

1 GARY OWEN CARIS (SBN 88918)
gcaris@mckennalong.com
2 LESLEY ANNE HAWES (SBN 117101)
lhawes@mckennalong.com
3 MCKENNA LONG & ALDRIDGE LLP
300 South Grand Avenue, 14th Floor
4 Los Angeles, CA 90071-3124
Telephone: (213) 688-1000
5 Facsimile: (213) 243-6330
6 Attorneys for Temporary Receiver
ROBB EVANS & ASSOCIATES LLC

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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**

10
11 CONSUMER FINANCIAL
PROTECTION BUREAU,

12 Plaintiff,

13 v.

14 CHANCE EDWARD GORDON,
15 *et al.*

16 Defendants.

CASE NO. 12CV 06147-RSWL(MRWx)

NOTICE OF HEARING AND OF 30-DAY OBJECTION DEADLINE ON MOTION FOR ORDER: (1) APPROVING TEMPORARY RECEIVER'S FINAL REPORT AND ACCOUNTING; (2) APPROVING AND AUTHORIZING PAYMENT OF FEES AND EXPENSES OF TEMPORARY RECEIVER AND ITS PROFESSIONALS INCURRED FROM INCEPTION OF THE RECEIVERSHIP THROUGH CLOSING OF THE ESTATE; (3) FOR DISCHARGE AND RELEASE OF TEMPORARY RECEIVER FROM LIABILITY AND EXONERATION OF ITS BOND; AND (4) FOR RELATED RELIEF

Date: March 4, 2013
Time: 1:30 p.m.
Place: Courtroom 15

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25 PLEASE TAKE NOTICE that on March 4, 2013, commencing at 1:30 p.m.
26 or as soon thereafter as the parties may be heard in Courtroom 15 of the above-
27 entitled Court located at 312 North Spring Street, Los Angeles, California 90012, a
28 hearing will be held on the Motion for Order: (1) Approving Temporary Receiver's

1 Final Report and Accounting; (2) Approving and Authorizing Payment of Fees and
2 Expenses of Temporary Receiver and Its Professional Incurred from Inception of
3 the Receivership Through Closing of the Estate; (3) for Discharge and Release of
4 Temporary Receiver from Liability and Exoneration of Its Bond; and (4) For
5 Related Relief (“Motion”) filed by Robb Evans & Associates LLC, the Temporary
6 Receiver (“Temporary Receiver”) for The Gordon Law Firm P.C., Division One
7 Investment and Loan, Inc., and Processing Division, L.L.C., and their successors,
8 assigns, affiliates and subsidiaries (“Receivership Defendants”). The Temporary
9 Receiver has been appointed by the Court under the Court’s Ex Parte Temporary
10 Restraining Order with Asset Freeze, Appointment of Temporary Receiver,
11 Expedited Discovery, and Other Equitable Relief and Order to Show Cause Why
12 Preliminary Injunction Should Not Issue entered July 18, 2012 (“TRO”) and the
13 Preliminary Injunction entered November 16, 2012. Pursuant to the Motion, the
14 Temporary Receiver moves the Court for an order for the following relief:

- 15 1. An order approving the Temporary Receiver’s Final Report and Final
16 Accounting (the “financial summary”) (collectively the “Final Report”),
17 collectively attached as Exhibit 1 to this Notice of Hearing on the Motion;
- 18 2. An order approving all receivership administrative expenses, including
19 the Temporary Receiver’s fees and expenses and those of its professionals incurred
20 in connection with the receivership proceeding from the inception of the
21 receivership through the wind down and closing of the receivership estate by the
22 Temporary Receiver, as reflected in the Final Accounting attached as Tab 1 to the
23 Final Report, and authorizing all of the Temporary Receiver’s fees and expenses
24 and those of its attorneys incurred in connection with the administration of the
25 receivership estate and the Temporary Receiver’s powers and duties under the TRO
26 and Preliminary Injunction to be paid from assets of the receivership estate,
27 including (a) the Temporary Receiver’s fees of \$262,450.12 and costs of \$9,959.02,
28 and the Temporary Receiver’s attorneys’ fees of \$79,624.80 and costs of \$1,035.72

1 incurred to its counsel, McKenna Long & Aldridge LLP, for the period from the
2 inception of the receivership through and including November 30, 2012, and (b)
3 such additional actual Temporary Receiver's fees and costs and attorneys' fees and
4 costs as are incurred from December 1, 2012 through the date the Temporary
5 Receiver turns over the Excess Funds, as hereinafter defined, to the registry of the
6 Court, estimated in the total sum of \$16,466.65 for the Temporary Receiver's fees
7 and expenses, including an estimated \$1,200 for the estimated record disposal
8 expenses to be incurred by the Temporary Receiver pursuant to Sections XII.K. and
9 XII.L. of the Preliminary Injunction set forth in the Final Accounting ("Estimated
10 Records Expenses") and \$19,500.00 for the Temporary Receiver's attorneys' fees
11 and expenses;

12 3. An order approving and confirming all actions and activities taken by
13 or on behalf of the Temporary Receiver and all payments made by the Temporary
14 Receiver in connection with the administration of the receivership estate;

15 4. An order providing for the retention of jurisdiction of the case by the
16 Court in order to address any disputes which may arise concerning the wind down
17 of the receivership estate and the relief provided under the order issued on this
18 Motion;

19 5. An order providing for the Temporary Receiver to continue its storage
20 of documents and records of the Defendants, including without limitation those of
21 the Receivership Defendants, and to dispose of, or arrange for the disposal of,
22 records of the Defendants, including without limitation those of the Receivership
23 Defendants, in accordance with the provisions of Sections XII.K. and XII.L.,
24 respectively, of the Preliminary Injunction;

25 6. An order providing for the Temporary Receiver to turn over to the
26 registry of the Court all remaining funds on hand in the receivership estate from the
27 receipts and bank accounts described in the Final Accounting after (a) deducting
28 and paying all administrative expenses incurred through the Final Expense Period

1 and all Temporary Receiver’s fees and expenses and attorneys’ fees and expenses
2 approved by the Court pursuant to paragraph 2 above, and (b) deducting and
3 reserving the amount of the Estimated Records Expenses, with the net sum
4 remaining being the “Excess Funds”;

5 7. An order authorizing the Temporary Receiver, after completion of its
6 duties with respect to the records storage and disposal pursuant to Sections XII.K.
7 and XII.L. to turn over to the registry of the Court or as the Court may otherwise
8 direct any sums remaining from the funds retained for Estimated Records Expenses
9 not actually paid for such records storage and disposal;

10 8. An order directing that the Temporary Receiver, its agents, employees,
11 members, officers, independent contractors, attorneys and representatives be
12 discharged and relieved of all duties and responsibilities pertaining to the
13 receivership previously established in this action, except as set forth under Sections
14 XII.K. and XII.L. of the Preliminary Injunction;

15 9. An order directing that the Temporary Receiver, its agents, employees,
16 members, officers, independent contractors, attorneys and representatives be
17 released from all claims and liabilities arising out of and/or pertaining to the
18 receivership and from all claims and liabilities that were asserted and/or could have
19 been asserted in the receivership estate and/or in connection with the Temporary
20 Receiver’s administration of the receivership estate, including without limitation (a)
21 all claims for relief and causes of action asserted in or that could have been asserted
22 by any of the defendants, (b) all claims for relief and causes of action asserted in or
23 that could have been asserted in the [Proposed] Complaint in Intervention for
24 Damages, Injunctive and Declaratory Relief attached as Exhibit A to the Notice of
25 Motion and Motion for Leave to File Complaint in Intervention (Doc. No. 54) filed
26 in this case, and (c) all claims for relief and causes of action that could have been
27 asserted against the Temporary Receiver by creditors, consumers, clients and any
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1 other persons arising out of the Temporary Receiver's activities in connection with
2 the administration of the receivership estate;

3 10. An order exonerating the Temporary Receiver's bond; and

4 11. An order for such other and further relief as the Court may deem just
5 and proper under the circumstances.

6 The Motion is made pursuant to Local Civil Rules 66-7 and 66-8 and the
7 Preliminary Injunction issued herein and is made and based on the notice of motion
8 and motion, the memorandum of points and authorities and the Declaration of Gary
9 Owen Caris in support thereof, the separate Declaration of Kenton Johnson in
10 support thereof, all on file with the Court, this separate Notice of Hearing on the
11 Motion, on the pleadings, records and files of the Court in connection with this
12 action, including without limitation the Report of Temporary Receiver's Activities
13 July 19, 2012 Through July 30, 2012 filed on August 2, 2012 (Doc. No. 28) and the
14 Temporary Receiver's two supplemental reports, and on such other oral and
15 documentary evidence and arguments of counsel as may be presented by the
16 Temporary Receiver prior to or at the hearing on the Motion.

17 PLEASE TAKE FURTHER NOTICE that pursuant to the Court's
18 Preliminary Injunction Order, Section XV, objections to the approval of the Final
19 Report and Final Accounting and to the other relief sought in the Motion, including
20 any objections to paying any assets of the Receivership Defendants to satisfy the
21 Temporary Receiver's costs and expenses, must be filed with the Court and served
22 on counsel for the Temporary Receiver within 30 days after the date of mailing of
23 this Notice.

24 PLEASE TAKE FURTHER NOTICE that a copy of the Motion and
25 supporting pleadings, other than voluminous time and billing records, has been
26 posted to the Temporary Receiver's web site for this case at www.robbevans.com,
27 and a complete copy of the Motion and supporting pleadings may be obtained by
28 any interested party upon written request which may be sent to: Robb Evans &

1 Associates LLC, Attn: Cherrie Eustaquio, 11450 Sheldon Street, Sun Valley, CA
2 91352-1121; Telephone (818) 768-8100; Facsimile: (818) 768-8802.

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Dated: January 3, 2013

MCKENNA LONG & ALDRIDGE LLP
GARY OWEN CARIS
LESLEY ANNE HAWES

By: /s/Gary Owen Caris
Gary Owen Caris
Attorneys for Temporary Receiver
**ROBB EVANS & ASSOCIATES
LLC**

Date of Mailing: January 9, 2013

Exhibit 1

Robb Evans & Associates LLC
Temporary Receiver of the Gordon Law Firm P.C.,
Division One Investment and Loan, Inc. Processing Division, LLC, and
Affiliates or Subsidiaries by Whatever Names Each Might be Known et al.

TEMPORARY RECEIVER'S FINAL REPORT AND ACCOUNTING
DECEMBER 28, 2012

Background

After the Temporary Receiver's¹ appointment, and while developing a database of active consumer files, the Receiver posted a Notice to Clients on its website on July 27. The notice discussed the action filed against the defendants and the Temporary Restraining Order directing the Receiver to take temporary possession and control of the receivership defendants. The notice further stated the receivership companies would operate on a reduced scale and the temporary receiver would supervise efforts to make contact with lenders to resolve urgent situations.

On August 17, 2012 the Temporary Receiver mailed a letter to all known active consumer customers describing the Temporary Receiver's efforts to postpone upcoming foreclosure sales to allow homeowners to have time to discuss the loan modification process directly with their lenders. The letter strongly urged consumers to make contact with home lenders and take over the loan modification discussion and process. The letter also included information about free online and telephone assistance regarding mortgage relief negotiation.

On August 2, 2012 the Temporary Receiver filed its Report of Temporary Receiver's Activities July 19, 2012 through July 30, 2012 (First Report). Included in that report was a section in which the Temporary Receiver evaluated data maintained by the defendants that categorized and defined the results of completed cases and other engagements with consumers.

The Receiver then filed a Second Supplemental Report dated September 11, 2012 that included information the Temporary Receiver obtained by directly contacting customers of the defendants. This supplemental report notified the Court that the receivership defendants' data that categorizes 57.8% of completed cases as "successful" was not supported by the comments of the contacted customers. The Temporary Receiver stated that it now believed the successful completion rate was about 30% or less.

This report covers the activities of the Temporary Receiver since the Second Supplemental Report dated September 11, 2012. This is the final report to the Court on the status of the receivership. It does not constitute an audit of the financial condition and is intended only to provide information for use by the Court in assessing the status of the receivership.

Continued Efforts to Postpone Foreclosures

The Temporary Receiver continued and completed telephone, email, facsimile, and letter contact with lenders to postpone all known scheduled foreclosures of receivership customers to provide time for consumers to assume control over loan modification discussions.

Consolidation of Location of Assets

The Receivership Defendants occupied ten suites at 5455 Wilshire Boulevard, Los Angeles. The Temporary Receiver first consolidated documents, furniture, fixtures, and equipment into a few suites to

¹ Reference to the Temporary Receiver in this report means the Temporary Receiver, the Temporary Receiver's deputies, its staff, and its counsel.

reduce rent expense, and later released Suite 915 to the defendant and returned all other suites to the property owner.

Resolution of Non-Liquid Assets

The Temporary Receiver took control of various non-liquid assets. The net recovery was \$69,378.

2004 Lamborghini Gallardo: Company records detailed this automobile was purchased for \$88,321. The Temporary Receiver obtained two independent bids from auto brokers and the gross sale proceeds were \$55,000.

2004 BMW: After filing the First Report, the Temporary Receiver determined that this vehicle was not a receivership asset.

Furniture, Fixtures and Equipment: The Temporary Receiver sold these assets at public auction. The sale proceeds were \$4,653.

Pending Escrows: The Temporary Receiver collected sales commissions due to the licensed real estate broker Division One Investments and Loan. The collected commissions totaled \$9,725.

Custody and Control of Documents

As directed by the entered Preliminary Injunction, the Temporary Receiver is storing at its locked facility all documents originally located at the Wilshire Boulevard site and a nearby storage unit.

Final Accounting

Attached is the Temporary Receiver's final accounting of receipts, incurred expenses, and estimated closing expenses, with projected remaining funds of \$52,131 to be paid into the Court's registry.

As more particularly set forth in the Temporary Receiver's wind down motion, the Temporary Receiver requests that the Court:

1. Approve and confirm all of the activities of the Temporary Receiver;
2. Approve and authorize payment of the fees and expenses of the receivership estate described in the final accounting, including the fees and expenses of the Temporary Receiver and its counsel;
3. Discharge the Temporary Receiver and its members, officers, independent contractors, employees, agents, attorneys and representatives and relieve it of all of its duties and responsibilities in this proceeding, except to maintain documents as directed by the Preliminary Injunction;
4. Release the Temporary Receiver and its members, officers, employees, agents, attorneys and representatives from all claims and liabilities in connection with the Temporary Receiver's administration of the Receivership Estate.

Respectfully submitted,

/s/

Robb Evans & Associates LLC
Temporary Receiver

ROBB EVANS & ASSOCIATES LLC

Temporary Receiver of The Gordon Law Firm P.C., Division One Investment and Loan, Inc. and Processing Division, L. L. C. et al.
 Receivership Administrative Expenses and Fund Balance

	7/18/12- 11/30/12	12/1/2012- Close (1)	TOTAL
Funds Collected			
Auction Proceeds	0.00	4,653.19	4,653.19
Sale of Lamborghini	55,000.00	0.00	55,000.00
Funds Transferred In			
Orange County Business Bank	0.00	34.13	34.13
Chase	330,677.92	1,850.00	332,527.92
Bank of America	1,075.41	0.00	1,075.41
Meracord	3,966.66	0.00	3,966.66
BOW	25,269.84	0.00	25,269.84
Wells Fargo	1,162.72	0.00	1,162.72
Cashier's Ck-Gordon Law Firm	35,000.00	0.00	35,000.00
Total Funds Transferred In	397,152.55	1,884.13	399,036.68
Net Commission from Escrow	9,725.24	0.00	9,725.24
Total Funds Collected	461,877.79	6,537.32	468,415.11
Expense			
Business Operating Expenses			
Insurance	7,704.52	0.00	7,704.52
Automobile Repairs & Maint	7,475.00	0.00	7,475.00
Modification Processors	5,023.78	0.00	5,023.78
Moving/Storage	1,938.40	1,426.45	3,364.85
Office Supplies	1,285.90	0.00	1,285.90
Armed Security	2,600.00	0.00	2,600.00
Total Business Operating Expenses (2)	26,027.60	1,426.45	27,454.05
Receiver's Fees & Costs			
Receiver's Fees			
Receiver	110,727.90	3,738.60	114,466.50
Senior and Accounting Staff	110,874.35	6,147.75	117,022.10
IT Management	18,144.00	162.50	18,306.50
Support Staff	22,703.87	1,661.80	24,365.67
Total Receiver's Fees	262,450.12	11,710.65	274,160.77
Receiver's Costs	9,959.02	4,756.00	14,715.02
Legal Fees & Costs			
McKenna Long & Aldridge			
Fees	79,624.80	18,500.00	98,124.80
Costs	1,035.72	1,000.00	2,035.72
McKenna Long & Aldridge	80,660.52	19,500.00	100,160.52
Total Legal Fees & Costs	80,660.52	19,500.00	100,160.52
Total Receiver's Fees & Costs	353,069.66	35,966.65	389,036.31
Total Expense (2)	379,097.26	37,393.10	416,490.36
Fund Balance (2)	82,780.53	(30,855.78)	51,924.75

(1) Includes actual time incurred in December and estimated expenses through closing.

(2) Subject to change based on an accounting of security deposits and possible claim to be submitted by defendants' landlord after 1/3/2013.