

**IN THE CIRCUIT COURT FOR BALTIMORE COUNTY, MARYLAND**

KRUNCHCASH, LLC,

*Plaintiff*

v.

LB PHARMA SERVICES, LLC, *et al.*

*Defendants*

Case No.: C-03-CV-20-000445

LB PHARMA SERVICES, LLC, *et al.*

*Counter-Plaintiffs*

v.

KRUNCHCASH, LLC, *et al.*

*Counter-Defendants*

**COUNTER-PLAINTIFFS' SECOND AMENDED COUNTERCOMPLAINT AGAINST  
KRUNCHCASH, LLC, JEFFREY HACKMAN, KC PCRD FUND, LLC AND  
PURSUIT SPECIAL CREDIT OPPORTUNITY FUND, L.P.**

Counter-Plaintiffs LB Pharma Services, LLC, Nicole Buzzetta, Ken Luna, JSW Prosperity, LLC d/b/a 1 Stop Pharmacy, Care Pharma LLC d/b/a Wilson County Pharmacy, Omega Care Pharmacy, Inc., Eagle Lake Pharmacy, Inc. d/b/a Eagle Lake Pharmacy, Sam's Pharmacy, Inc. d/b/a Sam's Pharmacy, Lake Side Pharmacy, Our Pharmacy, LLC d/b/a Serveand Save Pharmacy, BN Specialty, LLC, Price Choice Pharmacy #3 LLC, SHB RX LLC d/b/a Gunter Pharmacy (the "Original Counter-Plaintiffs"), KKVV Services, LLC, KENIK Lab Services, LLC and SCI Collaboration, LLC (the "New Counter-Plaintiffs," the Original Counter-Plaintiffs and the New Counter-Plaintiffs are collectively referred to herein as ("Counter-Plaintiffs")), by their undersigned attorneys, hereby submit this Second Amended

Countercomplaint and sue Krunchcash, LLC (“Krunchcash”), Jeffrey Allen Hackman (“Hackman”), KC PCRD Fund, LLC (“KC PCRD”) and Pursuit Special Credit Opportunity, L.P. (“Pursuit”), and in support thereof state as follows:

**The Parties**

1. Counter-Plaintiff LB Pharma Services, LLC (“LB Pharma”) is a Delaware limited liability company, with its principal place of business in Houston, Texas. LB Pharma operated retail pharmacies, including the retail pharmacies JSW Prosperity, LLC d/b/a 1 Stop Pharmacy, Care Pharma LLC d/b/a Wilson County Pharmacy, Omega Care Pharmacy, Inc., Eagle Lake Pharmacy, Inc. d/b/a Eagle Lake Pharmacy, Sam’s Pharmacy, Inc. d/b/a Sam’s Pharmacy, Lake Side Pharmacy, Our Pharmacy, LLC d/b/a Serve and Save Pharmacy, BN Specialty, LLC, Price Choice Pharmacy #3 LLC and SHB RX LLC d/b/a Gunter Pharmacy. These retail pharmacies serviced patients by dispensing medications and pharmaceutical products upon receipt of facially valid prescriptions written or authorized by healthcare providers. Upon dispensing such medications and pharmaceutical products, the retail pharmacies submitted claims for reimbursement to the patients’ healthcare plans that provide pharmacy benefits.

2. Counter-Plaintiff Nicole Buzzetta is an individual currently residing in Texas.

3. Counter-Plaintiff Ken Luna is an individual currently residing in Texas.

4. Counter-Plaintiff 1 Stop Pharmacy is a Texas limited liability corporation with a principal place of business in Houston, Texas.

5. Counter-Plaintiff Wilson County Pharmacy is a Texas limited liability company with a principal place of business in Houston, Texas.

6. Counter-Plaintiff Omega Care Pharmacy, Inc. is a California limited liability company with a principal place of business in Sherman Oaks, California.

7. Counter-Plaintiff Eagle Lake Pharmacy is a Florida corporation with a principal place of business in Lakeland, Florida.
8. Counter-Plaintiff Sam's Pharmacy is a Texas corporation with a principal place of business in Houston, Texas.
9. Counter-Plaintiff Lake Side Pharmacy is an Alabama corporation with a principal place of business in Cedar Bluff, Alabama.
10. Counter-Plaintiff Serve and Save Pharmacy is an Arizona corporation with a principal place of business in Scottsdale, Arizona.
11. Counter-Plaintiff BN Specialty, LLC is a Texas corporation with a principal place of business in Garland, Texas.
12. Counter-Plaintiff Price Choice Pharmacy #3 LLC is a Florida corporation with a principal place of business in Opa Locka, Florida.
13. Counter-Plaintiff Gunter Pharmacy is a Texas corporation with a principal place of business in Gunter, Texas.
14. Counter-Plaintiff KKV Services, LLC is a Delaware limited liability company with a principal place of business in Dover, Delaware.
15. Counter-Plaintiff KENIK Lab Services, LLC is a Delaware limited liability company with a principal place of business in Dover, Delaware.
16. Counter-Plaintiff SCI Collaboration, LLC is a Florida limited liability company with a principal place of business in Parkland, Florida.
17. Counter-Defendant Krunchcash, LLC is a Florida limited liability company, with its principal place of business in Boca Raton, Florida.
18. Krunchcash purports to be a third-party financier in the factoring industry that

provides short-term cash advances to companies, including pharmacies.

19. Counter-Defendant Jeffrey Allan Hackman is an individual residing in Boca Raton, Florida, who is the founder, owner, and chief operating officer of Krunchcash, and who has personally availed himself of this forum as the driving force behind Counter-Defendant Krunchcash and its actions before this Court.

20. Hackman controls, operates, and is the alter ego of Krunchcash. Hackman is the Chief Operating Officer of Krunchcash and owns 100% of Krunchcash. Other than Hackman, Krunchcash has no other officers. Hackman is Krunchcash's only W2 employee and Krunchcash has approximately 12 to 24 independent contractors who are paid via 1099. Krunchcash holds no annual board meetings and does not observe any corporate formalities.

21. Hackman is personally liable for Krunchcash's fraudulent misrepresentations and inducements of Counter-Plaintiffs and for having intentionally used Krunchcash to impose usurious loans upon Counter-Plaintiffs and to perpetrate its action in this Court to unjustly collect upon those usurious loans.

22. Hackman acted in a position of trust as an expert in financial matters to Counter-Plaintiffs, and Counter-Plaintiffs trusted and relied upon the advice of Hackman.

23. Counter-Defendant KC PCRD is a Florida limited liability company. Krunchcash is the "parent" of KC PCRD, and upon information and belief the sole member of KC PCRD. Hackman is listed as the manager of KC PCRD.

24. Pursuit is a Delaware limited partnership with a principal place of business in New York. Pursuit is the primary capital partner who invested in Krunchcash to make usurious loans to Counter-Plaintiffs. Pursuit is a conspirator of Krunchcash and Hackman and engaged in a pattern of racketeering activity to charge Counter-Plaintiffs criminally usurious interest.

### **Jurisdiction and Venue**

25. Jurisdiction in this case was originally asserted by Krunchcash in its Complaint for Confessed Judgment based on §§ 1-501, 6-102 and/or 6-103 of the Courts and Judicial Proceedings Article of the Annotated Code of Maryland.

26. Venue in this case was originally asserted by Krunchcash in its Complaint for Confessed Judgment based on §§ 6-201 and 6-202 of the Courts and Judicial Proceedings Article of the Annotated Code of Maryland.

27. Following a hearing in which this Court concluded that an actual controversy exists between the parties and vacatur of the confessed judgment on June 29, 2020, the Original Counter-Plaintiffs filed a motion to dismiss on August 28, 2020. The Original Counter-Plaintiffs argued, *inter alia*, that this action should be dismissed due to want of personal jurisdiction over the Original Counter-Plaintiffs and lack of proper venue, and pointed to the Jurisdiction provision (20h) in the Master Purchase Agreement (“MPA”) at issue in this case (upon which the Complaint was brought), which provides that:

The parties agree that any dispute, claim or controversy directly or indirectly relating to or arising out of this Agreement, the termination or validity of this Agreement, or any alleged breach of this Agreement (any of the foregoing, a “Claim”) shall be commenced in Palm Beach County, Florida, which courts shall have exclusive jurisdiction over the adjudication of such matters. [LB Pharma] and [Krunchcash] agree and consent to personal jurisdiction, service of process and venue of such courts.

28. This Court denied the Original Counter-Plaintiffs’ motion on September 28, 2020, without opinion, and presumptively asserted this Court’s personal jurisdiction in this case and found the venue proper.

### **General Allegations**

29. In considering entering into the MPA, the Original Counter-Plaintiffs relied on the

representations of Hackman as allegedly being a trusted and trustworthy financial expert with superior knowledge of financial matters.

30. The Original Counter-Plaintiffs so heavily relied upon Hackman that the parties would exchange text messages several times per week from the period of May 2018 through January 2020.

31. The Original Counter-Plaintiffs further relied on Hackman's representations as allegedly capable and willing to provide short term financing solutions to the Original Counter-Plaintiffs' independent pharmacies.

32. Krunchcash and Hackman understood and were aware of the operations of independent pharmacies and their business of dispensing pharmaceuticals to patients in need thereof.

33. Typically, patients seeking to fill their pharmaceutical prescriptions provide their prescriptions to a pharmacy. Most patients expect their insurance company to pay much if not all the cost of those prescriptions. Upon receipt of such prescriptions, pharmacies obtain from the appropriate insurance company or an intermediary thereof the insurance reimbursement amount that the insurance company agrees to provide as payment to the pharmacy and the requisite patient co-pay, if any. The pharmacies then dispense the prescribed pharmaceuticals to patients, and thereafter collect the majority of the price of those pharmaceuticals from insurance companies or intermediaries thereof, on the basis of the price the insurance company agreed it would pay at the time of sale (and dispensing) of the pharmaceutical to the patient—what are generally known as “insurance claims.” The collection process on such insurance claims, however, can take up to several weeks or sometimes longer. There is also some risk of nonpayment.

34. To provide a short-term financing solution to close the time gap in obtaining payment on insurance claims from insurance companies and enabling productive use of working capital, Hackman, through Krunchcash, offered to allegedly purchase the insurance claims of the Original Counter-Plaintiffs' pharmacies at a discount for immediate cash, and then to further collateralize the purchased insurance claims by making them subject to a short-term repurchase agreement, whereby the insurance claims would be repurchased at a premium within a specified period, typically between 30-90 days.

35. The Original Counter-Plaintiffs understood that the proposed arrangement in effect provided for secured, short-term loans, using insurance claims ("Claims Receivables" as they are referred to in the MPA) as collateral.

36. The Original Counter-Plaintiffs never intended nor understood the short-term, secured financing agreement proposed by Krunchcash and Hackman—the MPA—to constitute a long-term loan with recurring, monthly interest payments, let alone a predatory loan at usurious interest rates.

37. The Original Counter-Plaintiffs would never have entered into an agreement with Krunchcash and Hackman had they understood the terms of the agreement to constitute a long-term loan with recurring, monthly interest payments, let alone a predatory loan at usurious interest rates; nor did The Original Counter-Plaintiffs enter into such an agreement.

38. The Original Counter-Plaintiffs further understood, insofar as the proposed short-term financing was to be secured under the MPA by insurance claims actually purchased by Krunchcash and Hackman, that Krunchcash and Hackman did and would maintain an interest in enforcing collection of the insurance claims.

39. Indeed, Krunchcash is identified in the MPA as the "Buyer," who (pursuant to the

recitals) “desires to purchase the Claims Receivables” from LB Pharma Services, LLC and its Affiliates (who are defined as “Seller” and include the pharmacy Counter-Plaintiffs in this counter-lawsuit). “Claims Receivables” as defined in the recitals includes healthcare insurance receivables and accounts receivable created by virtue of sale to Krunchcash of certain mutually agreed upon insurance claims for medical goods and services from insurance companies.

40. Section 1 of the MPA is titled “Purchase and Sale of Claims Receivables.” Section 1 states that “Seller hereby unconditionally grants, conveys, transfers, bargains, assigns, sells, delivers and sets over unto Buyer . . . all of Seller’s right, title and interest in and to the Claims Receivables, including, without limitation, all related instruments, documents, insurance proceeds and general intangibles (including all rights to payment); all proceeds thereof; all right, title, security, books and records.” Section 1 further indicates that Claims Receivables are purchased and sold in tranches that “will be set forth in a separate purchase addendum” in the form of the “Purchase Addendum” of Exhibit A. Section 13 represents and warrants that the Claims Receivables were purchased and sold in an arms-length transaction at a fair market price.

41. Section 2 of the MPA further iterates under the title of “Conveyed Property” that Buyer’s purchase of the Claims Receivables includes the assignment of: (i) full title and ownership to Seller’s books, records, billing, remittance information . . . and documents related to the Claims Receivables, together with all rights remedies, liens, security interests, guarantees and other information necessary to collect the Claims Receivables (“Documentation”); (ii) Seller’s agreements with all third party payor contracts, and all service agreements, correspondence and files related to the Claims Receivables (“Contractual Matters); and (iii) all of Seller’s rights and privileges to and any proceeds now or hereafter paid, deposited, credited, held or otherwise in the possession of Seller or any agent, bailee or custodian, including, but not



limited to any payments from insurance carriers and/or other payors (“Proceeds”).

42. Section 8 of the MPA requires that Krunchcash be given direct access to all of Seller’s data required for purchase and sale of the Claims Receivables, as well as all documentation and billing systems related to the Claims Receivables.

43. Section 9 of the MPA requires Seller to provide to Buyer an executed Bill of Sale as well as “such other deeds, assignments, certificates of title, documents and other instruments of transfer and conveyance as may be requested by Buyer” and to ensure that all payments for Claims Receivables be deposited to a lockbox account designated and controlled by Buyer.

44. Section 11 of the MPA further requires Seller to cooperate with Buyer including, undersubsection b, to “[d]eliver to Buyer, upon request, any existing document necessary to enforce the collection of the Claims Receivables.”

45. At the time the Original Counter-Plaintiffs entered into the MPA, Krunchcash and Hackman were well aware that in collecting upon insurance receivables the pharmacy Counter-Plaintiffs interacted with and participated in networks of pharmacy services administration organizations (“PSAOs”).

46. Krunchcash and Hackman were further aware that as members of PSAOs, Claims Receivables subject to the MPA could, by separate contract with the pharmacy Original Counter-Plaintiffs, subject to payment by PSAOs.

47. Indeed, on or about November 7, 2018, the parties executed the First Amendment to the MPA in order to accommodate “certain contracts with pharmacy benefit managers and pharmacy services administration organizations.”

48. From the period of July 2018 through May 2019, Krunchcash and Hackman provided the Counter-Plaintiffs with approximately twenty-eight (28) purchase addenda. In

some of these purchase addenda, Krunchcash would “purchase” tranches of receivables from the Original Counter-Plaintiffs, in some Krunchcash would “purchase” new tranches of receivables and provide new financing to pay down prior amounts allegedly owed by the Original Counter-Plaintiffs, and in some purchase addenda, Krunchcash would extend additional repayment terms to the Counter-Plaintiffs for prior “purchased” tranches.

49. In total, Krunchcash loaned Counter-Plaintiffs approximately \$20 million.

50. In each purchase addenda, Krunchcash attached as Exhibit B a purported “Bill of Sale” in which Krunchcash allegedly purchased receivables from the Counter-Plaintiffs.

51. Unbeknownst to Counter-Plaintiffs, Krunchcash and Hackman never had any intention, nor did they or could they, ever collect or attempt to collect on any of the receivables they allegedly purchased.

52. In fact, these various Purchase Addenda and Bills of Sale were a smokescreen created by Krunchcash and Hackman intended to disguise usurious loans as non-recourse factoring agreements.

53. On April 1, 2019, Counter-Plaintiffs executed the Second Amendment to the MPA which provided for an expansive definition of “Affiliates.” The Original Counter-Plaintiffs and Counter-Plaintiffs KKVV Services, LLC, KENIK Lab Services, LLC and SCI Collaboration, LLC did not intend and were not aware that the term “Affiliates” included these entities.

54. Counter-Plaintiffs KKVV Services, LLC, KENIK Lab Services, LLC and SCI Collaboration, LLC did not have meaningful choice to the terms of the MPA, First Amendment to the MPA, Second Amendment to the MPA and/ or any of the 28 purchase addenda as to the terms therein. Indeed, these entities are not listed by name in any of these agreements or

purchase addenda.

55. The MPA, First Amendment to the MPA, Second Amendment to the MPA and/or all of the 28 purchase addenda contain contract terms that amount to an outrageous degree of unfairness towards the Original Counter-Plaintiffs and KKVV Services, LLC, KENIK Lab Services, LLC and SCI Collaboration, LLC.

56. By way of example, the terms of the MPA, First Amendment to the MPA, Second Amendment to the MPA and the 28 purchase addenda provide for transactions that are civilly and criminally usurious under Florida law.

57. Additionally, KKVV Services, LLC, KENIK Lab Services, LLC and SCI Collaboration, LLC received no benefit from the MPA, First Amendment to the MPA, Second Amendment to the MPA or the 28 purchase addenda. Indeed, these entities made payments *to* Counter-Defendant-Krunchcash.

58. In late 2018, without any warning, and without any valid authority or justification, EPIC Pharmacy Network (“EPIC”), a PSAO, sent notices to various independent pharmacies, including the pharmacy Counter-Plaintiffs, unilaterally deciding that certain insurance claims would receive payment at a fraction of the price previously promised at the time of sale and dispensing of the subject pharmaceuticals to the patients, and even “clawing back” a certain fraction of amounts that already had been paid on previously collected Claims Receivables.

59. On or about March/April 2019, the Original Counter-Plaintiffs approached Counter-Defendants and requested that they help enforce collection of the Claims Receivables from EPIC, but to no avail. Instead, notwithstanding their ownership interest, Counter-Defendants insisted that the Original Counter-Plaintiffs enforce collection on their own and at their own expense.

60. All the while the Original Counter-Plaintiffs pursued collection efforts, and whenever collections were forthcoming, through the course of 2019, Counter-Plaintiffs made payments to Counter-Defendants of over \$3.5 million in what Counter-Plaintiffs believed were payments that should have been applied by Krunchcash and Hackman towards the repurchase of Claims Receivables in accordance with the MPA.

61. Indeed, Counter-Defendants on at least four separate occasions explicitly represented to Counter-Plaintiffs, in written email communications, that their payments were to be considered “as partial repayment of Repurchase Price” under the applicable Purchase Addenda pursuant to the MPA.

62. In addition, on or about January 2019, Counter-Defendants received a payment of \$719,000, in settlement of litigation between EPIC and Counter-Plaintiffs paid for at Counter-Plaintiffs’ expense. This payment would have been forthcoming even sooner but for Krunchcash and Hackman’s interference late in the litigation, after settlement had already been negotiated, and long after Counter-Plaintiffs requested Krunchcash and Hackman’s assistance in enforcing collection of the outstanding Claims Receivables from EPIC.

63. The Original Counter-Plaintiffs understood from Krunchcash and Hackman’s representations that the amounts it paid to The Original Counter-Plaintiffs throughout 2019 and including the EPIC settlement payment Counter-Defendants received in about January 2020— which payments resulted from collection by Counter-Plaintiffs of payments for Claims Receivables on Krunchcash and Hackman’s behalf and at Counter-Plaintiff’s expense— were to be applied towards repayment of the repurchase price set forth in the requisite Purchase Addenda, pursuant to the MPA.

64. Unbeknownst to Counter-Plaintiffs, however, and contrary to the letter, language,

intent and spirit of the MPA, Krunchcash and Hackman apparently had no intention of applying the \$719,000.00 of Counter-Plaintiffs' payments as payments towards the repurchase price. Instead, Krunchcash and Hackman' improperly applied \$517,000.00 of Counter-Plaintiffs' payment towards a baseless "Default Fee," which for all intents and purposes (given Krunchcash and Hackman's actions) can only be considered a long term, predatory and usurious loan, which Counter-Plaintiffs never agreed to. Krunchcash also improperly applied \$45,898.58 to Krunchcash counsel's legal fees, and only allegedly applied \$156,101.42 towards "Repurchase."

65. Between 2019 and 2020, it became clear to Counter-Plaintiffs that Krunchcash and Hackman would continue to refuse to rectify their improper accounting for the foregoing payments as interest, and that they would continue to improperly demand re-payment of the entire repurchase price on Claims Receivables—such improper demand being contrary to the letter, language, intent, and spirit of the MPA; never agreed to by Counter-Plaintiffs; and in contravention of law and equity.

66. Between 2019 and 2020, Counter-Plaintiffs thus recognized that Krunchcash and Hackman's representations about the MPA were fraudulent and a sham; that Krunchcash and Hackman had never taken seriously their role and obligations as purchasers of Claims Receivables under the MPA; and that Krunchcash and Hackman had in fact all along fraudulently represented and improperly utilized the MPA as a guise with which to fraudulently induce Counter-Plaintiffs into unknowingly and unwillingly participating in a long term predatory and criminally usurious loanscheme.

67. The perpetration of Krunchcash and Hackman's illegal scheme continues in this Court, where Counter-Defendants intentionally continue to unjustifiably add a \$260,000.00 recurring, monthly fee to the amount initially set forth in their Complaint for Confessed

Judgement, \$6,760,000 (an amount which was and is itself unjustified)—indeed, between the time Krunchcash filed its original Complaint in this lawsuit in February 2020 and the time it filed its summary judgment motion on November 1, 2021, the amount requested by Counter-Defendants nearly doubled to \$12,220,000. Hackman calculated \$260,000.00 as 4% of \$6.5 million which equates to an annualized interest rate of over 45%, which was never agreed to by Counter-Plaintiffs, and which is civilly and criminally usurious under Florida law.

68. Krunchcash and Hackman had no written agreement by to unjustifiably charge Counter-Plaintiffs a \$260,000.00 recurring, monthly fee.

69. Krunchcash has at least two “Capital Partners” who have control over Krunchcash and who funded Krunchcash to make usurious loans to Counter-Plaintiffs. Regarding this matter, Pursuit is the primary Capital Partner of Krunchcash and funded at least \$6.5 million to Krunchcash that Krunchcash loaned to Counter-Plaintiffs. According to Pursuit, “KrunchCash has always documented Pursuit as having a 96% position in the [amounts loaned to Counter-Plaintiffs], with an “Other Investor” owning 4%.” Thus, when referring to his Capital Partners, it can be inferred that Hackman was most often, if not exclusively, talking about Pursuit.

70. Pursuit, through its managing partner Mitchel Cohen, was aware and understood the specific terms of the MPA and the 28 purchase addenda, including the high rates of return promised by Krunchcash for its illegal and usurious loans made to Counter-Plaintiffs and Pursuit was complicit in this arrangement.

71. Fueled by greed, Pursuit and Krunchcash conspired and are continuing to conspire to charge Counter-Plaintiffs civilly and criminally usurious rates of interest in violation of Florida law.

72. Indeed, Pursuit’s agreement with Krunchcash and KC PCRD was a “0 and 50”

compensation structure. More specifically, Pursuit and Krunchcash agreed via an Investor Funding Agreement (“IFA”), Amended Investor Funding Agreement (“Amended IFA”) and Purchase Agreement that Pursuit would not pay Krunchcash any upfront “management” for Krunchcash’s management of the assets. Rather, when and if any given investment that Pursuit funded yielded a profit, Pursuit compensated Krunchcash on an incentive basis through a distribution of half (50%) of the profits, i.e., amounts returned allocatable to Pursuit in excess of the principal Pursuit invested in Krunchcash. This structure is known as a “0 and 50” structure, i.e., 0% management fee, 50% performance fee or profit-participation.

73. The 0 and 50 structure incentivized both Pursuit and Krunchcash to charge Counter-Plaintiffs illegal and usurious rates of interest, who were unsuspecting victims in this criminal enterprise.

74. Shockingly, but unsurprisingly, Pursuit “**wants to** and is **ready, willing, and able** to [further] fund” Krunchcash in the instant litigation.

75. Pursuit was actively involved in the EPIC dispute and settlement and received payment of \$700,000.00 from Krunchcash.

76. Hackman wrote that his Capital Partners, which Counter-Plaintiffs can now identify as Pursuit, knew *specific details of the transactions between Krunchcash and Counter-Plaintiffs* and instructed Krunchcash and Hackman regarding the EPIC settlement, extending the repayment terms of various purchase addenda and charging Counter-Plaintiffs “use fees.”

77. Specifically, Hackman wrote the following text messages to Ken Luna about the knowledge that his Capital Partners, including Pursuit, had about Krunchcash’s transactions with Counter-Plaintiff:

- a) A May 23, 2019 text messages stating “My capital partners are asking: Any

thoughts about paying off or extending the 1.31.19 Tranche due on 5.30.19 for about \$4.2m and the 2.11.19 Tranche due 6.10.19 for about \$414k”;

- b) A June 4, 2019 text message stating “Please give me a call at your earliest I am getting the shit kicked out of me today buy my capital partners and we need to come up with a plan ASAP”;
- c) A June 26, 2019 text message stating “My capital partners r quickly loosing their patience”;
- d) An August 5, 2019 text message stating “ I have done everything I can do to keep my capital partners at bay...”;
- e) A September 25, 2019 text message stating: “My captial partners r beyond extremely pissed that u did not fulfill your promise to pay \$1M on September 3 and not continuing to pay the \$50K each week towards the use fee”...”If we can’t accomplish this they will take control away from KC immediately and institute litigation against LB Pharma et al, u, Nikki and Epic”;
- f) A December 20, 2019 text message “My capital partners r bent and angry that’s why the attorney is involved and he will not let up till he is satisfied with the answers - they feel it’s been a year of the same conversation and they r done listening”;
- g) A December 21, 2019 text message stating "I can’t control my capital partners actions from this point forward without immediate resolution today”;
- h) A January 15, 2020 text message stating “Spoke to my capital partners late last night-they said no to Lee’s counteroffer and stated that Lee and his firm will not dictate terms as they are a unsecured creditor. The offer is \$70K, period! They also



stated u r in default of your funding agreement and highly urge you to sign the settlement with epic for the \$800k with no waterfall exhibit. The distribution of funds will be covered by the KC release”;

78. Additionally, on September 21, 2019, there were a series of text messages exchanged between Hackman and Counter-Plaintiff Luna regarding a schedule that Mr. Hackman e-mailed Mr. Luna and regarding Counter-Defendants’ Capital Partners. Specifically, these text messages provide:

Mr. Hackman: Let talk over the weekend about next phase

Mr. Luna Yes

Mr. Luna: Send me that schedule

Mr. Hackman: Will do

Mr. Hackman: Schedule emailed - call at your earliest to discuss

Mr. Luna: Thanks

Mr. Luna: What is G1 and G2

Mr. Hackman: 2 different capital partners

Mr. Hackman: G1 is the pain in the ass

79. It is clear from these text messages that Pursuit, as Krunchcash and Hackman’s primary Capital Partner, had control and decision-making authority over Krunchcash and instructed Hackman on various decisions as it related to Krunchcash’s relationship with Counter-Plaintiffs.

80. Section 20f of the MPA, entitled “Governing Law,” explicitly states that “This Agreement is governed by the laws of the State of Florida, without regard to principles of conflicts of laws.”

81. Accordingly, Florida law clearly applies in this case. To the extent Counter-Defendants attempt in the present lawsuit to evade the operation of Florida law, including Florida statutes prohibiting and imposing sanctions for usury, such attempt is clearly contrary to the MPA, was never agreed to by Counter-Plaintiffs, and should not be enabled by this Court.

**COUNT I – FRAUDULENT MISREPRESENTATION**  
**(Against Krunchcash and Hackman)**

82. Counter-Plaintiffs repeat, re-allege, and incorporate by each of the foregoing paragraphs of the Counterclaims as if stated fully herein.

83. Krunchcash and Hackman represented in written emails on at least four occasions between about March and June 2019 that payments made by Counter-Plaintiffs were to be accounted for “as partial repayment of Repurchase Price” under the applicable Purchase Addenda pursuant to the MPA. It is clear from Krunchcash and Hackman’s subsequent behavior these were patently false statements concerning a material fact, namely the proper accounting for Counter-Plaintiffs’ payments under the MPA.

84. Krunchcash and Hackman clearly knew that their representations were false, insofar as notwithstanding these statements, Krunchcash and Hackman continued subsequently to improperly account for Counter-Plaintiffs’ payments as interest and demanded full payment on Claims Receivables that already had been at least partially repurchased by Counter-Plaintiffs.

85. Notwithstanding their knowledge that their representations were false, Krunchcash and Hackman clearly intended by their fraudulent misrepresentations to induce Counter-Plaintiffs to pay amounts that Krunchcash and Hackman then wrongfully accounted for as interest, but which should have been accounted for under the MPA as partial repayment of the repurchase price of Claims Receivables.

86. Indeed, notwithstanding Krunchcash and Hackman’s abdicating any responsibility

for enforcing and refusing to help enforce collection of the Claims Receivables that Krunchcash and Hackman allegedly purchased from Counter-Plaintiffs pursuant to the MPA and its associated purchase addenda, the payments made by Counter-Plaintiffs to Counter-Defendant throughout 2019 and the EPIC settlement paid to Counter-Defendants on January 21, 2020 were specifically collected by Counter-Plaintiffs, at Counter-Plaintiffs' expense, for the benefit of repurchasing Claims Receivables from Counter-Defendants; and Counter-Plaintiffs accordingly fully expected that such payments would be so allocated.

87. Krunchcash and Hackman wantonly intended by their fraudulent misrepresentations to wrongfully induce Counter-Plaintiffs to unknowingly and unwillingly participate in a predatory and usurious lending scheme, contrary to the Counter-Plaintiffs' intentions and contrary to Florida law. Pursuant to this fraudulent and illegal scheme, Krunchcash and Hackman allocated payments induced from Counter-Plaintiffs as predatory interest at usurious rates, instead of as partial repayments of the repurchase price of Claims Receivables pursuant to the MPA and its associated purchase addenda.

88. In reliance on Krunchcash and Hackman's fraudulent misrepresentations that Counter-Plaintiffs' payments would be allocated as partial repayments of the repurchase price of Claims Receivables, Counter-Plaintiffs continued to make payments to Krunchcash and Hackman throughout 2019 and early 2020 and provided EPIC settlement funds Krunchcash and Hackman on January 21, 2020.

89. Counter-Plaintiffs were justified in their reliance on Krunchcash and Hackman's fraudulent misrepresentations given the explicit written email communications provided by Hackman to Counter-Plaintiff Luna on at least four separate occasions stating that payments were to be considered "as partial repayment of Repurchase Price" under the applicable Purchase

Addenda pursuant to the MPA.

90. Thus, Krunchcash and Hackman's representations were made for the purpose of defrauding Counter-Plaintiffs. The fraudulent representations made by Krunchcash and Hackman were made with the intention of having Counter-Plaintiffs act and rely upon them to their detriment.

91. As a direct result of Krunchcash and Hackman's fraudulent misrepresentations and Counter-Plaintiffs' reliance thereon, Counter-Plaintiffs have been significantly injured and have incurred damages.

92. Counter-Plaintiffs continue to be wrongfully pursued by Krunchcash and Hackman in unjustified collection actions, including the present lawsuit, on what are in effect predatory and usurious long-term loans. Such actions by Krunchcash and Hackman have caused great injury, hardship, and expense to Counter-Plaintiffs.

93. Krunchcash and Hackman's actions have further resulted in significant injury, hardship, and expense to Counter-Plaintiffs in significant loss of Counter-Plaintiffs' business revenue, significant reduction in Counter-Plaintiffs' ability to do business, and significant reduction in Counter-Plaintiffs' ability to obtain credit.

WHEREFORE, Counter-Plaintiffs demand judgment against Krunchcash and Hackman for compensatory damages in excess of Seventy-Five Thousand Dollars (\$75,000), with interest and costs, and attorneys' fees, as well as such other relief this Court deems just and proper under the circumstances.

**COUNT II – DECLARATORY JUDGMENT**  
**(Against All Counter-Defendants)**

94. Counter-Plaintiffs repeat, re-allege, and incorporate by reference each of the foregoing paragraphs of the Counterclaims as if stated fully herein.

95. Krunchcash and Hackman willfully and knowingly violated § 687.03 and § 687.071, Florida Statutes, by fraudulently inducing Counter-Plaintiffs to enter into illegal agreements to charge Counter-Plaintiffs an interest rate in excess of 45% per year, the threshold for criminal usury.

96. Krunchcash, Hackman, KC PCR D and Pursuit conspired with each other to charge Counter-Plaintiffs usurious interest in form of the fees charged in various purchase addenda and in the form of a \$260,000.00 per month fee premised upon 4% of \$6.5 million which equates to annualized interest of 48%.

97. A violation of Florida's criminal usury law when interest over 45% is to be charged as in the instant case, is not a minor infraction, but rather a felony of the third degree.

98. Usury statutes are intended to protect victims from loan sharking.

99. The MPA and its associated purchase addenda as Counter-Plaintiffs have relied upon it constitutes usurious agreements with an effective interest rate of more than 45% per year.

100. Because the MPA and its associated purchase are criminally usurious loans in violation of Florida law, the transaction, including all related instruments, are therefore unenforceable pursuant to §687.071(7), Florida Statutes.

101. Therefore, Counter-Plaintiffs are entitled to a Declaratory Judgement in their favor pursuant to § 86.011, Florida Statutes.

WHEREFORE, Counter-Plaintiffs seek an order from this Court:

a. Declaring the MPA and its associated purchase void *ab initio* as criminally usurious, and, therefore, Krunchcash and Hackman are precluded from recovering any payments due thereunder; and

b. Granting such other relief this Court deems just and proper under the

circumstances.

**COUNT III – CIVIL USURY**  
**(Against All Counter-Defendants)**

102. Counter-Plaintiffs repeat, re-allege, and incorporate by reference each of the foregoing paragraphs of the Counterclaims as if stated fully herein.

103. The effective interest rate of the MPA and purchase addenda as Counter-Plaintiffs have relied on it is in excess of 18% and is therefore in violation of § 687.03, Florida Statutes, which restricts interest on a loan, such as the loan in the instant case to 18% per year.

104. Krunchcash, Hackman, KC PCR D and Pursuit did willfully and knowingly enter into an agreement to charge an excessive interest rate, and to take and receive said excess interest, and have in fact taken and received such excess interest.

105. As specifically set forth herein, the effective interest on the MPA and its associated purchase addenda as Counter-Plaintiffs have relied on it is in excess of 18% per year, in violation of § 687.03, Florida Statutes, and therefore, pursuant to § 687.04, Florida Statutes, Counter-Plaintiffs are entitled to double the amount of interest taken, expected and/or paid.

106. Pursuit, Krunchcash and KC PCR D entered into the IFA and Amended IFA pursuant to which Pursuit invested funds to Krunchcash and KC PCR D to loan to Counter-Plaintiffs, and under which Pursuit and Krunchcash each earned 50% of the profits from its usurious loans to Counter-Plaintiffs. Pursuit was aware of and complicit in the specific details of the MPA and its associated purchase addenda and along with Krunchcash, intended to charge Counter-Plaintiffs rates of interest that are usurious under Florida law so that Pursuit could earn a greater profit than allowed by law.

107. Counter-Plaintiffs have retained the undersigned counsel to pursue this action and is obligated to pay all costs of suit and reasonable attorney's fees, and therefore are entitled to an

award of reasonable attorneys' fees under § 687.004 and § 687.06, Florida Statutes.

WHEREFORE, Counter-Plaintiffs respectfully demand that this Court award Counter-Plaintiffs damages equal to double the amount of the interest paid and/or expected, together with reasonable attorneys' fees and whatever other relief this Court deems just and proper under the circumstances.

**COUNT IV – CRIMINAL USURY**  
**(Against All Counter-Defendants)**

108. Counter-Plaintiffs repeat, re-allege, and incorporate by reference each of the foregoing paragraphs of the Counterclaims as if stated fully herein.

109. The effective interest rate of the MPA and its associated purchase addenda as Counter-Plaintiffs have relied on it is in excess of 45% and is therefore in violation of § 687.071, Florida Statutes, which deems it a criminal act and a felony in the third degree.

110. Krunchcash and Hackman did willfully and knowingly enter into an agreement to charge an excessive interest rate, and to take and receive said excess interest, and have in fact taken and received such excess interest.

111. Pursuit, Krunchcash and KC PCR D entered into the IFA and Amended IFA pursuant to which Pursuit invested funds to Krunchcash and KC PCR D to loan to Counter-Plaintiffs, and under which Pursuit and Krunchcash each earned 50% of the profits that Krunchcash earned from its usurious loans to Counter-Plaintiffs. Pursuit was aware of and complicit in the specific details of the MPA and its associated purchase addenda and along with Krunchcash, intended to charge Counter-Plaintiffs rates of interest that are usurious under Florida law so that Pursuit could earn a greater profit than allowed by law.

112. Krunchcash and Hackman did willfully and knowingly enter into an agreement to charge excessive interest, and took and received said excess interest.

113. Counter-Defendants committed criminal usury, and must forfeit all principal and interest earned, pursuant to § 687.071(7), Florida Statutes.

114. Counter-Plaintiffs have retained the undersigned counsel to pursue this action and are entitled to an award of reasonable attorneys' fees under § 687.004 and § 687.06, Florida Statutes.

WHEREFORE, Counter-Plaintiffs respectfully demand a determination by this Court that the MPA and its associated purchase addenda as Counter-Plaintiffs have relied upon it is usurious, and award Counter-Plaintiffs damages equal to double the amount of the interest paid and/or expected, together with reasonable attorneys' fees and whatever other relief this Court deems just and proper under the circumstances.

**COUNT V – VIOLATION OF THE FLORIDA DECEPTIVE  
AND UNFAIR TRADE PRACTICES ACT**  
**(Against All Counter-Defendants)**

115. Counter-Plaintiffs repeat, re-allege, and incorporate by reference each of the foregoing paragraphs of the Counterclaims as if stated fully herein.

116. The Florida Deceptive and Unfair Trade Practices Act ("FDUTPA") is found at Fl. Stat. § 501.201 to 501.213. The purpose of FDUTPA is stated at Fl. Stat. § 501.202: "To protect the consuming public and legitimate business enterprises from those who engage in unfair methods of competition, or unconscionable, deceptive, or unfair acts or practices in the conduct of any trade or commerce," and "[t]o make state consumer protection and enforcement consistent with established policies of federal law relating to consumer protection."

117. Under the FDUTPA, Fl. Stat. § 501.204(1), "[u]nfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful." In this matter, Counter-Defendants engaged in



unfair and deceptive trade practices.

118. The FDUTPA was drafted in broad terms to encompass a wide range of unfair or deceptive practices by individuals and companies. The Florida Supreme Court has defined unfair practices to include conduct that offends public policy and that is immoral, unethical, oppressive, unscrupulous, or substantially injurious to consumers. The Court has defined deceptive conduct as representations, omissions, or practices that are likely to mislead the consumer.

119. Under Fl. Stat. § 501.213, the remedies allowed by FDUTPA are in addition to any other remedies that are available.

120. In knowingly and willfully luring Counter-Plaintiffs into entering in the MPA and its associated purchase addenda as a guise for perpetrating an illegal and usurious loan scheme and in collecting usurious interest by means of this scheme and using it for improper purposes, Counter-Defendants have engaged in unfair and deceptive acts in violation of FDUTPA.

121. In conspiring to charge Counter-Plaintiffs rates of interest that are civilly and criminally usurious under Florida law, Counter-Defendants have engaged in unfair and deceptive acts in violation of FDUTPA.

122. As a direct and proximate result of Counter-Defendants' violation of the FDUTPA statute, Counter-Plaintiffs have been injured, and are entitled to an award of monetary damages and declaratory and injunctive relief. Under Fl. Stat. § 501.211, Counter-Plaintiffs are entitled to obtain a declaratory judgment that the unfair and deceptive acts of Counter-Defendants violated the FDUTPA.

WHEREFORE, Counter-Plaintiffs respectfully demand a determination by this Court that Counter-Defendants have violated the FDUTPA and are entitled to recover damages, costs, and attorneys' fees thereunder, as well as declaratory and injunctive relief and such other relief as

this Court deems proper under the circumstances.

**COUNT VI – VIOLATION OF FLORIDA CIVIL REMEDIES FOR CRIMINAL  
PRACTICES ACT**  
**(Against All Counter-Defendants)**

123. Counter-Plaintiffs repeat, re-allege, and incorporate by reference each of the foregoing paragraphs of the Counterclaims as if stated fully herein.

124. Krunchcash intentionally conspired with its Capital Partners, including Pursuit, to charge Counter-Plaintiffs illegal, predatory usurious interest.

125. The Florida Civil Remedies for Criminal Practices Act is found at Fl. Stat. § 772.101 to 772.19. Under Fl. Stat. § 772.102(1), the definition of “criminal activity” under the statute includes any crime that is chargeable under other Florida statutes, including “Chapter 687, relating to interest and usurious practices.” Here, Counter-Defendants violated the Florida laws relating to interest and usurious practices.

126. The definition of “criminal activity” also includes violations of “Chapter 817, relating to fraudulent practices, false pretenses [and] fraud generally . . . .” Here, Counter-Defendants violated Fl. Stat. § 817.06, by virtue of their perpetrating an illegal and fraudulent, predatory and usurious loan scheme.

127. Counter-Defendants violated Fl. Stat. § 817.54, which states that no one can with an intent to defraud obtain a promissory note evidencing a debt from any person by aid of false representation or pretense.

128. Under Fl. Stat. § 772.102(2), Counter-Defendants are liable for obtaining monies on an “unlawful debt,” meaning, any money constituting principal or interest of a debt that is unenforceable in Florida because the debt was incurred in violation of Fl. Stat. § 687.071, relating to criminal usury and loan sharking.

129. Counter-Defendants engaged in an “Enterprise,” meaning an association between their businesses and controlling individuals to engage in their usurious loan activities. Counter-Defendants intentionally conspired with their Capital Partners, including Pursuit, to charge Counter-Plaintiffs illegal, predatory usurious interest. Counter-Defendants engaged in a “pattern of criminal activity” because Counter-Defendants engaged in multiple incidents of the criminal activity, specifically by perpetrating their illegal scheme against Counter-Plaintiffs over the course of many months and continuing to this day.

130. Under Fl. Stat. § 772.103, Counter-Defendants engaged in “prohibited activities,” including receiving unlawful monies and proceeds from the predatory and usurious loans and investing them back into the unlawful enterprise.

131. Under Fl. Stat. § 772.18, “[t]he application of one civil remedy under this chapter does not preclude the application of any other remedy, civil or criminal, under this chapter or any other provision of law. Civil remedies under this act are supplemental, and not mutually exclusive.”

132. Under Fl. Stat. § 772.104(1), “[a]ny person who proves by clear and convincing evidence that he or she has been injured by reason of any violation of the provisions of 772.103 shall have a cause of action for threefold the actual damages sustained and, in any such action, is entitled to minimum damages in the amount of \$200, and reasonable attorney’s fees and court costs in the trial and appellate courts.” Counter-Plaintiffs are entitled to all of these remedies under the Act.

133. As a direct and proximate result of Counter-Defendants’ violation of the Florida Civil Remedies for Criminal Practices Act, Counter-Plaintiffs have been injured, and Counter-Plaintiffs are entitled to an award of monetary damages and declaratory and injunctive relief.

WHEREFORE, Counter-Plaintiffs respectfully demand a determination by this Court that Counter-Defendants have violated the Florida Civil Remedies for Criminal Practices Act, and are entitled to threefold monetary damages, costs, and attorneys fees, as well as declaratory and injunctive relief and such other relief as this Court deems just and proper under the circumstances.

**COUNT VII – CONSPIRACY (18 U.S.C. § 1962)**  
**(Against All Counter-Defendants)**

134. Counter-Plaintiffs repeat, re-allege, and incorporate by reference each of the foregoing paragraphs of the Counterclaims as if stated fully herein.

135. Krunchcash, KC PCR, Hackman and Pursuit formed an association for the common purpose to loan funds to Counter-Plaintiffs and to charge Counter-Plaintiffs civilly and criminally usurious rates of interest to earn a greater profit than allowed by law.

136. Krunchcash, KC PCR, Hackman and Pursuit engaged in a pattern of racketeering activity by charging Counter-Plaintiffs usurious rates of interest through the MPA and its associated purchase addenda.

137. Krunchcash, KC PCR, Hackman, Pursuit and Krunchcash's other Capital Partner engaged in a pattern of racketeering activity by charging and continuing to charge Counter-Plaintiffs a \$260,000.00 per month "Use Fee," an amount which represents 4% of \$6.5 million and which equates to an annualized rate of interest of 48%.

138. As the direct result of this criminal and racketeering activity, Counter-Plaintiffs have been injured.

WHEREFORE, Counter-Plaintiffs respectfully demand that this Court award treble damages, costs, and attorneys fees and such other relief as this Court deems just and proper under the circumstances.

**COUNT VII – CONSPIRACY (Florida RICO Act)**  
**(Against All Counter-Defendants)**

139. Counter-Plaintiffs repeat, re-allege, and incorporate by reference each of the foregoing paragraphs of the Counterclaims as if stated fully herein.

140. Krunchcash, KC PCRD, Hackman and Pursuit formed an association for the common purpose to loan funds to Counter-Plaintiffs and to charge Counter-Plaintiffs civilly and criminally usurious rates of interest to earn a greater profit than allowed by law.

141. Krunchcash, KC PCRD, Hackman and Pursuit engaged in a pattern of racketeering activity by charging Counter-Plaintiffs usurious rates of interest through the MPA and its associated purchase addenda.

142. Krunchcash, KC PCRD, Hackman and Pursuit engaged in a pattern of racketeering activity by charging and continuing to charge Counter-Plaintiffs a \$260,000.00 per month “Use Fee,” an amount which represents 4% of \$6.5 million and which equates to an annualized rate of interest of 48%.

143. As the direct result of this criminal and racketeering activity, Counter-Plaintiffs have been injured.

WHEREFORE, Counter-Plaintiffs respectfully demand that this Court award treble damages, costs, and attorneys fees and such other relief as this Court deems just and proper under the circumstances.

**COUNT VIII – UNCONSCIONABILITY**  
**(Against Krunchcash and Hackman)**

144. Counter-Plaintiffs repeat, re-allege, and incorporate by reference each of the foregoing paragraphs of the Counterclaims as if stated fully herein.

145. Counter-Plaintiffs did not intend and were not aware that the term “Affiliates” in

the Second Amendment to the MPA included these entities.

146. Counter-Plaintiffs KKVV Services, LLC, KENIK Lab Services, LLC and SCI Collaboration, LLC did not have meaningful choice to the terms of the MPA, First Amendment to the MPA, Second Amendment to the MPA or any of the purchase addenda as to the terms therein, which terms are unreasonably favorable to Counter-Defendants.

147. There was no real and voluntary meeting of the minds between Counter-Plaintiffs and Counter-Defendants regarding the terms of the MPA, First Amendment to the MPA, Second Amendment to the MPA or the approximately 28 purchase addenda.

148. Counter-Plaintiffs KKVV Services, LLC, KENIK Lab Services, LLC and SCI Collaboration, LLC did not have the opportunity to negotiate the terms of the MPA, First Amendment to the MPA, Second Amendment to the MPA or any of the purchase addenda.

149. The terms of the MPA, First Amendment to the MPA, Second Amendment to the MPA and the purchase addenda are usurious under Florida law and are unreasonable and unfair towards Counter-Plaintiffs.

150. The MPA, First Amendment to the MPA, Second Amendment to the MPA and/or any of the purchase addenda contain contract terms that amount to an outrageous degree of unfairness towards Counter-Plaintiffs.

151. KKVV Services, LLC, KENIK Lab Services, LLC and SCI Collaboration, LLC received no benefit from the MPA, First Amendment to the MPA, Second Amendment to the MPA or the 28 purchase addenda.

WHEREFORE, Counter-Plaintiffs respectfully demand that this Court find the MPA, First Amendment to the MPA, Second Amendment to the MPA and the purchase addenda

unconscionable and unenforceable and award damages and whatever other relief this Court deems just and proper under the circumstances.

**COUNT IV – BREACH OF FIDUCIARY DUTY**  
**(Against Krunchcash and Hackman)**

152. Counter-Plaintiffs repeat, re-allege, and incorporate by reference each of the foregoing paragraphs of the Counterclaims as if stated fully herein.

153. Krunchcash and Hackman had a fiduciary relationship with Counter-Plaintiffs, and Counter-Plaintiffs relied upon Hackman as being a trusted and trustworthy financial expert with superior knowledge of financial matters.

154. Counter-Plaintiffs further relied on Hackman’s representations as allegedly capable and willing to provide short term financing solutions to the Counter-Plaintiff independent pharmacies.

155. Counter-Plaintiffs relied on the expertise and knowledge of Hackman when deciding to enter into the MPA, First Amendment to the MPA, Second Amendment to the MPA and the purchase addenda. Hackman held a position of trust and confidence with Counter-Plaintiffs and corresponded with Counter-Plaintiff Luna via text multiple times per week from the period of May 2018 through February 2020 regarding the MPA, First Amendment to the MPA, Second Amendment to the MPA and the purchase addenda and other potential business opportunities.

156. Counter-Defendants breached their fiduciary duty by intentionally misallocating payments made by Counter-Plaintiffs towards baseless default fees, use fees, and or RX Fee+ fees, and by charging Counter-Plaintiffs usurious rates of interest, including without limitation \$260,000 per month since February 2020, an amount that represents 4% of \$6.5 million, and which Counter-Defendants incredulously continue to charge into these proceedings.

157. As the proximate cause of Counter-Defendants' breach of their fiduciary duty, Counter-Plaintiffs have been damaged, and continue to be damaged.

WHEREFORE, Counter-Plaintiffs demand judgment against Counter-Defendants for compensatory damages in excess of Seventy-Five Thousand Dollars (\$75,000), with interest and costs, and attorneys' fees, as well as such other relief this Court deems just and proper under the circumstances.

**COUNT X – PUNITIVE DAMAGES**  
**(Against all Counter-Defendants)**

158. Counter-Plaintiffs repeat, re-allege, and incorporate by reference each of the foregoing paragraphs of the Counterclaims as if stated fully herein.

159. The evidence reflects by clear and convincing evidence that Counter-Defendants engaged in intentional and malicious misconduct, including fraudulently inducing Counter-Plaintiffs to unknowingly and unwillingly participate in what Counter-Defendants knew and intended to be a predatory and usurious loan scheme that was a scam and was illegal under Florida law, by conspiring with each other to charge Counter-Plaintiffs criminally usurious rates of interest under the MPA and its associated purchase addenda and by charging Counter-Plaintiffs a \$260,000.00 per month "Use Fee."

160. Counter-Defendants knowingly and willfully participated in the unlawful misconduct with malicious intent.

161. Counter-Defendants continue to attempt to perpetrate this scheme before and with the aid of this Court.

162. Counter-Plaintiffs are entitled to punitive damages.

WHEREFORE Counter-Plaintiffs respectfully demand that this Court award such



punitive damages and other relief as it deems just and proper under the circumstances.

**COUNT X - ABUSE OF PROCESS**  
**(Against Krunchcash and Hackman)**

163. Counter-Plaintiffs repeat, re-allege, and incorporate by reference each of the foregoing paragraphs of the Counterclaims as if stated fully herein.

164. Under Florida law, Counter-Plaintiffs may assert a claim for abuse of process if: (1) defendant “made an illegal, improper, or perverted use of process;” (2) “defendant had ulterior motives or purposes in exercising such illegal, improper, or perverted use of process;” and (3) “as a result of such action on the part of the defendant, the plaintiff suffered damage.” *See Plain Bay Sales, LLC v. Gallaher*, No. 9:18-CV-80581, 2020 WL 202960, at 6 (S.D. Fla. Jan. 14, 2020) (citing *S & I Investments v. Payless Flea Mkt., Inc.*, 36 So.3d 909, 917 (Fla. 4<sup>th</sup> DCA 2010)).

165. Krunchcash and Hackman filed their Complaint for Confessed Judgment in Maryland, a state where neither the Counter-Plaintiffs nor Krunchcash and Hackman reside, have any contacts, or hold any interest in real property.

166. Krunchcash and Hackman filed the Complaint for Confessed Judgment for the immediate purpose of intimidating Counter-Plaintiffs and continuing to perpetrate a predatory and usurious loan scheme, and having no legitimate basis on which to collect on alleged debts exceeding \$6 million.

167. Text messages sent by Hackman to Counter-Plaintiff Luna on February 1, 2020, evidence Counter-Defendants’ intimidation of Counter-Plaintiffs. They read, in pertinent part:

a. “I am very disappointed in u – gave u every opportunity to come forward with a workout plan including the week u ask for – though u & Nikki were better than this! Rather than being honest u choose to start a fight with that pathetic lawsuit from a firm that’s out of their league. If u believe paying lawyers will reduce your amount owed, then again u disappoint me for a smart guy! I hope u r not allergic to hornets because u stuck your hand into the wrong nest. The door is still open to talk but if you choose to hide behind Dea Lee the results will be catastrophic to u, Nikki, and your pharmacy business. Phone is on – your choice!” (Text as written.)

b. At 8:06 PM on the same day, Hackman sent another text message, which reads “Check you [sic] e-mail – judgments were entered today against LB Pharma et al , Nikki and you in the amount of \$6,760,000 – it [sic] not to [sic] late to rethink your strategy – let me know.” Immediately thereafter, Hackman sent another text message: “BTW – execution of the judgments will begin tomorrow.”

168. Krunchcash and Hackman filed the Complaint for Confessed Judgment by means of improper and perverted use of service solely to threaten, intimidate, and scare Counter-Plaintiffs and to cause them emotional distress.

169. As a direct and proximate cause of Krunchcash and Hackman’s abuse of process of the Complaint for Confessed Judgment and the continuing action in this Court, Counter-Plaintiffs have been damaged, and continue to be damaged, and are entitled to an award of monetary damages and declaratory and injunctive relief including, without limitation, enjoining Krunchcash and Hackman from taking any further action against Counter-Plaintiffs.

WHEREFORE, Counter-Plaintiffs respectfully demand that this Court award monetary damages and declaratory and injunctive relief including, without limitation, enjoining

Krunchcash and Hackman from taking any further action against Counter-Plaintiffs on any of the claims in the Complaint or the Amended Complaint.

**REQUEST TO ISSUE SUMMONS**

Counter-Plaintiffs request that the Clerk issues summonses for Counter-Defendants KC PCR Fund, LLC and Pursuit Special Credit Opportunity, L.P.

Respectfully submitted,

STEINER LAW GROUP, LLC

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 23<sup>rd</sup> day of November, 2021 a copy of the foregoing was filed with the Court through its MDEC e-filing system, which will provide service to all counsel of record.

/s/ Eric S. Steiner  
Eric S. Steiner