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1 ("Dianne") and Dr. Mitchel Goldman ("Dr. G"). During the pre-separation era, the Spa
2 and medical portions of LJSMD were operating in a synergistic relationship, based upon
3 what I perceived to be a mutual trust between Dianne and Dr. G which resulted in on-
4 going referrals back and forth and a very and lucrative business.

5 3. My understanding, which is based upon discussions with Dianne and Dr. G is the
6 concept of combing Medical and Spa related facilities under one roof as a Spa and
7 Surgery Center in La Jolla, CA was Dianne's idea. Based upon that idea, the parties
8 created an entity in which a Spa client and Medical patients would be offered services
9 that had heretofore been offered by spa personnel, cosmetic consultants, nurse
10 practitioners, anestheticians and physicians at separate locations, under one roof. That
11 entity which became known as "LJSMD".

12 4. The parties have devoted a great deal of time and resources to the development of
13 a cachet that embodies the style, beauty and health that is sought by those who wish to
14 expend the resources to maintain a youthful appearance. That cachet made La Jolla
15 Spa, MD ("LJSMD") the "Top Medical Spa in America" in the year 2005, according to
16 American Spa Magazine. Dianne's contribution to the success of LJSMD cannot
17 adequately be described. It is Huge. Dianne not only promotes the business in
18 magazine and print advertisements as the "face" of LJSMD, she has become its icon for
19 television and radio shows, brochures and special events, such as LJSMD's annual
20 Extravaganza. (Exhibits # __ & ____.

1 **LJSMD POST-SEPARATION:**
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3 5. Unfortunately, the pre-separation synergy of which I spoke changed post-separation.
4 Early on in the dissolution proceedings this Court ordered that the business known as
5 LJSMD would be separated into two separate and distinct entities under one roof
6 located within the confines of the building located at 7630 Fay Ave, La Jolla, CA. The
7 Court also appointed Richard Annis Esq. as a Special Master to preside over disputes
8 in what was envisioned at that time to be to be a state of peaceful co-existence.
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11 6. I believe the Court's order envisioned two separate and distinct entities existing in a
12 harmonious atmosphere, one being what I will refer to as the "Spa entity" and the other
13 the "Medical entity". Sadly, the aforementioned "state of peaceful co-existence" never
14 became a reality.
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17 **THE SCHEME BY DR.G TO ALIENATE SPA PERSONNEL AGAINST DIANNE**
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19 7. Although I had intended to remain as unbiased as possible during this entire divorce
20 proceeding, I feel compelled by ethical, as well as moral obligations to disclose
21 information that has been shared with me by Dr. G and members of his medical staff.
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24 8. I became aware of a scheme by Dr.G and members of the Medical entity staff to
25 alienate Spa personnel against Dianne and drive her out of LJSMD commencing during
26 the year 2007 and continuing to the present.
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1 8. On a myriad of occasions, Dr. G, Cindy Kirwan, and Lillian Wills have shared their
2 intention to engage in a pattern of sabotage, harassment and fraud, the end result of
3 which is to drive Dianne out of LJSMD. The following is a representative sampling of the
4 pattern of conduct involved in Dr. G's scheme:

5 A. Since the date of separation, Dr. G has repeatedly let myself and anyone else
6 who would listen, know that within a matter of weeks Dianne "will be gone and
7 then everything will be back to normal without her.";

8 B. Between January 30th and February 5th of this year, Dr. G, myself and several
9 other members of LJSMD attended the American Association of Dermatologists
10 Conference in San Antonio. During the conference Dr. G surreptitiously confided
11 in me, that he does not intend to co-exist in any businesses, medical, spa or
12 otherwise, with Dianne;

13 C. During the American Academy of Dermatologists annual meeting, Dr. G also
14 degraded and slandered Dianne to members of the industry that specializes in
15 Reconstructive Plastic Surgery, Cosmetic Surgery and Dermatology. He
16 repeatedly anyone who would listen that Dianne was "crazy" or "going insane",
17 and that she would no longer be affiliated with LJSMD. Moreover, Dr. G
18 continuously tells anyone who will listen, "all we need to do is find Dianne
19 another rich man to marry and then she will go away.";

20 D. Dr. G also spoke to Ross Portaro of Spectragenics, a sales representative for
21 the Tria (at home laser hair removal system). During that conversation, he
22 slandered and defamed Dianne to Ross. As a result of Dr. G's Defamatory
23 remarks, Spectragenics has agreed to sell its' at home laser hair removal system
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1 to the Medical entity, but has refused to sell it to the Spa entity or Dianne.

2 E. In an attempt to try to entice me to join in his conspiracy to drive Dianne from
3 LJSMD , Dr. G offered bribes, such as; free treatments of injectable fillers, such
4 as Restylane and Sclerotherapy;

5 F. Medical's Chief Operating Officer, Cyndy Kirwan has told me on several
6 occasions post-separation that the Medical side of LJSMD would stop paying all
7 bills in furtherance of the scheme. The result of which is to force Dianne to
8 defray the costs of the day to day operations of LJSMD with her separate
9 property funds;

10 G. Cindy also let me know that the debt service for the mortgage on Dianne's
11 home, as well as the debt service for the mortgage and costs for the Fay Avenue
12 property would cause Dianne to run out of money within a few short months.
13 Thus, forcing Dianne's exodus from the medical Spa business and LJSMD.

14 H. Dr. G and Cyndy Kirwan also offered me a free blephoroplasty, free breast
15 enhancement, and free Botox to "hang in there". The party line has been;

16 "you scratch our back and we'll scratch yours."

17 9. Dr. G and his co-conspirators believed the end result of their scheme would
18 be that Dianne would no longer be able to afford to carry the financial burden of
19 LJSMD. Thus, the Fay Ave property in which the business is housed would go
20 into default. Thereafter, Dr. G intended to "squeeze Dianne out of LJSMD." and
21 buy the Fay Ave building at a Foreclosure Sale.

22 10. Additional elements of the scheme that I have borne witness to include:
23 threatening, annoying, harassing, sabotaging or otherwise interfering with
24 Dianne, the operation of the Spa entity and its personnel, as well as any other
25 entities that Dianne controls.
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MANIPULATION OF THE BOOKS AND RECORDS OF LJSMD BY DR. G AND HIS CO-CONSPIRATORS:

11. Dianne has been forced to retain the services of Jere Battan, a Certified Fraud Analyst to uncover the part of Dr. G's scheme in which the books and records of LJSMD have been manipulated. I shall not attempt to usurp Ms. Battan's role, however I feel duty-bound to share the following which I believe are part of Dr. G's scheme:

A. Another part of Dr. G's scheme is to cut off access by Spa entity personnel to the Nextech software system that is at the core of the Spa entity's ability to efficiently run its business. As the COO of the Spa entity, it is essential that I have daily access to the Nextech software and data to accomplish several tasks including patient billing and scheduling. Moreover, Spa entity personnel have customarily had access to the system and signed confidentiality Agreements consistent with state and federal privacy laws;

B. Special Master Annis disagreed with Medical's position that access to Nextech must be denied Spa entity personnel for patient privacy reasons and recommended that Spa entity personnel, such as myself be allowed access to the system;

C. Notwithstanding, Mr. Annis' recommendation that both entities have access to the system, but consistent with Dr. G's scheme, that recommendation has been circumvented. Paul Bettencourt, the IT person who is loyal to Dr. G has made access to the system increasingly difficult, if not impossible for Spa entity personnel to run its business. The most recent example of conduct which is consistent with the scheme is the denial of Spa's request to add the names of Spa independent contractors, such as Dr. Stuart Kincaid, Dr. Anthony Marks and Dr. Patricia Lufy to the billing portion of the system.

1 **SABOTAGE OF SPA BUSINESS AND FAILURE TO PAY RENT AND DAY TO**
2 **DAY EXPENSES BY THE MEDICAL ENTITY:**

3 12. Another part of Dr. G's scheme is the refusal to pay Medical's fair share of
4 the day to day expenses necessary to run LJSMD. **Examples of conduct**
5 **consistent with the scheme include:**

6 A. I have been very concerned and frustrated that the medical entities
7 have not paid rent to Fay Avenue Properties when 1) Spa-MD staff have
8 worked extremely hard over the last several months to stabilize cash flow
9 and to pay the rent ordered by the Court; and 2) the Nextech records
10 reflect that the medical groups have had better than usual cash flow;

11 B. Attached hereto as Exhibit "C" is a printout from the Nextech system
12 which shows medical group income amounts for each month in 2007, and
13 also reflects income for the first two months of 2008. The numbers show
14 that the medical groups income for January and February is
15 approximately \$145,000 higher than the same period last year;

16 C. The medical entities' failure to pay the rent has put the entire building,
17 and all of the businesses therein at risk of losing essential services,
18 including electricity, phone, trash, and cleaning services. The refusal to
19 pay the rent to Fay is common knowledge amongst the employees in the
20 building, and is having a major negative impact on Spa-MD employee
21 morale;

22 D. The Medical entity finally began paying rent after it became a court
23 order. However, it has only done so for the last three months and I am
24 unaware of Medical paying its share of the utilities. Because, although
25 Lillian Wills has been asked by me as well as, Special Master, Richard
26 Annis to communicate with me directly regarding the payment of bills, she
27 will purposely play Spa's bookkeeper, Sarah Schellinger and I against one
28 another, in order to avoid the payment of utilities by the Medical entity;

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E. In addition to the Nextech access and failure to pay rent issues, Spa-MD is also being substantially impacted by the cut off of patient referrals from the medical groups. Until recently, the medical entities and Spa-MD were operating in a synergistic relationship where there were on-going and lucrative referrals back and forth. (See Exhibit "D," attached hereto, reflecting the synergistic business model that has historically been in effect at the Fay Avenue building.) In the last 60 days, the number of referrals from the medical groups has dropped to less than a handful. The only person presently receiving referrals from the Medical entity is Mary Adams. I believe Dr. G is attempting to hire Mary away from the Spa entity, in order to have her perform the same services for the medical entity that she presently performs for the Spa entity;

F. This decline projects out to the loss of several thousand dollars in gross income each month. In addition, efforts by the medical groups to sell directly to patients skin care products historically sold by the boutique in the Spa-MD area, has substantially reduced gross income and profits for Spa-MD. Specifically, products sales for January and February are down to \$90,000 over the same time period last year. Product sales for February 2008 alone are down by 46% over February 2007;

G. When I requested payment that Medical pay its share of the day to day expenses, Lillian Wills relied, Dr. G has no intention of paying Dianne rent, utility bills or any other day to day expenses relating to the Fay Ave building, such as maintenance bills, janitorial service and so forth;

H. The fact that the Medical entity refuses to pay rent or utilities, places an ever increasing burden upon Dianne and the Spa entity to do so. The cost of electricity it takes to run just one laser (Medical has over 40), plus the expense of lighting rooms, running the Surgical Center (located on

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the medical level), heating and air conditioning.

I. Additionally, Lillian has also shared with me the fact that the Medical entity is unable to make its payroll. Thus, making Dr. G's scheme a self-fulfilling prophecy;

J. It seems obvious to me that the Medical entity is purposely trying to lose business, in order to portray Dianne as a bad businesswoman. Many doctors have left the practice all together, as a result of the internal turmoil in the Medical entity, while the others, including but not limited to Dr. Goldman, are frequently absent the facility during normal business hours.

13. Every day Dr. G and his Medical entity remain in the Fay Ave premises, it increases the burden on Dianne, the Spa entity and LJSMD to survive as a viable entity. Because, it is apparent Medical is not earning enough to stay in business.

SPECIAL MASTER, ANNIS RECOMMENDS REMOVAL OF SPA OR MEDICAL ENTITY FROM FAY AVE PREMISES:

14. It is painfully obvious that Special Master, Richard Annis' recommendation that the Spa and Medical entities cannot peacefully co-exist within the confines of ____ Fay Ave, La Jolla, CA is supported by the facts and circumstances which I have attempted to convey herein. **Exhibit ____**

15. During one of the meetings with Special Master, Richard Annis, I recall Cynthia Kirwan making an unequivocal statement to the Special Master that Dr. G had absolutely no intention of co-existing with Dianne in the Fay Ave building on a long term basis.

16. Given all of these circumstances, it is my opinion that Spa-MD cannot be profitable as long as the medical entities continue to operate in ways that negatively impact the businesses' income. Collectively, the negative impacts upon Spa-MD are rapidly moving from major to severe.

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1 17. Although I believe Dianne's business acumen and inner strength will assist in her
2 survival, the aforementioned scheme has adversely affected every member of the Spa
3 staff. Not a day goes by in which members of the Medical and Spa staff, including
4 doctors, inquires of me, whether they will have a job tomorrow?

5 18. Post-separation, the Spa entity of LJSMD has lost at close to a dozen people, and
6 several more are at risk, as a result of the hostility that has been created by Dr. G's
7 scheme. The work environment has become more and more hostile as the days pass.

8 19. Medical personnel have consistently tried to "sway" the opinions and attitudes of
9 staff in both the Medical and Spa entities. In an attempt to help strengthen Dr. G's case
10 his co-conspirators have created an unnecessary amount of conflict and strife.

11 Moreover, they seem to be oblivious to the impact of their conduct or, the quality of life
12 of the Spa and Medical personnel who have been impacted by their actions.

13 20. Dr. G and other members of the Medical entity have encouraged the staff of both
14 Spa and Medical to disseminate the lies and slander (examples of which I have
15 attempted to set forth herein). Their modus operandi is to approach members of the
16 Spa staff, such as myself in an attempt to prevail upon us to support Dr. G against
17 Dianne, in order to expedite her removal from LJSMD. The Spa staff is being enticed
18 with promises that Dr. G will allow them to remain on staff after Dianne is forced out; if
19 they "play ball". Dr. G has also offered essential Spa personnel better positions, more
20 pay and/or complementary medical treatments, in exchange for becoming a part of his
21 scheme.
22

23 21. The following Spa personnel have tendered their resignation as a result of the
24 tumultuous working conditions:
25

26 A. Antoinette Rhodes - Aesthetician/Massage Therapist;

27 B. June Hill - Massage Therapist;
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- C. Debbie Wild - Massage Therapist;
- D. Mika Lawler - Massage Therapist;
- E. Kathy Swank - Marketing;
- F. Denise Helton - Massage Therapist;
- G. Megan Kemp – Concierge;
- H. Carrie Christa – Boutique Lead; and
- I. Ronnie Morgan – Boutique Lead.

22. It is disconcerting, as well as insulting to think that Dr. G and his co-conspirators have such a low regard for me as a person to believe I would allow myself to descend to a level in which I would join their heinous scheme to destroy the life of someone I have come to respect and admire, in order to further their scheme.

I declare, under penalty of perjury under the laws of the State of California, that the foregoing is true and correct.

DATED: _____

FAX SIGNATURE ATTACHED

SHANNYN PAREO

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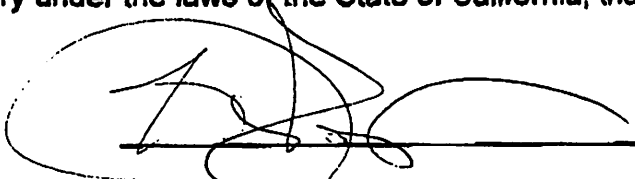
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- C. Debbie Wild - Massage Therapist;
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DATED: June 12, 2008


SHANNYN PAREO