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Superior Court of California,
County of San Francisco

10/25/2023
Clerk of the Court
BY: AUSTIN LAM
Deputy Clerk

7 SUPERIOR COURT OF THE STATE OF CALIFORNIA
8
9 COUNTY OF SAN FRANCISCO

10 BUTCHERSHOP CREATIVE, LLC, a California
11 Limited Liability Company,

12 Plaintiff,

13 v.

14 CFO RICK INC., a California Corporation; RICK
15 BELGARDE, an individual; KAREN E.
16 KELLER, an individual; and DOES 1 through 50,
17 inclusive,

18 Defendants.

Case No.:

CGC-23-609983

**PLAINTIFF'S COMPLAINT FOR
DAMAGES FOR:**

1. Negligence;
2. Fraud – Concealment;
3. Breach of Fiduciary Duty – Constructive Fraud;
4. Breach of Fiduciary Duty – Breach of Duty of Loyalty;
5. Breach of Fiduciary Duty – Failure to Use Reasonable Care;
6. Common Count – Money Had and Received;
7. Accounting;
8. Conversion;
9. Claim and Delivery; and
10. Unfair, Unlawful, And Fraudulent Business Practices [Bus. & Prof. Code § 17200 et seq.].

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23
24 PLAINTIFF BUTCHERSHOP CREATIVE, LLC (hereinafter “Butchershop” or “Plaintiff”)
25 hereby alleges the following complaint against Defendants CFO RICK INC. (“CFO Rick”); RICK
26 BELGARDE (“Mr. Belgarde”); KAREN E. KELLER (“Ms. Keller”) and DOES 1 through 50, inclusive
27 (CFO Rick, Mr. Belgarde, Ms. Keller, and DOES 1-50 referred to collectively as “Defendants”).

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THE PARTIES

1
2 1. Plaintiff Butchershop Creative, LLC, is a California limited liability company duly
3 organized and existing under the laws of the State of California, with its principal place of business in San
4 Francisco County in the State of California. As of May 12, 2023, Butchershop no longer conducts business,
5 but is and at all relevant times, was in good standing with the California Secretary of State.

6 2. Defendant CFO Rick Inc. is a California corporation duly organized and existing under the
7 laws of the State of California, with its principal place of business in San Francisco County in the State of
8 California. Plaintiff is informed and believes, and on that basis alleges, that CFO Rick is actively registered
9 and is and, at all relevant times, was in good standing with the California Secretary of State.

10 3. Plaintiff is informed and believes, and on that basis alleges, that Defendant Rick Belgarde
11 is and, at all relevant times, was an individual residing in San Francisco County in the State of California.
12 Mr. Belgarde is sued herein in his individual capacity, his current capacity as the owner of CFO Rick, and
13 in his capacity as the former Chief Financial Officer, accountant, tax preparer, trustee, benefits
14 administrator, controller of Plaintiff, and provider of related services to Plaintiff. Mr. Belgarde is a tax
15 preparer and licensed by the California Tax Education Council, license number A251691. Mr. Belgarde
16 also maintains a Preparer Tax Identification Number (“PTIN”) issued to tax preparers by the Internal
17 Revenue Service (“IRS”) in the United States.

18 4. Karen E. Keller is and, at all relevant times, was an individual residing in San Francisco
19 County in the State of California. Ms. Keller was at all relevant times herein mentioned a California
20 licensed certified public accountant, license 68260, and provided tax preparation and accountancy services.
21 Ms. Keller is sued herein in her individual capacity and her capacity as an employee and/or independent
22 contractor for Mr. Belgarde and CFO Rick.

23 5. Plaintiff is ignorant of the true names and capacities, whether individual, associate,
24 partnership, corporate, or otherwise, of the Defendants sued herein as DOES 1 through 50, and therefore
25 sues these Defendants by such fictitious names. Plaintiff is informed and believes, and on that basis alleges,
26 that each of said fictitiously named Defendants are somehow responsible or associated in some actionable
27 manner for the damages suffered by Plaintiff. Plaintiff will seek leave from the Court to amend this
28 Complaint to set forth the true names and capacities of the fictitiously named Defendants once Plaintiff

1 ascertains that information. All references to any Defendant in this Complaint include DOES 1 through
2 50.

3 6. At all times mentioned herein, each of the Defendants named herein was acting as the agent,
4 servant, partner, member, or employee of their co-Defendants, and in doing the things hereinafter alleged,
5 was acting within the course and scope of their authority as such agent, servant, or employee and with the
6 permission and consent of each of the other Defendants.

7 **VENUE AND JURISDICTION**

8 7. Venue and jurisdiction in the above-entitled Court are proper because the obligations,
9 actions, and injuries giving rise to this Complaint took place in San Francisco County, California, and
10 because all Defendants either maintain their principal places of business, maintain business offices, employ
11 persons, and do business in San Francisco County, California or are believed and alleged to be individuals
12 residing in San Francisco County, California.

13 8. This Court has jurisdiction over all causes of action asserted in this Complaint pursuant to
14 the California Constitution, Article VI, § 10, and California Code of Civil Procedure §410.10 by virtue of
15 the fact that this is a civil action wherein the matter in controversy, exclusive of interest, exceeds
16 \$25,000.00.

17 **GENERAL ALLEGATIONS**

18 **Butchershop Creative LLC**

19 9. Trevor Hubbard founded Butchershop in 2009 as a brand experience and design company.
20 Butchershop combined consulting, creativity, and technology services and products to help brands grow
21 and transform in emerging sectors.

22 10. In 2018, Mr. Hubbard purchased the equity interests of his two partners in Butchershop and
23 assumed the roles of sole owner and Executive Creative Director. In 2021, he became Butchershop's global
24 Chief Executive Officer.

25 11. Under Mr. Hubbard's guidance, coupled with the esteemed reputation acquired by
26 Butchershop, the company witnessed a marked increase in revenue and clientele in 2018. Throughout its
27 operational history, Butchershop consistently developed and refined proprietary methods that significantly
28 differentiated it in the creative industry. Specifically, its innovative "Beat Failure™ methodology" played

1 a pivotal role in elevating its industry standing and directly led to Butchershop’s acknowledgment by the
2 industry-respected publication, Adweek, as one of the fastest-growing creative agencies in the United
3 States. Butchershop’s methodology assisted businesses in navigating critical junctures, be it during periods
4 of growth, scale, evolution, transformation, or product/service launch. Butchershop also launched a web-
5 based app called Priio™ that put the Beat Failure methodology in the hands of organizations, teams,
6 entrepreneurs, startups, and venture capital firms.

7 12. Since 2009, Butchershop consistently reshaped client brand perceptions in the market and
8 amplified key brand metrics such as awareness, customer retention, digital impressions, and conversion
9 rates, demonstrating consistent year to year growth.

10 13. Butchershop achieved global recognition for its superior creative output, setting a
11 benchmark in the industry. Highly regarded by its counterparts and sought-after by prospective employees,
12 the company consistently won awards and regularly appeared in prominent industry publications and media
13 channels.

14 14. Revenue experienced a steady increase from 2009 to 2018. Notably, Butchershop’s revenue
15 doubled from 2018 to 2021 as a result of Mr. Hubbard’s experience in the sector, leadership, and the
16 company culture. From 2018 to 2022, Butchershop’s revenue grew from from approximately
17 \$6,000,000.00 to nearly \$15,000,000.00 per year.

18 15. After Mr. Hubbard secured his partners’ interest in 2018, Butchershop’s increased market
19 visibility and its recognition as an industry leader led to numerous acquisition inquiries. This surge
20 prompted Butchershop to engage consultants, brokers, and advisors for advice on a potential exit strategy.

21 16. While Butchershop maintained its recognition as leader in the advertising and brand sector,
22 it also formulated strategies for a potential exit or acquisition. In April 2021, to fortify its market value,
23 prepare the company for acquisition, and enhance its digital capabilities, Butchershop acquired “Maniak,”
24 a digital design and software solutions agency that had strategically partnered with Butchershop since 2018.

25 17. In 2022 and 2023, Butchershop actively pursued acquisition opportunities, collaborating
26 with potential private equity and strategic acquisition partners. To bolster capabilities, reach, and skillsets,
27 the company formed strategic partnerships with two other leading agencies. Butchershop’s valuation
28 approached 2x its total revenue, or a 10x multiple on adjusted earnings before interest, taxes, depreciation,

1 and amortization (“EBITDA”), positioning the company’s value between \$20,000,000.00 and
2 \$30,000,000.00 by the end of 2022.

3 18. Butchershop prioritized employee welfare, offering competitive compensation,
4 comprehensive benefits, and numerous incentives. Anonymous evaluations awarded the company a 97%
5 satisfaction rating, and it received the Great Place to Work™ distinction in 2020 and 2021. Mr. Hubbard
6 consistently maintained above a 90% approval rating on platforms like Glassdoor until the company’s
7 closure. Employees consistently commended and praised Butchershop’s culture for its clarity,
8 transparency, and integrity.

9 **CFO Rick, Inc., Rick Belgarde, and Karen E. Keller**

10 19. CFO Rick is an accounting and financial services company founded by Rick Belgarde in
11 2003. CFO Rick provides a variety of services including accounts payable, accounts receivable, tax
12 preparation, and contract management, as well as benefits administrator, trustee, payroll manager, revenue
13 manager, and controller services. Mr. Belgarde was also Butchershop’s Chief Financial Officer. Plaintiff
14 is informed and believes and thereon alleges that Rick Belgarde is also the owner of CFO Rick.

15 20. Plaintiff is informed and believes and thereon alleges that CFO Rick maintains offices in
16 several countries, including the United States, Mexico, the United Kingdom, and the Philippines.

17 21. Butchershop initially grappled with financial, reporting, and compliance challenges; no one
18 at Butchershop had experience in accounting or managing the finances of a growing company.

19 22. Mr. Belgarde and his CFO Rick team—including Defendant Karen E. Keller, a CPA on
20 staff—actively represented their extensive experience in managing the finances of companies similar to
21 Butchershop, specifically citing several entities they provided services for over the years. They assured
22 Butchershop of their proficiency in payroll management, precise financial reporting, tax oversight, bank
23 statement reconciliation, QuickBooks utilization, benefits administration, forecasting, employee human
24 resources compliance, and expertise in budgeting and planning.

25 23. Mr. Belgarde, operating as CFO Rick, deceptively presented himself to Mr. Hubbard,
26 boasting about his supposed extensive experience and the expertise of a team that, in reality, was unstable
27 and frequently changing. This guise was part of a calculated scheme to mislead Mr. Hubbard and facilitate
28 Mr. Belgarde's fraudulent activities.. He assured that together they could meticulously manage

1 Butchershop's expenses to achieve high profit margins, positioning the business for growth. Furthermore,
2 they promised to navigate Butchershop through the complexities of tax planning, identify opportunities for
3 company and tax savings, spearhead mergers and acquisitions, secure credit lines and loans, and ensure all
4 operations remained transparent and compliant.

5 24. Based on this experience and expertise, as represented by Mr. Belgarde, Butchershop hired
6 CFO Rick in 2012 to address the company's needs as it increased its revenue and growth.

7 25. Initially, Defendants performed their limited accounting duties without issue. However, as
8 Butchershop grew and expanded its team, the company relied on Mr. Belgarde and his team for expertise
9 beyond mere accounting. The company trusted and relied on Mr. Belgarde's proclaimed expertise, leading
10 to Mr. Belgarde assuming the position of Butchershop's Chief Financial Officer in 2018. At the time,
11 Butchershop paid CFO Rick a monthly retainer of \$15,000.00 per month, which did not include numerous
12 other extraneous charges by CFO Rick that Mr. Hubbard later discovered.

13 26. In 2022, Mr. Belgarde explicitly demanded an increase in his retainer to \$25,000.00 per
14 month, a sum he routinely surpassed in CFO Rick's billings to Butchershop, without Mr. Hubbard's
15 approval. At the outset, such an escalation did not raise immediate concerns because Mr. Belgarde and
16 CFO Rick appeared to adeptly manage the financial dimensions of the business, considering Butchershop's
17 substantial growth and the continuous increase in revenue.

18 27. Throughout 2022 and 2023, Mr. Belgarde and his team at CFO Rick failed to share invoices
19 with Butchershop employees or Mr. Hubbard. Possessing unmitigated control and access to Butchershop's
20 QuickBooks, bank accounts, and records, they would independently insert invoices into QuickBooks
21 relating to various operations and emergent sub-brands of Butchershop. As a result, in certain months, the
22 number of invoices escalated, at times amounting to double the \$25,000.00 retainer. Butchershop
23 leadership was not aware of this until the business was winding down.

24 28. Mr. Hubbard expected Mr. Belgarde to uphold the fiduciary responsibilities of his role as
25 CFO, but instead, Mr. Belgarde treated Butchershop as his personal bank, charging exorbitant, disguised
26 fees that were never approved nor fully known by Mr. Hubbard. Unbeknownst to Mr. Hubbard, from 2018
27 through 2023, CFO Rick charged Butchershop nearly \$1,500,000.00 for claimed professional services.
28 While purporting to offer CFO and financial services to Butchershop, CFO Rick significantly overcharged

1 for their services, with fees that surpassed typical industry costs for such services. Furthermore, CFO Rick
2 concealed these exorbitant fees within intricate and unclear accounting records, exploiting Mr. Hubbard's
3 lack of specialized accounting knowledge and anticipating he would not detect these discrepancies at the
4 time.

5 29. Given that Mr. Hubbard's expertise lay primarily in the creative domain and not in finance,
6 accounting, benefits administration, human resources compliance, trust accounting, or payroll or income
7 taxes, he placed significant trust in Mr. Belgarde's experience and knowledge.

8 30. Although CFO Rick was a third-party contractor, Mr. Belgarde extensively embedded
9 himself into nearly all significant aspects of Butchershop's operations. These include, but are not limited
10 to, handling finances, payroll, benefits, healthcare, retirement plans, budgeting, forecasting, recruitment,
11 fund allocation, check issuance, and fund transfers, as well as establishing bank accounts. Furthermore,
12 Mr. Belgarde insisted that he be named as a trustee for the 401(k) employee accounts.

13 31. Mr. Belgarde and CFO Rick covertly redirected Butchershop's business correspondence to
14 CFO Rick's other business addresses. Important correspondence and/or notices were to be shared with Mr.
15 Hubbard and the rest of the Butchershop leadership team. As Plaintiff later learned, CFO Rick staff were
16 instead opening mail to Butchershop, including important notices from government authorities, but not
17 passing it onto Butchershop. They further unilaterally approved expenses, counseled employees on
18 financial issues, collected client payments, negotiated fees, secured loans, applied for government COVID
19 relief programs, and spearheaded international tax and accounting endeavors. This deliberate obstruction
20 impeded the ability of both Butchershop employees and Mr. Hubbard to monitor, scrutinize, or even
21 become aware of their fraudulent practices and omissions. Mr. Belgarde, operating as CFO Rick,
22 overstepped his boundaries to such an extent that it encroached upon the emotional well-being of the
23 employees. This resulted in widespread distress among the staff and created a substantial rift between Mr.
24 Belgarde and numerous Butchershop employees.

25 32. To stay updated on what Mr. Hubbard believed to be the company's accurate financial and
26 tax reporting status, Mr. Hubbard reviewed weekly reports provided by CFO Rick and frequently discussed
27 Butchershop's financial matters with Mr. Belgarde until approximately July of 2022. Given the
28 professional reliance upon CFO Rick and Mr. Belgarde, the absence of the customary weekly reports did

1 not immediately raise concerns. Toward the end of 2022, Mr. Hubbard sporadically received notifications
2 concerning loans and financial documents, leading him to seek clarifications from Mr. Belgarde and CFO
3 Rick staff. Mr. Hubbard, unaware of the issues in 2022, placed his trust in CFO Rick to act in Butchershop’s
4 best interests. Subsequently, it became evident that, starting in early 2022, Mr. Belgarde deliberately
5 concealed critical tax, payroll, and 401(k) records, along with unpaid tax notifications, all without Mr.
6 Hubbard’s consent or authority. Mr. Belgarde, Ms. Keller, and CFO Rick obscured these fraudulent actions
7 and misrepresented the true financials of Butchershop.

8 **CFO Rick’s Actions Regarding 401k Plan Administration, Tax Liabilities, and Withholdings**

9 33. In 2016, Mr. Belgarde advised Butchershop to use a separate firm for Butchershop’s 401(k)
10 Plan. At Mr. Belgarde’s behest, Mr. Hubbard inquired with several 401(k) Plan administrators to handle
11 the company’s growing employee base and to ensure proper compliance. Mr. Hubbard identified a
12 reputable 401(k) Plan administrator, but Mr. Belgarde strongly advised him to use Digital Retirement
13 Services (“DRS”) as a third-party administrator of the Plan, given his long close relationship with the firm
14 and its widespread use by his clients. Trusting Mr. Belgarde’s judgment, Mr. Hubbard agreed.

15 34. When Butchershop set up the Plan, Mr. Hubbard and Mr. Belgarde both signed as co-
16 trustees, along with former Butchershop partners who were later removed in 2018 when Mr. Hubbard
17 purchased their equity. Only Mr. Hubbard and Mr. Belgarde were trustees of the 401(k) Plan when
18 Butchershop later closed.

19 35. Although Butchershop, as the employer, held the title of the 401(k) Plan administrator, the
20 daily administration of the 401(k) Plan—intimately linked to payroll processing—fell under Mr.
21 Belgarde’s purview as CFO and co-trustee of the Plan. This delegation to Mr. Belgarde and CFO Rick staff
22 arose from CFO Rick’s comprehensive knowledge, expertise, and unrestricted access to Butchershop’s
23 payroll records and payment accounts. Given the intricate nature of the Plan administration, Mr. Hubbard
24 delegated his duty to Mr. Belgarde and CFO Rick to perform the day-to-day administration of the 401(k)
25 Plan.

26 36. Mr. Belgarde’s day-to-day duties to administer the Plan included keeping account records,
27 ensuring the transfer of employees’ 401(k) contributions to their DRS accounts, and payment of matching
28 contributions. While Mr. Hubbard initially received status reports on the 401(k) Plan from CFO Rick, the

1 latter deliberately obscured discrepancies by embedding them within general company cashflow reports,
2 with the intent to mask missing trust funds and create an illusion of normalcy.

3 37. Since as early as 2016, CFO Rick was required to immediately inform and explain any
4 issues with the 401(k) Plan, tax or withholdings payments, or trust funds for the employees to Mr. Hubbard,
5 because Mr. Hubbard informed CFO Rick that he possessed little to no knowledge of the administration or
6 withholding requirements. To further perpetuate his scheme, Mr. Belgarde deliberately withheld from Mr.
7 Hubbard correspondence and notices indicating liabilities or missing payments from various sources,
8 including DRS, the IRS, the FTB, and other taxing agencies. Instead, he granted his CFO Rick employees
9 access to the DRS 401(k) platform, correspondence, and communications, excluding Mr. Hubbard from
10 receiving such communications.

11 38. During his tenure as CFO, Mr. Belgarde consistently failed to promptly inform Mr. Hubbard
12 of critical issues, hindering any potential investigation or inquiry. Over various pay periods in 2022 and
13 2023, 401(k) and tax liabilities accumulated, contrary to Mr. Hubbard's explicit instruction to promptly
14 address and settle all tax, payroll, and accounting compliance issues.

15 39. Defendants not only failed in their fiduciary duties to properly manage Butchershop's
16 finances, trust funds, and tax liabilities, but Mr. Belgarde also entangled his personal financial dealings
17 with the company's operations. He injected assets from both CFO Rick and his personal resources into
18 Butchershop, while concurrently incurring company expenses on his personal credit card. Without seeking
19 Mr. Hubbard's consent, Mr. Belgarde made unilateral transfers to and from Butchershop's accounts,
20 labeling them as loan repayments instead of transparently presenting the company's complete financial
21 situation. By lending the company nearly \$550,000.00 without formal loan documentation or fair interest
22 rates, Mr. Belgarde acted against the company's welfare, despite his assurances he was acting in the
23 company's best interest. As Plaintiff later realized, these loans were needed because of Defendants'
24 mismanagement of Butchershop's finances. Mr. Belgarde's actions, rather than demonstrating a fiduciary
25 duty of loyalty, manifested self-interest, jeopardizing Butchershop's overarching goals. Mr. Belgarde and
26 CFO Rick and Mr. Belgarde presented their actions as helpful, while in reality, Mr. Belgarde actively
27 engaged in detrimental and fraudulent behavior for his own personal gain.
28

1 40. In mid-2022, Mr. Belgarde began stressing acquiring more clients and reducing expenses,
2 particularly through headcount reductions. Based on Mr. Belgarde’s recommendations, Mr. Hubbard and
3 the leadership team implemented cuts amounting to nearly \$2,000,000.00 annually, anticipating
4 stabilization. Unbeknownst to Mr. Hubbard, Mr. Belgarde deviously concealed growing 401(k) and tax
5 liabilities. With a deliberate intent to defraud, Mr. Belgarde cut costs not only by failing to remit payroll
6 taxes beginning in or around July of 2022, but also by misusing employees’ 401(k) contributions and both
7 federal and state tax withholdings, failing to deposit them into their rightful accounts. Mr. Belgarde
8 intentionally produced misleading pay statements, indicating correct 401(k) and tax withholdings for
9 Butchershop itself, as well as all its employees, including Mr. Hubbard. In deceitful disregard of his duties
10 to Butchershop, Mr. Belgarde trivialized these actions as mere business expenses, leveraging his alleged
11 expertise with taxing agencies. This scheme, executed without Mr. Hubbard’s knowledge or consent,
12 covertly diverted funds from Butchershop, its employees, and taxing authorities.

13 41. Mr. Belgarde and CFO Rick deliberately hid significant liabilities, along with the extent of
14 their severity, from Butchershop’s leadership, including the CEO, Mr. Hubbard. Despite CFO Rick’s
15 obligation to manage the payroll taxes, 401(k) obligations and state and federal tax liabilities – funds that
16 unequivocally did not belong to the company – they neither informed Mr. Hubbard of these pressing
17 financial concerns nor prioritized them when seeking approvals for vendor payments or loan repayment,
18 such as those directed to CFO Rick itself.

19 42. In early 2023, Mr. Belgarde began receiving notifications from the IRS of unpaid payroll
20 taxes owed by Butchershop; none of these notifications were shared with Mr. Hubbard, and he had no
21 reason to be concerned because the employees’ pay stubs reflected what appeared to be proper withholdings
22 and contributions.

23 43. Mr. Hubbard first inquired after the status of the payroll taxes on or around February 1,
24 2023, during an email discussion with CFO Rick regarding the payment of vendors. After Mr. Hubbard
25 designated vendors to pay, Mr. Belgarde and his staff added that CFO Rick would be making a \$100,000.00
26 payment to itself, with nine percent interest, as a loan repayment. For the first time, in February of 2023,
27 Mr. Belgarde informed Mr. Hubbard that an issue with 401(k) contributions existed but failed to provide
28 further details or the severity of the current situation.

1 44. During this same time period, in or around February 2023, Mr. Hubbard learned, to his
2 surprise, that Butchershop owed around \$975,000.00 in payroll taxes. Based on representations made by
3 Mr. Belgarde, Mr. Hubbard initially believed the tax liabilities pertained to the business's income taxes,
4 and he questioned the significant amount owed. However, Mr. Hubbard soon learned that Butchershop
5 actually owed such a large amount in *payroll* taxes. When Mr. Hubbard questioned the outstanding payroll
6 taxes, Mr. Belgarde confidently assured him that Butchershop would address the backlog later in the year.
7 He further claimed that he was actively stockpiling cash for this express purpose.

8 45. In April 2023, upon discovering some (but not all) of the significant unpaid employee
9 liabilities, Mr. Hubbard, following Mr. Belgarde's advice, infused personal funds into Butchershop by
10 securing a loan which he personally guaranteed. Unbeknownst to Mr. Hubbard at the time, the lending
11 company had a reputation as a predatory lender.

12 46. Undeterred by the loan terms, Mr. Belgarde expedited the loan process, preparing the
13 necessary documentation and seeking Mr. Hubbard's signature for submission to the lender. Mr. Belgarde
14 persuaded Mr. Hubbard to proceed with the loan by assuring him that, with adequate staff reductions,
15 Butchershop would recover. Relying on Mr. Belgarde's guidance, Mr. Hubbard endorsed the loan, thereby
16 personally guaranteeing it.

17 47. After the loan company approved the loan to Mr. Hubbard, Mr. Belgarde eventually
18 informed Butchershop leadership that Butchershop's total liabilities, including loan repayments; U.S.,
19 Mexico, and European payroll taxes; and 401(k) contributions, reached \$5,923,359.79.

20 48. In May 2023, Mr. Hubbard started to realize the consequences of CFO Rick's and Mr.
21 Belgarde's wrongful actions. Faced with escalating obligations, including unpaid 401(k) contributions and
22 matches, employee wages, loan payments, operational expenses, and payroll taxes, all exacerbated by Mr.
23 Belgarde's intentional concealment, Mr. Hubbard recognized that the business could not weather these
24 challenges. Mr. Hubbard made the decision to close Butchershop, announcing the closure on May 12, 2023.

25 49. Since Butchershop's closure, Mr. Hubbard has discovered that Mr. Belgarde and CFO Rick
26 intentionally concealed crucial information and/or falsely assumed Butchershop's leadership team knew of
27 this crucial information. Post-closure, Butchershop initiated a comprehensive review to gather information
28 from CFO Rick and settle outstanding employee wage and 401(k) obligations. Even then, CFO Rick

1 retained exclusive control over Butchershop’s payroll operations. Though Mr. Hubbard directed CFO Rick
2 to disburse final wage and 401(k) payments from available funds, he lacked direct access to Butchershop’s
3 payroll accounts. Consequently, he relied on CFO Rick’s records to determine due payments for 401(k)
4 contributions, HR systems, benefits, and wages. To the extent funds were available, the payments were
5 processed and distributed. However, upon questioning CFO Rick regarding tax liabilities and notices, Mr.
6 Belgarde produced numerous, previously never-provided notices from state and federal authorities, all
7 highlighting Butchershop’s substantial unpaid tax liabilities.

8 50. Butchershop requested that CFO Rick return company property, including all account login
9 credentials to Butchershop-owned accounts; documents; accounting records; and payment records. Mr.
10 Belgarde never responded, not even to numerous written requests. After repeated requests, Mr. Belgarde
11 grew hostile. On July 6, 2023, he angrily stated that that CFO Rick would no longer be working for
12 Butchershop. He followed up with his own resignation on or about July 10, 2023. He again ignored
13 Butchershop’s demands and refused to turn over company materials, account access, and other documents.

14 51. Even after his resignation, and with explicit written demands to refrain from acting on behalf
15 of Butchershop, Mr. Belgarde continued to make decisions for Butchershop without consulting Mr.
16 Hubbard. For instance, on May 12, 2023, Mr. Belgarde terminated several accounts and deactivated
17 Butchershop’s payroll system, thereby denying employees access to their paystubs for unemployment
18 claims. He subsequently disclaimed any ownership or affiliation with Butchershop and denied
19 responsibility for the situation. On July 19, 2023, First Republic Bank directly informed Mr. Belgarde via
20 email about a levy notice from the Louisiana Department of Revenue against Butchershop, without
21 including Mr. Hubbard in the correspondence. Rather than consulting Mr. Hubbard on the status of
22 Butchershop funds, Mr. Belgarde informed First Republic that Butchershop had gone out of business and
23 authorized First Republic to pay the money and close the account.

24 52. Disturbingly, just days before Mr. Belgarde’s resignation and while he had unrestricted
25 access to Butchershop’s financial records, he retroactively and fraudulently altered these records to
26 wrongfully attempt to shift greater financial liability and culpability onto Mr. Hubbard. Mr. Belgarde
27 purposely changed hundreds of transactions in Butchershop’s QuickBooks account from “OWNER
28 DRAW” to “LOAN to TREVOR.”

1 53. Butchershop is informed and believes, and thereon alleges, that the purpose of these changes
2 was to falsely insinuate that the distributions were characterized as “loans,” meaning Mr. Hubbard would
3 be, on paper, required to pay them back. Butchershop further alleges that Mr. Belgarde did this to increase
4 Butchershop’s apparent assets and create a false representation of the company’s financial position and Mr.
5 Hubbard’s obligations, thereby reducing apparent liability for Mr. Belgarde.

6 54. Notwithstanding their initial agreement, CFO Rick egregiously overcharged Butchershop
7 for its services. Instead of adhering to the initial hourly payments for services, the \$15,000.00 per month
8 retainer or even the unilateral increase to the \$25,000.00 per month retainer, Mr. Belgarde instead
9 compensated CFO Rick from Butchershop funds in the amount of between \$40,000.00 to \$50,000.00 per
10 month. Mr. Belgarde concealed these exorbitant charges from Mr. Hubbard, failing to disclose or justify
11 the inflated amounts. In addition, he and his staff made two loan payments with 9% interest from
12 Butchershop’s accounts to CFO Rick, without authorization. When employees, vendors, and clients
13 questioned Mr. Belgarde about missing payments, he evasively shifted blame, asserting that Butchershop
14 also did not compensate CFO Rick for several months, misleadingly implying CFO Rick was an injured
15 party and victim.

16 55. Plaintiff believes and is informed, and thereon alleges, that Defendants intentionally
17 covered up the stoppage of 401(k) contributions to DRS. Beginning in 2022, in a concerted effort to mask
18 their fraudulent activities and negligence in handling Butchershop’s employee 401(k) contributions, DRS
19 claimed that Butchershop had supplied “incorrect/incomplete” contribution data. After Butchershop’s
20 closure, a former Butchershop employee emailed DRS, claiming that ten months of her 401(k) funds were
21 missing, and that DRS had “somehow managed to not notice.”

22 56. As of October 2023, weeks after his self-announced resignation, Mr. Belgarde continued to
23 log into Butchershop’s QuickBooks account to change past entries and add new invoices that were never
24 previously provided to Mr. Hubbard or Butchershop leadership, let alone approved. Butchershop has
25 unsuccessfully attempted to regain access to its company information.

26 57. In violation of his fiduciary obligations and the professional standards expected of a
27 financial accounting firm, Mr. Belgarde neglected to relinquish Butchershop’s records, which spanned an
28 11-year period. These records were required to be archived and safeguarded.

1 **FIRST CAUSE OF ACTION**
2 **Negligence**

3 **(Against Defendants CFO RICK, RICK BELGARDE, KAREN E. KELLER, and DOES 1-50)**

4 58. Plaintiff incorporates by reference as though fully set forth herein the allegations in each of
5 the foregoing paragraphs of the Complaint.

6 59. As Plaintiff's accounting firm and CFO, CFO Rick and Mr. Belgarde had a duty to use the
7 skill and care that a reasonably careful accountant/CFO would use in similar circumstances. As a certified
8 public accountant performing services for Butchershop, Ms. Keller had a duty to use the skill and care that
9 a reasonably careful certified public accountant would use in similar circumstances.

10 60. Defendants did not exercise this level of skill and care. Defendants' negligent acts included,
11 but were not limited to, the failure in making payments to tax authorities on behalf of Butchershop and the
12 failure in making contributions to Butchershop's 401(k) Plan as required by law.

13 61. Butchershop was harmed by Defendants' negligence. The failure to pay taxes and 401(k)
14 contributions caused Butchershop to be unable to make those payments later because the funds had already
15 been expended on other, less urgent debts, like repayment of CFO Rick's loan to Butchershop. This failure
16 also caused Butchershop to incur large amounts of interest and fines because the payments that were not
17 made were required by federal and/or state law.

18 62. Defendants' negligence was a substantial factor in causing harm to Butchershop. Mr.
19 Hubbard had entrusted the management and control of Butchershop's finances to Defendants, who were
20 acting as Butchershop's accountants and CFO. Butchershop and Mr. Hubbard had a right to expect that
21 every other person would use reasonable care and would not violate the law.

22 63. Butchershop claims compensatory damages in an amount to be proven at trial and costs as
23 allowed by applicable law.

24 WHEREFORE, Plaintiff prays for relief against the Defendants as requested herein.

25 **SECOND CAUSE OF ACTION**
26 **Fraud – Concealment**

27 **(Against Defendants CFO RICK, RICK BELGARDE, KAREN E. KELLER, and DOES 1-50)**

28 64. Butchershop incorporates by reference as though fully set forth herein the allegations in
each of the foregoing paragraphs of the Complaint.

1 65. CFO Rick, as Butchershop’s accounting firm, Mr. Belgarde, as Butchershop’s CFO, and
2 Karen E. Keller, as a certified public accountant, were fiduciaries of Butchershop.

3 66. Defendants intentionally failed to disclose important facts to Butchershop, including but not
4 limited to the facts that:

5 a. Defendants had stopped paying Butchershop’s payroll taxes on behalf of
6 Butchershop;

7 b. Defendants had stopped depositing Butchershop employees’ deferral contributions
8 into the Butchershop 401(k) Plan; and

9 c. Defendants had stopped depositing Butchershop’s employer matching contributions
10 into the Butchershop 401(k) Plan.

11 67. Butchershop, and Mr. Hubbard, had no knowledge of these concealed facts until on or
12 around May of 2023.

13 68. Defendants intended to deceive Butchershop by concealing these facts. The concealment of
14 these facts allowed Defendants to gain Butchershop’s permission to repay themselves, with interest, on the
15 loan that Defendants made to Butchershop, instead of using those funds to make legally required payroll
16 tax and 401(k) payments.

17 69. Had the omitted information been disclosed, Butchershop reasonably would have behaved
18 differently by directing that funds be used to pay tax authorities and to contribute to employees’ 401(k)
19 accounts instead of permitting Defendants to use those funds for repayment of Defendants’ loan to
20 Butchershop, with interest. Moreover, Butchershop would have actively made expense cuts sooner and
21 with greater urgency, allocating funds for the legally required payments.

22 70. Butchershop was harmed because, once the concealed facts were discovered, Butchershop
23 was too far in arrears to make up the payroll taxes and 401(k) contributions that were owed. Butchershop
24 was also harmed because the failure to make these payments resulted in interest, fees, and fines being
25 assessed against Butchershop. Defendants’ conduct as alleged herein was a substantial factor in causing
26 this harm.

27 71. Butchershop is entitled to and claims compensatory damages for all harm proximately
28 caused by Defendants’ breach of fiduciary duty, in an amount according to proof at trial.

1 72. Defendants' conduct was willful, oppressive, fraudulent, and/or malicious. As a result,
2 Butchershop is therefore entitled to and claims punitive damages.

3 WHEREFORE, Plaintiff prays for relief against Defendants as hereinafter set forth.

4 **THIRD CAUSE OF ACTION**
5 **Breach of Fiduciary Duty – Constructive Fraud**
6 **(Against Defendants CFO RICK, RICK BELGARDE, KAREN E. KELLER, and DOES 1-50)**

7 73. Butchershop incorporates by reference as though fully set forth herein the allegations in
8 each of the foregoing paragraphs of the Complaint.

9 74. Defendant CFO Rick was a fiduciary of Butchershop in its role as its accounting firm.
10 Defendant Rick Belgarde was a fiduciary of Butchershop as the company's Chief Financial Officer.
11 Defendant Karen E. Keller served as a fiduciary of Butchershop in her capacity as the company's certified
12 public accountant, aiding in the preparation of Butchershop's tax returns and tax planning.

13 75. As fiduciaries of Butchershop, Defendants had an obligation to tell Butchershop of all
14 information they possessed that was material to Butchershop's interests. "A fiduciary's failure to share
15 material information with the principal is constructive fraud, a term of art obviating actual fraudulent
16 intent." (*Michel v. Moore & Associates* (2007) 156 Cal.App.4th 756, 762.)

17 76. Defendants breached this fiduciary duty by not sharing with Butchershop material
18 information necessary for Butchershop to make informed decisions about its finances. This information
19 included, but was not limited to:

- 20 a. The fact that Defendants had stopped paying Butchershop's payroll taxes on behalf
21 of Butchershop;
- 22 b. The fact that Defendants had stopped depositing Butchershop employees' deferral
23 contributions into the Butchershop 401(k) Plan;
- 24 c. The fact that Defendants had stopped depositing Butchershop's employer matching
25 contributions into the Butchershop 401(k) Plan;
- 26 d. The fact that Butchershop had received various notices and demands from tax
27 authorities demanding that Butchershop pay back taxes, interest, and/or penalties
28 (these notices were addressed to and delivered to Defendants, not Butchershop);

1 e. The fact that Defendants had not provided required information to Butchershop's
2 401(k) administrator, DRS; and

3 f. Account access information for Butchershop's financial management accounts,
4 including payroll.

5 77. As a proximate result of Defendants' breach of their fiduciary duty to disclose all material
6 information to Butchershop, Butchershop was damaged as alleged herein. Butchershop's lack of awareness
7 of the material information Defendants did not disclose led to Butchershop becoming unable to make
8 required payments of payroll taxes and 401(k) contributions, resulting in Butchershop incurring interest,
9 fees, and penalties for late or non-payment. Moreover, Butchershop's lack of awareness of the problems
10 described herein meant that Butchershop did not make appropriate adjustments to headcount or expenses
11 early enough to actually address the problems.

12 78. As a proximate result of Defendants' breach of their fiduciary duty to Butchershop,
13 Butchershop was forced to go out of business because it could not make the legally required payments
14 which Defendants did not disclose to Butchershop.

15 79. Butchershop is entitled to and claims compensatory damages for all harm proximately
16 caused by Defendants' breach of fiduciary duty, in an amount according to proof at trial.

17 80. Defendants' conduct was willful, oppressive, fraudulent, and/or malicious. As a result,
18 Butchershop is therefore entitled to and claims punitive damages.

19 WHEREFORE, Plaintiff prays for relief against Defendants as hereinafter set forth.

20 **FOURTH CAUSE OF ACTION**
21 **Breach of Fiduciary Duty – Breach of Duty of Loyalty**
22 **(Against Defendants CFO RICK, RICK BELGARDE, KAREN E. KELLER, and DOES 1-50)**

23 81. Butchershop incorporates by reference as though fully set forth herein the allegations in
24 each of the foregoing paragraphs of the Complaint.

25 82. Defendant CFO Rick acted as a fiduciary of Butchershop in its role as its accounting firm.
26 Defendant Rick Belgarde acted as a fiduciary of Butchershop in his capacity as the company's Chief
27 Financial Officer. Defendant Karen E. Keller served as a fiduciary of Butchershop in her capacity as the
28 company's certified public accountant, aiding in the preparation of Butchershop's tax returns and tax
planning.

1 83. As fiduciaries of Butchershop, Defendants owed a duty of undivided loyalty to Butchershop.

2 84. Defendants breached this duty of loyalty by concealing information from Butchershop as
3 alleged herein and by using their control over Butchershop's bank accounts to pay themselves, instead of
4 making payments Butchershop was statutorily required to make.

5 85. Defendants further breached this duty by refusing to provide Butchershop with access to
6 information related to Butchershop's electronic accounts, including payroll and financial data.

7 86. As a proximate result of Defendants' breach of their fiduciary duty of loyalty to
8 Butchershop, the company sustained damages as alleged herein. Defendants' use of funds to pay
9 themselves, instead of remitting payments to tax authorities or into Butchershop's 401(k) Plan, prevented
10 Butchershop from fulfilling its financial obligations, including but not limited to payroll taxes and 401(k)
11 contributions. This led to accrued interest, fees, and penalties due to late or non-payments.

12 87. As a proximate result of Defendants' breach of their fiduciary duty to Butchershop,
13 Butchershop was forced to go out of business because it could not make the legally required payments
14 which the Defendants failed to disclose.

15 88. Butchershop is entitled to and claims compensatory damages for all harm proximately
16 caused by Defendants' breach of fiduciary duty, in an amount according to proof at trial.

17 89. Defendants' conduct was willful, oppressive, fraudulent, and/or malicious, and Butchershop
18 is therefore entitled to and claims punitive damages.

19 WHEREFORE, Plaintiff prays for relief against Defendants as hereinafter set forth.

20 **FIFTH CAUSE OF ACTION**

21 **Breach of Fiduciary Duty – Failure to Use Reasonable Care**

22 **(Against Defendants CFO RICK, RICK BELGARDE, KAREN E. KELLER, and DOES 1-50)**

23 90. Butchershop incorporates by reference as though fully set forth herein the allegations in
24 each of the foregoing paragraphs of the Complaint.

25 91. Defendant CFO Rick acted as a fiduciary of Butchershop in its role as its accounting firm.
26 Defendant Rick Belgarde acted as a fiduciary of Butchershop in his capacity as the company's Chief
27 Financial Officer. Defendant Karen E. Keller served as a fiduciary of Butchershop in her capacity as the
28 company's certified public accountant, aiding in the preparation of Butchershop's tax returns and tax
planning.

1 92. Defendants acted on Butchershop's behalf for the purposes of the management of
2 Butchershop's finances.

3 93. Defendants failed to act as a reasonably careful accountant, Chief Financial Officer, and
4 CPA, respectively, would have acted under the same or similar circumstances. Defendants' failures
5 included, but were not limited to:

- 6 a. Failing to pay Butchershop's payroll taxes on behalf of Butchershop;
- 7 b. Failing to deposit Butchershop employees' deferral contributions into the
8 Butchershop 401(k) Plan;
- 9 c. Failing to deposit Butchershop's employer matching contributions into the
10 Butchershop 401(k) Plan;
- 11 d. Ignoring the fact that Butchershop had received various notices and demands from
12 tax authorities demanding that Butchershop pay back taxes, interest, and/or penalties
13 (these notices were addressed to and delivered to Defendants, not Butchershop); and
- 14 e. Failing to provide required information to Butchershop's 401(k) administrator,
15 DRS.

16 94. As a proximate result of the Defendants' breach of their fiduciary duty to Butchershop to
17 use reasonable care, Butchershop was damaged as previously described. The Defendants' failure to make
18 statutorily required payments to tax authorities and into Butchershop's 401(k) Plan prevented Butchershop
19 from meeting its obligations. This resulted in accrued interest, fees, and penalties due to late or non-
20 payments.

21 95. As a proximate result of Defendants' breach of their fiduciary duty to Butchershop,
22 Butchershop was forced to go out of business because it could not make the legally required payments that
23 Defendants did not disclose to Butchershop.

24 96. Butchershop is entitled to and claims compensatory damages for all harm proximately
25 caused by Defendants' breach of fiduciary duty, in an amount according to proof at trial.

26 97. Defendants' conduct was willful, oppressive, fraudulent, and/or malicious, and Butchershop
27 is therefore entitled to and claims punitive damages.

28 WHEREFORE, Plaintiff prays for relief against Defendants as hereinafter set forth.

1 108. Butchershop had and has a right to possess the electronic access information, including
2 usernames and passwords, for Butchershop's own electronic accounts, including payroll, accounting, and
3 other financial management accounts. Butchershop also had and has the right to possess its own documents
4 and payment records.

5 109. Defendants substantially interfered with Butchershop's property by knowingly or
6 intentionally preventing Butchershop from having access to the access information for its own electronic
7 accounts and/or refusing to return that access information upon request, as well as retaining Butchershop
8 documents and payment records after Butchershop requested them.

9 110. Butchershop did not consent to Defendants restricting and/or preventing it from accessing
10 its own online accounts, documents, and payment records.

11 111. Butchershop was harmed because it could not and cannot make changes or manage its
12 accounts without the information and documents that Defendants withheld and are withholding.

13 112. Butchershop is entitled to and claims compensatory damages in an amount according to
14 proof at trial.

15 WHEREFORE, Plaintiff prays for relief against Defendants as hereinafter set forth.

16 **NINTH CAUSE OF ACTION**
17 **Claim and Delivery**
18 **(Against Defendants CFO RICK, RICK BELGARDE, and DOES 1-50)**

19 113. Butchershop incorporates by reference as though fully set forth herein the allegations in
20 each of the foregoing paragraphs of the Complaint.

21 114. Butchershop has always held the right to possess the electronic access information for its
22 own accounts, which encompasses usernames and passwords related to accounting and financial
23 management. Moreover, Butchershop retains the right to possess all its documents, including accounting
24 and payment records.

25 115. Butchershop therefore makes a claim for the access information, documents, and payment
26 records and seeks immediate delivery of same, pursuant to Civil Code §§ 3379 and 3380.

27 WHEREFORE, Plaintiff prays for relief against Defendants as hereinafter set forth.

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1 **TENTH CAUSE OF ACTION**
2 **Unfair, Unlawful, And Fraudulent Business Practices [Bus. & Prof. Code § 17200 et seq.]**
3 **(Against Defendants CFO RICK, RICK BELGARDE, and DOES 1-50)**

4 116. Butchershop incorporates by reference as though fully set forth herein the allegations in
5 each of the foregoing paragraphs of the Complaint.

6 117. Defendants engaged in unlawful, unfair, and fraudulent business practices by, among other
7 things:

- 8 a. Breaching their fiduciary duties to Butchershop as alleged herein;
- 9 b. Deciding not to pay payroll taxes as required by law on behalf of Butchershop;
- 10 c. Deciding not to make 401(k) contributions as required by law on behalf of
11 Butchershop;
- 12 d. Paying themselves from Butchershop accounts in amounts higher than the agreed-
13 upon amounts without the knowledge or consent of Butchershop;
- 14 e. Paying themselves back for money loaned to Butchershop instead of using those
15 funds to make payments to tax authorities and Butchershop's 401(k) Plan, as
16 required by law;
- 17 f. Refusing to provide Butchershop access to its own online accounts, payment
18 records, and other documents; and
- 19 g. Making unauthorized changes to Butchershop's accounting records after-the-fact
20 and even after Defendants claimed to no longer be providing any services to
21 Butchershop.

22 118. As an actual and proximate result of Defendants' unlawful, unfair, and fraudulent business
23 practices, Defendants have been and will be unjustly enriched. Specifically, Defendants were unjustly
24 enriched by retaining Butchershop funds for themselves instead of using them to pay employee payroll
25 taxes or 401(k) contributions and by paying themselves more than the amounts to which Butchershop had
26 agreed.

27 119. Pursuant to Business & Professions Code §17203, Butchershop seeks an order compelling
28 Defendants to provide restitution to Plaintiff for all amounts by which they have been unjustly enriched.

WHEREFORE, Plaintiff prays for relief against Defendants as hereinafter set forth.

1 **PRAYER FOR RELIEF**

2 WHEREFORE, PLAINTIFF prays for judgment in its favor and jointly and severally against
3 DEFENDANTS, and each of them, as follows:

- 4 1. For special damages in an amount to be proven at trial;
5 2. For injunctive relief;
6 3. For restitution in an amount according to proof;
7 4. For disgorgement of profits, revenues, and compensation or other payments in an amount
8 according to proof;
9 5. For prejudgment interest;
10 6. For reasonable attorneys' fees as permitted by law, statute, or contract;
11 7. For punitive and exemplary damages;
12 8. For costs of suit; and
13 9. For such other relief as the Court deems just and proper.

14 Dated: October 25, 2023

DE LA HOUSAYE & ASSOCIATES, ALC

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