



NEWS RELEASE

FOR IMMEDIATE RELEASE

March 8, 2018

CONTACT: Norma Garcia Guillen
Jeffrey M. Blank

(714) 382-7002 or (714) 382-7003

NGarciaGuillen@GarciaRainey.com

JBlank@GarciaRainey.com

GRBB Tackles Employee Fraud and Racketeering in the Cosmetic Industry

HCT Group Holdings Limited et al. ("HCT") v. Gardner et al.

Los Angeles Superior Court, Case Number BC645615

Los Angeles/Orange County, CA – Cosmetics industry manufacturing giant, HCT Packaging, Inc. ("HCT"), chose Garcia Rainey Blank & Bowerbank ("GRBB") to handle a high-stakes international litigation matter against three of its former executives. GRBB has obtained a preliminary injunction and a writ of attachment, authorizing the attachment/freezing of over \$2.7 million of former employee [Nicholas Gardner](#)'s assets. Additionally, GRBB has obtained a separate preliminary injunction, enjoining Gardner and anybody acting in concert with or at the direction of Gardner from using eight different categories of HCT's information, if Gardner obtained knowledge of such information while at HCT, to compete with HCT.

Filed in early 2017, the lawsuit alleges that Gardner, [Derrick Chang](#), and [Cindy Lim](#), while employed by HCT, engaged in various actions inimical to HCT's interests, including receiving millions of dollars in unauthorized kickbacks from factories. HCT alleges that the defendants maintained a special items ledger, which specifically ties each kickback to a purchase order placed by HCT to a factory, and that Gardner and Chang even exchanged text messages wherein they celebrated the receipt of \$120,000 in their respective accounts.

The lawsuit contains 20 causes of action, including breach of duty of loyalty, trade secret misappropriation, and Racketeer And Corrupt Organizations Act ("RICO") based on wire and mail fraud.

[CLICK HERE TO VIEW SECOND AMENDED COMPLAINT](#)

On February 8, 2018, the Court issued an order, granting, in part, HCT's motion for a writ of attachment as to Gardner in the amount of \$2,399,059.35 based on entries in the special items ledger that directly correspond to deposits into Gardner's HSBC Hong Kong bank account ("HSBC HK Account"). HCT has also alleged that Gardner and the co-conspirators had created three competitor entities, Cognisant LLC, Cognisant Limited, and Cognisant Real Estate, to compete with HCT, invoiced clients on Cognisant letterhead and directed them to remit payments to the HSBC HK Account, and that \$1,278,518.05 in such payments were deposited into the HSBC HK Account and

not reflected on the special items ledger. HCT has also alleged that between October 2010 and January 2017, \$5,021,141.01 in additional deposits, not reflected in the special items ledger, were made into the HSBC HK Account. The Court noted that this additional evidence “raises serious questions.”

[CLICK HERE TO VIEW WRIT OF ATTACHMENT ORDER](#)

On August 24, 2017, the Court issued a preliminary injunction, enjoining Gardner from receiving \$311,077.50 in proceeds from the sale real property located at 1015 N. Bundy In Los Angeles after HCT argued that principal payments on the property totaling \$311,077.50 could be traced to Gardner’s ill-gotten gains obtained while employed by HCT.

[CLICK HERE TO VIEW PRELIMINARY INJUNCTION RE FUNDS FROM BUNDY PROPERTY](#)

On March 10, 2017, the Court issued a Preliminary Injunction enjoining Gardner and anybody acting in concert with or at the direction of Gardner from using eight different categories of HCT’s information, if Gardner obtained knowledge of such information while at HCT, to compete with HCT.

[CLICK HERE TO VIEW PRELIMINARY INJUNCTION RE USE OF HCT’S INFORMATION](#)

In January 2017, a Hong Kong court issued a Mareva Injunction, freezing over \$600,000 of Gardner’s liquid assets held in two different HSBC HK accounts.

Depositions are currently proceeding in this matter. A trial date has not been set yet.

For further information, media should contact Jeffrey M. Blank at (714) 382-7003 JBlank@GarciaRaine.com or Norma Garcia Guillen at (714) 382-7002 or at NGarciaGuillen@GarciaRaine.com.

###