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NATIONSTAR MORTGAGE LLC

11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

HALL GRIFFIN

14 NATIONSTAR MORTGAGE LLC,
15 Plaintiff,
16 vs.

CASE NO. 2:18-cv-03041 DSF (RAOx)

JUDGE: Hon. Dale S. Fischer
CTRM.: 7D

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

**PLAINTIFF NATIONSTAR'S
REPLY TO HILTON'S STATUS
REPORT AND RESPONSES
REGARDING ORDER TO SHOW
CAUSE**

ACTION FILED: April 11, 2018
TRIAL DATE: None Set

1 California Corporation; TAMYRA
2 WHITE, an individual; GEORGE
3 WESLEY JR. PIERCE, an individual;
4 GRICELA MENDOZA, an individual;
5 BERNARD GERMANI, an individual;
6 REBEKAH BROWN, an individual;
7 MICHAEL C. JACKSON, an
8 individual; CYNTHIA LARA, an
9 individual; F. MARTINEZ, an
10 individual; JENNY DE LEON, an
11 individual; ELBA CHAVEZ, an
12 individual; RYAN ALEXANDER
13 UROQUIZU, an individual; ROGER
14 FRANKLIN, an individual; AND
15 WHATEVER NAME THEY MAY DO
16 BUSINESS UNDER; and DOES 1
17 through 10 inclusive,

18 Defendants.

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12 Nationstar Mortgage LLC (“Nationstar”) provides this Reply to The Waldorf
13 Astoria Beverly Hills’ (“Waldorf”), a subsidiary of Hilton Domestic Operating
14 Company Inc., successor in interest to Hilton Worldwide, Inc. (“Hilton”), Status
15 Report (“Waldorf Status Report”) to address the large number of inaccurate
16 statements, lack of evidentiary support, and clear manipulation of facts presented to
17 this Court.

18 **I. INTRODUCTION**

19 The Waldorf: a place where money can guarantee you protection from the
20 law, an exclusive culture that treasures its clients and encourages concealment, a
21 safe haven where crafting your escape from a Federal Court Order is as easy as
22 ordering chinese. Money, exclusivity, and a client-first mentality is the driving
23 force behind the Waldorf’s allure. The Waldorf does not want to change its
24 culture—it merely wants to put up a front that it does.

25 Waldorf’s Status Report is a white-washed excuse meant to explain why the
26 Waldorf not only failed to comply with a Court Order, but assisted Patrick J. Soria
27 (“Soria”) in evading this Court’s Orders on four separate occasions (that we are
28 aware of) by denying that he was staying at the hotel, providing Soria with a back-

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1 door VIP escorted escape exit to avoid turnover of Receivership assets (twice), and
2 by destroying evidence.

3 The Waldorf was caught with its metaphorical hand in the cookie jar, and
4 instead of owning up to its mistakes, it is putting all the blame on the “rogue” hand
5 reaching for the cookie. The Waldorf Status Report is nothing but twelve pages of
6 excuses, simply meant to point fingers at the “unfortunate circumstances” and avoid
7 all liability. It provides no solutions, no independent sources of information, takes
8 no responsibility for its actions, misrepresents facts, and hardly provides any
9 evidence to substantiate its claims.

10 It took a Preliminary Injunction Order, an Order to Show Cause, numerous
11 attorneys’ involvement, multiple trips by the Receiver to the Waldorf, countless
12 conversations, and the Beverly Hills Police Department for the Waldorf to *finally*
13 provide access to Soria’s hotel room. Conversely, it took a matter of minutes, zero
14 phone calls, and no legal advice for the Waldorf to decide to lie about Soria being a
15 guest of the hotel, to pack up Soria’s things, to lead him down a VIP exit twice in
16 order to avoid the Court Orders, to prepare his car so that he can quickly escape, and
17 to destroy evidence by deleting information from his phone in violation of a Court
18 Order. All because Soria asked.

19 In order to protect its exclusive culture, and in line with its prior actions, the
20 Waldorf (in this Status Report) is not taking any responsibility, asserting facts
21 without providing any evidentiary support, and, most importantly, completely
22 ignoring this Court’s Order to provide a full report that shows what Hilton and the
23 Waldorf are doing so such a situation *never* happens again. Frankly, even the
24 majority of what is in the Waldorf Status Report was not independently discovered
25 by the Waldorf or the Hilton, but rather was gathered from information provided to
26 the Hilton and Waldorf by Plaintiff Nationstar. The Waldorf only investigated the
27 claims Nationstar knew about and thus those that the Waldorf would have to protect
28 themselves against, instead of doing a full investigation of what occurred.

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1 The Waldorf is not reporting the full story of events that led to the staff
2 completely disregarding a Federal Court Order, and it is definitely not offering any
3 company wide solution implemented since the events to prevent such an occurrence
4 from happening again.

5 **II. A SUMMARY: WHAT REALLY HAPPENED**

6 The real story is far more disturbing then what the Waldorf Status Report puts
7 forth.

8 On May 23, 2018, a Waldorf employee blatantly lied to the process server
9 attempting to serve Patrick J. Soria (“Soria”). See Declaration of Jered T. Ede (“Ede
10 Decl.”), ¶2, Ex. A. The Waldorf seeks to excuse itself for this lie, claiming the
11 Waldorf employee did nothing wrong, only claiming Patrick Soria was not a
12 *registered* guest. The Waldorf does not provide any documentation from Mr.
13 Leroux stating that this is what was said, provides no further evidence of this
14 conversation, but, even worse, believes that this explanation absconds it from further
15 liability. Assuming that for some reason Mr. Leroux did state to Mr. Goldbaum that
16 Mr. Soria was not a registered guest at the hotel, the Waldorf seems to be suggesting
17 that purposely deceiving an individual attempting to serve a Federal Court Order is
18 proper.

19 On May 30, 2018, after this Court Ordered Soria to turn over his phone
20 without deleting anything, a Waldorf employee assisted Soria in deleting
21 information from his phone, in direct violation of that Federal Court Order. Ede
22 Decl., ¶4, Ex. B. Again, the Waldorf tells us its ok because the Waldorf employee
23 allegedly *only* deleted applications from Mr. Soria’s phone-this assuming
24 destruction of evidence were ok, the Waldorf offers no documentation/declaration
25 from Mr. Sutton (or anyone for that matter) stating that only applications were
26 deleted.

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1 On June 3, 2018, the Receiver came to the Waldorf with the PI Order (Dkt.
 2 No. 46) and requested immediate access to Mr. Soria's room. *See* Permanent
 3 Receiver's Response to Waldorf Status Report. A Waldorf employee told the
 4 Receiver that he would speak with the manager about this PI Order (*Id.*). The
 5 Waldorf employee proceeded swiftly and quickly to escort Soria out of the hotel
 6 using the VIP exit which led Soria straight to the garage where his car was waiting
 7 for him to escape legal obligations. Ede Decl., ¶4, Ex. B. The only possession
 8 Soria took with him was his handheld safe, which according to another Waldorf
 9 employee was last seen recently \$120,000 in cash. *Id.* After Soria was safely out of
 10 the hotel, the Waldorf employee requested that housekeeping pack up Mr. Soria's
 11 room for him. *Id.* Once all of that was accomplished, the Waldorf employee
 12 returned to speak with the Receiver to deny them access. *Id.* That same day another
 13 Waldorf employee checked Mr. Soria into a nearby Beverly Hills Hilton under his
 14 own name so as to help conceal Soria's assets from this Court's Receiver. *Id.*

15 On June 4, 2018, Soria came back to the Waldorf. *Id.* That same day, after
 16 this Court issued an Order explicitly stating that the Waldorf had to provide access
 17 to Soria's room (Dkt. No. 108) ("June 4th Court Order"), the Receiver went to the
 18 Waldorf with the June 4th Court Order. *See* Permanent Receiver's Response to
 19 Waldorf Status Report. Again, the Waldorf employee reviewed the Order, and
 20 while the Receiver was speaking with the manager, the employee again went to
 21 Soria's room, alerted him of what was happening, and for a *second time* escorted
 22 him out of the hotel using the VIP exit to the garage where his car was once again
 23 waiting for him to allow a swift and undetectable escape. Ede Decl., ¶4, Ex. B.
 24 Furthermore, the manager of the Waldorf and other employees would not allow the
 25 Receiver to access the room until much later that day—even after having the
 26 Beverly Hills PD confirm that the June 4th Court Order was a real order. *See*
 27 Permanent Receiver's Response to Waldorf Status Report.

28 ///

1 Looking through the Waldorf’s rose colored glasses, at worst this was the
 2 work of multiple rogue agents who have infiltrated the Waldorf, and, at best, the
 3 Waldorf employees simply did not know any better and did not have the means to
 4 reach legal counsel, therefore, they protected their client. First, the Waldorf
 5 attempts to blame these actions on a rogue agent, without actually addressing the
 6 fact that it was not one employee that provided substantial help to Soria which
 7 eventually allowed him to spend and waste Receivership assets—it was numerous
 8 employees, including the front desk, housekeeping staff, security, and the
 9 managerial staff. Second, the Waldorf attempts to blame these actions on the fact
 10 that lay people needed the advice of counsel prior to proceeding. The Waldorf
 11 seems to suggest that the Waldorf employees needed legal advice to comply with a
 12 Court Order but did not need legal advice to protect stolen and fraudulent assets and
 13 hide their guest from the Beverly Hills Police Department and officers of this Court.
 14 Furthermore, the Waldorf seems to suggest that even after the Beverly Hills Police
 15 Department confirmed that the Federal Court Order was in fact real, they still
 16 needed the advice of legal counsel prior to proceeding. This took days. The escapes
 17 and packing up Soria’s hotel room (including hiding his stuff in various portions of
 18 the hotel) took hours.

19 Clearly the Waldorf was attempting to physically hide Soria’s whereabouts
 20 assisting him in hiding and escaping with Receivership assets and evading service.
 21 This story is a far cry from the PG-13 Waldorf Status Report. The Waldorf should
 22 be responsible for the Receivership assets that were lost, moved, and/or used
 23 because of the Waldorf’s irresponsible and contemptuous actions.

24 **III. DAMAGES: HOTEL STAY**

25 The Waldorf Status Report asserts that the Waldorf was not served with the PI
 26 Order until June 4, 2018. On May 23, 2018, Nationstar sent its process server to the
 27 Waldorf in order to serve Patrick J. Soria with this Court’s PI Order. Ede Decl., ¶2,
 28 Ex. A. The process server Mr. Goldbaum (“Mr. Goldbaum”) was instructed to serve

1 Soria, and if Mr. Goldbaum received confirmation that Soria was staying at the
 2 Waldorf he was also instructed to serve the Waldorf.¹ *Id.* Once Mr. Goldbaum
 3 showed up at the Waldorf, Mr. Goldbaum, introduced himself to Mr. Leroux and
 4 specifically told him he was at the hotel to serve Mr. Soria. *Id.* Mr. Leroux told Mr.
 5 Goldbaum that Soria was “unknown and not a current or past guest of the hotel.” *Id.*
 6 If Mr. Goldbaum would have been informed that Soria was staying at the hotel he
 7 would have served the Waldorf with the PI Order that day. Mr. Leroux’s and the
 8 Waldorf’s blatant lies about Soria’s whereabouts were the only reasons that the
 9 Waldorf was not served by Mr. Goldbaum on May 23, 2018. It was the sole reason
 10 that Soria was able to further waste Receivership assets. It was the sole reason that
 11 this OSC against the Waldorf was not brought earlier.

12 Interestingly, that is not the story the Waldorf Status Report puts forth. The
 13 Waldorf Status Report claims that Mr. Leroux told Mr. Goldbaum that Mr. Soria
 14 was not a *registered* guest. *See* Waldorf Status Report, Dkt. No. 145, pgs. 5-6. The
 15 Waldorf’s evidence is one disingenuous statement, meant to specifically conceal
 16 information and attempt to avoid liability through a mere formality. Mr. Leroux’s
 17 declaration claiming that this is what he said is unsurprisingly absent from the
 18 Waldorf Status Report. Conveniently, no evidence is presented regarding what was
 19 said. The truth is very simple, the Waldorf was helping Soria evade service because
 20 Soria kept paying them the \$2,400/day suite rate *as well as* continued to generously
 21 tip the staff. *See* Ede Decl., ¶4, Ex. B. The Waldorf had everything to gain by
 22 keeping Soria’s presence discreet.

23 If it was not for the blatant lies of the Waldorf, Soria and the Waldorf would
 24 have been served on May 23, 2018. The Receivership estate suffered damages of at
 25 least \$28,800 (12 nights of room charges from May 23, 2018, when the Waldorf

26 _____
 27 ¹ These were the same instructions the process server Mr. Goldbaum had regarding
 28 other hotels, and in fact he has served hotels in the past with the PI Order once it
 was established that Mr. Soria was likely staying at the hotels. **Ede Decl., ¶3.**

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1 evaded service by lying to Mr. Goldbaum to June 3, 2018) due to the Waldorf’s
2 concealment.

3 **IV. DAMAGES: \$120,000**

4 The Waldorf Status Report claims that because the amount of money Soria
5 had on hand on June 3, 2018 cannot be identified with *certainty*, that the Waldorf
6 should not be responsible for any loss of Receivership funds. *See* Waldorf Status
7 Report, Dkt. No. 145, pg. 7. The reason that no amount can be identified with
8 *certainty* is because a Waldorf employee informed Soria that the Receiver was at the
9 Waldorf and escorted him down a VIP back-door exit to allow Soria to escape with
10 the same safe that another Waldorf employee claimed had \$120,000 in it just a few
11 weeks prior. *See* Ede Decl., ¶4, Ex. B. Furthermore, Waldorf employees packed up
12 Soria’s room for him that same day possibly hiding assets and/or destroying
13 evidence of assets. *Id.* This lengthy window of time to escape and abscond with
14 Receivership assets afforded to Soria by the Waldorf allowed Soria to hide any cash
15 he had on hand, and, one thing is certain: Soria always had cash on hand.

16 On May 5, 2018, Soria dropped off \$14,000 in cash with the front desk at the
17 Waldorf. *See* Ede Decl., ¶4, Ex. B. During his stay at the Waldorf, Soria would
18 consistently provide \$100-\$300 tips to numerous staff members. *Id.* Soria would
19 frequently pay the balance for his hotel room in cash, sometimes providing the front
20 desk with close to \$11,000 at a time. *Id.* Soria would take numerous photographs
21 of his cash, with some photographs showing him having over a \$100,000 at a time.
22 Ede Decl., ¶5, Ex. C. Soria’s employee, Sylvia Ramirez, saw large amounts of cash
23 in his hotel safe at the Waldorf—with two stacks that looked to be over six inches
24 high. *Id.* at ¶6, Ex. D. Further, about on May 20-21, 2018 (roughly two and a half
25 weeks prior to June 7, 2018) Soria had \$120,000 in cash on hand. Ede Decl., ¶4,
26 Ex. B. Finally, even the Receiver was able to recover at least two empty Federal
27 Reserve bands (if filled, would have contained \$20,000 in cash).

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1 If there is any uncertainty about the amount of cash Soria was allowed to
 2 escape with on June 3, 2018, that uncertainty is due to Waldorf's actions in
 3 providing Soria with cover while they escorted him to his escape. If the Waldorf
 4 would have refrained from lying to the Plaintiff on May 23, 2018, if the Waldorf
 5 would have refused to delete the contents of Soria's phone, if the Waldorf would
 6 have allowed the Receiver access to the hotel room on June 3, 2018, if the Waldorf
 7 would have refrained from providing Soria with an escorted escape, if the Waldorf
 8 would have refrained from packing Soria's room or if the Waldorf would have
 9 allowed the Receiver access to Soria's room on June 4, 2018 before escorting Soria
 10 out of the hotel—the \$120,000 in Receivership assets (or more) may have been
 11 recovered. The mere fact that the Waldorf's actions allowed for the destruction of
 12 evidence such as to cast doubt on whether Soria had \$120,000 on him as of June 3,
 13 2018, cannot be used as an excuse to refrain from paying damages when the cause
 14 of that uncertainty was the Waldorf itself. The Receivership estate has been
 15 damaged far in excess of \$120,000.

16 **V. DAMAGES: ATTORNEY'S FEES**

17 Plaintiff has incurred numerous legal fees in attempting to gain access to the
 18 Soria's room at the Waldorf. Ede Decl., ¶7. These legal fees total \$9,954.50 for
 19 work performed in connection with the various motions, attempts to enforce Court
 20 Orders, phone calls and meetings with Waldorf's counsel, research of case law and
 21 documents, and court appearances pertaining to Waldorf. *Id.* The Plaintiff requests
 22 that the Waldorf reimburse it in the amount of \$9,954.50, for the attorney's fees
 23 spent on attempting to obtain access of the Receivership assets.

24 **VI. MISREPRESENTATIONS AND EVIDENTIARY ISSUES**

25 There are a number of misrepresentations and evidentiary issues present with
 26 the Waldorf's Status Report. First and foremost, the Waldorf Status Report contains
 27 alleged statements/actions by various Waldorf employees (Kevin Sutton, Luis Coria,
 28 Antonio Bulgerin, Randy Gutierrez, and Darren Lopez who was not present during

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1 any of the incidents), but only attaches one declaration as evidence in support of its
2 Status Report (that of Darren Lopez). Furthermore, the Waldorf Status Report
3 appears to misrepresent various details about what remedial actions it has taken—
4 including attempting to self-congratulate themselves for firing two employees, when
5 in fact one of the two quit. Dkt. No. 145.

6 Further, the Waldorf Status Report claims to assert that this Court should not
7 find the Waldorf in contempt because Hilton has informed the board of this incident
8 and spoken to all of the parties involved. *See* Waldorf Status Report, Dkt. No. 145,
9 pg. 8. It completely fails to provide a comprehensive procedure that is now
10 implemented to ensure that this type of issue never occurs again. In fact, the
11 Waldorf’s solution does not even address the heart of the problem: that the front
12 desk could not reach counsel quickly to get advice on what to properly do at the
13 time the Court Order was originally served. The establishment of a hotline, specific
14 procedures for after hours, or providing employees with a guidebook would all be
15 steps in the right direction—simply telling your team that it is important to follow a
16 Federal Court Order is not a solution.

17 In fact, the Waldorf’s solution is masked by vague statements that they are
18 working to fix the problem, statements that exist in the same Status Report that also
19 attempts to argue that a mere play on words (such as claiming someone is not a
20 *registered* guest) is a way to bypass a Federal Court Order. The Waldorf does not
21 appear to even be trying. In fact, during the investigation, the employees that they
22 interviewed were all based on leads provided to the Waldorf by Plaintiff’s counsel.
23 There is no mention of the Waldorf attempting to interview the house keepers, the
24 other front desk managers, the bell boys, or anyone outside of the individuals
25 identified to the Waldorf by Plaintiff’s counsel.

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1 **VII. CONCLUSION**

2 Plaintiff, in conjunction with the Receiver’s reply, request that the Court find
3 that the Waldorf Astoria must reimburse the Receiver and Plaintiff for damages of
4 no less than \$189,000.

5
6 DATED: July 9, 2018

HALL GRIFFIN LLP

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8
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12 Attorneys for Plaintiff

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