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11 Special Counsel for Receiver
12 WILLIAM J. HOFFMAN

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

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

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

DECLARATION OF WILLIAM J. HOFFMAN IN SUPPORT OF MOTION FOR APPROVAL OF SETTLEMENT OF RECEIVER'S CLAIMS AGAINST CITY NATIONAL BANK, MARK SOFFA, BRIAN FITZWILLIAM AND BETTY SALEH FITZWILLIAM

Date: September 10, 2018
Time: 10:00 a.m.
Ctrm: 10C
Judge: Hon. S. James Otero

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1 I, William J. Hoffman, declare:

2 1. I am the Court-appointed receiver for Defendant Nationwide
3 Automated Systems, Inc. ("NASI"), Relief Defendants Oasis Studio Rentals, LLC,
4 Oasis Studio Rentals #2, LLC, and Oasis Studio Rentals #3, LLC, and their
5 subsidiaries and affiliates ("Receivership Entities"). I make this declaration in
6 support of the Receiver's Motion for Approval of Settlement of Receiver's claims
7 against City National Bank ("CNB"), Mark Soffa, Brian Fitzwilliam and Betty Saleh
8 Fitzwilliam. I have personal knowledge of the facts stated herein, and if called upon
9 to do so, I could and would personally and competently testify to them.

10 2. On May 3, 2016 this Court appointed the Newhouse Law Group
11 ("NLG") and Girardi | Keese ("GK") as special counsel to represent the Receiver in
12 an action against City National Bank and related parties "on the engagement terms
13 described in the Receiver's Supplemental Brief in Support of the Motion." Pursuant
14 to this Court's appointment special counsel filed and action against City National
15 Bank in Los Angeles Superior Court. In addition to the claims against City National
16 Bank, the Receivership's general counsel brought actions against individuals alleged
17 to be associated with the losses caused by the NASI ponzi scheme. Those actions
18 were against Mark Soffa (*Hoffman v. Soffa, et al.*, No. BC 636780) and Patrick
19 Brian Fitzwilliam and Betty Saleh Fitzwilliam (*Hoffman v. Fitzwilliam, et al.*,
20 No. BC 659112). The Soffa action also included a cross-claim against CNB.

21 3. Under the parties' settlement agreement, a copy of which is attached to
22 the Declaration of Michael Newhouse filed herewith, CNB will pay \$33,000,000 in
23 exchange for full releases of the NASI investor class and mass claims and the my
24 claims against CNB, Patrick Brian Fitzwilliam and Betty Saleh Fitzwilliam. The
25 \$33,000,000 will go into a class settlement fund that will be administered by the me
26 (as settlement claims administrator) and distributed to NASI investors with allowed
27 claims who do not opt out of the class. Distributions from the class settlement fund
28 will be made on a *pro rata* basis based on each investor/class member's allowed

1 claims amount (i.e. net loss amount) as determined by this Court in connection with
2 the approved claims process.

3 4. Separate and apart from the \$33,000,000 class settlement fund, CNB
4 will pay \$1,000,000 to resolve Soffa's cross-claims against CNB, which requires the
5 me to release my claims against Soffa. Accordingly, \$550,000 will be paid by CNB
6 directly to the Receivership estate and \$450,000 will be paid by CNB to Soffa. As
7 discussed further below, although the I am releasing sizable claims against Soffa,
8 CNB would not agree to the global settlement without a release of Soffa's cross-
9 claims. I believe the settlement as a whole, despite the considerable discount of my
10 claims against Soffa, is in the best interests of investors who suffered net losses
11 from the NASI Ponzi scheme. If the Agreement is approved, after the payment of
12 contingent fees to counsel for the plaintiffs, including the Receiver's Special
13 Counsel, the settlement will generate approximately \$22.5 million to be distributed
14 to investors/class members through the class settlement fund and \$550,000 to be
15 distributed to investors with allowed claims through the Receivership.

16 5. Similarly, I weighed the potential continuation of the Receivership's
17 claims against the Fitzwilliams against the resolution of the entire CNB litigation.
18 As the settlement negotiations with CNB progressed, CNB, made it clear that a
19 release of the my clawback claim against Fitzwilliam and his wife was critically
20 important. Considering the relatively small amount demanded in the the Complaint
21 (approximately \$255,000), I determined that releasing the clawback claim against
22 Fitzwilliam in order to obtain approximately \$22.5 million to be distributed to
23 investors with net losses through the class settlement fund was in the best interests
24 of investors.

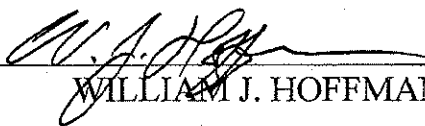
25 6. As stated in the motion, I have agreed to act as claims administrator for
26 the resolution of the claims in the CNB litigation. The work as claims administrator
27 will be separate and apart from the work I and my company are performing as the
28 Receiver in this action. All fees and costs associated with the duties of claims

1 administration will be derived from the Settlement and will be capped at
2 \$270,000.00. I will apply to the Los Angeles Superior Court for approval of any
3 such fees and costs.

4 7. Since February, 2018, I have been involved, directly and through
5 counsel, in the negotiations with CNB, Soffa and Fitzwilliam as well as negotiations
6 among Plaintiffs' counsel. In addition to attending the initial mediation session with
7 Judge West in February, 2018, I have reviewed the many drafts and iterations of the
8 proposed Agreement and negotiated numerous changes in terms in order to protect
9 the interests of the proposed class of investors. I have evaluated the overall effect
10 the potential settlement of the CNB litigation will have on those investors and
11 considered the benefit the proposed settlement provides to the net losers in the
12 Receivership action. I believe the settlement to be in the best interests of the
13 individuals and class members.

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15 I declare under penalty of perjury under the laws of the United States of
16 America that the foregoing is true and correct.

17 Executed this 1st day of August, 2018, at San Diego.

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21 WILLIAM J. HOFFMAN
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PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

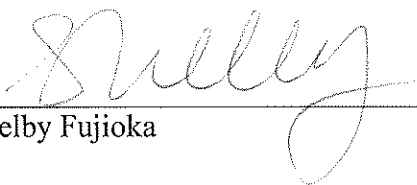
At the time of service, I was over 18 years of age and not a party to this action. I am employed in the County of Los Angeles, State of California. My business address is 1126 Wilshire Boulevard, Los Angeles, CA 90017-1904.

On August 2, 2018, I served true copies of the following document(s) described as **DECLARATION OF WILLIAM J. HOFFMAN IN SUPPORT OF MOTION FOR APPROVAL OF SETTLEMENT OF RECEIVER'S CLAIMS AGAINST CITY NATIONAL BANK, MARK SOFFA, BRIAN FITZWILLIAM AND BETTY SALEH FITZWILLIAM** on the interested parties in this action as follows:

BY CM/ECF NOTICE OF ELECTRONIC FILING: I electronically filed the document(s) with the Clerk of the Court by using the CM/ECF system. Participants in the case who are registered CM/ECF users will be served by the CM/ECF system. Participants in the case who are not registered CM/ECF users will be served by mail or by other means permitted by the court rules.

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

Executed on August 2, 2018, at Los Angeles, California.



Shelby Fujioka