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ORIGINAL FILED
Superior Court of California
County of Los Angeles

JUL 23 2015

RECEIVER

Sherri R. Carter, Executive Officer/Clerk
By Annette Fajardo, Deputy

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF LOS ANGELES, CENTRAL DISTRICT

11 DONALD C. PARKER, DONALD C.
12 PARKER SEPARATE PROPERTY TRUST,

13 Plaintiff,

14 v.

15 TODD GRIFFITHS, an individual; DAVID
16 HUNT, an individual, CT GROUP, INC., a
17 California corporation, formerly known as
18 CENTURY COIN & COLLECTIBLES,
19 INC.; COLLECTIBLE ASSETS, LLC, a
20 California limited liability company,
21 TODDCO MANAGEMENT, LLC, a
22 California limited liability company;
23 LEGACY TANGIBLE ASSET FUND, LLC,
24 a California limited liability company;
25 PENDULUM ASSET ALLOCATION
26 FUND, LLC, a California limited liability
27 company, and Does 1 through 25,

28 Defendants.

Case No. BC 504753

[Assigned to the Hon. James C. Chalfant,
Dept. 85]

~~(Proposed)~~ ORDER APPROVING
RECEIVER'S FINAL REPORT &
ACCOUNTING; DISCHARGE OF
RECEIVER, DISPOSITION OF RECORDS;
PAYMENT OF RECEIVERSHIP
EXPENSES; AND EXONERATION OF
BOND;

Date: Tuesday, July 7, 2015

Time: 1:30 p.m.

Place: 111 N. Hill Street,
Department 85

Los Angeles, CA 90012

(Proposed) ORDER

On July 7, 2015, the Motion of Receiver Robb Evans & Associates LLC (the "Receiver") for an Order approving the Receiver's Final Report and Accounting and granting the relief set forth therein, including discharging the Receiver, exonerating Receiver's bond, ordering the

1 Plaintiffs to pay the Receiver's unpaid fees and expenses of \$97,334, and directing the Receiver
2 to dispose of the records in the Receiver's possession, came on regularly for hearing in
3 Department 85 of the above-entitled court, before the Honorable James C. Chalfant, Judge
4 presiding. Kenton Johnson, Member and Officer of the Receiver, appeared on behalf of the
5 Receiver. Leonard Brazil, Esq. of Clark & Trevithick, PLC, appeared on behalf of Plaintiffs.
6 There were no other appearances.

7 After considering the moving papers, the opposing papers of the Plaintiffs, the reply brief
8 of the Receiver, the pleadings and papers on file in the action, argument of counsel, and good
9 cause appearing, the Court rules as follows:

- 11 1. The Receiver's motion for approval of its Final Account and Report, and all
12 expenses, actions, and activities included therein, is granted;
- 13 2. The Receiver and its staff are discharged and relieved of any liability, and the
14 bond posted by the Receiver is exonerated;
- 15 3. The Receiver is awarded all of its fees and expenses;
- 16 4. Plaintiff is ordered to pay the Receiver's unpaid fees and expenses of \$97,334
17 within 30 days
- 18 5. The Receiver is directed to turn over all electronic and paper records of the
19 Defendants to the Plaintiffs provided the Plaintiffs remove such records from the
20 Receiver's premises at the Plaintiffs' expense; and provided the Plaintiffs provide
21 Defendants access to such records upon reasonable request;
- 22 6. The Receiver is directed to turn over the remaining miscellaneous collectibles of
23 the receivership estate to the Defendants if Plaintiffs have not executed upon such
24 miscellaneous collectibles within 60 days;
- 25 7. The Court further adopts the Tentative Decision with section C.3. Records and
26 Assets amended, appended hereto as Exhibit "A" as its further Order on the
27 Receiver's Motion.

28 Dated: JUL 23 2015


 **JAMES C. CHALFANT**
James C. Chalfant
Judge of the Superior Court

EXHIBIT A

Receiver Robb Evans and Associates ("Receiver") applies for approval of the Receiver's final report and account.

The court has read and considered the moving papers, opposition, and reply, and renders the following tentative decision.

A. Statement of the Case

Plaintiff Donald C. Parker ("Parker") commenced this action on April 2, 2013, against individual Defendants Todd Griffiths ("Griffiths") and David Hunt ("Hunt"), and corporate Defendants CT Group, Inc., Century Coin & Collectibles, Inc., Collectible Assets, LLC, Toddcoco Management, LLC, Legacy Tangible Asset Fund, LLC, and Pendulum Asset Allocation Fund, LLC (collectively, "Coin Companies"). The verified Complaint alleged causes of action for breach of written contract, breach of oral contract, fraud, and financial abuse and elder abuse. The claims involve a series of loans and investment made by Parker to Defendants, who represented themselves as particularly qualified to identify business opportunities in the collectible coin industry.

The court appointed the Receiver for the Coin Companies on October 10, 2013. On January 24, 2014, the court expanded the Receivership to include the personal assets of Defendants Griffiths and Hunt.

On November 20, 2014, the court ordered that the Receiver's appointment would terminate unless Plaintiffs sought an extension by December 9, 2014. No such extension was sought and the Receivership terminated.

Although the parties do not mention it, judgment was entered after trial in Plaintiff's favor for \$6,321,250.00, plus interest of \$1,265,808.90. Punitive damages of \$50,000 were also awarded against Griffiths.

B. Applicable Law

Pursuant to CRC 3.1184(a), a receiver must present by noticed motion or stipulation of all parties: (1) a final account and report; (2) a request for the discharge; and (3) a request for exoneration of the receiver's surety. No memorandum is required in support of the motion unless the court orders otherwise. CRC 3.1184(b). Notice must be given to every person or entity known to the receiver to have a substantial, unsatisfied claim that will be affected by the order or stipulation, regardless of whether that person or entity is a party to the action or has appeared in it. CRC 3.1184(c). If any allowance of compensation for the receiver or for an attorney employed by the receiver is claimed in an account, it must state in detail what services have been performed by the receiver or the attorney and whether previous allowances have been made to the receiver or attorney, and the amounts. CRC 3.1184(d).

The court may assess the costs of the receivership against the receivership property. Andrade v. Andrade, (1932) 216 Cal. 108, 110. The court may assess those costs against the plaintiff if it finds that the plaintiff wrongfully obtained an unnecessary receivership (Smith v. Hill, (1965) 237 Cal.App.2d 374, 387), and against the defendant if the plaintiff properly obtained the appointment of a receiver and has established his or her cause of action. Maggiora, 249 Cal.App.2d at 712-13. The

court may also apportion the costs between the parties. Baldwin v. Baldwin, (12947) 82 Cal.App.2d 851, 856.

C. Analysis

The Receiver moves for an order approving the Final Account and Report related to the management of the Receivership. The Receiver also moves for an order directing Plaintiff Parker to pay the \$97,334 accumulated deficit of the Receivership Estate, exoneration of his bond, and return of Receivership records and assets to Defendants.

The Receiver has served all persons known to have any legal interest in the Receivership Estate. The Receiver has also posted the motion for an order approving his final report and account and supporting papers on his website.

1. Final Account and Report

Upon his appointment, the Receiver secured the Coin Companies' business premises and took custody and control of all business assets and documents. The Receiver determined that the Coin Companies were insolvent, and had liabilities that exceed \$20 million. Specifically, the Legacy TA Fund Accounts Receivable Schedule which listed accounts receivable of over \$2 million was uncollectable and worthless, and a majority of the consignment inventory listed did not exist.

The Receiver did locate information about an additional 115 coins consigned to a coin broker and sold for \$337,777. However, the sale proceeds did not fully re-pay the pre-Receivership advances made by the consignor and the Receiver did not pursue the matter further.

The Receiver recovered several miscellaneous collectibles found at the business premises, including baseball cards, comic books, and newspapers. After contacting several collectors and potential buyers, the collection was valued between \$500 and \$1,500.

The Receiver located an 1864 two-cent coin that was the subject of a claim for improper grading. All of the prior claims relating to the coin were settled prior to the Receivership. The Receiver sold the coin for \$4,000.

The Receiver discovered a stamp collection pledged as collateral to one of the Coin Companies. The collection was the subject of an oral security agreement perfected by possession. The owner of the collection has filed for Chapter 7 bankruptcy. The Receiver estimates that the stamp collection is worth \$5,000.

Defendants Griffiths and Hunt were determined to have no realizable assets. Griffiths claimed that he had federal tax refunds worth \$380,000. However, the Receiver determined that those refunds had been extinguished by the Internal Revenue Service due to Griffiths' failure to pay payroll taxes. Hunt has a small amount of equity in his personal residence, and earned income just sufficient for reasonable personal expenses.

The motion for approval of Receiver's Final Account and Report is granted. The Receivership was previously terminated and the Receiver is discharged, and his bond exonerated.

There remains the issue of Receiver liability. Although Plaintiff Parker contends that the Receiver (1) prematurely concluded that the consignment of 115 coins could not be recovered by the Estate, and (2) should have pursued claims for a lawsuit between Griffiths and his former business partner, and for money received by Griffiths from his current income with a coin company (Opp. at 6), Parker neither filed a motion to sue the Receiver nor does he now seek leave to make a claim

against the Receiver. Therefore, the Receiver is relieved of any liability which could be imposed upon the final accounting. See Aviation Brake Systems, Ltd. v. Voorhis, (1982) 133 Cal.App.3d 230, 234.

2. Costs

The Receiver requests that the court order Parker to pay the Receiver's fees and expenses of \$97,334 that cannot be satisfied out of the Receivership Estate. Parker opposes, asserting that he should not be liable for the Receiver's expenses and noting that the Receivership order did not condition the Receiver's appointment on his payment of any deficiency. Opp. at 4-5.

Plaintiff is incorrect. It is true that a receiver is normally paid out of the funds of the estate. Ephraim v. Pacific Bank, (1900) 129 Cal. 589. However, where the estate is insufficient to pay the receiver's reasonable fees, the court may require the parties to pay those fees. Stanton v. Pratt, (1941) 18 Cal. 2d 599. There is no requirement that the order appointing the receiver expressly state that the parties will be responsible for any deficiency. Plaintiff sought the appointment of a receiver and specifically proposed appointment of this Receiver. Defendants have no ability to pay the Receiver's costs. The Receiver did not work on a contingent basis and Plaintiff must bear his costs.

Plaintiff suggests, but does not actually argue, that the \$97,334 sought by the Receiver is unreasonable. Plaintiff contends that the Estate deficiency could have been avoided had the Receiver been more assertive. Opp. at 5-6.

This is actually an argument that the Receiver failed to perform competently. See *ante*. As Plaintiff makes no specific argument that any portion of the \$97,334 was unreasonably incurred, the Receiver is awarded all of his fees and expenses. All parties are jointly and severally responsible for these expenses, and Plaintiff is ordered to pay them within 30 days.

3. Records and Assets

Plaintiff objects to Receiver's request for authority to turn over records and assets of the Receivership Estate to Griffiths and Hunt. Parker is willing to pay the assessed value of the described assets to the Receiver. In reply, the Receiver states he has no objection to transferring the Estate's records to Plaintiffs upon court order, and has no objection to selling the Estate's assets to Plaintiff for \$3,000. Reply at 4.

Parker cites no authority in support of its request to prevent the return of the Estate's records and assets to Griffiths and Hunt. The Receivership has terminated, and all records relating to the Receivership must be turned over to Griffith and Hunt. The Receiver has no authority to sell remaining Estate assets. Since he has a judgment, Plaintiff can execute on any assets held by the Receiver before they are returned to Defendants.

D. Conclusion

The Receiver's motion for approval of his Final Account and Report is granted.