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Attorneys for Defendants, GRANVILLE HOMES, INC. and DARIUS ASSEMI

SUPERIOR COURT FOR THE STATE OF CALIFORNIA

COUNTY OF FRESNO

RYAN TONCHEFF, an individual, Plaintiff, v. GRANVILLE HOMES, INC., a California corporation, DARIUS ASSEMI, an individual, and DOES 1 through 50, inclusive, Defendants.	Case No.: 26CU03959 **DECLARATION OF HOWARD A. SAGASER IN SUPPORT OF APPLICATION FOR TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE RE PRELIMINARY INJUNCTION; ALTERNATIVELY FOR ORDER SHORTENING TIME** Date: November 20, 2026 Time: 3:30 p.m. Dept.: 403 Complaint Filed: November 2, 2026

I, Howard A. Sagaser, do hereby declare and state:

1. I am an attorney licensed to practice law in the state of California and have been the member of the California Bar since 1976. I am licensed to appear before all state and federal courts in the State of California as well as the Ninth Circuit Court of Appeals and the United States Supreme Court.

2. The facts set forth in this Declaration are within my personal knowledge and if called as a witness at trial, I could competently testify thereto.

3. On August 24, 2026, I sent a letter to Matthew J. Ruggles, attorney for Ryan Toncheff. That letter is attached hereto as **Exhibit A**. Plaintiff Ryan Toncheff ("Toncheff") or

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"Plaintiff") was the ex-CFO of Granville Homes ("Granville" or "Defendant") until his termination on June 10, 2026.

4. As set forth in my letter of August 24, 2026, Granville has discovered that during the period of time before his termination, Mr. Toncheff engaged in the following activity:

> Granville's examination of Toncheff's computers he used at Granville currently shows:
>
> - **Email:** On 5/26/26 (1:52-2:23 PM PT) he emptied his Deleted Items folder of 4,762 messages from Outlook desktop (Microsoft audit log); 3,672 Deleted Items now sit in Recoverable Items / DiscoveryHolds.
>
> - **AI Chats:** 34 of 56 Claude conversations (1,397 messages) deleted in batches on 5/28, 5/29, and 6/4/26 – recovered only from the local cache in Toncheff's disk image.
>
> - **OneDrive:** audit-logged deletions of five cash-flow models (4/2), "EIN-Perrin.pdf" (5/19), and "Sunstrong.docx" / "Foster Farms.pdf" (5/28 – seven minutes after the matching Claude deletions).
>
> - **Transfers:** ~308 emails to Toncheff's personal accounts, 36 with financial models, including authenticated self-sends of two financial workbooks to toncheff@outlook.com (4/24 and 5/29/26). In a deleted (recovered) chat of 5/28/26 he also told the AI: "*really what I need to do is gather all this information so I can move it over to my personal AI account and pick up sort of where we leave off*," and said he would be "*downloading the document to my phone not at my work desktop*."

5. Additionally, Granville has discovered that Toncheff also deleted numerous items. As set forth in the letter attached hereto as **Exhibit A**, Granville requested a return of all the documents Toncheff took with him as well as an accounting as to what documents Toncheff deleted.

6. Attached hereto as **Exhibit B** is a copy of the letter dated September 1, 2026, that I received from the attorney for Toncheff. As set forth in that letter, Mr. Ruggles on behalf of Ryan Toncheff, refused to return any of the Granville documents and has refused to provide any type of accounting as to the documents that were deleted.

7. Attached hereto as **Exhibit C** is the September 4, 2026 correspondence from Toncheff's attorney, Matthew Ruggles. As set forth in that letter, Mr. Ruggles on behalf of Ryan Toncheff has continued to avoid returning the property of Granville that was improperly removed

by Toncheff and has failed to provide any form of accounting of the documents that were deleted by Toncheff.

I declare under penalty of perjury and under the laws of the State of California that the foregoing is true and correct. Executed this 13th day of November, 2026 in Fresno, California.

Howard A. Sagaser

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Exhibit A

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Official Mailing Address
FRESNO | 5260 N PALM AVE | SUITE 400 | FRESNO, CA 93704 | PHONE: 559-421-7000 | FAX: 559-473-1483

August 24, 2026

Matthew J. Ruggles
Ruggles Law Firm
7940 California Avenue
Fair Oaks, California 95628

Re: *Toncheff v. Granville Homes, et al.*

Dear Mr. Ruggles:

Recently, Granville Homes has discovered that prior to his departure from Granville Homes, Ryan Toncheff deleted an extensive amount of documents from the Granville computer system. In addition to the unauthorized deletion of documents, Mr. Toncheff also downloaded numerous Granville Homes documents and financial statements on to various devices. He may have also taken with him copies of Granville documents.

For context, Granville's internal examination currently shows:

- **Email:** On 5/26/26 (1:52-2:23 PM PT) he emptied his Deleted Items folder of 4,762 messages from Outlook desktop (Microsoft audit log); 3,672 Deleted Items now sit in Recoverable Items / DiscoveryHolds.

- **AI Chats:** 34 of 56 Claude conversations (1,397 messages) deleted in batches on 5/28, 5/29, and 6/4/26 – recovered only from the local cache in Toncheff's disk image.

- **OneDrive:**audit-logged deletions of five cash-flow models (4/2), "EIN-Perrin.pdf" (5/19), and "Sunstrong.docx" / "Foster Farms.pdf" (5/28 – seven minutes after the matching Claude deletions).

- **Transfers:**~308 emails to Toncheff's personal accounts, 36 with financial models, including authenticated self-sends of two financial workbooks to toncheff@outlook.com (4/24 and 5/29/26). In a deleted (recovered) chat of 5/28/26 he also told the AI: "*really what I need to do is gather all this information so I can move it over to my personal AI account and pick up sort of where we leave off*," and said he would be "*downloading the document to my phone not at my work desktop*."

By this letter, Granville Homes demands Mr. Toncheff to give an accounting to his former employer of all of the documents that he deleted from Granville's computers, and what documents he copied. Additionally, Granville is requesting that Mr. Toncheff return to Granville all of the computer

information and documents that Mr. Toncheff downloaded from the Granville computers on to other devices or copied. Mr. Toncheff should not have in his possession any documents that belong to Granville.

It should be noted that to the extent Mr. Toncheff was converting the documents of Granville to his personal use of a form of self-help discovery, such an activity has been found to be improper by the Courts. See e.g., *Pilsbury Madison & Sutro v. Schectman* (1997) 55 Cal.App.4th 1279. Neither Mr. Toncheff nor his attorneys or anyone acting on his behalf should have in their possession any of the information or documents that Mr. Toncheff improperly downloaded from the Granville computer system. Therefore, in addition to returning all such documents, please provide verification under the penalty of perjury that Mr. Toncheff and anyone acting on his behalf has destroyed and/or deleted any of the Granville documents in his possession or control.

That verification should be provided no later than September 2, 2026. Also, please set forth the date you became aware of any plan by Mr. Toncheff to download and/or copy Granville documents to keep in his personal possession. Should you have any questions concerning any of these requests, please feel free to contact this office.

Very truly yours,



Howard A. Sagaser

Exhibit B

RUGGLES
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MATTHEW J. RUGGLES
Office (916)758-8058
mruggles@ruggleslawfirm.com

September 1, 2026

VIA EMAIL
Howard A. Sagaser
Sagaser, Watkins & Wieland PC
5260 North Palm Avenue, Suite 400
Fresno, California 93704

Re: *Ryan Toncheff v. Granville Homes, Inc., et al.*
AAA Case No. 01-26-0005-1450
Response to August 24, 2026 Request for Accounting

Dear Mr. Sagaser:

I write on behalf of Ryan Toncheff in response to your August 24, 2026 letter. Granville is entitled to the return and protection of any property it can establish belongs to it, and Mr. Toncheff will cooperate in a reasonable, neutral process to address any specifically identified material. But your letter improperly converts disputed forensic inferences into established facts, demands destruction of potential evidence during active litigation, seeks privileged information about counsel's investigation, and attempts to impose a sworn discovery obligation outside the process the parties selected. Mr. Toncheff rejects those demands as framed. This response is based on the information presently available, is not a verified accounting, and does not waive any objection, privilege, claim, or defense.

THE SUPERIOR COURT ACTION HAS BEEN DISMISSED; THE DISPUTE IS NOW IN ARBITRATION

The procedural posture has changed since your letter. On August 28, 2026, Mr. Toncheff filed a Demand for Arbitration with the American Arbitration Association, which assigned AAA Case No. 01-26-0005-1450. The same day, he filed a request dismissing Fresno County Superior Court Case No. 26CU01572 in its entirety without prejudice, and the clerk accepted that dismissal. There is therefore no pending superior court action in which Granville can demand informal discovery, a declaration under penalty of perjury, or extra-judicial turnover relief. The parties' claims, defenses, counterclaims, discovery, and any request for interim relief now belong in the AAA proceeding.

California law requires employment arbitration to provide adequate discovery. *Armendariz v. Foundation Health Psychcare Services, Inc.* (2000) 24 Cal.4th 83, 105-106. Once the applicable discovery procedures are in place and an arbitrator is appointed, document production and any forensic protocol can be managed in an orderly fashion, including under Code of Civil Procedure section 1283.05 to the extent applicable. A unilateral counsel letter is neither a discovery request authorized by the arbitrator nor an order. Mr. Toncheff will respond to proper, particularized requests and will meet and confer now on a preservation protocol; he will not accept your September 2 deadline as a substitute for the arbitral process.

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GRANVILLE'S LETTER DOES NOT ESTABLISH SPOLIATION OR INTENTIONAL DESTRUCTION

Your letter collapses four different subjects - Outlook folder activity, AI-chat activity, OneDrive events, and messages sent to personal accounts - into a single accusation of wrongful destruction and appropriation. The underlying events, their purposes, and the present availability of the data are distinct questions. An audit entry may show that an action occurred; it does not, by itself, establish what information is permanently unavailable, why the action occurred, whether the information exists elsewhere, or whether anyone acted to deprive Granville of evidence.

Indeed, the letter admits substantial recoverability. It states that 3,672 messages remain in Recoverable Items / DiscoveryHolds; that the 34 Claude conversations were recovered from a disk image; and that Granville possesses OneDrive audit data identifying the referenced files. It does not identify a single specific, material item that cannot be restored or replaced from Granville's Microsoft 365 environment, retention stores, backups, version history, custodial files, forensic images, or other sources. Nor does it explain the numerical difference between the 4,762 Deleted Items events and the 3,672 items Granville says remain recoverable. Those are issues for complete logs and expert analysis, not accusation by arithmetic.

California's published decision in *Victor Valley Union High School District v. Superior Court* (2023) 91 Cal.App.5th 1121 explains that spoliation concerns the destruction, material alteration, or failure to preserve evidence for pending or reasonably foreseeable litigation. It also recognizes the central importance of whether electronically stored information was actually lost and can be restored or replaced. Granville's own description of recovered and recoverable material substantially undercuts its rhetoric. If Granville contends that particular evidence is permanently gone, it should identify the item by name, date, custodian, source, relevance, restoration efforts, and claimed prejudice.

Mr. Toncheff denies intentionally destroying evidence to impair Granville in any proceeding. He advises that throughout his two-year tenure he periodically cleared email and desktop clutter in the ordinary course while working in a high-volume environment. His existing laptop had memory and performance problems; Granville's third-party IT provider, M Cubed, issued a replacement; and he ended the relationship with two company laptops before completing a full transition. He returned both company laptops to Granville when he received his final paycheck. Granville therefore has the very devices on which its examination is based. A recurring, pre-dispute pattern of device cleanup is not proof of litigation misconduct, particularly where the information remains in Granville-controlled systems or forensic images.

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THE TRANSFER ALLEGATIONS OMIT MR. TONCHEFF'S CFO DUTIES AND CONFIDENTIAL LEGAL CONSULTATIONS

Mr. Toncheff's access to financial models, lender information, cash-flow analyses, and transaction records was inherent in his work as Granville's Chief Financial Officer. Access and transmission therefore cannot simply be equated with acquisition by improper means. Granville's reference to approximately 308 messages and 36 models supplies no document list, no separation between ordinary work traffic and disputed material, no confidentiality designation, no explanation of purpose, and no evidence of use or disclosure outside a legal or employment-related context. Mr. Toncheff denies using Granville material to compete with Granville, to solicit its customers, or to operate Perrin or another commercial venture.

As to the two workbooks your letter specifically identifies as having been sent to Mr. Toncheff's personal email near the end of his employment, his explanation is that they were transmitted for confidential consultations with attorneys concerning suspected wrongdoing, whistleblower protections, and his potential exposure as CFO. He had raised concerns regarding lender disclosures, solvency, transactions involving receivership assets, and the absence of D&O protection; those concerns predated the disputed transmissions and were the subject of legal consultations. He did not transmit the workbooks for competitive or commercial use. Ruggles Law Firm did not instruct Mr. Toncheff to remove, copy, download, or delete Granville data.

The law does not treat a limited, confidential disclosure to counsel as equivalent to public dissemination. *Fox Searchlight Pictures, Inc. v. Paladino* (2001) 89 Cal.App.4th 294, 308-311 held that even a former in-house lawyer could disclose to her own attorneys employer confidences relevant to preparing and prosecuting her wrongful-termination claim, while carefully limiting public disclosure. Federal law likewise provides immunity under federal and state trade-secret law for a disclosure made in confidence to an attorney solely to report or investigate a suspected violation of law. (18 U.S.C. § 1833(b)(1).) Granville's own 2026 handbook reportedly reproduces that federal notice at page 19 and separately states its anti-retaliation reporting policy at pages 10-11. These protections do not license wholesale collection or competitive use, and Mr. Toncheff does not contend otherwise. They do defeat your suggestion that a narrowly confined disclosure to counsel for legal advice is automatically conversion or improper self-help.

The surrounding information-security practices are also relevant. Mr. Toncheff reports that Granville allowed employees to use personal AI accounts for work involving company information and that, shortly before his departure, he led the conversion of more than 40 associates to company-controlled business accounts to reduce that risk. That history does not decide whether any particular item is a trade secret, but it is relevant to Granville's claimed secrecy measures. Under Civil Code section 3426.1, subdivision (d), information qualifies as a trade secret only if it has independent economic value from secrecy and is subject to efforts reasonable under the circumstances to maintain that secrecy. Granville must prove those elements item by item; the label 'financial statement' does not do the work.

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PILLSBURY DOES NOT AUTHORIZE GRANVILLE'S UNILATERAL DEMANDS

Your reliance on *Pillsbury, Madison & Sutro v. Schectman* (1997) 55 Cal.App.4th 1279 is incomplete. There, a superior court - after a specific claim-and-delivery action, briefing, a hearing, and review by a court-appointed special master - ordered the return of identified confidential personnel documents found to have been improperly removed and wrongfully possessed. (Id. at pp. 1282-1289.) The Court of Appeal condemned litigants who convert, interdict, or otherwise purloin documents outside lawful discovery. (Id. at p. 1289.) It did not hold that every employee transmission, local deletion event, or confidential consultation with counsel is unlawful; it did not dispense with proof of ownership and wrongful possession; and it did not authorize opposing counsel to compel a sworn accounting or destruction on demand.

The lesson of *Pillsbury* is that disputed possession should be returned to the status quo through a court-supervised process, not that one side may declare liability and dictate the remedy. Here, the neutral forum is the arbitration. A protocol that identifies Granville property, preserves evidence, screens privilege, prevents dissemination, and places unresolved questions before the arbitrator is consistent with both *Pillsbury* and *Fox Searchlight*. Your requested declaration - covering Mr. Toncheff, his attorneys, and everyone supposedly acting on his behalf - is not.

GRANVILLE CANNOT DEMAND DESTRUCTION OF EVIDENCE DURING ACTIVE LITIGATION

The demand that Mr. Toncheff and counsel destroy or delete documents is particularly untenable now that litigation is pending. Both sides have preservation duties. *Victor Valley* confirms that the duty arises when litigation is reasonably foreseeable and exists to preserve the integrity of the adjudicative process. Granville cannot simultaneously accuse Mr. Toncheff of deletion and instruct him to delete potentially relevant material. No potentially relevant item will be destroyed merely because your letter requests it.

A preservation copy is not a concession that Mr. Toncheff had a right to acquire or retain the item, nor does preservation authorize access, use, or dissemination. It simply prevents alteration while ownership, discoverability, privilege, trade-secret status, and remedy are resolved. Any Granville property ultimately determined to be returnable can be returned, quarantined, or deleted under a written agreement or the arbitrator's order after a forensically sound preservation copy is secured.

THE REQUEST FOR COUNSEL'S KNOWLEDGE INVADES PRIVILEGE AND WORK PRODUCT

Your demand that I disclose the date I became aware of any supposed plan by Mr. Toncheff to copy or retain material is rejected. Framed as it is, the request seeks information about the timing and course of confidential attorney-client communications and counsel's investigation and strategy. Evidence Code section 954 permits the client to refuse disclosure of confidential lawyer-client communications. *Costco Wholesale Corp. v. Superior Court* (2009) 47 Cal.4th 725, 735 confirms that when a communication is confidential, the entire communication - including its factual recitations or summaries - is privileged, even though underlying facts may be discoverable by proper means. Code of Civil Procedure section 2018.030 separately protects counsel's impressions, conclusions, research, theories, and other work product; *Coito v. Superior Court*

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(2012) 54 Cal.4th 480 explains that attorney-directed investigative materials receive at least qualified protection and may receive absolute protection where they reveal counsel's thought process.

Granville may seek nonprivileged facts from the appropriate witness through arbitration discovery. It may not require opposing counsel to narrate when the client consulted counsel, what was communicated, or how counsel evaluated the matter. Without waiving any protection, and solely to eliminate the insinuation directed at this firm, Ruggles Law Firm did not instruct Mr. Toncheff to acquire, copy, download, or destroy Granville information. No further response concerning privileged communications or counsel's investigation will be provided.

A NEUTRAL PROTOCOL CAN ADDRESS LEGITIMATE PROPERTY AND PRESERVATION CONCERNS

Although Granville's present demands are overbroad, Mr. Toncheff is prepared to meet and confer promptly on the following framework, without admitting wrongdoing or waiving privilege:

- Granville will identify each disputed document or data set with reasonable particularity, including filename or subject, date, custodian, source, current availability, the basis for claiming ownership or confidentiality, and the basis for any trade-secret designation.
- Granville will provide the complete native audit data, retention settings, restoration results, and chain-of-custody information supporting the August 24 assertions, including the identity of every person who collected, reviewed, selected, or packaged the materials and the forensic tools and methods used.
- Potentially responsive material located in a personal account or device will be collected by a mutually acceptable neutral forensic professional under a written, targeted protocol. The protocol will avoid wholesale access to personal information and will include an attorney-client privilege and work-product screen.
- Any specifically identified Granville business material will be segregated from personal content, preserved, and not accessed, used, disclosed, or disseminated except for confidential legal advice or the arbitration. Originals or copies may be returned or quarantined under agreement, while an authenticated preservation copy remains secured for the proceeding.
- Any dispute about scope, privilege, trade-secret treatment, device access, return, deletion, or certification will be presented to the arbitrator. Neither side will unilaterally alter or destroy material while such a dispute is pending.

This approach protects Granville's legitimate property interests, Mr. Toncheff's privacy and privilege, and the integrity of the arbitration. It also avoids the evidentiary risk created by a one-sided internal review conducted without a jointly established protocol.

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GRANVILLE MUST PRESERVE THE COMPLETE RECORD, NOT MERELY SELECTED EXCERPTS

Granville and all affiliated custodians must preserve the full context of the systems activity on which your letter relies. That includes, at minimum:

- Mr. Toncheff's complete Microsoft 365 mailbox, OneDrive, SharePoint, Teams, AI-account, endpoint, mobile-device-management, backup, Recoverable Items, DiscoveryHolds, recycle-bin, and version-history data, together with all retention policies and audit logs;
- forensic images of each returned company laptop and any other examined device, with hash values, collection notes, access history, chain-of-custody records, and communications concerning the examination;
- M Cubed and internal IT records concerning laptop performance, memory or storage constraints, replacement devices, migration, synchronization, wiping, return, and preservation;
- the complete, unedited AI conversations and surrounding messages from which Granville selected the language quoted in its letter, including account ownership, company policies, access logs, password-reset history, and records concerning migration from personal to business AI accounts;
- the complete set of the approximately 308 messages and 36 models referenced in your letter, not merely a count or selected examples, along with all evidence of purpose, recipients, later access, use, dissemination, and present availability; and
- all communications among Granville, Darius Assemi, counsel, IT personnel, and other employees concerning Mr. Toncheff's protected reports, the decision to examine his data, the selection and characterization of evidence, the August 24 letter, and any proposed claim or counterclaim based on data handling.

THE RETALIATION ISSUES ARE EXPRESSLY RESERVED

Mr. Toncheff's underlying claims include retaliation after he raised concerns about suspected legal violations, lender disclosures, financial condition, and transactions that exposed him as CFO. Labor Code section 1102.5 protects qualifying disclosures to persons with authority and refusals to participate in unlawful conduct; section 1102.6 supplies the governing burden framework. Under *Lawson v. PPG Architectural Finishes, Inc.* (2022) 12 Cal.5th 703, 718, once protected activity is shown to be a contributing factor in an adverse action, the employer must establish by clear and convincing evidence that it would have acted for legitimate, independent reasons. Granville's post-dispute effort to characterize routine systems activity and confidential consultations as misconduct - and its selective reliance on recovered material - will be relevant to causation, motive, and pretext. Nothing in this letter waives those issues.

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CONCLUSION

Mr. Toncheff will preserve potentially relevant material, will not use or disseminate Granville business information outside confidential legal advice and this proceeding, and will participate in a reasonable neutral process to identify and return or quarantine specific Granville property. He will not provide the overbroad perjury declaration you demand, destroy evidence, disclose privileged communications, or submit to an unstructured accounting outside arbitration. Granville should withdraw its September 2 demand and meet and confer with us this week on the protocol outlined above. If Granville seeks coercive relief, it should present a particularized application to the arbitrator with the complete forensic record.

Very truly yours,

Matthew J. Ruggles

Matthew J. Ruggles

Exhibit C

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September 4, 2026

Howard A. Sagaser
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5260 North Palm Avenue, Suite 400
Fresno, California 93704

Re: *Ryan Toncheff v. Granville Homes, Inc., et al.*
AAA Case No. 01-26-0005-1450
Response to September 3, 2026 Letter

Dear Mr. Sagaser:

Your September 3 letter is remarkable principally for what it does not address. My prior response identified the controlling procedural posture, the recoverability of the electronic information Granville described, the absence of any identified irretrievably lost item, Mr. Toncheff's return of both company laptops, the protected purpose of his legal consultations, the limits of *Pillsbury*, the attorney-client privilege and work-product issues, Granville's own preservation obligations, and a detailed neutral protocol that would protect both sides. You answered none of those points. Instead, you repeated conclusions as though they were evidence and escalated the correspondence by accusing this firm of possible criminal conduct.

Specifically, you wrote that your inquiry is intended to determine whether Ruggles Law Firm "actually condoned and received stolen property that it knew or should have known had been improperly obtained." You coupled that accusation with demands that this firm relinquish all disputed material, retain no copy, and disclose information concerning when counsel learned of the alleged conduct. The accusation is false, unsupported, and professionally improper. Ruggles Law Firm did not direct Mr. Toncheff to acquire, copy, download, remove, or delete Granville information; did not receive any material with knowledge that it was stolen; and has not used or disseminated Granville business information for any competitive or commercial purpose. You must withdraw the criminal accusation.

1. YOUR ACCUSATION THAT THIS FIRM RECEIVED STOLEN PROPERTY IS FALSE AND RAISES SERIOUS CONCERNS UNDER RULE 3.10

There is no ambiguity in the language you chose. "Receiving stolen property" describes a crime under Penal Code section 496. Your use of the phrase "knew or should have known" is also legally wrong. Section 496 requires proof that the property was actually obtained by theft or extortion, that the accused received, concealed, or withheld it, and that the accused *knew* it had been so obtained. (*People v. Kunkin* (1973) 9 Cal.3d 245, 249-256.) The California Supreme Court reversed the convictions in *Kunkin* - a case involving allegedly stolen government documents - because suspicious circumstances did not constitute substantial evidence of guilty knowledge.

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Your negligence formulation does not state the criminal element, and your letter identifies no theft, no stolen item, no knowing receipt, no concealment, and no withholding by this firm.

California Rule of Professional Conduct 3.10(a) provides: "A lawyer shall not threaten to present criminal, administrative, or disciplinary charges to obtain an advantage in a civil dispute." The rule is not limited to an express statement that a prosecutor or agency will be contacted. Its comments expressly distinguish a permissible good-faith report from an impermissible statement or implication that criminal or administrative action will be pursued unless the opponent settles or accedes to a civil demand, and make clear that the specific facts and context control. (Cal. Rules of Prof. Conduct, rule 3.10, cmts. [1]-[2].) California authority likewise recognizes that a threat may be implied and must be evaluated in context. (*Crane v. State Bar* (1981) 30 Cal.3d 117, 123; State Bar Formal Opn. No. 1983-73 [advisory opinion applying former Rule 7-104, the predecessor to current Rule 3.10].) Here, you invoked the crime of receiving stolen property and the crime-fraud exception in the same letter in which you demanded immediate surrender of disputed materials, destruction of every retained copy, disclosure of protected information concerning counsel's investigation, and acquiescence in your threatened adverse-inference position. Viewed objectively and in context, your accusation and the civil demands coupled with it constitute, or at minimum appear to constitute, an implied threat to invoke criminal consequences unless this firm yields to your civil demands. That conduct raises serious concerns under rule 3.10(a).

Your accusation is not insulated by calling it an "inquiry." Rule 4.1(a) prohibits a lawyer from knowingly making a false statement of material fact or law to a third person. Rule 8.4(c) prohibits conduct involving dishonesty, fraud, deceit, or reckless or intentional misrepresentation, and Rule 8.4(d) prohibits conduct prejudicial to the administration of justice. You have identified no competent evidence that Ruggles Law Firm directed any removal, knew any material was stolen, knowingly received stolen property, concealed anything, or used Granville information for an improper purpose. You have now been told unequivocally that none of those things occurred. Any repetition of that accusation with knowledge of its falsity, or in reckless disregard of its truth or falsity, would further implicate Rules 4.1(a) and 8.4(c); use of such an accusation to distort or obstruct the arbitral process may also implicate Rule 8.4(d). Assertion of such a position in the arbitration would also be subject to Rule 3.1. I am not threatening reciprocal criminal or disciplinary process, and no civil position is conditioned on presenting any charge. I am demanding that you stop using an unsupported criminal accusation as leverage. By 5:00 p.m. on September 8, 2026, provide an unequivocal written withdrawal and confirm that Granville is not invoking or implying criminal, administrative, or disciplinary consequences to obtain civil concessions. Recasting the same accusation as a question, possibility, or conditional insinuation will not suffice.

2. YOUR RELIANCE ON THE CRIME-FRAUD EXCEPTION IS LEGALLY BASELESS

Your crime-fraud assertion does not become valid merely because you place it next to a criminal accusation. Evidence Code section 956 removes the attorney-client privilege only when "the services of the lawyer were sought or obtained to enable or aid anyone to commit or plan to commit

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a crime or a fraud." The party invoking the exception must make a prima facie factual showing that the client sought legal services for that purpose; accusation, suspicion, and the mere existence of a dispute are insufficient. (*BP Alaska Exploration, Inc. v. Superior Court* (1988) 199 Cal.App.3d 1240, 1262-1267; *State Farm Fire & Casualty Co. v. Superior Court* (1997) 54 Cal.App.4th 625, 643-645.) The distinction is fundamental: legal advice sought to facilitate future wrongdoing may fall within section 956; advice sought to understand alleged past conduct, assess exposure, report suspected wrongdoing, invoke whistleblower protections, or avoid unlawful conduct remains privileged. (*People v. Michaels* (2002) 28 Cal.4th 486, 538 [section 956 inapplicable where the client sought counsel's help to avoid committing a crime].)

Evidence Code section 917, subdivision (a), presumes that a communication made in the course of the lawyer-client relationship was made in confidence and places on Granville the burden to establish nonconfidentiality or an exception. Evidence Code section 913, subdivision (a), separately forbids comment on, or any inference from, a claim of privilege. Granville therefore cannot manufacture a crime-fraud exception by demanding privileged information and then threatening an adverse inference when the demand is rejected.

Your letter does not identify a particular communication, a particular crime or fraud that legal services allegedly were intended to facilitate, or any evidence that Mr. Toncheff sought advice to enable future unlawful conduct. You simply label disputed documents "stolen" and then use that label as the supposed predicate for destroying privilege. That is circular, not a prima facie showing. Nor does section 956 erase absolute attorney work product under Code of Civil Procedure section 2018.030, subdivision (a). (*BP Alaska Exploration*, supra, 199 Cal.App.3d at pp. 1268-1269.)

Your demand that I disclose when I first learned of any alleged plan still invades protected communications and counsel's investigation. Evidence Code sections 952 and 954 protect confidential communications made for legal advice. *Costco Wholesale Corp. v. Superior Court* (2009) 47 Cal.4th 725, 733-735, holds that a confidential attorney-client communication is privileged in its entirety, even when it includes factual recitations; the underlying facts may be pursued from an appropriate witness through proper discovery, but opposing counsel may not compel the lawyer to reveal the communication. Code of Civil Procedure section 2018.030 and *Coito v. Superior Court* (2012) 54 Cal.4th 480, 485, 499-502, separately protect attorney-directed investigative material and counsel's impressions and strategy. Granville may seek nonprivileged facts from Mr. Toncheff in arbitration. It may not conscript his attorney as an unsworn witness or force disclosure of privileged chronology through a demand letter.

3. YOU MISSTATE THE LAW GOVERNING DOCUMENTS PROVIDED TO COUNSEL

To be precise, a preexisting business document does not become attorney-client privileged merely because a client provides it to counsel. My prior letter did not claim otherwise. It explained that the communications through which legal advice was sought, the purpose and substance of the consultation, and attorney-directed selection, organization, and investigation may be privileged or protected work product even though an underlying nonprivileged document may be obtainable

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through proper discovery. Your statement that transmission to an attorney does not automatically "cleanse" an allegedly wrongful acquisition therefore answers an argument I did not make and does not justify your demand for counsel's communications.

California law supplies a concrete, tribunal-centered procedure for genuinely privileged material; it does not authorize your blanket self-help remedy. Rule 4.4 governs writings that were inadvertently sent or produced and requires counsel to limit review and promptly notify the sender. *State Compensation Insurance Fund v. WPS, Inc.* (1999) 70 Cal.App.4th 644, 656-657, and *Rico v. Mitsubishi Motors Corp.* (2007) 42 Cal.4th 807, 817-819, require preservation of the status quo and resolution by agreement or through the tribunal. Because Granville alleges an intentional employee transfer rather than an inadvertent production, the directly applicable current authority is *Guardian Storage Centers, LLC v. Simpson* (2026) 119 Cal.App.5th 509, 514-515. *Guardian Storage* holds that when counsel knows or reasonably should know material is attorney-client privileged or work product, and it is reasonably apparent the material was impermissibly taken from the privilege holder without authorization, counsel must examine no more than necessary to determine its status, immediately notify the privilege holder, and submit any unresolved dispute to the tribunal. (See also *Clark v. Superior Court* (2011) 196 Cal.App.4th 37, 53-55; *Militello v. VFARM 1509* (2023) 89 Cal.App.5th 602, 621-624; *Johnson v. Department of Transportation* (2025) 109 Cal.App.5th 917, 948-950.) Ruggles Law Firm will comply with that rule. If any item in its possession reasonably appears privileged or protected and reasonably appears to have been taken without Granville's authorization, review will stop after the minimum needed to identify its status, the item will be sequestered and not substantively used, Granville will be notified promptly, and any unresolved dispute will be submitted to the neutral.

But those authorities do not permit Granville to declare every company-related email, cash-flow model, AI chat, or financial workbook privileged or stolen. Your letters identify no particular communication from Granville's counsel, no sender or recipient, no request for legal advice, and no document facially marked or described as privileged. If Granville identifies a specific item that facially appears subject to its attorney-client privilege or work product, it will be segregated, will not be substantively reviewed or used, and will be submitted to the agreed neutral process or the arbitrator. That is materially different from your demand that all disputed material be returned and every copy destroyed based solely on Granville's unilateral labels.

Federal law further contradicts your categorical position. The Defend Trade Secrets Act provides immunity under federal and state trade-secret law for a confidential disclosure of a trade secret to an attorney made solely to report or investigate a suspected violation of law. (18 U.S.C. section 1833(b)(1).) That statute does not authorize competitive use or confer ownership, and Mr. Toncheff claims neither. It does foreclose your assertion that a narrowly confined disclosure to counsel for the purpose of reporting or investigating suspected illegality is automatically trade-secret misappropriation.

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4. YOUR DEMAND FOR DESTRUCTION AND YOUR THREATENED ADVERSE INFERENCE ARE UNSUPPORTED

Your opening sentence answers another point I did not make. I did not contend that the act of returning property, standing alone, is spoliation. I objected to your demand that Mr. Toncheff, his attorneys, and anyone acting on his behalf destroy or delete every copy of potentially relevant material during active litigation, without first identifying the material, preserving its forensic attributes, screening privilege, or obtaining an agreement or order. A return protocol and destruction of all evidence are not the same thing. The proper interim course is preservation and sequestration, followed by return, quarantine, or deletion under a written protocol or the arbitrator's direction.

Rule 3.4(a) independently prohibits counsel from unlawfully altering, destroying, or concealing material having potential evidentiary value, or counseling another person to do so. Penal Code section 135 likewise prohibits knowingly destroying, erasing, or concealing matter about to be produced in evidence with intent to prevent its production. Your demand that no copy be retained, while Granville simultaneously threatens a spoliation inference based on the same material, creates the precise preservation hazard those authorities require counsel to avoid. No one represented by this firm will comply with an unsupervised destruction demand.

California law requires proof, not proclamation, before an adverse inference may arise. Evidence Code section 413 permits the trier of fact to consider a party's *willful* suppression of evidence. *Cedars-Sinai Medical Center v. Superior Court* (1998) 18 Cal.4th 1, 11-13, recognizes that adverse evidentiary consequences are remedies administered in the underlying adjudicative proceeding. *New Albertsons, Inc. v. Superior Court* (2008) 168 Cal.App.4th 1403, 1431-1434, explains that an inference instruction requires evidence supporting intentional suppression, not merely a disagreement over preservation. *Williams v. Russ* (2008) 167 Cal.App.4th 1215, 1223-1227, required intentional destruction of critical evidence, actual loss, and resulting prejudice before a terminating sanction could be sustained. And *Victor Valley Union High School District v. Superior Court* (2023) 91 Cal.App.5th 1121, 1138-1141, looks to the federal ESI framework, under which the threshold questions include whether information was actually lost and whether it can be restored or replaced.

Granville's own August 24 letter defeats its present rhetoric. It admits that 3,672 Outlook messages remain in Recoverable Items or DiscoveryHolds; that all 34 cited Claude conversations were recovered from the laptop disk image; that Granville possesses OneDrive audit data; and that Granville has the two returned company laptops from which its examination was conducted. Granville still has not identified one material item that is irretrievably lost, explained the difference between the 4,762 deletion events it cites and the 3,672 recoverable items, identified the date on which a preservation duty allegedly attached, established intent to deprive Granville of evidence, or described any prejudice. Code of Civil Procedure section 2023.030, subdivision (f), further reflects California's rule that sanctions ordinarily may not be imposed for electronically stored

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information lost through the routine, good-faith operation of an electronic system, subject to the duty to preserve.

Granville's selected 60-day window also omits the most basic comparator. Mr. Toncheff reports that the May 26 event was a bulk mailbox-cleanup action, not a targeted selection of particular emails, and that it was consistent with his historical cleanup practices and the instruction he received from M Cubed in connection with storage and performance problems. A bulk command evaluated in isolation is not evidence of selective destruction. Before Granville can responsibly characterize the event as anomalous or intentional, it must produce the historical audit data and IT communications needed to compare that event with Mr. Toncheff's prior cleanup activity and the M Cubed direction.

Nor does a refusal to provide an extra-judicial, counsel-drafted "accounting" under penalty of perjury constitute suppression of evidence. There is no pending superior-court trial, and counsel does not create an adverse inference by fiat. Granville may present competent evidence and a particularized request to the arbitrator, and Mr. Toncheff may respond with the complete record, expert testimony, and the evidence of recoverability. Until then, your statement that an adverse inference "will be utilized" is advocacy, not law, and it will be treated accordingly.

5. LABOR CODE SECTIONS 2856 AND 2861 DO NOT CREATE THE REMEDY YOU INVENTED

Your reliance on Labor Code sections 2856 and 2861 is misplaced. Section 2856 requires an employee to substantially comply with lawful and reasonable directions "concerning the service on which he is engaged," subject to exceptions for impossibility, illegality, and new and unreasonable burdens. Published decisions applying section 2856 address an employee's performance of work and compliance with workplace directions during the employment relationship. (*Cerberonics, Inc. v. Unemployment Insurance Appeals Board* (1984) 152 Cal.App.3d 172, 183-184; *Paratransit, Inc. v. Unemployment Insurance Appeals Board* (2014) 59 Cal.4th 551, 557-561.) It is not a post-termination civil-discovery statute, does not regulate opposing counsel, and does not authorize you to impose a perjury declaration or waive privilege by letter.

Section 2861 requires an employee, on reasonable demand, to render "just accounts" of transactions in the course of service and to give notice of things received for the employer's account. Even assuming it may support a reasonable post-employment request concerning an identified transaction, it says nothing about cataloguing every email deletion event, reconstructing an entire digital environment without the employer's logs, certifying the conduct of counsel and every person supposedly acting on the employee's behalf, destroying evidence, or creating an adverse inference. The statute's express reasonableness limitation is the opposite of your blanket demand. Nor does Labor Code section 2860 alter the analysis: it may bear on ownership of something actually acquired by virtue of employment, but it does not adjudicate ownership as to unidentified data, extinguish privilege or work product, override preservation duties, or give opposing counsel a unilateral turnover-and-destruction remedy.

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Mr. Toncheff has not refused a reasonable, particularized accounting. He has offered a neutral forensic process under which Granville identifies the disputed items and supplies the native audit data, retention settings, restoration results, collection methodology, and chain of custody necessary to determine what occurred. Employment arbitration must provide adequate discovery. (*Armendariz v. Foundation Health Psychcare Services, Inc.* (2000) 24 Cal.4th 83, 105-106.) The incorporated AAA employment procedures likewise contemplate arbitrator-supervised discovery. That is the lawful process. Your unilateral September deadline and invented sanction are not.

6. GRANVILLE HAS NOT ESTABLISHED CONVERSION, THEFT, OR TRADE-SECRET MISAPPROPRIATION

Your letter repeatedly substitutes conclusions - "conversion," "illegally obtained," and "stolen property" - for the elements Granville would have to prove. Conversion requires Granville to establish ownership or an immediate right to possession of a particular item, a wrongful act interfering with that right, and resulting damage. (*Fremont Indemnity Co. v. Fremont General Corp.* (2007) 148 Cal.App.4th 97, 119; *Welco Electronics, Inc. v. Mora* (2014) 223 Cal.App.4th 202, 208.) Apart from a handful of filenames, Granville has not identified the allegedly converted universe with particularity, separated company property from personal communications or material transmitted in the ordinary course, shown that Mr. Toncheff lacked authorized access as Chief Financial Officer, established any competitive or commercial use, or identified damage caused by this firm. Even as to the few named files, a label is not proof of ownership, wrongful dominion, guilty knowledge, or damage.

The same defect defeats any blanket trade-secret assertion. Civil Code section 3426.1, subdivision (d), requires proof that specific information derives independent economic value from not being generally known and was subject to reasonable secrecy measures. California courts applying Code of Civil Procedure section 2019.210 require a party asserting trade-secret misappropriation to identify the claimed trade secret with reasonable particularity before obtaining discovery relating to it. (*Whyte v. Schlage Lock Co.* (2002) 101 Cal.App.4th 1443, 1452-1454; *Altavion, Inc. v. Konica Minolta Systems Laboratory, Inc.* (2014) 226 Cal.App.4th 26, 61-62.) To the extent section 2019.210 applies under the governing arbitral procedures, and in any event as a basic requirement of fair and targeted discovery, Granville must identify the allegedly protected information with comparable particularity. The phrase "financial documents" does not satisfy those requirements. Granville's reported practice of allowing employees to use personal AI accounts for company work, followed by Mr. Toncheff's effort to migrate more than 40 users to company-controlled accounts, is also relevant to whether reasonable secrecy measures existed.

Mr. Toncheff further reports that the personal-email traffic on which Granville relies was two-way traffic used in a Company-sanctioned ChatGPT workflow: Company information was used for Company work, and the resulting work product returned to Granville. The handbook provision he identifies prohibits transmitting information "for a non-Company purpose"; this workflow was undertaken for Company purposes. Those facts do not resolve every document-level question, but

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they directly refute Granville's attempt to treat any personal-account traffic as necessarily personal appropriation, competitive use, or trade-secret misappropriation.

Granville also cannot evade retaliation scrutiny merely by labeling protected reports or lawful consultations "misconduct." Labor Code section 1102.5, subdivision (g), preserves an employer's ability to act upon an actual violation of attorney-client privilege or trade-secret confidentiality; it does not establish that any identified material was privileged or a trade secret, that Mr. Toncheff violated any such confidentiality, or that Granville may use unsupported accusations as a post-termination response to protected activity. Those predicates remain disputed and must be proven.

Your renewed reliance on *Pillsbury, Madison & Sutro v. Schectman* (1997) 55 Cal.App.4th 1279 does not supply the missing proof or remedy. *Pillsbury* involved specifically identified confidential personnel records, a filed claim-and-delivery action, judicial findings after briefing and hearing, and review through a special master before a return order issued. (*Id.* at pp. 1282-1289.) It condemns improper self-help; it does not authorize one litigant's lawyer to adjudicate ownership, privilege, intent, and remedy by accusation, compel a sworn accounting, or order destruction of evidence. The neutral protocol proposed in my prior letter is consistent with the court-supervised process *Pillsbury* actually involved.

7. YOUR ARBITRATION POSITION CONTRADICTS THE AGREEMENT, CALIFORNIA LAW, AND GRANVILLE'S OWN CONDUCT

Your assertion that Mr. Toncheff's Demand for Arbitration is "improper" conflates two distinct steps that the agreement addresses in two distinct sections: *starting* the arbitration and *selecting* the arbitrator. The agreement's opening paragraph provides that covered disputes "will be settled by arbitration, in accordance with and pursuant to the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association ('AAA') then in effect, except as otherwise modified herein." Section 4, entitled "Starting the Arbitration," requires the party bringing a claim to "demand arbitration in writing," specifies the information the demand should contain, and expressly states that "[t]he Arbitrator shall resolve all disputes regarding the timeliness or propriety of the demand for arbitration." Mr. Toncheff served a written demand identifying the parties, the legal and factual basis of his claims, and the requested relief. The agreement nowhere says an arbitrator must already have been selected before a demand may be made; your interpretation would invert the sequence the agreement itself establishes.

More fundamentally, your attack on the Demand is irreconcilable with the relief Defendants themselves requested from the Superior Court. Defendants' Notice of Motion asks for an order compelling Mr. Toncheff "to submit all of his claims to arbitration." (Defs.' Notice of Mot. & Mot. to Compel Arbitration, filed June 26, 2026, p. 1, lines 17-22.) The supporting memorandum asks that he "submit his claims against Defendants to final and binding arbitration," requests arbitration "as to all of Plaintiff's claims," represents that Defendants had demanded that he "submit his claims to binding arbitration," and concludes that the Court should compel arbitration of all claims. (Defs.' Mem. P. & A. ISO Mot. to Compel Arbitration, pp. 1:6-17, 3:1-8, 8:1-7.) It also told the Court that compelling arbitration would ensure the parties were litigating in the "agreed to forum." (Id. at p.

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5:20-22.) Mr. Toncheff has now provided the exact relief Granville sought: he served a section 4-compliant written Demand and submitted all of his claims to final and binding arbitration. Granville cannot ask a court to compel that act and then declare the same act "improper" when Plaintiff performs it.

Your separate assertion that AAA "does not administer the proceedings" is unsupported and confuses administration with selection. Section 3 governs the method for selecting the individual neutral. It does not state that AAA may not administer, does not delete the opening requirement that the arbitration proceed "in accordance with and pursuant to" AAA's Employment Arbitration Rules and Mediation Procedures, and does not reduce those procedures to a nonbinding "guideline." Submitting the written Demand to AAA did not select an arbitrator or displace section 3. It opened an administrative file under the incorporated procedures, produced AAA Case No. 01-26-0005-1450, and placed Granville on notice of the claims. Your letter identifies no AAA determination, correspondence, or rule stating that AAA has declined or is barred from administering this matter.

Published California authority also rejects the categorical distinction your letter attempts to draw between using AAA rules and AAA administration. *Maggio v. Windward Capital Management Co.* (2000) 80 Cal.App.4th 1210, 1212-1215, held that an agreement to arbitrate "in accordance with" AAA procedures required arbitration before and under the administration of AAA, not merely an outside neutral borrowing AAA rules. *Martinez v. Master Protection Corp.* (2004) 118 Cal.App.4th 107, 120-121, likewise held that an agreement requiring arbitration under AAA procedures designated an AAA forum and that Code of Civil Procedure section 1281.6 did not authorize substitution when AAA declined to administer. Those decisions may not resolve every effect of section 3's separate neutral-selection language, but they foreclose your categorical assertion that incorporating AAA procedures has nothing to do with AAA administration. They also apply ordinary California contract principles requiring effect to the parties' expressed intent and to every contractual provision. (Civ. Code, sections 1636, 1638, 1641.) This agreement uses even stronger mandatory language - "in accordance with and pursuant to" the AAA employment procedures. At minimum, your contrary position presents an issue of contract interpretation that sections 1 and 4 delegate to the arbitrator, not an issue you may decide unilaterally by letter. (*Aanderud v. Superior Court* (2017) 13 Cal.App.5th 880, 891-894.)

Even if AAA later determines that it will not administer because the agreement uses a bespoke neutral-selection mechanism, that would not retroactively invalidate the Demand or make its filing improper. Section 4 makes delivery of a written demand to the other party the contractual initiation step and assigns disputes regarding the demand's timeliness or propriety to the arbitrator. Section 3 then supplies the neutral-selection process. If that agreed process genuinely fails, Code of Civil Procedure section 1281.6 supplies a court-appointment mechanism. The parties would still proceed before the selected neutral under the AAA procedures incorporated by the agreement. On either path, Mr. Toncheff's Demand remains contractually compliant and Defendants receive precisely the final and binding arbitration they asked the Court to compel.

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Code of Civil Procedure section 1281.6 confirms the same sequence: when an arbitration agreement provides an appointment method, that method must be followed; court appointment becomes available only if the agreed method fails or cannot be followed. Your September 3 letter identifies no failed selection process, proposes no neutral, responds to no proposed slate, and describes no impasse. Moreover, the agreement does not name the Fresno County Superior Court as the automatic appointing authority. Only after a genuine failure to agree may either party apply to a court of competent jurisdiction having authority over the location where the arbitration will occur. Granville cannot skip the contractual first step and invoke an untriggered fallback provision to pronounce the Demand improper. If uncertainty remains after application of Civil Code sections 1636, 1638, and 1641, section 1654 directs that the language be construed against Granville, which drafted the agreement.

Your position is also irreconcilable with your own sworn declaration and Granville's June 25, 2026 "Demand for Arbitration." In support of Granville's motion to compel, you declared under penalty of perjury that you had provided a "written demand for arbitration" of Granville's claims. The attached demand stated: "Granville is hereby initiating its claims against Ryan Toncheff as mandated under the Arbitration Agreement." On June 12, you separately demanded that Mr. Toncheff submit his claims to binding arbitration. Granville cannot credibly characterize its own written demand as initiating arbitration, insist that Mr. Toncheff arbitrate, and then declare his later written demand under the same agreement "improper" because a neutral had not yet been selected.

Finally, the Fresno County Superior Court action was validly dismissed before any trial or determinative adjudication. Code of Civil Procedure section 581, subdivisions (b)(1) and (c), authorized dismissal on Mr. Toncheff's written request. Section 581, subdivision (a)(6), defines actual commencement of trial by opening statement or argument, the swearing of the first witness, or the introduction of evidence - not by the filing of an arbitration demand. A proper voluntary dismissal is effective immediately upon filing; its entry is ministerial, and, subject only to limited collateral matters, no action remains for the court to adjudicate. (*S.B. Beach Properties v. Berti* (2006) 39 Cal.4th 374, 380; *Maniago v. Desert Cardiology Consultants' Medical Group, Inc.* (2026) 20 Cal.5th 91.) *Cardiff Equities, Inc. v. Superior Court* (2008) 166 Cal.App.4th 1541, 1548-1552, held that the plaintiff retained the statutory right to dismiss after an order compelling arbitration because no merits proceeding or dispositive adjudication had begun, and that the dismissal deprived the trial court of jurisdiction to force continued proceedings in the dismissed case. Here, Granville's motion to compel had not even been decided; no opening argument, witness testimony, evidentiary presentation, arbitral merits hearing, or dispositive ruling had occurred; no cross-complaint seeking affirmative relief was pending; and no substantive issue had been adjudicated. Mr. Toncheff's contemporaneous compliance with Granville's demand that he arbitrate did not curtail his right to dismiss the court action. Granville's objection cannot revive a lawsuit that ceased to exist when the clerk entered the dismissal.

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8. YOUR LETTER CONSPICUOUSLY FAILS TO ADDRESS THE MATERIAL FACTS AND PROPOSALS IN MY PRIOR RESPONSE

For clarity, your September 3 letter is silent as to each of the following:

1. Granville identified no specific, material item that is irretrievably lost or cannot be restored or replaced from Microsoft 365, retention stores, backups, version history, custodial files, the returned laptops, or Granville's forensic images.

2. Granville admitted that 3,672 Outlook messages remain recoverable, that the cited Claude conversations were recovered, and that OneDrive audit information exists.

3. Granville did not explain the difference between the 4,762 deletion events it cited and the 3,672 items it says remain recoverable, or whether the figures measure messages, events, duplicates, folders, or some other units.

4. Mr. Toncheff returned both company laptops, including the devices on which Granville's forensic assertions are based.

5. Mr. Toncheff reported that the event Granville isolates was a bulk mailbox-cleanup action rather than the targeted selection of particular emails; that it was consistent with his historical cleanup practices; and that it occurred in the context of laptop memory and performance problems, the M Cubed instruction, replacement equipment, and an incomplete transition between two laptops. Granville's isolated 60-day snapshot does not address that history.

6. As Granville's Chief Financial Officer, Mr. Toncheff was authorized and expected to access financial models, lender information, cash-flow analyses, and transaction records; authorized access is not proof of theft or conversion.

7. Granville has not produced an itemized list of the approximately 308 messages and 36 models it invokes, separated ordinary business communications from disputed items, or identified the alleged owner, confidentiality basis, privilege, trade-secret basis, use, disclosure, present availability, or damage for any item.

8. The two financial workbooks singled out by Granville were transmitted for confidential legal consultations regarding suspected wrongdoing, whistleblower protection, and Mr. Toncheff's potential exposure as CFO; they were not transmitted for competition or commercial exploitation.

9. Ruggles Law Firm did not instruct Mr. Toncheff to remove, copy, download, or delete Granville data.

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10. Granville did not address the limited federal trade-secret immunity for confidential reporting to counsel under 18 U.S.C. section 1833(b)(1), or the distinction between confidential legal reporting and public or competitive dissemination.

11. Granville did not address the item-specific proof required by Civil Code section 3426.1, its reported use of personal AI accounts for Company work, or Mr. Toncheff's report that the personal-email traffic was two-way within a Company-sanctioned ChatGPT workflow, with resulting work product returned to Granville. Nor did Granville reconcile its theory with handbook language prohibiting transmission only "for a non-Company purpose" when the workflow was used for Company work.

12. Granville did not answer why *Pillsbury* - a case involving a filed property action, identified records, a special master, a hearing, and a court order - supposedly authorizes unilateral counsel demands here.

13. Granville did not address Evidence Code sections 952, 954, and 956, *Costco*, *Coito*, or the prima facie showing required before any crime-fraud exception can be invoked.

14. Granville did not respond to the proposed neutral forensic collection, segregation, privilege screen, preservation copy, restricted-access protocol, or referral of unresolved issues to the arbitrator.

15. Granville did not confirm preservation of the complete native audit logs, retention settings, forensic images, hash values, chain-of-custody records, M Cubed records, full AI conversations, all 308 messages and 36 models, or communications concerning the forensic examination and Granville's post-termination accusations.

16. Granville did not address the retaliation implications of portraying Mr. Toncheff's protected reports and confidential consultations as misconduct under Labor Code sections 1102.5 and 1102.6 and *Lawson v. PPG Architectural Finishes, Inc.* (2022) 12 Cal.5th 703, 718. Labor Code section 1102.5, subdivision (g), does not dispense with proof that identified information was privileged or a trade secret and that a confidentiality violation actually occurred; Granville has not made that showing.

17. Granville ignored Mr. Toncheff's express offer to meet and confer immediately on a neutral protocol.

18. Granville did not identify any AAA determination or contractual language supporting its assertion that AAA will not administer, did not explain why section 3's neutral-selection mechanism nullifies the mandatory AAA-procedure clause, and did not reconcile that

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position with Defendants' own Motion to Compel, which asked the Court to order Mr. Toncheff to submit all claims to arbitration - the precise act he has now performed.

Repeating the words "conversion," "stolen property," and "statutory duties" does not answer those points. Nor does silence transform disputed inferences into facts. If Granville intends to pursue a property, confidentiality, spoliation, or counterclaim theory, it must address the complete record rather than selected counts and excerpts.

REQUIRED CORRECTIVE ACTION AND NEXT STEPS

To narrow the dispute and protect the integrity of the arbitration, please do the following:

1. Withdraw in writing the accusation that Ruggles Law Firm condoned or received stolen property, and cease using criminal accusations or implied criminal process to obtain civil leverage.

2. Identify with reasonable particularity each disputed document or data set, including filename or subject, date, custodian, source, present location and availability, the basis for claimed ownership, the basis for any privilege or trade-secret designation, and the specific relief Granville seeks.

3. For any item claimed to be attorney-client privileged or work product, identify the sender, recipients, date, general subject sufficient to assess the claim, and basis for asserting that it was impermissibly taken. Such material will be segregated and handled under *Guardian Storage* and the agreed neutral process.

4. Provide the complete native audit data, retention policies and settings, restoration results, forensic methodology, hash values, collection notes, and chain-of-custody information supporting Granville's accusations, rather than selected counts and quotations.

5. Confirm that Granville, Darius Assemi, M Cubed, counsel, and all relevant custodians are preserving the full systems, devices, logs, communications, and forensic materials identified in my prior letter.

6. Meet and confer regarding a mutually acceptable neutral forensic professional, an attorney-client privilege and work-product screen, restricted access, preservation, segregation, return or quarantine, and submission of unresolved questions to the arbitrator.

7. No later than September 8, 2026, confirm that Granville will honor the precise arbitration relief it sought in its Motion to Compel; provide any actual AAA determination, correspondence, or rule on which you base the assertion that AAA will not administer; exchange three proposed neutral arbitrators; and confer in good faith concerning the limited administrative mechanics. The pending AAA filing remains without prejudice to section 3's

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> mutual-selection requirement and did not appoint a neutral. If AAA declines administration, the parties must still proceed under section 3 and the incorporated AAA procedures, and the written Demand remains effective. If the parties cannot agree after a genuine selection effort, either party may seek appointment under section 3 and Code of Civil Procedure section 1281.6.

Pending agreement or an arbitral order, Mr. Toncheff will preserve potentially relevant material, refrain from competitive or commercial use or dissemination of Granville business information, and sequester any item that reasonably appears privileged or work product, reviewing it only as necessary to determine its status. No potentially relevant material will be destroyed on Granville's unilateral demand. These measures preserve evidence and protect legitimate interests without conceding ownership, wrongful acquisition, privilege, trade-secret status, conversion, spoliation, or any other disputed issue.

It is also time for the parties to move beyond serial collateral accusations and proceed to the merits of Mr. Toncheff's affirmative claims, including appropriate document discovery, witness discovery, and depositions concerning the allegations raised in his Demand for Arbitration.

Very truly yours,

Matthew J. Ruggles

Matthew J. Ruggles

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PROOF OF SERVICE
(CODE CIV. PROC. § 1013)

STATE OF CALIFORNIA, COUNTY OF FRESNO

I am employed in the County of Fresno, State of California. I am over the age of 18 years and am not a party to the within action; my business address is 5260 North Palm Avenue, Suite 400, Fresno, California 93704.

On November 13, 2026, I served the following documents described as **DECLARATION OF HOWARD A. SAGASER IN SUPPORT OF APPLICATION FOR TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE RE PRELIMINARY INJUNCTION; ALTERNATIVELY FOR ORDER SHORTENING TIME** on the interested parties in this action by placing a true copy thereof enclosed in sealed envelopes addressed as follows:

SEE ATTACHED SERVICE LIST

☐ **BY MAIL:** I deposited such envelope in the mail at Fresno, California. The envelope(s) was mailed with postage thereon fully prepaid. I am readily familiar with the firm's practice of collection and processing correspondence for mailing. It is deposited with U.S. postal service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing an affidavit.

☐ **BY OVERNIGHT COURIER:** I sent such document(s) on November 13, 2026, by with postage thereon fully prepaid at Fresno, California.

☐ **BY FAX**: I sent such document by use of facsimile machine telephone number (559) 473-1483. Facsimile cover sheet and confirmation is attached hereto indicating the recipients' facsimile number and time of transmission pursuant to California Rules of Court Rule 2.306. The facsimile machine I used complied with California Rules of Court Rule 2.301(3) and no error was reported by the machine.

☐ **BY PERSONAL SERVICE:** I placed the above document in a sealed envelope. I caused said envelope to be handed to our messenger service to be delivered by hand to the above address(es).

☑ **BY EMAIL:** I sent such document by use of email to the email address(es) above. (CCP § 1010.6) Such document was scanned and emailed to such recipient.

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

Executed on November 13, 2026, at Fresno, California.

Mehgan Ferreira Kisling

SERVICE LIST

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