintiff is informed, believes, and  
13 based thereon alleges that Kanagarajan uses VWS as an additional *alter ego*, as evidenced by  
14 Kanagarajan's and BI's use of the VWS Website as their own to effectuate the breach and  
15 defamation described herein. VWS and BI form a single business enterprise or joint enterprise  
16 subject to *alter ego* liability. All Defendants are therefore liable for Kanagarajan's and BI's breach.

17 44. Plaintiff immediately suffered damages to its goodwill, at a minimum, from this  
18 breach in the form of customer complaints and threats to cease doing business with Plaintiff or to  
19 stop buying the Brands. At present, it is unknown how many customers saw the defamatory  
20 statements and simply stopped buying the Brands without contacting Plaintiff.

21 45. Plaintiff performed all of the terms and conditions required of it under the  
22 Agreement except for the performance of such terms and conditions as was excused.

23 46. As a direct and proximate result of Defendants', and each of their, breach as alleged  
24 above, Plaintiff suffered damages.

25 47. Plaintiff therefore seeks all compensatory damages, including but not limited to lost  
26 profits, liquidated damages, loss of goodwill, and any and all other compensatory damages, in  
27 addition to incidental and other consequential damages, in the amount of \$2,500,000, representing  
28 the lost income over the course of the three-year term of the Agreement.





1 with Plaintiff, as evidenced by a customer's contacting Plaintiff on August 3 specifically to voice  
2 concerns over safety.

3 57. Plaintiff is informed, believes, and based thereon alleges that Defendants not only  
4 acted negligently in publishing these statements, but also acted intentionally in order to harm  
5 Plaintiff.

6 58. As a direct and proximate result of Defendants', and each of their, actions as  
7 described herein, Plaintiff suffered damages.

8 59. As this is a case of defamation *per se* in that Defendants, and each of them,  
9 specifically intended to and did harm Plaintiff's good name in the market and implied business  
10 dishonesty on the part of Plaintiff, Plaintiff is entitled to an award of presumed damages in the  
11 amount not less than \$2,500,000, representing the loss of goodwill, reputation, and other character  
12 harm in the market.

13 60. In addition, Plaintiff is entitled to an award of compensatory damages including but  
14 not limited to harm to reputation, harm to Plaintiff's business including lost profits and other  
15 consequential damages, and other incidental damages, in the amount of \$2,500,000.

16 61. As this cause of action arose out of the terms of or existence of the Agreement,  
17 Plaintiff is further entitled to an award of reasonable attorney's fees and costs under paragraph 14  
18 of the Agreement.

19 62. Moreover, because Defendants, and each of them, acted with the specific intent to  
20 cause harm to Plaintiff, Defendants acted with the requisite malice to justify the imposition of  
21 punitive damages under Civil Code section 3294.

22 63. Plaintiff also seeks injunctive relief including but not limited to a preliminary and  
23 permanent injunction in the event that Defendants again defame Plaintiff on the VWS Website or  
24 in any other publication to any person at any time.

25 **PRAYER FOR RELIEF AND DEMAND FOR JURY TRIAL**

26 **On All Causes of Action**

27 1. For a temporary restraining order and preliminary injunction in the event that  
28 Defendants, or any of them, again defame Plaintiff or its Brands;

