

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
IN AND FOR PALM BEACH COUNTY, FLORIDA

JHOG HOLDINGS LLC,
Plaintiff,

vs.

Case No. _____

DAVID HEIL, TEXAS BUILT, LLC,
Defendants.

_____ /

VERIFIED COMPLAINT

COMES NOW the Plaintiff, JHOG HOLDINGS, LLC, by and through the undersigned counsel, and files this Complaint alleging as follows:

Parties, Jurisdiction, and Venue

1. Plaintiff JHOG Holdings LLC ("JHOG") is a Florida limited liability company with its principal place of business in Pinellas County, Florida.
2. Defendant Texas Built, LLC ("TB") is a Florida limited liability company with its principal place of business in Palm Beach County, Florida.
3. Defendant David Heil ("Heil") is a natural person residing, to the best knowledge and belief of the Plaintiff, in Hennepin County, Minnesota.
4. At all times material hereto, Heil was the principal member of TB.
5. Venue is proper in this Court pursuant to Florida Statutes Section 47.051 as the county in which at least one of the defendants maintains its principal place of business.
6. All conditions precedent to bringing this action have been either satisfied or waived.

General Facts

7. Plaintiff has a significant interest in State Storage Lubbock, LLC (“SSL”), a limited liability company, that controls a storage facility located at 222 N. Avenue U, Lubbock, TX.
8. Plaintiff put forth significant capital and labor, such as founding the entity and locating real property for the entity’s business contributing to its 40% ownership of the entity.
9. David Heil is the principal of State Storage Group (“SSG”), a Florida limited liability company, which also holds an interest in State Storage Lubbock.
10. The principal of JHOG is Upstate Holdings, LLC (“Upstate”), a related entity that has other business dealings with the Defendant David Heil.
11. The working relationship between the parties, Plaintiff and David Heil, began to deteriorate over time due to conflicts over operations in the related entities.
12. Due to the deteriorating relationship, Heil directed SSG to begin coordinating with other members to extract value from its own businesses to dilute the value that Plaintiff’s entities, such as Upstate, had an interest in. **Exhibit A.**
13. Defendant Heil in further attempts to coordinate with other members of related business interests, established a pattern to isolate Plaintiff’s interest in shared business ventures and expressed to other members that they “will use this process on Lubbock, Amarillo, and Palmetto” referring to their mutually shared business properties. **See Exhibit B.**
14. On or about December 3, 2021, State Storage Lubbock transferred a deed to Texas Built, LLC, containing the property known as: 222 N. Avenue U, Lubbock, TX (“the Lubbock Property.”). **See Exhibit C.**

15. Plaintiff had never received any money from the deed transfer because the property was intentionally sold at cost to ensure there were no profits to distribute while still retaining the property via Texas Built, LLC.
16. On or about December 8, 2021, in a derivative action against State Storage Group, LLC, David Heil and another defendant (Case No. 2021-CA-009234), a Notice of Lis Pendens was filed in Palm Beach County against the Lubbock Property. This Notice of Lis Pendens was filed in Lubbock County on January 31, 2022. **See Exhibit D.**
17. Upon information and belief, Texas Built, LLC, is primarily managed by David Heil. **See Exhibit E.**
18. The deed transfer to Texas Built, LLC was intentionally aimed to limit Plaintiff's influence in their staked interest in SSL as assets from this entity were shifted away to entities that Defendant Heil controls with other associates.
19. Defendant David Heil leveraged his interest in SSG to sell the Lubbock Property to Texas Built, LLC for three (3) million dollars below fair market value isolating and separating Plaintiff's interest in State Storage Lubbock and the Lubbock Property.
20. To the best knowledge and belief of the Plaintiff, Heil maintains effective control of the Lubbock Property by and through Texas Built, LLC thus making the deed transfer a self-dealing transaction.

Count I – Criminal Scheme, F.S. §772.104 (Heil)

21. Plaintiff hereby restates and incorporates Paragraphs 1 through 20 as if fully set forth herein.
22. Section 772.104(1), Florida Statutes, establishes a civil cause of action where a claimant is able to prove injury "by reason of any violation of the provisions of s. 772.103..."

23. Section 772.103(2), Florida Statutes, declares that it is unlawful for any person “[t]hrough a pattern of criminal activity... to acquire or maintain, directly or indirectly, any interest in or control of any enterprise or real property.”
24. Section 817.034(4)(a), Florida Statutes, and the terms incorporated therein and defined in Section 817.034(3), establish that it is a criminal offense to engage in any “systematic, ongoing course of conduct with intent to” deprive another of a “right to property or a benefit therefrom” by “false or fraudulent pretenses, representations, or promises or willful misrepresentations of a future act.”
25. “Property” is further defined in subsection 3(c) thereof as including real property, tangible property, intangible rights and interests, and services.
26. Section 817.034(4)(b) establishes that it is a separate criminal offense to engage in a scheme to defraud using one or more types of mail or electronic communication, as specified in subsection 3(a).
27. Heil made repeated attempts to isolate and dilute Plaintiff’s interest in business entities they were both involved in, which led to Defendant Heil leveraging his interest in SSG to transfer the Lubbock property to TB. Defendant Heil’s efforts in depriving Plaintiff’s interest in SSL was a systematic, ongoing course of conduct.
28. Heil clearly stated to his business associates that this conduct was intended to deny Plaintiff access and control in the various entities they are involved in. *See Exhibit A.* The conduct also used false pretenses and false representations to carry out that purpose by expressly coordinating with the other business associates without JHOG’s knowledge to deliberately harm Plaintiff’s business interests. *See Exhibit B.*

29. Heil also clearly stated that he intended to use this same practice in connection with all of the other entities with which Hidalgo and his affiliated entities were associated, *See Id.*
30. Heil has directed SSG to use the same or similar procedure of putting property in the control of third parties ultimately subject to Heil's control, including deeding multiple storage facility properties owned by SSL to a third party, such as Texas Built, LLC for less than market value.
31. This history of disposition of assets in companies in which Heil exercises substantial control demonstrates that this is a regular practice by which Heil conducts his business, and was thereby a pattern of criminal activity.
32. Heil also clearly stated that this pattern of criminal activity was intended to maintain control over the business entities, to the exclusion of Plaintiff. *See Exhibit A.* The pattern of criminal activity was thereby intended to acquire or maintain an interest in or control of an enterprise or real property.
33. The foregoing conduct was therefore a violation of Section 772.103(2), Florida Statutes, which entitles JHOG to the remedy provided by Section 772.104(1), Florida Statutes.
34. Plaintiff has retained the undersigned to represent it in this matter, and is obligated to pay the undersigned a reasonable fee for services in connection therewith.

WHEREFORE, Plaintiff respectfully requests the Court find that Heil's conduct constituted a violation of 772.103(2), Florida Statutes; find that pursuant to Section 772.104(1), Florida Statutes, Plaintiff is entitled to recover threefold the actual damages sustained; enter a judgment against Heil for damages as well as Plaintiff's reasonable attorney's fees and costs pursuant to Section 772.104(1); and provide such other and further relief as the Court deems appropriate.

Count II – Conspiracy to Engage in Criminal Scheme, F.S. §772.104 (Heil, TB)

35. Plaintiff hereby restates and incorporates Paragraphs 1 through 34 as if fully set forth herein.
36. Heil and TB communicated about and coordinated the transfer of the Lubbock Property to TB.
37. The transfer of the Lubbock Property was a criminal scheme, as alleged in Paragraphs 19 through 32 above.
38. A conspiracy to do an unlawful act thus existed between Heil and TB.
39. Heil engaged in an overt act in furtherance of the conspiracy by affirmatively attempting to dilute Plaintiff's interest in SSL and by effectuating the transfer of the Lubbock Property to TB.
40. TB engaged in an overt act in furtherance of the conspiracy by accepting title to the Lubbock Property and by exercising the rights of ownership over it.
41. Plaintiff JHOG was damaged as a result of the acts performed pursuant to the conspiracy because it deprived JHOG any profits from the sale and of the benefit of the fair market value of the Lubbock Property that it would have ordinarily received in a proper, arms-length sale.
42. Heil had a personal stake in the conspiracy distinct from that of TB because, among other things, he personally received a substantial portion of the proceeds from the improper sale and acted against the interest of SSL or SSG in selling the Lubbock Property substantially under its fair market value to Defendant Texas Built, LLC.

WHEREFORE, Plaintiff respectfully requests that the Court find that a conspiracy to violate Section 772.103(2), Florida Statutes existed between Heil and TB, and that JHOG was

damaged as a result of the conspiracy; enter a judgment against Heil and TB for damages resulting from the conspiracy; and provide such other and further relief as the Court deems appropriate.

Count III – Unjust Enrichment (TB)

43. Plaintiff hereby restates and incorporates Paragraphs 1 through 20 as if fully set forth herein.
44. Plaintiff conferred a benefit on TB through the transfer of JHOG's interest in the Lubbock Property held through SSL.
45. JHOG suffered damages not shared by the other members of SSL as Plaintiff had not received any profits from the transaction between SSL and Texas Built, LLC despite its 40% stake in the entity.
46. TB had knowledge of the benefit, inasmuch as it accepted title to the Lubbock Property and has exercised ownership rights in it.
47. TB accepted and retained the benefit, inasmuch as it accepted title to the Lubbock Property and has exercised ownership rights in it.
48. Because TB's title to the Lubbock Property was obtained only because of the corporate malfeasance engaged in by its principal, who was also a member of SSL through SSG holding an interest in the Lubbock Property; and because the Lubbock Property was obtained in a transaction for less than market value, it would be inequitable for TB to retain the benefit conferred without paying JHOG fair value for the benefit it held.
49. The foregoing conduct was therefore violations of Section 726.105-106, Florida Statutes, which entitles JHOG to remedies provided by Section 726.108(1), Florida Statutes.

WHEREFORE, JHOG respectfully requests the Court find that Heil's conduct constituted a violation of 726.105-106, Florida Statutes; find that pursuant to Section 726.108(1) Florida Statutes, the Court find for an avoidance of the transfer to the extent necessary to satisfy the creditor's claim; or find for an attachment against the asset transferred for the value the Plaintiff should have received from a proper sale of the Lubbock Property; and enter an injunction against TB to prevent further disposition of the Lubbock Property by Texas Built, LLC; or order the Lubbock Property to be returned to SSL's ownership in order for a proper sale of the Lubbock Property; find for money damages against TB for the value it retained from JHOG; and provide such other and further relief as the Court deems appropriate.

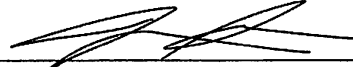
Count IV – Tortious Interference with an Advantageous Business Relationship (Heil, TB)

50. Plaintiff hereby restates and reincorporates Paragraphs 1 through 20 as if fully stated herein.
51. Plaintiff pleads this tortious interference count against Defendant Texas Built, LLC and Heil. The elements for tortious interference with an advantageous business relationship are: “(1) the existence of a business relationship, not necessarily evidenced by an enforceable contract, under which the plaintiff has legal rights; (2) the defendant's knowledge of the relationship; (3) an intentional and unjustified interference with the relationship by the defendant; and (4) damage to the plaintiff as a result of the interference.” *See Salit v. Ruden, McClosky, Smith, Schuster*, 742 So.2d 381, 385-386 (Fla. 4th DCA 1999).
52. Plaintiff was engaged in an advantageous business relationship, under which it had a prospect of legally enforceable rights, with State Storage Lubbock.

53. Defendant Texas Built LLC had knowledge of this relationship due to the involvement of Defendant David Heil as its principal agent who is also the principal agent of State Storage Group, who also has an interest in SSL. Defendant David Heil has inherent knowledge of Plaintiff's business relation due to his involvement in multiple entities.
54. Defendant Heil, individually and on behalf of Defendant Texas Built, LLC as the company's agent, intentionally interfered with the relationship by transferring the Lubbock Property to Texas Built, LLC in a manner that allows Defendant Heil to retain effective control of the assets that were in Plaintiff's interest and control in SSL via a non-arm's length transaction.
55. Defendant TB's actions were unjustifiable because they depended on their familiarity with the other parties involved in order to receive an otherwise impossible benefit in the purchase of the Lubbock Property well under its fair market value.
56. Plaintiff has suffered damages to the extent that it lost profits from the sale of the Lubbock Property that it otherwise would have received in an arm's length transaction for the fair market value of the Lubbock Property. The Lubbock Property was intentionally sold at half its market value to TB who used their familiarity with the parties and the Lubbock Property to their advantage.

WHEREFORE, JHOG respectfully requests the Court find for JHOG against Heil and Texas Built, LLC, order Texas Built, LLC to return the Lubbock Property to SSL's ownership in order for a proper arms-length sale to be conducted, issue an injunction enjoining Defendant Texas Built, LLC from selling the Lubbock Property to any other party, and provide such other and further relief as the Court deems appropriate.

Under penalties of perjury, I hereby declare that I have read the foregoing Verified Complaint, and that the facts contained therein are true and correct to the best of my knowledge and belief.



JORDAN HIDALGO, Manager of
UPSTATE HOLDINGS, LLC,
Authorized Member of JHOG, LLC

Respectfully submitted this 21st day of March, 2023

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