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10 CALIFORNIA AGRICULTURAL NETWORK, INC.

11 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

12 **COUNTY OF VENTURA**

13 CALIFORNIA AGRICULTURAL NETWORK,
14 INC., a California nonprofit corporation,

15 Plaintiff,

16 vs.

17 LONGVINE CALIFORNIA, INC., a
18 California corporation (formerly known as
19 HOUWELING NURSERIES OXNARD,
20 INC.); LONGVINE GROWING CO., a
21 Delaware corporation; CASEY
22 HOUWELING; and DOES 1 through 50,
23 inclusive,

24 Defendants.

Case No.

PLAINTIFF'S COMPLAINT FOR:

- (1) BREACH OF CONTRACT;
- (2) BREACH OF FIDUCIARY DUTY;
- (3) FRAUD BY CONCEALMENT
- (4) NEGLIGENCE

DEMAND FOR JURY TRIAL

25 **PLAINTIFF, CALIFORNIA AGRICULTURAL NETWORK, INC., hereby alleges**
26 **against LONGVINE CALIFORNIA, INC., a California corporation (formerly known as**
27 **HOUWELING NURSERIES OXNARD, INC.); LONGVINE GROWING CO., a Delaware**
28 **corporation; CASEY HOUWELING; and DOES 1 through 50, inclusive (collectively, hereafter**
"Defendants"), as follows:

THE PARTIES

1. Plaintiff CALIFORNIA AGRICULTURAL NETWORK, INC. ("CAN") is a non-profit, mutual benefit corporation organized under the laws of the State of California, with its principal place of business in Ontario, CA, and doing business within Ventura County.

1 2. Defendant LONGVINE CALIFORNIA, INC., a California corporation is a
2 corporation organized under the laws of the State of California, with its principal place of business
3 in Mona, UT. LONGVINE CALIFORNIA, INC. was formerly known as HOUWELING
4 NURSERIES OXNARD, INC. (“HNOI”), and had a principal place of business in Camarillo,
5 Ventura County. In or about November 2021, HNOI underwent a name change to its present name,
6 LONGVINE CALIFORNIA, INC.

7 3. Defendant LONGVINE GROWING CO. is a corporation formed under the laws of
8 the State of Delaware, with its principal place of business in the State of Utah. At all material times,
9 LONGVINE GROWING CO. did business in Ventura County.

10 4. Defendant CASEY HOUWELING is an individual residing in British Columbia,
11 Canada.

12 5. Plaintiff is ignorant of the true names and capacities of defendants sued as DOES 1
13 through 50, inclusive, and therefore sues those defendants by fictitious names. Plaintiff will amend
14 this complaint to allege their true names and capacities when ascertained. Plaintiff is informed and
15 believes, and thereon alleges, that each of these fictitiously-named defendants is legally responsible
16 in some manner for the actions herein alleged, and that Plaintiff’s damages were proximately caused
17 by their conduct.

18 6. At all relevant times, Defendants, and each of them, acted as the agent of every other
19 Defendant, and in doing the things herein alleged, were acting within the course and scope of their
20 authority. Defendants, and each of them, authorized and ratified the acts of every other Defendant.

21 7. Jurisdiction is appropriate in this state because the Defendants, and each of them, are
22 located in the State of California, have done business and are doing business in the State of
23 California, have regular contact with the state, and regularly avail themselves of the protections of
24 this State’s laws.

25 8. Venue is appropriate in this judicial district because the acts and omissions giving
26 rise to this lawsuit occurred, and Plaintiff’s damages incurred, within this judicial district.

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1 GENERAL ALLEGATIONS

2 9. CAN is a non-profit mutual benefit corporation that acts as a Self-Insurance Group
3 ("SIG") for workers' compensation self-insureds. California law allows employers in the state to
4 meet their obligations to provide workers' compensation benefits to their employees in one of two
5 ways: by the purchase of workers' compensation insurance, or by becoming self-insured through
6 the Department of Industrial Relations, Office of Self-Insurance Plans. Employers may only
7 become self-insured through the DIR if they undergo an application process and maintain security
8 with that agency.

9 10. California law further allows small-and-medium sized self-insured employers to
10 band together with other self-insured employers in the same or similar industries to self-insure
11 their worker's compensation liabilities as a group. In such arrangements, the self-insured
12 employers for SIG's, pool their resources, and take responsibility for the worker's compensation
13 liabilities of all member employers.

14 11. CAN was formed in 2004 as a SIG for agricultural employers. Under CAN's
15 bylaws, all members must be self-insured employers within the agricultural industry, or provide
16 support or services to the agricultural industry.

17 12. Because CAN's members share responsibility for all other members' workers'
18 compensation liabilities, the manner in which each member discharges its duties has a direct
19 pecuniary effect on every other member. The members each repose trust and confidence in every
20 other member to discharge their duties responsibly and in good faith. Thus, by becoming a
21 member of a SIG such as CAN, members take on legal duties to every other member, including
22 fiduciary duties.

23 13. Additionally, members enter into written, oral, and implied agreements with the
24 other members, and with the SIG, regarding the manner in which they will conduct risk
25 management, deal with injured workers, and handle claims. Members, for example, expressly and
26 impliedly agree that they will cooperate with the claims handlers hired by the SIG to ensure that
27 claims are adequately investigated and appropriately paid. Members further agree to abide by all
28 requirements imposed upon them under the SIG's bylaws, rules and regulations, and/or policies

1 and procedures. CAN's bylaws specifically require members to "keep accurate injury and illness
2 records; report all claims; *cooperate with the Board, Group Administrator, and Claims*
3 *Administration Agency*...Each Group member shall also take all necessary action to carry out the
4 recommendations of any loss control inspections by the Group." (Emphasis added). All CAN
5 members thus expressly and impliedly agree that they will abide by CAN's bylaws.

6 14. SIG members must also comply with all requirements imposed by the Office of
7 Self-Insurance Plans for the maintenance of their status as approved self-insurers. Members
8 further agree with the SIG, expressly and impliedly, that they will meet all such requirements, and
9 that they will comply with all statutory and regulatory obligations imposed by California law on
10 self-insured employers.

11 15. HNOI (now LONGVINE CALIFORNIA, INC.) became a member of CAN in
12 2006. HNOI operated a tomato farm in Camarillo, California. Despite regular and frequent
13 difficulties in the manner in which it conducted its risk management and communicated with the
14 SIG and its risk management/claims handling personnel, HNOI remained a member of CAN
15 through September 2021.

16 16. At all material times, HNOI was nearly 100% owned and managed by Defendant
17 CASEY HOUWELING, either individually or through holding companies.

18 17. Unbeknownst to CAN, however, beginning in January 2019, CASEY
19 HOUWELING began a series of transactions in which his degree of ownership in HNOI (or, the
20 holding companies which owned HNOI) was greatly reduced. By March 2021, all of CASEY
21 HOUWELING's interest in HNOI and/or its holding companies was transferred to Defendant
22 THE LONGVINE CO., and/or companies which THE LONGVINE CO. owned or controlled.

23 18. Defendants, and each of them, concealed these transactions from CAN. They also
24 failed to report the transactions to the Office of Self-Insurance Plans. California law, specifically
25 8 Cal.Code Regs. §15203.8, requires self-insured employers to report to OSIP any transactions
26 which result in a material change in the form of business structure or ownership from the time the
27 employer first obtained its Consent to Self-Insure. By failing to do so, the Defendants, and each
28 of them, breached their obligation under this regulation, calling into question their legal right to

1 self-insure and their ability to meet their obligations as a self-insured employer, as well as their
2 ability to meet their obligations to CAN.

3 19. Defendants, and each of them, further breached a duty, express and implied, to
4 report their changes in structure and ownership to CAN. Indeed, under CAN's bylaws,
5 membership in the group is non-transferrable. The Defendants were required to report the
6 structural/ownership changes in HNOI to CAN so that CAN and its members could evaluate
7 whether the restructured organization was suitable to remain a self-insured member of CAN.

8 20. By failing to report the changes in ownership/structure, Defendants, and each of
9 them, either negligently or fraudulently deprived CAN and the Office of Self-Insurance Plans of
10 the opportunity to evaluate whether, as reconstituted, HNOI was a suitable entity to remain self-
11 insured for its workers' compensation liabilities, as well as a suitable member of CAN. Plaintiff is
12 informed and believes, and thereon alleges, that had Defendants apprised CAN of the changes in
13 HNOI's ownership and corporate structure, HNOI would either have become ineligible for
14 continued CAN membership, or would have remained eligible only upon its agreement to and
15 compliance with additional conditions that would have been imposed.

16 21. HNOI, indeed, no longer had the financial strength or suitable management to
17 remain a CAN member. By September 2021, in fact, it could no longer remain in business, and
18 sold its Camarillo facility to a marijuana grower. HNOI ended up laying off all of its staff.
19 Further, HNOI and its owners, the Defendants herein, failed to undertake even minimal steps to
20 prevent or minimize post-termination claims by laid off workers, a foreseeable and often avoidable
21 consequence of any business shutdown. Defendants did such a poor job with the business's
22 closure that, through negligence or active encouragement, more than 100 laid off employees filed
23 workers' compensation claims against HNOI after being laid off. HNOI had by then ceased its
24 membership in CANSIG, but CAN was left responsible to pay the post-termination claims of its
25 injured workers. HNOI, and the Defendants herein, left CAN and its member-employers, each of
26 whom had relied on the fidelity and trustworthiness of HNOI and its management, holding the bag
27 for more than \$3 million in workers' compensation claims. CAN remains liable as a matter of law
28 for all of those claims, which are continuing to develop and will increase in cost as time passes.

1 Further, new post-termination claims against CAN are continuing to be made by former HNOI
2 employees at the present time, further increasing the costs borne by CAN and its members.

3 22. Defendant CASEY HOUWELING, in the meantime, having left CAN and its
4 members responsible for millions of dollars in unpaid workers' compensation claims, took
5 advantage of HNOI's closure by starting a new company, Houweling's Camarillo, Inc., hiring
6 back the same employees whom he and his co-defendants laid off, and continuing HNOI's former
7 tomato growing operations on the exact same site that had been farmed by HNOI. In so doing,
8 Defendant CASEY HOUWELING engaged in egregious self-dealing, in contravention to all of his
9 legal and fiduciary duties to CAN and its members.

10 **FIRST CAUSE OF ACTION**

11 **BREACH OF CONTRACT**

12 **AGAINST HNOI**

13 23. Plaintiff realleges and reincorporates all allegations of paragraphs 1 through 22 as
14 though fully set forth herein.

15 24. Beginning in 2006, when it became a member of CAN, CAN and HNOI agreed, in
16 writing, verbally, and impliedly, to a number of conditions on which HNOI would abide as a
17 member. These conditions include, but are not limited to, the following:

- 18 a. HNOI agreed that it would abide by all duties imposed on CAN members pursuant
19 to CAN's bylaws, rules and regulations, and policies and procedures.
- 20 b. HNOI specifically agreed that it would "keep accurate injury and illness records;
21 report all claims; *cooperate with the Board, Group Administrator, and Claims*
22 *Administration Agency*...Each Group member shall also take all necessary action
23 to carry out the recommendations of any loss control inspections by the Group."
- 24 c. HNOI agreed that it would, at all times, abide by all conditions imposed by
25 California's workers' compensation statutes and regulations applicable to self-
26 insured employers, and maintain its self-insured status with the Department of
27 Industrial Relations, Self-Insurance Plans, in good standing.

28

1 d. In so doing, HNOI expressly and impliedly agreed that it would inform CAN and
2 OSIP of any material changes in the corporate structure and ownership of the
3 company which could have a bearing on HNOI's suitability to remain a self-
4 insured employer and member of CAN.

5 e. HNOI expressly and impliedly agreed that it would handle its risk management,
6 employee relations, communications with CAN and its claims handling, and on-
7 the-job injury handling and reporting, in a reasonable and appropriate manner to
8 minimize losses to CAN and its fellow self-insured members who would share in
9 HNOI's losses.

10 25. CAN has complied with all material conditions of these express and implied
11 agreements, except for those conditions from which it has been excused or have been made
12 impossible due to Defendant's breach.

13 26. HNOI breached its contractual obligations through the acts set forth in this
14 complaint, particularly (but not limited to) its duties to inform OSIP and CAN of its changes in
15 corporate structure and ownership, which would have made HNOI ineligible to continue its
16 membership in CAN.

17 27. As a proximate result of HNOI's breaches of contract, CAN has incurred damages,
18 including approximately \$3 million in post-termination losses by HNOI's former employees, with
19 that amount increasing as the claims develop and new workers' compensation claims come in, all
20 of which are being paid and are payable by CAN and ultimately, its member self-insureds.

21 **SECOND CAUSE OF ACTION**

22 **BREACH OF FIDUCIARY DUTY**

23 **AGAINST ALL DEFENDANTS**

24 28. Plaintiff realleges and reincorporates all allegations of paragraphs 1 through 22 as
25 though fully set forth herein.

26 29. Because CAN's members share responsibility for all other members' workers'
27 compensation liabilities, the manner in which each member discharges its duties has a direct
28 pecuniary effect on every other member. The members each repose trust and confidence in every

1 other member employer to discharge their duties responsibly and in good faith. Thus, by
2 becoming a member of CAN, HNOI took on fiduciary duties to CAN and to its members.

3 30. The Defendants, and each of them, breached their fiduciary duties to CAN and its
4 members through the acts set forth above, particularly (but not limited to) its breach of duties to
5 inform OSIP and CAN of its changes in corporate structure and ownership, which would have
6 made HNOI ineligible to continue its membership in CAN.

7 31. As a proximate result of HNOI's breaches of contract, CAN has incurred damages,
8 including approximately \$3 million in post-termination losses by HNOI's former employees, with
9 that amount increasing as the claims develop and new workers' compensation claims come in, all
10 of which are being paid and are payable by CAN and ultimately, its member self-insureds.

11 **THIRD CAUSE OF ACTION**
12 **FRAUD BY CONCEALMENT**
13 **AGAINST ALL DEFENDANTS**

14 32. Plaintiff realleges and reincorporates all allegations of paragraphs 1 through 22 as
15 though fully set forth herein.

16 33. The Defendants, and each of them, owned and operated HNOI, a member of CAN.
17 As the owners and operators of HNOI, Defendants, and each of them, owed a duty to CAN to
18 apprise CAN and OSIP of material changes in the ownership and corporate structure of HNOI that
19 could impact its legal and financial ability to remain a self-insured employer, and its legal and
20 financial suitability to remain a member of CAN.

21 34. The Defendants, and each of them, concealed the changes in HNOI's ownership
22 and corporate structure from CAN and OSIP.

23 35. The Defendants, and each of them, concealed such changes in HNOI's ownership
24 and corporate structure in an attempt to defraud CAN, so that neither CAN nor OSIP would be led
25 to re-evaluate HNOI's legal and financial ability to remain a self-insured employer, and its legal
26 and financial suitability to remain a member of CAN.

27 36. Plaintiff was at all material times unaware of the changes in ownership and
28 corporate structure of its member, HNOI. Had CAN known of such changes in ownership and

1 corporate structure, then it would not have allowed HNOI to remain a member of CAN after, at
2 the latest, March 2020.

3 37. Plaintiff has been damaged as a proximate result of Defendants' concealment of
4 material facts, including approximately \$3 million in post-termination losses by HNOI's former
5 employees, with that amount increasing as the claims develop and new workers' compensation
6 claims come in, all of which are being paid and are payable by CAN and ultimately, its member
7 self-insureds.

8 38. In concealing these material facts, Defendants, and each of them, acted solely in
9 their own financial interests and in conscious disregard of the rights of CAN and Defendants'
10 fellow self-insured members in CAN. As such, Defendants acted with malice, oppression, and
11 fraud toward CAN and its members. The conduct of Defendants warrants an assessment of
12 punitive damages in an amount appropriate to punish Defendants and deter others from engaging
13 in similar wrongful conduct.

14 **FOURTH CAUSE OF ACTION**

15 **NEGLIGENCE**

16 **AGAINST ALL DEFENDANTS**

17 39. Plaintiff realleges and reincorporates all allegations of paragraphs 1 through 22 as
18 though fully set forth herein.

19 40. Defendants, and each of them, owed duties of care to CAN, including the
20 following:

- 21 a. To abide by all duties imposed on CAN members pursuant to CAN's bylaws, rules
22 and regulations, and policies and procedures.
- 23 b. To "keep accurate injury and illness records; report all claims; *cooperate with the*
24 *Board, Group Administrator, and Claims Administration Agency*... Each Group
25 member shall also take all necessary action to carry out the recommendations of
26 any loss control inspections by the Group."
- 27 c. To abide by all conditions imposed by California's workers' compensation statutes
28 and regulations applicable to self-insured employers, and maintain its self-insured

1 status with the Department of Industrial Relations, Self-Insurance Plans, in good
2 standing.

3 d. To keep CAN and OSIP informed of any material changes in the corporate
4 structure and ownership of the company which could have a bearing on HNOI's
5 suitability to remain a self-insured employer and member of CAN.

6 e. To take reasonable steps, upon closure of the business, to prevent or minimize the
7 foreseeable influx of post-termination workers' compensation claims.

8 41. Defendants, and each of them, breached their legal duties to CAN through the acts
9 alleged in this complaint.


10 42. Plaintiff has been proximately damaged as a result of Defendants' negligence,
11 including approximately \$3 million in post-termination losses by HNOI's former employees, with
12 that amount increasing as the claims develop and new worker's compensation claims come in, all
13 of which are being paid and are payable by CAN and ultimately, its member self-insureds.

14 **WHEREFORE, PLAINTIFF PRAYS FOR JUDGMENT AS FOLLOWS:**

- 15 1. For compensatory damages according to proof, plus interest thereon as allowed by
16 law, against all Defendants;
17 2. For punitive damages against Defendants;
18 3. For costs of suit incurred herein; and
19 4. For such other and further relief as this court deems appropriate.

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21 DATED: October 19, 2022

ROXBOROUGH, POMERANCE, NYE & ADREANI LLP

22
23 By: 
24 _____
25 NICHOLAS P. ROXBOROUGH
26 VINCENT S. GANNUSCIO
27 CHINYE UWECHUE
28 Attorneys for Plaintiff

DEMAND FOR JURY TRIAL

Plaintiff CALIFORNIA AGRICULTURAL NETWORK, INC hereby demands a jury trial.

DATED: October 19, 2022

ROXBOROUGH, POMERANCE, NYE & ADREANI LLP



By: _____

**NICHOLAS P. ROXBOROUGH
VINCENT S. GANNUSCIO
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