

(the “**Chapter 11 Cases**”) of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “**Court**”).

2. On February 28, 2023, the United States Trustee (the “**U.S. Trustee**”) appointed an Official Committee of Unsecured Creditors [Docket No. 142] (the “**Creditors Committee**”), which was reconstituted on March 28, 2023 [Docket No. 313], June 7, 2023 [Docket No. 813], and July 28, 2023 [Docket No. 1123].

3. On March 14, 2023, the Debtors filed the *Debtors’ Application for Entry of an Order Authorizing (I) the Employment and Retention of M3 Advisory Partners, LP as Financial Advisor and (II) the Designation of Mr. Mohsin Y. Meghji as Chief Restructuring Officer* [Docket No. 227] (the “**Application for Employment**”). On April 13, 2023, the Court entered its *Order Authorizing (I) the Employment and Retention of M3 Advisory Partners, LP as Financial Advisor and (II) the Designation of Mr. Mohsin Y. Meghji as the Debtors’ Chief Restructuring Officer* [Docket No. 440] (the “**Order Granting Application for Employment**”).

4. On April 10, 2023, the U.S. Trustee appointed the Official Committee of Equity Security Holders [Docket No. 391], which was reconstituted on April 14, 2023 [Docket No. 448] (the “**Equity Committee**”).²

5. On October 11, 2023, the Debtors filed their *Joint Plan of Liquidation of Sorrento Therapeutics, Inc. and Scintilla Pharmaceuticals, Inc. Under Chapter 11 of the Bankruptcy Code* [Docket No. 1404]. On November 16, 2023, the Debtors filed their *Modified Joint Plan of Liquidation of Sorrento Therapeutics, Inc. and Scintilla Pharmaceuticals, Inc. Under Chapter 11 of the Bankruptcy Code* [Docket No. 1562].

² AC Choudhury, one the California Plaintiffs (defined below), served as a member of the Equity Committee. See *Notice of Reconstituted Committee of Equity Security Holders* [Docket No. 448].

6. On November 30, 2023, the Court entered the *Order Approving Debtors' Disclosure Statement and Confirming Modified Joint Plan of Liquidation of Sorrento Therapeutics, Inc. and Scintilla Pharmaceuticals, Inc. Under Chapter 11 of the Bankruptcy Code* [Docket No. 1616], which the Court modified on December 13, 2023 [Docket No. 1652] (the “**Confirmation Order**”).

7. On February 19, 2024, the Debtors filed the *Debtors' Emergency Motion for Entry of Orders Approving (I) Senior Secured Superpriority Financing and (II)(A) Sale of Assets and (B) Modifications to Chapter 11 Plan* [Docket No. 1884]. On March 8, 2024, the Court entered its *Order (I) Approving Sale of Certain Assets to Vivasor, Inc. Free and Clear of all Liens, Claims, Interests, and Encumbrances, (II) Approving the Assumption and Assignment of Certain Executory Contracts, (III) Approving Modifications to Confirmed Chapter 11 Plan and (IV) Granting Related Relief* [Docket No. 2001] (the “**Sale Order**”). Attached as Exhibit 3 to the Sale Order was the *Second Modified Joint Plan of Liquidation of Sorrento Therapeutics, Inc. and Scintilla Pharmaceuticals, Inc. Under Chapter 11 of the Bankruptcy Code* [Docket No. 2001 at 174] (the “**Second Modified Plan**”). The Sale Order provided that the Second Modified Plan would be the controlling plan following entry of the Sale Order. *See* Sale Order [Docket No. 2001 at 28]. The Second Modified Plan was subsequently modified by further order of the Court [Docket No. 2093] (the Second Modified Plan, together with such modifications, the “**Plan**”).³ Article X.C of the Plan includes a gatekeeping provision (the “**Gatekeeping Provision**”).

³ Capitalized terms used but not defined herein shall have the meaning assigned to them in the Plan. For the avoidance of doubt, citations to the Plan refer to the Second Modified Plan as filed and attached to the Sale Order at Docket No. 2001, page 174.

8. The Liquidation Trust was created on April 10, 2024 (the “**Effective Date**”).⁴ On the Effective Date, all estate assets, including all claims and causes of action, were transferred to and became property of the Liquidation Trust. Plan, Art. V.C. David Weinhoffer was appointed trustee of the Liquidation Trust. Plan, Art. V.C, E, F.

9. On June 10, 2024, M3 filed the *Fifth Interim and Final Fee Application of M3 Advisory Partners, LP for Compensation for Services Rendered and for Reimbursement of Expenses as Chief Restructuring Officer and Financial Advisor to the Debtors and Debtors in Possession for the Period from February 13, 2023 through April 10, 2024* [Docket No. 2249] (the “**Final Fee Application**”). The Final Fee Application requested compensation for the M3 Movants for their services to the Debtors. On September 16, 2024, the Court held a hearing on the Final Fee Application (the “**Final Fee Hearing**”) and entered the *Final Order Allowing Compensation and Reimbursement of Expenses Incurred by M3 Advisory Partners, LP as Chief Restructuring Officer and Financial Advisor to the Debtors* [Docket No. 2431] (the “**Final Order Granting M3’s Final Fee Application**”). The Order Granting M3’s Final Fee Application became a non-appealable final order on October 1, 2024.

10. On April 3, 2026, plaintiffs Ethan Mevi, Enrique Curbello, Bruce Bradley, Michael Broome, Cynthia Broome, Aladdin Asfour, Kyle Hodes, Jennifer Hodes, Alexander Espalin, Moayad Altahhan, Shawn Franz, Leo Kishko, and AC Choudhury (collectively, the “**California Plaintiffs**”) filed a complaint (the “**Complaint**”) in the United States District Court for the Southern District of California (the “**California District Court**”) naming the M3 Movants, among others, as defendants. The Complaint asserts liability based on actions taken in the Debtors’

⁴ See Notice of (I) Effective Date of Debtors’ Joint Chapter 11 Plan of Liquidation, (II) Resignation of Estate Professionals, and (III) Final Administrative Claims Bar Date [Docket No. 2145].

Chapter 11 Cases. The Complaint is attached to this Motion as **Exhibit A**. The M3 Movants must respond to the Complaint within twenty-one (21) days following service. FED. R. CIV. P. 12(a)(1).

RELIEF REQUESTED AND BASIS THEREFOR

11. By filing the Complaint, the California Plaintiffs violated the Gatekeeping Provision in the Plan. *See* Plan, Art. X.C. The M3 Movants respectfully request that the Court enter an order:

- (a) finding that the California Plaintiffs' claims against the M3 Movants in the Complaint violate the Plan's Gatekeeping Provision;
- (b) directing the California Plaintiffs to: (i) amend their Complaint; and (ii) dismiss all claims in the Complaint against the M3 Movants without prejudice pending the California Plaintiffs' compliance with the Plan and the Gatekeeping Provision; and
- (c) imposing the appropriate costs and fees against the California Plaintiffs to adequately compensate the M3 Movants for their attorney's fees and expenses they have incurred in addressing the California Plaintiffs' improper filing.

12. This Court has the power and authority to enforce its own orders. *See, e.g., Placid Ref. Co. v. Terrebonne Fuel & Lube (In re Terrebonne Fuel & Lube)*, 108 F.3d 609, 613 (5th Cir. 1997) (holding that a bankruptcy court has the power under section 105 of the Bankruptcy Code to issue sanctions, including civil contempt proceedings, in order to carry out the provisions of the Bankruptcy Code).

A. The California Plaintiffs are violating the Plan by suing the M3 Movants for conduct in the Debtors' Chapter 11 Cases without first asking this Court to authorize such action.

13. The Plan restricts claimholders from asserting causes of action against Protected Parties absent court approval. *See* Plan, Art. X.C. The Plan defines a "Protected Party" as "the Debtors . . . Mohsin Meghji, in his capacity as Chief Restructuring Officer of the Debtors, and [their] Related Persons" Plan, Art. I, Section A ¶ 110. Mr. Meghji is explicitly identified as

a Protected Party, and M3 is a “Related Person” to the Debtors as the Debtors’ financial advisor/consultant.⁵

14. The Plan’s Gatekeeping Provision states as follows:

No Person or Entity . . . who has held, holds, or may hold Claims, Equity Interests, or Causes of Action may commence or pursue a Claim or Cause of Action, as applicable, of any kind against the . . . Protected Parties . . . that relates to or is reasonably likely to relate to any act or omission in connection with, relating to, or arising out of a Covered Claim, without the Bankruptcy Court (i) first determining, after notice and a hearing, that such Claim or Cause of Action, as applicable, represents a colorable Claim of any kind, and (ii) specifically authorizing such Person or Entity to bring such Claim or Cause of Action, as applicable, against any such Debtor or Protected Party, as applicable. At the hearing for the Bankruptcy Court to determine whether such Claim or Cause of Action represents a colorable Claim of any kind, the Bankruptcy Court may, or shall if any Debtor, Protected Party, or other party in interest requests by motion (oral motion being sufficient), direct that such Person or Entity seeking to commence or pursue such Claim or Cause of Action file a proposed complaint with the Bankruptcy Court embodying such Claim or Cause of Action, such complaint satisfying the applicable Federal Rules of Civil Procedure, including, but not limited to, Rule 8 and Rule 9 (as applicable), which the Bankruptcy Court shall assess before making a determination.

Plan, Art. X.C. In short, the Gatekeeping Provision requires that anyone who wishes to bring an action “that relates to or is reasonably likely to relate to any act or omission in connection with, relating to, or arising out of a Covered Claim” against a Protected Party must obtain authorization from this Court before doing so.

15. The Plan defines a “Covered Claim” as:

[A]ny Claim or Cause of Action related to any act or omission on or after the Petition Date and prior to the Effective Date in connection with, relating to or arising out of the Debtors’ in- or out-of-court restructuring efforts, the Debtors’ Chapter 11 Cases, the DIP Facilities, the Mediation, the Scilex Stock Sale and any other section 363 sales by the Debtors . . . the filing of the Chapter 11 Cases, the pursuit of Confirmation . . . the offering, issuance, sale, and/or distribution of property under this Plan . . . Covered Claims shall not include: (i) any act or

⁵ Under the Plan, a “Related Person” means “with respect to a Person, each of such Person’s financial advisors, attorneys, accountants, investment bankers, consultants, representatives, other professionals, and employees (other than current and former directors, officers (other than the Debtors’ Chief Restructuring Officer), managers, managing members, principals, partners, members, and observers), each in their capacity as such.” Plan, Art. I, Section A ¶ 112. M3 Partners, LP, is a “Related Person” as the sole limited partner of M3.

omission that is determined in a Final Order to have constituted willful misconduct, gross negligence, criminal conduct or fraud, and/or (ii) the rights of any Entity to enforce this Plan and the contracts, instruments, releases, and other agreements or documents delivered under or in connection with this Plan.

Plan, Art. I, Section A ¶ 31. In other words, a Covered Claim is any claim related to an act or omission stemming from the Debtors' restructuring efforts, except for claims based on willful misconduct, gross negligence, criminal conduct, or fraud.

16. The California Plaintiffs allege in their Complaint that the M3 Movants are liable to them under the Racketeering Influenced Corrupt Organizations Act (“**RICO**”) and for aiding and abetting breach of fiduciary duty in the Chapter 11 Cases. Complaint ¶¶ 148-49, 181, 193-94. The California Plaintiffs also name the M3 Movants as defendants in a count seeking damages under a provision of the California Penal Code, but the Complaint only refers to other defendants in the paragraphs supporting that count and does not explain how the M3 Movants are liable under the theory. Complaint ¶¶ 197-202.

17. The California Plaintiffs' allegations against the M3 Movants are based on the M3 Movants' alleged conduct during the Debtors' bankruptcy process and the sale of the Debtors' assets. Complaint ¶¶ 31, 34, 88, 93, 96-99, 107, 111, 114-17, 120-21, 123-26, 128, 130, 138-40, 194-96. As such, the allegations upon which the California Plaintiffs base their action “relates to or is reasonably likely to relate to [an] act or omission in connection with, relating to, or arising out of a Covered Claim” and directly implicates the Gatekeeping Provision.

18. Although the California Plaintiffs' claims are couched in the terms of a RICO claim, the Gatekeeping Provision expressly provides that any claim based on an act or omission will be excluded from the Gatekeeping Provision only if it is “determined in a Final Order to have constituted willful misconduct, gross negligence, criminal conduct or fraud.” Plan, Art. I,

Section A ¶ 31. A search of the Court’s docket has not revealed any such Final Order with respect to the claims asserted by the California Plaintiffs.

19. The Gatekeeping Provision requires the California Plaintiffs to seek this Court’s permission *before* bringing an action against the Protected Parties based on a Covered Claim. The California Plaintiffs failed to do so. The Gatekeeping Provision exists to prevent exactly what is happening here: Protected Parties being forced to expend substantial costs and time defending against claims that have already been litigated before this Court and have been determined to have no merit. The M3 Movants respectfully request that the Court enforce the Gatekeeping Provision by ordering the California Plaintiffs to dismiss their claims against the M3 Movants.

B. The California Plaintiffs’ filing of the Complaint in violation of the Plan is procedurally improper for three independent reasons.

20. In addition to the violation of the Gatekeeping Provision and without needing to address the merits of the California Plaintiffs’ claims, there are three strictly procedural reasons to find that the California Plaintiffs’ conduct is improper. Each, on its own, is an independent basis for the relief the M3 Movants seek.

(i) *The claims in the Complaint belong to the Liquidating Trust and may only be asserted by the Liquidating Trustee.*

21. First, while the California Plaintiffs may argue that the Plan’s “carve-out” for willful misconduct, gross negligence, criminal conduct, or fraud allows their claims against the M3 Movants, any such claim—no matter how specious—belongs solely to the Liquidating Trust and may only be asserted by the Liquidating Trustee. Plan, Art. V.C (“[O]n the Effective Date . . . the Debtors shall be deemed to have automatically transferred to the Liquidation Trust all of their right, title and interest in and to all of the Estates’ assets, including Causes of Action, and . . . all such assets shall automatically irrevocably vest in the Liquidation Trust”); Plan, Art. X.C (“No Person or Entity [] other than the . . . Liquidation Trustee . . . may commence or pursue a

Claim or Cause of Action . . . against the . . . Protected Parties . . . that relates to or is reasonably likely to relate to any act or omission in connection with, relating to, or arising out of a Covered Claim, without [Bankruptcy Court approval].”). The California Plaintiffs acknowledge that the claims, if any, are owned by the Liquidating Trust in the Complaint and, indeed, the California Plaintiffs complain that the Liquidating Trustee has refused to bring an action based on their claims. *See* Complaint ¶ 146 (“[T]he Liquidating Trustee appointed by the Bankruptcy Court has rejected requests made by Plaintiffs to file litigation against the Defendants named in this case . . .”).

22. The California Plaintiffs argue that the M3 Movants’ actions resulted in the Debtors failing to maximize the value of their assets, and they therefore suffered financial injury. *See generally* Complaint ¶¶ 120-31. A claim of this type is derivative because the harm only passes to the Debtors’ shareholders through their ownership of the Debtors’ equity. Since the California Plaintiffs’ claim is derivative, the Debtors’ bankruptcy estate holds the right to assert it in the first instance.

23. Pursuant to the Plan, the Debtors assigned their claims and causes of action—including the claims the California Plaintiffs assert in the Complaint—to the Liquidation Trust. Plan, Art. V.C (“[O]n the Effective Date . . . the Debtors shall be deemed to have automatically transferred to the Liquidation Trust all of their right, title and interest in and to all of the Estates’ assets, including Causes of Action, and . . . all such assets shall automatically irrevocably vest in the Liquidation Trust . . .”). A cause of action stemming from mismanagement of the Chapter 11 Cases—if any such cause exists—would therefore belong to the Liquidating Trust and could only be pursued by the Liquidating Trustee.

24. The M3 Movants could not locate an order on this Court’s docket permitting the California Plaintiffs to assert derivative claims. While a trustee may abandon claims, the M3

Movants also could not locate any motion or order entered in this case deeming the claims of the Liquidation Trust abandoned. *See* 11 U.S.C. § 554. Therefore, the claims in the Complaint, even if valid (they are not), belong to the Liquidation Trust. The California Plaintiffs cannot assert claims they do not own.

(ii) *Filing the Chapter 11 Cases in the Southern District of Texas did not constitute fraud, and the Court approved the sales referenced in the Complaint.*

25. This Court has already determined that the filing of Sorrento’s case in this district and the allocation of funds to the applicable bank account pre-petition was proper and rejected the earlier allegations of fraud. *Transcript for Hearing on March 11, 2024 regarding the U.S. Trustee’s Motion to Transfer Venue* at 205:17-20 [Docket No. 2049] (“I’ve said before, and I’ll say it again . . . those acts of opening up the P.O. Box and transferring the fund[s], they didn’t amount to fraud or warrant sanctions.”). The main thrust of the Complaint is that the M3 Movants improperly conspired with Debtors’ counsel to fraudulently file the Chapter 11 Cases in this Court to use this Court to execute improper asset sales. *See, e.g.,* Complaint ¶¶ 120-130. This Court previously determined that the decision to file the Chapter 11 Cases in this Court, and the actions taken to facilitate that filing, are part and parcel of today’s bankruptcy practice and were not fraudulent. *Transcript for Hearing on March 11, 2024 regarding the U.S. Trustee’s Motion to Transfer Venue* at 205:21-206:1 [Docket No. 2049] (“The P.O. Box was listed in the Bankruptcy Petition, and it does say P.O. Box. The bank account was listed in public filings. I’ve also said before and I’ll say it again, I think the actions by the Debtor in opening up the P.O. Box and transferring the funds were certainly not new or unique to this District.”). The California Plaintiffs’ attempt to relitigate this issue in the California District Court is simply a collateral attack on this Court’s prior findings regarding the filing of the Chapter 11 Cases in this district.

26. In addition, the California Plaintiffs allege harm based on a series of settlements and asset sales. Complaint ¶ 115. Each settlement and asset sale was conducted under the

supervision of this Court and approved pursuant to the applicable provisions of the Bankruptcy Code and Rules. *See Order Approving and Implementing Mediation Settlement and Granting Related Relief* [Docket No. 1205] (approving the settlement with the Nant Parties pursuant to Rule 9019 and §§ 105, 362, and 363 of the Bankruptcy Code, and finding the settlement was “in the best interests of the Debtors’ estates, their creditors, their interest holders, and other parties in interest”); *Revised Order (I) Approving Sale of Certain Assets to Yuhan Corporation* [Docket No. 1488] (approving ImmuneOncia stock sale to Yuhan under §§ 105 and 363 of the Bankruptcy Code, and finding the bid procedures “were non-collusive, proposed and executed in good faith as a result of arms’-length negotiations, and were substantively and procedurally fair to all parties”); *Order Approving De Minimis Asset Transactions* [Docket No. 862] (authorizing *de minimis* transaction procedures, which were applied to the sales of Celularity, Elsie, and Cytimm, and noting that “[s]ales of De Minimis Assets shall be deemed arm’s length transactions entitled to the protections of section 363(m) of the Bankruptcy Code”); *Order (I) Approving Sale of Scilex Stock to Scilex Holding Company Free and Clear of all Liens, Claims, Interests, and Encumbrances, (II) Conditionally Vacating the Oramed Sale Order, and (III) Granting Related Relief* [Docket No. 1316] (approving sale of Scilex stock pursuant to Rules 2002, 6004, 9019, and 9024 and §§ 105 and 363 of the Bankruptcy Code, and finding that the bid procedures “were non-collusive, proposed and executed in good faith as a result of arms’-length negotiations, and were substantively and procedurally fair to all parties”).

27. Implementing settlements and conducting sales in accord with the Federal Rules of Bankruptcy Procedure and the Bankruptcy Code—and following review and order of this Court—cannot support a claim for willful misconduct, gross negligence, criminal conduct or fraud.

(iii) *The Final Order Granting M3’s Final Fee Application is entitled to res judicata and precludes the California Plaintiffs’ claims.*

28. On September 16, 2024, the Court entered the Final Order Granting M3’s Final Fee Application, and no party appealed. The Fifth Circuit’s test for determining whether a claim is barred by the doctrine of *res judicata*, or claim preclusion, is as follows:

- (1) the parties must be identical in both suits;
- (2) the prior judgment must have been rendered by a court of competent jurisdiction;
- (3) there must have [been] a final judgment on the merits; and
- (4) the same cause of action must be involved in both cases.

In re Intellogic Trace, Inc., 200 F.3d 382, 386 (5th Cir. 2000).

29. Multiple California Plaintiffs were parties in these Chapter 11 Cases,⁶ the prior judgment was rendered by this Court (which certainly had competent jurisdiction), and the Order Granting M3’s Final Fee Application became a final, non-appealable order on October 1, 2024. *See* FED. R. BANKR. P. 8002. While not every California Plaintiff appeared previously in these Chapter 11 Cases, every California Plaintiff had the opportunity to litigate the issues presented in the Complaint at the Final Fee Hearing. The fact that some chose not to does not bar the application of *res judicata*. *Montgomery v. Pope*, No. 05-1656, 2006 WL 6562084, at *1 (S.D. Tex. Jan. 10, 2006) (“*Res judicata* depends not on whether a party actually avails himself of an opportunity to litigate but on the much more basic issue of whether the party had such an opportunity.”), *aff’d*

⁶ *See Alexander Espalin’s Objection to Payment of Professional Fees* [Docket No. 2284]; *Certificate of Service for Notice of Final Fee Applications and Deadline for Objections Thereto* [Docket No. 2271] (reflecting service on Alex Espalin, AC Choudhury, and Aladdin Asfour); *Certificate of Service for Notice of Virtual Status Conference with Respect to Final Fee Applications* [Docket No. 2309] (reflecting service on AC Choudhury, Alex Espalin, and Official Committee of Equity Securities Holders); *BNC Certificate of Mailing for Final Order Granting Fee Applications* [Docket No. 2446] (reflecting service on Aladdin Asfour and Official Committee of Equity Securities Holders). The M3 Movants have reviewed a confidential version of the *Certificate of Service for Notice of Final Fee Applications and Deadline for Objections Thereto* [Docket No. 2271] and will provide the service list it has reviewed upon written request.

sub nom. In re Montgomery, 200 F. App'x 320 (5th Cir. 2006). These Chapter 11 Cases garnered significant media attention, and notices relating to the Chapter 11 Cases were published in both the New York Times (National Edition) and the San Diego Union-Tribune. See *Affidavit of Publication for the Notice of (I) Combined Hearing on the Disclosure Statement, Confirmation of the Chapter 11 Plan, and Related Matters and (II) Objection and Voting Deadlines in the New York Times (National Edition)* [Docket No. 1467]; *Affidavit of Publication for the Notice of (I) Combined Hearing on the Disclosure Statement, Confirmation of the Chapter 11 Plan, and Related Matters and (II) Objection and Voting Deadlines in the San Diego Union-Tribune* [Docket No. 1468].

30. Finally, a non-party to prior litigation “is adequately represented where a party in the prior suit is so closely aligned to her interests as to be her virtual representative” and may be barred by a final judgment. See *Eubanks v. F.D.I.C.*, 977 F.2d 166, 170 (5th Cir. 1992). The California Plaintiffs all had the same interests and claims, as proven by California Plaintiff Alexander Espalin’s objection to the Final Fee Application, which makes the same allegations raised in the Complaint. See *Alexander Espalin’s Objection to Payment of Professional Fees* [Docket No. 2284]. The first three requirements to apply *res judicata* are clearly met.

31. The fourth *res judicata* requirement—whether the same cause of action was involved in both cases—is also met here. When the Fifth Circuit analyzed this requirement in the context of whether the approval of a final fee application barred a malpractice claim against a debtor’s professional, the Fifth Circuit utilized the transactional test set forth in the Restatement (Second) of Judgments. *Intellogic Trace*, 200 F.3d at 386. “The critical issue under this determination is whether the two actions under consideration are based on ‘the same nucleus of operative facts.’” *Id.* (quoting *In re Howe*, 913 F.2d 1138, 1144 (5th Cir.1990)).

32. The central transaction involved in both the M3 Movants' Final Fee Application and the California Plaintiffs' present claim is the provision of restructuring services to the Debtors during the Chapter 11 Cases. The California Plaintiffs' claim that the M3 Movants' services harmed rather than helped the estate "inevitably involve[] the nature of the services performed for the debtor's estate and the fees awarded under superintendence of the bankruptcy court; [they] cannot stand alone." *Intellogic Trace*, 200 F.3d at 387-88 (quoting *In re Southmark Corp.*, 163 F.3d 925, 931 (5th Cir.), cert. denied, 527 U.S. 1004 (1999)). In other words, the award of M3's professional fees and the California Plaintiffs' claims concern "the same nucleus of operative facts" and therefore meet the transactional test. Accordingly, there is an identity of claims between the Final Fee Application and the California Plaintiffs' claims against the M3 Movants. All four of the *res judicata* requirements are met.

33. The hearing on M3's Final Fee Application was a highly contested matter with multiple objections filed, including one by the Equity Committee. See *The Official Committee of Equity Securities Holders' (I) Objection to the Debtors' Professionals Final Fee Applications and (II) Related Joinder in Support of Fee Objections* [Docket No. 2286]. Additionally, Timothy Culberson and Alexander Espalin—*who is one of the California Plaintiffs*—objected and specifically raised the fraud and misconduct allegations the California Plaintiffs are recycling in the Complaint.⁷ See *Timothy Culberson's Objection to the Final Fee Applications* [Docket No. 2278]; *Alexander Espalin's Objection to Payment of Professional Fees* [Docket No. 2284] ("[M]anagerial professionals [including M3 and Mr. Meghji] . . . misled the court and perpetrated fraud, deceived shareholders, demonstrated gross incompetence, destroyed over a billion dollars

⁷ Mr. Espalin also filed a Proof of Claim in the Chapter 11 Cases. See Claim No. 310.

in Sorrento’s market value, and enriched themselves while some operated under clear and now-confirmed conflicts of interest.”).

34. When this Court granted the Final Fee Application, it overruled these objections and found that the requirements of 11 U.S.C. § 330 were satisfied and the M3 Movants’ services benefitted the estate. *Transcript for Hearing on September 16, 2024 regarding the Final Fee Applications* at 107:4-9, 107:24-108:1 [Docket No. 2456] (“I incorporate much of what I said in terms of the work of those professionals here and the situations that they found themselves; Mr. Meghji’s certainly included in there. . . . I’m going to find the M3 final fee application satisfies Section 330 and the *Johnson* factors. . . . No question M3’s services benefitted the debtors and their ability to successfully confirm a plan and avoid a Chapter 7 liquidation.”).

35. For all of these reasons, the issues the California Plaintiffs present in their Complaint are subject to claim preclusion and cannot be relitigated under the doctrine of *res judicata*.

36. The Court has already spent countless hours addressing the issues raised by the California Plaintiffs and has rendered multiple judgments on the facts at issue. The California Plaintiffs are unhappy with the Court’s conclusions and are now making an end-run around the Court by bringing the same facts and circumstances to the California District Court and trying to turn it into an appellate court to overturn this Court’s prior decisions.

37. For each of these independent reasons—the Gatekeeping Provision, the lack of standing, the rehashing of matters the Court has already ruled on, and the doctrine of *res judicata*—the Court should find that the California Plaintiffs’ filing of the Complaint violated the plain terms of the Plan and enter an order directing the California Plaintiffs to dismiss the M3 Movants from the Complaint.

EMERGENCY CONSIDERATION REQUESTED

38. Pursuant to Local Rule 9013-1, the M3 Movants request emergency consideration of this Motion. The M3 Movants have already suffered unfounded reputational harm, as well as pecuniary damages from the costs incurred in preparing this Motion. The M3 Movants must respond to the Complaint within twenty-one (21) days of service. Any delay may require the M3 Movants to respond in the California District Court. Delay would reward the California Plaintiffs for their blatant disregard of the Debtors' Plan and the Gatekeeping Provision contained therein, and further harm the M3 Movants.

CONCLUSION

39. WHEREFORE, the M3 Movants respectfully request that the Court enter an order substantially in the form attached hereto (a) finding that the California Plaintiffs' claims against the M3 Movants in the Complaint violate the Plan's Gatekeeping Provision; (b) directing the California Plaintiffs to: (i) amend their Complaint; and (ii) dismiss all claims in the Complaint against the M3 Movants without prejudice pending the California Plaintiffs' compliance with the Plan and the Gatekeeping Provision; (c) imposing the appropriate costs and fees against the California Plaintiffs to adequately compensate the M3 Movants for their attorney's fees and expenses they have incurred in addressing the California Plaintiffs' improper filing; and (d) granting such other relief that is just and proper.

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Dated: April 14, 2026
Houston, TX

Respectfully submitted,

/s/ Charles A. Beckham, Jr. _____

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ATTORNEYS FOR THE M3 MOVANTS

Certificate of Accuracy

In accordance with Bankruptcy Local Rule 9013-1(i), I hereby certify that the foregoing statements regarding the nature of the emergency are true and accurate to the best of my knowledge.

/s/ Charles A. Beckham, Jr.

Charles A. Beckham, Jr.

Certificate of Service

I hereby certify that on the date hereof, I caused a copy of the foregoing document to be served by electronic mail via the Court's ECF system to all parties authorized to receive electronic notice in this case. The California Plaintiffs were served via their counsel at the email addresses set forth below:

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**ATTORNEYS FOR THE CALIFORNIA
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/s/ Charles A. Beckham, Jr.

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
)	
SORRENTO THERAPEUTICS INC., <i>et al.</i> , ¹)	Case No. 23-90085 (CML)
)	
Post Effective Date Debtors.)	(Jointly Administered)
)	
)	Re: Docket Nos. 1652, 2001, 2093

**ORDER GRANTING THE M3 MOVANTS’
EMERGENCY MOTION TO ENFORCE THE PLAN
OF REORGANIZATION AGAINST THE CALIFORNIA PLAINTIFFS**

Upon the motion (the “**Motion**”)² of M3 Advisory Partners, LP, Mr. Mohsin Y. Meghji, and M3 Partners, LP (collectively, the “**M3 Movants**”) for entry of an order (this “**Order**”): (a) finding that the California Plaintiffs’ claims against the M3 Movants in the Complaint violate the Plan’s Gatekeeping Provision; (b) directing the California Plaintiffs to: (i) amend their Complaint, and (ii) dismiss all claims in the Complaint against the M3 Movants without prejudice pending the California Plaintiffs’ compliance with the Plan and the Gatekeeping Provision; (c) imposing the appropriate costs and fees against the California Plaintiffs to adequately compensate the M3 Movants for the attorney’s fees and expenses they have incurred in addressing the California Plaintiffs’ improper filing; and (d) granting such other relief that is just and proper; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of Texas*, dated May 24, 2012; and this Court having found that this is a core proceeding pursuant to

¹ The Post Effective Date Debtor entities in these chapter 11 cases, along with the last four digits of each Post Effective Date Debtor entity’s federal tax identification number, are: Sorrento Therapeutics, Inc. (4842) and Scintilla Pharmaceuticals, Inc. (7956). The Post Effective Date Debtors’ service address is: 9380 Judicial Drive, San Diego, CA 92121.

² Capitalized terms used but not defined herein have the meanings ascribed to them in the Motion.

28 U.S.C. § 157(b); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that notice of the Motion and opportunity for a hearing on the Motion were appropriate and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the “**Hearing**”), if any; and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT**:

1. The California Plaintiffs’ claims against the M3 Movants in the Complaint violate the Plan’s Gatekeeping Provision.

2. Within five (5) calendar days of the date of entry of this Order, the California Plaintiffs shall amend their Complaint and dismiss all claims in the Complaint against the M3 Movants without prejudice. The California Plaintiffs may proceed in compliance with the Plan and the Gatekeeping Provision.

3. The California Plaintiffs shall pay the reasonable costs and fees the M3 Movants incurred addressing the California Plaintiffs’ improper filing.

4. Notice of the Motion as set forth therein shall be deemed good and sufficient notice of such Motion, and the requirements of the Bankruptcy Rules and the Bankruptcy Local Rules are satisfied by such notice. Any further notice requirements beyond the notice as set forth in the Motion are waived in light of the nature of the relief requested therein.

5. Any Bankruptcy Rule or Bankruptcy Local Rule that might otherwise delay the effectiveness of this Order is hereby waived, and the terms and conditions of this Order shall be effective and enforceable immediately upon its entry.

6. The M3 Movants are authorized to take all actions necessary to effectuate the relief granted in this Order.

7. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Houston, Texas

Dated: _____, 2026

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Complaint

1 Bradley P. Boyer (SBN 179430)
2 **KUTAK ROCK LLP**
3 777 South Figueroa Street, Suite 4550
4 Los Angeles, California 90017-5800
5 Telephone: (213) 312-4000
6 E-Mail: bradley.boyer@kutakrock.com
7 Authorized E-Service:
8 LAIntake@kutakrock.com

9 Victoria H. Buter
10 (*Pro Hac Vice forthcoming*)
11 Thomas H. Dahlk
12 (*Pro Hac Vice forthcoming*)
13 **KUTAK ROCK LLP**
14 Omaha Building
15 1650 Farnam Street
16 Omaha, Nebraska 68102
17 Telephone: (402) 346-6000
18 E-Mail: vicki.buter@kutakrock.com
19 E-Mail: tom.dahlk@kutakrock.com

20 Attorneys for Plaintiffs
21 ETHAN MEVI, ENRIQUE CURBELLO,
22 BRUCE BRADLEY, MICHAEL BROOME,
23 CYNTHIA BROOME, ALADDIN ASFOUR,
24 KYLE HODES, JENNIFER HODES,
25 ALEXANDER ESPALIN, MOAYAD
26 ALTAHHAN, SHAWN FRANZ, LEO
27 KISHKO, and AC CHOUDHURY

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ETHAN MEVI, an individual,
ENRIQUE CURBELLO, an individual,
BRUCE BRADLEY, an individual,
MICHAEL BROOME, an individual,
CYNTHIA BROOME, an individual,
ALADDIN ASFOUR, an individual,
KYLE HODES, an individual,
JENNIFER HODES, an individual,
ALEXANDER ESPALIN, an individual,
MOAYAD ALTAHHAN, an individual,
SHAWN FRANZ, an individual,
LEO KISHKO, an individual; and
AC CHOUDHURY, an individual

Plaintiffs,

v.

HENRY JI, an individual, M3
ADVISORY PARTNERS, L.P., a
Delaware limited partnership, MIII

Case No. '26CV2113 DMS DEB

Assigned to Judge:

**COMPLAINT FOR
RACKETEERING INFLUENCED
CORRUPT ORGANIZATIONS
ACT (“RICO”) 18 U.S.C. § 1962(C);
CONSPIRACY TO VIOLATE
RICO, 18 U.S.C. § 1962(D);
BREACH OF FIDUCIARY DUTY;
AIDING AND ABETTING
BREACH OF FIDUCIARY DUTY;
VIOLATION OF CALIFORNIA
PENAL CODE SECTION 496; AND
BREACH OF FIDUCIARY DUTY**

DEMAND FOR JURY TRIAL

1 PARTNERS, L.P. , a limited partnership,
2 MOHSIN MEGHJI, an individual,
3 JACKSON WALKER LLP, a limited
4 liability partnership, DORMAN
5 FOLLOWWILL, an individual, KIM D.
6 JANDA, an individual, DAVID LEMUS,
7 an individual, TAMMY REILLY, an
8 individual, JAISIM SHAH, an
9 individual, YUE ALEXANDER WU, an
10 individual; STEPHEN MA, an
11 individual; VIVASOR HOLDING
12 COMPANY, a corporation; SCILEX
13 HOLDING COMPANY, a corporation;
14 and SEMNUR PHARMACEUTICALS,
15 Inc., a corporation,

16 Defendants.

17 Plaintiffs Ethan Mevi, Enrique Curbello, Bruce Bradley, Michael Broome,
18 Cynthia Broome, Aladdin Asfour, Kyle Hodes, Jennifer Hodes, Alexander Espalin,
19 Moayad Altahhan, Shawn Franz, Leo Kishko, and AC Choudhury (collectively,
20 “Plaintiffs”), for their Complaint against Defendants, allege as follows:

21 **NATURE OF THE ACTION**

22 1. Plaintiffs bring this action against Defendants seeking to recover the
23 damages Plaintiffs suffered as a proximate result of, among other things,
24 Defendants’ violations of the Racketeering Influenced Corrupt Organizations Act
25 (“RICO”) and breaches of their fiduciary duties resulting from a conspiracy among
26 Defendants to file a fraudulent bankruptcy of Sorrento Therapeutics, Inc.
27 (“Sorrento”), and then use the sham bankruptcy to allow Henry Ji and his affiliated
28 companies and business partners to take control of the assets of Sorrento for a
fraction of their fair market value, to the direct injury of Plaintiffs as set forth
herein.

29 **PARTIES, JURISDICTION AND VENUE**

30 2. Plaintiff Ethan Mevi was an equity shareholder of Sorrento at the time
31 Sorrento filed for bankruptcy and is, and at all relevant times was, a citizen and
32 resident of California.

1 3. Plaintiff Enrique Curbelo was an equity shareholder of Sorrento at the
2 time Sorrento filed for bankruptcy and is, and at all relevant times was, a citizen
3 and resident of California.

4 4. Plaintiff Bruce Bradley was an equity shareholder of Sorrento at the time
5 Sorrento filed for bankruptcy and is, and at all relevant times was, a citizen and
6 resident of Massachusetts.

7 5. Plaintiffs Michael Broome and Cynthia Broome, husband and wife, were
8 equity shareholders of Sorrento at the time Sorrento filed for bankruptcy and are,
9 and at all relevant times were, citizens and residents of Washington.

10 6. Plaintiff Aladdin Asfour was an equity shareholder of Sorrento at the time
11 Sorrento filed for bankruptcy and is, and at all relevant times was, a citizen of the
12 country of Jordan.

13 7. Plaintiffs Kyle Hodes and Jennifer Hodes, husband and wife, were equity
14 shareholders of Sorrento at the time Sorrento filed for bankruptcy and are, and at
15 all relevant times were, citizens and residents of Tennessee.

16 8. Plaintiff Alexander Espalin was an equity shareholder of Sorrento at the
17 time Sorrento filed for bankruptcy and is, and at all relevant times was, a citizen
18 and resident of Georgia. Mr. Espalin was also a creditor of Sorrento, and he was
19 denied a position on the Official Committee of Unsecured Creditors in 2024, for
20 the stated reason that any level of equity ownership created an inherent conflict of
21 interest.

22 9. Plaintiff Moayad Altahhan was an equity shareholder of Sorrento at the
23 time Sorrento filed for bankruptcy and is, and at all relevant times was, a citizen of
24 the country of Saudi Arabia.

25 10. Plaintiff Shawn Franz was an equity shareholder of Sorrento at the time
26 Sorrento filed for bankruptcy and is, and at all relevant times was, a citizen and
27 resident of Maryland.

28

1 11. Plaintiff Leo Kishko was an equity shareholder of Sorrento at the time
2 Sorrento filed for bankruptcy and is, and at all relevant times was, a citizen and
3 resident of Massachusetts.

4 12. Plaintiff AC Choudhury was an equity shareholder of Sorrento at the
5 time Sorrento filed for bankruptcy and is, and at all relevant times was, a citizen
6 and resident of Texas. Mr. Choudhury was an active member of Official Equity
7 Committee and had multiple telephone calls and email exchanges with Sorrento
8 and Scilex executives throughout 2023 and 2024.

9 13. Plaintiffs collectively owned over 10 million shares of Sorrento’s 550
10 million outstanding shares at the time Sorrento filed for bankruptcy on February
11 13, 2024, and collectively paid over \$57 million for their shares of Sorrento and
12 affiliated companies.

13 14. Defendant Henry Ji (“Ji”) was Sorrento’s CEO, Chairman of the Board
14 of Directors, controlling shareholder, and founder, and at all relevant times
15 performed his duties on many occasions while physically present in the Southern
16 District of California. Ji is now also executive chairman, CEO and president of
17 Scilex and Semnur. Ji is a citizen and resident of California.

18 15. Defendant Mohsin Y. Meghji (“Meghji”) was Sorrento’s Chief
19 Restructuring Officer and at all relevant times knew that his actions would affect
20 Sorrento (and its equity shareholders) in the Southern District of California.
21 Meghji is managing partner of Defendant M3 Advisory Partners, LP (“M3”),
22 which has a place of business at 1700 Broadway, 19th Floor, New York, New York
23 10019. Upon information and belief, Meghji is a citizen and resident of New York.

24 16. Defendant M3 Advisory Partners LP and MIII Partners, L.P. (“M3”) are
25 limited partnerships organized under the laws of the State of Delaware. Upon
26 information and belief, M3’s principal place of business is in New York, New
27 York.

28 ///

1 17. As of February 13, 2023, the following individual Defendants were
2 members of Sorrento’s Board of Directors or otherwise associated with Ji and
3 Sorrento:

4 (a) Defendant Dorman Followwill was a Member of the Board of
5 Directors and the Lead Independent Director for Sorrento at all
6 times relevant to this action. He was also a board member of Scilex
7 at all times relevant to this action. Followwill may be served at
8 1092 Mountain Oak Place, Newbury Park, CA 91320.

9 (b) Defendant Kim Janda was a Member of Sorrento’s Board of
10 Directors at all times relevant to this action. Janda may be served
11 at 5787 La Jolla Corona Drive, La Jolla, CA 92037.

12 (c) Defendant David Lemus was a Member of Sorrento’s Board of
13 Directors at all times relevant to this action. He was also a board
14 member of Scilex at all times relevant to this action. Lemus may
15 be served at 11004 S. Glen Road, Potomac, MD 20854.

16 (d) Defendant Tammy Reilly was a Member of Sorrento’s Board of
17 Directors at all times relevant to this action until she resigned
18 effective October 25, 2023, in protest to the conduct of Meghji
19 during the bankruptcy. Reilly may be served at 601 Biddle Street,
20 Chesapeake City, MD 21915.

21 (e) Defendant Jaisim Shah, until his retirement on March 13, 2026,
22 was a Member of Sorrento’s Board of Directors at all times
23 relevant to this action, a board member, CEO, and President of
24 Scilex at all times relevant to this action, and CEO of Semnur at
25 all times relevant to this action. Shah may be served at 212
26 Monroe Drive, Mountain View, CA 94040.

27 (f) Defendant Yue Wu was a Member of Sorrento’s Board of
28 Directors at all times relevant to this action. He was also a board

1 member of Scilex at all times relevant to this action. Wu may be
2 served at 1960 Noel Drive, Los Altos, CA 94024.

3 (g) Defendant Stephen Ma was a Member of Scilex’s Board of
4 Directors at all times relevant to this action and is its current CFO
5 and COO. Ma was hand-picked by Ji and served as Scilex’s Chief
6 Accounting Officer since November 2022 and was involved in the
7 decision-making and co-architecting the process of both Scilex’s
8 decision to fund the \$20 million junior DIP loan to Sorrento and,
9 more importantly, was involved in making sure Scilex paid the
10 lowest amount possible for its bid on Sorrento’s Scilex shares. Ma
11 may be served at 960 San Antonio Road, Palo Alto, California,
12 94303.

13 18. Defendant Jackson Walker LLP (“Jackson Walker”) is a national
14 full-service law firm formed under the laws of the State of Texas that serves clients
15 worldwide and provides services across the United States, including the Southern
16 District of California. At all relevant times herein, Jackson Walker took actions
17 that subjected it to the jurisdiction of this Court, and it knew that Sorrento’s
18 principal place of business was in the Southern District of California.

19 19. Vivasor Holding Company (“Vivasor”) is a Delaware corporation, and
20 is headquartered in San Diego, California, and Defendant Ji is its controlling
21 shareholder, CEO and Chairman.

22 20. Defendant Scilex Holding Company (“Scilex”) is a former Sorrento
23 subsidiary that was spun out as a Nasdaq-listed public company in November 2022
24 and is organized under the laws of the State of Delaware and headquartered in Palo
25 Alto, California. Scilex announced on April 1, 2026, that it’s merging with
26 Vivasor.

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28 ///

1 21. Defendant Semnur Pharmaceuticals, Inc. (“Semnur”), a clinical late-
2 stage specialty pharmaceutical company focused on the development and
3 commercialization of novel non-opioid pain therapies, is a Delaware corporation
4 headquartered in Palo Alto, California.

5 22. (a) The Court has original jurisdiction over Plaintiffs’ civil RICO claims
6 pursuant to 28 U.S.C. § 1331 and supplemental jurisdiction over Plaintiffs’ state
7 law claims pursuant to 28 U.S.C. § 1367(a).

8 (b) Venue is proper in this Court based on 28 U.S.C. § 1391(b)(2)
9 because many of the events or omissions giving rise to the claims occurred or
10 caused injury to Plaintiffs within this judicial district. Venue is otherwise proper
11 under 28 U.S.C. § 1391(b)(3) because each of the Defendants is subject to this
12 Court’s personal jurisdiction. The RICO statute authorizes nationwide service of
13 process, and in the Ninth Circuit personal jurisdiction is obtained if the court is
14 authorized to obtain service over the defendant. Under 18 U.S.C. § 1965(a), venue
15 is proper in any district in which a defendant “resides, is found, has an agent, or
16 transacts his affairs” and, in addition, 18 U.S.C. § 1965(b) provides that as long as
17 one defendant is subject to service in a district, additional parties may be brought
18 before the forum court, in the court’s discretion, to the extent that “the ends of
19 justice require.”

20 **RELEVANT BACKGROUND**

21 23. At all relevant times, Plaintiffs were significant noncontrolling equity
22 holders of Sorrento, a Delaware corporation, with its principal place of business in
23 San Diego, California, and they have each suffered direct injury as a proximate
24 result of Defendants’ tortious and unlawful acts as alleged herein; the
25 Sorrento/Scintilla bankruptcies would never have been filed and certainly would
26 never have been filed in the United States Bankruptcy Court for the Southern
27 District of Texas but for the unlawful actions committed by Defendants as
28 described herein.

1 24. (a) Sorrento was an international biopharma/tech company with
2 numerous assets focused on oncology, immunotherapy, cell therapy, non-opioid
3 pain and infectious disease treatments and diagnostics.

4 (b) Between late 2019 and early 2020, the Sorrento board rejected
5 multiple buyout offers ranging from a half billion to a billion dollars for the
6 company’s immature assets.

7 (c) In early 2020, Sorrento’s board took nearly a month’s time to
8 unanimously reject a \$1 billion offer from an unnamed private equity firm, stating
9 at the time that the deal “significantly undervalues the company and is not in the
10 best interest of the shareholders.”

11 (d) Instead of selling its assets, Sorrento continued to develop its
12 pipeline of medical therapies and diagnostics to become a fully vertically
13 integrated megacap biopharma/tech company.

14 25. At all relevant times, Sorrento maintained its principal place of business
15 in San Diego, California (the “San Diego Office”), and never had an office, asset
16 or presence in the Southern District of Texas.

17 26. At all relevant times, Defendant Ji was the CEO of Sorrento and
18 Chairman of Scilex. Ji was the de facto controlling shareholder of Sorrento and
19 responsible for the operations of Sorrento, guided by his duly-appointed Board of
20 Directors, most of whom were also on Scilex’s Board of Directors. In their
21 respective roles, Ji and the Board of Directors owed fiduciary and other duties to
22 Plaintiffs.

23 27. In 2020, in a compensation package approved by Sorrento’s Board of
24 Directors, Ji was reported to be the highest paid CEO in the biopharma industry,
25 receiving a compensation package in excess of \$163 million. When questioned in
26 2021, Ji represented that Sorrento would soon have a \$200-400 billion market
27 valuation, revising his prior year’s representation that Sorrento’s market valuation
28 would be \$100 billion by 2025.

1 28. Ji’s leadership was not without critics. Lawsuits were filed during the
2 10 years preceding Sorrento’s filing of its fraudulent bankruptcy on February 13,
3 2023, alleging mismanagement, self-dealing and gross neglect by Ji, but the
4 lawsuits were ultimately settled without material consequences.

5 29. This successful track record of resolving litigation ended in December
6 2022, however, when Ji’s nearly decade-long feud with billionaire rival Patrick
7 Soon-Shiong, MD, resulted in an adverse arbitration award in the amount of
8 \$175 million.

9 30. While this \$175 million award should have been offset by another \$125
10 million arbitration ruling in Sorrento’s favor, it was reduced to judgment and used
11 by Defendants as a pretext to file a sham bankruptcy in a bankruptcy forum that
12 enabled Defendants to control the bankruptcy proceedings in the unlawful and
13 wrongful manner described herein and manipulate the outcome to ultimately
14 benefit Ji and the other Defendants, which caused significant damage to Plaintiffs.

15 **A. Fabrication of Venue in the Bankruptcy Court of the Southern District**
16 **of Texas**

17 31. Despite having a strong balance sheet in 2023 with no secured debt, and
18 ample access to equity and debt markets directly and through its subsidiaries like
19 Scilex, on February 13, 2023, Sorrento (guided by Defendants Ji, Meghji, M3 and
20 Jackson Walker) filed for Chapter 11 bankruptcy in the United States Bankruptcy
21 Court for the Southern District of Texas, Houston Division (the “Bankruptcy
22 Court”).

23 32. In the brief time Ji and the Sorrento Board of Directors were considering
24 the filing of the bankruptcy, upon information and belief, it became readily
25 apparent that a legitimate restructuring or financing process was not necessary and
26 was not the best course of action for Sorrento considering its balance sheet, its
27 performing affiliated entities, its projected future opportunities, and the
28 tremendous expense of the bankruptcy process.

1 33. Despite these readily apparent facts, Ji used willing and able
2 co-conspirators who were handsomely rewarded with over \$50 million in direct
3 fees (over \$13.6 million directly to M3 and Jackson Walker, an amount roughly
4 equivalent to Sorrento’s actual pre-bankruptcy trade claims) for working in concert
5 with Ji and the Sorrento Board of Directors to use an ethically-compromised
6 bankruptcy forum that would allow Ji to fraudulently obtain control of Sorrento’s
7 assets at the end of the bankruptcy, paying a fraction of what the assets were
8 actually worth.

9 34. Ji and Meghji, and upon information and belief, the Sorrento Board of
10 Directors, conspired with other employees of M3 and Jackson Walker to concoct
11 and execute a plan that would allow Sorrento, an entity that had its principal place
12 of business in the State of California and, upon information and belief, had no
13 corporate contacts with the State of Texas, to file for bankruptcy in the Bankruptcy
14 Court where Meghji and Jackson Walker had established an improper relationship
15 to an ethically compromised bankruptcy court headed by Chief Bankruptcy Judge
16 David R Jones.

17 35. As part of this conspiracy and in order to establish a supposed presence in
18 Texas, two days before the Scintilla/Sorrento bankruptcy filings, on February 11,
19 2023, a Jackson Walker lawyer (and recent law clerk of Judge Jones), Veronica
20 Polnick, rented a mailbox (the “UPS Mailbox”) on behalf of Scintilla (an inactive
21 wholly-owned subsidiary of Sorrento with no business operations or employees) at
22 a UPS Store located at 7 Switchbud Place, The Woodlands, Texas and directed
23 Stretto to open a checking account where \$60,000 was wired from a Sorrento bank
24 account into a new Signature Bank checking account that was purportedly opened
25 in a representative office (not an actual bank branch) in Houston, Texas to provide
26 the appearance that Scintilla (an inactive subsidiary of Sorrento) had assets in Texas.

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1 36. Having established a phony presence in the State of Texas, on
2 February 13, 2023 (the “Petition Date”), Scintilla (an entity that had not been
3 operating nor generating revenue for years and the existence of which, Sorrento’s
4 CFO, Elizabeth Czerepak, had no knowledge until the filing of the bankruptcy)
5 commenced a Chapter 11 Bankruptcy Case in the Bankruptcy Court.

6 37. Sorrento (which had no material presence in Texas) then filed a separate
7 Petition in the Bankruptcy Court immediately after the Scintilla Petition was
8 docketed to ensure the bankruptcy cases were consolidated.

9 38. At all relevant times, Ji was Scintilla’s sole officer and director.

10 39. In its petition for bankruptcy relief, Scintilla then listed the UPS Mailbox
11 opened on February 11, 2023, as its principal place of business despite never having
12 conducted any “business” for years, let alone in connection with the UPS Mailbox.

13 40. Neither Scintilla nor Sorrento were registered or licensed to do business
14 in Texas.

15 41. In its separate petition for bankruptcy relief, Sorrento listed the San Diego
16 Office as both its principal place of business and as its mailing address, but because
17 Scintilla’s bankruptcy was already “pending” in the Bankruptcy Court, Sorrento
18 represented in its Petition that venue was appropriate in the United States
19 Bankruptcy Court for the Southern District of Texas.

20 42. Therefore, venue for both the Scintilla and Sorrento bankruptcy was
21 grounded solely on the rented UPS Mailbox established by Jackson Walker.

22 43. In furtherance of the scheme to establish a fraudulent venue for the
23 bankruptcy filings in the State of Texas, three days before the Petition Date, on
24 February 10, 2023, Sorrento wired \$60,000 to a newly opened Signature Bank
25 checking account bearing the name of Scintilla.

26 44. While this bank account was presumably opened to help establish a link
27 to the Southern District of Texas, no funds were deposited in Texas because
28 Signature Bank only had a representative office, not a bank branch, in Texas.

1 45. Because Scintilla was inactive, the \$60,000 deposited in this newly
2 opened bank account was Scintilla’s only asset on the Petition Date.

3 46. On the Petition Date, rather than raising questions about the propriety of
4 the bankruptcy venue, the Bankruptcy Court immediately ordered joint
5 administration of the Sorrento and Scintilla (together, the “Debtors”) cases.

6 **B. The Bankruptcy Court’s Rise as a Preferred Venue for Mega Corporate**
7 **Reorganizations and Jackson Walker’s Role in This Ascendancy**

8 47. In 2015, when Bankruptcy Judge David Jones was appointed Chief Judge
9 of the Bankruptcy Court, the Bankruptcy Court for the Southern District of Texas
10 has been described as a “bankruptcy backwater.”

11 48. As part of a plan to attract high dollar complex Chapter 11 bankruptcies
12 to be filed in the Bankruptcy Court, Chief Judge Jones eventually signed a General
13 Order in 2018 that directed all complex Chapter 11 cases filed in the Bankruptcy
14 Court to two judges—himself and Judge Marvin Isgur, one of his former law
15 partners and mentors, who also had become a bankruptcy judge.

16 49. According to an investigation by *The Financial Times*, the “guaranty of
17 case assignment to one of two judges who want[ed] to attract mega-cases and
18 under[stood] the need to ‘sell’ the venue to debtors” enabled the marketing of the
19 Bankruptcy Court’s venue to large corporate debtors, including Sorrento.

20 50. Chief Judge Jones knew that the Bankruptcy Court needed to devise a way
21 to project its willingness and ability to deliver the accommodation needed to attract
22 the mega-bankruptcies to be filed in the Bankruptcy Court.

23 51. Defendant Jackson Walker played an integral role in the plan to attract
24 mega-bankruptcies to the Bankruptcy Court and directly benefited when the
25 Bankruptcy Court’s venue became an attractive venue for large corporate debtors.

26 52. In 2018, Chief Judge Jones’ permanent law clerk, Elisabeth Freeman,
27 resigned her law clerk position to become a partner in Jackson Walker.

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1 53. Ms. Freeman had been a law clerk for Judge Jones from 2011 to 2018 and
2 had followed Judge Jones from the Porter Hodges law firm when he became a
3 bankruptcy judge in 2011.

4 54. Freeman and Judge Jones began a romantic relationship during this period
5 and, in 2017, they began living together.

6 55. Upon the addition of Freeman as a partner in Jackson Walker’s
7 bankruptcy group in 2018, Jackson Walker quickly became the leading Houston law
8 firm hired by corporate debtors that filed for bankruptcy in the Bankruptcy Court.

9 56. By 2022 and continuing in 2023, Jackson Walker led the nation in local
10 counsel appointments in large bankruptcies according to *The Financial Times*, which
11 has also reported that “Jackson Walker was useful as a back channel” to two of
12 Houston’s bankruptcy judges: “Freeman had previously been a clerk to [Chief
13 Judge] Jones while another bankruptcy partner, Matthew Cavanaugh[,] had clerked
14 for [Judge] Isgur.” Sujeet Indap, “The downfall of the judge who dominated
15 bankruptcy in America,” *The Financial Times* (Nov. 21, 2023).

16 57. Following Freeman’s arrival as a partner at Jackson Walker in 2018, Chief
17 Judge Jones reportedly presided over at least 33 cases in which the Bankruptcy Court
18 awarded Jackson Walker over \$23 million in attorneys’ fees and expenses.

19 **C. M3 and Meghji’s Role in Promoting the Bankruptcy Court**

20 58. Meghji and his firm, M3, were significant participants in the rise of the
21 Bankruptcy Court as a favorite venue for mega corporate bankruptcies, and their
22 relationship with the Bankruptcy Court was evident in April 2022 when the New
23 York City-based Meghji hosted an expensive party for two judges of the Bankruptcy
24 Court who later oversaw the sham Chapter 11 reorganization of Sorrento.

25 59. In April 2022, Meghji distributed (by U.S. Mail and by email) invitations
26 to a private party at a swanky New York restaurant, Le Bernardin, touting that Chief
27 Judge Jones and another colleague on the Houston bankruptcy court bench, Judge
28 Christopher Lopez, would be guests of honor.

1 60. Upon information and belief, Meghji and M3 were later selected by Ji and
2 Sorrento’s Board of Directors to become Chief Restructuring Officer and Financial
3 Advisor in the Sorrento bankruptcy because of their relationship with the
4 Bankruptcy Court.

5 61. Bankruptcy Court records show that Judge Lopez was initially assigned
6 the Sorrento bankruptcy in February 2023, but Chief Judge Jones then reassigned it
7 to himself.

8 **D. Meghji’s and M3’s Participation in the Fraudulent Sorrento**
9 **Bankruptcies**

10 62. Upon information and belief, Defendants Ji, Meghji, M3, and Jackson
11 Walker played critical roles in causing Scintilla and Sorrento’s bankruptcies to be
12 filed in the Bankruptcy Court knowing they could capitalize on the romantic
13 relationship between Chief Judge Jones and Freeman that was unknown to the
14 public.

15 63. In furtherance of the scheme to file under Chapter 11 and create venue in
16 the Bankruptcy Court, the Debtors retained M3 as “Financial Advisor” and Meghji
17 as “Chief Restructuring Officer” of Sorrento to provide “restructuring advisory
18 services” in connection with the bankruptcies.

19 64. Prior to the Sorrento engagement, neither M3 nor Meghji had any
20 significant biopharma or biotech restructuring experience.

21 65. After the Sorrento bankruptcy filing, despite M3’s and Meghji’s lack of
22 biopharma and biotech experience, the Bankruptcy Court entered an Order
23 authorizing the employment and retention of both M3 and Meghji.

24 66. As payment for their services, Meghji earned up to \$225,000 per month
25 in his Chief Restructuring Officer role with Sorrento, and M3 received \$12,304,550
26 in fees as the appointed Financial Advisor.

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1 67. Despite earning such fees, Meghji failed to visit a single Sorrento facility
2 and took inadequate steps to determine the potential value of the assets in the
3 bankruptcy and impeded alternative restructuring and financing efforts that should
4 have and would have allowed Sorrento to quickly exit bankruptcy.

5 68. At all relevant times, in addition to the undisclosed romantic relationship
6 between Chief Judge Jones and Freeman, the lavish April 2022 dinner and party
7 hosted by Meghji in honor of Chief Judge Jones and Judge Lopez in New York City
8 created an undisclosed conflict of interest for Meghji and M3 and the Bankruptcy
9 Court with respect to the Sorrento bankruptcies.

10 **E. Relevant Facts Concerning How the Illicit Romantic Relationship**
11 **Became Public and Facts Showing the Prior Cover-up**

12 69. After the filing of the Sorrento bankruptcies, facts began to emerge in
13 news reports in October 2023 concerning the conflicts of interest created by the
14 romantic relationship between Chief Judge Jones and Freeman.

15 70. While the secret romance became public in October 2023, the Bankruptcy
16 Court and Jackson Walker had been successful in suppressing information
17 concerning the conflict for two-and-a-half years after an anonymous letter (the
18 “Anonymous Letter”) dated March 6, 2021 (alleging that Chief Judge Jones and a
19 Jackson Walker partner were in a romantic relationship) was mailed to a litigant who
20 had been seeking to recuse Chief Judge Jones in a bankruptcy proceeding involving
21 McDermott Industries, a large engineering corporation.

22 71. In the Anonymous Letter, the author stated: “[T]he largest corporations
23 and clients willingly choose to work with [Jackson Walker] lawyers knowing that
24 they will likely have the court and the judge [rule] in their favor.”

25 72. The recipient of the Anonymous Letter immediately emailed a copy to
26 Matthew Cavanaugh of Jackson Walker (who had clerked for Judge Isgur) the same
27 day he received it, and the Anonymous Letter was then delivered to the Chief
28 Bankruptcy Judge’s chambers by Jackson Walker.

1 73. After receipt of the Anonymous Letter, Cavanaugh texted his colleague,
2 Veronica Polnick (the Jackson Walker lawyer who later opened the Scintilla UPS
3 box in order to create the fraudulent venue for Sorrento), stating that Freeman and
4 Chief Judge Jones had “been very careful” and had “taken a lot of steps” to protect
5 themselves, “[b]ut the fact they’ve taken so many steps makes it problematic from a
6 pr standpoint.” Polnick (who was also a former law clerk for Chief Judge Jones)
7 responded: “Right. They saw this coming 10 years ago.”

8 74. A Bloomberg Law investigation conducted after the Anonymous Letter
9 became publicly known in October 2023 revealed at least four judges of the
10 Bankruptcy Court kept the contents of the Anonymous Letter sealed, which allowed
11 Chief Judge Jones to successfully suppress efforts for two-and-a-half years to have
12 the extent of his secret relationship investigated and to determine to what extent the
13 relationship had compromised the integrity of the Bankruptcy Court.

14 75. In fact, the person who received the Anonymous Letter in March 2021
15 was expressly ordered by the Bankruptcy Court not to publicly discuss the
16 Anonymous Letter’s contents.

17 76. After receiving a copy of the Anonymous Letter, Chief Judge Jones
18 referred the motion for his recusal filed by the recipient of the Anonymous Letter in
19 the McDermott Industries bankruptcy to Judge Isgur.

20 77. Judge Isgur rejected a request to take depositions in order to investigate
21 the Anonymous Letter’s veracity and denied the motion to recuse Chief Judge Jones.

22 78. After successfully suppressing disclosure of the illicit romantic
23 relationship, Chief Judge Jones continued to ensure that he would either preside over
24 or mediate mega-bankruptcies filed by Jackson Walker, when circumstances
25 required his recusal.

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1 **F. The Conspiracy Giving Rise to the Filing of the Fraudulent Scintilla and**
2 **Sorrento Bankruptcies**

3 79. The Sorrento Bankruptcy Petitions were filed after the facts disclosed in
4 the Anonymous Letter were known by the Bankruptcy Court and Jackson Walker,
5 but had been concealed from public knowledge.

6 80. Keeping the facts disclosed in the Anonymous Letter secret was important
7 to Jackson Walker because the Jones/Freeman relationship was a major precipitating
8 factor in the law firm’s meteoric rise to becoming the top bankruptcy law firm
9 practicing before the Bankruptcy Court.

10 81. Jackson Walker used Freeman’s unethical and unlawful back channel to
11 Chief Judge Jones to receive lucrative compensation from the mega-bankruptcies
12 they filed since the time she resigned as Chief Judge Jones’s permanent law clerk to
13 become a partner at Jones Walker in 2018.

14 82. For example, text messages sent in May 2020 reveal the way Freeman as
15 a partner of Jackson Walker manipulated the Bankruptcy Court. Freeman texted
16 another lawyer at Jackson Walker stating she had contacted Chief Judge Jones three
17 days before the filing of the JC Penney Chapter 11 bankruptcy: “Talked to Jones.
18 He’s got us.”

19 83. Text messages exchanged between Jackson Walker lawyers in March
20 2021 (that have been produced after the facts disclosed in the Anonymous Letter
21 became public in October 2023) further reveal the significance of the secret romantic
22 relationship on Jackson Walker’s leverage over the Bankruptcy Court.

23 84. Freeman stated in a text: “Jones has been softening up for this for a month”
24 and “[w]e are keeping this down loooooooooowww[,]” to which another Jackson
25 Walker lawyer replied: “Got it.”

26 85. These text messages reveal that Jackson Walker was fully aware of
27 Freeman’s back channel to Chief Judge Jones and knowingly exploited it.

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1 86. Text messages also reveal that Jackson Walker’s senior management all
2 “signed off” on a plan to keep the scandal a secret after the Anonymous Letter was
3 received.

4 87. While Freeman never filed any formal retention application in the
5 Sorrento bankruptcies, Jackson Walker and/or M3’s time records reveal that
6 Freeman was in fact directly involved in the Debtors’ bankruptcies even after she
7 resigned as a partner of Jackson Walker.

8 88. These time records reveal that the Debtors consulted Freeman on a
9 number of key issues including a mediation with Dr. Patrick Soon-Shiong (who was
10 the person with whom Ji carried on an ongoing feud resulting in the \$175 million
11 judgment that allegedly precipitated the bankruptcy filings) and a number of his
12 companies, including NantPharma, LLC, NantCell, Inc., and Immunotherapy
13 NANTibody LLC (collectively, the “Nant Parties”), and that Ji, Meghji, M3 and
14 Jackson Walker were aware of and/or participated in these consultations with
15 Freeman.

16 89. The Debtors’ bankruptcies were not the only bankruptcy proceedings that
17 were fraudulently manipulated in 2023. In late January 2023, right before the filing
18 of the Debtors’ bankruptcies, both Freeman and Chief Judge Jones were in New
19 York City conducting a mediation concerning another mega-bankruptcy (involving
20 GWG) filed in the Bankruptcy Court.

21 90. Though the GWG mediation was scheduled for two days, it lasted less
22 than four hours. Chief Judge Jones simply informed the parties in attendance that
23 the bankruptcy was no longer going to pursue the goal of reorganization. Instead,
24 the debtor was going to be liquidated.

25 91. According to the parties in attendance, before any party could inquire or
26 argue in response, Jones advised that the judge overseeing the bankruptcy, Judge
27 Isgur, was an old, dear friend who would do whatever Jones suggested.

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1 92. Thus, in GWG, there was no Chapter 11 reorganization or a formal
2 conversion to Chapter 7, and Chief Judge Jones simply announced a liquidation,
3 which was later approved by the Bankruptcy Court, all before the Jones/Freeman
4 relationship was publicly disclosed.

5 93. With respect to Sorrento, on February 11, 2023, two days before the
6 Scintilla and Sorrento Petitions were filed, a Zoom meeting was held between
7 various attorneys (including Jackson Walker), Meghji, M3, Sorrento’s Executive
8 Vice President and Chief Financial Officer (Elizabeth Czerepak) and Ji.

9 94. Czerepak (who had been hired for her years of biopharma C-suite
10 experience) has stated in a sworn affidavit that she did not understand why Sorrento
11 was filing for bankruptcy in Texas, and that when she asked Ji whether this was a
12 proper course of action, Ji informed her that “the law firms know what they are doing
13 and this is the best plan for us.”

14 95. Immediately before the Petition Date, Ji caused a distribution of shares of
15 another Sorrento subsidiary, Defendant Scilex, to be made as a dividend to Sorrento
16 shareholders. According to the Liquidation Trustee of Sorrento, Scilex owed \$290
17 million to Sorrento, and “[h]ad that money had been paid to Sorrento, the bankruptcy
18 case might not have been necessary.” The Liquidation Trustee stated: “Instead of
19 paying that sum, however, Sorrento converted that \$290 million into shares [of
20 Scilex] and, instead of using those shares to pay its creditors, Sorrento improperly
21 distributed [Scilex] shares to Sorrento shareholders.” At all relevant times,
22 Defendant Ji was in control of both Sorrento and Scilex, but the participants in the
23 zoom meeting held February 11, 2023, said nothing and allowed the Scilex/Sorrento
24 bankruptcies to be filed.

25 96. After the bankruptcies were filed on February 13, 2023, Czerepak was
26 never consulted by Meghji or M3 on any material matters during the restructuring
27 process despite their total lack of experience in the biopharma industry.

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1 97. This failure to consult with an experienced CFO shows that Meghji and
2 M3 acted in bad faith and was inconsistent with statements made in sworn
3 declarations filed early in the bankruptcy proceedings.

4 98. For example, Meghji filed a declaration under penalty of perjury stating
5 that prior to commencement of the Chapter 11 cases, “Sorrento had a healthy balance
6 sheet that faced a short-term liquidity crunch,” which arose from “a \$175 million
7 arbitration award against Sorrento that had been recently reduced to an enforceable
8 judgment.”

9 99. Meghji further represented under oath that because of the entry of this
10 judgment, Sorrento sought bankruptcy relief “to obtain some breathing room, protect
11 its business and seek to maximize value for stakeholders.”

12 100. The financial metrics pertaining to Sorrento supported the initial
13 statements filed in the Bankruptcy Court.

14 101. The following represents a simplified organizational chart of Sorrento
15 on the eve of the Petition Date in 2023:



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Legend:
★ Debtor Entity
Green: US Domestic Affiliate
Red: Foreign Affiliate

<https://cases.stretto.com/public/x228/12086/PLEADINGS/1208602132380000000044.pdf>

(This organizational chart excludes certain other subsidiaries and excludes valuable minority stakes in other public and private companies)

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102. A sampling of Sorrento’s drug, biologics and diagnostic research and development pipeline as of 2022 included:

Key Programs	Indication	Preclinical	Phase I	Phase II	Phase III/Pivotal	FDA Approval
Pain						
ZTido® 1.8%	Postherpetic Neuralgia - PHN					
Gloperba®	Treatment of Gout (Oral)					
SEMDEXA (SP-102)	Lumbar Radicular/Sciatica Pain					
SP-103 (Lidocaine Topical System 5.4%)	Acute Back Pain					
SP-104 (Delayed Burst Low Dose Naltrexone)	Fibromyalgia					
RTX (resiniferatoxin) Epidural injection	Intractable Pain in Advanced Cancer				Orphan designation	
RTX (resiniferatoxin) Intra-articular route	Moderate to Severe Knee OA Pain					

Key Programs	Indication	Preclinical	Phase I	Phase II	Phase III/Pivotal	FDA Approval
Lymphatic Drug Delivery						
Sofusa® anti-TNF	Autoimmune (RA)					
Sofusa® anti-PD-1	Cutaneous T-Cell Lymphoma (CTCL), Melanoma					
Sofusa® anti-CTLA-4	Melanoma			In partnership with Mayo Clinic		

Key Programs	Indication	Preclinical	Phase I	Phase II	Phase III/Pivotal	FDA Approval
COVID-19 Programs						
COVISTIX™ (diagnostic)	Rapid Antigen Test	Emergency Use Authorization (EUA) in Mexico (COFEPRIS), Brazil (ANVISA), and CE Marked in Europe				
COVIMARK™ (diagnostic)	Rapid Antigen Test	Application submitted in the US and Canada for Emergency Use Authorization (EUA)				
VIREX (diagnostic)	At Home Diagnostic				EUA Enabling Studies in Q3 2022	
COVIDROPS™	Neutralizing Antibody (Intranasal) in Outpatients					
COVISHIELD™ (treatment)	Neutralizing Antibody (IV) in Outpatients and Inpatients					
FUJOVEE™ (Abivertinib)	Severe COVID-19 in ICU Patients					Pivotal Trial Pending FDA Clearance
OQORY™ (COVI-MSD)	ARDS due to COVID-19 in ICU Patients					Pivotal Trial in Brazil
OVDYSO (Oligotrelvir)	Anti-viral (Oral Pill)					
Omicron mRNA Vaccine	Vaccine					

<https://web.archive.org/web/20221210143726/https://sorrentotherapeutics.com/research/pipeline/>

(This R&D pipeline illustration excludes multiple other assets including certain phase 2/3 antibodies and antibody-drug conjugates, Sorrento’s GMAB antibody library, ACEA small molecule library, cell therapy intellectual property, patent library, drug/biologics manufacturing know-how and facilities, etc.).

1 103. In July 2023, Sorrento and its executive team, in conjunction with its
2 “restructuring” advisors, created a business plan making projections regarding the
3 future revenue of Sorrento.

4 104. This business plan forecast a projected \$2.1 billion in revenue by 2030
5 based on estimated worldwide sales revenue.

6 105. Moreover, based on the products controlled by Sorrento, its patents, its
7 R&D pipeline, and other revenue sources, Ji had affirmatively stated that the
8 enterprise value of Sorrento was between \$100 billion and \$400 billion.

9 106. Utilizing these numbers, upon entering bankruptcy, Plaintiffs’ shares
10 were worth at least \$1.2 billion.

11 **G. Defendants’ Conduct of the Affairs of the Compromised Bankruptcy**
12 **Court Caused Direct Injury to Plaintiffs**

13 107. Because the Bankruptcy Court had been ethically compromised and the
14 facts had been suppressed as alleged herein and did not become publicly known until
15 October 2023, Defendants Ji, Meghji, and M3 seized the opportunity to use the
16 compromised Bankruptcy Court to damage Plaintiffs as alleged herein after the
17 bankruptcy petitions were filed in February 2023.

18 108. After the \$175 million adverse arbitration award was issued in late 2022,
19 Ji caused Sorrento and Scintilla to retain Jackson Walker and file the Chapter 11
20 proceedings in the Bankruptcy Court despite the fact Scintilla was not an operating
21 business and both Sorrento and Scintilla had no business relationships in that venue.

22 109. Upon information and belief, Meghji, M3, Ji and Jackson Walker knew
23 they could obtain favorable restructuring rulings from the Bankruptcy Court because
24 of the illicit romantic relationship and because Meghji also had a prior relationship
25 with Chief Judge Jones and Judge Lopez as evidenced by the lavish April 2022 party
26 held in their honor in New York City.

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1 110. As a critical part of the fraudulent scheme set forth herein, Jackson
2 Walker then used its unethical back channel to Chief Judge Jones (which included
3 having Meghji and M3 appointed Chief Restructuring Officer and Financial
4 Advisor, respectively, when they had no relevant biopharma experience) that
5 resulted in Ji using the Bankruptcy Court to enable him to misappropriate virtually
6 all valuable assets of Sorrento for the benefit of Ji, Sorrento’s de facto controlling
7 shareholder, CEO and Chairman , to the direct injury of Plaintiffs.

8 111. Defendants Ji, Meghji, M3 and Jackson Walker knew of and participated
9 in the fraudulent scheme to manufacture bankruptcy jurisdiction in the Southern
10 District of Texas and knew that their cases would be assigned to Chief Judge Jones
11 because of Jackson Walker’s unethical and improper back channel in the Bankruptcy
12 Court.

13 112. Indeed, records in the Debtors’ bankruptcy case show that Scintilla was
14 first assigned to Judge Lopez but, in furtherance of the conspiracy to commit
15 wrongful acts, as alleged herein, Jackson Walker took steps to ensure that Chief
16 Judge Jones would assign the case to himself.

17 113. Ji has stated that Meghji and the lawyers “are all together, they all know
18 the system,” which gives rise to the reasonable inference that Meghji, M3 and
19 Jackson Walker used their personal relationships with Chief Judge Jones to have
20 *ex parte* communications and force specific negative outcomes for Plaintiffs as
21 alleged.

22 114. Defendants used the strategically selected, ethically compromised
23 Bankruptcy Court to commit fraudulent acts constituting a pattern of wire fraud, mail
24 fraud, and bankruptcy fraud, as alleged herein, to loot Sorrento of virtually all of
25 Sorrento’s valuable assets, causing Plaintiffs to suffer significant damages.

26 115. Such negative outcomes include, but are not limited to: (1) the
27 Judge Isgur-mediated Nant Parties’ settlement where Sorrento gave up a stake in
28 ImmunityBio worth over \$400 million; (2) the delayed and diminished size of the

1 ImmuneOncia deal with Yuhan from \$50-80 million down to less than \$20 million
2 with increased cost burdens for Sorrento when it had planned an initial public
3 offering potentially worth \$1 billion months later; (3) *de minimis* asset sales for
4 Sorrento’s stakes in Celularity, Elsie, and Cytimm that were sold (over the objection
5 of the Equity Committee members) for an aggregate \$5 million when they were
6 worth over \$100 million combined in present market value months later; and (4) the
7 failed forced sale to Oramed Pharmaceuticals, Inc. that devalued Scilex Holdings, a
8 Sorrento subsidiary in which Plaintiffs also had an equity stake through their
9 ownership of Sorrento.

10 116. These transactions, some labelled “cram down” transactions in
11 bankruptcy, were not the “best available” and were adverse to the best interests of
12 Plaintiffs.

13 117. Defendants Ji, Meghji, M3 and Jackson Walker only pursued the above
14 transactions because Ji held significant interests in the purchasers and/or otherwise
15 personally benefitted from the transactions, and it was in furtherance of the
16 conspiracy to file the bankruptcies in the Bankruptcy Court and loot the assets of
17 Sorrento.

18 118. Ji has continued participating in the conspiracy without providing any
19 meaningful information as evidenced by the following public disclosure made April
20 1, 2026:

21 “**Scilex Holding Company** (the “Company”) has
22 determined that it is unable, without unreasonable effort or
23 expense, to file its Annual Report on Form 10-K **for the**
24 **fiscal year ended December 31, 2025** (the “Form 10-K”) by March 31, 2026, the prescribed due date, because it
25 requires more time to finalize its financial statements to be
26 included in such Form 10-K, including **the consolidation**
27 **of Vivasor Holding Company.**”

28 <https://scilexholding.gcs-web.com/node/10746/html>

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1 119. Defendant Jackson Walker knowingly used Freeman’s relationship with
2 Chief Judge Jones to back-channel communications with Chief Judge Jones and in
3 furtherance of their scheme to effect an insider sale of Sorrento’s assets to Ji or “good
4 friend[s of his]” for pennies on the dollar to the detriment of Plaintiffs.

5 120. M3 and Meghji were instrumental in allowing the Sorrento assets to be
6 sold for pennies on the dollar, to the detriment of Plaintiffs.

7 121. While M3 and Meghji created a “data room” (ostensibly to provide
8 access to diligence for potential purchasers of Sorrento assets to evaluate so they
9 could determine whether to make a bid on Sorrento’s assets), M3 and Meghji
10 intentionally refused certain potential bidders (which included certain Plaintiffs or
11 their representatives) access to the data room, ensuring that legitimate bids that
12 would properly value the assets were never made in the bankruptcy.

13 122. Mergers and acquisitions activity for cancer and immune companies has
14 been incredibly strong over the last five years, with comparable companies being
15 sold for hundreds of millions of dollars, up to over \$10 billion. Even licensing deals
16 for specific molecules or antibodies have yielded multi-billion dollars for Sorrento’s
17 joint development partners Kelun-Biotech, 3SBio, Escugen, etc.

18 123. Despite that, and as a result of M3 and Meghji’s role in the conspiracy,
19 Ji was able to orchestrate low-ball offers to be made for the assets and obtain such
20 assets for pennies on the dollar because legitimate, good-faith purchasers (including
21 certain Plaintiffs) were precluded from conducting diligence and thus making offers
22 on the assets.

23 124. The manner in which the assets were sold were in violation of fiduciary
24 duties owed to Plaintiffs and pursuant to a pattern of racketeering as alleged herein.

25 125. As a result of the wrongful acts committed by Defendants as alleged
26 herein, a vast majority of the valuable assets owned by Sorrento ended up under the
27 control of Ji as of late 2023 and early 2024, and Defendants Meghji, M3 and Jackson
28 Walker have been paid exorbitant or unjustified fees and compensation.

1 126. The injuries to Plaintiffs were caused by, without limitation: (a) the
2 Bankruptcy-mediated Nant Parties’ settlement where Sorrento gave up a stake in
3 ImmunityBio worth over \$400 million and the future royalties to a promising cancer
4 therapy; (b) the decrease of the size of the ImmuneOncia deal with Yuhan from
5 \$50-80 million down to less than \$20 million with increased cost burdens for
6 Sorrento when Sorrento had planned a public offering potentially worth \$1 billion
7 months later and gave up global rights to multiple antibody therapies worth
8 significantly more; (c) the *de minimis* asset sales of Sorrento’s stakes in Celularity,
9 Elsie, and Cytimm that were sold (over the objection of the Equity Committee
10 members) for an aggregate of \$5 million when they were later valued at over \$100
11 million; (d) the failed forced sale to Oramed Pharmaceuticals, Inc. where there was
12 undisclosed conflicts that led to the (e) the sale of Sorrento’s stake in Scilex and
13 Semnur that was valued at over \$3.6 billion based on Semnur’s spin-out into a
14 separate public company when both former subsidiaries were able to raise over \$320
15 million in dollars and cryptocurrency in exchange for a small minority of Semnur
16 shares. In less than 2 years, Scilex has been able to pay Oramed over \$100 million
17 in cash while freezing any value-creating advancements in its clinical pipeline
18 because of the Sorrento bankruptcy-related misconduct and (f) the fire sale of
19 virtually all remaining Sorrento assets to Vivasor for less than \$10 million in cash
20 for therapies worth well over \$10 billion, given their successful advancements in
21 clinical trials prior to and during the bankruptcy, resulting in market approval for 3
22 different cancer indications and 1 antiviral indication.

23 127. These transactions were adverse to the best interests of Plaintiffs because
24 it resulted in Plaintiffs receiving virtually nothing for their shares in Sorrento that
25 were worth at a minimum \$50 to 100 million when the bankruptcies were filed, and,
26 depending on certain valuations prepared with input from Sorrento executives, worth
27 over \$1.2 billion in 2023. In contrast, Ji , Sorrento’s de facto controlling shareholder,
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1 benefited because he is the controlling shareholder of Vivasor, the purchaser of the
2 assets at fire sale prices.

3 128. Meghji and M3 also actively limited access to the data room, thereby
4 preventing buyers (including several Plaintiffs) who were interested in purchasing
5 Sorrento's assets from performing necessary due diligence.

6 129. Defendants pursued the above transactions to the detriment of Plaintiffs
7 because Ji held interests in the purchasers and/or otherwise personally benefitted
8 from the transactions.

9 130. Other avenues to allow Sorrento to exit the Chapter 11 proceeding with
10 all creditors paid and Sorrento's noncontrolling equity holders' interests intact were
11 not pursued by Defendants Ji, Meghji, M3 and Jackson Walker. For example: (a) a
12 proposal that would have produced \$250 million in value to Levena, a Sorrento
13 subsidiary, was blocked by M3 as M3, in an unusual and not customary move,
14 required the full \$250 million to be deposited in escrow to simply bid on the entity;
15 (b) an offer to purchase or partly license the GMAB library was rejected without
16 proper analysis; (c) M3 blocked and obstructed legitimate access for bidders to
17 gather necessary information by slow playing approvals of nondisclosure
18 agreements, which allowed Ji to be successful in achieving his fire sale purchase of
19 assets; (d) Plaintiff Asfour was denied access to the data room despite his ability to
20 purchase assets; (e) the lawyer representing the Equity Committee attempted to raise
21 funds with a shareholder rights offering to satisfy the debt but was obstructed by
22 Meghji; and (f) Meghji hid a viable plan offered by Shawn Sahebi, an executive at
23 Sorrento, that would have funded Sorrento's reorganization with no dilution, simply
24 deferring less than \$4 million of professional fees (which were over \$50 million at
25 the time).

26 131. Despite all the above, none of which was properly analyzed and
27 considered in the proceedings in the Bankruptcy Court and were based upon the
28 statements in declarations of Meghji and the motion of Jackson Walker, the

1 Bankruptcy Court approved the sale of assets at a price that was a fraction of their
2 fair market value.

3 **H. After the Illicit Romantic Relationship Became Publicly Known, the**
4 **Bankruptcy Court Refused to Transfer or Dismiss the Sorrento**
5 **Bankruptcy Upon Motion of the U.S. Trustee**

6 132. After Chief Judge Jones’ improper romantic relationship with Freeman
7 became public, he resigned from the bench on October 16, 2023, to avoid further
8 investigation into his wrongdoing.

9 133. This resignation had followed a formal inquiry by Chief Judge Priscilla
10 Richman of the United States Court of Appeals for the Fifth Circuit that had begun
11 shortly before the resignation, in which it was concluded that “there [was] probable
12 cause to believe that misconduct by [Chief Judge Jones] has occurred” in the Chapter
13 11 cases he presided over due to the undisclosed romantic relationship.

14 134. Despite this finding of the Fifth Circuit, the Bankruptcy Court assigned
15 the Sorrento bankruptcy to Judge Lopez (who was also honored at the party in
16 New York City hosted by Meghji in April 2022), and the Bankruptcy Court
17 approved the proposed reorganization of Sorrento on November 30, 2023, which
18 plan became effective on April 10, 2024.

19 135. Moreover, after the illicit romantic relationship became public and facts
20 were uncovered about the manufactured venue created for the Sorrento bankruptcy,
21 the U.S. Bankruptcy Trustee for the Bankruptcy Court filed a motion stating that the
22 Bankruptcy Court had two options for the Sorrento bankruptcy: dismissal or transfer.

23 136. This motion was denied by Judge Lopez after conducting a hearing on
24 March 11, 2024, at which Meghji was a critical witness.

25 137. At no time before or during the hearing did Judge Lopez disclose that he
26 had been honored (together with the now discredited Chief Judge Jones) at a lavish
27 party hosted by Meghji in New York City in April 2022.

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1 138. In addition, when an Equity Committee member asked Ji questions about
2 the effect of the newly disclosed romantic relationship between Chief Judge Jones
3 and Freeman in November 2023, Ji threatened immediate negative consequences to
4 anyone raising such issues because Meghji had stated that any investigation would
5 be quashed before it began and that the Sorrento bankruptcy would be immediately
6 converted to a Chapter 7 liquidation.

7 139. In October/November 2023, Meghji also terminated Czerepak as
8 Sorrento’s CFO, which removed Sorrento’s ability to file the necessary filings with
9 the SEC to preserve Sorrento’s public company status.

10 140. Czerepak’s termination was also contrary to representations made by Ji,
11 Meghji and their bankruptcy lawyers about reorganizing “strategically” and to
12 “quickly” exit with “equity intact.”

13 141. In fact, the termination of Czerepak as CFO limited the way Sorrento
14 could be reorganized. Czerepak’s duties as CFO included maintaining Sorrento’s
15 status as a publicly traded company with the SEC, and her termination caused
16 Sorrento’s status to lapse, forcing Sorrento to transfer to the OTC Expert Market, a
17 designation that limits potential purchasers to institutions and accredited investors.
18 Czerepak’s termination, therefore, directly resulted in further devaluation of
19 Sorrento’s assets (to a fraction of one penny).

20 142. The Liquidation Trustee appointed by the Bankruptcy Court has also
21 attempted to justify the refusal of the Bankruptcy Court to transfer the case to another
22 bankruptcy court, stating “[i]f the case were moved to another jurisdiction , there
23 would not have been time or funding to maintain the operations necessary to support
24 the sale.”

25 143. While the U.S. Bankruptcy Trustee’s efforts to seek dismissal or transfer
26 of the Sorrento bankruptcies proved to be futile, Defendants Meghji, M3, Ji and
27 Jackson Walker, did not receive a general release from personal liability arising from
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1 actions they took during the bankruptcy proceedings if their acts involved willful
2 misconduct, gross negligence, criminal conduct or fraud.

3 144. When Meghji filed a Declaration in Support of Debtors’ Chapter 11 Plan,
4 which culminated in the sale of assets at a fire sale price on March 8, 2024, he
5 expressly referenced this carve-out from future liability, ostensibly to avoid further
6 inquiry into the effect the conflicts of interest identified herein had on the bankruptcy
7 proceedings.

8 145. Thus, because of the carve-out provision, the bringing of litigation
9 against Defendants Ji, Meghji, M3 and Jackson Walker by Plaintiffs in this action
10 was not precluded when the fire sale price for the Sorrento assets was approved by
11 the Bankruptcy Court in March 2024.

12 146. Moreover, the Liquidating Trustee appointed by the Bankruptcy Court
13 has rejected requests made by Plaintiffs to file litigation against the Defendants
14 named in this case, offering a myriad of excuses, which indicates an abandonment
15 of the claims.

16 **II. CLAIMS FOR RELIEF**

17 **Count I**

18 **Racketeering Influenced Corrupt Organizations Act (“RICO”)**

19 **18 U.S.C. § 1962(c)**

20 **(Against RICO Defendants Ji, M3, Meghji and Jackson Walker)**

21 147. Plaintiff restates and realleges paragraphs 1 through 146 of this
22 Complaint as if fully set forth herein.

23 148. Defendants Ji, M3, Meghji and Jackson Walker (collectively, “RICO
24 Defendants”) are each a “person” capable of holding legal or beneficial interest in
25 property within the meaning of 18 U.S.C. § 1962(c) and 18 U.S.C. § 1961(3).

26 149. Defendants each violated 18 U.S.C. § 1962(c) by their respective acts,
27 described in the prior paragraphs and as further described below.

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1 150. Defendants each had the specific intent to violate 18 U.S.C. § 1962(c)
2 and to commit each underlying predicate act alleged below.

3 151. Defendants each committed at least two predicate acts of racketeering,
4 as more specifically alleged herein.

5 152. The acts of racketeering were not isolated; rather, they were related in
6 that they had the same or similar purpose and result, participants, victims, or method
7 of commission.

8 153. Further, the acts of racketeering have been continuous, spanning the
9 period from at least as early as the first quarter of 2022 and continuing into 2025.

10 **A. The RICO Enterprises**

11 154. There are at least three RICO enterprises involved in the present action
12 within the meaning of 18 U.S.C. § 1961(4) that was engaged in and affecting
13 interstate commerce.

14 155. First, Sorrento, both before and after the Petition Date, until March 2024,
15 was a corporation and is therefore an “enterprise.”

16 156. Second, and alternatively, the Bankruptcy Court constitutes an
17 “enterprise” within the meaning of 18 U.S.C. § 1961(4) that was engaged in and
18 affecting interstate commerce for a common and continuing purpose of providing a
19 fraudulent forum for mega corporate reorganizations.

20 157. Third, and alternatively, Jackson Walker and the Bankruptcy Court
21 formed an association-in-fact enterprise engaged in and affecting interstate
22 commerce for a common and continuing purpose of taking control of debtors in
23 mega bankruptcies (including Sorrento) and orchestrating asset sales at prices that
24 were a fraction of their fair market value.

25 158. At all relevant times, there existed one or more enterprises within the
26 meaning of 18 U.S.C. § 1964(4) (hereafter referred to as the “RICO Enterprise”).

27 159. At all relevant times, the RICO Defendants were employed by or
28 associated with each RICO Enterprise, and the RICO Defendants each conducted or

1 participated, directly or indirectly, in the conduct of a RICO Enterprise’s affairs
2 through a pattern of racketeering activity as alleged herein.

3 160. Each RICO Enterprise has an ascertainable structure separate and apart
4 from the pattern of racketeering activity in which the Defendants engaged.

5 161. The Defendants are central and controlling persons conducting the
6 affairs of each RICO Enterprise and have directed others to take actions necessary
7 to accomplish the overall aims of each RICO Enterprise.

8 **B. The Pattern of Racketeering Activity**

9 162. The repeated and continuous violations of federal criminal law alleged
10 in this Complaint constitute a “pattern of racketeering activity” in violation of RICO,
11 18 U.S.C. § 1961, *et seq.*

12 163. The Defendants conducted or participated, directly or indirectly, in the
13 conduct of each RICO Enterprise’s affairs through a pattern of racketeering activity,
14 as defined by 18 U.S.C. § 1961(1) and (5), consisting of multiple acts of racketeering
15 that are interrelated, not isolated, and perpetrated for the same or similar purposes
16 by the same persons (the “RICO Pattern”).

17 **1. Mail and Wire Fraud, 18 U.S.C. §§ 1341, 1343**

18 164. Defendants carried out a fraudulent scheme using the mail and wires on
19 numerous occasions in violation of 18 U.S.C. § 1341 and § 1343, and the fraudulent
20 scheme included depriving Plaintiffs of their right to participate in fair and
21 noncorrupted bankruptcy proceedings and the right to object to the fraudulent sale
22 of valuable assets in conflicted transactions.

23 165. In furtherance of their fraudulent scheme, Defendants continually used
24 the Internet, telephone, U.S. Mail, and other interstate commercial carriers, including
25 as follows:

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- In April 2022, Meghji and M3 distributed by U.S. Mail and by email invitations to a private party at a swanky New York restaurant, Le Bernardin, touting that Chief Judge Jones and Judge Lopez would be guests of honor.
- Three days before the Petition Date, on February 10, 2023, Ji caused Sorrento to wire \$60,000 to a newly opened Signature Bank checking account in the name of Sorrento’s inactive Scintilla subsidiary.
- On February 11, 2023, a Jackson Walker lawyer rented a mailbox (the “UPS Mailbox”) on Scintilla’s behalf at a UPS Store located at 7 Switchbud Place, The Woodlands, Texas, which was used to receive mail.
- Also on February 11, 2023, a Zoom meeting was held between various attorneys (including Jackson Walker), Meghji, M3, Czerepak and Ji.
- The bankruptcies were filed on February 13, 2023, using the electronic filing system provided by the Bankruptcy Court.
- Telephone calls and emails were continuously made and received by Defendants throughout the bankruptcy proceedings on the dates listed in the Bankruptcy Court docket for the Sorrento bankruptcies for a period spanning February 2023 through 2025.
- In March 2023, Meghji directed M3 and counsel to send emails to the United States Trustee to provide requested information about the Debtors’ bank accounts and other information relating to the initial Debtor interview, and emails were sent on March 12, 2023.

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- The wires were used to circulate by email and to file with the Bankruptcy Court the Asset Purchase Agreement dated March 8, 2024, which sale was approved by the Bankruptcy Court on the same date, under which assets were sold at greatly discounted prices (\$15.5 million, including outstanding DIP loan and \$5 promissory note).
- The RICO Defendants utilized the wires to facilitate Judge Lopez’s Order dated March 11, 2024, denying the United States Trustee’s Motion to Dismiss or Transfer, thereby keeping the bankruptcy proceedings in the Bankruptcy Court.
- Ji or his agents used the mails and wires in furtherance of transactions and events he described during a recorded telephone call on March 22, 2024, which related to his admitted control of the sale of Sorrento’s assets:

“During the bankruptcy, I helped, you know, identify most of the asset deals. And if we’re just listing some of the stuff that, as you know, the Scilex shares was overbid by Scilex, and we provided from the Scilex side the \$20 million sub-DIP. And the major sales are probably Yuhan and the Yuhan that deal was brought in by me and negotiated by the CRO.... I identified all of the deals, some of them executed and some of them not. Cellularity the CEO is a very good friend of mine and I facilitated the sale.”

1 **2. *Bankruptcy Fraud***

2 166. RICO Defendants have committed multiple instances of bankruptcy
3 fraud in violation of 18 U.S.C. § 152(2), 152(3) and 152(6), each of which also
4 constitutes racketeering activity within the meaning of 18 U.S.C. § 1961(1).

5 167. Under 18 U.S.C. § 152(2), a defendant commits bankruptcy fraud if he
6 or she “knowingly and fraudulently makes a false oath or account in or in relation to
7 any case under title 11.”

8 168. Before October 2023, RICO Defendants committed acts of bankruptcy
9 fraud on multiple occasions by knowingly and fraudulently declaring that they were
10 not “interested parties” in cases before the Bankruptcy Court.

11 169. For example, Jackson Walker submitted on March 15, 2023, declarations
12 of disinterestedness in the Sorrento bankruptcy, stating it was a disinterested party.
13 Jackson Walker not only failed to disclose the unethical romantic relationship
14 between Chief Judge Jones and Freeman, but in fact affirmatively represented the
15 absence of any conflict of interest with respect to bankruptcy judges in the
16 Bankruptcy Court.

17 170. The RICO Defendants also committed acts of bankruptcy fraud by
18 continuing to file or authorize the filings of other pleadings and documents, without
19 disclosing the improper romantic relationship and the fraud that was being
20 perpetrated by the RICO Defendants before the relationship became known on
21 October 2023.

22 171. Under 18 U.S.C. § 152(3), a defendant commits bankruptcy fraud if he
23 or she “knowingly and fraudulently makes a false declaration, certificate,
24 verification or statement under penalty of perjury . . . in or in relation to any case
25 under Title 11.”

26 172. Each RICO Defendant engaged in predicate acts of bankruptcy fraud and
27 conducted the affairs of a RICO enterprise as alleged and the filings in the corrupted
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1 Bankruptcy Court caused the fraudulent looting of valuable assets for the benefit of
2 Ji and the payment of exorbitant compensation and fees to the RICO Defendants.

3 173. Each RICO Defendant committed acts of bankruptcy fraud by explicitly
4 or implicitly representing or acknowledging that Jackson Walker, Ji, Meghji and M3
5 were disinterested parties despite knowledge of the unethical romantic relationship
6 between Chief Judge Jones and Freeman and the failure to remedy the disastrous
7 effect the bankruptcy fraud had on the proceedings conducted in the tainted
8 Bankruptcy Court and that the entire Sorrento bankruptcy proceedings were
9 fraudulent, causing direct injury to Plaintiffs.

10 174. Under 18 U.S.C. § 152(6), a defendant commits bankruptcy fraud if he
11 or she “knowingly and fraudulently gives, offers, receives, or attempts to obtain any
12 money or property, remuneration, compensation, reward, advantage, or promise
13 thereof for acting or forbearing to act in any cause under title 11.”

14 175. The RICO Defendants committed or participated in acts of bankruptcy
15 fraud knowing Jackson Walker would receive favorable treatment for Ji in the
16 Bankruptcy Court while they continued to conceal the intimate relationship between
17 Chief Judge Jones and Freeman, and Meghji and M3’s hosting the expensive event
18 honoring Chief Judge Jones and Judge Lopez held in April 2022. *See* 11 U.S.C.
19 § 327, 328; Fed. R. Bankr. P. 5002.

20 **C. Predicate Acts and Pattern of Racketeering Caused Injuries.**

21 176. As described herein, the RICO Defendants’ commission of RICO
22 predicate acts and the pattern of racketeering was the substantial and proximate
23 cause of injury and damage to Plaintiffs.

24 177. Further, because RICO Defendants’ conduct targeted the federal
25 judiciary and the bankruptcy process in particular, the judiciary’s responsibility to
26 maintain and preserve the integrity of the bankruptcy process lessens Plaintiffs’
27 burden to show a direct injury. The RICO Defendants’ commission of the predicate
28 acts and the pattern of racketeering deprived Plaintiffs of their right to have their

1 financial interests litigated or otherwise considered in a fair and impartial bankruptcy
2 forum.

3 178. As a proximate result of the predicate acts and pattern of racketeering
4 activity alleged herein, including all filings and use of the mails and wires in the
5 Sorrento bankruptcy proceedings held in the corrupted Bankruptcy Court, Plaintiffs
6 have suffered direct damages in an amount to be determined by a jury.

7 179. Pursuant to 18 U.S.C. § 1964(c), Plaintiffs are entitled to recover treble
8 damages plus costs and attorneys’ fees from the RICO Defendants.

9 **COUNT II**

10 **Conspiracy to Violate RICO, 18 U.S.C. § 1962(d)**

11 **(Against RICO Defendants Ji, M3, Meghji and Jackson Walker)**

12 180. Plaintiffs restate and re-allege paragraphs 1 through 179 of this
13 Complaint as if fully set forth herein

14 181. The RICO Defendants have unlawfully, knowingly and willfully
15 combined, conspired, confederated and agreed together and with others to violate
16 18 U.S.C. § 1962(c) as described above, in violation of 18 U.S.C. § 1962(d).

17 182. The RICO Defendants knew that they were engaged in a conspiracy to
18 commit the predicate acts of mail and wire fraud and of bankruptcy fraud, and the
19 participation and agreement of each of them was necessary to allow the commission
20 of this pattern of racketeering activity.

21 183. Each RICO Defendant agreed to conduct or participate, directly or
22 indirectly, in the conduct, management, or operation of each RICO Enterprise’s
23 affairs through a pattern of racketeering activity in violation of 18 U.S.C. § 1962(c).

24 184. As a direct and proximate result of RICO Defendants’ conspiracy to
25 violate 18 U.S.C. § 1962(d) and the overt acts taken in furtherance of that
26 conspiracy, Plaintiffs have been damaged in their business and property in an
27 amount to be determined at trial.

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1 185. Pursuant to 18 U.S.C. § 1964(c), Plaintiffs are entitled to recover treble
2 damages plus costs and attorneys’ fees from the RICO Defendants.

3 **COUNT III**

4 **Breach of Fiduciary Duty**

5 **(Against Defendant Ji as de facto controlling shareholder, Chairman of the**
6 **Board and Chief Executive Officer)**

7 186. Plaintiffs restate and re-allege paragraphs 1 through 146 of this
8 Complaint as if fully set forth herein.

9 187. At all relevant times, Ji exercised dominion and ultimate total control
10 over Sorrento and its subsidiaries.

11 188. As de facto controlling shareholder, Chairman of the Board of Directors,
12 and Chief Executive Officer of Sorrento, Ji owed fiduciary duties of due care and
13 loyalty to Plaintiffs and was required to discharge his duties in good faith, with the
14 care an ordinarily prudent person in a like position would exercise under similar
15 circumstances, and in a manner, he reasonably believed to be in the best interests of
16 Plaintiffs.

17 189. Ji violated the fiduciary duties of care, loyalty, candor, good faith and
18 independence owed to Plaintiffs and has acted to put his personal interests ahead of
19 the interests of Sorrento’s noncontrolling shareholders.

20 190. Ji breached his fiduciary duties as director, officer, or person in control
21 of Sorrento by, among other things, (a) directing the Debtors and their directors and
22 officers in a manner detrimental to Sorrento’s noncontrolling shareholders, in
23 violation of his duties of due care, loyalty, and good faith, (b) directing the Debtors
24 and their officers to use corporate assets to acquire properties for his personal
25 benefit, in violation of his duties of due care, loyalty, and good faith;
26 (c) orchestrating the diversion of Sorrento’s assets to Ji or entities owned or
27 controlled by Ji in violation of his duties of due care, loyalty, and good faith;
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1 (4) entering into purchase transactions without regard to the fairness of the
2 transactions to the injury to Plaintiffs.

3 191. Ji’s breaches of fiduciary duty, including his breaches of due care,
4 loyalty, and good faith, proximately caused Plaintiffs to suffer injury, in an amount
5 to be determined at trial.

6 **COUNT IV**

7 **Aiding and Abetting Breach of Fiduciary Duty**

8 **(Against Defendants M3, Meghji , Jackson Walker, Vivasor, Scilex and**
9 **Semnur)**

10 192. Plaintiffs restate and reallege paragraphs 1 through 144 and 186 through
11 189 of this Complaint as though fully set forth herein.

12 193. Defendants M3, Meghji and Jackson Walker knew that Ji owed fiduciary
13 duties as de facto controlling shareholder, Chief Executive Officer and Chairman of
14 the Board of Sorrento.

15 194. Defendants M3, Meghji and Jackson Walker knowingly substantially
16 assisted Ji in violating his fiduciary duties by taking the actions described herein.

17 195. As set forth herein, Defendants M3, Meghji ,Jackson Walker, Vivasor,
18 Scilex, and Semnur engaged in substantially assisting Ji in violating his fiduciary
19 duties to advance their own financial and personal interests.

20 196. As a direct and proximate result of Ji’s breach of fiduciary duty and
21 Defendants M3, Meghji and Jackson Walker’s aiding and abetting of such breach,
22 Plaintiffs have suffered damages in an amount to be determined at trial.

23 **COUNT V**

24 **Violation of California Penal Code Section 496**

25 **(Against Defendants Ji, M3, Meghji, Vivasor, Scilex and Semnur)**

26 197. Plaintiffs restate and re-allege paragraphs 1 through 183 of this
27 Complaint as if fully set forth herein.

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1 198. Penal Code Section 496(a) provides that “[e]very person who buys or
2 receives any property that has been stolen or that has been obtained in any manner
3 constituting theft or extortion, knowing the property to be stolen or obtained, or who
4 conceals, sells, withholds, or aids on concealing, selling, or withholding any property
5 from the owner, knowing the property to be so stolen or obtained, shall be punished
6 by imprisonment in a state prison, or in a county jail for not more than one year.”

7 199. A criminal conviction under Penal Code Section 496(a) is not a
8 prerequisite to recovery of treble damages under Section 496(e). The phrase “any
9 manner constituting theft” under Section 496(a) includes theft by fraudulently
10 appropriating property, false pretense, and other statutorily enumerated bases.

11 200. As of the date of the filing of this Complaint, Defendants Ji, Scilex,
12 and/or Semnur are illegally in possession of an amount to be determined by a jury
13 due to Defendants’ fraudulent concealment. In so doing, the Defendants Ji, Scilex,
14 and/or Semnur knowingly received and concealed Plaintiffs’ property. Further,
15 Defendants Ji, Scilex, and/or Semnur acted with careful planning and deliberation
16 reflecting the requisite criminal intent.

17 201. As a direct, foreseeable, and proximate result of the violation of Penal
18 Code Section 496(a) by said Defendants, Plaintiffs have suffered damages in an
19 amount to be proven at trial. Additionally, as a result of the acts of said Defendants,
20 Plaintiffs were forced to retain legal counsel and have incurred legal fees and costs.

21 202. Pursuant to Penal Code Section 496(c), Plaintiffs bring this action and
22 seek three times the amount of actual damages, interest and all reasonable attorneys’
23 fees.

24 **COUNT VI**

25 **Breach of Fiduciary Duty**

26 **(Against Individual Directors)**

27 203. Plaintiffs restate and re-allege paragraphs 1 through 146 of this
28 Complaint as if fully set forth herein.

1 204. As directors of Sorrento, the Individual Directors owed fiduciary duties
2 to Sorrento and to its noncontrolling shareholders, including Plaintiffs.

3 205. The Individual Directors were all beholden to Ji and failed to conduct
4 oversight of Ji when he committed the actions that resulted in the filing of the
5 bankruptcies in the Bankruptcy Court in a forum that had no connection with the
6 business of Sorrento, approving the distribution of the Scilex shares immediately
7 before the Petition Date when they knew the bankruptcy filings would immediately
8 follow, knowing or should have known that Scilex’s payment of its \$290 million
9 receivable would have obviated any need to file for bankruptcy, and allowing Ji,
10 Meghji and M3 to continue unchecked when they conducted the affairs of Sorrento
11 after the filing of the bankruptcies, when it was obvious that the results achieved in
12 the bankruptcies were disastrous to Plaintiffs, who were noncontrolling
13 shareholders.

14 206. Moreover, the Individual Directors breached their fiduciary duties before
15 bankruptcy was filed by Sorrento by, among other things:

- 16 • Approving a Debt Exchange Agreement pursuant to which
17 Sorrento contributed indebtedness to Scilex (approximately \$290
18 million) in exchange for preferred shares of Scilex with a
19 liquidation preference, payable only in certain circumstances.
- 20 • Approving Sorrento’s unconditional and irrevocable guarantee, on
21 a senior unsecured basis, to Scilex’s heavily discounted offering
22 of its note, causing Sorrento to make at least \$91.4 million in cash
23 payments to Scilex between February and September 2022.
- 24 • Approving the acquisition of a 50% equity interest in Cytimm
25 Therapeutics, Inc. for \$2.5 million. At the time of the investment,
26 Ji was the chairperson of Cytimm’s board. As part of the
27 acquisition, Cytimm offered to make Ji CEO of Cytimm and
28 offered him 10% equity in Cytimm.

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- Approving the acquisitions of Aardvark Therapeutics, Inc., Deverra Therapeutics, Inc., Zhengzhou Fortune Bioscience Co., ACEA Therapeutics, Inc., and Virex Health, Inc., all of which had or resulted in clear conflicts of interest and ultimately benefitted Ji.
- Approving a \$10 million investment in Elsie Biotechnologies, Inc. in 2021 for ten million preferred shares, resulting in Ji being appointed to the board of Elsie. Sorrento wrote down its entire \$10 million investment in Elsie in 2022, one year after the investment.

207. The above breaches of fiduciary duty were part of the overall conspiracy to position Sorrento for a fraudulent bankruptcy with the goal of funneling all assets to Ji and Vivasor, to the detriment and harm of Plaintiffs.

208. The Individual Directors further breached these fiduciary duties by, among other things, engaging in the conspiracy with Jackson Walker, Ji, Meghji, and M3 to put Sorrento into a fraudulent bankruptcy in Texas in order to allow Ji and Vivasor to “purchase” the Sorrento assets at fire sale prices for their own benefit and to the direct injury and detriment of Plaintiffs.

209. The Individual Directors have engaged in conscious wrongdoing in approving unfair self-dealing transactions as alleged herein and thus breached their duties to Plaintiffs by failing to prevent the harm incurred by Plaintiffs.

210. As a result of the Individual Directors’ breaches of their fiduciary duties to Plaintiffs, Plaintiffs have been damaged in an amount to be determined at trial.

III. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs’ seek a judgment against Defendants awarding the following relief: For an award of general damages in the amount to be determined at trial and estimated to be at least \$100 million, treble damages pursuant to 18 U.S.C. § 1964(c) and California Penal Code Section 496, disgorgement of monies

1 wrongfully received by Defendants as a result of their wrongful conduct toward
2 Plaintiffs, punitive damages, attorneys’ fees, and costs, and for such other relief as
3 the Court deems just and equitable.

4 Dated: April 3, 2026

KUTAK ROCK LLP

6 By: /s/ Bradley P. Boyer

7 Bradley P. Boyer
8 Attorneys for Plaintiffs
9 ETHAN MEVI, ENRIQUE
10 CURBELLO, BRUCE BRADLEY,
11 MICHAEL BROOME, CYNTHIA
12 BROOME, ALADDIN ASFOUR,
13 KYLE HODES, JENNIFER HODES,
14 ALEXANDER ESPALIN, MOAYAD
15 ALTAHHAN, SHAWN FRANZ,
16 LEO KISHKO, and AC
17 CHOUDHURY

14 **DEMAND FOR JURY**

15 Plaintiffs hereby demand a jury trial as provided by Rules 38(a) and 38(b) of
16 the Federal Rules of Civil Procedure and Civil Local Rule 38.1.

17 Dated: April 3, 2026

KUTAK ROCK LLP

19 By: /s/ Bradley P. Boyer

20 Bradley P. Boyer
21 Attorneys for Plaintiffs
22 ETHAN MEVI, ENRIQUE
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LEO KISHKO, and AC
CHOUDHURY

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court.

I. (a) PLAINTIFFS, ETHAN MEVI, an individual, ENRIQUE CURBELLO, an individual, BRUCE BRADLEY, an individual, MICHAEL BROOME, an individual, CYNTHIA BROOME, an individual, ALADDIN ASFOUR, an individual, KYLE HODES, an individual, JENNIFER HODES, an individual, ALEXANDER ESPALIN, an individual, MOAYAD ALTAHHAN, an individual, SHAWN FRANZ, an individual, LEO KISHKO, an individual,; and AC CHOUDHURY, an individual

(b) County of Residence of First Listed Plaintiff Alameda, CA (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number) Bradley P. Boyer (SBN 179430); KUTAK ROCK LLP, Tel: 213.312.4000 777 S. Figueroa Street, Suite 4550, Los Angeles, CA 90017

DEFENDANTS, HENRY JI, an individual, M3 ADVISORY PARTNERS, L.P., a Delaware limited partnership, MOHSIN MEGHJI, an individual, JACKSON WALKER LLP, a limited liability partnership, DORMAN FOLLOWWILL, an individual, KIM D. JANDA, an individual, DAVID LEMUS, an individual, TAMMY REILLY, an individual, JAISIM SHAH, an individual, and YUE ALEXANDER WU, an individual; Scilex Holding Company, a corporation; and Semnur Pharmaceuticals, Inc., a corporation.

County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

'26CV2113 DMS DEB

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff, 2 U.S. Government Defendant, 3 Federal Question (U.S. Government Not a Party), 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship: Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: Nature of Suit Code Descriptions.

Large table with categories: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, INTELLECTUAL PROPERTY RIGHTS, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated or Reopened, 5 Transferred from Another District (specify), 6 Multidistrict Litigation - Transfer, 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

18 U.S.C. § 1962(C), (D)

Brief description of cause:

Violations of Racketeering Influenced Corrupt Organizations Act ("RICO") 18 U.S.C. § 1962(C)

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$ In excess of \$100 million

CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE DOCKET NUMBER

DATE April 3, 2026 SIGNATURE OF ATTORNEY OF RECORD /s/ Bradley P. Boyer

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE