

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**COMP**  
DENNIS L. KENNEDY  
Nevada Bar No. 1462  
JOSHUA P. GILMORE  
Nevada Bar No. 11576  
BAILEY ♦ KENNEDY  
8984 Spanish Ridge Avenue  
Las Vegas, Nevada 89148  
Telephone: (702) 562-8820  
Facsimile: (702) 562-8821  
[dkennedy@baileykennedy.com](mailto:dkennedy@baileykennedy.com)  
[jgilmore@baileykennedy.com](mailto:jgilmore@baileykennedy.com)

Attorneys for Plaintiff

Electronically Filed  
07/14/2011 09:01:04 AM

  
CLERK OF THE COURT

DISTRICT COURT  
CLARK COUNTY, NEVADA

DOLCE GROUP VEGAS, LLC, a Nevada  
limited liability company,  
  
Plaintiff,

vs.

HRHH HOTEL/CASINO, LLC, a Delaware  
limited liability company; BROOKFIELD  
ASSET MANAGEMENT (US), INC., a  
Delaware corporation; BROOKFIELD  
FINANCIAL, LLC – SERIES B, a Delaware  
limited liability company; WARNER  
GAMING, LLC, a Nevada limited liability  
company; and DOES I through X, inclusive,  
  
Defendants.

Case No. A - 11 - 644945 - C  
Dept. No. I

**COMPLAINT**

**Exempt from Arbitration: NAR 3(A)  
(Amount in Controversy in Excess of  
\$50,000.00, Exclusive of Interest and  
Costs)**

COMES NOW Plaintiff, Dolce Group Vegas, LLC, and complains against Defendants,  
HRHH Hotel/Casino LLC, Brookfield Asset Management (US), Inc., Brookfield Financial, LLC  
– Series B, Warner Gaming, LLC, and DOES I through X, and each of them, as follows:

**THE PARTIES**

1. Plaintiff DOLCE GROUP VEGAS, LLC (“Dolce Group”) is, and at all times  
material hereto was, a Nevada limited liability company authorized to transact business in the  
State of Nevada, County of Clark.

///

1           2.       Plaintiff is informed and believes, and thereon alleges, that Defendant HRHH  
2 HOTEL/CASINO, LLC (“HRHH”) is, and at all times material hereto was, a Delaware limited  
3 liability company with its principal place of business located in Las Vegas, Nevada.

4           3.       Plaintiff is informed and believes, and thereon alleges, that Defendant  
5 BROOKFIELD ASSET MANAGEMENT (US), INC. (“Brookfield Asset Management”) is, and  
6 at all times material hereto was, a Delaware corporation with its principal place of business  
7 located in New York, New York.

8           4.       Plaintiff is informed and believes, and thereon alleges, that Defendant  
9 BROOKFIELD FINANCIAL, LLC – SERIES B (“Brookfield Financial”) is, and at all times  
10 material hereto was, a Delaware limited liability company with its principal place of business  
11 located in New York, New York.

12          5.       Plaintiff is informed and believes, and thereon alleges, that Defendant WARNER  
13 GAMING, LLC (“Warner Gaming”) is, and at all times material hereto was, a Nevada limited  
14 liability company with its principal place of business located in Las Vegas, Nevada.

15          6.       The true names and capacities, whether individual, corporate, associate, or  
16 otherwise, of Defendants named herein as DOES I through X, inclusive, are presently unknown  
17 to Plaintiff, who therefore sues said Defendants by such fictitious names. Plaintiff will seek  
18 leave to amend this Complaint to reflect the true names and capacities of said Defendants when  
19 ascertained. Plaintiff is informed and believes, and thereon alleges, that at all times material  
20 hereto DOES I through X, and each of them, are legally responsible in some manner for the  
21 unlawful acts alleged herein and injuries and damages caused thereby.

22          7.       Plaintiff is informed and believes, and thereon alleges, that at all times material  
23 hereto Defendants, and each of them, were acting as an agent and/or employee of each of the  
24 other Defendants and within the course and scope of said agency and/or employment with full  
25 knowledge and consent of each of the other Defendants. Each of the wrongful acts and/or  
26 omissions complained of herein was made known to and ratified by each of the other  
27 Defendants.

28       ///

1 **JURISDICTION AND VENUE**

2 8. This Court has personal jurisdiction over the Defendants, and each of them,  
3 pursuant to NRS 14.065, because the acts and omissions complained of herein were committed  
4 within the State of Nevada, County of Clark, and thus, the Defendants, and each of them, have  
5 had sufficient minimum contacts with this forum such that the exercise of personal jurisdiction  
6 over them will not offend the traditional notions of fair play and substantial justice.

7 9. Venue is proper in the Eighth Judicial District Court for the State of Nevada,  
8 County of Clark, pursuant to NRS 13.010, because the Defendants incurred the contractual  
9 obligations forming the subject matter of this Complaint, and committed the other acts alleged in  
10 this Complaint, in Las Vegas, Nevada.

11 **GENERAL ALLEGATIONS**

12 **The Dolce Group**

13 10. The Dolce Group is a Los Angeles-based restaurant and nightlife company led by  
14 lifelong friends and entrepreneurs Lonnie Moore and Mike Malin. Starting in 2001, these two  
15 individuals began designing bars, restaurants and nightclubs that offer a unique and  
16 sophisticated dining and entertainment experience, which attract high profile celebrities and  
17 restaurant elites.

18 11. Included in the Dolce Group's impressive portfolio are: Dolce Enoteca e  
19 Ristorante, an innovative Italian restaurant recognized as one of the most successful restaurants  
20 in the country; Geisha House, a California take on traditional Japanese cuisine, which has  
21 attracted international media attention for spearheading the redevelopment of Hollywood  
22 Boulevard; Les Deux, a French-themed nightclub labeled by some as the modern "Studio 54";  
23 and Angels and Kings, an edgy rock and roll bar.

24 12. The Dolce Group's unparalleled success in Hollywood, California has led to the  
25 opening of other successful establishments around the country, including Ten Pin Alley in  
26 Atlanta, Georgia, The Burgundy Room in Miami, Florida, and Ketchup in Washington, D.C.  
27 Finally, in or around March 2010, the Dolce Group crossed international borders by opening  
28 another Ketchup location in Riyadh, Saudi Arabia.

1           13.     In addition to conceptualizing their own locations, the Dolce Group offers  
2 consulting services to restaurateurs looking for help in designing, operating, and marketing new  
3 or existing properties.

4                           **The Hard Rock Hotel Joins Forces with the Dolce Group**

5           14.     On information and belief, Hard Rock Hotel Holdings, LLC (“HRH  
6 Holdings”)—a joint venture among Morgans Hotel Group Co. and DLJ Merchant Banking  
7 Partners, an affiliate of Credit Suisse Group AG, among others—is the former owner of the Hard  
8 Rock Hotel & Casino, located at 4455 Paradise Road, Las Vegas, Nevada 89169 (“Hard Rock  
9 Hotel”).

10          15.     On information and belief, HRH Holdings operated the Hard Rock Hotel through  
11 Morgans Group, LLC, and other related affiliates (including HRHH).

12          16.     The Hard Rock Hotel is known as a celebrity hotspot in Las Vegas and premier  
13 entertainment resort, hosting weekly pool parties (Rehab) and offering a luxurious nightclub  
14 (Vanity).

15          17.     In or around late 2007, as part of the Hard Rock Hotel’s party ethos, HRHH  
16 solicited the Dolce Group for help in opening a new restaurant at the Hard Rock Hotel.

17          18.     On or about January 23, 2008, HRHH entered into a management agreement with  
18 the Dolce Group whereby, in exchange for receiving a percentage of future gross sales and net  
19 profits, the Dolce Group agreed to assist in designing the concept for—and managing—a new  
20 upscale restaurant at the Hard Rock Hotel under a name owned and licensed by the Dolce Group  
21 (the “Dolce Group Management Agreement”).

22          19.     The Dolce Group Management Agreement contained the following material  
23 provisions:

24                   a.     The Dolce Group would develop a menu with a steakhouse theme for the  
25 new restaurant and train employees with regard to the appropriate standard of service similar to  
26 that offered at Geisha House;

27                   b.     The Dolce Group would help promote and market the new restaurant;

28     ///



- 1 c. The Dolce Group would provide design and equipment specifications for  
2 the new restaurant to be incorporated into the construction and operation of the new restaurant;
- 3 d. HRHH, along with certain related affiliates, would be responsible for all  
4 restaurant operations while the Dolce Group would appoint someone to personally oversee  
5 restaurant operations on behalf of HRHH;
- 6 e. Dolce Group representatives, including Messrs. Moore and Malin, would  
7 make a certain number of visits to the restaurant each month;
- 8 f. HRHH would keep the restaurant open for business seven (7) days a week  
9 for not less than between the hours of 5:30 p.m. and 1:00 a.m.;
- 10 g. HRHH and the Dolce Group would use commercially reasonable efforts  
11 to establish lunch time operating hours to the extent commercially viable to do so;
- 12 h. HRHH would prepare, with the assistance of the Dolce Group, annual  
13 budgets for each fiscal year;
- 14 i. HRHH would manage the financial affairs of the restaurant and prepare  
15 and deliver to the Dolce Group monthly, quarterly, and yearly unaudited operating statements;
- 16 j. The Dolce Group would license to HRHH for its exclusive use the name,  
17 design, operation, marketing and promotion of the restaurant for the term of the agreement;
- 18 k. The Dolce Group would receive a management fee equal to five percent  
19 (5%) of gross restaurant sales (a defined term) and ten percent (10%) of net profits (a defined  
20 term);
- 21 l. The agreement is assignable to any purchaser or other acquirer of the  
22 Hard Rock Hotel or to any entity having management or operational control for the Hard Rock  
23 Hotel;
- 24 m. The term of the agreement would be for sixty (60) months following the  
25 opening date; and
- 26 n. HRHH could elect to terminate the agreement at any time after the last  
27 day of the fifteenth (15<sup>th</sup>) calendar month following the opening date if gross restaurant sales  
28

1 over the immediately preceding twelve (12) calendar months totaled less than four million  
2 dollars (\$4,000,000.00).

3 20. On or about April 15, 2009, in accordance with the terms of the Dolce Group  
4 Management Agreement, the Dolce Group opened its first restaurant in Las Vegas: Rare 120°,  
5 an upscale steakhouse at the Hard Rock Hotel (replacing AJ's Steakhouse).

6 21. "Rare 120°" is a licensed trademark for restaurant and bar services owned by  
7 Lonnie Moore.

8 22. On or about May 25, 2010, the parties amended the Dolce Group Management  
9 Agreement solely for the purpose of revising the definitions of certain terms.

### 10 **Rare 120° is a Success**

11 23. During its first year of operation, Rare 120° was a huge success among locals and  
12 destination travelers, earning approximately four million seven hundred thousand dollars  
13 (\$4,700,000.00) in total food and beverage sales. It was featured in various media outlets and  
14 secured numerous media placements.

15 24. Throughout 2009 and early 2010, the Dolce Group had the full support of HRHH  
16 and its affiliates with respect to managing Rare 120°, including the Hard Rock Hotel's former  
17 President and Chief Operating Officer, Randy Kwasniewski, and former Vice President of Food  
18 and Beverage, Warner Hedrick.

19 25. Labeled "Meat for a Late Night Affair," Rare 120° was directed, in part, toward  
20 those guests looking to enjoy great food and drinks late at night before partying at one of the  
21 Hard Rock Hotel's various nightlife venues, including Wasted Space, Vanity, and Body English.

22 26. Unlike the traditional approach to steakhouses, Rare 120° offered its customers a  
23 sleek and contemporary atmosphere while embracing the lifestyle of those that patronized the  
24 Hard Rock Hotel.

25 27. The Dolce Group reached out to potential guests in various ways to promote Rare  
26 120°. For example, persons who dined at any other Dolce Group location received promotional  
27 materials for Rare 120°. Other efforts to promote the property included: (i) regularly e-mailing  
28 persons who frequented other Dolce Group locations about Rare 120°; (ii) advertising in airline

1 magazines and through billboards; (iii) promoting the restaurant through the Dolce Group's  
2 website, located at www.dolcegroup.com; and (iv) reaching out to personal contacts of Messrs.  
3 Moore and Malin to endorse the restaurant.

4 28. Consistent with the terms of the Dolce Group Management Agreement, the Dolce  
5 Group began receiving a monthly management fee for operating Rare 120°.

6 a. Throughout 2009 and 2010, even though it was performing well, Rare  
7 120° did not recognize a net profit each month because it was carrying forward a loss stemming  
8 from certain costs incurred in the initial construction of the restaurant. The parties anticipated  
9 that those pre-opening expenses would be completely offset against future net profits by the end  
10 of 2010, allowing Rare 120° to start recognizing a net profit every month beginning in or around  
11 early 2011.

12 b. Because Rare 120° carried forward a loss on its books for nearly two  
13 years from its opening date, the Dolce Group's management fee was initially based solely on a  
14 percentage of gross restaurant sales. The Dolce Group's management fee would increase to  
15 include 10% of net profits along with 5% of gross restaurant sales once the restaurant  
16 completely offset its initial opening losses against future net profits.

17 29. Due to the success of Rare 120° and great working relationship that had formed  
18 between the Dolce Group and HRHH and its affiliates, on or about October 28, 2009, HRHH  
19 entered into a similar management agreement with the Dolce Group to open another restaurant at  
20 the Hard Rock Hotel, known as Johnny Smalls (the "Johnny Smalls Agreement"). It opened on  
21 April 14, 2010 and offers a variety of options for those wanting a no-hassle approach to dining.

22 30. On or about May 19, 2010, the parties amended the Johnny Smalls Agreement  
23 solely for the purpose of revising the definitions of certain terms.

24 31. HRHH and its affiliates also recruited the Dolce Group to help create and design  
25 the Espumoso Caffe inside the Paradise Tower at the Hard Rock Hotel. There were also  
26 preliminary discussions between the parties regarding opening an after-hours club at the old  
27 space where Body English (the prior nightclub at the Hard Rock Hotel) used to be.

28 ///

## **New Management at the Hard Rock Hotel Suppresses Rare 120°**

1  
2 32. Throughout 2010, the Hard Rock Hotel was plagued with financial problems and  
3 was struggling to attract guests. With less people visiting, it saw revenues decrease and  
4 occupancy rates plummet. The weakening economy impacted all forms of business at the Hard  
5 Rock Hotel.

6 33. Following the death of Mr. Kwasniewski, in or around late May 2010, the Hard  
7 Rock Hotel announced the appointment of Joseph Magliarditi as its new President and Chief  
8 Executive Officer.

9 34. Mr. Magliarditi immediately began looking for ways to cut costs and lower  
10 expenses at the Hard Rock Hotel.

11 35. It became apparent that Mr. Magliarditi had no intent to work with the Dolce  
12 Group, thus changing the entire dynamic of Rare 120°. In fact, during one of the initial  
13 meetings between members of the Dolce Group and Mr. Magliarditi, Mr. Magliarditi stated—in  
14 no uncertain terms—that he wanted the Dolce Group “out” in order to allow him to bring in  
15 another team to run the restaurant.

16 36. Along with shopping for other management companies to run the restaurant, Mr.  
17 Magliarditi offered to pay the Dolce Group one thousand dollars (\$1,000.00) per month to keep  
18 the name “Rare 120°”. That offer was refused.

19 37. Over the next several months, HRHH and its affiliates appointed five different  
20 food and beverage managers to try to run Rare 120° (along with the other restaurants and bars  
21 located throughout the Hard Rock Hotel), all of whom were incompetent, rarely visited the  
22 restaurant, had little interaction with employees, and caused sales to drop dramatically.

23 38. On information and belief, HRHH and its affiliates intended to cause Rare 120°  
24 to fail (*i.e.*, to avoid generating enough income to meet financial thresholds under the Dolce  
25 Group Management Agreement) in order to allow HRHH to terminate the Dolce Group  
26 Management Agreement and avoid paying the Dolce Group monthly management fees for  
27 running Rare 120°. HRHH and its affiliates knew that the Dolce Group’s monthly management  
28



1 fees would increase beginning in late 2010 or early 2011 once Rare 120° started earning net  
2 profits every month.

3 39. Mr. Magliarditi's campaign to lower costs bled over to Rare 120°. Despite the  
4 disagreement of the Dolce Group, HRHH and its affiliates began implementing adverse changes  
5 to the overall management and operation of Rare 120°, including:

- 6 a. Noticeably lowering the restaurant's meat quality;
- 7 b. Decreasing inventory and overall selection of wines in both quality and  
8 quantity;
- 9 c. Reducing labor by cutting servers and cocktail waitresses, leaving less  
10 staff available in the restaurant and lounge areas to accommodate late night drinkers and diners  
11 (resulting in increased walk-outs), and having only one manager available to oversee the  
12 restaurant for only parts of the night (the same manager would float around to two or three  
13 different restaurants and have little contact with guests and employees at Rare 120°);
- 14 d. Cutting comps and refusing to offer promotional dinners to industry  
15 personnel such as VIP hosts, comp girls, and local tastemakers;
- 16 e. Decreasing outside marketing and other promotional efforts for the  
17 restaurant (*e.g.*, removing billboards that advertised for Rare 120°);
- 18 f. Refusing to allow the restaurant to stay open late. In fact, HRHH and its  
19 affiliates frequently refused to allow Rare 120° to stay open past 10:00 p.m. on weekdays and  
20 past 10:30 p.m. on weekends (even though the parties advertised Rare 120° as "Meat for a Late  
21 Night Affair"); and
- 22 g. Keeping the restaurant closed on Mondays.

23 40. HRHH and its affiliates also failed to ensure that the online reservation system  
24 for Rare 120° (located at [www.opentable.com](http://www.opentable.com)) was functioning. On numerous occasions, the  
25 system was down or would erroneously state that all table slots were blocked, thus prohibiting  
26 potential guests from making reservations.

27 41. HRHH and its affiliates abrogated much of the Dolce Group's decision-making  
28 power with respect to Rare 120°. For example, members of the Dolce Group were prohibited

1 from communicating with restaurant staff, including the executive chef; had to get pre-approval  
2 to offer free drinks or appetizers to guests; and lost the right to make changes or improvements  
3 to the menu (even though the Dolce Group was responsible for initially creating the menu).

4 42. HRHH and its affiliates were derelict in training staff on the food and drink menu  
5 at Rare 120°, leaving them unable to properly serve customers. Employees frequently  
6 complained to the Dolce Group about little to no managerial presence at Rare 120° and complete  
7 mismanagement by the new team hired to take over operations at the restaurant, resulting in a  
8 significant increase in turnover.

9 43. HRHH and its affiliates also refused to create a synergy between Rare 120° and  
10 the various nightlife venues at the Hard Rock Hotel. Angel Management Group—a nightlife  
11 and entertainment company hired by Mr. Magliarditi in July 2010 to market and promote Vanity  
12 and Rehab—had no interest in promoting Rare 120°, and in fact, promoted different restaurants  
13 at different hotels to the detriment of Rare 120°.

14 44. On August 11, 2010, Mr. Magliarditi sent a letter to the Dolce Group discussing  
15 the restaurant's past performance and asking that the Dolce Group present a detailed marketing  
16 plan and return on investment (ROI) analysis intended: (i) to increase average turns per day on a  
17 weekly basis at Rare 120°; and (ii) to increase the restaurant's food to beverage ratio from  
18 around thirty percent (30%) to fifty percent (50%). Mr. Magliarditi wanted the Dolce Group to  
19 accomplish these goals while controlling expenses, and indicated that HRHH and its affiliates  
20 would measure the effectiveness of the Dolce Group's improvements at Rare 120° based on  
21 performance through October 31, 2010.

22 45. Mr. Magliarditi's demand that the Dolce Group increase the food to beverage  
23 ratio at Rare 120° to 50% was impractical because the primary focus at any upscale steakhouse  
24 is on the food, not the alcohol.

25 46. In response to Mr. Magliarditi's August 11, 2010 letter, the Dolce Group  
26 prepared and submitted an extensive public relations, marketing and operations proposal. In it,  
27 the Dolce Group offered numerous ideas for improving Rare 120°, including:

28 ///

- 1 a. Becoming more active in advertising through social media platforms such  
2 as Facebook and Twitter;
- 3 b. Sending more e-mails to existing and potential customers;
- 4 c. Offering drink coupons to persons in the casino; and
- 5 d. Using websites such as Groupon to bring new customers to the restaurant.

6 47. With respect to operations, the Dolce Group proposed:

- 7 a. Changing the restaurant's slogan to attract a larger clientele base;
- 8 b. Offering 50% off for food on Monday nights, which would require the  
9 restaurant to be open on Mondays;
- 10 c. Implementing a reverse happy hour in the lounge;
- 11 d. Giving employees business cards to pass out to customers;
- 12 e. Offering promotional and seasonal food and drink items;
- 13 f. Raising drink prices;
- 14 g. Hiring a sommelier and expanding the restaurant's wine list to offer better  
15 pairings for the menu;
- 16 h. Implementing a monthly "regional steakhouse" menu, which would offer  
17 special selections from around the world;
- 18 i. Increasing the size of the bar and offering late night bottle service in the  
19 lounge, which would require the restaurant to stay open past 11:00 p.m.; and
- 20 j. Creating comment cards for guests.

21 48. Along with this proposal, the Dolce Group submitted nearly a dozen different  
22 resumes to HRHH and its affiliates for consideration in hiring new management at Rare 120°.

23 49. HRHH and its affiliates ignored virtually all of the Dolce Group's proposal,  
24 without explanation. They reluctantly agreed to open Rare 120° on Mondays beginning in  
25 October 2010.

26 50. The Dolce Group continued to communicate with members of HRHH and its  
27 affiliates on a regular basis throughout the second half of 2010 and first couple of months of  
28 2011 to discuss Rare 120° and improving the restaurant's sales (which had started dropping

1 shortly after Mr. Magliarditi and his new team took over the Hard Rock Hotel and the  
2 management and operation of Rare 120°).

3 51. Even though HRHH hired the Dolce Group to offer and implement innovative  
4 ideas to manage Rare 120°, once the restaurant became a success, HRHH and its affiliates  
5 quickly lost interest in working with the Dolce Group and paying the Dolce Group monthly  
6 management fees (HRHH was frequently dilatory in paying the Dolce Group).

### 7 **HRHH Threatens to Terminate its Relationship with the Dolce Group**

8 52. On November 16, 2010, after arguing for months over ways to improve Rare  
9 120°, HRHH sent a letter to the Dolce Group threatening to terminate the Dolce Group  
10 Management Agreement, relying on the fact that gross restaurant sales did not exceed  
11 \$4,000,000.00 for the immediately preceding 12 calendar months.

12 53. Around this same time HRHH stopped paying the Dolce Group its monthly  
13 management fees in violation of the Dolce Group Management Agreement.

14 54. In response, the Dolce Group explained in detail that the failure to earn in excess  
15 of \$4,000,000.00 in gross restaurant sales was due to the restaurant being closed on Mondays  
16 (and Tuesdays for the first few months of operation) and general mismanagement of Rare 120°  
17 by HRHH and its affiliates within the last several months as described above—and not due to  
18 any failures on the part of the Dolce Group.

19 55. HRHH and its affiliates did not follow up on their threat to terminate, conceding  
20 that the Dolce Group was not in violation of the Dolce Group Management Agreement.

21 56. By early March 2011, HRHH and its affiliates paid the outstanding amounts  
22 owed to the Dolce Group and the Dolce Group believed that this dispute was put to rest.

### 23 **Ownership of the Hard Rock Hotel Changes Hands**

24 57. On information and belief, beginning in late 2010, HRH Holdings was unable to  
25 service its debt obligations, leading to a notice of default and foreclosure from one of its lenders.

26 58. On information and belief, in or around March 2011, after obtaining approval  
27 from the Nevada State Gaming Control Board and Nevada Gaming Commission, Brookfield  
28



1 Financial, through Brookfield Real Estate Finance Fund II, a division of Brookfield Asset  
2 Management, acquired ownership of the Hard Rock Hotel.

3 59. On information and belief, Brookfield Financial is managed by Brookfield Real  
4 Estate Financial Partners, LLC (“Brookfield Real Estate”).

5 60. Following the transfer of ownership of the Hard Rock Hotel to Brookfield  
6 Financial, Mr. Magliarditi resigned as President and CEO.

7 61. On information and belief, in or around March 2011, Warner Gaming, LLC took  
8 over gaming operations at the Hard Rock Hotel. It is presently unknown to Plaintiff whether  
9 HRHH, Brookfield Asset Management, Brookfield Financial, Brookfield Real Estate, Warner  
10 Gaming, or another company took over management or operational responsibility of other parts  
11 of the Hard Rock Hotel, including Rare 120°.

#### 12 **HRHH Terminates the Dolce Group Management Agreement**

13 62. On June 1, 2011, HRHH sent a letter to the Dolce Group giving notice that it was  
14 terminating the Dolce Group Management Agreement because Rare 120° had not earned at least  
15 \$4,000,000.00 in gross restaurant sales during the immediately preceding 12 calendar months.

16 63. Notwithstanding the success the Dolce Group has had with Rare 120°—like  
17 many other restaurants and bars that it created and operated around the country—and despite the  
18 restaurant’s untapped potential for future success, Defendants wrongfully blamed the Dolce  
19 Group for failing to meet the \$4,000,000.00 threshold.

20 64. HRHH and its affiliates, acting together with the new owners and operators of the  
21 Hard Rock Hotel, terminated the Dolce Group Management Agreement for one reason: to  
22 eliminate the Dolce Group. The new owners and operators ratified the prior mismanagement of  
23 Mr. Magliarditi and others from HRHH and its affiliates in order to avoid continuing to pay a  
24 monthly management fee to the Dolce Group for running Rare 120°.

25 65. Defendants closed Rare 120° on July 11, 2011. The night before, they swept  
26 through the restaurant to clear out all food, leaving only a few remaining items on the menu to  
27 offer guests.

28 ///

**FIRST CAUSE OF ACTION**  
**(Breach of Contract)**

1  
2  
3       66. Plaintiff realleges and incorporates by reference the averments contained in the  
4 above Paragraphs 1-65, inclusive, as though fully set forth herein.

5       67. The Dolce Group entered into a valid and existing contract with HRHH: the  
6 Dolce Group Management Agreement.

7       68. The Dolce Group performed as required under the terms of the Dolce Group  
8 Management Agreement, save and except where its performance was excused or its non-  
9 performance was justified.

10       69. On information and belief, upon transfer of ownership of the Hard Rock Hotel,  
11 HRHH's obligations under the Dolce Group Management Agreement (and those of its affiliates)  
12 were assigned to and assumed by one or more of the new owners and operators.

13       70. Defendants breached one or more terms of the Dolce Group Management  
14 Agreement by, among other acts:

- 15           a. Refusing to keep Rare 120° open seven days a week;  
16           b. Refusing to keep Rare 120° open until 1:00 a.m.;  
17           c. Refusing to make reasonable efforts to open Rare 120° for lunch;  
18           d. Refusing to cooperate with the Dolce Group in the ongoing management  
19 and operation of Rare 120°; and  
20           e. Wrongfully terminating the agreement.

21       71. As a direct and proximate result of Defendants' breaches, the Dolce Group has  
22 suffered, and will continue to suffer, damages in an amount in excess of ten thousand dollars  
23 (\$10,000.00), according to proof; specifically, the monthly management fees that the Dolce  
24 Group would have earned for Rare 120° for the remaining thirty-four (34) months under the  
25 terms of the Dolce Group Management Agreement, along with prior management fees lost due  
26 to the mismanagement of Rare 120° by HRHH and its affiliates.

27 ///

28 ///

1 **SECOND CAUSE OF ACTION**  
2 **(Contractual Breach of the Implied Covenant of Good Faith and Fair Dealing)**

3 72. Plaintiff realleges and incorporates by reference the averments contained in the  
4 above Paragraphs 1-71, inclusive, as though fully set forth herein.

5 73. The Dolce Group had a valid and existing contract with HRHH: the Dolce Group  
6 Management Agreement.

7 74. On information and belief, upon transfer of ownership of the Hard Rock Hotel,  
8 HRHH's obligations under the Dolce Group Management Agreement (and those of its affiliates)  
9 were assigned to and assumed by one or more of the new owners and operators.

10 75. Defendants owed a duty of good faith and fair dealing to the Dolce Group  
11 pursuant to the Dolce Group Management Agreement, which meant that, as a part of operating  
12 and managing Rare 120°, Defendants would fully cooperate with the Dolce Group and welcome  
13 their ideas and suggestions for running the restaurant in order to maximize profits.

14 76. Defendants had a duty not to deliberately contravene the intent and spirit of the  
15 Dolce Group Management Agreement by engaging in acts designed to cause Rare 120° to fail to  
16 meet the \$4,000,000.00 financial threshold.

17 77. Defendants breached their duty of good faith and fair dealing owed to the Dolce  
18 Group by engaging in the wrongful acts and omissions described above.

19 78. As a direct and proximate result of Defendants' contractual breaches of the  
20 implied covenant of good faith and fair dealing, the Dolce Group has suffered, and will continue  
21 to suffer, damages in an amount in excess of ten thousand dollars (\$10,000.00), according to  
22 proof; specifically, the management fees that the Dolce Group would have earned for Rare 120°  
23 for the remaining thirty-four (34) months under the terms of the Dolce Group Management  
24 Agreement, along with prior management fees lost due to the mismanagement of Rare 120° by  
25 HRHH and its affiliates.

26 ///

27 ///

28 ///

**THIRD CAUSE OF ACTION**  
**(Civil Conspiracy)**

1  
2  
3       79. Plaintiff realleges and incorporates by reference the averments contained in the  
4 above Paragraphs 1-78, inclusive, as though fully set forth herein.

5       80. HRHH, Brookfield Asset Management, Brookfield Financial, Warner Gaming,  
6 and DOES I through X, inclusive, agreed and intended to accomplish an unlawful objective  
7 (causing Rare 120° to fail) for the improper purpose of harming the Dolce Group (terminating  
8 the Dolce Group Management Agreement).

9       81. HRHH, Brookfield Asset Management, Brookfield Financial, Warner Gaming,  
10 and DOES I through X, inclusive, acted in concert taking on the form of a civil conspiracy in  
11 order to breach and wrongfully terminate the Dolce Group Management Agreement.

12       82. The acts of HRHH, Brookfield Asset Management, Brookfield Financial, Warner  
13 Gaming, and DOES I through X, inclusive, were characterized by fraud, oppression, or malice,  
14 express or implied, which justifies an award of punitive damages.

15       83. As a direct and proximate result of the civil conspiracy formed among HRHH,  
16 Brookfield Asset Management, Brookfield Financial, Warner Gaming, and DOES I through X,  
17 inclusive, the Dolce Group has suffered, and will continue to suffer, damages in an amount in  
18 excess of ten thousand dollars (\$10,000.00), according to proof.

19       WHEREFORE, Plaintiff prays for the following relief:

20       1. Judgment in its favor against all Defendants on the First Cause of Action in  
21 excess of \$10,000.00, according to proof;

22       2. Judgment in its favor against all Defendants on the Second Cause of Action in  
23 excess of \$10,000.00, according to proof;

24       3. Judgment in its favor against all Defendants on the Third Cause of Action in  
25 excess of \$10,000.00, according to proof;

26       4. For an award of punitive damages against all Defendants in an amount to be  
27 proven at trial;

28       ///



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

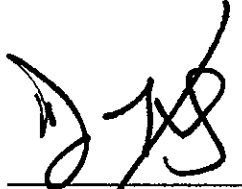
5. For an award of costs and attorneys' fees incurred in bringing this action as may be permitted by law;

6. For an award of prejudgment interest at the highest rate allowed by law until paid in full; and

7. For such other and further relief as the Court deems just and proper.

DATED this 13<sup>th</sup> day of July, 2011.

BAILEY ♦ KENNEDY

By: 

DENNIS L. KENNEDY  
JOSHUA P. GILMORE  
8984 Spanish Ridge Avenue  
Las Vegas, Nevada 89148

*Attorneys for Plaintiff*

