

1 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
2 DAVID R. ZARO (BAR NO. 124334)
TIM C. HSU (BAR NO. 279208)
3 865 South Figueroa Street, Suite 2800
Los Angeles, California 90017-2543
4 Phone: (213) 622-5555
Fax: (213) 620-8816
5 E-Mail: dzaro@allenmatkins.com
thsu@allenmatkins.com

6 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
7 EDWARD G. FATES (BAR NO. 227809)
8 One America Plaza
600 West Broadway, 27th Floor
9 San Diego, California 92101-0903
Phone: (619) 233-1155
10 Fax: (619) 233-1158
E-Mail: tfates@allenmatkins.com

11 Attorneys for Receiver
12 WILLIAM J. HOFFMAN

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

16 SECURITIES AND EXCHANGE
COMMISSION,

17 Plaintiff,

18 v.

19 NATIONWIDE AUTOMATED
20 SYSTEMS, INC.; JOEL GILLIS; and
EDWARD WISHNER,

21 Defendants,

22 OASIS STUDIO RENTALS, LLC;
23 OASIS STUDIO RENTALS #2, LLC;
and OASIS STUDIO RENTALS #3, LLC

24 Relief Defendants.
25

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

**DECLARATION OF AARON J.
KUDLA IN SUPPORT OF MOTION
FOR DISCHARGE OF RECEIVER
AND APPOINTMENT OF
SUCCESSOR RECEIVER**

Date: March 9, 2020
Time: 10:00 a.m.
Ctm: 10C
Judge: Hon. S. James Otero

1 I, Aaron J. Kudla, declare as follows:

2 1. I am a Certified Public Accountant and attorney at Trigild, Inc. I make
3 this declaration in support of the Receiver's Motion for Discharge of Receiver and
4 Appointment of Successor Receiver ("Motion"). I have personal knowledge of the
5 facts stated herein, and if called upon to do so, I could and would personally and
6 competently testify to them.

7 2. Since the beginning of this receivership, I have worked directly under
8 the supervision and control of William J. Hoffman, as receiver. I headed up a group
9 at Trigild that worked on all aspects of the receivership, including the investigation
10 and forensic accounting, identification of profiting investors and pursuit of
11 fraudulent transfer claims ("Clawback Claims") and settlements, pursuit of claims
12 against City National Bank ("CNB") and related parties, operation and sale of
13 NASI's limited ATM business, formulation of claim procedures and administration
14 of investor claims, and distribution of receivership estate funds. The results have
15 been extremely successful – from a receivership estate that started with less than
16 \$500,000, a total of \$31.5 million has already been distributed to investor victims.
17 With respect to the CNB global settlement, another approximately \$22.5 million has
18 been distributed to investor victims.


19 3. I am both a licensed CPA and licensed attorney in California, with
20 extensive experience in complex receivership matters over the last eight years at
21 Trigild, Inc. My professional biography is attached as Exhibit A. I will use the
22 same experienced and qualified team at Trigild that has provided assistance
23 throughout the receivership, as well as the same experienced attorneys at Allen
24 Matkins to provide legal services. The transition will be essentially seamless – no
25 changes of personnel, address, telephone numbers, contact persons, offices, or
26 website will be necessary – which is very important in terms of maintaining contact
27 with investor victims to ensure distribution checks are received. Finally, there will
28

1 be no change in the receiver's hourly rate as both Mr. Hoffman and I bill our time at
2 \$350 per hour.

3 4. There is limited work left to be done in the receivership. There are
4 some outstanding Clawback demands to be resolved, some existing Clawback
5 settlements that have remaining payments due under them, and some Clawback
6 judgments, which will likely be resolved via settlements with the judgment debtors
7 or sold to a debt collection company. There is also a relatively small amount
8 (approximately \$397,000) recovered from the sale of Defendant Joel Gillis' home
9 that must be distributed pursuant to the restitution order in the related criminal case.
10 Once these tasks are completed, I will seek authority, as successor receiver, to
11 distribute the remaining funds in the receivership estate pursuant to the Court-
12 approved Distribution Plan, have final tax returns for the receivership estate
13 prepared and filed, and conclude the receivership. Final fee applications for the
14 Receiver and Allen Matkins, including amounts held back from interim fee
15 applications, will be filed in connection with the motion to make a final distribution
16 and conclude the receivership.

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

19 Executed this 6th day of February 2020, at San Diego, California.

20
21
22 
AARON J. KUDLA

23
24
25
26
27
28

EXHIBIT A

Aaron J. Kudla, J.D., C.P.A.

Aaron J. Kudla, J.D., C.P.A., has been an essential part of Trigild's Receivership, Bankruptcy and Advisory Services team for over eight (8) years, including equity and real estate receiverships, bankruptcy liquidating trustee projects and business and property management engagements.

Since 2015, Mr. Kudla has been intimately involved in a federal equity receivership over entities that sold fictitious ATMs to investors resulting in over \$125 million in net losses to investors. (*SEC v. Nationwide Automated Systems, Inc., et al*, CV-14-07249). He worked on all aspects of the receivership, including the investigation and forensic accounting, identification of profiting investors and pursuit of fraudulent transfer claims and settlements (400+), pursuit of claims against City National Bank and related parties, operation and sale of limited ATM business, formulation of claim procedures and administration of investor claims, and distribution of receivership estate funds. The results of this receivership have been extremely successful, from a receivership estate that started with less than \$500,000, to a total of \$31.5 million distributed to investor victims to date. Mr. Kudla has also led the claims administration team for the class action settlement with City National Bank to distribute another \$22.5 million to investor victims.

In a complex Chapter 11 appointment of Trigild (*In re: SCI Bankruptcy Liquidating Trust*, 2:11-BK-15975-C and 2:00-BK-15987-BR), Mr. Kudla provided legal, forensic accounting, real estate and taxation advice for the Liquidating Trustee with real estate assets in excess of \$1.6 billion in retail, office, multi-family and student housing. Mr. Kudla was tasked with researching, reviewing and compiling due diligence documents for each property and entity; creating and maintaining critical schedules (and supporting documents and databases) to aid in the management of all related entities, assets, property managers, asset managers, vendors and bank accounts; Managing various types of bank accounts for each property and entity; reviewing and supervising the preparation of financials and tax filings; coordinating the closing of property sales; dissolving entities and terminating bank accounts; and preparing Court reports. Trigild's services on this appointment resulted in distributions to allowed claims in excess of creditors' expectations.

Mr. Kudla has provided legal and accounting services in more than fifty (50) engagements where Trigild, or its affiliates, has been appointed receiver over real estate assets across the United States. Receivership services include marketing, sale, leasing, management, compliance, audit and other services in a broad range of assets classes (retail, office, hotel, multi-family, convenience and gas, golf course, RV Park and multi-family).

Prior to joining Trigild, Mr. Kudla was an attorney at a real estate and tax law firm advising clients on complex real estate transactions, business entity formation, operations, buyouts and dissolutions, and related tax issues for assets/businesses in an array of industries, including medical, real estate agent/brokerage, real estate development, liquor distributors and retailers, restaurants, agriculture, recycling, dairy, auto dealerships, geothermal energy and various other areas.

Additionally, Mr. Kudla gained valuable experience at a forensic accounting and business valuation firm with expert witnesses in money laundering, embezzlement, fraud, partnership disputes, marital dissolutions, business valuation, and economic damages matters.

Mr. Kudla is a California licensed Attorney, Certified Public Accountant and Real Estate Broker, holds a Bachelor's degree in Economics from California State University Fullerton, a Juris Doctorate, with a concentration in Intellectual Property, Telecommunications and Technology Regulation from California Western School of Law, and Associate's degrees in Accounting and Real Estate Broker License Preparation from Palomar College. Mr. Kudla is a member of the National Association of Federal Equity Receivers (Full Member) and California Receiver's Forum (OC/LA Section).