UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES – GENERAL 'O'

Case No.	2:25-cv-08840-CAS-MAAx	Date	August 20, 2026
Title	Goglia Nutrition, LLC v. John Levan et al.		

Present: The Honorable	CHRISTINA A. SNYDER

Catherine Jeang	Not Present	N/A
Deputy Clerk	Court Reporter / Recorder	Tape No.

Attorneys Present for Plaintiffs:	Attorneys Present for Defendants:
Not Present	Not Present

Proceedings: (IN CHAMBERS) - DEFENDANT FUTURHEALTH, INC.'S MOTION TO COMPEL ARBITRATION (Dkt. 29, filed on November 24, 2025)

MOTION OF DEFENDANTS JOHN LEVAN AND LUKE MAHONEY TO COMPEL JUDICIAL REFERENCE OR IN THE ALTERNATIVE COMPEL ARBITRATION (Dkt. 30, filed on November 30, 2025)

I. INTRODUCTION

This case centers on claims by a company whose managing members conspired to raid the company while secretly building a competing enterprise using the company's assets, intellectual property, and business opportunities.

On September 17, 2025, plaintiff Goglia Nutrition, LLC (the "Company" or "plaintiff" or the "G-Plans") filed this action against defendants John Levan ("Levan"), Luke Mahoney ("Mahoney"), Jon Hambidge ("Hambidge"), FuturHealth, Inc. ("FuturHealth"), and Does 1 through 100 (collectively, "defendants"). Plaintiff alleges seventeen causes of action: (1) breach of fiduciary duty, against Levan and Mahoney; (2) aiding and abetting breach of fiduciary duty, against Hambridge and FuturHealth; (3) breach of contract, against Levan and Mahoney; (4) fraud in the execution, against all defendants; (5) fraud in the inducement, against all defendants; (6) conversion, against all defendants; (7) violation of Cal. Penal Code § 496(c), against all defendants; (8) trade secret misappropriation under the Defend Trade Secrets Act ("DTSA"), against all defendants; (9) trade secret misappropriation under the California Uniform Trade Secrets

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Act ("CUTSA"), against all defendants; (10) false designation of origin/ unfair origin under 15 U.S.C. § 1125(a), against FuturHealth; (11) California common law trademark infringement, against FuturHealth; (12) copyright infringement under 17 U.S.C. § 106 and § 501, against FuturHealth; (13) breach of contract, against FuturHealth; (14) unjust enrichment, against all defendants; (15) unfair competition under Cal. Bus. & Prof. Code § 17200, against all defendants; (16) civil conspiracy, against all defendants; and (17) declaratory relief, against all defendants. Dkt. 1 ("Compl.").

On November 10, 2025, plaintiff filaed a motion for a preliminary injunction. Dkt. 11-1. On January 23, 2026, the parties stipulated to a proposed order regarding plaintiff's motion for a preliminary injunction. Dkt. 76. On January 30, 2026, the Court granted the parties' stipulation. Dkt. 78.

On November 24, 2025, FuturHealth filed a motion to compel arbitration. Dkt. 29. On November 30, 2025, Levan and Mahoney filed a motion to compel judicial reference or, in the alternative, to compel arbitration. Dkt. 30. On December 22, 2025, the Court denied Levan and Mahoney's motion to compel judicial reference. Dkt 60 ("December 22, 2025 Order") at 16. The Court deferred consideration on FuturHealth's motion to compel arbitration and deferred consideration on Levan and Mahoney's motion to compel arbitration under a theory of equitable estoppel. Id.

On January 12, 2026, the Court set an expedited trial date in this case for October 27, 2026. Dkt. 70.

On March 20, 2026, plaintiff filed its operative second amended complaint. Dkt. 108 ("SAC"). The SAC adds two claims, breach of an advisory agreement and declaratory relief regarding the parties' rights and obligations under the advisory agreement, both against new defendant Twenty.66. Id. at 62-66.

On March 23, 2026, defendant FuturHealth filed a motion to bifurcate the proceedings. Dkt. 109.

On April 20, 2026, the Court ordered that an evidentiary hearing be held on May 19, 2026, on the sole issue of whether a valid arbitration agreement exists between plaintiff and FuturHealth. Dkt. 131 at 9. The Court stayed all other proceedings in the case and otherwise denied FuturHealth's motion to bifurcate proceedings without prejudice. Id.

On May 19, 20, and 21, 2026, the Court held a three-day evidentiary hearing on the sole issue of whether a valid arbitration agreement exists between plaintiff and FuturHealth. Dkts. 151, 154, 159.[1]

On June 5, 2026, plaintiff filed its post-hearing opening brief. Dkt. 163 ("Pl. Opening Br."). On the same day, FuturHealth filed its post-hearing opening brief. Dkt. 164 ("FH Opening Br."). On June 19, 2026, plaintiff filed its reply brief. Dkt. 167 ("Pl. Reply"). On the same day, FuturHealth filed its reply brief. Dkt. 168 ("FH Reply").

Having carefully considered the parties' arguments and submissions, the Court finds and concludes as follows.

II. BACKGROUND

The Court makes the following findings of fact. To the extent that the parties have made evidentiary objections to such facts, such objections have been overruled.

A. The Company

In December 2015, John Levan, Luke Mahoney, Philip Goglia ("Goglia"), and Lisa Saridakis ("Saridakis"), formed Goglia Nutrition, LLC, a California limited liability company. Dkt. 17-4, Declaration of John Levan ("Levan Decl.").

The Company operates the "G-Plans" platform, a personalized nutrition service built on Goglia's metabolic typing methodology developed over two decades. Goglia Dkt 11-3, Declaration of Philip Goglia ("Goglia Decl.") ¶ 1. According to Goglia, this proprietary system categorizes individuals into specific metabolic types through a sophisticated assessment, then generates customized nutrition protocols tailored to each type. Id. at ¶ 2. Goglia claims that each nutritional protocol reflects Goglia's unique clinical insights, making G-Plans fundamentally different from calorie-counting apps. Id.

B. The Company's Operating Agreement

In 2017, Levan, Mahoney, Goglia, and Saridakis signed an Operating Agreement for the Company which provided that each of the four members and co-founders—Levan, Mahoney, Goglia, and Saridakis—would own a 25% interest in the Company. Day 2 Tr.

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[1] Transcripts of the evidentiary hearing are dkt. 152 ("Day 1 Tr."); dkt. 155 ("Day 2 Tr."); and dkt. 157 ("Day 3 Tr.").

112:14-16; Dkt. 30-4 ("Operating Agreement"). The Operating Agreement describes the specific business of the Company as follows:

> To engage in delivery of an online, fully customized, nutrition and fitness plan based on the customer's metabolic type, together with online tracking and management tools ("Nutrition Software"), and online sale of nutritional products, health coaching services, health foods and health education in support of its primary business.

Operating Agreement § 3.1.A (emphasis omitted).

Pursuant to the Operating Agreement, the four co-founders are also the four "[m]anagers" of the Company, who together make all "[m]ajor [d]ecisions" for the Company. Id. at § 6.1.B; § 6.2.B. Levan and Mahoney were appointed as "Operational Managers" "responsible for the day-to-day operations of the Company." Id. at § 6.4.A; see also Day 3 Tr. 21:6-11 (Mahoney testifying that he and Levan ran day-to-day operations of the Company). In practice, Goglia and Saridakis "relied on [Mahoney and Levan] to present complete and accurate materials for [Goglia and Saridakis'] approval and to keep [Goglia and Saridakis] promptly informed about significant operational developments." Goglia Decl. ¶ 5. Goglia was designated as the Medical Director of the Company and had "control over all matters relating to use of his images, branding, public facing materials and health plans and medical related content." Operating Agreement § 6.4.B; see also Day 2 Tr. 119:18-21.

The Operating Agreement specifically does not restrict Goglia or Saridakis from continuing to operate "a clinic specializing in weight loss and nutrition which has a website (www.pfcnutrition.com)." Operating Agreement § 6.5.C.2. Moreover, the Operating Agreement specifically does not restrict Mahoney and Levan from "continuing to engage in software development that does not compete in the specific business described in Section 3.1.A." Id. at § 6.5.C.2.

The Operating Agreement also contains the following provision regarding business with related entities.

> 6.7 Business With Related Entities. No Company funds, assets, credits or other resources of any kind or description shall be paid to, or used for, the benefit of any Member, Manager or Officer or any affiliate of any Member, Manager of Officer except as specifically provided in this agreement or as

> approved by the Management Committee and so long as the amounts paid to any Member, Manager or Officer or any affiliate is equal to the amount which would be paid to an independent third (3rd) party. Without limiting the foregoing, if the Members by Majority Vote approve of any transactions after full disclosure to all Members, such transaction shall not be a violation of Section 17704.09 of the [California Revised Uniform Limited Liability Company] Act.

Operating Agreement § 6.7.

C. The Company Explores Integrating GLP-1s

According to Goglia, the G-Plans business commanded extraordinary value, and multiple potential purchasers expressed interest in acquiring the Company and represented that it was valued at over $200 million. Goglia Decl. ¶ 6. According to Goglia, the Company was particularly well-positioned to capitalize on the explosive growth in GLP-1 weight-loss medications, with industry analysts projecting that the GLP-1 market would reach $100 billion by 2030. Id. ¶ 8.

According to Goglia, the Company engaged Jon Hambidge to help solicit acquirers and strategic partners for G-Plans. Id. ¶ 7.

On March 23, 2023, Mahoney and Levan discussed expanding the Company's business to include GLP-1 medications. See Ex. 2 at GN002012 (Mahoney writing that: "Phil [Goglia] [is] all over this OZEMPIC stuff now… said it's the biggest thing ever to come out of weight loss and its natural"); id. at GN002013 (Levan replying that: "[I] mean [weight loss drugs are] something popular that we will need to incorporate into our shit"); id. at GN002016 (Levan writing that "[I] think we are about to flip this whole biz around… and start making a[] lot more money with the app ").

On March 29, 2023, Mahoney and Levan messaged each other about incorporating GLP-1s into the G-Plans business. See Ex. 4.

On March 31, 2023, Goglia emailed Mahoney an informational sheet about GLP-1s. Ex. 5.

D. Levan and Mahoney Discuss Plans to "Water Down" Goglia and "Clone" G-Plans

On April 2, 2023, Mahoney messaged Levan: "There's an interesting cross roads ahead[—]sell or get a multi[-]billion valuation and run[.] I can see it esp after this week when we crank tele med insurance." Ex. 6 at GN001641. Levan responded: "We water down phil [Goglia] and grab cash, I think we could go big." Id. Mahoney wrote in the same conversation: "And Phil [Goglia] / L def watered down." Id.

Around April 2023, Levan and Mahoney began discussing a potential partnership with the telehealth provider OpenLoop. See Ex. 8. Levan wrote to Mahoney on April 3, 2023: "imagine the value that it would look like to a user if they logged onto a GP portal with a doctor." Id. at GN001806.

On May 9, 2023, Mahoney wrote to Levan: "yeah i am not quite seeing the hustle to sell it anymore I am not sure why." Ex. 20 at GN002058. Mahoney continued: "obv our minds will change when it spins out 5M a year but honestly still not worth it for me with phil and Lisa." Id. at GN 002059. Later, Levan responded: "either we dilute phil [Goglia] and lisa [Saridakis] and get a chunk to take it to the moon OR we cash out and move on[,] but either way we need to make a step towards one of those options." Id. The conversation continued as follows:

> Mahoney: it almost makes me think why would you not just clone GP entire thing
>
> Levan: at this point there is no phil [Goglia] at all involved
>
> Mahoney: remove his plans and just have dietician plans
>
> Levan: they aren't his plans now lol
>
> Mahoney: delivery, food and insurance
>
> Mahoney: exactly
>
> Levan: i mean, its worth talking to someone about that
>
> Mahoney: a cool brand behind it
>
> Levan: or just get him a few M pay out and get him out of what we have

Levan: idk

Mahoney: not a bad idea too

Mahoney: we remove your brand entirely and plans

Levan: so easily done^^

Mahoney: and we [s]ay that is all the value and blow up his ego

Levan: i think i have some solutions for plans

Levan: i think it will play into the green, yellow, red type of ideas

Levan: we have talked about it for years^^ now i think its time to put it in play… i will get with external peeps to flush it out

Id. at GN002060-62.

Later that day, Mahoney wrote: "if insurance works like i think it would it could spit out millions in profit every-single month". Id. at GN002067. Levan replied: "would be pretty dope to be pocketing that lol." Id.

E. Levan and Mahoney Establish FuturHealth

Beginning in or around November 2023, while still serving as the Company's operational managers, Levan and Mahoney established a new venture—FuturHealth—together with Jon Hambidge. See Dkt. 11-2, Ex. 12, 13. Mahoney served as CEO of FuturHealth, Levan served as President, and Hambidge served as CFO. Dkt. 11-2, Ex. 14.

On November 21, 2023, Mahoney signed a "Memorandum of Terms" of a proposed agreement between FuturHealth and the Company on behalf of both parties. Ex. 71. The Memorandum of Terms stated that "FuturHealth will have the option to purchase an exclusive, perpetual, royalty free license to the G-Plans Technology for \$4.0m." Id. at GN001560.

F. Misrepresentations to Goglia Regarding the FuturHealth Transaction

Plaintiff alleges that after secretly forming and positioning FuturHealth, Mahoney and Levan orchestrated a fraudulent scheme to transfer the Company's most valuable

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technology assets to FuturHealth for a fraction of their fair value while concealing the terms of the transfer and their involvement in FuturHealth (the “FuturHealth transaction”). Compl. ¶ 37-38. Plaintiff alleges that Mahoney and Levan created a false narrative that FuturHealth was an independent “complementary” telehealth partner and induced Goglia and Saridakis into signing certain agreements between the Company and FuturHealth that were never provided to Goglia and Saridakis. Goglia Decl. ¶ 9.

Plaintiff contends that Goglia and Saridakis entered the Company into the FuturHealth transaction based on representations by Mahoney and Levan that FuturHealth would add complementary telehealth functionality to benefit G Plans. Goglia Decl. ¶ 9; Dkt. 11-4, Declaration of Lisa Saridakis (“Saridakis Decl.”) ¶ 4. Plaintiff contends that the Agreements contained highly material terms, including “allowing [FuturHealth] to purchase permanent, exclusive rights to Goglia Nutrition’s technology for just $4 million,” that would devastate the Company. SAC ¶ 46.

On October 17, 2023, Mahoney messaged Levan: “we’re gonna make [Goglia] sign it and fill him in later about what he’s signed.” Ex. 67 at GN001777.

On November 10, 2023, Mahoney represented the proposed FuturHealth transaction to Goglia in the following manner: “Finalized a 4M licensing deal for GP for 2024… sending you Docusign next week.. having you sign too so you can remember and I’m gonna frame it for your wall :)” Ex. 175 at MAHONEY_0001239. Based on Mahoney’s representation, Goglia believed that “G-Plans was getting $4 million” and did not understand that the “4 million would be a cap on fees.” Day 2 Tr. 124:18-125:8.

On November 30, 2023, Mahoney messaged Goglia the following: “We are close to striking this deal.. been working on it for months… protecting the metabolic side b[u]t close.. signing anyway so be on the look out 4M big ones and a lo[t] of zeros on the valuation !!!!!” Dkt. 177 at MAHONEY_0001266.

G. The December 14, 2023 FuturHealth Transaction

On December 13, 2023, at around 9:24 a.m., Mahoney messaged Goglia regarding the FuturHealth transaction, stating that: “deal already flowed though [sic] 300k this month into GP!” and that “three sets of legal” were involved in the transaction. See Dkt. 179 at MAHONEY_0001275.

On December 13, 2023, at around 2:17 pm, the Company’s counsel Jacob Ouzts (“Ouzts”) warned Levan and Mahoney that any approval of the FuturHealth transaction required full written disclosure of their involvement with FuturHealth to Goglia and Saridakis. Dkt. 11-2, Ex. 8 (email from Ouzts to Levan and Mahoney). Ouzts further recommended that Levan and Mahoney put their disclosure in writing in a cover email or letter to the documents for signature. Id. Around two hours later, instead of disclosing their involvement with FuturHealth to Golia and Saridakis, Mahoney instructed Ouzts’ paralegal Tara Weston (“Weston”) to remove both his and Levan’s names from the FuturHealth-side of the transaction documents, replace their names with Hambidge’s name, and delete Mahoney’s home address in San Diego from the documents. Id. ¶ 9, Ex. 9 (email from Mahoney to Weston).

Levan and Mahoney never provided any written disclosure about their ownership interest in FuturHealth to Goglia or Saridakis prior to the execution of the FuturHealth transaction. See Day 1 Tr. 182:16-19. While Levan declared and testified that Mahoney and Levan had “specifically disclosed [their] ownership interest in FuturHealth to Goglia and Saridakis on a call prior to the execution of the [FuturHealth transaction],” Dkt. 17-4 ¶ 13, Day 1 Tr. 130:20-131:5, Mahoney did not state when he or Levan made such oral disclosure and provided no evidence substantiating such alleged oral disclosure. See id. Similarly, while Levan testified that he had disclosed his ownership interest in FuturHealth to Goglia over a separate phone call prior to the execution of the FuturHealth transaction, neither Levan nor FuturHealth provided evidence substantiating such alleged oral disclosure. Day 3 Tr. 22:8-31-23. Both Goglia and Saridakis testified that they were never informed by Levan or Mahoney of Levan and Mahoney’s ownership interest in FuturHealth prior to execution of the FuturHealth transaction. See Day 2 Tr. 127:17-19, 135:20-23, 180:7-10, 183:6-9.

On December 14, 2023, at around 8:04 a.m., Mahoney messaged Goglia: “Docusign coming today from legal need to sign asap, will activate first tranche of cash in the door – 300k ++” Dkt. 180 at MAHONEY_0001280. At 8:27 a.m., Mahoney again messaged Goglia: “They will wire first tranche by 1pm!!!” Id. Mahoney further stated that the FuturHealth transaction would release a certain amount of the Company’s money being held in reserve “which is killing us.” Id.

At around 8:34 a.m., Levan messaged Mahoney the following: “I think we can pitch it to them that we need them to sign to get the reserves released asap” and “That will give them urgency hopefully.” Ex. 118 at GN001946. Mahoney and Levan also discussed using a Delaware virtual address on the FuturHealth transaction documents because they did not want the documents to use Levan's home address in San Diego for FuturHealth. See id. at GN001947-1949.

At around 10:33 a.m., Mahoney messaged both Goglia and Saridakis the following: "Hey guys – Be in the lookout for this doc to sign asap it w[i]ll then circulate the docs into our business box file. We need this done today to activate the first tranche of money for the buildout and licensing contract to start work!!! We need it to keep growth going!!!!" Ex. 181 at MAHONEY_0001284.

Around 10:30 a.m., Goglia and Saridakis were sent a Docusign email by Weston to execute the FuturHealth transaction. The email contained a "Written Consent" ("the Consent") that referenced three FuturHealth agreements—a Technology License Agreement ("TLA"), a Inbound Data License Agreement, and a Services Agreement (collectively, the "Agreements" or the "FuturHealth Agreements")—as attached exhibits.[2] Dkt. 189; dkt. 11-3, Exs. 3-6. The Consent that Goglia and Saridakis signed, however, did not have any of the Agreements attached. Id.; dkt. 17-3. Weston testified that she inadvertently omitted the Agreements from the DocuSign Consent that she sent to Goglia and Saridakis. Day 3 Tr. 9:14-10:1.

Both Goglia and Saridakis signed the Consent in less than two minutes after they viewed the Consent. Ex. 189. Neither Goglia nor Saridakis requested to review the Agreements before they signed the Consent. Day 2 Tr. 161:25–162:6, 162:20–25, 197:16–200:11, 201:16–203:2. Neither Goglia nor Saridakis read the Consent in full; upon opening the Consent, they scrolled to the signature section of the Consent and quickly signed. See Day 2 Tr. 153-154,181, 203. Both Goglia and Saridakis believed that they needed to sign the Consent as soon as possible to facilitate the Company's success. Day 2 Tr. 130-31, 181, 199. Goglia testified that he believed that the Consent "was coming from the legal team and [that] [the team] needed it signed immediately." Day 2 Tr. 130:18-19. Saridakis testified that shortly before she signed the Consent,

[2] On December 14, 2023, Mahoney instructed Ouzts that Ouzts' office would be tasked with circulating the transaction documents for Goglia and Saridakis' signatures. Dkt. 17-9 at 3. Ouzts subsequently instructed Weston to circulate the transaction documents for signature, including the three Agreements and the Consent. Id. However, Weston inadvertently omitted the Agreements to the Consent that she circulated to Goglia and Saridakis for their signatures. Id.

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"[Goglia] rushed to her office and . . . stood there until [she] signed it." Day 2 Tr. 181:9-16. Goglia and Saridakis never obtained copies of the executed Agreements until 2024. See Day 2 Tr. 134: 20-22; Dkt. 11-2 ¶ 4.

By around 11:07 a.m. on December 13, 2023, the Consent and Agreements referenced therein had been executed by all necessary parties—Levan, Mahoney, Goglia, and Saridakis—on behalf of the Company. Ex. 189. The final executed Consent and Agreements listed only Jon Hambidge as the representative of FuturHealth and failed to disclose Levan's and Mahoney's affiliation with FuturHealth, Dkt. 11-3, Ex. 4-6, because Mahoney had instructed Weston to remove both his and Levan's names from the FuturHealth-side of the transaction documents, replace their names with Hambidge's name, and delete Mahoney's home address from the documents. Id., Ex. 9 (email from Mahoney to Weston).

Under the Technology License Agreement, the Company agreed to license the "G-Plans Technology" to FuturHealth. Dkt. 17-6 at 13. The TLA also granted FuturHealth "a perpetual, irrevocable, worldwide, exclusive (within the Exclusive Field, defined below) license to use, reproduce, copy, distribute, market, perform, display, modify, create derivative works of and incorporate into products of Licensee the G-Plans Technology . . . ." Id. In exchange for this license, FuturHealth agreed to pay the Company monthly per-member licensing royalties, on a sliding scale based on the number of members subscribing to FuturHealth. Id. at 15.

Importantly, the TLA also included a "Buyout Option" under which FuturHealth had the option of acquiring a perpetual license of G-Plans Technology for $4 million in lieu of paying future royalties ("the Buyout Option"). Id. at 17. Specifically, the Buyout Option provides that:

> [FuturHealth] may, in its sole discretion upon prior written notice to [the Company], elect to make a buyout payment with respect to the License in lieu of paying future Royalties ("Buyout Option") as follows:
>
> > (i) if [FuturHealth] provides such prior written notice to [the Company] that it is exercising the Buyout Option, [FuturHealth] shall pay [the Company] an amount equal to Four Million Dollars ($4,000,000), less the Paid Royalties ("Buyout Amount") in four (4) equal quarterly payments over the course of

> twelve (12) months, commencing from the date that [FuturHealth] exercises the Buyout Option.
>
> (ii) Upon the full payment of the Buyout Amount to [the Company] under the foregoing clauses ("Buyout Date"), the License will continue perpetually without the requirement of payment of any further Royalties. For the avoidance of doubt, [FuturHealth] shall be entitled to deduct fifty percent (50%) of the Royalties paid prior to [FuturHealth]'s delivery of notice of exercise of the Buyout Option from the Buyout Amount ("Paid Fees"). For the avoidance of doubt, once the Buyout Amount has been paid in full, no Royalties or other amounts will be due or payable under the Agreement

Id.

The TLA also contains a "Dispute Resolution" provision that provides for mandatory arbitration:

> Any controversy or claim arising out of or relating to this [Technology License] Agreement shall be settled by binding arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction.

Id. at 22 ("Arbitration Clause").

The instant motions to compel arbitration by FuturHealth, Levan, and Mahoney are predicated on this Arbitration Clause. Dkt. 29 at 2; dkt. 30 at 19-22.

H. Aftermath of the FuturHealth Transaction

On December 20, 2023, in the course of discussing the FuturHealth transaction, Levan messaged Mahoney the following: "its funny, we have found the way to manipulate [Goglia]… just bullshitting him at all times… the only thing he responds to." Ex. 140. At GN001961. Mahoney replied, "yep… that's it, only way he works." Id.

On February 14, 2024, Mahoney messaged Levan the following: "blo[c]k montage capital from seeing anything and dr [G]oglia lol." Ex. 143 at GN001965.

On April 27, 2024, Levan messaged Mahoney the following: "[Goglia] is all worried about GP taking [FuturHealth's] resources... i am like 'dude we stole every aspect of GP to give to [FuturHealth]… the entire company was running on GP dime THEN LATER we paid it back[. . . .]" Ex. 148 at GN001648.

Pursuant to the Consent and Agreements, the Company received payments from FuturHealth for 22 months. Dkt. 17-10, Declaration of Jon Hambidge ("Hambidge Decl.") ¶ 6. FuturHealth paid the Company a total of approximately $1.4 million by the end of 2023. Id. ¶ 4.

FuturHealth later exercised its $4 million Buyout Option under the TLA, agreeing with the Company to split its remaining payments into four payments of $934,288 from April 2024 to February 2025. Id. From June 2023 to December 8, 2025, the Company has received just over $8.2 million from FuturHealth. Id.

Around September 2024, the Company sought to repudiate or rescind the FuturHealth Agreements. Id. ¶ 5.

III. LEGAL STANDARD

"An agreement to arbitrate is a matter of contract: 'it is a way to resolve those disputes—but only those disputes—that the parties have agreed to submit to arbitration.'" Chiron Corp. v. Ortho Diagnostic Sys., Inc., 207 F.3d 1126, 1130 (9th Cir. 2000) (quoting First Options of Chi., Inc. v. Kaplan, 514 U.S. 938, 943 (1995)). As with any other contract dispute, the Court must first look to the express terms of the contract. Id.

The Federal Arbitration Act ("FAA") provides that "a contract evidencing a transaction involving commerce to settle by arbitration a controversy thereafter arising ... shall be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract." 9 U.S.C. § 2. It is a matter to be determined by the court whether the FAA applies to a certain agreement; "[a]s a threshold matter, the FAA applies if, among other things, the contract requires dispute resolution 'by arbitration.'" Judge William W. Schwarzer, California Practice Guide: Federal Civil Procedure Before Trial, § 16:63.1 (The Rutter Group 2002) (citing Portland Gen. Elec. Co. v. United States Bank Trust Nat'l Ass'n as Tr. for Trust No. 1, 218 F.3d 1085, 1089 (9th Cir. 2000)).

Any party to an arbitration agreement covered by the FAA who is "aggrieved by the alleged ... refusal of another to arbitrate" may petition a federal district court "for an order directing that such arbitration proceed in the manner provided for in such agreement." 9 U.S.C. § 4.

Under the FAA, the court, not the arbitrator, must decide whether a particular dispute is arbitrable. 9 U.S.C. § 4; AT & T Techs., Inc. v. Commc'ns Workers of Am., 475 U.S. 643, 649 (1986) (holding that the arbitrator is without power to determine arbitrability absent "clear[ ] and unmistakabl[e]" language in the arbitration agreement conferring such power). The court must determine (1) whether there exists a valid agreement to arbitrate; and (2) if there is a valid agreement, whether the dispute falls within its terms. Chiron Corp., 207 F.3d at 1130. "If the response is affirmative on both counts, then the [FAA] requires the court to enforce the arbitration agreement in accordance with its terms." Id. The FAA "leaves no place for the exercise of discretion by a district court, but instead mandates that district courts shall direct the parties to proceed to arbitration on issues as to which an arbitration agreement has been signed." Dean Witter Reynolds Inc. v. Byrd, 470 U.S. 213, 218 (1985); Simula, Inc. v. Autoliv, Inc., 175 F.3d 716, 720 (9th Cir. 1999) (noting that where an arbitration agreement has been signed by the parties with respect to the issues in dispute, "[s]uch agreements are to be rigorously enforced").

The FAA further provides:

> If any suit or proceeding be brought in any of the courts of the United States upon any issue referable to arbitration under an agreement in writing for such arbitration, the court in which such suit is pending, upon being satisfied that the issue involved in such suit or proceeding is referable to arbitration under such an agreement, shall on application of one of the parties stay the trial of the action until such arbitration has been had in accordance with the terms of the agreement, providing the applicant for the stay is not in default in proceeding with such arbitration.

9 U.S.C. § 3. In addition, "[a] trial court has authority to stay proceedings in the interest of saving time and effort for itself and litigants." ATSA of California, Inc. v. Cont'l Ins. Co., 702 F.2d 172, 176 (9th Cir. 1983).

The Court may consider evidence outside the pleadings on a motion to compel arbitration. Manuwal v. BMW of N. Am., LLC, 484 F.Supp.3d 862, 865 n.1 (C.D. Cal.

2020); see also Arredondo v. Sw. & Pac. Specialty Fin., Inc., No. 1:18-CV-01737-DAD-SKO, 2019 WL 4596776, at *4-5 (E.D. Cal. Sept. 23, 2019) (considering evidence presented by the parties in motion to compel arbitration); see also Hansen v. Rock Holdings, Inc., 434 F.Supp.3d 818, 824 (E.D. Cal. 2020) (considering motion to compel arbitration under standard similar to Federal Rule of Civil Procedure 56).

IV. DISCUSSION

A. Validity of the Agreements

Plaintiff argues that the Agreements it entered into with FuturHealth—including the Technology License Agreement which contains the Arbitration Clause—are void due to fraud in the execution. Pl. Opening Br. at 1. FuturHealth argues that plaintiff fails to establish fraud in the execution because the evidence does not demonstrate that Goglia and Saridakis were deceived about the nature of the Consent or that they lacked a reasonable opportunity to learn of its contents, including the missing Agreements. FH Opening Br. at 5.

In determining whether an agreement to arbitrate is enforceable, “California law distinguishes between fraud in the ‘execution’ . . . of a contract and fraud in the ‘inducement’ of a contract.” Rosenthal v. Great W. Fin. Sec. Corp., 14 Cal. 4th 394, 415 (1996). Under California law, fraud in the execution renders an entire contract “wholly void”; thus, an arbitration agreement contained in a fraudulently executed contract is unenforceable. Id. at 416-17 (“Where . . . a party’s apparent assent to a written contract is *negated* by fraud in the inception, there is simply no arbitration agreement to be enforced.”) (emphasis in original). “Fraud in the inducement, by contrast, occurs when ‘the promisor knows what he is signing but his consent is *induced* by fraud.” Id. at 416 (citation omitted) (emphasis in original). Because arbitration clauses are viewed as separable from other portions of a contract, “fraud in the inducement relating to other contractual terms does not render [an] arbitration agreement unenforceable, even when it might justify rescission of the contract as a whole.” Id.

“[W]hen a plaintiff alleges fraud in the execution, the plaintiff is asserting that it was deceived as to the very nature of contract execution, and did not know what it was signing.” Brown v. Wells Fargo Bank, N.A., 168 Cal. App. 4th 938, 958 (2008); see also Restatement (Second) of Contracts § 163 (1981) (“If a misrepresentation as to the character or essential terms of a proposed contract induces conduct that appears to be a manifestation of assent by one who neither knows nor has reasonable opportunity to know of the character or essential terms of the proposed contract, his conduct is not effective as a manifestation of assent.”). “A necessary element of the defense of fraud in the execution is *reasonable reliance.*” Brown, 168 Cal. App. 4th at 958 (emphasis in original). “That is, when a plaintiff asserts that the defendant misrepresented the nature of the contract, the contract is not considered void due to the fraud if the plaintiff had a reasonable opportunity to discover the true terms of the contract.” Id.

Accordingly, “[t]o make out a claim of fraud in the execution, . . . plaintiffs must show . . . [1] that they were deceived as to the basic character of the documents they signed and [2] [that they] had no reasonable opportunity to learn the truth.” Rosenthal, 14 Cal. 4th at 425. The party raising fraud in the execution as a defense to enforcement of an arbitration provision “bears the burden of producing evidence of, and proving by a preponderance of the evidence, any fact necessary to the defense.” Id. at 413. “The role of the trial court is to sit as a trier of fact, weighing any affidavits, declarations, and other documentary evidence, together with oral testimony received at the court’s discretion, to reach a determination on the issue of arbitrability.” Hotels Nevada v. L.A. Pac. Ctr., Inc., 144 Cal. App. 4th 754, 758 (2006).

1. Nature of the Agreements

Plaintiff argues that Levan and Mahoney obtained Goglia’s signature on the Agreements by representing the Agreements to Goglia as an arm’s-length licensing deal with an outside telehealth vendor when, in reality, the Agreements effectively authorized FuturHealth to take G-Plans’ core technology in perpetuity for a total of $4 million. Pl. Opening Br. at 8-9. Plaintiff contends that Levan and Mahoney misrepresented the nature and character of the Agreements to Goglia and Saridakis in three ways: (1) FuturHealth was not an outside telehealth vendor as represented by Levan and Mahoney to the Company and to a third-party lender, id. at 9 (citing Day 2 Tr. 103:16-25); (2) the transaction was not a licensing deal for FuturHealth’s access to G-Plans’ technology but rather a “taking” in perpetuity of G-Plans’ core technology for a maximum of $4 million, id.; and (3) Levan and Mahoney concealed their conflicts of interest as owners of both FuturHealth and Goglia Nutrition, id. Plaintiff argues that because Levan and Mahoney failed to disclose their ownership interests in FuturHealth, Levan and Mahoney misrepresented the basic nature of the Agreements as an arm’s length, third-party vendor partnership. Id. at 10-11.

In opposition, FuturHealth argues that the evidence does not demonstrate that either Mahoney or Levan deceived Goglia or Saridakis about the nature or character of the Consent. FH Opening Br. at 5. FuturHealth argues that the Consent states exactly what it is: a consent to the Company action approving the Agreements with FuturHealth. Id. at 10. FuturHealth argues that the Consent identifies the Agreements by name; that the Consent describes the transaction as one under which G-Plans would provide "FuturHealth with access to certain services, technology and data currently utilized by the G-Plans Business"; and that the Consent recites that the signatories have "carefully considered" the transaction. Id. (citing Ex. 188). FuturHealth further argues that Goglia admitted that Mahoney told him prior to signing that Mahoney had been negotiating a "$4M licensing deal for GP" and that the Consent explicitly refers to a "Technology Licensing Agreement." Id. (citing Day 2 Tr. 159:11-21, 163:22-23 (Goglia testimony); Exs. 175, 180, 187). FuturHealth contends that there is no material discrepancy between what Goglia testified he was told by Levan and Mahoney and what the Consent disclosed because Levan and Mahoney accurately represented that the Consent approved a licensing transaction. Id. at 10-11. FuturHealth further argues that Saridakis admitted that no one other than Goglia told her anything about the deal and that she did not even read the Consent. Id. at 11 (citing Day 2 Tr. 202:25-208:3 (Saridakis testimony)). Thus, according to FuturHealth, Saridakis could not have been deceived as to the nature of the Consent by Mahoney, Levan, or anyone at FuturHealth. Id.

In reply, plaintiff argues that defendants cannot sever the Consent from the Agreements it was meant to approve. Pl. Reply at 2. Plaintiff argues that the Consent did not correct the false narrative that FuturHealth was a third-party telehealth vendor and that the transaction was an arm's-length licensing agreement. Id.

FuturHealth argues in reply that the evidentiary hearing established that Goglia knew that the transaction was "a licensing deal," Day 2 Tr. 159:11-21, and that no one other than Goglia represented anything about the Agreements to Saridakis, Day 2 Tr. 202:25-208:3. FH Reply at 3. FuturHealth argues that plaintiff is unable to show that Goglia or Saridakis were deceived about the nature of the Consent and that plaintiff improperly interprets the phrase "character or essential terms" to refer to any undisclosed fact that might have affected the decision to sign had such fact been disclosed. Id. (citing Restatement (Second) of Contracts § 163). FuturHealth argues that plaintiff's arguments broadly allege fraud in the inducement rather than fraud in the execution. Id. FuturHealth further argues that plaintiff's core theories that Levan and Mahoney concealed their ownership of FuturHealth, failed to disclose conflicts, overstated the benefit of the transaction to G-Plans, and hid the transaction's economic impact from Goglia and Saridakis are all theories of fraud in the inducement that show *why* Goglia and Saridakis agreed to the transaction but do not show that Goglia and Saridakis were deceived as to *what* they believed they were signing. Id. at 3-4.

As a preliminary matter, to resolve whether the Arbitration Clause is valid, the Court must determine whether plaintiff was deceived by FuturHealth as to the nature of the contract, which includes both the Consent and the Agreements the Consent references. See Kleveland v. Chi. Title Ins., 141 Cal. App. 4th 761, 765 (2006) ("[A] contract . . . may include provisions that are not physically part of the basic document so long as those provisions are sufficiently incorporated by reference."). FuturHealth focuses its arguments on whether Goglia and Saridakis knew the basic nature of the Consent. However, even if Goglia and Saridakis knew that their signatures on the Consent constituted their assent to some incorporated Agreements, there may still be fraud in the execution if Goglia and Saridakis were deceived as to the nature or character of those incorporated Agreements. See Rosenthal, 14 Cal. 4th at 420 ("A contract may, however, be held wholly void, despite the parties' apparent assent to it, when, 'without negligence on his part, a signer attaches his signature to a paper assuming it to be a paper of a different character.'") (citation omitted).

The Court finds that Goglia and Saridakis were each deceived by Levan and Mahoney as to the basic nature and character of the Agreements; accordingly, the Arbitration Clause contained therein is void. See Mt. Holyoke Homes, L.P. v. Jeffer Mangels Butler & Mitchell, LLP, 219 Cal. App. 4th 1299, 1308 (2013) ("[A] misrepresentation as to the character or essential terms of a proposed contract can render the promisor's assent ineffective."). The Court arrives at this conclusion based on the following findings of fact. First, Goglia and Saridakis were deceived as to the fact that FuturHealth was an entity created and owned by the Company's members Levan and Mahoney rather than an independent third party company. Second, Goglia and Saridakis were deceived by Levan and Mahoney as to the nature of the Agreements because the Agreements in fact authorized FuturHealth to exercise a $4 million "Buyout" of the Company's technology, whereas Levan and Mahoney mispresented that the Agreements would merely effectuate a "licensing deal" that was necessary "to keep growth going." Ex. 175 at MAHONEY_0001239; Ex. 181 at MAHONEY_0001284. As a result of Levan and Mahoney's concealment of their interests in FuturHealth and their misrepresentations as to the "Buyout Option" provision in the Agreements, Goglia and Saridakis's assent to the Agreements—their signatures on the Consent—reflect assent to a contract of an entirely different character. While Goglia and Saridakis believed they had agreed to a licensing agreement with an independent, third-party telehealth vendor, they had in fact signed a contract that in effect enabled the sale of the Company's technology to their own partners for $4 million. See Frusetta v. Hauben, 217 Cal. App. 3d 551, 557 (1990) ("If the signer of a contract misapprehends the terms of a document, then he has not, in fact, assented to its true terms."); Mt. Holyoke Homes, L.P., 219 Cal. App. 4th at 1308 ("A contract is void for fraud in the execution if the promisor was deceived as to the nature of his or her act and did not know what he or she was signing or never intended to enter into a contract.").

2. Reasonable Opportunity to Learn the Truth

Having determined that Goglia and Saridakis were deceived as to the nature of the transaction between the Company and FuturHealth such that their signatures to the Consent did not reflect their mutual assent to the transaction, the Court proceeds to determine whether Goglia and Saridakis had "reasonable opportunity to know of the character or essential terms of the proposed contract." Restatement (Second) of Contracts § 163.

Plaintiff argues that Levan and Mahoney's failure to disclose their conflicts of interest and their failure to furnish and explain the terms of the Agreements left Goglia and Saridakis no reasonable opportunity to know what they were signing. Pl. Opening Br. at 12. Plaintiff further argues that Goglia and Saridakis never received the terms of the Agreements that were referenced in the Consent. Id. Plaintiff argues that Goglia and Saridakis did not assent to the Arbitration Clause in the TLA because they never saw the TLA. Id. Plaintiff argues that Goglia and Saridakis did not act unreasonably in trusting the partners whom the law entitled them to trust. Id. at 13. Plaintiff argues that Goglia and Saridakis' reliance on Levan and Mahoney's explanation of the transaction was reasonable as a matter of law because Levan and Mahoney were their fiduciaries. Id. Furthermore, plaintiff argues that the Operating Agreement among the members of the Company required Levan and Mahoney to disclose their conflicts of interest to Goglia and Saridakis. Id. Plaintiff also argues that Goglia and Saridakis' reliance on Levan and Mahoney's deceptive characterization of the Agreements was reasonable because Levan and Mahoney had "engineered" the story that the Agreements were presented to Goglia and Saridakis by the Company's legal counsel and because Levan and Mahoney manufactured an urgency to sign the Consent. Id. at 13-14.

In opposition, FuturHealth argues that Goglia and Saridakis had a reasonable opportunity to review the Consent, to learn its contents, and to obtain and review the missing Agreements before signing. FH Opening Br. at 12. FuturHealth argues that Goglia's opportunity to inquire began nearly a month before the FuturHealth transaction was executed, when Mahoney told Goglia that a "$4 million licensing deal for GP" was pending and that a DocuSign would be sent soon to Goglia to execute the deal. Id. (citing Day 2 Tr. 159:11-21; Ex. 175). Moreover, FuturHealth argues that Mahoney later texted Goglia that they were "close to striking the deal," Ex. 177, and that Mahoney and Goglia texted about protecting Goglia's metabolic typing methodology in the "licensing agreement," Ex. 178. Id. FuturHealth argues that Goglia admitted that he never asked to see a copy of the Agreements and "never even considered seeing a copy." Id. (citing Day 2 Tr. 162:20-25). FuturHealth further argues that on December 14, 2023, Goglia received the Docusign at 10:26 a.m., opened it at 10:33 a.m., and signed it at 10:34 a.m., nearly two and a half hours before any purported 1:00 p.m. deadline. Id. at 13 (citing Day 2 Tr. 148:25-149:7). FuturHealth argues that Goglia admitted he did not review the entire Consent before signing. Id. (citing Day 2 Tr. 133:24-134:22). FuturHealth argues that no one prevented Goglia from reading the Consent and that Goglia was not blind, was able to read, and understood English. Id. FuturHealth argues that Goglia had carefully read other Company agreements he was asked to sign and that he actively offered his opinions on the terms of these other agreements. Id. (citing Day 2 Tr. 165:25-169:5).

FuturHealth argues that Saridakis also had a reasonable opportunity to learn what she was signing. Id. FuturHealth argues that she opened the Docusign at 11:05 a.m. and signed at 11:07 a.m., nearly two hours before the purported 1:00 p.m deadline. Id. (citing Day 2 Tr. 182:7-12). FuturHealth also argues that Saridakis admitted that no one had explained the deal to her on December 14, 2023, that no one instructed her not to read the Consent, and that she signed because Goglia pressured her to sign it. Id. FuturHealth argues that, like Goglia, Saridakis was not blind, illiterate, or incapable of reading a plainly labeled document written in English sent to her for signature. Id.

FuturHealth argues that plaintiff's theory that Levan and Mahoney manufactured an "urgency" to sign does not establish a lack of reasonable opportunity to learn the terms of the Agreements. Id. at 14. FurturHealth argues that commercial transactions routinely involve requests for prompt execution, and that any purported time pressure did not prevent Goglia from reading the Agreements. Id. FuturHealth further argues that no testimony establishes that the claimed 1:00 p.m. deadline could not have been postponed to provide Goglia and Saridakis with additional time to review the transaction if they requested as such. Id.

FuturHealth argues that plaintiff's "fiduciary" theory does not excuse Goglia and Saridakis's failure to read the Consent. Id. at 15. FuturHealth argues that generally, a party's failure to read a contract before signing is no defense to contract enforcement. Id. at 16 (citing cases). FuturHealth argues that the limited exception where a plaintiff's failure to read is reasonable due to reliance on a fiduciary is narrow and depends on the relative sophistication and experience of the vulnerable party. Id. (citing Brown v. Wells Fargo Bank, N.A., 168 Cal. App. 4th 938, 959, n.12 (2008).). Here, according to FuturHealth, the exception has no application because there is no evidence that FuturHealth, Levan, or Mahoney owed or breached any duty to affirmatively explain the terms of the Consent or the Agreements to Goglia or Saridakis. Id. First, FuturHealth argues that it is not a fiduciary of Goglia or Saridakis. Id. Second, FuturHealth argues that the scope of fiduciary duties that Levan and Mahoney owed to Goglia and Saridakis as co-managers of the Company did not include an obligation to explain the Consent or the Agreements to them. Id. FuturHealth argues that Brown is distinguishable because it did not involve facts in which each of the partners of a company owed one another a fiduciary duty. Id. at 16-17. FuturHealth argues that nothing in the Operating Agreement, the Corporations Code, or the course of dealing between the parties imposed a duty on Levan or Mahoney to explain the contract terms to Goglia or Saridakis. Id. at 17. FuturHealth argues that Levan and Mahoney fulfilled their fiduciary obligations by engaging the Company's corporate counsel to negotiate, draft, and circulate the Agreements. Id. FuturHealth further argues that the Consent described the transaction in plain English, and the fact that the Agreements referenced in the Consent were missing from the Docusign was readily knowable. Id. FuturHealth argues that the cases in which courts have excused a failure to read based on certain fiduciary relationships involved extraordinary circumstances in which the signatories were impaired, vulnerable, or deprived of any meaningful ability to read the document presented. Id. (citing cases). FuturHealth argues that this case is distinguishable because Goglia and Saridakis are experienced businesspeople. Id.

In reply, plaintiff argues that Levan and Mahoney' duty to disclose the terms of the Agreements to Goglia and Saridakis is explicitly stated in the Operating Agreement, which bars affiliate self-dealing unless the terms are arm's length or approved "after full disclosure to all Members." Pl. Reply at 3 (citing Operating Agreement). Plaintiff argues that Mahoney admitted that the FuturHealth transaction "required disclosure to all members." Id. (citing Day 3 Tr. 22:8-11). Plaintiff further argues that the Company's counsel advised Mahoney to disclose his ownership interest in FuturHealth but that Mahoney chose not to. Id. (citing Ex. 115). Plaintiff argues that Goglia's testimony that he understood the transaction to be a licensing deal establishes that he was deceived and shows that he had no reasonable opportunity to learn of the true nature of the transaction. Id. at 4. Plaintiff argues that Goglia's knowledge of a "licensing deal" did not put him on notice of the terms of the Agreements or create a reasonable opportunity for Goglia to learn the terms. Id. Next, plaintiff argues that Goglia and Saridakis' failure to inquire about the terms of the Agreements does not render their reliance on Levan and Mahoney's misrepresentations and concealments unreasonable. Id.

In reply, FuturHealth repeats its arguments and contends that plaintiff misstates the record. FH Reply at 6.

"If a party, with such reasonable opportunity, fails to learn the nature of the document he or she signs, such 'negligence' precludes a finding the contract is void for fraud in the execution." Rosenthal, 14 Cal. 4th at 423. In other words, to find that an arbitration agreement is void for fraud in the execution, the Court must determine that "the plaintiff, in failing to acquaint himself or herself with the contents of a written agreement before signing it, [did] not … act[] in an objectively unreasonable manner." Id.; see also Brown, 168 Cal. App. 4th at 958-59 ("The contract is only considered void when the plaintiff's failure to discover the true nature of the document executed was without negligence on the plaintiff's part.").

Goglia and Saridakis admit to not reading the Consent or inquiring about the unattached, referenced Agreements before signing the Consent. See Day 2 Tr. 153-154,181, 203. Instead, Goglia signed the Consent—and directed Saridakis to sign the Consent—in reliance on Levan and Mahoney's representations as to the nature of the contract. Day 2 Tr. 130-31, 134, 181, 199. Such a scenario is not uncommon in cases where a plaintiff challenges a contract as fraudulently executed. See Brown, 168 Cal. App. 4th at 959 ("This issue usually arises when the plaintiff failed to read the terms of the contract, relying instead on the defendant's representation as to the effect of the contract.”). However, “one party’s *unreasonable* reliance on the other’s misrepresentations, resulting in a failure to read a written agreement before signing it, is an insufficient basis, under the doctrine of fraud in the execution, for permitting that party to avoid an arbitration agreement contained in the contract.” Rosenthal, 14 Cal. 4th at 423 (emphasis in original). This is so because “[g]enerally, it is *not reasonable* to fail to read a contract . . . even if the plaintiff relied on the defendant’s assertion that it was not necessary to read the contract.” Brown, 168 Cal. App. 4th at 959. However, “[i]f the defendant is in a fiduciary relationship with the plaintiff which requires the defendant to explain the terms of a contract between them, the plaintiff’s failure to read the contract would be reasonable.” Id. (footnote omitted).

Here, the Court finds that Goglia and Saridakis’ failure to read the Agreements and their reliance on Levan and Mahoney’s misrepresentations as to the nature of the Agreements were reasonable because of the nature of the fiduciary relationships among Goglia, Saridakis, Levan, and Mahoney. See In re Daisy Systems Corp., 97 F.3d 1171, 1178 (9th Cir. 1996) (“[T]he existence of a fiduciary relation is a question of fact which properly should be resolved by looking to the particular facts and circumstances of the relationship at issue.”).

While the Operating Agreement did not explicitly impose a duty on Levan or Mahoney to explain the Agreements’ terms to Goglia or Saridakis, it explicitly provided that “[n]o Company funds, assets, credits or other resources of any kind or description shall be paid to, or used for, the benefit of any Member, Manager or Officer or any affiliate of any Member, Manager of Officer [unless] . . . the Members by Majority Vote approve of any transactions after full disclosure to all Members . . . .” Operating Agreement §6.7; see also Cal. Corp. Code § 17704.09(b)(2). In other words, because the Agreements would result in licensing the Company’s technology to FuturHealth which is owned by two member-managers of the Company, Levan and Mahoney had a duty of “full disclosure” before presenting the Agreements for Goglia and Saridakis’ signatures. Goglia and Saridakis’ reliance on Levan and Mahoney’s duty to provide “full disclosure” as to the nature of the Agreements was thus reasonable. Moreover, Goglia and Saridakis’ reliance on Levan and Mahoney’s misrepresentation that the Agreements would facilitate an arms’-length licensing transaction (as opposed to enabling a non-arms’-length buyout of the Company’s technology by two members of the Company) was likewise reasonable because, pursuant to the Operating Agreement, Levan and Mahoney were “responsible for the day-to-day operations of the Company,” id. § 6.4.A, and because the parties’ course of dealing established a fiduciary duty on the part of Levan on Mahoney to keep Goglia and Saridakis accurately apprised of significant day-to-day operational developments and transactions pertaining to the Company. See Goglia Decl. ¶ 5 ("Mahoney and . . . Levan handled the day-to-day running of the business—*e.g.*, marketing, product execution, finance, budgeting, and vendor payments—and they drew salaries for these operational roles. . . . [Goglia and Saridakis] relied on [Mahoney and Levan] to present complete and accurate materials for any approval and to keep [Goglia and Saridakis] promptly informed about significant operational developments."); Univ. of Hawai'i Pro. Assembly v. Cayetano, 183 F.3d 1096, 1102 (9th Cir. 1999) ("A course of dealing can create a contractual expectation."); Kabushiki Kaisha Megahouse v. Anjar Co. LLC, No. 2:14-CV-00598-CAS, 2014 WL 5456523, at *10 (C.D. Cal. Oct. 20, 2014) ("[T]he ongoing conduct between parties may give rise to a fiduciary relationship that will be recognized by the courts.") (citation and internal quotation marks omitted); EBC I, Inc. v. Goldman, Sachs & Co., 5 N.Y.3d 11, 20 (2005) ("[I]t is fundamental that fiduciary 'liability is not dependent solely upon an agreement or contractual relation between the fiduciary and the beneficiary but results from the relation.'") (quoting Restatement (Second) of Torts § 874, Comment b).

Accordingly, given Levan and Mahoney's obligations under the Operating Agreement which were clarified and supplemented by the parties' course of dealing, Goglia and Saridakis' failure to read the Agreements is not unreasonable here. See Brown, 168 Cal. App. 4th at 959; Restatement (Second) of Contracts § 223 ("[A] course of dealing between the parties gives meaning to or supplements or qualifies their agreement.").

Moreover, the Court finds that Goglia and Saridakis' failure to read the Agreements was not unreasonable also in part because the Agreements were omitted from the Docusign email containing the Consent and because Levan and Mahoney had manufactured—in Levan's own words—an "urgency" for Goglia and Saridakis to sign the Consent by claiming that signing quickly was necessary to "release" some of the Company's reserves and maintain the Company's operational success. Dkt. 118 at GN001946. Specifically, on the morning of the FuturHealth transaction, Levan and Mahoney orchestrated a false narrative that Goglia and Saridakis needed to sign the Consent and Agreements "a[s] [s]oon [a]s [p]ossible" before a purported 1:00 p.m. deadline to enable the Company to receive important and necessary funds. See Ex. 118 at GN001946; Ex. 180 at MAHONEY_0001280 ("Docusign coming today from legal need to sign asap, will activate first tranche of cash in the door – 300k ++"; "They will wire first tranche by 1pm!!!"; "[The transaction] also releases this … reserve which is killing us …."). Manufacturing this false sense of "urgency" furthered Levan and Mahoney's scheme of "mak[ing] [Goglia] sign [the FuturHealth Agreements] and fill[ing] him in later about what he's signed." Ex. 67 at GN001777.

Contrary to FuturHealth's suggestion, Brown explains one circumstance in which a plaintiff's failure to read the contract is nonetheless reasonable; Brown does not hold that it is the sole circumstance under which the failure to read a contract may be reasonable. See Munoz v. Patel, 81 Cal. App. 5th 761, 775 (2022) ("Fraud in the execution most often arises where some limitation—such as blindness, illness, or illiteracy—prevents a party from reading or understanding a contract he or she is about to sign.") (citing cases where fraud in the execution was found even without any fiduciary relationship between the parties). The proper inquiry is whether Goglia and Saridakis' failure to read the Agreements and their reliance on Levan and Mahoney's misrepresentations were reasonable. Based on the complicated factual record here, the Court finds that it was reasonable for Goglia and Saridakis to sign the Consent presented to them for signature without inquiring further into the Agreements referenced in the Consent.

While Goglia or Saridakis could have discovered the "Buyout Option" in the Agreements had they read them, they simply did not have a reasonable opportunity to read them because the Agreements were not included in the Consent that Levan and Mahoney pressured them to sign "a[s] s[oon] [a]s [p]possible." Ex. 181 at MAHONEY_0001284. Thus, neither Goglia nor Saridakis were afforded a reasonable opportunity to learn that their co-members had mischaracterized the FuturHealth transaction to them. Even if Goglia or Saridakis had somehow been able read the terms of the Agreements before signing the Consent, they would not have discovered that the Agreements facilitated a self-dealing transaction benefitting two of the Company's co-founders. This is so because Mahoney had directed the Company's counsel to remove Levan and Mahoney's affiliations with FuturHealth from the terms of the Agreements, Dkt. 11-2, Ex. 8-9, and because the final executed Consent and Agreements listed only Jon Hambidge as the representative of FuturHealth and failed to disclose Levan's and Mahoney's affiliation with FuturHealth. Dkt. 11-3, Ex. 4-6.

FuturHealth argues that plaintiff's theory of the evidence supports only a claim for fraud in the inducement as opposed to fraud in the execution; however, the Court disagrees. Moreover, FuturHealth cites to no authority suggesting that facts supporting a claim for fraud in the inducement may not also support a claim for fraud in the execution.

In conclusion, the Court finds that Goglia and Saridakis were deceived by Levan and Mahoney as to the nature of the Agreements, did not actually know what they were signing, and lacked a reasonable opportunity to learn the true nature of the Agreements. Therefore, Goglia and Saridakis' mutual assent to the Agreements were lacking, and the Agreements, including the Arbitration Clause contained therein, are void for fraud in the execution. See Rosenthal, 14 Cal. 4th at 415-16. Accordingly, the instant motions to compel arbitration, which are predicated on the Arbitration Clause, dkt. 29 at 2, dkt. 30 at 19-22, must be denied.

V. CONCLUSION

In accordance with the foregoing, the Court **DENIES** FuturHealth's motion to compel arbitration.

The Court **DENIES** Levan and Mahoney's motion to compel arbitration under a theory of equitable estoppel.

The Court schedules a Zoom status conference for September 28, 2026, at 11:30 A.M. Zoom Webinar Information can be found on the Court's Website, under Judge Snyder's Procedures and Schedules. Seven days before the status conference, the parties shall submit a joint status report discussing the pending motions in this case and whether the Court's April 20, 2026 stay of proceedings, Dkt. 131 at 9, should be lifted.

IT IS SO ORDERED.

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