# **EXHIBIT A**

corporation, OPTIMA TECHNOLOGY CORPORATION, a Nevada corporation, served a

General Denial to the Amended Complaint.

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WHEREAS on June 28, 2012, this Court issued an order requiring the corporate Defendants to retain counsel and that counsel must enter an appearance on behalf of the corporate Defendants by July 15, 2012. If no such appearance was entered, the June 28, 2012 order said that the corporate Defendants' General Denial shall be stricken. Since no appearance was made on their behalf, a default was entered against them on September 24, 2012. A notice of entry of default judgment was filed on November 6, 2012.

WHEREAS on January 15, 2013, this Court issued an order striking the General Denial of Zandian and awarding his fees and costs incurred in bringing the motion to strike. A default was entered against Zandian on March 28, 2013. A notice of entry of default judgment was filed on April 5, 2013.

WHEREAS Defendants are not infants or incompetent persons and are not in the military service of the United States as defined by 50 U.S.C. § 521.

WHEREAS the allegations in Plaintiff's Amended Complaint warrant entry of final judgment against all named Defendants for conversion, tortious interference with contract, intentional interference with prospective economic advantage, unjust enrichment, and unfair and deceptive trade practices.

WHEREAS all Defendants are jointly and severally liable to Plaintiff for the principal amount of \$1,495,775.74.

THEREFORE, Judgment is hereby entered for Plaintiff and against Defendant Zandian and Defendants Optima Technology Corporation, a Nevada corporation, and Optima Technology Corporation, a California corporation, for damages, along with pre-judgment interest, attorney's fees and costs in the amount of \$1,495,775.74, plus interest at the legal rate, pursuant to NRS 17.130, thereon from the date of default until the judgment is satisfied.

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1 2	JUDGMENT is hereby entered against Defendant Zandian and Defendants Optima  Technology Corporation, a Nevada corporation, and Optima Technology Corporation, a
3	California corporation, in favor of Plaintiff this 244 day of June, 2013.
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5	9-7. (Julya 2)
6	DISTRICT COURT JUDGE
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### Case 16-50644-btb Doc 13-1 Entered 06/16/16 15:39:28 Page 6 of 18 Aside Default Judgment. Attached as Exhibit 1 is a true and correct copy of such Order. **Affirmation Pursuant to NRS 239B.030** The undersigned does hereby affirm that the preceding document does not contain the social security number of any person. DATED: February 2, 2014. WATSON ROUNDS minillu Matthew D. Francis Adam P. McMillen Watson Rounds 5371 Kietzke Lane Reno, NV 89511

Attorneys for Plaintiff Jed Margolin

1 CERTIFICATE OF SERVICE Pursuant to NRCP 5(b), I certify that I am an employee of Watson Rounds, and that on 2 this date, I deposited for mailing, in a sealed envelope, with first-class postage prepaid, a true 3 and correct copy of the foregoing document, Notice of Entry of Order, addressed as follows: 4 5 Johnathon Fayeghi, Esq. Hawkins Melendrez 6 9555 Hillwood Dr., Suite 150 Las Vegas, NV 89134 7 Counsel for Reza Zandian 8 Optima Technology Corp. 9 A California corporation 8401 Bonita Downs Road 10 Fair Oaks, CA 95628 11 Optima Technology Corp. 12 A Nevada corporation 8401 Bonita Downs Road 13 Fair Oaks, CA 95628 14 Optima Technology Corp. A California corporation 15 8775 Costa Verde Blvd. #501 16 San Diego, CA 92122 17 Optima Technology Corp. A Nevada corporation 18 8775 Costa Verde Blvd. #501 San Diego, CA 92122 19 ma Krinds Ce R. Hindsley Dated: February 10th, 2014. 20 21 22 23 24

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# Exhibit 1

Exhibit 1

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IIII

Zandian's Motion to Set Aside is DENIED.

I. FACTUAL BACKGROUND

Plaintiff Jed Margolin is the named inventor on United States Patent No. 5,566,073 ("the '073 Patent"), United States Patent No. 5,904,724 ("the '724 Patent"), United States Patent No. 5,978,488 ("the '488 Patent") and United States Patent No. 6,377,436 ("the '436 Patent") (collectively "the Patents"). See Amended Complaint, filed 8/11/11, ¶¶ 9-10. In 2004, Mr. Margolin granted to Robert Adams, then CEO of Optima Technology, Inc. (later renamed Optima Technology Group (hereinafter "OTG"), a Cayman Islands Corporation specializing in aerospace technology) a Power of Attorney regarding the Patents. *Id.* at ¶ 11. Subsequently, Mr. Margolin assigned the '073 and '724 Patents to OTG and revoked the Power of Attorney. *Id.* at ¶ 13.

In May 2006, OTG and Mr. Margolin licensed the '073 and '724 Patents to Geneva Aerospace, Inc., and Mr. Margolin received a royalty payment pursuant to a royalty agreement between Mr. Margolin and OTG. *Id.* at ¶ 12. On or about October 2007, OTG licensed the '073 Patent to Honeywell International, Inc., and Mr. Margolin received a royalty payment pursuant to a royalty agreement between Mr. Margolin and OTG. *Id.* at ¶ 14.

On or about December 5, 2007, Zandian filed with the U.S. Patent and Trademark Office ("USPTO") assignment documents allegedly assigning all four of the Patents to Optima Technology Corporation ("OTC"), a company apparently owned by Zandian at the time. *Id.* at ¶ 15. Shortly thereafter, on November 9, 2007, Mr. Margolin, Robert Adams, and OTG were named as defendants in the case titled *Universal Avionics Systems Corporation v. Optima Technology Group, Inc.*, No. CV 07-588-TUC-RCC (the "Arizona action"). *Id.* at ¶ 17. Zandian was not a party in the Arizona action. Nevertheless, the plaintiff in the Arizona action asserted that Mr. Margolin and OTG were not the owners of the '073 and '724 Patents, and OTG filed a cross-claim for declaratory relief against Optima Technology Corporation ("OTC") in order to obtain legal title to the respective patents. *Id.* 

On August 18, 2008, the United States District Court for the District of Arizona entered a default judgment against OTC and found that OTC had no interest in the '073 or '724 Patents, and that the assignment documents filed with the USPTO were "forged, invalid,

void, of no force and effect." *Id.* at ¶ 18; *see also* Exhibit B to Zandian's Motion to Dismiss, dated 11/16/11, on file herein.

Due to Zandian's acts, title to the Patents was clouded and interfered with Plaintiff's and OTG's ability to license the Patents. *Id.* at ¶ 19. In addition, during the period of time Mr. Margolin worked to correct record title of the Patents in the Arizona action and with the USPTO, he incurred significant litigation and other costs associated with those efforts. *Id.* at ¶ 20.

#### II. PROCEDURAL BACKGROUND

Plaintiff filed his Complaint on December 11, 2009, and the Complaint was personally served on Zandian on February 2, 2010, and on Defendants Optima Technology Corporation, a Nevada corporation, and Optima Technology Corporation, a California corporation on March 21, 2010. Zandian's answer to Plaintiff's Complaint was due on February 22, 2010, but Zandian did not answer the Complaint or respond in any way. Default was entered against Zandian on December 2, 2010, and Plaintiff filed and served a Notice of Entry of Default on Zandian on December 7, 2010 and on his last known attorney on December 16, 2010.

The answers of Defendants Optima Technology Corporation, a Nevada corporation, and Optima Technology Corporation, a California corporation, were due on March 8, 2010, but Defendants did not answer the Complaint or respond in any way. Default was entered against Defendants Optima Technology Corporation, a Nevada corporation, and Optima Technology Corporation, a California corporation on December 2, 2010. Plaintiff filed and served a Notice of Entry of Default on the corporate entities on December 7, 2010 and on their last known attorney on December 16, 2010.

The defaults were set aside and Zandian's motion to dismiss was denied on August 3, 2011. On September 27, 2011, this Court ordered that service of process against all Defendants may be made by publication. As manifested by the affidavits of service, filed herein on November 7, 2011, all Defendants were duly served by publication by November 2011.

On February 21, 2012, the Court denied Zandian's motion to dismiss the Amended Complaint. On March 5, 2012, Zandian served a General Denial to the Amended Complaint. On March 13, 2012, the corporate Defendants served a General Denial to the Amended Complaint.

On June 28, 2012, this Court issued an order requiring the corporate Defendants to retain counsel and that counsel enter an appearance on behalf of the corporate Defendants by July 15, 2012. The June 28, 2012 order further provided that if no such appearance was entered, the corporate Defendants' General Denial would be stricken. Since no appearance was their behalf of the corporate Defendants, a default was entered against them on September 24, 2012. A notice of entry of default judgment was filed and served on November 6, 2012.

On July 16, 2012, Mr. Margolin served Zandian with Mr. Margolin's First Set of Requests for Admission, First Set of Interrogatories, and First Set of Requests for Production of Documents, but Zandian never responded to these discovery requests. As such, on December 14, 2012, Mr. Margolin filed and served a Motion for Sanctions pursuant to NRCP 37. In this Motion, Mr. Margolin requested this Court strike the General Denial of Zandian, and award Mr. Margolin his fees and costs incurred in bringing the Motion.

On January 15, 2013, this Court issued an order striking the General Denial of Zandian and awarding his fees and costs incurred in bringing the NRCP 37 Motion. A default was entered against Zandian on March 28, 2013, and a notice of entry of default judgment was filed and served on April 5, 2013.

On April 17, 2013, Mr. Margolin filed an Application for Default Judgment, which was served on Zandian and the corporate Defendants. Since Zandian did not respond to the Application for Default Judgment, a Default Judgment was entered on June 24, 2013. Notice of entry of the Default Judgment was served on Zandian on June 26, 2013 and filed on June 27, 2013.

Over five and a half months later, on December 19, 2013, Zandian served his Motion to Set Aside on Plaintiff. Zandian's Motion to Set Aside claims that he never received any written discovery or notice of the pleadings and papers filed in this matter after his counsel

withdrew as his former counsel provided an erroneous last known address to the Court and the parties when he withdrew, and therefore Zandian requests that the judgment be set aside.

#### III. FINDINGS AND CONCLUSIONS OF LAW

A party seeking to set aside a default judgment has the burden to prove mistake, inadvertence, surprise, or excusable neglect by a preponderance of the evidence. *Kahn v. Orme*, 108 Nev. 510, 513–14, 835 P.2d 790, 793 (1992). The Court finds that Zandian has not met the burden to prove mistake, inadvertence, surprise, or excusable neglect by a preponderance of the evidence.

Specifically, Zandian has not met the factors set forth in *Kahn* to compel the court to set aside the judgment. *Id.* at 513, 835 P.2d at 792–93 (holding that the district court must consider whether the party moving to set aside a judgment promptly applied to remove the judgment, lacked intent to delay the proceedings, lacked knowledge of the procedural requirements, and demonstrated good faith, in addition to considering the state's underlying policy of resolving cases on the merits). Zandian failed to promptly apply for relief, has not established a lack of intent to delay these proceedings or a lack of knowledge of the procedural requirements, and did not provide a good-faith reason for the over five-and-a-half-month gap between entry of default and the time he obtained new counsel and filed the Motion to Set Aside Default Judgment.

## a. Zandian Did Not Promptly Apply To Remove The Judgment

Even though a motion to set aside a judgment may be filed within the six month deadline provided for in NRCP 60(b), a party can still fail to act promptly. See Kahn 108 Nev. at 514, 835 P.2d at 793. Therefore, "want of diligence in seeking to set aside a judgment is ground enough for denial of such a motion." *Id.* (citing *Union Petrochemical Corp. v. Scott,* 96 Nev. 337, 339, 609 P.2d 323, 324 (1980) (citing *Lentz v. Boles,* 84 Nev. 197, 438 P.2d 254 (1968); *Hotel Last Frontier v. Frontier Prop.,* 79 Nev. 150, 380 P.2d 293 (1963)).

Despite his knowledge of the default judgment, Zandian did not move to have the judgment set aside until nearly six months after its entry. Although Zandian argues he did not receive notice of the various proceedings, notice was mailed to his address. Therefore, the

notice requirement of NRCP 55 was fulfilled as Plaintiff served written notice of the application for default judgment. Moreover, NRCP 55 is likely not implicated since the judgment ultimately resulted from sanctions arising from Zandian's failure to respond to discovery. See Durango Fire Protection, Inc. v. Troncoso, 120 Nev. 658 (2004) (trial court's entry of judgment for plaintiff, in action for breach of contract, after striking defendant's answer was a sanction for defendant's failure to appear at several hearings and calendar calls rather than a default judgment, and thus, civil procedure rule requiring written notice before entry of default judgment was not applicable).

Further, First Judicial District Court Rule 22(3) expressly states that "[a]ny form of order permitting withdrawal of an attorney submitted to the Court for signature shall contain the address at which the party is to be served with notice of all further proceedings." Plaintiff had a right to rely on the address given by Zandian's prior attorney.

No evidence supports Zandian's claims that he lacked knowledge of this matter. Even if Zandian was living in France, for which no competent evidence has been provided to this Court, Zandian was required to provide the Court and the parties with his new address. However, Zandian never informed this Court or the parties of any address change. The record demonstrates that the Plaintiff's discovery requests, motions, application for judgment, orders and notice of judgment were all mailed to Zandian's address of record. Under NRCP 5(b), service by mail is complete upon mailing. Thus, Zandian received notice of the proceedings and his repeated failure to respond constituted inexcusable neglect.

#### b. Zandian Has Failed To Show He Lacked Intent To Delay

Zandian received all of the papers and pleadings in this matter. However, he failed to respond to Plaintiff's discovery and willfully ignored the proceedings of this matter. In fact, Zandian waited nearly six months to secure new counsel and file the motion to set aside. Furthermore, Zandian failed to file an opposition to the application for judgment. Accordingly, the Court finds that Zandian has failed to establish the absence of an intent to delay.

# c. Whether Zandian Lacked Knowledge Of Procedural Requirements

Zandian unquestionably had notice of the written discovery, motions and orders filed in this matter, and yet he ignored all of these documents. All that was required of Zandian was to either personally respond to the discovery and motions or obtain counsel to appear on his behalf. Zandian knew discovery had been served but deliberately chose to ignore it. Zandian knew a motion for sanctions and an application for judgment had been filed, which led to the judgment, but Zandian chose to ignore those items as well. Zandian's failure to obtain new counsel or otherwise act on his own behalf is inexcusable. *See Kahn* 108 Nev. at 514-15, 835 P.2d at 793-4. As the Nevada Supreme Court stated in *Kahn*:

we are not confronted here with some subtle or technical aspect of procedure, ignorance of which could readily be excused. The requirements of the rule are simple and direct. To condone the actions of a party who has sat on its rights only to make a last-minute rush to set aside judgment would be to turn NRCP 60(b) into a device for delay rather than the means for relief from an oppressive judgment that it was intended to be.

Id. (citing Union, 96 Nev. at 339, 609 P.2d at 324 (citing Franklin v. Bartsas Realty, Inc., 95 Nev. 559, 598 P.2d 1147 (1979); Central Operating Co. v. Utility Workers of America, 491 F.2d 245 (4th Cir.1974)) (emphasis added in original)).

Zandian had sufficient knowledge to act responsibly. He had previously retained counsel to defend this action and retained new counsel to set aside the judgment. Therefore, this Court cannot conclude that Zandian failed to respond to set aside the default judgment because he was ignorant of procedural requirements.

#### d. Whether Zandian Acted In Good Faith

Zandian has not provided any valid reason for failing to respond to the requested discovery, the motion for sanctions or the application for judgment. Furthermore, he has not provided a reasonable explanation for waiting over five months to obtain other counsel despite having knowledge of the judgment entered against him.

Based upon the fact that Zandian knew about this case and continued to receive the papers and pleadings from this matter, it was inexcusable for Zandian not to respond to the

earlier discovery requests and motions. Zandian has not demonstrated good faith. In fact,
Zandian has only demonstrated inexcusable neglect by his willful failure to respond to, and
participate in, this action. Accordingly, the Court determines that Zandian lacked good faith in
contesting this action.

#### e. Whether This Case Should Be Tried On The Merits For Policy Reasons

The Nevada Supreme Court has held that "good public policy dictates that cases be adjudicated on their merits." *See Kahn* 108 Nev. at 516, 835 P.2d at 794 (citing *Hotel Last Frontier v. Frontier Prop.*, 79 Nev. 150, 155–56, 380 P.2d 293, 295 (1963) (original emphasis). However, this policy has its limits:

We wish not to be understood, however, that this judicial tendency to grant relief from a default judgment implies that the trial court should always grant relief from a default judgment. Litigants and their counsel may not properly be allowed to disregard process or procedural rules with impunity. Lack of good faith or diligence, or lack of merit in the proposed defense, may very well warrant a denial of the motion for relief from the judgment.

Id. (citing Lentz v. Boles, 84 Nev. 197, 200, 438 P.2d at 256 (1968)).

Zandian has disregarded the process and procedural rules of this matter with impunity.

He has repeatedly ignored this matter and failed to respond to the written discovery and motions in this matter since his former attorney John Peter Lee withdrew from representation.

Zandian's lack of good faith or diligence warrants a denial of the motion to set aside.

Zandian's complete failure to respond to the discovery requests and subsequent motions evidences his willful and recalcitrant disregard of the judicial process, which prejudiced Plaintiff. *Foster v. Dingwall*, 227 P.3d 1042, 1049 (Nev. 2010) (citing *Hamlett v. Reynolds*, 114 Nev. 863, 865, 963 P.2d 457, 458 (1998) (upholding the district court's strike order where the defaulting party's "constant failure to follow [the court's] orders was unexplained and unwarranted"); *In re Phenylpropanolamine (PPA) Products*, 460 F.3d 1217, 1236 (9th Cir.2006) (holding that, with respect to discovery abuses, "[p]rejudice from unreasonable delay is presumed" and failure to comply with court orders mandating discovery "is sufficient prejudice")).

In light of Zandian's repeated and continued abuses, the policy of adjudicating cases on the merits would not be furthered in this case, and the ultimate sanctions are necessary to demonstrate to Zandian and future litigants that they are not free to act with wayward disregard of a court's orders. *Foster*, 227 P.3d at 1049. Moreover, Zandian's failure to oppose Plaintiff's motion to strike the General Denial or the application for judgment constitutes an admission that the motion and application were meritorious. *Id.* (*citing King v. Cartlidge*, 121 Nev. 926, 927, 124 P.3d 1161, 1162 (2005) (stating that an unopposed motion may be considered as an admission of merit and consent to grant the motion) (citing DCR 13(3)).

#### IV. CONCLUSION

The record provides substantial evidence to support this denial of Zandian's motion to set aside. Further, the policy of resolving cases on the merits does not allow litigants "to disregard process or procedural rules with impunity." *Kahn*, 108 Nev. at 516, 835 P.2d at 794 (quoting *Lentz v. Boles*, 84 Nev. 197, 200, 438 P.2d 254, 256–57 (1968)).

Zandian has failed to show mistake, inadvertence, surprise or excusable neglect pursuant to NRCP 60(b). Zandian had every opportunity to properly defend this action and instead made a voluntary choice not to. Therefore, Zandian's motion to set aside is hereby DENIED.

DATED: This 64 day of February, 2014. IT IS SO ORDERED:

DISTRICT COURT JUDGE

**CERTIFICATE OF MAILING** I hereby certify that on the O day of February, 2014, I placed a copy of the foregoing in the United States Mail, postage prepaid, addressed as follows: Matthew D. Francis Adam P. McMillen Watson Rounds 5371 Kietzke Lane Reno, NV 89511 Geoffrey W. Hawkins Johnathon Fayeghi Hawkins Melendrez, P.C. 9555 Hillwood Drive, Suite 150 Las Vegas, NV 89134 Samantha Valerius Law Clerk, Department I