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13 UNITED STATES DISTRICT COURT
14 CENTRAL DISTRICT OF CALIFORNIA
15 WESTERN DIVISION

16 SECURITIES AND EXCHANGE
COMMISSION,
17 Plaintiff,
18
19 v.
20 NATIONWIDE AUTOMATED
SYSTEMS, INC.; JOEL GILLIS; and
EDWARD WISHNER,
21 Defendants,
22
23 OASIS STUDIO RENTALS, LLC;
OASIS STUDIO RENTALS #2, LLC; and
OASIS STUDIO RENTALS #3, LLC
24 Relief Defendants.
25

Case No. CV-14-07249-SJO (FFMx)

**NOTICE OF MOTION AND
MOTION FOR ORDER:**

**(A) RESOLVING DISPUTED
CLAIM AND APPROVING
PROPOSED ALLOWED CLAIM
AMOUNTS;**

**(B) APPROVING PROPOSED
DISTRIBUTION PLAN; AND**

**(C) AUTHORIZING RECEIVER
TO MAKE INTERIM
DISTRIBUTIONS;**

**MEMORANDUM OF POINTS AND
AUTHORITIES**

Date: April 29, 2019
Time: 10:00 a.m.
Ctrm: 10C
Judge: Hon. S. James Otero

1 **TO ALL INTERESTED PARTIES:**
 2 **PLEASE TAKE NOTICE** that on April 29, 2019, at 10:00 a.m. in
 3 Courtroom 1 of the above-entitled Court, located at 350 West 1st Street,
 4 Los Angeles, California 90012, William J. Hoffman of Trigild, Inc. ("Receiver"),
 5 the Court-appointed permanent receiver for Nationwide Automated Systems, Inc.
 6 ("NASI"), Oasis Studio Rentals, LLC, Oasis Studio Rentals #2, LLC, Oasis Studio
 7 Rentals #3, LLC, and their subsidiaries and affiliates ("Receivership Entities"), will
 8 and hereby does move the Court for an order: (A) Resolving Disputed Claim and
 9 Approving Proposed Allowed Claim Amounts; (B) Approving Proposed
 10 Distribution Plan; and (C) Authorizing Receiver to Make Interim Distributions
 11 ("Motion").

12 This Motion is based on this Notice of Motion and Motion, the attached
 13 Memorandum of Points and Authorities, the Declaration of Aaron J. Kudla, the
 14 documents and pleadings already on file in this action, and upon such further oral
 15 and documentary evidence as may be presented at the time of the hearing.

16 **Procedural Requirements:** If you oppose this Motion, you are required to
 17 file your written opposition with the Office of the Clerk, United States District
 18 Court, 350 West 1st Street, Los Angeles, California 90012 and serve the same on
 19 the undersigned no later than 21 calendar days prior to the hearing.

20 **IF YOU FAIL TO FILE AND SERVE A WRITTEN OPPOSITION** by the
 21 above date, the Court may grant the requested relief without further notice.

22
 23 Dated: March 26, 2019

ALLEN MATKINS LECK GAMBLE
 MALLORY & NATSIS LLP

By: /s/ Edward Fates
 EDWARD G. FATES
 Attorneys for Receiver
 WILLIAM J. HOFFMAN

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 On February 6, 2018, the Court approved procedures for the administration of
4 investor and creditor claims against the receivership estate ("Claim Procedures
5 Order"). Since that time, the Receiver has (a) prepared and issued claim notices to
6 investors, (b) investigated addresses for investors whose notices were returned due
7 to incorrect addresses, (c) reissued notices to those investors for whom a current
8 address could be identified, (d) responded to questions from investors concerning
9 their claims, (e) resolved as many claim disputes as possible by direct
10 communications with investors, (f) made adjustments to claim amounts where
11 appropriate, and (g) tracked and logged the status of each claim.

12 The claim notices issued to investors informed them of the Receiver's
13 calculation of their proposed allowed claim amounts pursuant to the simple "money
14 in, money out" formula approved by the Court. The notices further advised them
15 they had 60 days to respond and provide supporting documentation if they disputed
16 their proposed allowed claim amount.

17 Of the approximately 1,579 claim notices that were mailed out to NASI
18 investor groups,¹ 141 investors sent in a response disputing their claims. The
19 Receiver reviewed the responses, including whatever documentation was provided,
20 and attempted to resolve the disputes with the applicable investors. At the
21 conclusion of that process, only one claim dispute remains unresolved. With respect
22 to creditor claims (claims for anything other than losses from NASI investments),
23 only two creditor claims were submitted, both of which are relatively small amounts
24 that are recommended for approval.

25 By way of this Motion, the Receiver asks the Court to resolve the one
26 outstanding claim dispute and approve his proposed allowed amounts of all claims,
27

28 ¹ For example, if a husband, a wife, and the wife through her IRA, all invested in
NASI, NASI may have collectively treated them as one investor group.

1 as reflected on Exhibits A and B to the Declaration of Aaron Kudla filed herewith
 2 ("Kudla Decl."). The Receiver also seeks approval of a plan to distribute
 3 receivership estate cash to holders of allowed claims ("Distribution Plan") and
 4 authority to make interim distributions. As part of the Claims Procedure Order, the
 5 Court approved the Receiver's proposal that receivership estate cash be distributed
 6 to investors and creditors with allowed claims on a *pro rata* basis.² The proposed
 7 Distribution Plan, which is attached as Exhibit F to the Kudla Decl., provides for the
 8 establishment of a reserve to pay Court-approved administrative expenses, with the
 9 remaining cash being distributed *pro rata* to holders of allowed claims.

10 Regarding interim distributions, the Receiver held approximately
 11 \$35.7 million in cash as of March 11, 2019.³ In order to ensure an adequate reserve
 12 to cover accrued and future administrative expenses, as well as an appropriate
 13 contingency reserve, the Receiver proposes to distribute \$31.5 million within
 14 60 days of entry of an order approving this Motion and setting the allowed amount
 15 of all investor and creditor claims ("Claims Approval Order"). The investors, many
 16 of whom are elderly, have waited significant time to receive a recovery on their
 17 investment losses. Moreover, substantial cash is available to distribute and the
 18 claims process will be completed once the Claims Approval Order is entered. This
 19 will also allow the class action settlement with City National Bank to be funded and
 20 distributions made, which cannot occur until the allowed amount of all NASI
 21 investor claims has been approved by this Court.

22 The proposed Distribution Plan provides that the Receiver, in his discretion
 23 and after providing notice to the Court and obtaining the consent of the Securities
 24

25 _____
 26 ² The class settlement funds from the City National Bank litigation are also being
 27 distributed to investors with allowed claims on a *pro rata* basis pursuant to the
 28 settlement agreement approved by this Court the Los Angeles Superior Court.
³ This does not include approximately \$390,000 in net proceeds from the sale of
 Defendant Joel Gillis's property that the Receiver is holding and that will be
 distributed pursuant to the restitution order entered in the criminal case against
 Mr. Gillis and Defendant Edward Wishner.

1 and Exchange Commission ("Commission"), may issue subsequent rounds of
2 interim distributions to holders of allowed claims. The Receiver will use his
3 business judgment in making subsequent rounds of interim distributions at such
4 times as substantial cash becomes available to distribute. The Receiver will then
5 seek authority to make a final distribution as part of his final report and accounting
6 and request to be discharged at the conclusion of the receivership.

7 **II. BACKGROUND FACTS**

8 **A. Court-Approved Claim Procedures**

9 As noted above, the Court previously approved procedures for the
10 administration of claims against the receivership estate. Dkt. No. 256. Those
11 procedures include that (a) investor claims would be calculated using a simple
12 "money in, money out" formula to determine their net claim amount, (b) investors
13 would be mailed a notice stating the proposed allowed amount of their claims, and
14 (c) investors would be advised that they have 60 days from the date of the notice to
15 dispute their claims in writing and provide all supporting documentation. Dkt.
16 No. 247. As to disputed claims, the Receiver would attempt to resolve such disputes
17 with the applicable investors, and would then file a motion seeking approval of all
18 proposed allowed claim amounts. The Court, in its discretion, could resolve the
19 disputed claims itself or refer them to a retired federal judge for an abbreviated
20 arbitration. *Id.*

21 **B. Analysis of Investor Claims**

22 Pursuant to the Preliminary Injunction Order entered on October 29, 2014
23 (Dkt. No. 42), the Receiver has conducted a forensic accounting of the funds raised
24 by the Receivership Entities and how such funds were used. Because the
25 Receivership Entities did not maintain a customary or reliable accounting system,
26 the Receiver had to start from scratch by gathering bank records and reconstructing
27 a general ledger of all transfers into and out of accounts of the Receivership Entities
28 over the many years NASI operated. Kudla Decl., ¶ 2.

1 As noted above, the Court previously approved a simple money in, money out
2 formula for determining investor claim amounts. Dkt. Nos. 247, 256. Therefore, in
3 calculating the proposed allowed claim amounts of investor claims, the Receiver
4 added all investments made by each investor in NASI and subtracted all payments
5 made by NASI to the investor to calculate the investor's net loss claim amount.
6 Investors were sent claim notices including the Receiver's calculation of their net
7 loss and advising them that, if they disputed the Receiver's calculation, they had 60
8 days to respond in writing, state the nature of their dispute, and provide copies of all
9 supporting documents. It should be noted that even investors for whom the
10 Receiver's accounting did not show a net loss were given notice and the opportunity
11 to submit a claim if they believed they had a net loss from their transfers to and from
12 NASI. A total of 1,548 investor claims were submitted to the Receiver, 1522 of
13 which are recommended for allowance. The investor claims, along with his
14 proposed allowed amounts of each claim, are reflected on Exhibit A to the Kudla
15 Decl. Kudla Decl., ¶ 3.

16 **C. Creditor Claims**

17 The two creditor claims submitted to the Receiver, along with his proposed
18 allowed amounts of each claim, are reflected on Exhibit B to the Kudla Decl. As
19 discussed below, the Receiver recommends that one of the two claims be allowed
20 with priority. Kudla Decl., ¶ 4.

21 1. Petitioning Creditors (Priority Claim)

22 The Commission filed its complaint in this action on September 17, 2014. On
23 September 19, 2014, three investors filed a Chapter 7 involuntary bankruptcy
24 petition against NASI in the United States Bankruptcy Court for the Central District
25 of California. On September 30, 2014, this Court appointed the Receiver. The
26 involuntary bankruptcy petition was pending at that time. This presented some
27 complex legal issues, including potential jurisdictional issues between this Court
28 and the bankruptcy court and potential duplicate administration of the estate by the

1 Receiver and a bankruptcy trustee. It was then agreed between the parties that the
2 bankruptcy would be voluntarily dismissed so the receivership could proceed
3 without the legal complications of a bankruptcy. As part of the stipulation
4 dismissing the bankruptcy, the Receiver agreed to recommend that the petitioning
5 creditors, through their counsel, Alan Broidy, have an allowed priority claim for the
6 attorney fees incurred in connection with the involuntary bankruptcy. The
7 stipulation and order of the Bankruptcy Court are attached to the Kudla Decl. as
8 Exhibit C. Kudla Decl., ¶ 5.

9 The amount of the attorney fees incurred in connection with the involuntary
10 bankruptcy is \$12,078.68, which the Receiver believes is a reasonable amount. If
11 approved by the Court, the allowed priority claim will be paid in full at the time the
12 first interim distribution is made. The Receiver believes that the priority claim is
13 appropriate and should be allowed – the receivership estate would have incurred
14 substantially more in attorney fees for the Receiver to address the legal
15 complications associated with the involuntary bankruptcy if it had not been
16 withdrawn. Kudla Decl., ¶ 6.

17 **D. Disputed Claims**

18 As noted above, only 141 of the 1522 proposed allowed claims (or 9.2%)
19 disputed the Receiver's proposed allowed claim amount. The most common
20 disputes were based on: (1) deposits by investors that were not allocated to that
21 investor due to a lack of identifying information on the deposit (i.e., cashier's check
22 or wire transfer without an investor's name included); (2) payments to investors
23 where the investors believe they did not receive a payment (i.e., bounced checks by
24 NASI that were subsequently replaced with a check that cleared the bank);
25 (3) allocation and assignment of deposits and payments amongst related persons and
26 entities; and (4) investor misunderstanding about their investments or how investor
27 claims were calculated. The Receiver contacted each investor who disputed his or
28 her proposed allowed claim amount and tried to resolve the disputes. At the

1 conclusion of that process, only one disputed claim remains. The Receiver submits
2 that there is no merit to the investor's arguments regarding the disputed claim and
3 asks the Court to disallow the claim in its entirety. Kudla Decl., ¶ 7. The disputed
4 claim is as follows:

5 1. Damien Perillo

6 Damien Perillo ("Perillo") submitted a claim dispute to the Receiver, asserting
7 a claim in the amount of \$179,762.71. No supporting documentation was provided.
8 A copy of Perillo's one-page claim dispute is attached as Exhibit D to the Kudla
9 Decl. The Receiver's counsel contacted counsel for Perillo, Mr. John Petersen, by
10 email and telephone (voicemail) to let Perillo know that he must submit
11 documentation supporting his claim or the Receiver would object to the claim and
12 propose that it be disallowed. Perillo did not respond. For this reason alone, the
13 claim should be disallowed. Kudla Decl., ¶ 8.

14 Additionally, the Receiver's accounting shows Perillo received more in
15 payments that he deposited with the Receivership Entities, and therefore did not
16 suffer a net loss. Perillo did not invest in NASI, but instead invested in the trailer
17 leasing business operated by the Oasis Studio Rentals entities (relief defendants and
18 NASI affiliates), which operations were run by Robert Keller. Perillo invested a
19 total of \$640,000 and received payments totaling \$669,619.15. A schedule showing
20 the Receiver's accounting of these payments is attached as Exhibit E to the Kudla
21 Decl. In addition, Perillo and the company he formed with Robert Keller after the
22 Receiver's appointment, Fiji Rentals, Inc., received title to at least four trailers in
23 connection with Perillo's investments. These trailers are not part of the receivership
24 estate. Kudla Decl., ¶ 9.

25 Accordingly, the evidence clearly shows that Perillo received funds in excess
26 of amounts he transferred to the Receivership Entities and also received title to
27 trailers in connection with his investments. Perillo has provided no documentation
28

1 during the claims administration process to support his claim. Therefore, the
2 Receiver requests that the claim be disallowed. Kudla Decl., ¶ 10.

3 **E. Proposed Allowed Claim Amounts**

4 Attached as Exhibit A to the Kudla Decl. is a schedule reflecting the
5 Receiver's proposed allowed claim amount for each investor claim. Attached as
6 Exhibit B to the Kudla Decl. is a schedule reflecting the Receiver's proposed
7 allowed claim amount for each non-investor/creditor claim. The Receiver requests
8 the Court approve these proposed allowed claim amounts such that they can be used
9 in calculating each investor's *pro rata* share of amounts to be distributed. Exhibit G
10 to the Kudla Decl. lists the disputed claim of Damian Perillo, with the disputed
11 amount claimed and the Receiver's proposed allowed claim amount (\$0). Kudla
12 Decl., ¶ 11, Exh. A, B, G.

13 **F. Distribution Plan and Interim Distributions**

14 As noted above, as part of the Claim Procedures Order, the Court has
15 approved the calculation of investor claims on a simple "money in, money out"
16 basis, as well as the distribution of receivership assets to those with allowed claims
17 on a *pro rata* basis. The proposed Distribution Plan, which is attached to the Kudla
18 Decl. as Exhibit F, provides for payment of Court-approved administrative claims
19 through the establishment of reserve, full payment of the one proposed priority
20 claim, and distribution of all remaining cash on *pro rata* basis to the holders of
21 allowed claims. Kudla Decl., ¶ 12.

22 The Receiver proposes an interim distribution of \$31.5 million within 60 days
23 of entry of the order approving this Motion, with the remaining cash being held in
24 reserve for the time being. As the case progresses and additional recoveries are
25 made, the Receiver will make additional interim distributions, in his discretion and
26 with the consent of the Commission, at such times as a substantial amount of cash is
27 available to be distributed. At the conclusion of the receivership, the Receiver will
28 file his final accounting and report, seek final approval of all fees and costs incurred

1 by himself and his professionals, and seek authority to make a final distribution of
2 all remaining cash. Once 120 days has passed from the issuance of final
3 distributions, funds left over from uncashed checks will be turned over to the
4 Commission. Kudla Decl., ¶ 13.

5 The Distribution Plan provides for treatment of returned and uncashed
6 distribution checks. In summary, the Receiver will use reasonable efforts to locate a
7 good address for the holder of the claim and forward the check (if returned as
8 undeliverable to the Receiver) or stop payment and reissue the check (if not
9 returned). If those efforts are unsuccessful, the claim will be automatically
10 extinguished. Similarly, the Distribution Plan provides that the claims of investors
11 who fail to provide the Receiver with a completed W-9 tax form (or W-8 for
12 investors located outside the United States) within 60 days of being given a final
13 notice of this deficiency with their claims will be subject to withholding
14 requirements of local, state, and federal taxing authorities and their distribution
15 amounts will be reduced accordingly. Kudla Decl., ¶ 14.

16 By now, all investors with a net loss from their investments with the
17 Receivership Entities should be well aware of the receivership and the requirements
18 for submitting a claim and receiving a distribution. The claims process was
19 approved and claims notices were sent out (in addition to information being posted
20 on the receivership website) more than a year ago. Moreover, the Receiver has
21 already done extensive work to locate current addresses for investors and provide
22 them with notice of the claims process. Investors have been advised repeatedly
23 throughout the case to promptly advise the Receiver in the event their contact
24 information changes. Likewise, the Receiver has advised all investors on multiple
25 occasions that they must provide a completed W-9 tax form (or W-8 form if a non-
26 US tax filer) in order to receive a distribution. Kudla Decl., ¶ 15.

27 Investors have had a long time to submit their claims and supporting
28 documents, and the Receiver has allowed claim forms, W-9 tax forms (or W-8), and

1 other documents to be submitted by investors well after the 60-day deadline stated
2 in the claims notice. But this process must come to a conclusion and have finality.
3 Limited receivership resources should not be further consumed on extensive
4 searches for investor addresses, mailing multiple reminders to investors about W-9
5 tax forms (including tracking such letters and waiting for responses), recalculating,
6 reissuing and remailing checks on multiple occasions, and monitoring whether such
7 checks are cashed.

8 III. ARGUMENT

9 "The power of a district court to impose a receivership or grant other forms of
10 ancillary relief does not in the first instance depend on a statutory grant of power
11 from the securities laws. Rather, the authority derives from the inherent power of a
12 court of equity to fashion effective relief." *SEC v. Wencke*, 622 F.2d 1363, 1369
13 (9th Cir. 1980). The "primary purpose of equity receiverships is to promote orderly
14 and efficient administration of the estate by the district court for the benefit of
15 creditors." *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir 1986). As the appointment
16 of a receiver is authorized by the broad equitable powers of the court, any
17 distribution of assets must also be done equitably and fairly. *See SEC v. Elliot*,
18 953 F.2d 1560, 1569 (11th Cir. 1992).

19 District courts have the broad power of a court of equity to determine the
20 appropriate action in the administration and supervision of an equity receivership.
21 *See SEC v. Capital Consultants, LLC*, 397 F.3d 733, 738 (9th Cir. 2005). The Ninth
22 Circuit explained:

23 A district court's power to supervise an equity receivership
24 and to determine the appropriate action to be taken in the
25 administration of the receivership is extremely broad. The
26 district court has broad powers and wide discretion to
27 determine the appropriate relief in an equity receivership.
28 The basis for this broad deference to the district court's
supervisory role in equity receiverships arises out of the
fact that most receiverships involve multiple parties and
complex transactions. A district court's decision
concerning the supervision of an equitable receivership is
reviewed for abuse of discretion.

1 *Id.* (citations omitted); *see also CFTC v. Topworth Int'l, Ltd.*, 205 F.3d 1107, 1115
2 (9th Cir. 1999) ("This court affords 'broad deference' to the court's supervisory role,
3 and 'we generally uphold reasonable procedures instituted by the district court that
4 serve th[e] purpose' of orderly and efficient administration of the receivership for
5 the benefit of creditors."). Accordingly, the Court has broad discretion in approving
6 procedures for the sale of receivership estate assets.

7 Moreover, District Courts have the power to use "summary procedures in
8 allowing, disallowing, and subordinating claims of creditors . . ." *United States v.*
9 *Arizona Fuels Corp.*, 739 F.2d 455, 458 (9th Cir. 1984). In addition, as in a
10 bankruptcy case, it should be a claimant's burden to establish a valid claim against
11 the receivership estate. *See Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d
12 1035, 1039 (9th Cir. 2000); *Revere Copper & Brass, Inc. v. Adriance Machine*
13 *Works, Inc.*, 76 F.2d 876, 878 (2d Cir. 1935) (claimants failed to sustain burden of
14 proving claims against receivership).

15 Therefore, summary procedures are the appropriate means of resolving
16 disputed claims and if an investor fails to present evidence supporting his or her
17 claim dispute, the Receiver's proposed allowed amount of the claim, based on his
18 forensic accounting and the Receivership Entities' books and records, should be
19 accepted as the proper amount of the claim.

20 **A. Resolution of Disputed Claims and Approval of Proposed Allowed**
21 **Claim Amounts**

22 The Receiver has spent considerable time calculating the proper amounts of
23 investor claims. Pursuant to the approved "money in, money out" formula, the
24 Receiver has taken into account all transfers from investors to the Receivership
25 Entities and all transfers from the Receivership Entities to investors. The care that
26 was taken in calculating investor claim amounts is reflected in the very low number
27 of disputed claims – only 141 out of approximately 1522 proposed allowed claims.
28

1 The Receiver and his staff have communicated directly with all investors who
2 have disputed their proposed allowed claim amounts and have attempted to resolve
3 all such disputes, including making adjustments to proposed allowed claim amounts
4 where appropriate. At the conclusion of that process, only one disputed claim
5 remains, which is discussed above. For the reasons discussed above, the Receiver
6 submits that the proposed allowed claim amount reflected on Exhibits A and B to
7 the Kudla Decl. is the proper allowed amount for each claim and such amounts
8 should be accepted by the Court.

9 Considering that the Court has the power to allow and disallow claims in a
10 receivership via summary proceedings, there is only one disputed claims, and the
11 significant delay and expense associated with resolving claim disputes through
12 arbitration, the Receiver believes that arbitration of the disputed claim should not be
13 necessary and respectfully requests that the Court resolve the disputed claim
14 discussed above as part of the order on this Motion. This will bring the claims
15 process to a close and also allow the class settlement with City National Bank to be
16 funded and distributions made.

17 **B. Approval of Distribution Plan and Authority to Make Interim**
18 **Distributions**

19 The Court has already approved the net loss method of calculating investor
20 claims and the *pro rata* method of distributing receivership assets, which is provided
21 for in the proposed Distribution Plan. This method of distributing limited assets of a
22 receivership estate to investors with net losses has been endorsed by the Ninth
23 Circuit Court of Appeals. *See Capital Consultants*, 397 F.3d at 738 (describing a
24 net claim calculation as "an administratively workable and equitable method of
25 allocating the limited assets of the receivership"); *Topworth*, 205 F.3d at 1116. This
26 distribution methodology is also consistent with the distribution of class settlement
27 funds pursuant to the Court-approved class settlement with City National Bank and
28

1 related parties. Accordingly, the Receiver asks that the Distribution Plan be
2 approved.

3 With respect to interim distributions, the Receiver's proposal to distribute a
4 total of \$31.5 million at this time balances of the goals of returning as much money
5 as possible to defrauded investors as soon as possible, with ensuring there is an
6 adequate reserve to cover accrued and future administrative expenses, as well as
7 unforeseen contingencies. The Receiver does not believe the full remaining
8 approximately \$4.2 million will be needed for administrative expenses,⁴ but it is
9 critical to have a reasonable contingency reserve. Moreover, subsequent rounds of
10 distributions can be made as soon as a substantial amount of cash is available to be
11 distributed and all cash remaining after payment of allowed administrative expenses
12 will be distributed at the conclusion of the receivership.

13 IV. CONCLUSION

14 Based on the foregoing, the Receiver requests an order (a) resolving the claim
15 disputes described above, (b) approving the proposed allowed claim amounts
16 reflected on Exhibits A and B to the Kudla Decl., (c) approving the Distribution
17 Plan attached to the Kudla Decl. as Exhibit F, and (d) authorizing the Receiver to
18 distribute a total of \$31.5 million to holders of allowed claims on a *pro rata* basis as
19 provided in the Distribution Plan.

20
21 Dated: March 26, 2019

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

22
23 By: /s/ Edward Fates

EDWARD G. FATES
Attorneys for Receiver
WILLIAM J. HOFFMAN

24
25
26
27 ⁴ Including fees held back from interim fee applications of the Receiver and his
28 professionals, fees and costs incurred but not yet paid, and estimated fees and
costs to complete the receivership, the Receiver estimates that \$3 million will be
needed to cover remaining administrative expenses, but actual amounts may vary
substantially from that estimate.