

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X		:
DAVID NETTO and		:
NETTOCOLLECTION, LLC,		:
		:
	Plaintiffs,	:
		:
	- against -	:
		:
FARZAD RASTEGAR,		:
		:
	Defendant.	:
		:
-----X		:

12 Civ. 4580 (CM)(JLC)  
**COMPLAINT**  
PLAINTIFF DEMANDS  
A TRIAL BY JURY  
ECF CASE

David Netto (“Netto”) and NettoCollection, LLC (“NettoCollection,” and together with Netto, “Plaintiffs”) by their undersigned attorneys, for their Complaint against Defendant Farzad Rastegar (“Defendant” or “Rastegar”) alleges upon knowledge as to themselves and their own acts, and upon information and belief as to all other matters as follows:

**Nature of the Action**

1. This complaint describes how Defendant, through fraudulent misrepresentations of existing facts and the commission of willful acts, deprived Plaintiffs of valuable business opportunities and denied them payment for assets and royalties estimated to be in excess of \$1.1 million and as high as \$5 million. This action seeks compensatory and punitive damages in connection with Defendant’s improper actions.

2. Plaintiff David Netto is a well-established professional in the world of product and interior design who has been named one of the 100 most important designers in America by the respected industry journal *House Beautiful* and currently is contributing design

editor for *The Wall Street Journal*. After the birth of his first child in 2001, Netto turned his attention to designing nursery furniture that combined high-quality materials with a refined design aesthetic. Based on the positive public reception of his nursery designs and furniture, Netto sought to establish a foothold in the burgeoning high-end nursery furniture market and founded NettoCollection in 2003. Netto invited his old friend and Columbia Business School graduate Claude Arpels to become a co-partner in the company, and over the next several years, the two painstakingly built NettoCollection into a major player in the high-end nursery furniture market.

3. Beginning in 2008, the partners of NettoCollection agreed to sell the brand to a well-established company in the baby industry who could develop its furniture and accessory lines and increase their sales. Of all the potential purchasers of the NettoCollection brand, Maclaren USA, Inc. (“Maclaren USA”), the U.S. arm of the global Maclaren brand, appeared to be an appropriate fit—Maclaren was a world leader in the high-end stroller industry that was aiming to branch out into the nursery furniture market. On June 12, 2009, NettoCollection’s nursery assets were acquired by Maclaren USA through a subsidiary for \$1,110,000, the deferred purchase price payable on June 12, 2012. As part of the acquisition, Netto was requested by Rastegar, principal of Maclaren USA and the global Maclaren brand, to work as chief designer of Maclaren’s new nursery division at the below-market rate of \$50,000 per year. In addition, Maclaren USA was to pay NettoCollection ongoing royalties for the sales of NettoCollection and Maclaren Nursery by David Netto lines. Netto and NettoCollection agreed on these terms, including the deferred purchase price, believing Maclaren to be a reputable brand in the infant stroller and nursery furniture business for the long haul.

4. However, in the course of the next two and a half years, it became clear

that Maclaren USA was merely a shell for Rastegar to engage in corporate shenanigans, and Rastegar evinced scant regard for developing Netto's lines or ensuring that the obligations toward Netto and NettoCollection would be fulfilled. In the two and a half years following the acquisition, Defendant continually misled Netto and NettoCollection as to his plans for the nursery line, promising new remedies and business plans at each juncture that Netto and NettoCollection raised their concerns. In addition, Rastegar made a personal guarantee to NettoCollection that he would personally pay the \$1,110,000 purchase price when due in the event Maclaren USA would not have the requisite finances on the payment date. However, Rastegar had no such intention of following through on his promises, allowing sales of the nursery line to steeply decline and ensuring that royalties would not have to be paid to NettoCollection. At the same time, Rastegar methodically bankrupted Maclaren USA for his own personal benefit through a series of fraudulent transactions. Maclaren USA did in fact declare Chapter 7 bankruptcy on December 29, 2011, leaving NettoCollection as its largest unsecured creditor, still owed a minimum of \$1,110,000. Rastegar withheld information on the bankruptcy filing from Netto for over a month, during which time Rastegar continued to interact with Netto as if nothing was amiss. When Netto confronted Rastegar after learning of the bankruptcy filing by letter from the bankruptcy court a month later and again asked whether NettoCollection would be paid the \$1,110,000 it was due, Defendant erupted in a profanity-laced tirade, swearing that NettoCollection would never be paid.

5. The end result of Rastegar's fraudulent, tortious conduct is that he destroyed the value of a brand that he acquired for no consideration and acquired the services of a well-respected designer for two and a half years at a vastly discounted cost, while the partners of NettoCollection have seen no return on the significant investments they have made in

developing the brand. This action seeks compensatory and punitive damages for Rastegar's actions.

### **Parties**

6. Plaintiff David Netto is a citizen of the State of New York currently residing in Los Angeles, California.

7. Plaintiff NettoCollection is a limited liability company organized under the laws of the State of New York State with an address at 145 Hudson St., #12B, New York, NY 10003. The two members of NettoCollection are David Netto and Claude Arpels, a citizen of the State of New York who resides in New York, New York.

8. Defendant Rastegar is a citizen of the State of Connecticut who resides in Weston, Connecticut.

### **Jurisdiction and Venue**

9. This Court's jurisdiction is based upon diversity of citizenship pursuant to 28 U.S.C. §1332(a)(2) in that the matter in controversy exceeds the sum or value of \$ 75,000, exclusive of interest and costs, and there is diversity of citizenship between Plaintiffs and Defendant.

10. Venue is proper in the United States District Court for the Southern District of New York pursuant to 28 U.S.C. § 1391(a), as a substantial part of the events or omissions giving rise to the claims occurred in this District.

### **Factual Background**

#### **Formation of NettoCollection**

11. Having made a name for himself in the world of interior design in the

early 2000's, Netto staked a claim for himself in the children's furniture market when he founded NettoCollection in New York City in 2003. Netto created the company in order to address what he saw as a glaring absence in the market for high-quality furniture for nurseries characterized by a refined design aesthetic. Beginning in 2003, NettoCollection rolled out lines of cribs, dressers and nursery accessories that caught the eyes of retailers and consumers and transformed the children's furniture industry with its branding and design.

12. In 2006, Netto invited his old friend and Columbia Business School graduate Claude Arpels to become a partner in NettoCollection. Together, the two partners stewarded NettoCollection to achieve sales in excess of \$1,000,000 per year by 2008. That year, Netto and Mr. Arpels decided that it was time to pass on the furniture brand to an established company in the baby industry and began seeking potential purchasers. At that time, Maclaren was a global leader in the stroller market with a comprehensive international distribution network. NettoCollection believed that it and Maclaren shared a similar vision for design and quality. When Maclaren expressed interest in acquiring the NettoCollection nursery line in order to branch out into the baby furniture market, NettoCollection did not hesitate in pursuing acquisition negotiations with Maclaren and its principal Rastegar.

#### **Maclaren's Acquisition of NettoCollection's Assets**

13. NettoCollection believed they had found an ideal partner in Maclaren. With its products being marketed under the Maclaren brand and taking advantage of its extensive global distribution network, NettoCollection believed it could expect the sales of its furniture lines to go well beyond what it managed to do as an independent company. During acquisition negotiations conducted in New York City, Rastegar also personally asked Netto to serve as Maclaren's furniture design consultant for a period of five years. The parties eventually agreed

that Netto would work for a three-year term as Maclaren's design consultant, and Netto was eager to roll out new designs under the Maclaren brand. After several months of negotiations in early 2009, the parties formalized the terms of the acquisition by entering into a series of agreements in June 2009.

14. The terms of the acquisition of NettoCollection's assets by Maclaren USA are governed in particular by two agreements governed by New York law, both dated June 12, 2009 and entered into by and among Maclaren USA's subsidiary 2Fab2 Design LLC ("2Fab2"), NettoCollection, Netto, and Maclaren USA, as majority equity holder of 2Fab2 and guarantor: (1) the Asset Purchase Agreement and the Tri-Party Agreement (collectively, the "Agreements"). Pursuant to the terms of the Asset Purchase Agreement, 2Fab2 acquired NettoCollection's nursery furniture assets, including, *inter alia*, inventory, accounts receivable, intellectual property and all goodwill associated with its trademarks (the "Assets"). The purchase price of \$1,110,000 was to be paid to NettoCollection by 2Fab2 and/or Maclaren USA on June 12, 2012; however, to the extent there would be positive cash flow in Maclaren USA's business as defined in the Asset Purchase Agreement, then NettoCollection would receive quarterly pre-payments.

15. Pursuant to the terms of the Tri-Party Agreement, Netto was retained as a design consultant for Maclaren to oversee its nascent line of nursery furniture, bedding and accessories at an annual fee of \$50,000. In addition, pursuant to this agreement's terms, Maclaren USA was to pay NettoCollection royalties on the sales of Netto and NettoCollection furniture at the rate of 5% of sales, with an overall cap on royalties set at \$3,890,000. Thus, the maximum amount payable to NettoCollection by Maclaren USA under the Agreements is \$5 million.

16. The \$50,000 annual fee represented a substantial discount from what

Netto could have made in the open market as a freelance design consultant and further represented the trust Netto, and his company NettoCollection, placed in Maclaren and Rastegar in broadening the distribution of Netto's designs in the marketplace. The new nursery line under the Maclaren brand was named Maclaren Nursery, and beginning in the second half of 2009, Netto enthusiastically applied himself in his position as creative director of Maclaren Nursery, working from his base in New York City and from time to time traveling to Maclaren USA's offices in Connecticut, relying on Rastegar's promises of the full backing of the Maclaren brand.

17. By January 2010, Netto became aware of critical problems within the Maclaren structure that were preventing Maclaren Nursery from truly becoming a success. At the beginning of 2010, in communications with Maclaren and with Rastegar personally, Netto outlined several problems, including problems with keeping Maclaren Nursery items in stock, glitches in online ordering processes, problems voiced by retailers in getting appropriate support from Maclaren, and lackluster customer service. NettoCollection proprietary designs were seeing a fall both in sales and customer esteem under Maclaren as compared to the period prior to Maclaren USA's acquisition of the Assets. Most important to Netto was that production of NettoCollection's designs would remain with NettoCollection's furniture manufacturer in Poland. However, Rastegar, without consulting NettoCollection, moved production of Maclaren Nursery furniture to China, sacrificing the strict quality controls that had been in place with the Polish factory.

#### **Rastegar's Personal Guaranty and Fraudulent Misrepresentations**

18. Through the first quarter of 2010, Rastegar affirmed his commitment to Maclaren Nursery, assuring Plaintiffs that Maclaren Nursery and Netto would have the Maclaren brand's full support and that measures would be taken to remedy the problems identified by

Netto. Rastegar would make these assurances to Netto and NettoCollection in personal conversations with Netto and also through his agent in New York City, Bahman Kia, the President of Maclaren USA who would function as Rastegar's messenger before Netto and Mr. Arpels.

19. Despite his promises to Plaintiffs, Rastegar failed to implement the measures necessary to halt the decline in sales of Netto's designs under the Maclaren Nursery brand. Becoming disillusioned with the progress of sales under Maclaren, NettoCollection believed it would be in the best interests of the company if it negotiated a termination of the Agreements and seek an early receipt of the asset purchase price. Beginning in mid-2010, Rastegar, in his conversations with Netto, made repeated promises that he would be solely responsible for the \$1,110,000 asset acquisition price payable to NettoCollection on June 12, 2012.

20. Based on this personal guaranty from Rastegar, Netto consented to render additional services to Rastegar and the Maclaren brand. Netto, who on the open design market could have made amounts far in excess of the \$50,000 per year he was being paid by Maclaren USA, dutifully rendered additional services to Rastegar and the Maclaren brand, believing that it would be for the benefit of NettoCollection as a means to ensure that it would be paid the money it was due for the assignment of its Assets.

21. In 2010, the Maclaren brand was dealing with the fallout from its voluntary recall of over a million strollers at the end of 2009 after an investigation by the United States Consumer Product Safety Commission ("CPSC"). The recall was spurred by a design flaw in the hinge mechanism in Maclaren's strollers that caused injuries to 15 infants, 12 of whom suffered fingertip amputations between 2006 and 2008. Netto, who as a high-profile



designer cultivated his relationships with journalists and gained valuable experience in media relations, added his assistance to Maclaren during this critical period. Rastegar personally turned to Netto to assist him in dealing with media inquiries and communications with the CPSC regarding Maclaren's stroller business and the lawsuits that were being filed against the company across the United States by the parents and guardians of children injured by defective Maclaren products. Netto was asked by Rastegar to render services outside the scope of his consulting duties under the Tri-Party Agreement, and Netto dutifully drafted personal statements for Rastegar as principal of the Maclaren brand for distribution to media outlets.

22. These statements and his advice to Rastegar played key roles in stabilizing the Maclaren brand's botched media campaign in dealing with the fallout from the defective strollers and the injuries that they caused. In addition, at Rastegar's request, Netto, whose knowledge and opinion on artwork Rastegar trusted, began advising Defendant on his art collection. For example, in May 2011, Netto agreed to act as an agent for Rastegar in the purchase of certain paintings by artists David Hockney, Damien Hirst and others. Moreover, at Rastegar's request, Netto traveled to Hong Kong to make presentations to acquire leases for retail spaces on behalf of Maclaren's global affiliates—spaces which Netto also co-designed. All these additional services rendered by Netto to Rastegar, in large part, and the Maclaren brand were outside the scope of his duties as design consultant for Maclaren's furniture line and for which he received no additional consideration. Netto rendered these services solely because of Rastegar's personal guaranty and because he believed that Rastegar would remain true to his word and pay NettoCollection the money it was owed when it became due on June 12, 2012.

23. Nevertheless, NettoCollection did not see a meaningful improvement in the sales of Netto's designs under the auspices Maclaren Nursery, nor did they see any of

Rastegar's proposed solutions to remedy the situation put into practice. In December 2010, at a meeting at Rastegar's residence in the presence of Rastegar's wife and other relatives, Netto proposed ending his consulting relationship with Maclaren USA so that Maclaren USA would save money on consulting fees and pay the purchase price for the Assets at an earlier date. Rastegar refused this proposal, assuring Netto that NettoCollection would get paid, that it would be in their best interests to continue the relationship, and conveying to Netto his importance to the Maclaren Nursery line. Based on these assurances, NettoCollection decided to stay tied to Maclaren, a decision that would prove costly to NettoCollection.

24. In the fall of 2010, Plaintiffs became concerned about reports of liquidity problems at Maclaren USA and that Maclaren was undergoing a reorganization placing most of its assets offshore. Understandably worried that Maclaren USA may be going into receivership, Plaintiffs confronted Rastegar and his agent Mr. Kia in October 2010 who assured Plaintiffs in several instances that Maclaren was simply undergoing a restructuring and that there were no plans to put Maclaren USA into bankruptcy. During one conversation between Mr. Kia and Netto in October 2010, Mr. Kia assured Netto that there was absolutely no basis for the bankruptcy rumors and that Rastegar had every intention of fulfilling his promises to Plaintiffs.

25. In the first half of 2011, Rastegar continued to keep Netto and NettoCollection within the fold by involving Netto in sham brainstorming sessions where he would listen to Netto's concerns and promise to enact policies that would alleviate them. In March 2011, Rastegar invited Netto to "brainstorm, workshop, determine, map out and plan" strategies for Maclaren Nursery. In April 2011, Netto met with Rastegar where Rastegar further reiterated his commitment and promised to enact new policies to further the Maclaren Nursery line. Nevertheless, as was to become clear after filing of a bankruptcy petition as set forth

below, behind the scenes he was continuing to draw money from Maclaren USA, ensuring that this company would never be able to pay Plaintiffs the obligations it was due.

26. Further, around this time, Maclaren USA ceased its efforts in paying NettoCollection quarterly payments for royalties under the Tri-Party Agreement. To date, Maclaren USA has paid NettoCollection only one royalty payment under the Tri-Party Agreement. NettoCollection waived the provision of the Tri-Party Agreement entitling them to quarterly payments and agreed to a lump sum payable on June 12, 2012 in reliance of Rastegar's and his agent Mr. Kia's explanations of internal accounting problems at Maclaren and reassurances that Maclaren would support their Maclaren Nursery line and promote NettoCollection's and Netto's new designs.

**Maclaren USA Declares Chapter 7 Bankruptcy**

27. It would only become evident at the end of 2011 that Rastegar's fraudulent misrepresentations and empty personal guaranty were a ruse to buy him more time to divert money from Maclaren USA to other entities under Rastegar's domination and control such that, by design, Maclaren USA would never be able to fulfill its obligations to Plaintiffs under the Agreements. On December 29, 2011, Maclaren USA filed for Chapter 7 bankruptcy in United States Bankruptcy Court, District of Connecticut, without informing Netto, who before and during this period had been making public appearances and was promoted on Maclaren's website as the face of Maclaren Nursery. Of the unsecured creditors listed on Maclaren USA's bankruptcy petition (the "Petition"), NettoCollection is the largest that is not affiliated with Rastegar. The Petition lists, *inter alia*, Rastegar as being owed \$113,000, his consulting firm Dory Ventures, LLC as being owed almost \$900,000, and real estate companies that he controls as being owed over \$600,000.

28. The Petition also lists 2Fab2, Maclaren USA's subsidiary that was to hold the Assets, as having a value of \$1,887.18. As described above, the Assets, including NettoCollection's registered trademarks and patents, were acquired by 2Fab2 for \$1,110,000. Plaintiffs have never been notified and are not aware of any transfer of the Assets from 2Fab2 to another entity. How a company that three years ago acquired \$1,110,000 of assets, the bulk of which consisting of registered intellectual property and goodwill, could now be valued at under \$2000 is a matter that surely will be investigated by the bankruptcy trustee assigned to the Petition. Similarly, how Maclaren USA could have had \$20.4 million in revenue from sales in 2010 and only \$34,251 in sales in the first nine months of 2011 will surely be scrutinized as well. Nevertheless, the fact remains that 2Fab2 and Maclaren USA, as debtor and guarantor to NettoCollection, are worthless and liquidated companies respectively, casting Rastegar's representations and promises to make good on the fulfillment of their contractual obligations towards NettoCollection as fraudulent.

29. Neither Maclaren USA nor Rastegar notified NettoCollection or Netto about the Petition. Indeed, Plaintiffs were not aware of the Petition as late as January 29, 2012, when Maclaren USA was sent a letter from NettoCollection's counsel reminding them that the purchase price of \$1,110,000 under the Asset Purchase Agreement would be due in the coming months and that NettoCollection would soon seek to inspect the books and records of 2Fab2 or its successor as was its right under the Tri-Party Agreement. Shortly thereafter, NettoCollection received a notice from the Bankruptcy Court announcing that it was a named creditor in Maclaren USA's bankruptcy proceeding.

30. Despite the apparent "bankruptcy" of Maclaren USA, the Maclaren brand still exists and operates principally through its parent company Maclaren (HK) Limited

(“Maclaren HK”), a Hong Kong based limited company. Maclaren HK continues to record multi-million dollar sales of Maclaren products. In addition, Maclaren USA inventory, including strollers part of the 2009 voluntary recall, continue to be sold in the United States on online sites like ebay.com. Apparently, Maclaren HK, dominated and controlled by Rastegar, has assumed the operations of Maclaren USA, and had Rastegar truly intended on making good on the obligations owed to Plaintiffs, he could have caused Maclaren HK to assume the obligations owed to Plaintiffs by Maclaren USA, as he repeatedly said he would to Netto in private conversations. However, Defendant has chosen to take a strident position, founded in bad faith, and categorically deny that Plaintiffs are due any money. The end result is that Rastegar has taken a once well-known furniture brand and driven in into the ground, depriving NettoCollection’s principals of the rewards of years of hard work and stewardship. Further, Plaintiff Netto has wasted several years of rendering professional services to Rastegar and the Maclaren brand for which he has received fees well below what he could have commanded on the open market.

31. In February 2012, Netto attempted to contact Rastegar to discuss the outstanding obligations owed to himself and NettoCollection. On Sunday morning February 19, 2012, Rastegar called Netto. In that conversation, Rastegar erupted in a profanity-laced tirade, dismissing Plaintiffs’ concerns, stating that if he were in Plaintiffs’ position, that he would have commenced litigating this matter a long time ago. Further, he vowed that Plaintiffs would never be paid the money they are owed under the Agreements. Accordingly, Plaintiffs seeks relief with this Court under the claims set forth below.

**FIRST CLAIM FOR RELIEF BY PLAINTIFF NETTO**  
**(Fraudulent Inducement)**

32. Plaintiffs repeat and reallege the preceding allegations of this Complaint

as if fully set forth herein.

33. Defendant Rastegar fraudulently induced Plaintiff Netto to forego business opportunities and offer his design consulting services at reduced costs by stating that he had every intention of enacting plans to develop and further the Maclaren Nursery brand and that Netto would form an integral part of that unit's growth.

34. At the time these statements were made, Rastegar knew that they were false.

35. Rastegar made these statements, extraneous and collateral to the Agreements, as part of his plan to induce Plaintiff Netto to continue to work for Maclaren Nursery on the cheap and exploit Netto's expertise, and personal and professional contacts solely for Defendant's own benefit.

36. Plaintiff reasonably relied on the statements made by Defendant Rastegar.

37. Plaintiff suffered damages as a result of having relied on the inducements made by Defendant Rastegar.

38. As a result of the foregoing, Plaintiff is entitled to recover from Defendant amounts to be proven at trial for compensatory and punitive damages.

**SECOND CLAIM FOR RELIEF BY PLAINTIFF NETTOCOLLECTION**  
**(Fraudulent Inducement)**

39. Plaintiffs repeat and reallege the preceding allegations of this Complaint as if fully set forth herein.

40. Defendant Rastegar fraudulently induced Plaintiff NettoCollection to forego business opportunities and remain tied to the Maclaren brand by stating that he had every intention of enacting plans to develop and further the Maclaren Nursery brand that would have resulted in royalties being paid to NettoCollection and increased revenues to Maclaren USA,

thereby creating certainty that the \$1,110,000 purchase price would get paid when due.

41. At the time these statements were made, Rastegar knew that they were false.

42. Rastegar made these statements, extraneous and collateral to the Agreements, as part of his plan to induce Plaintiff NettoCollection into foregoing the receipt of royalties for sale of its proprietary designs until a later date and refraining from any affirmative action to recover payment for its conveyed intellectual property assets, all of which allowed Rastegar to extract the assets of debtor Maclaren USA for his own benefit.

43. Plaintiff NettoCollection reasonably relied on the statements made by Defendant Rastegar.

44. Plaintiff NettoCollection suffered damages as a result of having relied on the inducements made by Defendant Rastegar.

45. As a result of the foregoing, Plaintiff NettoCollection is entitled to recover from Defendant amounts to be proven at trial for compensatory and punitive damages.

**THIRD CLAIM FOR RELIEF BY PLAINTIFF NETTOCOLLECTION**  
**(Tortious Interference With Contract)**

46. Plaintiffs repeat and reallege the preceding allegations of the Complaint as if fully set forth in this paragraph.

47. Defendant knew of the Agreements among NettoCollection, Netto, 2Fab2 and Maclaren USA.

48. Rastegar knew that 2Fab2 and/or Maclaren USA as guarantor were obliged to pay NettoCollection royalties pursuant to the Tri-Party Agreement and the purchase price of \$1,110,000 pursuant to the Asset Purchase Agreement.

49. Even though Rastegar was an officer of both 2Fab2 and Maclaren USA,

he was motivated by a desire for personal gain when he deliberately caused 2Fab2 and Maclaren USA to breach the Agreements by diverting money from Maclaren USA to himself and his affiliated companies, rendering, by intent, 2Fab2 and Maclaren USA unable to pay NettoCollection the money it was due under the Agreements.

50. As a result of this knowing and deliberate, tortious interference with the Agreements by Rastegar, Plaintiff NettoCollection is entitled to recover from Defendant amounts to be proven at trial for compensatory and punitive damages.

**FOURTH CLAIM FOR RELIEF BY PLAINTIFF NETTOCOLLECTION  
(BREACH OF PERSONAL GUARANTEE)**

51. Plaintiffs repeat and reallege the preceding allegations of this Complaint as if fully set forth.

52. Rastegar explicitly undertook to Plaintiff NettoCollection that he would personally guarantee the payment of the purchase price of \$1,110,000, payable to NettoCollection under the Asset Purchase Agreement.

53. After Rastegar made this personal guaranty, NettoCollection and Rastegar intended that Rastegar and not 2Fab2 nor Maclaren USA would be the principle debtor under the Asset Purchase Agreement.

54. Rastegar has benefited from his making of this personal guaranty, as it delayed any confrontation or settling of accounts with NettoCollection, thereby allowing him to extract further assets from Maclaren USA while pushing that company into bankruptcy. Further, based on this personal guaranty, NettoCollection's principal David Netto rendered additional services to Rastegar in addition to his design consulting services for no consideration, including, among other things, writing corporate statements, advising him on purchasing artworks, and assisting in the negotiation of leases for retail spaces.



55. Rastegar is in breach of this personal guaranty and has unequivocally declared his intention to never honor its terms.

56. As a result of the foregoing, Plaintiff NettoCollection is entitled to recover from Defendant amounts to be proven at trial for compensatory damages.

WHEREFORE, Plaintiff seeks judgment as follows:

A. Awarding compensatory and punitive damages in an amount to be determined upon the proof submitted to the Court, but presently believed to be in excess of \$2,000,000.

B. Awarding the costs and disbursements of this action;

C. Awarding reasonable attorney fees and expenses to Plaintiffs' attorneys;  
and

D. Awarding such other and further relief as the Court may deem just and appropriate.

#### **Demand for Trial by Jury**

Plaintiffs hereby demand, pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, a trial by jury in this action.

Dated: New York, New York  
June 12, 2012

SELVARATNAM LAW OFFICE, PLLC

By:           /s/ Troy Selvaratnam            
Troy Selvaratnam (TS-1972)  
The Woolworth Building  
233 Broadway, Suite 2208  
New York, NY 10279  
(917) 408-6485  
troy@selvaratnamlaw.us  
*Attorneys for Plaintiff NettoCollection, LLC*