

ROBB EVANS & ASSOCIATES LLC

Receiver of

AOB Commerce, Inc., et al.

11450 Sheldon Street

Sun Valley, California 91352-1121

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Securities and Exchange Commission v. AOB Commerce, Inc., et al.

CASE No. CV 07-04507 CAS (JCx)

Notice of Hearing on Motion for an Order:

- (1) Approving Receiver's Proposed Claims Filing and Allowance Procedures;**
- (2) Authorizing Payment Pro Rata Distribution of Estate Proceeds Among Creditors;**
- (3) Authorizing Receiver to Commence Litigation; and**
- (4) Establishing Limited Notice Procedures**

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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
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11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

14 AOB COMMERCE, INC.; AOB ASIA
15 FUND I, LLC; and TERCHI LIAO
16 a/k/a NELSON LIAO,

17 Defendants,

18 and

19 AOB MANAGEMENT, INC.;
20 AOB MEDIA, INC.;
AOB TRANSPORTATION, INC.;
and AOB VACATIONS, INC.,
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22 Relief Defendants.
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CASE NO. CV 07-04507 CAS (JCx)

**NOTICE OF HEARING ON
MOTION FOR AN ORDER (1)
APPROVING RECEIVER'S
PROPOSED CLAIMS FILING AND
ALLOWANCE PROCEDURES; (2)
AUTHORIZING PRO RATA
DISTRIBUTION OF ESTATE
PROCEEDS AMONG CREDITORS;
(3) AUTHORIZING RECEIVER TO
COMMENCE LITIGATION; AND
(4) ESTABLISHING LIMITED
NOTICE PROCEDURES**

DATE: June 15, 2009
TIME: 10:00 a.m.
PLACE: Courtroom 5

1 PLEASE TAKE NOTICE that on June 15, 2009, commencing at 10:00 a.m.
2 or as soon as thereafter as counsel may be heard in Courtroom 5 of the above
3 entitled Court located at 312 North Spring Street, Los Angeles, California 90012,
4 Robb Evans & Associates LLC, the permanent receiver ("Receiver") over AOB
5 Commerce, Inc. and AOB Asia Fund I, LLC and Relief Defendants AOB
6 Management, Inc., AOB Media, Inc., AOB Transportation, Inc. and AOB
7 Vacations, Inc., and their subsidiaries and affiliates ("Receivership Entities"), will
8 move the Court for an order approving the Receiver's proposed procedures for the
9 filing, allowance and determination of objections to claims against the receivership
10 estate as follows:

11 1. Calculation of Investor Accounts and Claims of Investors:

12 (a) Accounts of all investors who invested or deposited funds with any of
13 the Receivership Entities, including the defendants, the relief defendants, AOB
14 Biotech and any other subsidiary or affiliate thereof, shall be credited for funds
15 actually deposited or paid by the investor or Investor Group, as hereinafter defined,
16 to the Receivership Entities;

17 (b) Credits characterized as interest and applied by the Receivership
18 Entities to create or increase investor account balances, and credits granted to
19 establish or increase an investor's shareholder status in any of the Receivership
20 Entities not based on a cash investment or payment, will be reversed;

21 (c) Actual payments of interest and actual payments for any other
22 purposes, such as withdrawals of investment amounts, will be treated as a return of
23 capital and the investor account balance reduced accordingly. "Paper" transfers
24 from one account to another account or to another account holder will be
25 disregarded because in such instances there was no actual transfer of funds to an
26 investor by the Receivership Entities or by the investor to the Receivership Entities;

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1 (d) All accounts of an investor or Investor Group, as applicable, in all
2 Receivership Entities will be merged to determine the allowance or disallowance of
3 claims of that investor or Investor Group;

4 (e) Where the result of the foregoing calculation of an investor's account
5 shows that the investor has a negative aggregate account balance with the
6 Receivership Entities, such that the investor or Investor Group was paid or received
7 from the Receivership Entities actual payments that exceeded the amount of funds
8 actually invested or paid into the Receivership Entities, subject to the investor's or
9 Investor Group's objection rights set forth below, the Receiver will deem the
10 investor to be a "winning investor" with no claim against the receivership estate,
11 and the Receiver will notify the investor or Investor Group that the investor's or
12 Investor Group's claim amount is "\$0." In addition, the Receiver will make
13 demand for repayment by the winning investor of amounts received by the investor
14 in excess of the amounts invested or paid into the Receivership Entities;

15 (f) Where the result of the foregoing calculation of an investor's account
16 shows that the investor or Investor Group has a positive balance with the
17 Receivership Entities, such that the investor or Investor Group invested or paid into
18 the Receivership Entities more than the investor or Investor Group received in
19 actual payments from the Receivership Entities, the investor or Investor Group is a
20 "losing" investor and, subject to any other rights or claims the Receiver may have
21 against such investor, the investor's or Investor Group's claim will be allowed in
22 the amount of the positive balance;

23 (g) In some instances, investors were also employees and/or agents of the
24 Receivership Entities who participated in the solicitation and sale of the fraudulent
25 investments offered by the Receivership Entities. To the extent payments to an
26 investor or Investor Group were made or designated as "commissions," those
27 payments will be included in the calculation of any payments made to an investor
28 or Investor Group;

1 (h) For the purposes of these claims allowance procedures, the Receiver
2 has grouped together and treated as a holder of a unified investment (an “Investor
3 Group”) the following: (i) all persons identified as joint account holders on one or
4 more checks issued to the Receivership Entities as payment for investments; (ii) a
5 limited liability company and the persons whose names are listed on its registration
6 statement as the members of the limited liability company, where such registration
7 statement was located by the Receiver; and (iii) persons who, based on checks paid
8 or other evidence in the books and records of the Receivership Entities, are spouses,
9 dependent children or otherwise related family members.

10 2. Calculation of Claims of Non-Investor Creditors:

11 (a) The Receiver will calculate amounts owed to known non-investor
12 creditors, such as vendors and other trade creditors, based on the books and records
13 of the Receivership Entities, the Receiver’s analysis of banking and business
14 records as they pertaining to any non-investor creditor claims, and such
15 independent investigation of the claims, if any, that the Receiver may conduct;

16 (b) Non-investor creditors will receive written notice of the amount the
17 Receiver calculates as the allowed amount of the non-investor creditor’s claim
18 based on the books and records of the Receivership Entities and other information
19 and investigation, if any, made by the Receiver regarding such claim;

20 3. Claims Notices to Investor and Non-Investor Creditors and Objection
21 Procedures:

22 (a) After the Court approves the proposed methods of calculating claims
23 and the procedures for notice, objections and allowance of claims set forth in this
24 Motion, the Receiver will provide written notice to each investor of the Receiver's
25 calculation of the investor's account balance and the amount the Receiver calculates
26 as the claim of the investor based on the treatment of the account and the payments
27 and adjustments as set forth above. The Receiver proposes that the investor be
28 provided 30 days from the date of service of written notice of the calculation of the

1 claim amount to object to the proposed claim amount. The objection by the
2 investor must be in writing and received by the Receiver within this 30-day period.
3 If the investor fails to timely object to the notice and the Receiver's calculation of
4 the investor claim amount, then the amount set forth in the notice shall be the
5 Allowed Investor Claim upon which future distributions in the case will be made;

6 (b) After the Court approves the proposed methods of calculating claims
7 and the procedures for notice, objections and allowance of claims set forth in this
8 Motion, the Receiver will also provide written notice to each non-investor creditor
9 of the Receiver's calculation of the non-investor's claim amount. The Receiver
10 proposes that each non-investor creditor also be provided 30 days from the date of
11 service of written notice of the calculation of the claim amount to object to the
12 proposed claim amount. The objection by the non-investor creditor must be in
13 writing and received by the Receiver within this 30-day period. If the non-investor
14 creditor fails to timely object to the notice and the Receiver's calculation of the
15 claim amount, then the amount set forth in the notice shall be the Allowed Non-
16 Investor Claim upon which future distributions in the case will be made;

17 (c) In conjunction with the claims process, the Receiver will post on its
18 website a notice that the claims allowance process has commenced and will also
19 post a form of the claims allowance letter which will include a written notice to the
20 investor/non-investor creditors that objections to the proposed claim amount must
21 be in writing and received by the Receiver within 30 days of the date of mailing of
22 the notice;

23 (d) If the Receiver receives a timely objection to any proposed claim, the
24 Receiver will attempt to resolve the claim dispute through negotiation. If the
25 parties are unable to resolve the dispute through negotiation, the Receiver will
26 resolve claims objections by motion filed by the Receiver pursuant to Local Rules
27 7, 66-7 and 66-8, to determine the proper allowed amount of the claim.

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1 PLEASE TAKE FURTHER NOTICE that the Receiver will seek an order
2 authorizing that all Allowed Investor Claims and Allowed Non-Investor Claims be
3 paid on a pro rata basis from any distributions from the receivership estate. As used
4 in these claims and distribution procedures, "pro rata" means the ratio of the
5 amount that the Allowed Investor Claim or Allowed Non-Investor Claim bears to
6 the total amount of all Allowed Investor Claims and Allowed Non-Investor Claims
7 without regard to which of the Receivership Entities the investor may have invested
8 in or to which the creditor may have provided goods or services. The Receiver
9 does not believe grounds exist to subordinate Allowed Non-Investor Claims to
10 Allowed Investor Claims, and the ratio of estimated Investor Claims to Non-
11 Investor Claims is such that pro rata payment of all claims will have a de minimis
12 impact on the payment to investors while avoiding potential litigation expense and
13 delay in any attempt to subordinate Non-Investor Claims.

14 PLEASE TAKE FURTHER NOTICE that by the Motion, the Receiver will
15 further seek an order authorizing the Receiver to commence litigation against
16 "winning" investors and/or sales agents to recover payments made by the
17 Receivership Entities in excess of the amounts invested by such investors and/or
18 payments designated as "commissions" paid by the Receivership Entities in
19 connection with the solicitation and sale of the fraudulent securities.

20 PLEASE TAKE FURTHER NOTICE that the Receiver will further move the
21 Court for an order limiting service of a notice of hearing on motions subject to
22 Local Rule 66-7 ("Rule 66-7 Motions") in this case to the parties to the case and to
23 those investors and known non-investor creditors who submit a written request to
24 the Receiver to be included in the Receiver's service list for the case under the
25 following procedures:

26 (a) All investors and known non-investor creditors will be served with a
27 copy of the Court's order limiting notice together with a written notice advising the
28 investor and non-investor creditors that if they would like to be served with notices

1 of the hearing on Rule 66-7 Motions (“Rule 66-7 Hearing Notices”) in this case,
2 they must submit a written request for notice to the Receiver within 30 days of the
3 date of service of the order limiting notice and the notice referenced above;

4 (b) Requests for notice should be submitted in writing to the Receiver
5 directed as follows: Robb Evans & Associates LLC, Attn: Cherrie Eustaquio,
6 11450 Sheldon Street, Sun Valley, CA 91352-1121; Telephone (818) 768-8100;
7 Facsimile: (818) 768-8802. The request for notice should include the investor’s or
8 non-investor creditor’s name and complete mailing address to receive copies of the
9 Rule 66-7 Hearing Notices;

10 (c) The Receiver will post copies of the Rule 66-7 Motions and the Rule
11 66-7 Hearing Notices on the Receiver’s website for this case which may be
12 accessed at www.robbevans.com/html/aobinc.html, and the Receiver will provide
13 copies of any Rule 66-7 Motions and Rule 66-7 Hearing Notices to any interested
14 party who makes a written request for copies of specific pleadings to Robb Evans &
15 Associates LLC, Attn: Cherrie Eustaquio, 11450 Sheldon Street, Sun Valley, CA
16 91352-1121; Telephone (818) 768-8100; Facsimile: (818) 768-8802.

17 PLEASE TAKE FURTHER NOTICE that the Receiver’s Motion is made
18 pursuant to Local Rule 66-7(d) and is based upon the Notice of Motion and Motion,
19 the memorandum of points and authorities and declaration of Brick Kane filed in
20 support thereof, upon the pleadings, records and files of this case, upon this
21 separate Notice of Hearing, and upon all other further pleadings, oral and
22 documentary evidence and argument of counsel as may be presented by the
23 Receiver at or before the time of the hearing on the Motion.

24 PLEASE TAKE FURTHER NOTICE that a copy of the Motion is posted on
25 the Receiver’s website at www.robbevans.com/html/aobinc.html, where it may be
26 reviewed in its entirety. Copies of the Motion will be provided to any interested
27 party upon receipt of a written request which may be sent to: Robb Evans &
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1 Associates LLC, Attn: Cherrie Eustaquio, 11450 Sheldon Street, Sun Valley, CA
2 91352-1121; Telephone (818) 768-8100; Facsimile: (818) 768-8802.

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Dated: May 19, 2009

Respectfully submitted,

MCKENNA LONG & ALDRIDGE LLP
GARY OWEN CARIS
LESLEY ANNE HAWES

By: /s/ Gary Owen Caris
Gary Owen Caris

Attorneys for Permanent Receiver
**ROBB EVANS & ASSOCIATES
LLC**