

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:  EPIC! CREATIONS, INC., <i>et al.</i> , <sup>1</sup>  Debtors.	Chapter 11  Case No. 24-11161 (JTD)  (Jointly Administered)
Claudia Z. Springer, Chapter 11 Trustee,  Plaintiff,  vs.  Google LLC, Voizzit Technology Private Ltd., Voizzit Information Technology LLC, Vinay Ravindra, Rajendran Vellapalath,  Defendants.	Adv. Pro. No. 24-50233 (JTD)  (Jointly Administered)    <b>Re: Adv. Docket No. 39</b>

**VOIZZIT INFORMATION TECHNOLOGY LLC, VOIZZIT TECHNOLOGY PRIVATE  
LIMITED AND RAJENDRAN VELLAPALATH’S RESPONSE TO ORDER TO SHOW  
CAUSE AND MOTION TO DISMISS THE COMPLAINT**

Voizzit Information Technology, LLC, Voizzit Technology Private Limited, and Rajendran Vellapalath (collectively, the “Voizzit Defendants”), by and through undersigned counsel, submit these papers in response to the Order to Show Cause [Adv. D.I. 39], which is scheduled for a hearing before this Honorable Court on Wednesday, January 29, 2025 at 1:00 p.m.

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Epic! Creations, Inc. (9113); Neuron Fuel, Inc. (8758); and Tangible Play, Inc. (9331).



## **RELEVANT BACKGROUND**

1. Voizzit was founded in 2021 and has grown into a multi-faceted entrepreneurial organization that specializes primarily in IT services, but has branches that specialize in travel, media, and education services as well.

2. On September 4, 2023, Think & Learn Private Limited ("T&L") entered into a certain Loan Agreement (the "Loan Agreement") with Riju Ravindran for a principal amount of \$100 million (₹821.5 crores) with 5% annual interest and maturity date of September 30, 2024. The Loan Agreement included strategic conversion rights for 100% ownership of Debtors Epic! Creations, Inc. ("Epic") and Tangible Play, Inc. ("Tangible Play"), including control over all digital platforms, assets, and user data.

3. On December 1, 2023, Riju Ravindran assigned all his rights under the Loan Agreement to Voizzit through an Assignment Deed for a consideration of \$25.5 million. This assignment transferred all debt rights, conversion options, platform control rights, and enforcement mechanisms. Proper notice of this assignment was issued to T&L, relevant platforms, regulatory authorities, and service providers.

4. Voizzit established exclusive ownership of Epic and Tangible Play, including their assets, intellectual property, and associated rights, based on authenticated and legally certified documentation executed before Dubai Courts and certified by a Special Notary Public. Their ownership commenced as of April 2, 2024, well before the bankruptcy proceedings.

5. Chapter 11 involuntary bankruptcy was instituted against Epic, Neuron Fuel, Inc. ("Neuron Fuel"), and Tangible Play on June 4-5, 2024. The Voizzit Defendants were first notified of these Chapter 11 proceedings on November 4, 2024, via an email from the Debtors' claims and noticing agent. The Voizzit Defendants had no prior notice of these bankruptcy cases or the orders

entered in the cases. On November 18, 2024 Claudia Z. Springer, in her capacity as Chapter 11 Trustee (the “Trustee”), initiated the above-captioned adversary proceeding (the “Adversary Proceeding”) by filing the *Complaint for Temporary Restraining Order, Preliminary and Permanent Injunctive Relief, Turnover of Estate Property and Records, and to Enforce the Automatic Stay* [Adv. D.I. 1] (the “Complaint”) against the Voizzit Defendants, Vinay Ravindra, and Google LLC requesting, among other things, the entry of a temporary restraining order and preliminary injunction against Google and the Voizzit Defendants.

6. On November 19, 2024, this Court held a hearing to consider the Complaint and entered a temporary restraining order (the “TRO”) [Adv. D.I. 14], scheduled a hearing to consider the preliminary injunction for December 3, 2024, at 9:00 a.m. (ET) (the “PI Hearing”), and set an objection deadline for no later than three (3) business days prior to the PI Hearing.

7. At a previous hearing, GLAS Trust Company, LLC (“GLAS”) provided testimony against the Voizzit Defendants that is now being used by the Trustee in her Motion for Contempt. However, GLAS has been involved in presenting inaccurate and inconsistent statements. On November 20, 2024, Mr. William R. Hailer (“Hailer”) submitted a declaration and provided testimony to this Court that contains materially false statements and deliberate misrepresentations. Specifically, Hailer testified under oath that he had **"not signed an agreement with GLAS."** This statement is false as Mr. Vellapalath has access to certain documents showing an agreement between GLAS and Hailer. Hailer has been involved in other misrepresentations and fraud. He does have a business relationship with GLAS, and is not impartial as he previously testified. Exhibit 1: Agreement between GLAS and Rose Lake. The details of his other improper and illegal actions are publicly available in different newspapers (Exhibit 2: Newspaper Articles). The

testimony of Hailer is unreliable and impermissible in this court and should be struck down accordingly.

8. The Voizzit Defendants have substantially complied with the terms of the TRO and Preliminary Injunction where possible while working with counsel to prepare their Motion to Adjourn [Adv. D.I. 59] and intends to comply with such orders absent further relief from the Court.

**RESPONSE TO ORDER TO SHOW CAUSE**

**A. The Voizzit Defendants Complied in part with the TRO [Adv. D.I. 16] and Preliminary Injunction [Adv. D.I. 36].**

9. The Trustee's claims for injunctive relief against the Voizzit Defendants for a list of accounts and related information pertaining to Debtors' assets are moot. The Trustee's claims for injunctive relief against the Voizzit Defendants to refrain from exercising ownership over Debtors' property are moot. The Voizzit Defendants provided the list of accounts to the Trustee. The information requested has been transferred to the Trustee, and the Trustee has the requested information and confirmation that she has all of Debtors' property in her possession or control.

**B. Jurisdictional Questions and Impossibility**

10. The Voizzit Defendants' Motion to Adjourn [Adv. D.I. 59] presents facts and arguments for why the Trustee's Motion for Order of Contempt against Mr. Vellapalath for not appearing in court in-person should be denied for it was impossible to comply. That motion demonstrated that the request for contempt, and any order for Mr. Vellapalath to appear in-person in Delaware in January 2025, was based on a fundamental lack of understanding of U.S. Immigration Laws, and the laws that he, as an Indian national and UAE resident, has to comply with.

11. There is a similar question here, as to whether the TRO and other Orders are based upon a complete record, and whether the Orders are impossible or vague and ambiguous, and

whether or how the Voizzit Defendants are able to comply with such Orders. There are jurisdictional questions concerning the application of the Orders to entities outside the United States, in India and United Arab Emirates, and following the laws and regulations of the respective countries. There are questions as to how those Orders apply to Voizzit, and whether and how they are reasonably understood by Voizzit. Such questions of law and fact must consider the cross-border transactions, conflict of laws of the different countries, jurisdictional limits, and notice requirements for the entities.

**C. Voizzit Was Not Aware of the Orders relating to Business Operations in India.**

12. Voizzit Defendants were not aware of the Bankruptcy Proceedings of Debtors until on or about November 4, 2024. They were not aware of the Automatic Stay or other Orders concerning Debtors. The resulting allegations repeated throughout these past months that accuse Voizzit of violating the Automatic Stay, place a negative and accusatory veil over Voizzit, so that all their statements are accused of being lies and manipulations. This is most evident in the handling of the Motion to Adjourn [Adv. D.I. 59], unequivocally demonstrating it was impossible for Voizzit to comply with the order and appear in-person. Yet the Trustee served discovery demanding more evidence including metadata, challenging the existence of an email presented to the Court in support of the fact that visa applicants in UAE must wait ten months or more for a visa appointment. This type of negative filter, and *modus operandi* of attacking the Voizzit Defendants in this case, demonstrates a prejudice exists against them in this Court.

13. Voizzit was not aware of the bankruptcy until November 4, 2024. Voizzit was not aware of the Automatic Stay, and it is unclear whether and when the Voizzit Defendants understood the Order as it relates to any activities outside the United States. The record is not

complete on this, and any attempt to determine the Voizzit Defendants' "knowledge" is impossible at this time.

**D. Impossibility Defense of The Voizzit Defendants To Comply with Orders**

14. It was impossible for the Voizzit Defendants to comply with Orders that were not served upon them in the bankruptcy proceeding.

15. It is impossible for the Voizzit Defendants to reply to the Complaint and Orders in this Adversary Proceeding where they did not have knowledge with understanding of how the Orders would apply to them. The Voizzit Defendants did not have reasonable or appropriate time to retain the necessary legal counsel, and time for legal counsel to get up to speed on the complexities of the case, which are very fact-intensive, and raise several distinct legal challenges in very diverse areas of law. Appropriate legal counsel needs to be retained (still) and they need time to review and prepare appropriate defense(s) for the Voizzit Defendants. The Orders themselves need to be properly applied and interpreted to the extent that they are applicable and enforceable to business operations in India or UAE.

16. The TRO does not address a related lawsuit pending in India. However, the Trustee has raised this claim in the Certification filed at Adv. D.I. 50. The Voizzit Defendants respond without waiver of their right to object to this part of the Trustee's claims as outside the scope of the Order to Show Cause because it is not relevant to the TRO [Adv. D.I. 14]. Nonetheless, Voizzit Defendants are working to dismiss the claims in the Indian lawsuit against the Trustee relating to the Debtors' assets. Voizzit Defendants require additional time to work with their counsel, to understand the complexities of the circumstances, and continue their efforts to comply with the Trustee's requests. The Voizzit Defendants have offered to the Trustee to suspend the Indian action by postponing any and all deadlines in that lawsuit, in order to hold in abeyance any further

resources required of the Trustee in that matter, while they (the Voizzit Defendants) are working to comply. This particular subject matter is not part of the TRO or Preliminary Injunction, and should not be used in support of any contempt proceedings.

17. As previously presented to the Court on January 22, 2025, and in the Emergency Motion to Adjourn [Adv. D.I. 59] by counsel for the Voizzit Defendants, the Trustee's claims for sanctions due to the Voizzit Defendants' failure to appear in-person should be stricken because it is impossible for Mr. Vellapalath to appear in-person in Delaware without a visa.

18. The remainder of the Trustee's claims [Adv. D.I. 55] and in the Complaint [Adv. D.I. 1] require additional investigation and consideration by the Voizzit Defendants' legal team. This includes the anticipated retention of criminal defense attorneys to advise on the Voizzit Defendants' Fifth Amendment rights. Accordingly, the Voizzit Defendants respectfully refer to, and incorporate by reference in its entirety, the concurrently filed Motion to Stay.

### **RELIEF REQUESTED**

19. The Voizzit Defendants respectfully request certain of the Trustee's claims regarding Google Accounts and Debtors' property be dismissed as moot, as Trustee is in control of same.

20. The Voizzit Defendants respectfully request that the Court dismiss the remainder of the claims, as the Orders are impossible to comply with. For example, Rajendran Vellapalath does not have a visa and cannot appear in this Court at any pre-determined date at this time due to legal and factual impossibilities.

21. The Voizzit Defendants respectfully request to stay the proceedings due to the potential of criminal proceedings being initiated, rendering the retention of defense counsel to advise them under these circumstances necessary. (Motion to Stay will be filed shortly.)

22. Notwithstanding the foregoing, the Voizzit Defendants want to work with the Trustee and are amenable to engage in discussion with the Trustee to consensually resolve any open issues.

23. The Voizzit Defendants are legitimate business entities/individuals, and have not damaged any of Debtors' property.

### **BASIS FOR RELIEF**

#### **I. Legal Standards**

24. "Proof of civil contempt requires demonstration, by clear and convincing evidence with respect to each element, that (1) a valid order of court existed, (2) the defendant had knowledge of the order, and (3) the defendant disobeyed the order. *In re Ransom*, 599 B.R. 791, 802 (Bankr. W.D. Pa. 2019) (*citing In re AGR Premier Consulting, Inc.*, 550 Fed. Appx. 115, 122 (3d Cir. 2014)).

25. "Any ambiguities should be resolved in favor of the party charged with contempt. *In re Ransom*, 599 B.R. 791, 802.

26. While courts should hesitate to adjudge a party in contempt when there is reason to doubt the wrongfulness of the conduct, the party's behavior in violating the order need not be willful. *In re Ransom*, 599 B.R. 791, 802. (*citing Harley-Davidson, Inc. v. Morris*, 19 F.3d 142, 148-49 (3d Cir. 1994) (willfulness is not a necessary element of civil contempt; intent and willfulness is relevant only as it pertains to the extent of the sanction imposed)).

27. In a civil contempt proceeding, a defendant may assert a present inability to comply with the order in question. *See United States v. Rylander*, 460 U.S. 752, 757, 103 S. Ct. 1548, 1552, 75 L. Ed. 2d 521 (1983) (*citing Maggio v. Zeitz*, 333 U.S., at 75-76, 68 S.Ct., at 411-412; *Oriel v. Russell*, 278 U.S. 358, 366, 49 S.Ct. 173, 175, 73 L.Ed. 419 (1929)). "Where compliance



is impossible, neither the moving party nor the court has any reason to proceed with the civil contempt action.” *Id.*

28. “While the court is bound by the enforcement order, it will not be blind to evidence that compliance is now factually impossible. Where compliance is impossible, neither the moving party nor the court has any reason to proceed with the civil contempt action. It is settled, however, that in raising this defense, the defendant has a burden of production. *McPhaul v. United States*, 364 U.S. 372, 379, 81 S.Ct. 138, 142, 5 L.Ed.2d 136 (1960); *Maggio v. Zeitz*, 333 U.S., at 75–76, 68 S.Ct., at 411–412; *Oriel v. Russell*, 278 U.S., at 366, 49 S.Ct., at 175. See also *United States v. Fleischman*, 339 U.S., at 362–363, 70 S.Ct., at 746.” *United States v. Rylander*, 460 U.S. 752, 757, 103 S. Ct. 1548, 1552, 75 L. Ed. 2d 521 (1983).

29. Knowledge of the bankruptcy, relevant Orders, and the Automatic Stay is a requisite for providing contempt of the TRO because much of the claims on which the TRO are based lead back to false allegations that the Voizzit Defendants violated the Automatic Stay – which is not true. A party cannot be held in contempt of an order of which it had no knowledge. *In re Ransom*, 599 B.R. at 803 (citing *In re McCullough*, 63 B.R. 97, 99 (Bankr. E.D. Pa. 1986). “For the knowledge requirement to be satisfied, the violating party must possess ‘actual knowledge’ of the court order.” (additional citation omitted). *In re Ransom*, 599 B.R. 791, 806.

30. The Court has previously expressed reservations about extending the rule (that knowledge to an attorney imputes knowledge to client) in the context of civil contempt for violation of an order of which the would-be contemnor denies having awareness. “The imputation of knowledge to the client based solely on the attorney's awareness seems more akin to constructive notice and may be a difficult fit for the “actual notice” requirement for a finding of contempt.” *In re Ransom*, 599 B.R. 791, 806.

31. “In researching the issue of whether a finding of contempt against the client can be made based on an attorney's notice of an order when the client denies having been made aware of that order, the Court notes the cases are few and not entirely consistent, but seem to evidence some reluctance to impute the attorney's knowledge to the client absent special circumstances. In re Ransom, 599 B.R. 791, 806 (citing *In Re Slaiby*, 73 B.R. 442 (Bankr. D. N.H. 1987) (attorney's knowledge of discharge order would not be imputed to client for purposes of civil contempt); *In Re Patterson*, 111 B.R. 395 (Bankr. N.D. N.Y. 1989) (debtors could be held in civil contempt for violating an order that was served on their attorney, where any lack of knowledge by debtors was attributable to their own conscious choice to disengage from case); *In Re Clayton*, 2012 WL 11290 (Bankr. E.D. Tenn. 2012) (although the general rule is that knowledge of attorney is imputed to client, there are limitations to that – refusing to impute knowledge for civil contempt.)

32. Knowledge of the Court's Orders and understanding of the Orders, and whether those Orders are enforceable in cross-border transactions, and how those Orders impact other business outside the United States, is a necessary step to prove knowledge in this case. The question of the subject matter of the Orders, and the scope of those Orders creates ambiguities and omissions in the Orders, which should be interpreted in favor of the person charged with contempt. *In re Ransom*, 599 B.R. 791, 807 (citing *Frankford Tr. Co. v. Allanoff*, 29 B.R. 407, 410 (E.D. Pa. 1983)).

33. “[C]ivil contempt “should not be resorted to where there is [a] *fair ground of doubt* as to the wrongfulness of the defendant's conduct.” *Taggart v. Lorenzen*, 587 U.S. 554, 561, 139 S. Ct. 1795, 1801–02, 204 L. Ed. 2d 129 (2019) (citing *California Artificial Stone Paving Co. v. Molitor*, 113 U.S. 609, 618, 5 S.Ct. 618, 28 L.Ed. 1106 (1885) (emphasis added)). “This standard reflects the fact that civil contempt is a “severe remedy,” *ibid.*, and that principles of “basic fairness

requir[e] that those enjoined receive explicit notice” of “what conduct is outlawed” before being held in civil contempt, *Schmidt v. Lessard*, 414 U.S. 473, 476, 94 S.Ct. 713, 38 L.Ed.2d 661 (1974) (*per curiam*).” *Taggart*, 587 U.S. at 561 (*citing Longshoremen, supra*, at 76, 88 S.Ct. 201 (noting that civil contempt usually is not appropriate unless “those who must obey” an order “will know what the court intends to require and what it means to forbid”); 11A C. Wright, A. Miller, & M. Kane, *Federal Practice and Procedure* § 2960, pp. 430–431 (2013) (suggesting that civil contempt may be improper if a party's attempt at compliance was “reasonable”).

**II. The Voizzit Defendants Had No Knowledge of the Automatic Stay; Voizzit’s Knowledge and Understanding Was Limited.**

34. The Voizzit Defendants did not have knowledge of the bankruptcy proceeding until on or about November 4, 2025, when it received an email from a representative of the Trustee. At that point, there is no evidence that the Voizzit Defendants had knowledge or reasonable understanding of the Automatic Stay in the bankruptcy proceeding. Even then, the reasonable understanding of the Automatic Stay, and later the TRO, its application to entities, individuals and acts outside the United States, and relating to cross-border transactions, raises a stew of legal complexities that need to be addressed before this Court prior to any findings of contempt against the Voizzit Defendants. These types of uncertainties relating to the Automatic Stay, and the TRO, constitute a reasonable basis to demonstrate that the Voizzit Defendants did not have the requisite knowledge of the Court’s Orders of which it has been accused of violating. *In re Ransom*, 599 B.R. at 803 (*citing In re McCullough*, 63 B.R. 97, 99 (Bankr. E.D. Pa. 1986) (party cannot be held in contempt of an order of which it had no knowledge). The circumstances of the case(s), and the Voizzit Defendants’ legitimate business practices outside the U.S., also raise ambiguities and omissions in the Orders, which should be interpreted in favor of the person charged with contempt.

*In re Ransom*, 599 B.R. 791, 807 (citing *Frankford Tr. Co. v. Allanoff*, 29 B.R. 407, 410 (E.D. Pa. 1983)).

35. While this proceeding is only based on whether there is contempt of the TRO [Adv. D.I. 14], the Court and the Trustee both view the Voizzit Defendants as repeat violators of Court Orders, and this is not the case. The knowledge that has been imputed to the Voizzit Defendants is not clear, and is based on hearsay and unchallenged testimony (which the Voizzit Defendants believe is self-serving, inconsistent with prior statements, and comes from an unreliable declarant, rendering that evidence not so unequivocal or credible).

### **III. The Voizzit Defendants Complied with the TRO, in part.**

36. The Voizzit Defendants complied with the TRO as they understood the Orders (which understanding was reasonable and required legal advice for same). Upon having knowledge and understanding of the TRO, it worked to comply with providing the list of accounts to the Trustee which it required to ensure that Trustee had control over the Debtors' assets, and to confirm that the Voizzit Defendants were not exercising control over the Debtors' assets. Paragraphs 3 and 4 of the TRO have been complied with, and are therefore moot.

### **IV. The Orders Were Impossible for the Voizzit Defendants to Comply With, in part.**

37. As noted previously, the Court has issued Orders against the Voizzit Defendants that are impossible for them to comply with. One example is requiring the Voizzit Defendants to appear in-person in Delaware when it is an impossibility under the current U.S. laws and immigration procedures in UAE and India. This is raised in Trustee's Claims in her Certification [Adv. D.I. 50] and is beyond the scope of the TRO.

38. There remain some parts of Trustee's claims that continue to be impossible. Some of the specific claims alleged by Trustee in the Statement [Adv. D.I. 50], expand the TRO without

giving the Voizzit Defendants an opportunity to fully assess what parts of the Trustee's claims are possible to comply with in view of the language of the TRO. For example, any Debtor assets, if used prior to knowledge (with reasonable understanding) of the Automatic Stay and prior to issuance of the TRO, would be impossible for the Voizzit Defendants to return, and would not be a violation of the Automatic Stay for uses in the ordinary course of business. Additional discovery would demonstrate that there are impossibilities to the Trustee's claims raised in her Certificate [Adv. D.I. 50]. *See United States v. Rylander*, 460 U.S. 752, 757, 103 S. Ct. 1548, 1552, 75 L. Ed. 2d 521 (1983) (*citing Oriel v. Russell*, 278 U.S. 358, 366, 49 S.Ct. 173, 175, 73 L.Ed. 419 (1929)). "Where compliance is impossible, neither the moving party nor the court has any reason to proceed with the civil contempt action." *Id.* Additional time will also demonstrate that Trustee's Certificate goes beyond the limited scope of the TRO [Adv. D.I. 14].

**V. The Voizzit Defendants Will Be Damaged, Be Irreparably Harmed, and Experience Injustice If the Court Were to Proceed with a Finding of Civil Contempt.**

39. The current proceedings raise many questions as to whether the Voizzit Defendants had knowledge of the Automatic Stay, and whether their actions potentially in violation of such stay, amounted to violations that a civil order of contempt is warranted in this situation. *Taggart v. Lorenzen*, 587 U.S. 554, 561, 139 S. Ct. 1795, 1801–02, 204 L. Ed. 2d 129 (2019).

40. "[C]ivil contempt "should not be resorted to where there is [a] *fair ground of doubt* as to the wrongfulness of the defendant's conduct." *Taggart v. Lorenzen*, 587 U.S. 554, 561, 139 S. Ct. 1795, 1801–02, 204 L. Ed. 2d 129 (2019) (*citing California Artificial Stone Paving Co. v. Molitor*, 113 U.S. 609, 618, 5 S.Ct. 618, 28 L.Ed. 1106 (1885) (emphasis added)). Civil contempt is a "severe remedy" and the principles of "basic fairness require that those enjoined receive explicit notice" of "what conduct is being outlawed". *Id.* Civil contempt is not appropriate unless

the Defendants know what the court required and what is forbidden by the Order. *Id.* The civil contempt proceedings should be dismissed, and the Motion for Contempt be denied.

### **RESERVATION OF RIGHTS**

41. Nothing contained herein shall be deemed an admission or waiver by the Voizzit Defendants with respect to any argument or defense in connection with any further proceedings before this Honorable Court.

### **CONCLUSION**

WHEREFORE, for the reasons outlined above, the Motion for Contempt should be denied, the Trustee's requests for a finding of civil contempt and all associated damages should be denied because they are unwarranted under the circumstances. The Voizzit Defendants respectfully request that the Court deny the Order to Show Cause, deny the Trustee's requested relief, and dismiss Trustee's Complaint, due to certain provisions now rendered moot, and other provisions deemed impossible, in view of the law and arguments herein, and in the Motion to Stay to be filed shortly.

Dated: January 27, 2025

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## Exhibit 1

[Redacted In Its Entirety]



## Exhibit 2

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POLITICS

## Lawsuit: Former DNC and Minn. political operative defrauded South Dakota cannabis companies

Will Hailer, who has worked with Minnesota Democrats and for the Democratic National Committee, allegedly did not return nearly \$1.7 million to investors.

By Ryan Faircloth, Hunter Woodall and Brooks Johnson

FEBRUARY 23, 2023 AT 8:29PM



Two South Dakota medical cannabis companies are suing a fund managed by former Democratic political operative Will Hailer. (Glen Stubbe, Star Tribune/The Minnesota Star Tribune)

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Dakota Natural Growers, 605 Cannabis and about two dozen of their investors filed a lawsuit in Hennepin County in December against Will Hailer, eSt Ventures LLC, Badlands Fund GP LLC and Badlands Ventures LLC. The lawsuit claims that Hailer and the three funds Hailer manages solicited a total of \$3.5 million in investments with the "intention of stealing and/or misappropriating most of the money."

"We're disappointed that this money was stolen from us," attorney Jason Tarasek said on behalf of the plaintiffs he's representing. "These are new entrepreneurs excited about a new opportunity to bring medicine to people in South Dakota, and [they] put their trust in someone who wasn't worthy of it."

Hailer, who no longer lives in Minnesota, worked in politics for years and spent time at the Democratic National Committee as senior adviser. He was a campaign manager for current Minnesota Attorney General Keith Ellison during some of the Democrat's time in Congress and also worked as part of Ellison's official U.S. House operations in the role of district director, according to a LinkedIn profile.

Democratic U.S. Rep. Ilhan Omar's husband, Tim Mynett, is mentioned in the lawsuit but is not listed as a defendant in the case. The lawsuit alleges that Hailer and Mynett co-founded eSt Ventures and formed the Badlands Fund GP to control another investment fund, Badlands Ventures.

A spokesman for Omar said in an email that "Rep. Omar or her family have no involvement in this lawsuit whatsoever." Mynett did not respond to a request for comment.

Reached by email Wednesday, Hailer also said Mynett "had no involvement in the deal."

"We hope to resolve all claims amicably and are working towards an out of court resolution for all parties," Hailer said.



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Michael Rand



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## RETAIL

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According to the lawsuit, Dakota Natural Growers and 605 Cannabis were seeking money from relatives and acquaintances to grow their businesses. They assembled a number of investors who were ready to invest \$3.5 million split between the two companies.

The lawsuit states Hailer approached the owners and operators of the cannabis companies in early 2022 proposing he could raise millions of dollars on their behalf if they let him control the capital raise through his firm, eSt Ventures. Hailer allegedly promised the investors he could raise \$10 million to invest equally in Dakota Natural Growers and 605 Cannabis if they entrusted him with their initial \$3.5 million.

The investors obliged, investing their \$3.5 million into the Badlands Ventures fund, according to the lawsuit.

Over the subsequent months, the lawsuit states that Hailer repeatedly assured the companies and their investors that he was about to land new investments. But to their knowledge, "the defendants never secured any other investor, for any amount," the suit states.

Hailer and Badlands GP eventually returned \$1.8 million to the investors, the lawsuit said, but they've never given back the rest of the money.

On behalf of his clients, Tarasek requested to inspect Badlands Ventures' books and records in November to see if the money was still there, the lawsuit states, but that request was refused.

The parties reached a settlement agreement late last year that would have had Badlands Ventures pay about \$1 million to Dakota Natural Growers and nearly \$600,000 to 605 Cannabis. A document filed in court shows the agreement was signed by Hailer.

But the money was never sent, according to the lawsuit seeking the return of \$1.68 million plus attorneys' fees and unspecified "punitive damages."

An attorney for Hailer did not respond to requests for comment but has filed to dismiss the case. A hearing is scheduled for April.

Hailer earlier co-founded the political consulting firm E Street Group with Mynett. The firm went on to receive large amounts of money from Omar's political campaign after payments started in 2018, according to campaign finance [records](#). In [March 2020](#), Omar announced her marriage to Mynett, and later that year her campaign [severed financial ties](#) with E Street Group amid scrutiny. Omar has denied [any impropriety](#) but had said she wanted to avoid a perception of conflict.

An online bio for Hailer [said](#) that "he has worked on campaigns" for major Democrats, including [Omar](#) and former Minnesota U.S. Sen. Al Franken.

Hailer had a stint as executive director at the Texas Democratic Party and was part of Ellison's unsuccessful run to lead the DNC after the 2016 presidential election, according to a [LinkedIn](#) bio. Ellison was deputy chairman of the DNC at the same time Hailer worked as senior adviser at the national party.

*Staff researcher John Wareham contributed to this report.*



✦ ABOUT THE WRITERS

**Ryan Faircloth**

POLITICS AND GOVERNMENT REPORTER

Ryan Faircloth covers Minnesota politics and government for the Star Tribune.

[See More >](#)

**Hunter Woodall**

WASHINGTON REPORTER

Hunter Woodall was a Washington-based reporter for the Star Tribune.

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**Brooks Johnson**

BUSINESS REPORTER

Brooks Johnson is a business reporter covering Minnesota's food industry, agribusinesses and 3M.

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**Lawsuit against Ilhan Omar's husband threatens her reelection campaign***Congressional challenger Don Samuels has called on Omar to address her husband's business lawsuits.*

Image by Courtesy of IlhanOmar.com

Omar cut ties with husband Tim Mynett's political consultancy after 2020 election.

by [Alexandra DeYoe](#)  
Published June 18, 2024

As Congresswoman Ilhan Omar's husband is battling a lawsuit over alleged financial fraud, her primary opponent Don Samuels is calling for her to address his business dealings.

The [complaint](#) against [Will Hailer](#) and Omar's husband Tim Mynett, the business partners of winery eStCru, states the pair "fraudulently misrepresented" their company and its potential return on investment.

Hailer said in an email response to the Minnesota Daily that he and Mynett plan to work to resolve the "simple contract dispute" with investor Naeem Mohd. Hailer and Mynett [deny defrauding](#) Mohd in response to the complaint.

Hailer and Mynett promised Mohd they would triple his \$300,000 investment within 18 months, with an additional 10% monthly interest if not paid on time, according to reports from the Minnesota Reformer. The lawsuit states Mohd only received the original \$300,000 back a month late, which caused him to sue the business partners last fall for \$780,000.

Samuels, who is challenging Omar for her congressional seat, held a [press conference](#) on June 6 addressing Mynett's business dealings impacting Omar's congressional campaign. Samuels said with public trust in politicians declining, it is important for Omar to answer the public's concerns and questions.

"I think what she needs to do is to answer the questions," Samuels said. "Part of my having a press conference is to encourage her to do that."

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Since the beginning of 2019, Omar's campaign has paid Mynett's political consultancy around \$3 million before cutting all ties with the firm after the 2020 election. Soon after, Hailer and Mynett founded the California winery eStCru.

"It's like writing a check and then signing the back," Samuels said. "I've never heard of that level of self-dealing or family dealing."

Hailer and Mynett's other companies, eSt Ventures, Badlands Fund GP and Badlands Ventures, are also being sued by three South Dakotan marijuana companies for over \$1.2 million in owed payments.

"605 Cannabis and Dakota Natural Growers are great companies," Hailer said in an email statement. "We continue to work to amicably resolve the contract dispute between the parties."

Samuels said politicians must take accountability for their actions before calling for accountability and transparency elsewhere.

Jacklyn Rogers, a spokesperson for Omar, said in a statement to the Daily that Omar is not involved in any of her husband's business ventures. Rogers added Omar's campaign is focused on the issues that matter most to the Fifth District, not on a smear campaign.

"This is clearly a politically motivated attack and frankly it reeks of desperation from a campaign that is struggling to gain momentum," Rogers said in the statement. "Since Rep. Omar secured the DFL endorsement on the first ballot our campaign continues to see a groundswell of support and enthusiasm."

Samuels said Omar calling his conference a political attack is a strategy he has seen before and does not plan to let it bother him.

"Her accusations are defensive," Samuels said. "They're a strategy. I've never taken them seriously from the very beginning. And I won't take them seriously. I'm going forward."

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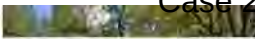
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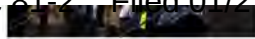




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Press releases

## Don Samuels responds to Minnesota Reformer article detailing self-dealing, missing funds, and lack of transparency by his opponent, Rep. Ilhan Omar and her husband, Tim Mynett

by Neighbors for Samuels

June 6, 2024



MINNEAPOLIS, June 6, 2024 /PRNewswire/ — Today, Don Samuels, a candidate for Congress in Minnesota's Fifth Congressional District, held a press conference to address *Minnesota Reformer* political reporter Max Nesterak's [article](#) published yesterday about his opponent, Rep. Ilhan Omar, previously paying her husband Tim Mynett \$3 million of campaign money and the ways her time in office has given his businesses access and credibility as they've misappropriated more than \$1 million in money from South Dakota investors, left workers unpaid and found their funds frozen by the Office of Foreign Assets Control—the U.S. Treasury Department unit in charge of enforcing sanctions.

Samuels said, "Unfortunately, this story is just the latest scandal in a string of new stories about Rep. Omar that narrows the focus on her and brings us further from the type of progress our district and our country need around issues that affect the lives of our neighbors. Rep. Omar has used her three terms in Congress--what many would consider the opportunity and honor of a lifetime--to divide our community and enrich herself in the process."

Nesterak's article lays out a series of businesses run by Omar's husband, Tim Mynett, and his business partner, Will Hailer, that have benefited from funds controlled by or access provided by Omar. During the 2020 campaign cycle, Omar paid her husband's political consultancy nearly \$3 million, enriching her own household in the process. Mynett and Hailer then started a California winery, eStCru, after being given grapes in lieu of money for marketing work. The winery is currently embroiled in a strange breach of contract lawsuit, where through Omar's political connections, they secured an investment of \$300,000 on the promise of a \$900,000 repayment just 18 months later.

The first of two venture capital firms started by Mynett and Hailer, eSt Ventures, was sued by South Dakota hemp investors after the firm failed to return over \$1 million dollars to investors after a failed promise to raise additional funds for hemp-related businesses in that state. After weeks turned to months of excuses, Hailer told the investors that his money was being held by the Office of Foreign Assets Control (OFAC)





the U.S. Treasury Department unit charged with enforcing sanctions. Hailer declined to elaborate on the circumstances of that hold or whether it was resolved in the *Minnesota Reformer's* article.

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Mynett and Hailer's second venture capital firm, Rose Lake Capital, appears to be doing international business, including the buying and selling of distressed assets in foreign locales, with a focus on opportunities in Africa.

Omar has so far refused to comment on the story.

"The Fifth Congressional District and our country face significant challenges. We deserve elected officials who are focused on bringing people together and addressing issues like public safety, global climate change, and the security of our democracy—and, in this case, we deserve honesty, transparency, and answers," said Samuels.

View original content to download multimedia:<https://www.prnewswire.com/news-releases/don-samuels-responds-to-minnesota-reformer-article-detailing-self-dealing-missing-funds-and-lack-of-transparency-by-his-opponent-rep-ilhan-omar-and-her-husband-tim-mynett-302166584.html>

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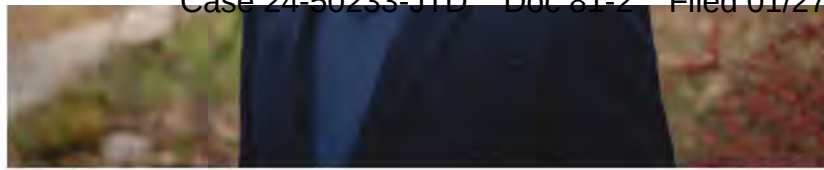


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TUE 31	NIGHTCHASER NYE Presented By Ale... Atomic   St. Louis, MO
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TUE 31	Adapting Knowledge How Medicine Ev... Washington Universi...   St. Louis, MO
TUE 31	Noon Year's Eve Missouri History Mu...   St. Louis, MO



TUE 31 **Pop-Up Collections Displays**  
Missouri History Mu... | St. Louis, MO

TUE 31 **St. Louis Ambush vs. Kansas City Co...**  
Family Arena | St. Charles, MO

TUE 31 **NYE Party at Up-Down**  
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	TUE	WED	THU	FRI	SAT	SUN
	31	1	2	3	4	5

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