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 TEST-RITE INTERNATIONAL CO., LTD.

FILED
 SUPERIOR COURT OF CALIFORNIA
 COUNTY OF ORANGE
 CENTRAL JUSTICE CENTER

AUG 14 2003

ALAN SLATER, Clerk of the Court
M Varela
 BY M. VARELA

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
 9 **COUNTY OF ORANGE**

11	TEST-RITE INTERNATIONAL CO.)	Case No. 03CC09399
12	LTD., a Taiwan corporation,)	
13	Plaintiff,)	[Assigned to the Hon. Robert H. Gallivan,
14	v.)	Department C28]
15)	ORDER FOR APPOINTMENT OF
16	CENDYNE INC., a California corporation;)	RECEIVER; PRELIMINARY
17	EDWARDS MEADOWS, an individual;)	INJUNCTION
18	MOHAMMAD T. VAHDATI, an)	
19	individual; DEAN VAHDATI, an)	
20	individual; and DOES 1 through 10,)	
	inclusive,)	
	Defendants.)	

21 Based upon the Application of plaintiff Test-Rite International Co., Ltd. ("Plaintiff") for
 22 Appointment of a Receiver and Issuance of a Preliminary Injunction, and the good cause shown
 23 therein, **IT IS HEREBY ORDERED AS FOLLOWS:**

- 24 1. Appointment of Receiver. Robb Evans is hereby appointed as an equity receiver
 25 (the "Receiver") to take possession of CenDyne, evaluate the claims of its creditors, collect and
 26 liquidate corporate assets and distribute the proceeds thereof. The "Receivership Property" shall be
 27 defined to include all aspects of CenDyne's business operations, including but not limited to all
 28 assets of CenDyne and all property used or associated with CenDyne (the "Receivership Property").

1 2. Possession by Receiver. The Receiver, is hereby authorized to take possession
2 immediately of all the Receivership Property, including any other personal property, tangible and
3 intangible, (including without limitation, all accounts, receivables, inventory, buildings and
4 structures, leases, fixtures and moveable personal property) used or associated with the Receivership
5 Property, wherever located.

6 3. Duties of Receiver. The Receiver shall have all the powers, duties and authority as
7 provided by California law and shall operate, manage, control, conduct, care for, protect, preserve
8 and maintain the Receivership Property pending further order of this Court, except the Receiver
9 shall not file bankruptcy or an assignment of the benefit of creditors on behalf of CenDyne without
10 further order of this Court. In particular, and not by way of limitation, the Receiver shall have the
11 following duties:

12 (a) Enter the business premises and take possession of and manage the
13 Receivership Property;

14 (b) Collect and receive, all the income, accounts, fees, rents, payments and
15 profits generated by the Receivership Property (collectively, "Proceeds"), paid, received, earned or
16 accruing from and after the date hereof;

17 (c) Employ (or dismiss) such officer, directors, agents and employees as may,
18 in the Receiver's judgment, be useful or necessary for the protection, possession, preservation,
19 control, management and operation of the Receivership Property;

20 (d) Enter into such agreements and perform all other acts in connection with the
21 protection, possession, preservation, control, management and operation of the Receivership
22 Property necessary and proper to effectuate the powers and duties conferred upon the Receiver and
23 to perform those duties;

24 (e) In the Receiver's discretion, to maintain or transfer control and signatory
25 authority on any and all of CenDyne's bank accounts to the Receiver for the deposit of funds
26 generated by the Receivership Property in such financial institution(s) as the Receiver shall decide;

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1 (f) Assure that there is adequate insurance covering the Receivership Property
2 as in the judgment of the Receiver, may seem proper, and to cause all presently existing policies to
3 be amended by adding himself or herself and the receivership estate as additional insureds; and

4 (g) Make disbursements of the Proceeds as may in the Receiver's judgment be
5 advisable, useful or necessary, including but not limited to, payment of real estate taxes, utility bills,
6 assessments, accounting fees, attorneys' fees and general expenses for continued operation, as well
7 as, the maintenance, preservation and repair of the Receivership Property, including the Receiver's
8 clerical employees;

9 (h) The Receiver is not required to comply with Sections 568.5 and 701.510
10 *et seq.* of the California Code of Civil Procedure regarding the Receiver's sale of the Receivership
11 Property in the ordinary course of CenDyne's business, and may conclude a sale of all or any
12 portion of the Receivership Property out of the ordinary course of business if the Receiver has given
13 five (5) days' prior written notice of such sale of the parties thereto and no party has objected in
14 writing;

15 (i) Take any and all steps necessary to receive, collect and review all mail
16 addressed to CenDyne, and at the Receiver's discretion, instruct the U.S. Postmaster to re-route,
17 hold and/or release said mail to said Receiver.

18 4. Inventory. To the extent feasible, within 30 days after qualifying, the Receiver
19 shall file an inventory of all the Receivership Property possessed under this order.

20 5. Monthly accounting of receiver's income, expenses and fees.

21 (a) The Receiver shall each month prepare and serve on the parties, but not file,
22 an accounting of the income and expenses incurred in the administration of the Receivership
23 Property, including the Receiver's fees and expenses.

24 (b) The Receiver may pay the Receiver's own fees and expenses only by the
25 following procedures:

26 (1) By serving and filing a notice of intent to pay to which no objection
27 is filed within 15 days of the date the notice is mailed.

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1 (2) By serving and filing a request for interim payment, which the Court
2 then approves.

3 (3) By filing the Receiver's final accounting and report, which the Court
4 then approves.

5 6. Receiver's final report and account and discharge.

6 (a) *Motion required.* Discharge of the Receiver shall require a Court order
7 upon noticed motion for approval of the Receiver's final report and account and exoneration of the
8 Receiver's bond.

9 (b) *Time.* Not later than 60 days after the Receivership terminates, the Receiver
10 shall file, serve and obtain a hearing date on a motion for discharge and approval of the final report
11 and account.

12 (c) *Notice.* The receiver shall give notice to all persons of whom the Receiver
13 is aware who have potential claims against the Receivership Property.

14 (d) *Contents of motion.* The motion to approve the final report and account and
15 for discharge of the Receiver shall contain the following:

16 (1) *Receiver's declaration.* A declaration by the Receiver stating what
17 was done during the Receivership and certifying the accuracy of the final accounting.

18 (2) *Accounting summary.* A summary of the receivership accounting,
19 which shall include the total revenues received, the total expenditures identified and enumerated by
20 major categories, the net amount of any surplus or deficit, and evidence of necessary supporting
21 facts.

22 7. Powers of Receiver. The Receiver is hereby authorized to protect, possess,
23 preserve, control, manage and operate the Receivership Property and shall do so in a competent and
24 professional manner. Such authority shall include, but is not limited to, the following:

25 (a) Operate the business by employing such professional management as in the
26 Receiver's judgment is necessary;

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1 (b) To collect all Proceeds, including without limitation, all income, accounts,
2 rents, profits, proceeds and issues of the Receivership Property and to apply those funds to the
3 following:

4 (1) Payment of the fees, costs, and expenses of the Receivership and its
5 continued operation;

6 (2) Timely paying all taxes, assessments, and insurance premiums on
7 the Receivership Property;

8 (3) Timely paying all utility charges;

9 (4) Keeping the Receivership Property in good order and repair;

10 (5) Analyzing claims of creditors.

11 (c) Demand and collect all Proceeds, including without limitation, rent, issues,
12 proceeds, insurance payments, or profits from the Receivership Property, if any, paid or accruing
13 from and after the date hereof, whenever received, presently in the possession, custody or control of
14 CenDyne and its agents, representatives, servants, assigns and all those acting in concert therewith;

15 (d) To have, use, operate, manage, and control any apparatus or equipment provided or
16 required for use on the Receivership Property;

17 (e) To take possession of, use, operate, manage, and control all books, financial
18 records, other ledgers, and writings regarding the Receivership Property and CenDyne's business;

19 (f) To make all necessary and proper repairs, renewals, and replacements, and to enter
20 into such contracts as are necessary to accomplish this;

21 (g) Institute and prosecute all proper actions for the collection of all Proceeds, and,
22 without further order of the court, to employ counsel to represent him in the prosecution of such
23 actions;

24 (h) Institute and prosecute all suits as may reasonably be necessary to protect the
25 Receivership Property, and to defend all such suits as may be instituted against him in his capacity
26 as receiver;

27 (I) Enter into contracts affecting the Receivership Property as required in the ordinary
28 course of operating the Receivership Property;

1 (j) Negotiate and enter into on behalf of CenDyne and/or the receivership estate,
2 contracts, lease(s), lease extension(s) and lease modification(s) of any kind, and continue in effect
3 any contracts and leases presently existing and not in default relating to the Receivership Property;

4 (k) Deposit and withdraw funds that come into his possession as receiver, subject to an
5 order of this court that may be issued as to the final disposition thereof;

6 (l) Employ such persons or entities, experts, consultants, managers, including
7 members and employees of the Receiver's firm, and other persons necessary to maintain and
8 operate the Receivership Property, and pay therefore the ordinary rates out of the funds that may
9 come into the possession of the receivership estate;

10 (m) Retain legal counsel to represent the receiver, and to take all appropriate action
11 relating to the management, operation, repair and preservation of the Receivership Property;

12 (n) Purchase materials, supplies, merchandise, and services as the Receiver deems
13 necessary and advisable to assist in performing his duties and to pay therefor the ordinary rates out
14 of the funds that may come into possession of the receivership estate;

15 (o) Upon further order of this court, borrow money to be used for receivership
16 purposes, and the operation, maintenance and preservation of the Receivership Property, and issue
17 therefor receivership certificate(s) in such form as is approved by the Court;

18 (p) Take any action, and incur the risks and obligations ordinarily incurred, by owners,
19 managers and operators of similar business properties, including without limitation, executing such
20 documents and instruments on behalf of the receivership estate that are necessary and appropriate
21 for the management of the Receivership Property; no risk or obligation incurred by such actions,
22 however, shall be the personal risk or obligation of the receiver but a risk or obligation of the
23 receivership estate, except for ordinary negligence or other culpable conduct;

24 (q) Present for payment any checks, money orders, drafts, warrants and other forms of
25 payment made payable to CenDyne which constitute Proceeds, endorse same and collect the
26 proceeds thereof, such proceeds to be used and maintained as provided in this order;

27 (r) Receive, open and use the contents of any mail delivered or addressed to CenDyne
28 at such address as may customarily be used by CenDyne to receive payments;

- 1 (s) To do any and all acts necessary, convenient, and incidental to the foregoing; and,
- 2 (t) To have the powers granted by California statutes.

3 8. Receiver Oath and Bond. The Receiver shall assume his duties immediately and
4 within three court days, (1) execute and file a receiver's oath; and (2) file a receiver's bond in the
5 amount of \$~~10,000.00~~^{25,000 - RAB} as a condition appointment as a receiver.

6 9. Receiver's Rates and Fees. The Receiver shall specify a rate for work performed
7 pursuant to this Order. Plaintiff shall be responsible for the Receiver's fees in the event that the
8 Receivership estate does not have sufficient assets to make payment therefor.

9 10. Turnover. CenDyne and its past and present agents, representatives, property
10 managers, employees, partners, and any other persons with actual or constructive knowledge of this
11 order, shall:

12 (a) Deliver forthwith to the Receiver possession of the Receivership Property and all
13 Proceeds generated thereby;

14 (b) Deliver forthwith to the Receiver possession of the records, books of account,
15 ledgers, and all other business records of CenDyne, its agents or representatives, wherever located
16 and in whatever mode maintained, that relate to the Receiver's role as manager of the Receivership
17 Property or as the collector of the Proceeds, banking records, statements and canceled checks
18 relating to any bank account(s) into which CenDyne and all persons acting under it has been
19 depositing the net operating income generated by the Receivership Property (e.g., operating
20 statements, budgets, personnel records, rent rolls, tenant lease, real estate tax bills and surveys) (the
21 "Books and Records"). In the event the Receiver needs additional information or documents to
22 assist in the operation of the Receivership Property, CenDyne shall provide such information and
23 documents;

24 (c) Deliver forthwith to the Receiver a copy of all documents which constitute or
25 pertain to all licenses, permits or government approvals, Federal, State or Local, relating to the
26 Receivership Property;

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1 (d) Deliver forthwith to the Receiver a copy of all documents which constitute or
2 pertain to all insurance policies, whether currently in effect or lapsed, relating to the Receivership
3 Property; and

4 (e) Delivery forthwith to the Receiver a copy of all leases, royalty agreements,
5 licenses, or other agreements of any kind whatsoever, whether currently in effect or lapsed, relating
6 to any interests in the Receivership Property.

7 11. Preliminary Injunction. CenDyne, its agents, officers, employees, and all other
8 persons acting in concert with CenDyne shall be enjoined, pendente lite, and ordered as follows:

9 (a) From interfering in any way, directly or indirectly, with the Receiver's
10 performance of his or her duties and responsibilities and the exercise of his or her powers and/or
11 doing any act which may impair, defeat, divert, prevent or prejudice the preservation of the
12 Receivership Property or the proceeds thereof;

13 (b) To refrain from demanding, collecting, receiving or spending any portion
14 or proceeds of the Receivership Property, including without limitation accounts or accounts
15 receivable;

16 (c) From expending, disbursing, transferring, assigning, selling, conveying,
17 devising, pledging, mortgaging, creating a security interest in, encumbering, concealing, or in any
18 manner whatsoever deal in or dispose of, the whole or any part of the Receivership Property;

19 (d) To surrender possession of the Receivership Property to the Receiver and to
20 turn over to the Receiver all books, records, and documents, without transferring, concealing,
21 destroying, defacing or altering any of CenDyne's books and records relating to the Receivership
22 Property as requested by the Receiver; and

23 (e) To pay over to the Receiver any monies whenever received, presently in the
24 possession, custody or control of CenDyne, its agents, representatives, servants, assigns and all
25 those acting in concert therewith, and that have been received as proceeds since the date hereof,
26 including without limitation, rent, issues, proceeds, insurance payments, or profits from the
27 Receivership Property.

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12. Further Instructions. The Receiver and/or Plaintiff may at any time apply to this Court for further instructions and powers necessary to enable the Receiver to properly perform his duties.

13. Plaintiff's Bond. Plaintiff shall not be required to file a bond as a condition to the appointment of a receiver.

DATED: 8-14-03

ROBERT H. GALLINOV

JUDGE OF THE SUPERIOR COURT