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10 IN THE UNITED STATES DISTRICT COURT
11 FOR THE DISTRICT OF ARIZONA

12 AZ DP Holdings, LLC, a Nevada limited
13 liability company, Item 9 Labs Corp., a
14 Delaware corporation, and I9 IP Holdings,
LLC, an Arizona limited liability company,

15 Plaintiffs,

16 v.

17 Sara Gullickson, an individual,

18 Defendant.
19

NO.

**COMPLAINT FOR INJUNCTIVE
RELIEF AND DAMAGES**

20 Plaintiffs AZ DP Holdings, LLC (“DP Holdings”), Item 9 Labs Corp. (“INLB”),
21 and I9 IP Holdings, LLC (“INIP”) (collectively “Plaintiffs”), for their complaint against
22 defendant Sara Gullickson (“Gullickson”), allege as follows:

23 **NATURE OF THE ACTION**

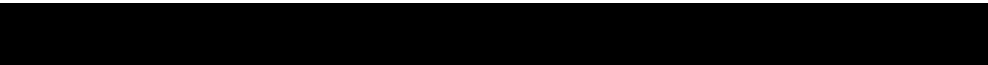
24 1. This action arises out of Ms. Gullickson’s misappropriation of Plaintiffs’
25 trade secrets and conversion of Plaintiffs’ property following her departure as the chief
26 executive officer of INLB.

27 2. Plaintiff INLB is medical cannabis company that offers comfortable
28 cannabis health solutions to consumers. INLB has a growing asset portfolio, which

1 consists of multiple brands and businesses that offer various solutions to medical cannabis
2 consumers and other stakeholders.

3 3. One of INLB's assets, Plaintiff INIP, is an intellectual property holding
4 company that holds a number of INLB's assets.

5 4. Another of INLB's assets, Plaintiff DP Holdings (d/b/a Dispensary Permits),
6 is a consulting firm that offers strategic license application and compliance services to
7 individuals and businesses in the cannabis industry. Among other things, Dispensary
8 Permits offers its clients a technology platform that houses an extensive digital library of
9 cannabis licensing and business planning resources. The assets of the Dispensary Permits
10 business were previously owned by Ms. Gullickson and her company, Arizona DP
11 Consulting LLC.

12 5. On or about November 26, 2018, Plaintiffs entered into an Asset Purchase
13 Agreement (the "APA") with Ms. Gullickson and AZ DP Consulting LLC, pursuant to
14 which Plaintiffs acquired virtually all of the assets of AZ DP Consulting LLC, including
15 but not limited to 

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23 6. On or about November 26, 2018, Plaintiff INLB and Defendant Gullickson
24 entered into an Employment Agreement, pursuant to which Defendant Gullickson also
25 became the CEO of INLB. Defendant Gullickson resigned from INLB on or about
26 November 15, 2019.

27 7. Just after her resignation and departure from INLB, however, Ms.
28 Gullickson stole, nefariously transferred, copied, and/or deleted hundreds of thousands of

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1 trade secret and proprietary documents from Plaintiffs' digital library housed on the
2 DropBox electronic platform. Ms. Gullickson also interfered with and restricted
3 Plaintiffs' access to their trade secret and property documents on DropBox.

4 8. Among other things, Ms. Gullickson's conduct violates state and federal
5 laws that preclude individuals and entities from misappropriating trade secrets and
6 constitutes unlawful conversion of Plaintiffs' property. Plaintiffs now seek injunctive
7 relief to prevent Ms. Gullickson from her ongoing theft and misappropriation of Plaintiffs'
8 trade secrets and seek damages related thereto.

9 **THE PARTIES**

10 9. Plaintiff DP Holdings is an Arizona limited liability company with its
11 principal place of business located at 2727 N. 3rd Street, Suite 201, Phoenix, AZ 85004.
12 DP Holdings is a wholly-owned subsidiary of Plaintiff INLB.

13 10. Plaintiff INLB is a publicly traded Delaware corporation with its principal
14 place of business located at 2727 N. 3rd Street, Suite 201, Phoenix, AZ 85004.

15 11. Plaintiff INIP is an Arizona limited liability company with its principal
16 place of business located at 2727 N. 3rd Street, Suite 201, Phoenix, AZ 85004.

17 12. Defendant Sara Gullickson is a resident of Phoenix, Arizona.

18 **JURISDICTION AND VENUE**

19 13. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1331 and
20 18 U.S.C. § 1836. The civil action alleged arises under the laws of the United States,
21 including an Act of Congress relating to the protection of trade secrets. This Court has
22 supplemental jurisdiction over state law claims pursuant to 28 U.S.C. § 1367(a).

23 14. This Court has personal jurisdiction over Ms. Gullickson because she is
24 domiciled in the State of Arizona and has had significant and continuous contacts in
25 Arizona.

26 15. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391
27 because, among other things, Ms. Gullickson resides in this judicial district, and she has
28 engaged in the conduct giving rise to Plaintiffs' claims within this judicial district.

1 **FACTUAL ALLEGATIONS**

2 **INLB's Business**

3 16. INLB is a medical cannabis company founded in 2010. INLB operates in
4 multiple United States markets through its diverse asset portfolio.

5 17. INLB's portfolio includes brands and businesses offering cultivation and
6 production, unique retail products, licensing and compliance services, and various other
7 products and services for consumers and stakeholders in the medical cannabis industry.

8 18. INLB's mission is to facilitate wellness by creating comfortable cannabis
9 health solutions for the modern consumer.

10 **INIP**

11 19. INIP is a wholly owned subsidiary of INLB and the holder of various
12 intellectual property assets of the INLB portfolio.

13 **The Dispensary Permits Business**


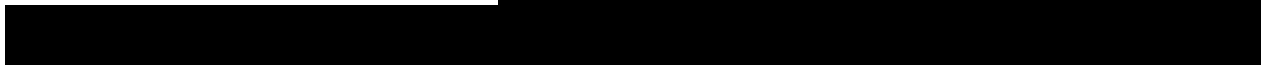
14 20. Looking to expand its portfolio, INLB teamed up with Ms. Gullickson in
15 mid-2018. At that time, Ms. Gullickson owned and operated the Dispensary Permits
16 business through her company, Arizona DP Consulting LLC.

17 21. Dispensary Permits offers consulting services to clients seeking assistance
18 navigating the regulatory, compliance, and licensing aspects of the medical marijuana
19 industry in various states.

20 22. A key component of the business is the extensive digital DropBox archive
21 of proprietary client resources, templates, documentation, and best practices.

22 23. On November 26, 2018, INLB, DP Holdings, Arizona DP Consulting LLC,
23 and Ms. Gullickson entered into the APA.

24 24. Pursuant to the APA, DP Holdings acquired all—except those expressly
25 excluded—of Arizona DP Consulting LLC's assets used in connection with the
26 Dispensary Permits business.

27 25. Among other things, 
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[REDACTED]

26. [REDACTED]

Plaintiffs’ Use of Cloud Services and Its Security Features

27. Plaintiffs use cloud services, and specifically, DropBox, to facilitate the movement and storage of documentary information used in connection with the Dispensary Permits business.

28. DropBox boasts layers of security features as well as administrative controls that limit folder access to only specially-designated employees.

29. DropBox also can generate detailed reports showing activity on the account, including transfers, deletions, additions, timestamps, IP addresses, and various other information. Essentially, the DropBox Account can track everything that happens on it.

30. As a result, Plaintiffs’ Dispensary Permits DropBox account (the “DropBox” or the “DropBox Account”) contained and contains Plaintiffs’ trade secrets, including but not limited to:

[REDACTED]

31. In addition to the DropBox and internal information technology security protocols Plaintiffs use, Plaintiffs restrict access to specific documents on the DropBox

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1 Account for those that need to know or need to use and limit such use of the documents to
2 the required task.

3 **Ms. Gullickson's DropBox Access as CEO of INLB**

4 32. During her tenure as CEO of INLB, Ms. Gullickson had access to almost
5 every facet of INLB's business, including all confidential and trade secret information,
6 including access to the DropBox materials.

7 33. Unbeknownst to Plaintiffs, even though they had purchased the entirety of
8 Ms. Gullickson's business under the APA, including information on the DropBox
9 Account, upon information and belief, Ms. Gullickson secretly retained control of the
10 DropBox Account through some other means of DropBox access in addition to her access
11 as INLB's CEO.

12 34. Moreover, even though Ms. Gullickson [REDACTED]
13 [REDACTED], she kept administrative control of the
14 DropBox Account and partitioned off several parts for her own personal use.

15 35. Indeed, the DropBox Account included folders purporting to contain Ms.
16 Gullickson's personal files such as personal tax information, personal photographs, and
17 her mother's personal files.

18 36. Until her departure from INLB, Plaintiffs were unaware of Ms. Gullickson's
19 secret administrative control and personal use of the DropBox Account.

20 **Ms. Gullickson Tenure as CEO ends and She Locks Plaintiffs Out of the Drop Box**
21 **and Steals Plaintiffs' DropBox Files**

22 37. Ms. Gullickson's employment with INLB ended on November 15, 2019.

23 38. Four days later, on November 19, 2019—and after she was no longer an
24 employee of INLB—Ms. Gullickson suspended all of Plaintiffs' clients' and employees'
25 access to DropBox, and she began transferring, copying, and/or deleting hundreds of
26 thousands of files containing Plaintiffs' confidential, proprietary, and trade secret
27 information.
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1 39. Ms. Gullickson also transferred hundreds of thousands of files wholesale
2 from Plaintiffs' client and operating folders into her "personal" folders.

3 40. On November 20, 2019, when Plaintiffs demanded that Ms. Gullickson
4 restore Plaintiffs' access and discontinue deleting and transferring files, Ms. Gullickson
5 obliged but demanded that Plaintiffs provide her with her "personal" files, now replete
6 with Plaintiffs' confidential and trade secret information, to which Plaintiffs refused.

7 41. On November 22, 2019, Plaintiffs became aware of multiple email
8 addresses accessing, transferring, and deleting files on the DropBox account. The main
9 email address, sara.gullickson@gmail.com, was previously used by Ms. Gullickson
10 during her employment at INLB.

11 42. When the sara.gullickson@gmail.com email address was prevented from
12 further access, another email address that was previously unknown to Plaintiffs,
13 dispensarypermits123@gmail.com, continued the transfers and deletions.

14 43. Upon information and belief, the dispensarypermits123@gmail.com email
15 address is associated with Ms. Gullickson.

16 44. In total, 132,062 files were deleted and nearly 1.4 million files were
17 transferred to unknown media at unknown locations.

18 45. The sheer volume of transfers indicates that many of the files were
19 transferred or copied at least twice.

20 46. From November 19, 2019 to November 22, 2019, Plaintiffs did not have
21 access to the DropBox Account or its files. Instead, Ms. Gullickson was holding it
22 hostage and only allowed Plaintiffs' clients access to their specific client files.

23 47. On November 25, 2019, Plaintiffs regained access to the DropBox Account
24 and began recovering the deleted files.

25 48. On December 4, 2019, Ms. Gullickson once again unlawfully entered the
26 DropBox Account and changed the administrative passwords, locking Plaintiffs out of the
27 account.

Ms. Gullickson Is Misappropriating Plaintiffs' Trade Secrets

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2 49. A significant portion of the materials on the DropBox Account is highly
3 valuable to Plaintiffs and would be extremely valuable to a competitor in the medical
4 cannabis industry.

5 50. Disclosure of the DropBox materials would allow competitors, including
6 Ms. Gullickson when her non-compete expires in a few months, to directly compete with
7 Plaintiffs and/or gain a competitive edge, because she would not need to invest the time
8 and money into developing or re-developing the information contained within the
9 documents.

10 51. Moreover, the information is not generally known to the public, and its
11 disclosure would allow Ms. Gullickson or third-parties to proceed in the permitting
12 process without purchasing information, templates, and consultation services from
13 Plaintiffs, thereby creating competitors of Plaintiffs' own clients.

14 52. [REDACTED]
15 [REDACTED]
16 [REDACTED] is valuable from not being generally known because it
17 contains all the trial and error, mistakes, and successes that give Plaintiffs an edge in
18 helping their clients obtain permit approval.

19 53. [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED].

26 54. The highly sensitive information from every client project serviced by
27 Plaintiffs, including [REDACTED]
28 [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED] that would give competitors
5 an edge in competing with Plaintiffs and their clients for permits.

6 55. Plaintiffs' confidential and secret [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED] If this information were generally known, it would give competitors an
12 edge to compete with Plaintiffs in the consultation business for permitting as well as make
13 it more difficult for Plaintiffs' clients to succeed in obtaining the limited permits.

14 56. Plaintiffs [REDACTED]
15 [REDACTED], and they have continued to expand, develop, and contribute to
16 the DropBox content over the past year.

17 57. Each client's file in the DropBox required significant time and effort to
18 develop and would be exceptionally difficult to recreate.

19 58. To that end, Plaintiffs make numerous efforts to maintain the secrecy of the
20 materials in the DropBox account and to restrict its access and use. For example,
21 Plaintiffs: (1) keep administrative access to the account to a very limited group of
22 executive managers; (2) only allow the information to be accessed by other employees in
23 limited sets and for limited times; (3) restrict customer and client access only to the
24 customer's relevant files; (4) require customers (of both its template documentation
25 business and its consultation business) to sign license and use agreements restricting their
26 use and dissemination of acquired information; and (5) require employees to maintain
27 confidentiality of this information as part of their employment.

1 59. Plaintiffs' access to the DropBox materials has now been restored, but Ms.
2 Gullickson has retained access to the account and has copied, deleted, and/or transferred
3 hundreds of thousands of files containing Plaintiffs' trade secrets as noted above.

4 60. At all times after November 15, 2019, Ms. Gullickson was not an employee
5 or agent of INLB and had no right or authority to access, copy, or delete any of Plaintiffs'
6 DropBox Account files.

7 61. Ms. Gullickson's actions and usurpation of Plaintiffs' DropBox has been
8 and continues to be detrimental and damaging to their business.

9 62. Moreover, Ms. Gullickson's theft of Plaintiffs' confidential and trade secret
10 information provides a competitive advantage to Ms. Gullickson, to which she is not
11 entitled.

12 63. [REDACTED]

13 [REDACTED]. Ms. Gullickson no longer
14 works for Plaintiffs, and she no longer has a right to access the materials Plaintiffs bought
15 from her.

16 **COUNT I: Misappropriation of Trade Secrets Pursuant to Arizona Uniform Trade**
17 **Secret Act, A.R.S. §§ 44-401 to 407**

18 64. Plaintiffs reallege and incorporate by reference as if fully set forth herein the
19 allegations above.

20 65. Ms. Gullickson has in her possession and has access to Plaintiffs'
21 confidential, proprietary, and trade secret information.

22 66. Plaintiffs take reasonable steps to keep the information Ms. Gullickson
23 misappropriated secret and to restrict its access and use.

24 67. This information is all valuable because it is not generally known and it
25 would allow competitors to directly compete with Plaintiffs and/or gain a competitive
26 edge.

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28

1 68. Accordingly, Ms. Gullickson has in her possession Plaintiffs' information
2 that is properly defined as a trade secret under the Arizona Uniform Trade Secret Act,
3 A.R.S. §§ 44-401 to 407.

4 69. While employed by INLB, Ms. Gullickson had access to the above
5 confidential and proprietary information to perform her job duties as CEO and run all
6 facets of the company.

7 70. Ms. Gullickson acquired access to Plaintiffs' trade secret information under
8 circumstances giving rise to a duty to maintain the secrecy of or to limit the use of the
9 confidential and proprietary information she acquired from Plaintiffs.

10 71. At the time Ms. Gullickson initially had access to Plaintiffs' trade secret
11 information, she owed a duty, as CEO, to Plaintiffs to maintain its secrecy and to limit the
12 use of the information.

13 72. Ms. Gullickson exceeded her authorized access to Plaintiffs' trade secret
14 information by, among other things, accessing, transferring, deleting, and/or copying the
15 trade secret information described above after she was no longer employed at INLB and
16 instructed to return all INLB material as part of her separation agreement.

17 73. Ms. Gullickson exceeded her authorized access to Plaintiffs' trade secret
18 information by, among other things, taking steps to transfer Plaintiffs' trade secret
19 information from Plaintiffs' DropBox account to other unknown media and locations for
20 purposes of personally retaining trade secret information after she separated from
21 Plaintiffs.

22 74. Ms. Gullickson's actions constitute improper acquisition of trade secrets in
23 violation of Arizona's trade secret act.

24 75. Plaintiffs are entitled to compensatory damages and injunctive relief as a
25 result of Ms. Gullickson's conduct.

26 76. Upon information and belief, Ms. Gullickson will use the information to
27 compete with Plaintiffs, as she did prior to her employment with Plaintiffs, in the area of
28 cannabis permitting consultation, assistance, and acquisition of cannabis licenses.

1 77. Upon information and belief, the trade secret information Ms. Gullickson
2 retained has value to Ms. Gullickson in her new endeavor.

3 78. Ms. Gullickson willfully and maliciously acquired Plaintiffs' trade secrets,
4 entitling Plaintiffs to exemplary damages and attorneys' fees in accordance with A.R.S. §
5 44-403 and § 44-404.

6 79. Ms. Gullickson's actions have unjustly enriched her.

7 80. Ms. Gullickson's continued possession of and access to Plaintiffs'
8 confidential, proprietary, and trade secret information is causing irreparable injury to
9 Plaintiffs for which there is no adequate remedy at law.

10 81. Plaintiffs will continue to suffer harm until its property is returned and Ms.
11 Gullickson is enjoined from using, accessing, or distributing the same.

12 **COUNT II - Misappropriation of Trade Secrets Pursuant to Defend Trade Secret**
13 **Act, 18 U.S.C. §§ 1836 et. seq.**

14 82. Plaintiffs reallege and incorporate by reference as if fully set forth herein the
15 allegations above.

16 83. Ms. Gullickson has in her possession and access to Plaintiffs' confidential,
17 proprietary, and trade secret information.

18 84. Plaintiffs take reasonable steps to keep the information Ms. Gullickson
19 misappropriated secret and to restrict its access and use.

20 85. Plaintiffs' trade secrets are used in connection with products and services
21 used in and intended to be used in interstate commerce.

22 86. This information is all valuable because it is not generally known and it
23 would allow competitors to directly compete with Plaintiffs and/or gain a competitive
24 edge.

25 87. Accordingly, Ms. Gullickson has in her possession Plaintiffs' information
26 that is properly defined as a trade secret under the Defend Trade Secret Act, 18 U.S.C. §
27 1839(3).

1 88. While employed by INLB, Ms. Gullickson had access to the above
2 confidential, proprietary, and trade secret information to perform her job duties as CEO
3 and run all facets of the company.

4 89. Ms. Gullickson acquired access to Plaintiffs' trade secret information under
5 circumstances giving rise to a duty to maintain the secrecy of or to limit the use of the
6 confidential and proprietary information she acquired from Plaintiffs.

7 90. At the time Ms. Gullickson initially had access to Plaintiffs' trade secret
8 information, she owed a duty, as CEO, to Plaintiffs to maintain its secrecy and to limit the
9 use of the information.

10 91. Ms. Gullickson exceeded her authorized access to Plaintiffs' trade secret
11 information by, among other things, accessing, transferring, deleting, and/or copying the
12 trade secret information described above after she was no longer employed at INLB and
13 instructed to return all INLB material as part of her separation agreement.

14 92. Ms. Gullickson exceeded her authorized access to Plaintiffs' trade secret
15 information by, among other things, taking steps to transfer Plaintiffs' trade secret
16 information from Plaintiffs' DropBox account to other unknown media and locations for
17 purposes of personally retaining trade secret information after she separated from
18 Plaintiffs.

19 93. Ms. Gullickson's actions constitute improper acquisition of trade secrets in
20 violation of the Defend Trade Secrets Act, 18 U.S.C. § 1836 *et. seq.*

21 94. Plaintiffs are entitled to compensatory damages and injunctive relief as a
22 result of Ms. Gullickson's conduct.

23 95. Upon information and belief, Ms. Gullickson will use the information to
24 compete with Plaintiffs, as she did prior to her employment with Plaintiffs, in the area of
25 cannabis permitting consultation, assistance, and acquisition of cannabis licenses.

26 96. Upon information and belief, the trade secret information Ms. Gullickson
27 retained has value to Ms. Gullickson in her new endeavor.

1 97. Ms. Gullickson willfully and maliciously acquired Plaintiffs’ trade secrets,
2 entitling Plaintiffs to exemplary damages and attorney fees in accordance with Defend
3 Trade Secrets Act, 18 U.S.C. § 1836(b)(3)(C) and (D).

4 98. Ms. Gullickson’s actions have unjustly enriched her.

5 99. Ms. Gullickson’s continued possession of and access to Plaintiffs’
6 confidential, proprietary, and trade secret information is causing irreparable injury to
7 Plaintiffs for which there is no adequate remedy at law.

8 100. Plaintiffs will continue to suffer harm until its property is returned and Ms.
9 Gullickson is enjoined from using, accessing, or distributing the same.

10 **COUNT III - CONVERSION**

11 101. Plaintiffs reallege and incorporate by reference as if fully set forth herein the
12 allegations set forth above.

13 102. Upon information and belief, Ms. Gullickson wrongfully converted
14 Plaintiffs’ confidential, proprietary, and/or trade secret information by transferring,
15 copying, and deleting Plaintiffs’ confidential, proprietary, and/or trade secret from the
16 DropBox account to other unknown accounts and media and using the information to her
17 personal benefit and/or others.

18 103. At all relevant times, the information on the DropBox account was
19 Plaintiffs’ property that Ms. Gullickson did not have authorization to use, access, destroy,
20 transfer, or retain after her employment relationship with Plaintiffs ended.

21 104. Plaintiffs have been damaged and continue to be damaged by Ms.
22 Gullickson’s wrongful conversion.

23 **PRAYER FOR RELIEF**

24 WHEREFORE, Plaintiffs respectfully request judgment against Defendant as
25 follows:

26 A. Adjudicating that Ms. Gullickson has misappropriated Plaintiffs trade
27 secrets;

1 B. Awarding Plaintiffs compensatory damages for Ms. Gullickson's
2 acquisition, disclosure, or misuse of Plaintiffs' confidential, proprietary, or trade secret
3 information;

4 C. Awarding Plaintiffs enhanced damages and their actual attorney fees;

5 D. Awarding preliminary and permanent and injunctive relief against Ms.
6 Gullickson, and all those acting in concert with her, from continued and future use of
7 Plaintiffs' confidential, proprietary, and trade secret information;

8 E. Granting such other and further relief as the Court deems just and proper.

9 **DEMAND FOR A JURY TRIAL**

10 Plaintiffs hereby demand a trial by jury in this action on all claims and issues
11 triable before a jury.

12 RESPECTFULLY SUBMITTED this 10th day of December 2019.

13 QUARLES & BRADY LLP
14 Renaissance One
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16 Phoenix, AZ 85004-2391

17 By: /s/ Christian G. Stahl
18 Lauren Elliott Stine
19 Christian G. Stahl
20 Kristen M. Arredondo

21 *Attorneys for Plaintiffs*

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