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ROBB EVANS & ASSOCIATES LLC

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7
8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

10 NATIONSTAR MORTGAGE LLC,
11
12 Plaintiff,

13 v.

14 PATRICK JOSEPH SORIA, an
individual; WEST H&A, LLC, a
Delaware Limited Liability Company;
15 WARRANTED EFFECTUATION OF
SUBSTITUTE TRANSFEREE INC,
16 AKA W.E.S.T Inc., a Delaware
Corporation; WESTWOOD LEGAL, a
17 California Corporation; WESTWARD
LEGAL, a California Corporation;
18 BRIGHTON LEGAL GROUP, PC, a
dissolved California Corporation; BLG
19 PC NATIONAL BY BRIGHTON
LEGAL GROUP, INC., a Delaware
20 Corporation; DEUTSCHE MELLON
NATIONAL ASSET, LLC, a
21 Wyoming Limited Liability Company;
CHRISTIANA WILMINGTON
22 GLOBAL ASSET CORP., a Delaware
Corporation; HBSC US IN ITS
23 CAPACITY AS LEGAL TITLE
HOLDER INCORPORATED, a
24 Delaware Corporation; CAMDEN
LEGAL GROUP, PC, a dissolved
25 California Corporation; TAMYRA
WHITE, an individual; GEORGE
26 WESLEY JR. PIERCE, an individual;
GRICELA MENDOZA, an individual;
27 BERNARD GERMANI, an individual;
REBEKAH BROWN, an individual;
28 MICHAEL C. JACKSON, an

Case No. 2:18-cv-03041 DSF (RAOx)

**NOTICE OF MOTION AND
MOTION FOR ORDER APPROVING
AND AUTHORIZING PAYMENT OF
RECEIVER'S AND
PROFESSIONAL'S
FEES AND COSTS FROM
INCEPTION OF THE
RECEIVERSHIP THROUGH MAY
31, 2018; MEMORANDUM OF
POINTS AND AUTHORITIES AND
DECLARATION OF GARY OWEN
CARIS IN SUPPORT THEREOF**

**[SUPPORTING DECLARATION OF
BRICK KANE FILED
CONCURRENTLY HEREWITH]**

Date: August 13, 2018
Time: 1:30 p.m.
Courtroom: 7D

1 individual; CYNTHIA LARA, an
2 individual; F. MARTINEZ, an
3 individual; JENNY DE LEON, an
4 individual; ELBA CHAVEZ, an
5 individual; RYAN ALEXANDER
6 URQUIZU, an individual; ROGER
7 FRANKLIN, an individual; AND
8 WHATEVER NAME THEY MAY
9 DO BUSINESS UNDER; and DOES 1
10 through 10 inclusive,

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Defendants.

**TO ALL PARTIES AND THEIR COUNSEL OF RECORD AND TO
ALL KNOWN CREDITORS OF THE RECEIVERSHIP ESTATE:**

PLEASE TAKE NOTICE that on August 13, 2018, at 1:30 p.m. in Courtroom 7D of the above-referenced Court, located at 350 West 1st Street, Los Angeles, California 90012, the Permanent Receiver, Robb Evans & Associates LLC (“Receiver”) will move the Court for an order approving and authorizing for payment the receivership fees and costs incurred from the inception of the receivership, on or about April 23, 2018, through May 31, 2018 (“Initial Expense Period”). The Receiver specifically moves the Court for an order: (1) approving and authorizing for payment, when the receivership estate has sufficient funds on hand, the fees of the Receiver, the Receiver’s members, staff and professionals, and reimbursement of costs, comprised of: (a) Receiver’s fees, including the Receiver’s members and staff, of \$45,026.00 and Receiver’s costs of \$621.97, for a total of \$45,647.97; and (b) Receiver’s counsel Barnes & Thornburg LLP’s (“Barnes & Thornburg”) fees of \$88,442.30 and costs of \$67.50, for a total of \$88,509.80; and (2) deeming notice of this Motion to be sufficient under Local Rule 66-7 based on the service of this Motion on all parties and certain creditors of the estate, but not on the thousands of potential consumers, lenders, loan servicers, title insurers and other third parties who have been defrauded by the Receivership Defendants.

1 **PLEASE TAKE FURTHER NOTICE** that this Motion is made pursuant to
2 Local Rules 7-4 and 66-7 and paragraph 6, page 21 of the Order Entering a
3 Preliminary Injunction Against Defendants and Appointing a Permanent Receiver
4 (Doc. 46) (“Preliminary Injunction”) entered May 7, 2018 which provides that the
5 Receiver is to file with the Court and serve on the parties periodic requests for the
6 payment of reasonable compensation for the performance of duties pursuant to the
7 Preliminary Injunction and for the costs of actual out-of-pocket expenses incurred
8 by the Receiver from the assets of the Receivership Defendants or Patrick Joseph
9 Soria,¹ with the first such request to be filed no more than sixty (60) days after the
10 date of the Preliminary Injunction. This Motion is based upon this Notice of
11 Motion and Motion, the accompanying memorandum of points and authorities and
12 Declaration of Gary Owen Caris, the Declaration of Brick Kane filed concurrently
13 herewith, upon the pleadings, files and records of the Court in this case of which the
14 Receiver requests the Court take judicial notice, and such other and further oral and
15 documentary evidence as may be presented by the Receiver at or prior to the
16 hearing on this Motion.

17 **STATEMENT REGARDING CONFERENCE OF COUNSEL**

18 **PURSUANT TO LOCAL RULE 7-3**

19 The Receiver has conferred with the Plaintiff’s counsel and has been advised
20 that the Plaintiff has no objection to the relief sought in this Motion. No other
21 parties have appeared through counsel in this action and Soria is presently
22 incarcerated as a result of his civil contempt of Court, and therefore the Receiver
23 has not conferred with any other parties to the action. In any event, the relief
24 sought by the Receiver cannot be resolved by the parties as the Court is required to
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26 ¹ The Preliminary Injunction further provides, at para. 6, p. 21, that in the event the assets are insufficient to satisfy
27 the reasonable fees and costs incurred by the Receiver and its counsel in the course of performing its duties under the
28 Preliminary Injunction or the Court’s prior Temporary Restraining Order, the Receiver shall recover the balance of
the fees and costs from the Plaintiff and any other entity or person later added as a plaintiff to this action, with all
such plaintiffs being jointly and severally liable for such fees and costs.

1 rule on the Motion for the payment of its fees and expenses and those of its counsel
2 under Local Rule 66-7 and the Preliminary Injunction as described above.
3 Furthermore, Local Rule 66-7 requires that notice of such Motion be served on
4 creditors as well as the parties to the action, rendering the Receiver unable to seek a
5 resolution of the Motion only with the parties to the action.

6
7 Dated: July 10, 2018

GARY OWEN CARIS
BARNES & THORNBURG LLP

8
9 By: /s/ Gary Owen Caris
10 GARY OWEN CARIS
11 Attorneys for Permanent Receiver
12 **ROBB EVANS & ASSOCIATES**
13 **LLC**
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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

This lawsuit was commenced by Nationstar Mortgage LLC (“Nationstar” or “Plaintiff”) on April 11, 2018 with a Complaint for Permanent Injunction and claims for relief based upon RICO violations, for cancellation of instruments, violations of the California Business and Professions Code § 17200, violation of the Lanham Act, for tortious interference with contractual relations, and for intentional interference with prospective economic advantage. Plaintiff alleged and described a fraudulent and criminal enterprise masterminded by Patrick Joseph Soria (“Soria”) whereby Soria, and the various named entity Defendants he controlled, hijacked thousands of mortgages and deeds of trust through the recordation of phony assignment documentation, and recorded phony trustee’s deeds purporting to take ownership of real property following purported, but fictitious, foreclosure sales. Soria and the named entity Defendants fraudulently claimed to be helping homeowners in financial distress by falsely claiming that they had taken ownership of the homeowners’ real property-secured loans and induced these homeowners into making payments to the Defendant entities instead of the actual lenders. Based on information obtained and reviewed by the Plaintiff, there may be in excess of 2,300 affected properties nationwide as a result of Defendants’ scam.

The Receiver was appointed Temporary Receiver pursuant to the Court’s Order Granting Plaintiff Nationstar Mortgage LLC’s *Ex Parte* Application for a Temporary Restraining Order With Asset Freeze; Order to Show Cause Why Preliminary Injunction Should Not Issue; Granting Nationstar Mortgage LLC’s *Ex Parte* Application for an Appointment of Temporary Receiver and Other Equitable Relief; and Order to Show Cause Why a Permanent Receiver Should Not Be Appointed (Doc. 20) (“TRO”) issued on April 23, 2018. Under the TRO, the Receiver was named Temporary Receiver over “Receivership Defendants” West

1 H&A, LLC; Warranted Effectuation of Substitute Transferee Inc.; Westwood
2 Legal; Westward Legal; Brighton Legal Group, PC; BLG PC National By Brighton
3 Legal Group, Inc.; Deutsche Mellon National Asset, LLC; Christiana Wilmington
4 Global Asset Corp.; HBSC US in its Capacity as Legal Title Holder Incorporated;
5 and Camden Legal Group, PC.

6 Thereafter, on May 1, 2018, while still Temporary Receiver, the Receiver
7 brought its *Ex Parte* Application for Order Modifying Temporary Restraining
8 Order and Order Appointing a Temporary Receiver (Doc. 29) (“Application to
9 Modify TRO”). In the Application to Modify TRO, the Receiver demonstrated that
10 Soria had failed to cooperate with the Receiver by providing any information
11 necessary for the Receiver to begin the task of marshalling assets for Plaintiff and
12 other defrauded third parties. Soria refused to communicate with the Receiver, or
13 provide any information concerning the location of and access to electronic and
14 paper accounting records for the Receivership Defendants (as defined in the TRO),
15 the location of business operations for the Receivership Defendants, the locations of
16 and access to all electronic and paper records pertaining to consumers, and other
17 pertinent and critical information. The Receiver described Soria’s and the
18 Receivership Defendants’ pattern and practice of establishing a multiplicity of
19 confusing entities, for the apparent purpose of creating confusion and hiding assets.
20 The Application to Modify TRO therefore sought to expand the definition of
21 Receivership Defendants to include “any subsidiaries, affiliates, successors and
22 assigns of any of the foregoing, any entities owned or controlled by any of the
23 foregoing, any entities owned or controlled by Defendant Patrick Joseph Soria, any
24 fictitious business names created by or used by any of the foregoing, individually,
25 collectively, or in any combination, and the assets of Patrick Joseph Soria.” The
26 Court granted the Application to Modify TRO on May 1, 2018 pursuant to its Order
27 Granting *Ex Parte* Application for Order Modifying Temporary Restraining Order
28 and Order Appointing a Temporary Receiver (Doc. 30) (“Order Modifying TRO”).

1 On May 7, 2018, the Court entered the Preliminary Injunction, which defined
2 Receivership Defendants as that term was expanded in the Order Modifying TRO,
3 and made Robb Evans & Associates LLC the Permanent Receiver.

4 Under paragraph 6 at page 21 of the Preliminary Injunction, the Receiver is
5 to file its initial request for compensation no more than sixty (60) days from the
6 date of the Preliminary Injunction.² This Motion represents that initial request for
7 compensation and covers the period from April 23, 2018 through May 31, 2018
8 (“Initial Expense Period”).

9 As evidenced by the detailed billing records which accompany the
10 Declarations of Brick Kane and Gary Owen Caris in support of the Motion, this
11 Initial Expense Period was a uniquely challenging one for the Receiver and its
12 counsel, given the brazen manner in which Soria flouted the Court’s TRO and
13 Preliminary Injunction, ultimately leading to Soria’s incarceration for civil
14 contempt on June 6, 2018, and the lack of meaningful cooperation from Soria’s pre-
15 receivership counsel. Unlike the typical federal equity receivership, the Receiver
16 had no business premises to take over and no paper or electronic accounting records
17 to access at the outset of the receivership. It only had a limited amount of
18 information concerning the Receivership Defendants’ bank accounts and tax
19 identification numbers. Soria refused to communicate with the Receiver. All of
20 these factors made work done in the Initial Expense Period extremely difficult,
21 during a period of time when the Receiver and its counsel were faced with
22 numerous written and telephonic communications from defrauded consumers,
23 lenders and loan services, each with unique and in some cases time-sensitive
24 circumstances, including impending foreclosure sales. The services of the Receiver
25 and its counsel are summarized separately below and described in the detailed
26 billing records attached as exhibits to the Kane and Caris declarations.

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28

² The Receiver and its counsel apologize to the Court in filing this initial fee motion a few days past the deadline.

1 **II. SUMMARY OF THE RECEIVER’S SERVICES AND**
2 **ACTIVITIES DURING THE INTIAL EXPENSE PERIOD**

3 The Receiver seeks approval and authorization for payment of the Receiver’s
4 fees and costs summarized in the Receiver Administrative Expenses spreadsheet
5 (“Financial Summary”) attached as Exhibit 1 to the Declaration of Brick Kane in
6 support of this Motion, together with the detailed billing records of the Receiver
7 attached to Kane’s declaration as Exhibits 2 and 3.³ During the Initial Expense
8 Period, the Receiver has incurred fees for the Receiver and its members of \$23,180,
9 senior staff and accounting fees of \$21,081, and support staff fees of \$765, for total
10 Receiver’s fees of \$45,026. The Receiver’s costs during the Initial Expense Period
11 total \$621.97 and are detailed in the Financial Summary.

12 The Receiver took several steps to attempt to implement the terms of the
13 TRO beginning on April 23, 2018. The Receiver went to all potential business
14 locations described in the TRO at page 13, in order to take possession and control
15 of the business premises of the Receivership Defendants. The Receiver learned that
16 the premises at 433 N. Camden Drive, Sixth Floor #7, Beverly Hills, had been
17 vacated by the Receivership Defendants in March 2018. The premises at 10940
18 Wilshire Blvd., Suite 1600, Los Angeles; 2500 Broadway Avenue, Suite F-125,
19 Building F, Santa Monica; and 10880 Wilshire Blvd., #1101, Los Angeles were
20 “virtual offices” and those three locations were used by the Receivership
21 Defendants only for the purpose of receiving mail. The Receiver served the TRO
22 on the persons apparently in charge of each of those three locations. Steps were
23 taken to secure and re-direct the mail addressed to the Receivership Defendants at
24 those locations. Much of the mail retrieved at the outset and subsequently received
25 during the Initial Expense Period required the Receiver’s and its counsel’s prompt
26 attention, including mail containing many notices as to scheduled foreclosure sales,

27 _____
28 ³ As explained in the Caris declaration, the bills have been redacted where appropriate to preserve confidential, sensitive, tactical, strategic, attorney-client privileged and/or attorney work-product information.

1 tax sales, and notices of default. Beginning May 2, 2018, the Receiver began
2 reviewing the Receivership Defendants' mail and determining which mail
3 necessitated immediate attention. For example, when mail indicated a foreclosure
4 sale was scheduled, the Receiver immediately contacted the consumer and urged
5 the consumer to immediately contact his or her lender or servicer. In that instance,
6 the Receiver also contacted the lender or servicer and urged them to contact the
7 consumer.

8 The premises at 9663 Santa Monica Blvd., #1459, Beverly Hills, was a
9 corporate post office location, also used solely for the receipt of mail. The Receiver
10 was advised that the Receivership Defendants' post office box there had been
11 closed in December 2017. The sixth location listed in the TRO, 433 N. Camden
12 Drive, 4th Floor, Beverly Hills, apparently had been used for the Receivership
13 Defendants' loan modification processing activities and was also vacant at the
14 inception of the receivership.

15 In addition, the Receiver was advised by Plaintiff's counsel of another
16 potential location in Van Nuys, California. The Receiver went to that location and
17 determined that another business unaffiliated with the Receivership Defendants was
18 operating there. Therefore, the Receiver was unable to locate and take control of
19 any active business premises during the Initial Expense Period.

20 During the period of the temporary receivership, the Receiver telephoned and
21 e-mailed Soria in an effort to meet with him either in person or telephonically in
22 order to discuss his compliance with the TRO and to obtain information about the
23 Receivership Defendants. This was especially important since no physical
24 locations for the Receivership Defendants had been discovered and no electronic or
25 paper documentation of the Receivership Defendants had been located by the
26 Receiver. Soria never contacted the Receiver.

27 During the Initial Expense Period, the Receiver served all known financial
28 institutions which potentially held accounts of any of the Receivership Defendants

1 with the TRO, Order Modifying Receivership and Preliminary Injunction. To date,
2 only \$7,027.90 has been turned over by any financial institutions, although the
3 Receiver has learned that funds may have been previously frozen by criminal
4 authorities during the summer of 2017.

5 Having been advised that the Los Angeles County Sheriff seized computers
6 containing electronic communications of the Receivership Defendants, the Receiver
7 sought to obtain a copy of the database from the Sheriff's office. The Sheriff
8 advised the Receiver that the computers are being "forensically examined and it
9 won't be done for close to six months to a year," and that the electronic information
10 cannot be released to the Receiver. As a result, Plaintiff obtained an order requiring
11 this information to be turned over to the Receiver. The Receiver and its counsel
12 have been in communication with the Los Angeles County Sheriff and Los Angeles
13 County District Attorney's Office, and these records are now scheduled to be
14 provided to the Receiver in August.

15 During the Initial Expense Period, the Receiver made extensive attempts to
16 contact consumers, lenders and loan servicers in an effort to prevent further harm
17 from befalling third parties as a result of the fraudulent activities of the
18 Receivership Defendants and Soria, even though the Receiver obtained no
19 cooperation from Soria or anyone acting on his behalf.

20 The Receiver prepared for and attended the preliminary injunction hearing on
21 May 7, 2018. At that hearing, and at the Court's instruction, Soria agreed to meet
22 with the Receiver and a meeting was scheduled for May 10, 2018 with the Receiver
23 and its counsel in the Receiver's offices in Sun Valley. The Receiver prepared for
24 the meeting, but Soria never showed up.

25 On or about May 10, 2018, counsel for the Plaintiff supplied the Receiver
26 with a link and a password enabling the Receiver to access two databases used by
27 the Receivership Defendants known as AutoPal and LoanPost. The AutoPal
28 database appears to have been a database used by the Receivership Defendants to

1 track fraudulently created “loans” which the Receivership Defendants falsely
2 asserted they had made for consumers, as a result of purportedly buying the loan
3 from or paying off the actual institutional lender. LoanPost appears to be a broader
4 database of consumers who came into contact with and/or did business with the
5 Receivership Defendants. The Receiver immediately began to disseminate notice
6 by e-mail to over 200 consumers identified in the AutoPal database, advising them
7 not to send any more payments to the Receivership Defendants and to contact their
8 original lenders or servicers. Thereafter, on May 17, the Receiver sent notice by e-
9 mail to nine consumers who had foreclosure sales scheduled according to
10 information on LoanPost, advising them that the Receivership Defendants had been
11 acting fraudulently and of the scheduled foreclosure sale on their properties which
12 required their immediate attention. In these instances, the Receiver also contacted
13 their lenders or servicers, urging them to contact the consumers before completing
14 foreclosure. The Receiver also began to disseminate notice by e-mail of the
15 receivership to over 1200 consumers referenced in the LoanPost database.
16 Thereafter, on May 21, 2018, utilizing the LoanPost database, the Receiver
17 contacted the 16 lenders and servicers who were most affected by the Receivership
18 Defendants’ activities, covering about 850 consumers. Utilizing the LoanPost
19 database, this notification process continued throughout the Initial Expense Period.
20 In addition, the Receiver had extensive telephonic communication with defrauded
21 consumers, as well as lenders, loan servicers, and foreclosure trustees, addressing
22 many different real properties affected by the fraudulent activities of Soria and the
23 Receivership Defendants.

24 As a result of Soria’s lack of cooperation, the Plaintiff brought two
25 applications for orders to show cause why he should not be held in contempt of
26 Court, with the assistance of the Receiver and its counsel in reviewing and revising
27 declarations in support of the applications.

1 The Receiver made efforts to gain control of the Receivership Defendants’ e-
2 mail and domain names that were housed in the cloud by Creative Note, Inc.
3 (“Creative Note”) and its principal, Steve Median. As a result of a lack of
4 cooperation from Creative Note and Median, an order to show cause was sought
5 and obtained by Plaintiff as to why Creative Note and Median should not be held in
6 contempt of Court, concurrently with one of the orders to show cause sought as to
7 Soria, with the assistance of the Receiver and its counsel by reviewing and revising
8 a supporting declaration.

9 The Receiver prepared for and appeared at the May 30, 2018 contempt
10 hearing, at which time Soria was held in contempt and Creative Note and Median
11 agreed to begin to cooperate with the Receiver and enable the Receiver to obtain
12 control over the e-mails and domain names housed in the cloud by Creative Note.

13 The Receiver also assisted its counsel in the preparation of a declaration in
14 response to the *ex parte* application brought by another attorney who had assisted
15 Soria, Joseph Fischbach, and who claimed that the Plaintiff’s counsel had violated
16 Fischbach’s privacy by violating redaction rules (Doc.72). Fischbach’s *ex parte*
17 application was replete with falsehoods about the Receiver, necessitating the
18 Receiver to respond and correct the misstatements (Doc. 77). Fischbach’s *ex parte*
19 application was denied by the Court (Doc. 135).

20 On May 21, 2018, the Receiver learned the identity of the Receivership
21 Defendants’ answering service when counsel for Plaintiff provided the Receiver’s
22 attorney an e-mail showing that Soria was apparently directing the answering
23 service to refer calls to Fischbach, in violation of the Receiver’s counsel’s express
24 instructions to Fischbach. The Receiver immediately served the answering service
25 with the Preliminary Injunction and instructed the answering service to refer callers
26 to the Receiver’s e-mail which already had been set up by the Receiver for this
27 receivership estate, westha@robbevans.com.

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1 After learning that Soria filed a Chapter 11 petition in bankruptcy on May 11,
2 2018, the Receiver addressed issues raised by his bankruptcy filing.

3 Finally, throughout the Initial Expense Period, the Receiver communicated
4 regularly with counsel for the Plaintiff on a variety of issues relevant to the
5 receivership estate, including regarding information obtained by the Plaintiff from
6 e-mails accessed from Receivership Defendants' accounts, bank account
7 information, the rescission of fraudulent documents, strategies for dealing with
8 Soria's ongoing misconduct, and Soria's bankruptcy filing.

9 **III. SUMMARY OF THE RECEIVER'S COUNSEL'S SERVICES**
10 **AND ACTIVITIES DURING THE INITIAL EXPENSE PERIOD**

11 The Receiver also seeks payment of its counsel's fees and expenses
12 summarized in the Financial Summary, Exhibit 1 to the Kane declaration, and set
13 forth in the detailed billing records of Barnes & Thornburg, attached as Exhibits 1
14 and 2 to the Caris declaration. During the Initial Expense Period, the Receiver
15 incurred fees to Barnes & Thornburg of \$88,442.30 and costs of \$67.50.

16 The Receiver's counsel, Barnes & Thornburg, performed an extensive
17 amount of work during the Initial Expense Period, necessitated in large part by
18 Soria's evasiveness and lack of cooperation.

19 Counsel initially analyzed the TRO and the issues raised in the TRO as it
20 related to the Receiver. Counsel for the Receiver also attempted to enlist the
21 cooperation of two lawyers, Joseph Hart and Neil Scotti, who were representing
22 Soria and numerous Receivership Defendants in at least 21 lawsuits, to instruct
23 Soria to contact the Receiver. Counsel for the Receiver also requested that they
24 instruct Soria to provide the Receiver with various information necessary for the
25 Receiver, including the location of and access to all electronic and paper accounting
26 records for the Receivership Defendants; the location of all business operations for
27 the Receivership Defendants; the location of and access to all electronic and paper
28 consumer records; a list of all tax identification numbers for the Receivership

1 Defendants; and a list of all bank accounts, by bank name and account number, for
2 the Receivership Defendants. Hart and Scotti were generally unhelpful and this
3 information was not provided, with the exception of receiving a few tax
4 identification numbers and bank account numbers. Barnes & Thornburg continued
5 to communicate extensively with Hart and Scotti regarding the litigation that they
6 were handling for Soria and the Receivership Defendants, and took steps to prevent
7 any continued effort by Soria and the Receivership Defendants to extract
8 unwarranted value from settlements with defrauded litigants that were in process at
9 the outset of the receivership.

10 Throughout the Initial Expense Period, Barnes & Thornburg communicated
11 extensively with counsel for the Plaintiff on a wide variety of matters relevant to
12 the Receiver, including the scope of the receivership and related matters under the
13 TRO and Preliminary Injunction, access to electronic documentation, attorney-
14 client privilege issues as they pertained to Soria and the Receivership Defendants,
15 communications with criminal authorities, bank account and tax identification
16 information, issues regarding the status of various real property and the rescission
17 of fraudulent documents, tactics in response to Soria's ongoing misconduct, and
18 Soria's Chapter 11 bankruptcy filing. Much of these communications resulted in
19 Barnes & Thornburg reviewing and suggesting revisions to the proposed
20 Preliminary Injunction, preparing or revising declarations used by Plaintiff in
21 support of its contempt applications as to Soria, Median and Creative Note, and its
22 *ex parte* motion to withdraw the bankruptcy reference.

23 At the invitation and arrangement of Plaintiff's counsel, on April 30, 2018
24 the Receiver's counsel participated in the deposition of Defendant Michael Jackson,
25 a corporate officer of one or more Receivership Defendants. Jackson expressed a
26 desire to cooperate fully with the Plaintiff and Receiver. The Receiver's counsel
27 conducted part of the examination of Jackson in an effort to learn more about the
28 Receivership Defendants and potential assets of the receivership estate.

1 Barnes & Thornburg prepared the successful Application to Modify TRO
2 filed May 1, 2018, which resulted in the Order Modifying TRO entered May 1,
3 2018, in order to expand the definition of Receivership Defendants to include
4 subsidiaries, affiliates, successors and assigns of the named Receivership
5 Defendants, and also to include the assets of Soria.

6 Counsel for the Receiver had extensive communications with attorneys for
7 various lenders, loan servicers and borrowers regarding the phony documentation
8 prepared and recorded by the Receivership Defendants and discussed ways to
9 efficiently and expeditiously resolve the difficulties created by those documents. It
10 addressed numerous pending litigation matters involving the Receivership
11 Defendants, and reviewed and approved numerous rescission documents and
12 stipulations for judgment rescinding fraudulent documents, not limited to real
13 property pertaining to Plaintiff. Counsel for the Receiver also assisted the Receiver
14 in preparing notices and other written communications to consumers, lenders and
15 loan servicers.

16 Barnes & Thornburg, in consultation with the Receiver, took steps to
17 promptly resolve a proceeding pending in Santa Monica Superior Court concerning
18 excess foreclosure sale proceeds which were generated as a result of the foreclosure
19 sale which occurred after Soria and the Receivership Defendants had defrauded
20 Mark Narovlansky and Marianna Narovlansky. Rather than attempting to extract
21 concessions from the Narovlanskys as Soria and pre-receivership counsel Scotti had
22 attempted to do, the Receiver worked expeditiously to allow the Narovlanskys to
23 obtain all of the excess foreclosure sale proceeds which amounted to approximately
24 \$300,000. The Receiver's counsel attended one court hearing in Santa Monica
25 Superior Court to successfully assist the Narovlanskys' counsel in getting this
26 payment expedited.

27 With the assistance of the Receiver, counsel prepared the Temporary
28 Receiver's initial report filed May 4, 2018 (Doc. 31). Counsel prepared for and

1 went to the Receiver's office for the meeting with Soria scheduled for May 10,
2 2018 which Soria failed to appear for. The Receiver's counsel also prepared for
3 and attended the Preliminary Injunction hearing on May 7 and the contempt hearing
4 on May 30. Barnes & Thornburg assisted the Receiver by reviewing and revising
5 various declarations submitted in connection with pleadings filed by the Plaintiff as
6 to contempt and withdrawal of the bankruptcy reference. Counsel also prepared the
7 pleading and declaration addressing Fischbach's misstatements in his *ex parte*
8 application.

9 Barnes & Thornburg also analyzed various attorney-client privilege issues as
10 they pertained to documents involving Soria and the Receivership Defendants. It
11 also addressed issues that impacted the Receiver as a result of Soria's Chapter 11
12 petition, and communicated with his proposed bankruptcy counsel, Sandford Frey,
13 and the United States Trustee regarding the bankruptcy. Finally, throughout the
14 Initial Expense Period, counsel promptly and efficiently reviewed and, when
15 necessary, responded to the pleadings which have been filed in the subject action
16 and pleadings related to the Receivership Defendants.

17 **IV. THE FEES AND COSTS OF THE RECEIVER AND ITS**
18 **COUNSEL ARE REASONABLE AND SHOULD BE ALLOWED**
19 **FOR PAYMENT AS REQUESTED WHEN FUNDS BECOME**
20 **AVAILABLE**

21 It is a fundamental tenet of receivership law that expenses of administration
22 incurred by the receiver, including those of the receiver, his counsel and others
23 employed by him, constitute priority expenses for which compensation should be
24 paid from the assets of the receivership. As explained in the leading treatise *Clark*
25 *on Receivers*:

26 The obligations and expenses which the court creates in its
27 administration of the property are necessarily burdens on the property
28 taken possession of, and this, irrespective of the question who may be

1 the ultimate owner, or who may have the preferred lien, or who may
2 invoke the receivership. The appointing court pledges its good faith
3 that all duly authorized obligations incurred during the receivership
4 shall be paid.

5 2 Clark, Ralph Ewing, *A Treatise on the Law and Practice of Receivers* § 637, p.
6 1052 (3rd ed. Rev. 1992).

7 The Receiver is an officer of the Court charged with a myriad of duties under
8 the Court's TRO and Preliminary Injunction. Particularly in this case, many of
9 those duties had no relationship to the recovery of assets or increasing the funds
10 available for distribution to Plaintiff or others that have been defrauded by Soria
11 and the Receivership Defendants. Because of the nature of the administrative and
12 other services required in receiverships, the benefit a receiver confers on
13 receivership property cannot be determined based solely on the increase or decrease
14 in the value of property in the receiver's possession. As the Court explained in
15 *Securities and Exchange Commission v. Elliott*, 953 F. 2d 1560, 1577 (11th Cir.
16 1992):

17 [I]t is sometimes difficult to ascertain what type of benefits a receiver
18 has bestowed on receivership property [A] benefit to a secured
19 party may take more subtle forms than a bare increase in monetary
20 value. Even though a receiver may not have increased, or prevented a
21 decrease in, the value of the collateral, if a receiver reasonably and
22 diligently discharges his duties, he is entitled to compensation.

23 [Citations omitted.]

24 *Securities and Exchange Commission v. Elliott*, 953 F. 2d at 1577.

25 The Court has broad discretion in determining the reasonableness of fees to
26 be awarded a receiver. *See In re San Vicente Medical Partners Ltd.*, 962 F. 2d
27 1402, 1409-1410 (9th Cir. 1992). The Court may evaluate the time and effort
28 expended by the Receiver with respect to specific projects and aspects of the

1 administration of the estate, and may look to a number of different factors under the
2 case law in approving receiver's and counsel's fees. *In re San Vicente Medical*
3 *Partners Ltd.*, 962 F. 2d at 1409-1410.

4 The Receiver and its professionals have performed extensive and wide-
5 ranging tasks during the Initial Expense Period. This motion establishes that the
6 Receiver, its members, staff and professionals rendered reasonable and necessary
7 services for the receivership estate during this Initial Expense Period that were
8 beneficial to the estate and the parties in interest. *See Federal Trade Commission v.*
9 *Capital Acquisitions & Management Corp.*, 2005 U.S. Dist. LEXIS 18504 (N.D.
10 Ill. August 26, 2005). The Receiver submits the fees are reasonable in light of the
11 services rendered, and that the fees and expenses requested should be awarded in
12 their entirety. While there are not presently funds on hand in the estate to pay these
13 fees and costs,⁴ the Receiver respectfully requests an order permitting the payment
14 of these fees and costs as requested when funds become available to do so.

15 **V. NOTICE OF THIS MOTION IS REASONABLE UNDER THE**
16 **CIRCUMSTANCES AND SHOULD BE APPROVED**

17 Local Rule 66-7 provides for service of notice of the hearing on various
18 motions by a receiver, including a motion for fees. That Rule provides for service
19 of the notice of the hearing on such motions by mail on all known creditors of the
20 defendants. The Receiver is serving the Motion on the parties and certain creditors
21 of the estate pursuant to Local Rule 66-7 other than defrauded consumers, lenders,
22 loan servicers, title insurers and other third parties.

23 In this case, there may be an extremely large number of potential consumer
24 creditors who may have claims against the Receivership Defendants given that
25 more than 1,200 consumers are listed in the LoanPost database and given further
26 that the Plaintiff's investigation and review of voluminous emails discloses that the
27

28 ⁴ The Receiver presently has approximately \$67,000 in cash on hand in the estate.

1 total amount of affected properties may exceed 2,300. However, it is not
2 realistically possible or beneficial to the estate and its creditors for the Receiver to
3 serve all such potential consumer creditors, or the lenders, loan servicers and other
4 defrauded parties with potential claims with this Motion or other administrative
5 motions by mail, and the expense and burden on the estate of attempting to
6 effectuate such service would be prohibitively costly and cause undue
7 administrative expense when the receivership estate has very little cash on hand.

8 Based on the foregoing, the Receiver seeks an order providing that the notice
9 requirement of Rule 66-7 shall be deemed satisfied by serving copies of all Motion
10 papers on the parties to this action, as provided in the Preliminary Injunction, and
11 on third party creditors other than consumers and other third parties who were
12 defrauded by Soria and the Receivership Defendants. As additional notice, the
13 Receiver will post the Motion and supporting papers, without voluminous time
14 records attached, on the Receiver's website at robbevans.com where the Receiver
15 conspicuously posts pertinent Court filings and other documents for this case.

16 Such service provides sufficient notice to the interested parties and should be
17 approved. The Court has authority, as a court of equity supervising a federal equity
18 receivership, to issue such an administrative order approving this notice. *See* F.R.
19 Civ. P. 5(a) and (c) (authorizing the Court to modify service procedures when
20 numerous defendants are involved in litigation); Local Rule 66-8 (receiver to
21 administer receivership estates "as nearly as possible in accordance with the
22 practice in the administration of estates in bankruptcy"); *In re First Alliance*
23 *Mortgage Co.*, 269 B.R. 428, 442 (C.D. Cal. 2001)(referencing in *dicta* in the
24 Court's recitation of facts the bankruptcy court's order limiting notice issued in that
25 case); 11 U.S.C. §102(1)(a) (defining the phrase "after notice and a hearing" to
26 mean "after such notice as is appropriate in the particular circumstances, and such
27 opportunity for hearing as is appropriate in the particular circumstances"); 11
28 U.S.C. §105(a) and (d) (granting broad equitable powers to the court to issue orders

1 “necessary or appropriate to carry out the provisions” of Title 11 including
2 “prescribing such limitations and conditions as the court deems appropriate to
3 ensure the case is handled expeditiously and economically”); and F. R. Bankr. P.
4 2002 (m) (authorizing the court to enter “orders designating the matters in respect
5 to which, the entity to whom, and the form and manner in which notices shall be
6 sent except as otherwise provided by these rules”).

7 **CONCLUSION**

8 Based on the Motion, and the supporting declarations of Brick Kane and
9 Gary Owen Caris, along with the exhibits attached thereto, it is respectfully
10 requested that the Court grant the Motion in its entirety, and approve and authorize
11 for payment the fees and expenses of the Receiver and its counsel Barnes &
12 Thornburg as set forth herein.

13 Dated: July 10, 2018

GARY OWEN CARIS
BARNES & THORNBURG LLP

14
15 By: /s/ Gary Owen Caris
16 GARY OWEN CARIS
17 Attorneys for Permanent Receiver
18 **ROBB EVANS & ASSOCIATES**
19 **LLC**
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DECLARATION OF GARY OWEN CARIS

1
2 1. I am an attorney at law duly licensed to practice before all courts of
3 the State of California and the United States District Court for the Central District
4 of California. I am a partner in the law firm of Barnes & Thornburg LLP (“Barnes
5 & Thornburg”). At all relevant times, I have been the attorney primarily
6 responsible for representing Robb Evans & Associates LLC (“Receiver”) as the
7 Receiver in this matter and its lead counsel. I have personal knowledge of the
8 matters set forth in this declaration and if I were called upon to testify as to these
9 matters I could and would competently testify thereto.

10 2. Attached hereto as Exhibits 1 and 2 are copies of the billing records for
11 the attorneys and paralegals at Barnes & Thornburg who performed work on this
12 matter during the period from the inception of the receivership estate through May
13 31, 2018 (“Initial Expense Period”). During the Initial Expense Period, the
14 Receiver has incurred attorneys’ fees of \$88,442.30 and costs of \$67.50, for a total
15 of \$88,509.80. The billing records itemize and detail the hours spent and the work
16 performed by those attorneys and paralegals rendering services on this matter. The
17 time records, Exhibits 1 and 2, as well as the time records for the Receiver, its
18 members and staff, have been redacted by me where appropriate to preserve
19 descriptions containing confidential, sensitive, tactical, strategic, attorney-client
20 privileged and or work-product information.

21 3. Barnes & Thornburg performed an extensive amount of work during
22 the Initial Expense Period, necessitated in large part by Defendant Patrick Joseph
23 Soria’s (“Soria”) evasiveness and lack of cooperation.

24 4. I initially analyzed the TRO and the issues raised in the TRO as it
25 related to the Receiver. I also attempted to enlist the cooperation of two lawyers,
26 Joseph Hart and Neil Scotti, who were representing Soria and numerous
27 Receivership Defendants in at least 21 lawsuits, to instruct Soria to contact the
28 Receiver. I also requested that they instruct Soria to provide the Receiver with

1 various information necessary for the Receiver, including the location of and access
2 to all electronic and paper accounting records for the Receivership Defendants; the
3 location of all business operations for the Receivership Defendants; the location of
4 and access to all electronic and paper consumer records; a list of all tax
5 identification numbers for the Receivership Defendants; and a list of all bank
6 accounts, by bank name and account number, for the Receivership Defendants.
7 Hart and Scotti were generally unhelpful and this information was not provided,
8 with the exception of receiving a few tax identification numbers and bank account
9 numbers. I continued to communicate extensively with Hart and Scotti regarding
10 the litigation that they were handling for Soria and the Receivership Defendants,
11 and took steps to prevent any continued effort by Soria and the Receivership
12 Defendants to extract unwarranted value from settlements with defrauded litigants
13 that were in process at the outset of the receivership.

14 5. Throughout the Initial Expense Period, I communicated extensively
15 with counsel for the Plaintiff on a wide variety of matters relevant to the Receiver,
16 including the scope of the receivership and related matters under the TRO and
17 Preliminary Injunction, access to electronic documentation, attorney-client privilege
18 issues as they pertained to Soria and the Receivership Defendants, communications
19 with criminal authorities, bank account and tax identification information, issues
20 regarding the status of various real property and the rescission of fraudulent
21 documents, tactics in response to Soria's ongoing misconduct, and Soria's Chapter
22 11 bankruptcy filing. Much of these communications resulted in Barnes &
23 Thornburg reviewing and suggesting revisions to the proposed Preliminary
24 Injunction, preparing or revising declarations used by Plaintiff in support of its
25 contempt applications as to Soria, Steve Median and Creative Note, Inc. and its *ex*
26 *parte* motion to withdraw the bankruptcy reference.

27 6. At the invitation and arrangement of Plaintiff's counsel, on April 30,
28 2018, I participated in the deposition of Defendant Michael Jackson, a corporate

1 officer of one or more Receivership Defendants. Jackson expressed a desire to
2 cooperate fully with the Plaintiff and Receiver. I conducted part of the examination
3 of Jackson in an effort to learn more about the Receivership Defendants and
4 potential assets of the receivership estate.

5 7. I prepared the successful Application to Modify TRO filed May 1,
6 2018, which resulted in the Order Modifying TRO entered May 1, 2018, in order to
7 expand the definition of Receivership Defendants to include subsidiaries, affiliates,
8 successors and assigns of the named Receivership Defendants, and also to include
9 the assets of Soria.

10 8. Barnes & Thornburg had extensive communications with attorneys for
11 various lenders, loan servicers and borrowers regarding the phony documentation
12 prepared and recorded by the Receivership Defendants and discussed ways to
13 efficiently and expeditiously resolve the difficulties created by those documents. It
14 addressed numerous pending litigation matters involving the Receivership
15 Defendants, and reviewed and approved numerous rescission documents and
16 stipulations for judgment rescinding fraudulent documents. I also assisted the
17 Receiver in preparing notices and other written communications to consumers,
18 lenders and loan servicers.

19 9. In consultation with the Receiver, I took steps to resolve the
20 proceeding pending in Santa Monica Superior Court concerning excess foreclosure
21 sale proceeds which were generated as a result of the foreclosure sale which
22 occurred after Soria and the Receivership Defendants had defrauded Mark
23 Narovlansky and Marianna Narovlansky. Rather than attempting to extract
24 concessions from the Narovlanskys as Soria and pre-receivership counsel Neil
25 Scotti had attempted to do, the Receiver worked to allow the Narovlanskys to
26 obtain all of the excess foreclosure sale proceeds which amounted to approximately
27 \$300,000. I attended one court hearing in Santa Monica Superior Court to
28 successfully assist the Narovlanskys' counsel in getting this payment expedited and

1 reviewed pertinent pleadings regarding this matter.

2 10. With the assistance of the Receiver, I prepared the Temporary
3 Receiver's initial report filed May 4, 2018 (Doc. 31). I also prepared for and went
4 to the Receiver's office for the meeting with Soria scheduled for May 10, 2018
5 which Soria failed to appear for. I also prepared for and attended the Preliminary
6 Injunction hearing on May 7 and the contempt hearing on May 30. During the
7 Initial Expense Period, Barnes & Thornburg assisted the Receiver by reviewing and
8 revising various declarations submitted in connection with pleadings filed by the
9 Plaintiff as to contempt and withdrawal of the bankruptcy reference.

10 11. I also prepared the pleading and declaration addressing Joseph
11 Fischbach's misstatements concerning the Receiver in his *ex parte* application,
12 which unsuccessfully sought sanctions against Plaintiff's counsel.

13 12. Barnes & Thornburg also analyzed various attorney-client privilege
14 issues as they pertained to documents involving Soria and the Receivership
15 Defendants. I also addressed issues that impacted the Receiver as a result of Soria's
16 Chapter 11 petition, and communicated with his proposed bankruptcy counsel,
17 Sandford Frey, and the United States Trustee regarding the bankruptcy. Finally,
18 throughout the Initial Expense Period, Barnes & Thornburg promptly and
19 efficiently reviewed and, when necessary, responded to the pleadings which have
20 been filed in the subject action and, to the extent necessary, pleadings related to the
21 Receivership Defendants.

22 13. As a partner at Barnes & Thornburg, I am familiar with the methods
23 and procedures used to create record and maintain billing records for the clients of
24 the firm. The billings attached hereto as Exhibits 1 and 2 are prepared from
25 computerized time records prepared contemporaneously with the services rendered
26 by each attorney and paralegal billing time to the matter. These computerized
27 records are prepared in the ordinary course of business by the attorneys and
28 paralegals employed by the firm who have a business duty to accurately record their

1 time spent and services rendered on the matters on which they perform work. The
2 time records are transferred into computerized billing programs that generate
3 monthly invoices under the supervision of the accounting department of the firm.
4 Based upon my experience with Barnes & Thornburg, I believe the methods and
5 procedures for recording and accounting for time and services for the clients of
6 Barnes & Thornburg are reliable and accurate.

7 14. I have more than 38 years' experience as a business and commercial
8 litigator and also have extensive experience as a bankruptcy attorney representing
9 creditors in Chapter 11 and Chapter 7 bankruptcy cases. For more than 18 years, I
10 have also specialized in representing receivers in federal equity receivership
11 matters. I believe the rates and the amounts incurred by the Receiver to Barnes &
12 Thornburg for the services rendered during the Initial Fee Period covered by the
13 Motion are reasonable and appropriate based on the nature of the services rendered,
14 the quality and amount of services provided, the complexity of the issues involved
15 and other factors under the circumstances.

16 I declare under penalty of perjury that the foregoing is true and correct and
17 that this declaration was executed on July 10, 2018 at Los Angeles, California.

18
19 /s/ Gary Owen Caris
20 Gary Owen Caris

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1 Gary Owen Caris (CA SBN 088918)
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3 Los Angeles, California 90067
Telephone: (310) 284-3880
4 Facsimile: (310) 284-3894

5 Attorneys for Permanent Receiver
ROBB EVANS & ASSOCIATES LLC

6
7
8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

10
11 NATIONSTAR MORTGAGE LLC,
12 Plaintiff,

13 v.

14 PATRICK JOSEPH SORIA, an
individual; WEST H&A, LLC, a
15 Delaware Limited Liability Company;
WARRANTED EFFECTUATION OF
16 SUBSTITUTE TRANSFEREE INC,
AKA W.E.S.T Inc., a Delaware
17 Corporation; WESTWOOD LEGAL, a
California Corporation; WESTWARD
18 LEGAL, a California Corporation;
BRIGHTON LEGAL GROUP, PC, a
19 dissolved California Corporation; BLG
PC NATIONAL BY BRIGHTON
20 LEGAL GROUP, INC., a Delaware
Corporation; DEUTSCHE MELLON
21 NATIONAL ASSET, LLC, a
Wyoming Limited Liability Company;
22 CHRISTIANA WILMINGTON
GLOBAL ASSET CORP., a Delaware
23 Corporation; HBSC US IN ITS
CAPACITY AS LEGAL TITLE
24 HOLDER INCORPORATED, a
Delaware Corporation; CAMDEN
25 LEGAL GROUP, PC, a dissolved
California Corporation; TAMYRA
26 WHITE, an individual; GEORGE
WESLEY JR. PIERCE, an individual;
27 GRICELA MENDOZA, an individual;
BERNARD GERMANI, an individual;
28 REBEKAH BROWN, an individual;

Case No. 2:18-cv-03041 DSF (RAOx)

**DECLARATION OF BRICK KANE
IN SUPPORT OF MOTION FOR
ORDER APPROVING AND
AUTHORIZING PAYMENT OF
RECEIVER'S AND
PROFESSIONAL'S FEES AND
COSTS FROM THE INCEPTION OF
THE RECEIVERSHIP THROUGH
MAY 31, 2018**

Date: August 13, 2018
Time: 1:30 p.m.
Courtroom: 7D

1 MICHAEL C. JACKSON, an
2 individual; CYNTHIA LARA, an
3 individual; F. MARTINEZ, an
4 individual; JENNY DE LEON, an
5 individual; ELBA CHAVEZ, an
6 individual; RYAN ALEXANDER
URQUIZU, an individual; ROGER
FRANKLIN, an individual; AND
WHATEVER NAME THEY MAY
DO BUSINESS UNDER; and DOES 1
through 10 inclusive,

7 Defendants.

8
9 I, Brick Kane, declare:

10 1. I am the President and Chief Operating Officer of Robb Evans &
11 Associates LLC (“Receiver”), the Permanent Receiver over the Receivership
12 Defendants as defined in the Order Entering Preliminary Injunction Against
13 Defendants and Appointing a Permanent Receiver (Doc. 46) (“Preliminary
14 Injunction”). Since the inception of the temporary receivership in this matter
15 pursuant to the Court’s Order Granting Plaintiff Nationstar Mortgage LLC’s *Ex*
16 *Parte* Application for a Temporary Restraining Order With Asset Freeze etc. (Doc.
17 20), I have had primary responsibility for the supervision and management of this
18 receivership estate, and have been one of the members of Robb Evans & Associates
19 LLC actively involved in the administration of the receivership. I have personal
20 knowledge of the matters set forth in this declaration. If called upon to testify as to
21 these matters I could and would competently testify thereto.

22 2. The Receiver seeks approval and authorization to pay the Receiver’s
23 fees and costs summarized in the Receiver Administrative Expenses spreadsheet
24 (“Financial Summary”) attached hereto as Exhibit 1, and as set forth in the detailed
25 billing records of the Receiver, attached hereto as Exhibits 2 and 3. During the
26 period from the inception of the receivership, on April 23, 2018 through May 31,
27 2018 (“Initial Expense Period”), the Receiver has incurred fees for the Receiver and
28

1 its members of \$23,180, senior staff and accounting fees of \$21,081, and support
2 staff fees of \$765, for total Receiver's fees of \$45,026. The Receiver's costs during
3 the Initial Expense Period total \$621.97 and are detailed in the Financial Summary.

4 3. The Initial Expense Period was a challenging one for the Receiver and
5 its counsel, given the brazen manner in which Soria flouted the Court's TRO and
6 Preliminary Injunction, ultimately leading to Soria's incarceration for civil
7 contempt on June 6, 2018, and the lack of meaningful cooperation from Soria's pre-
8 receivership counsel. Unlike the typical federal equity receivership I have been
9 involved with, the Receiver had no business premises to take over and no paper or
10 electronic accounting records to access at the outset of the receivership. The
11 Receiver only had a limited amount of information concerning the Receivership
12 Defendants' bank accounts and tax identification numbers. Soria refused to
13 communicate with the Receiver. All of these factors made work done in the Initial
14 Expense Period extremely difficult, and during a period of time when the Receiver
15 and its counsel were faced with numerous written and telephonic communications
16 from defrauded consumers, lenders and loan services, each with unique and in some
17 cases time-sensitive circumstances, including impending foreclosure sales.

18 4. The Receiver took several steps to attempt to implement the terms of
19 the TRO beginning on April 23, 2018. The Receiver went to all potential business
20 locations described in the TRO at page 13, in order to take possession and control
21 of the business premises of the Receivership Defendants. The Receiver learned that
22 the premises at 433 N. Camden Drive, Sixth Floor #7, Beverly Hills, had been
23 vacated by the Receivership Defendants in March 2018. The premises at 10940
24 Wilshire Blvd., Suite 1600, Los Angeles; 2500 Broadway Avenue, Suite F-125,
25 Building F, Santa Monica; and 10880 Wilshire Blvd., #1101, Los Angeles were
26 "virtual offices" and those three locations were used by the Receivership
27 Defendants only for the purpose of receiving mail. The Receiver served the TRO
28 on the persons apparently in charge of each of those three locations. The Receiver

1 took steps to secure and re-direct the mail addressed to the Receivership Defendants
2 at those locations. Much of the mail retrieved at the outset and subsequently
3 received during the Initial Expense Period required the Receiver's and its counsel's
4 prompt attention, including mail containing many notices as to scheduled
5 foreclosure sales, tax sales, and notices of default. Beginning May 2, 2018, the
6 Receiver began reviewing the Receivership Defendants' mail and determining
7 which mail necessitated immediate attention. For example, when mail indicated a
8 foreclosure sale was scheduled, the Receiver immediately contacted the consumer
9 and urged the consumer to immediately contact his or her lender or servicer. In that
10 instance, the Receiver also contacted the lender or servicer and urged them to
11 contact the consumer.

12 5. The premises located at 9663 Santa Monica Blvd., #1459, Beverly
13 Hills, was a corporate post office location, also used solely for the receipt of mail.
14 The Receiver was advised that the Receivership Defendants' post office box there
15 had been closed in December 2017. The sixth location listed in the TRO, 433 N.
16 Camden Drive, 4th Floor, Beverly Hills, apparently had been used for the
17 Receivership Defendants' loan modification processing activities and was also
18 vacant at the inception of the receivership.

19 6. In addition, the Receiver was advised by Plaintiff's counsel of another
20 potential location in Van Nuys, California. The Receiver went to that location and
21 determined that another business unaffiliated with the Receivership Defendants was
22 operating there. Therefore, the Receiver was unable to locate and take control of
23 any active business premises during the Initial Expense Period.

24 7. During the period of the temporary receivership, the Receiver
25 telephoned and e-mailed Soria in an effort to meet with him either in person or
26 telephonically in order to discuss his compliance with the TRO and to obtain
27 information about the Receivership Defendants. This was especially important
28 since no physical locations for the Receivership Defendants had been discovered

1 and no electronic or paper documentation of the Receivership Defendants had been
2 located by the Receiver. Soria never contacted the Receiver.

3 8. During the Initial Expense Period, the Receiver served all known
4 financial institutions which potentially held accounts of any of the Receivership
5 Defendants with the TRO, Order Modifying Receivership and Preliminary
6 Injunction. To date, only \$7,027.90 has been turned over by any financial
7 institutions, although the Receiver learned that funds may have been previously
8 frozen by criminal authorities during the summer of 2017. The Receiver presently
9 has cash on hand of approximately \$67,000 in the estate.

10 9. Having been advised that the Los Angeles County Sheriff seized
11 computers containing electronic communications of the Receivership Defendants,
12 the Receiver sought to obtain a copy of the database from the Sheriff's office. The
13 Sheriff advised the Receiver that the computers are being "forensically examined
14 and it won't be done for close to six months to a year," and that the electronic
15 information cannot be released to the Receiver. As a result, Plaintiff obtained an
16 order requiring this information to be turned over to the Receiver. The Receiver
17 and its counsel were in communication with the Los Angeles County Sheriff and
18 Los Angeles County District Attorney's Office, and these records are now
19 scheduled to be provided to the Receiver in August.

20 10. During the Initial Expense Period, the Receiver made extensive
21 attempts to contact consumers, lenders and loan servicers in an effort to prevent
22 further harm from befalling third parties as a result of the fraudulent activities of the
23 Receivership Defendants and Soria, even though the Receiver obtained no
24 cooperation from Soria or anyone acting on his behalf.

25 11. The Receiver prepared for and attended the preliminary injunction
26 hearing on May 7, 2018. At that hearing, and at the Court's instruction, Soria
27 agreed to meet with the Receiver and a meeting was scheduled for May 10, 2018
28 with the Receiver and its counsel in the Receiver's offices in Sun Valley. The

1 Receiver prepared for the meeting, but Soria never showed up.

2 12. On or about May 10, 2018, counsel for the Plaintiff supplied the
3 Receiver with a link and a password enabling the Receiver to access two databases
4 used by the Receivership Defendants known as AutoPal and LoanPost. The
5 AutoPal database appears to have been a database used by the Receivership
6 Defendants to track fraudulently created “loans” which the Receivership
7 Defendants falsely asserted they had made for consumers, as a result of purportedly
8 buying the loan from or paying off the actual institutional lender. LoanPost appears
9 to be a broader database of consumers who came into contact with and/or did
10 business with the Receivership Defendants. The Receiver immediately began to
11 disseminate notice by e-mail to over 200 consumers identified in the AutoPal
12 database, advising them not to send any more payments to the Receivership
13 Defendants and to contact their original lenders or servicers. Thereafter, on May
14 17, the Receiver sent notice by e-mail to nine consumers who had foreclosure sales
15 scheduled according to information on LoanPost, advising them that the
16 Receivership Defendants had been acting fraudulently and of the scheduled
17 foreclosure sale on their properties which required their immediate attention. In
18 these instances, the Receiver also contacted their lenders or servicers, urging them
19 to contact the consumers before completing foreclosure. The Receiver also began
20 to disseminate notice by e-mail of the receivership to over 1200 consumers
21 referenced in the LoanPost database. Thereafter, on May 21, 2018, utilizing the
22 LoanPost database, the Receiver contacted the 16 lenders and servicers who were
23 most affected by the Receivership Defendants’ activities, covering about 850
24 consumers. Utilizing the LoanPost database, this notification process continued
25 throughout the Initial Expense Period. In addition, the Receiver had extensive
26 telephonic communication with defrauded consumers, as well as lenders, loan
27 servicers, and foreclosure trustees, addressing many different real properties
28 affected by the fraudulent activities of Soria and the Receivership Defendants.

1 13. As a result of Soria's lack of cooperation and violations of this Court's
2 orders, the Plaintiff brought two applications for order to show cause why he should
3 not be held in contempt of Court, with the assistance of the Receiver and its counsel
4 by reviewing and revising declarations in support of the applications.

5 14. The Receiver made efforts to gain control of the Receivership
6 Defendants' e-mail and domain names that were housed in the cloud by Creative
7 Note, Inc. ("Creative Note") and its principal, Steve Median. As a result of a lack
8 of cooperation from Creative Note and Median, an order to show cause was sought
9 and obtained by Plaintiff as to why Creative Note and Median should not be held in
10 contempt of Court, concurrently with one of the orders to show cause issued as to
11 Soria, with the assistance of the Receiver and its counsel by reviewing and revising
12 a supporting declaration.

13 15. The Receiver prepared for and appeared at the May 30, 2018 contempt
14 hearing, at which time Soria was held in contempt and Creative Note and Median
15 agreed to begin to cooperate with the Receiver and enable the Receiver to obtain
16 control over the e-mails and domain names housed in the cloud by Creative Note.

17 16. The Receiver also assisted its counsel in the preparation of a
18 declaration in response to the *ex parte* application brought by another attorney who
19 had assisted Soria, Joseph Fischbach, and who claimed that the Plaintiff's counsel
20 had violated Fischbach's privacy by violating redaction rules (Doc.72).
21 Fischbach's *ex parte* application was replete with falsehoods concerning the
22 Receiver, necessitating the Receiver to respond and correct the misstatements (Doc.
23 77). Fischbach's *ex parte* application was ultimately denied by the Court (Doc.
24 135).

25 17. On May 21, 2018 the Receiver learned of the Receivership
26 Defendants' answering service when counsel for Plaintiff provided the Receiver's
27 attorney an e-mail showing that Soria was apparently directing the answering
28 service to refer calls to Fischbach, in violation of the Receiver's counsel's express

1 instructions to Fischbach. The Receiver immediately served the answering service
2 with the Preliminary Injunction and instructed the answering service to refer callers
3 to the Receiver's e-mail which already had been set up by the Receiver for this
4 receivership estate, westha@robbevans.com.

5 18. After learning that Soria filed a Chapter 11 petition in bankruptcy on
6 May 11, 2018, the Receiver addressed issues raised by his bankruptcy filing.

7 19. Finally, throughout the Initial Expense Period, the Receiver
8 communicated regularly with counsel for the Plaintiff on a variety of issues relevant
9 to the receivership estate, including regarding information obtained by the Plaintiff
10 from e-mails accessed from Receivership Defendants' accounts, bank account
11 information, the rescission of fraudulent documents, strategies for dealing with
12 Soria's ongoing misconduct, and Soria's bankruptcy filing.

13 20. As a member of Robb Evans & Associates LLC, I am familiar with
14 the methods and procedures used by the Receiver and its staff and employees to
15 record the time spent rendering services to receivership estates over which Robb
16 Evans & Associates LLC have been appointed. The records attached hereto as
17 Exhibits 2 and 3 are regularly prepared by the members, staff and employees of the
18 Receiver at or about the time of the services rendered and each of whom has a
19 business duty to accurately record the information regarding their services set forth
20 in these records. The records are reviewed by the Receiver's accounting staff and
21 summarized in the Receiver's Financial Summary, Exhibit 1 attached hereto. As
22 explained in the accompanying Declaration of Gary Owen Caris, the Receiver's
23 time records and the records of its professionals have been redacted where
24 appropriate to preserve descriptions containing confidential, tactical, strategic,
25 attorney-client privileged and/or attorney work-product information. Based upon
26 my experience with Robb Evans & Associates LLC, I believe the Receiver's
27 methods and procedures for recording and accounting for time and services for the
28 receivership estates over which Robb Evans and Robb Evans & Associates LLC

1 have been appointed are reliable and accurate.

2 21. In this case, there may be an extremely large number of potential
3 consumer creditors who may have claims against the Receivership Defendants
4 given that more than 1,200 consumers are listed in the LoanPost database and given
5 further that the Plaintiff's investigation and review of voluminous emails discloses
6 that the total amount of affected properties may exceed 2,300. However, it is not
7 realistically possible or beneficial to the estate and its creditors for the Receiver to
8 serve all such potential consumer creditors, or the lenders, loan servicers and other
9 defrauded parties with potential claims of this Motion or other administrative
10 motions by mail, and the expense and burden on the estate of attempting to
11 effectuate such service would be prohibitively costly and cause undue
12 administrative expense when the receivership estate has very little cash on hand.

13 22. Based on the foregoing, the Receiver seeks an order providing that the
14 notice requirement of Rule 66-7 shall be deemed satisfied by serving copies of all
15 Motion papers on the parties to this action, as provided in the Preliminary
16 Injunction, and on third party creditors other than consumers and other third parties
17 who were defrauded by Soria and the Receivership Defendants. As additional
18 notice, the Receiver will post the Motion and supporting papers, without
19 voluminous time records attached, on the Receiver's website at robbevans.com
20 where the Receiver conspicuously posts pertinent Court filings and other
21 documents for this case.

22 I declare under penalty of perjury that the foregoing is true and correct and
23 that this declaration was executed on July 10, 2018 at Sun Valley, California.

24
25 

26 _____
Brick Kane

27 (2759497v1)

28

EXHIBIT “1”

#6684

Robb Evans & Associates LLC, Receiver of West H&A LLC et al.

Receiver Administrative Expenses

From Inception (April 23, 2018) to May 31, 2018

| | <u>Apr 18</u> | <u>May 18</u> | <u>TOTAL</u> |
|--|------------------|-------------------|-------------------|
| Receiver Fees & Expenses | | | |
| Receiver Fees | | | |
| Receiver | | | |
| B. Kane | 3,762.00 | 11,666.00 | 15,428.00 |
| K. Johnson | 722.00 | 0.00 | 722.00 |
| A. Jen | 2,090.00 | 4,940.00 | 7,030.00 |
| Total Receiver | <u>6,574.00</u> | <u>16,606.00</u> | <u>23,180.00</u> |
| Senior & Accounting Staff | | | |
| F. Jen | 770.50 | 0.00 | 770.50 |
| T. Chung | 435.50 | 0.00 | 435.50 |
| C. Callahan | 0.00 | 17,400.00 | 17,400.00 |
| E. Roop | 0.00 | 1,395.00 | 1,395.00 |
| J. Dadbin | 459.00 | 621.00 | 1,080.00 |
| Total Senior & Accounting Staff | <u>1,665.00</u> | <u>19,416.00</u> | <u>21,081.00</u> |
| Support Staff | 84.00 | 681.00 | 765.00 |
| Total Receiver Fees | <u>8,323.00</u> | <u>36,703.00</u> | <u>45,026.00</u> |
| Receiver Costs | | | |
| Investigative Search Costs | 0.00 | 166.67 | 166.67 |
| Parking & Tolls | 0.00 | 16.00 | 16.00 |
| Postage & Delivery | 0.00 | 42.09 | 42.09 |
| Receiver Bond Premium | 100.00 | 0.00 | 100.00 |
| Website Support | 97.59 | 199.62 | 297.21 |
| Total Receiver Costs | <u>197.59</u> | <u>424.38</u> | <u>621.97</u> |
| Legal Fees & Costs | | | |
| Legal Fees | 23,021.50 | 65,420.80 | 88,442.30 |
| Legal Costs | 8.85 | 58.65 | 67.50 |
| Total Legal Fees & Costs | <u>23,030.35</u> | <u>65,479.45</u> | <u>88,509.80</u> |
| Total Receiver Fees & Expenses | <u>31,550.94</u> | <u>102,606.83</u> | <u>134,157.77</u> |