

**UNITED STATES DISTRICT
EASTERN DISTRICT OF MICHIGAN (BAY CITY)**

PRIME ALLIANCE BANK, INC.,
a Utah banking corporation;
and SERTANT CAPITAL, LLC,
a Delaware limited liability company,

Case No. 1:23-cv-10564-LJM-PTM
Hon. Laurie J. Michelson

Plaintiffs

v.

THE GREAT LAKES TISSUE COMPANY,
a Michigan corporation, TISSUE DEPOT, INC., a
Wisconsin corporation, CHEBOYGAN ENERGIES
& BIOFUELS CORP., a Wisconsin corporation,

Defendants.

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**VERIFIED FIRST AMENDED COMPLAINT FOR
CLAIM AND DELIVERY AND FOR DAMAGES**

Plaintiffs Prime Alliance Bank, Inc. (“PAB”) and Sertant Capital, LLC (“Sertant”) (collectively, “Plaintiffs”) state:

PARTIES, JURISDICTION, AND VENUE

1. PAB is a Utah banking corporation whose principal place of business is located at 1868 South 500 West, Woods Cross, Utah. PAB is duly authorized to conduct business in the State of Michigan.

2. Sertant is a Delaware limited liability company whose principal place of business is located at 620 New Newport Center Drive, Suite 1450, Newport Beach, California. Sertant is duly authorized to conduct business in the State of Michigan. Sertant’s managing member is a California Trust. Sertant’s only other member is a California citizen.

3. Defendant The Great Lakes Tissue Company (“GLT”) is a Michigan corporation duly authorized to conduct business in the State of Michigan, whose principal place of business is located at 437 S. Main Street, Cheboygan, Michigan. Founded in about 1993, GLT manufactures recycled tissue, and towel products.

4. Defendant Tissue Depot, Inc. (“Tissue Depot”) is a Wisconsin corporation that, as of August 29, 2023, is duly authorized to conduct business in the State of Michigan. Tissue Depot’s principal place of business is located at 500 Fortune Avenue, De Pere, Wisconsin. It conducts business at 437 S. Main Street, Cheboygan, Michigan.

5. Defendant Cheboygan Energies & Biofuels Corp. (“CEBC”) is a Wisconsin corporation formed on August 23, 2022, whose principal place of business is located at 500 Fortune Avenue, De Pere, Wisconsin. CEBC has not registered, and is not authorized, to conduct business in State of Michigan. Upon information and belief, conducts business in Cheboygan, Michigan.

6. This Court has subject matter jurisdiction under 28 U.S.C. § 1332 over Plaintiffs' claims because the matter in controversy is between citizens of different States, and the amount in controversy exceeds \$75,000.00 exclusive of costs, interest, and attorneys' fees.

7. Venue is proper in this judicial district under 28 U.S.C. §§ 1391(b)(1) and (b)(2) because GLT is a resident in the Eastern District of Michigan, and the events or omissions giving rise to this action occurred, in part, in this judicial district.

COUNT I – AVOIDANCE OF FRAUDULENT TRANSFERS

8. Plaintiffs incorporate paragraphs 1 through 7 of this First Amended Complaint.

Hydroelectric Plant

9. For decades, GLT, directly or indirectly, operated a hydroelectric plant in a portion of GLT's leased factory building, which generates power to operate its paper mill. Upon information and belief, any excess power generated by the hydroelectric plant that was not used in GLT's paper mill was transmitted to Consumers Energy Company. Upon information and belief, at all relevant times, GLT operated the hydroelectric plant under Federal Energy Regulatory Commission No. P-7142.

10. Upon information and belief, before January 20, 2023, GLT leased ("HD Lease") the hydroelectric plant, under which GLT agreed to pay \$5,000 per month, with an option to pay \$2 million at the termination of the HD Lease to purchase the hydroelectric plant. Before January 20, 2023, GLT employed the individuals that operated the hydroelectric plant.

11. Upon information and belief, on or about April 30, 2023, GLT transferred the HD Lease and/or other assets to CEBC ("CEBC Transfer"), which executed a new lease with Clarence Rosnowski for the hydroelectric plant. Upon

information and belief, CEBC leased the hydroelectric plant to Tissue Depot under which Tissue Depot pays \$5,000 per month – the same rental amount paid by GLT to Clarence Rosnowski. The assets transferred under the CEBC Transfer shall be collectively referred to as the “CEBC Assets.” GLT received less than reasonably equivalent value from CEBC or Tissue Depot for the CEBC Transfer. Upon information and belief, GLT received nothing for the CEBC Transfer. Upon information and belief, after the CEBC Transfer, Tissue Depot operates the hydroelectric plant and receives the income generated from it.

Recycled Paper, Toilet and Towel Operations

12. In or about March or April 2023, GLT transferred (“TD Transfer”) all of its assets to Tissue Depot (“TD Assets”), including but not limited to all desks, books, records, employees, customer lists, buildings, intellectual property, accounts, leases, phone numbers, goodwill, environmental permits, equipment, and inventory, but, upon information and belief, not the CEBC Assets. As part of this TD Transfer, GLT transferred possession of the Equipment (as defined below) to Tissue Depot without Plaintiff’s knowledge, authorization or consent.

13. After GLT transferred the TD Assets to Tissue Depot, GLT was defunct and ceased operations. GLT’s employees became employees of Tissue Depot. Tissue Depot took possession of the Equipment and used it to operate the paper mill.

Fraudulent Transfers

14. GLT made the CEBC Transfer and the TD Transfer (collectively, the “Transfers”) with the actual intent to hinder, delay, or defraud GLT’s creditors.

15. GLT made the Transfers to CEBC and Tissue Depot without receiving a reasonably equivalent value in exchange for the Transfers. GLT either (i) was engaged or was about to engage in a business or a transaction for which the remaining assets of GLT were unreasonably small in relation to the business or

transaction, or (ii) intended to incur, believed or reasonably should have believed that GLT would incur debts beyond GLT's ability to pay as they became due. By way of example, and not by way of limitation, the environmental permits transferred from GLT to Tissue Depot are purportedly worth in excess of \$21 million. Tissue Depot did not pay reasonably equivalent to GLT for the environmental permits or the TD Transfers.

16. The Transfers were made to an insider. As of January 12, 2023, Patriot Advanced Environmental Technologies, LLC ("PAET") was the sole shareholder of GLT. PAET is a shareholder of Tissue Depot and CEBC. Donald Swenson is director GLT, PAET, and CEBC. He owns an entity that is a member of PAET.

17. Before the Transfers were made, GLT had been sued or threatened with a lawsuit. As set forth above, Plaintiffs demanded payment and possession of the Equipment on February 1, 2023. Plaintiffs filed this action on March 10, 2023. The Transfers were made after GLT knew of Plaintiff's initial Complaint.

18. GLT retained possession or control of the property transferred after the Transfers.

19. The Transfers were concealed from creditors, including Plaintiffs.

20. The Transfers constituted all, if not substantially all, of GLT's assets.

21. The Transfers were made with the intent to evade legal process and avoid payment of debts incurred by GLT.

22. GLT, Tissue Depot and CEBC engaged in the Transfers in bad faith.

23. Tissue Depot and CEBC provided little or no value to GLT in exchange for the Transfers. For instance, upon information and belief, GLT transferred environmental permits to Tissue Depot worth in excess of \$20 million.

24. GLT was insolvent or became insolvent shortly after the Transfers were made. At the time of, and after the Transfer, at a fair valuation, the sum of GLT's debts was and is greater than the sum of its assets.

25. At the time of, and after the Transfers, GLT is and was generally not paying its debts as they became due other than as a result of a bona fide dispute. Since January 1, 2023, GLT has been sued by numerous creditors for failure to make payments when due.

26. The Transfers occurred after Plaintiffs demanded payment of \$2,271,354.51 from GLT on February 3, 2023.

27. The Transfers occurred after Plaintiffs demanded that GLT turn over possession of the Equipment on February 3, 2023.

28. Plaintiffs' claim against GLT arose before the Transfers were made, without receiving reasonably equivalent value in exchange for the Transfers. GLT was insolvent or became insolvent as a result of the Transfers. After GLT made the Transfers, it ceased operations.

29. As result of the Transfers, Plaintiffs are entitled to (1) avoidance of the Transfers to the extent necessary to satisfy Plaintiffs' claim against GLT; (2) attachment or other provisional remedy against the TD Assets and the CEBC Assets (collectively, the "Transferred Assets"); (3) an injunction against further disposition of the Transferred Assets by GLT, CEBC, Tissue Depot, or one or more of them; (4) appointment of a receiver to take charge of the Transferred Assets; and (5) any other relief as this Court deems appropriate.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter a judgment against GLT, CEBC, and Tissue Depot (1) avoiding the Transfers to the extent necessary to satisfy Plaintiffs' claim against GLT in an amount in excess of \$75,000; (2) attaching or granting other provisional remedies against the Transferred

Assets; (3) granting an injunction against further disposition of the Transferred Assets by GLT, CEBC, Tissue Depot, or one or more of them; (4) appointing in a receiver to take charge of the Transferred Assets; and (5) granting any other relief as this Court deems appropriate.

COUNT II - BREACH OF CONTRACT

30. Plaintiffs incorporate paragraphs 1 through 29 of this First Amended Complaint.

The Lease

31. On or about October 13, 2022, Sertant, as lessor, and GLT, as lessee, entered into Master Lease Agreement No. SC-002157 (“Master Lease”) under which GLT leased certain personal property from Sertant described on separate Lease Schedules executed under the Master Lease. A true and correct copy of the Master Lease is attached hereto as **Exhibit “1”** and is incorporated by reference.

32. Accordingly, as part of the Master Lease, GLT executed Lease Schedule No. 1 (“Schedule No. 1”) to the Master Lease, under which GLT agreed to lease from Sertant certain equipment and other personal property (collectively, “Equipment”). The Equipment consists of the following property described below:

	Equipment Description	Serial No.
1.	1969 Bacock & Wilcox Gas Fired 60,000 BTU Boiler	M98133M
2.	2013 Alfa Laval Heat Exchanger	30115-70081
3.	2013 Alfa Laval CB400-86H Heat Exchanger	42787870
4.	Appleton 60”x72” Core Cutter	n/a
5.	Wulftec WLP-150 Automatic Stretch Wrap Machine	0700-6317
6.	Orion SW44-12 Stretch Wrapper	7117540
7.	Black Clawson Poly Re-Claim & Stock Prep System	95-H-P-3692

	Equipment Description	Serial No.
8.	Beloit/Proctor & Gamble 128" Tissue Paper Machine and all accessories	n/a
9.	Lot of Laboratory Equipment and all accessories	n/a
10.	1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor	ARP-1200-8
11.	1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor	ARP-490886
12.	1978 Zurn R110A Refrigerated Air Dryer	R-9510
13.	2014 Ingersoll Rand R110 Nirvana SVD 150 Air Compressor	VN1505u13175
14.	Knowlton Core Machine	n/a
15.	1997 Perini 200G Core Machine and Back Stand	09056; 09057
16.	1998 Perini 716B 106" Toilet Roll Rewinder	09719; 19718
17.	2020 Baosuo YD-PL400C-2900 12" Bathroom Tissue Rewinder Line and all accessories	19S13005Fs
18.	1999 Perini 702G 106" JRT Rewinder and all accessories	40533
19.	1997 Perini 702G 106" JRT Rewinder Line and all accessories	8897
20.	Hobema 14-H 13" Napkin Folder	446
21.	Lot of Press, Gears, Valves, Pumps, Motors, Etc. including all components and ancillary items	n/a
22.	Clausing Colchester 17" Horizontal lathe	2312
23.	Bridgeport Series Vertical Drill	J202453
24.	Hendey Horizontal Lathe 14 x 42	121
25.	Cincinnati Milling Machine	E506J
26.	Cincinnati Bickford Drill	122
27.	Boyd & Emmes Radial Engine Horizontal Lathe	n/a
28.	Enerpac Hydraulic Press	n/a
29.	Grob NS24 Band Saw	3508

	Equipment Description	Serial No.
30.	Clausing Vertical Drill Press	104435
31.	Bradford Grinder	86
32.	Clausing Vertical Drill Press	511876
33.	Abrasive Machine Tool Sander	n/a
34.	Miller Bobcat 225 NT Welding Set	n/a
35.	Miller Trailblazer 30 Z Welding Set	n/a
36.	Hobart Mega Arc 300 Welding Set	n/a
37.	Misc. Hand Tools and Cabinets	n/a
38.	Rigid 802 Pipe Threader	n/a
39.	Wells Metal Band Saw	14980
40.	Miller XMT 350 CC/CV Welding Set	n/a
41.	Modern C6251x1500 Horizontal Lathe – Age 2003	n/a
42.	Lincoln Wirematic 255 Welding Set, all components and ancillary items	n/a
43.	Caterpillar 99F – 3,500 lbs. Cap.	AT81C-00357
44.	Caterpillar 99H – 3,500 lbs. Cap.	AT81C-00944
45.	Caterpillar V-80	932200-14A
46.	Caterpillar #11 Roll Grab – 7,000 lbs. Cap.	AT8701785
47.	Caterpillar #12 Roll Grab – 7,000 lbs. Cap.	AT8701784
48.	Genie #1 Scissor lift	76192
49.	Genie #2 Scissor lift	65851
50.	Genie #3 Articulating boom	Z34N-3953
51.	Genie AWP – 300 lbs. Cap.	3892-1317
52.	Halla #11 – 4,400 lbs. Cap.	1449K
53.	Hyster S-150 – 16,000 lbs. Cap.	A24D1857P
54.	Hyster 50 – 4,800 lbs. Cap.	F187V13647F
55.	JCB 506C – 6,000 lbs. Cap	585635
56.	JCB 506C – 6,000 lbs. Cap.	JCB5CAJLC61184611
57.	Kubota SSV65	13738
58.	Linde #5 Roll Grab – 3,700 lbs. Cap.	A11313G00184
59.	Linde #3 Roll Grab – 3,700 lbs. Cap.	A11313G00185
60.	Linde #24 – 4,500 lbs. Cap.	A11319J00224
61.	Linde #68 – 4,500 lbs. Cap.	A11319J00168
62.	Nissan #8 – 3,500 lbs. Cap.	23108
63.	Skid Steer L230	wbm432589

	Equipment Description	Serial No.
64.	Terex All Terrain lift – 6,000 lbs. Cap.	TH06O6B-6256
65.	Toyota #4 Roll Grab – 4,400 lbs. Cap.	84988
66.	Toyota #1 – 7,700 lbs. Cap.	77656
67.	Toyota #30 – 7,250 lbs. Cap.	63678

A true and correct copy of Schedule No. 1 is attached hereto as **Exhibit “2”** and is incorporated by reference. The Master Lease Agreement and Schedule No. 1 are collectively referred to as the “Lease.”

33. Under the Lease, GLT agreed, among other things:

- (a) That Sertant owned and/or retained a security interest in the Equipment.
- (b) To pay \$68,082.30 per month in rent as specified in the Lease.
- (c) That the term of the Lease consisted of an initial term of forty-eight (48) months plus any applicable renewal term.
- (d) To various representations and warranties that were material to Sertant’s decision to fund the Lease.
- (e) To maintain the Equipment in good operating order, condition, repair and appearance, and to protect the Equipment from deterioration other than normal wear and tear.
- (f) To permit Sertant to enter and inspect the Equipment to confirm its existence, condition, and proper maintenance.
- (g) To possess and use the Equipment in GLT’s name only and not to part with possession or control of the Equipment without the prior written consent of Sertant.
- (h) To perform all other terms and conditions of the Lease.
- (i) That if GLT failed to perform any of its obligations under the Lease when due or committed any other event of default:

- i. Sertant could declare GLT in default and exercise all of its rights and remedies under the Lease and the law.
- ii. Sertant could recover all past due payments owed under the Lease, plus all other amounts that become due in the future.
- iii. Sertant could take possession of all of the Equipment, wherever located.
- iv. GLT would pay Sertant all of Sertant's costs and expenses, including reasonable attorneys' fees, incurred in enforcing its rights thereunder.

34. Under the Lease, an Event of Default occurs if: (i) GLT fails to pay “when due any installment of Rent or any other sum owed by [GLT]” and “such failure continues for a period of ten (10) days”; (ii) GLT changes its organizational structure without the prior written consent of Sertant; (iii) GLT undergoes any change in control, change in ownership of any type which results in a material deterioration in GLT's creditworthiness; (iv) GLT fails to maintain the Equipment in good working order, condition, repair, and appearance or to protect the Equipment from deterioration other than normal wear and tear; (v) GLT defaults in payment or performance of any obligation or indebtedness of any kind or description due or to become due; (vi) GLT fails to permit Plaintiffs to inspect the Equipment to confirm its existence, condition and proper maintenance; and/or (vii) GLT fails to comply with the terms of the Lease. (Ex. 1, ¶¶ 12, 13, 16, pp. 5-7.)

35. On or about October 13, 2022, Sertant assigned certain Initial Period Rent payments and residual interest rights under the Lease and the Equipment to PAB. Sertant retained other rights and interests in the Lease and the Equipment as part of the assignment. A true and correct copy of the UCC-3 Financing Statement

further reflecting the assignment is attached hereto as **Exhibit “3”** and is incorporated by reference.

36. Plaintiffs fully performed under the Lease, or such performance was waived or excused due to GLT’s breach of the Lease.

37. Sertant remained the owner of the Equipment, although Sertant filed a precautionary UCC-1 Financing Statement with the Michigan Secretary of State’s Office, a true and correct copy of which is attached hereto as **Exhibit “4”** and is incorporated by reference.

GLT’s Breach of the Lease

38. At all relevant times prior to January 12, 2023, Great Lakes Tissue Group, LLC was the sole shareholder of GLT.

39. On January 12, 2023, Great Lakes Tissue Group, LLC entered into a Merger Agreement with PAET, under which Great Lakes Tissue Group, LLC transferred to PAET all of its interest in GLT, without Plaintiffs’ prior authorization, knowledge and consent. A true and correct copy of the Merger Agreement is attached hereto as **Exhibit “5”** and is incorporated by reference. Prior to January 12, 2023, Kip Boie served as the President and Chief Executive Officer of PAET. After that, Kip Boie ceased to be President and Chief Executive Officer. Since January 12, 2023, multiple individuals other than Kip Boie have served as GLT’s president. GLT’s management and control changed after January 12, 2023, without Plaintiff’s prior authorization, knowledge or control.

40. GLT materially breached and committed Events of Default under the Lease by, among other things:

- (a) failing to pay rent due under the Lease on January 1, 2023 and February 1, 2023, as reflected in GLT’s payment history, a true

and correct copy of which is attached hereto as **Exhibit “6”** and is incorporated by reference;

- (b) changing ownership, control and/or management of GLT without Plaintiffs’ prior written consent, resulting in a material deterioration of GLT’s creditworthiness as determined by Plaintiffs in their sole discretion;
- (c) refusing to permit Plaintiffs to inspect the Equipment, despite Plaintiffs’ request;
- (d) upon information and belief, failing to keep and maintain the Equipment in the condition required under the Lease;
- (e) failing to provide the financial and business information and documents as requested by Plaintiffs, including information on GLT’s new management;
- (f) defaulting on the payment or performance of obligations or indebtedness due or to become due;
- (g) permitting or causing the occurrence of an Adverse Change as defined in the Lease;
- (h) falsely representing ownership or possession of the Missing Equipment (as defined below) and/or selling, scrapping, or disposing of the Missing Equipment, without Plaintiffs’ knowledge, authorization or consent; and
- (i) taking or failing to take other actions as may be discovered.

41. GLT changed ownership, management, and/or control as of approximately January 12, 2023, without Plaintiffs’ prior written consent, in violation of the Lease. Plaintiffs first received notice of the change of control on January 25,

2023 based on an email from GLT's former counsel; a true and correct copy is attached hereto as **Exhibit "7"** and is incorporated by reference.

42. Plaintiffs repeatedly demanded that GLT comply with the Lease. Despite these demands, GLT failed and refused to perform as agreed.

43. Because of GLT's material breach and Events of Default under the Lease, Plaintiffs exercised their right to accelerate and declare immediately due and payable all rent payments and other amounts owed under the Lease now and in the future. Plaintiffs have demanded that GLT perform its obligations under the Lease. A true and correct copy of Plaintiffs' February 3, 2023 demand letter is attached hereto as **Exhibit "8"** and is incorporated by reference.

44. As a direct and proximate cause of GLT's material breach and Events of Default under the Lease, Plaintiffs incurred general, special, and consequential damages in an amount according to proof at trial no less than \$2,271,354.51 as of February 16, 2023, plus late charges, default interest, costs and attorneys' fees accrued. Further, Plaintiffs are also entitled to immediate possession of the Equipment, in addition to damages for the breach or, alternatively, such other remedies provided for under the Lease, as Plaintiffs may elect. A copy of the GLT account balance statement is attached hereto as **Exhibit "9"** and is incorporated by reference.

45. The Lease provides for payment of reasonable attorneys' fees and all expenses incurred by Plaintiffs in enforcing the Lease. Because GLT breached the Lease, Plaintiffs have been obliged to retain attorneys to enforce their rights. Sertant is, therefore, entitled to recover its reasonable attorneys' fees and costs of collection.

Successor-In-Interest/Alter Ego Liability

46. Tissue Depot and CEBC are successors of, and constitute a continuation of, GLT such that they should be treated as one single venture and alter egos of each other.

There exists, and at all relevant times there existed, a unity of interest and ownership between Tissue Depot, CEBC, and GLT, such that any individuality and separateness between them have ceased, and Tissue Depot and CEBC are the alter ego of, and successors of, GLT.

47. Tissue Depot and CEBC were conceived, intended and used as a device to avoid liability of creditors and to substitute in the place of GLT, a financially insolvent corporation. GLT transferred all of its assets to Tissue Depot and CEBC pursuant to the Transfers. After the Transfers, there has been continuity of the enterprise between GLT, Tissue Depot and CEBC, such that these entities should be treated as a single enterprise. CEBC and Tissue Depot are a continuation of the same business and are engaged in the same or similar activities as GLT. CEBC, Tissue Depot and GLT should be treated as a single enterprise.

48. Upon information and belief, prior to the Transfers, Tissue Depot and CEBC are, and at all times mentioned were, inadequately capitalized.

49. Upon information and belief, Tissue Depot, CEBC and GLT operated at the same office and business locations: 437 S. Main Street, Cheboygan, Michigan; 502 S. Main Street, Cheboygan, Michigan and the hydroelectric plant on the Cheboygan River.

50. Upon information and belief, after January 12, 2023, there was, and remains, a unity of interest between Tissue Depot, CEBC, and GLT. After that date, PAET was the sole shareholder of GLT. PAET is an eighty-three (83%) shareholder in Tissue Depot. Upon information and belief, PAET has an ownership interest in CEBC.

51. The Transfers from GLT to Tissue Depot and CEBC were made after GLT had notice of its liabilities or potential liabilities to Plaintiffs. Specifically, the Transfers were made after Plaintiffs sent a written demand for payment on February 3, 2023 and after GLT had notice of Plaintiff's initial Complaint filed in this case.

52. The Transfers from GLT to Tissue Depot and CEBC were done for inadequate consideration, less than reasonably equivalent value or fair value, and/or to evade existing liabilities to Plaintiffs and other creditors. The Transfers were made with the intent to hinder, delay, and defraud creditors.

53. After the Transfers, there was a continuing of management, employees and operations. By way of example, and not by way of limitation, Donald Swenson is a director for GLT, Tissue Depot and CEBC. He is also the chairman of the board of directors for these entities. CEBC and/or Tissue Depot operates at the same location, using the same employees, furniture, and Equipment as GLT.

54. Tissue Depot and CEBC are merely alter egos or shell entities created to avoid the debts of GLT.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter a judgment in their favor and against GLT, CEBC, and Tissue Depot, jointly and severally, (i) awarding damages for at least \$2,271,354.51 as of February 16, 2023 or such as other amount as proved at trial, plus interest, late charges, default interest, costs, and attorneys' fees; (ii) awarding immediate possession of the Equipment to Plaintiffs; and (iii) granting other relief as is just and equitable.

COUNT III – CLAIM AND DELIVERY

55. Plaintiffs incorporate paragraphs 1 through 54 of this First Amended Complaint.

56. Plaintiffs are the owners of the Equipment. GLT's right to the quiet use and enjoyment of the Equipment immediately terminated after GLT materially breached and committed Events of Default under the Lease. The Equipment is specifically described above and is incorporated by reference. The Equipment consists of independent pieces of property.

57. Despite Plaintiffs' termination of the Lease, GLT or Tissue Depot has wrongfully retained possession of and exercised dominion and control over the Equipment that has been unlawfully detained from Plaintiffs by GLT.

58. To the best of Plaintiffs' knowledge, the Equipment is not in the custody of law enforcement by a warrant for the collection of tax assessment.

59. Plaintiffs have made demands upon GLT to surrender possession of the Equipment, but GLT failed, neglected and/or refused to surrender the Equipment all to Plaintiffs' damage. Following those demands, GLT transferred possession of the Equipment to Tissue Depot, without Plaintiffs' prior knowledge, authorization or consent.

60. Because of GLT's material breach of and Events of Default under the Lease, Plaintiff has a right to immediate possession of the Equipment. GLT and Tissue Depot have refused to relinquish possession of the Equipment.

61. If GLT and/or Tissue Depot retain possession of Plaintiffs' Equipment, Plaintiffs justifiably believe that the Equipment will be damaged, destroyed, concealed, disposed of, or used so as to substantially impair its value before final judgment unless the Equipment is taken into custody by court order. Despite the multiple defaults under the Lease, Plaintiffs are informed and believe that either (a) GLT and Tissue Depot has continued to use the Equipment to generate income without making any payment therefore; or (b) the Equipment is being exposed to the weather and/or is not being maintained in accordance with the Lease. Upon information and belief, GLT and Tissue Depot have not paid utilities, which jeopardizes the safety of the Equipment.

62. Plaintiffs will be immediately and irreparably injured and damaged if GLT and/or Tissue Depot continues using the Equipment, notwithstanding GLT's default under the Lease. On information and belief, and as set forth above, the

Equipment is not being maintained and is in danger of destruction. Further, to the extent it is being used, the Equipment continues to depreciate through continued wear and tear without any payment being made to Plaintiffs. Moreover, GLT sold, scrapped, or disposed of the Missing Equipment (defined below) without Plaintiff's knowledge, authorization or consent.

63. On February 1, 2023, Plaintiffs received a letter from Kip Boie, the former principal of GLT, a true copy of which is attached hereto as **Exhibit "10"** and is incorporated by reference. In this letter, Mr. Boie indicated:

- (a) GLT's building located at 437 S. Main Street, Cheboygan, Michigan ("GLT Premises") is and has been in urgent need of repair;
- (b) the roof recently collapsed due to weather conditions;
- (c) GLT laid off fifty (50) workers immediately before the December holidays; and
- (d) GLT's engineer visited GLT's Premises and recommended to the County Building Inspector that the building be condemned.

64. On February 13, 2023, Mr. Boie sent Plaintiffs' counsel an email linking various local Cheboygan news reports, a true and correct copy of which is attached hereto as **Exhibit "11"** and incorporated by reference. A true and correct copy of screen prints taken from the report reflecting the distressing condition of the GLT Premises is attached hereto as **Exhibit "12"** and incorporated by reference.

65. Mr. Boie's counsel further confirmed in a February 10, 2023 email (as reflected in Exhibit 11) that "even if Great Lakes Tissue Group wanted to give access to Sertant, we cannot" since Mr. Boie no longer has decision-making power at GLT. Counsel suggested that Plaintiffs contact counsel for the new ownership to request an inspection. Plaintiffs made that request, but to no avail, as reflected in the email chain

ending February 16, 2023. A true and correct copy of this email chain is attached hereto as **Exhibit “13”** and is incorporated by reference. To date, GLT has not permitted any inspection. Plaintiffs justifiably fear that GLT refused to permit inspection of the Equipment because it failed to keep and maintain it in good operating condition and to protect it from deterioration.

66. Online searches and news reports reflect, at best, numerous questions and potential concerns about the new management team running GLT. True and correct copies of recent news reports (February 9, 2023) are attached hereto as **Exhibit “14”** are incorporated by reference.

67. Plaintiffs are informed and believe that their Equipment is in immediate jeopardy and needs to be secured.

68. As reflected in the September 27, 2022 appraisal attached hereto as **Exhibit “15,”** the orderly liquidation value of the Equipment was appraised at \$4,375,200.00, and the forced liquidation value was \$3,450,900. Plaintiffs believe that these amounts represent the approximate value of the Equipment. If this Court does not award possession to Plaintiffs, Plaintiffs justifiably believe that the Equipment will be damaged, destroyed, concealed, disposed of, or used so as to substantially impair its value before final judgment.

69. Plaintiffs believe that no security is required to enter an order awarding possession to them. GLT and/or Tissue Depot has no equity in the Equipment. This transaction is a lease, not a loan; the Equipment is not collateral. Plaintiffs own the Equipment. Plaintiffs are entitled to possession of the Equipment.

70. Plaintiffs request possession of the Equipment pending final judgment.

71. Good cause exists for this Court to enter an immediate order directing GLT and Tissue Depot to refrain from damaging, destroying, concealing, disposing

of, or using so as to substantially impair its value, the Equipment until further order of the Court.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court (1) enter a temporary restraining order as provided by Fed. R. Civ. P. 64, M.C.R. 3.105 (E)(2)(a), or other applicable law prohibiting GLT and Tissue Depot, and all agents, representatives, employees, attorneys, successors, and other persons acting in concert, from damaging, destroying, concealing, disposing of, or using so as to substantially impair its value, the Equipment until further order of the Court; (2) enter an order granting Plaintiffs possession pending final judgment; and (3) enter a final judgment in favor of Plaintiffs and against GLT and Tissue Depot awarding Plaintiffs immediate possession of the Equipment, awarding Plaintiffs their attorneys' fees and costs, and granting other relief as is just and equitable.

COUNT IV – CONVERSION

72. Plaintiffs incorporate paragraphs 1 through 71 of the Complaint.

73. Without justification, GLT and Tissue Depot has intentionally and substantially interfered with and exercised continued wrongful dominion and control over the Equipment. Following GLT's default, Plaintiffs have had the right to possess the Equipment immediately. GLT's right to the quiet use and enjoyment of the Equipment immediately ceased without further notice. Despite Plaintiffs' demand, GLT has failed and refused to deliver possession of the Equipment to Plaintiffs. After Plaintiffs demanded possession of the Equipment, Plaintiffs wrongfully transferred the Equipment to Tissue Depot. As a result, GLT and Tissue Depot are wrongly detaining the Equipment.

74. Tissue Depot continues to possess and exercise of dominion and control over the Equipment without Plaintiffs' consent.

75. Prior to May 2023, GLT and/or Tissue Depot wrongfully sold, scrapped and/or disposed of the following equipment (“Missing Equipment”) without Plaintiff’s knowledge, authorization or consent:

	Description of Equipment	Serial No.
1.	1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor	ARP-1200-8
2.	1985 Atlas Copco ZR-3 200 HP Packaged Rotary Screw Air Compressor	ARP-490886
3.	Caterpillar 99F – 3,500 lbs. Cap.	AT81C- 00357
4.	Caterpillar 99H – 3,500 lbs. Cap.	AT81C- 00944
5.	Caterpillar V-80	932200-14A
6.	Caterpillar #11 Roll Grab – 7,000 lbs. Cap.	AT8701785
7.	Caterpillar #12 Roll Grab – 7,000 lbs. Cap.	AT8701784
8.	Genie #1 Scissor lift	76192
9.	Genie #2 Scissor lift	65851
10.	Halla #11 – 4,400 lbs. Cap.	1449K
11.	Hyster 50 – 4,800 lbs. Cap.	F187V13647 F
12.	JCB 506C – 6,000 lbs. Cap	585635
13.	JCB 506C – 6,000 lbs. Cap.	JCB5CAJLC 61184611
14.	Linde #3 Roll Grab – 3,700 lbs. Cap.	A11313G00 185
15.	Linde #24 – 4,500 lbs. Cap.	A11319J00224
16.	Nissan #8 – 3,500 lbs. Cap.	23108
17.	Skid Steer L230	wbm432589
18.	Toyota #4 Roll Grab – 4,400 lbs. Cap.	84988
19.	Genie #3 Articulating boom	Z34N-3953
20.	Toyota #1 – 7,700 lbs. Cap.	77656
21.	Toyota #30 – 7,250 lbs. Cap.	63678

76. GLT’s and/or Tissue Depot’s sale, scrapping, and/or disposal of the Missing Equipment when Plaintiffs owned the Missing Equipment constitutes

unjustified and improper interference with and exercised dominion and control over the Missing Equipment.

77. As a proximate result of GLT's and Tissue Depot's unjustified and improper interference with and exercised dominion and control over the Equipment and the Missing Equipment, Plaintiffs have suffered continuing damages over \$75,000.00, exclusive of costs, exemplary damages, interest, and attorneys' fees; plus are entitled to the immediate return of their Equipment so that it may be sold or leased to third parties. In addition, Plaintiffs should be awarded fair market value of the Missing Equipment sold, scrapped, or disposed of by GLT.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter a Judgment in their favor and against GLT and Tissue Depot, jointly and severally, in an amount over \$75,000.00, plus interest, costs, attorneys' fees, and exemplary damages, and grant other relief as this Court deems just and equitable.

Dated: October 2, 2023

Respectfully Submitted

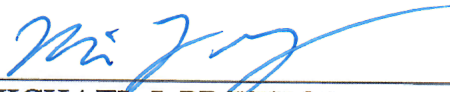
BUCHALTER, a Professional Corporation

By: /s/ Robert S. McWhorter
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VERIFICATION


I declare under penalty of perjury that the foregoing is true and correct.
Executed on September 28, 2023.

SERTANT CAPITAL, LLC

By: 
MICHAEL J. PRZEKOP
Its: President

I declare under penalty of perjury that the foregoing is true and correct.
Executed on September 28, 2023.

PRIME ALLIANCE BANK, INC.

By: 
MICHAEL WARD
Its: President