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Superior Court of California
County of Los Angeles

AUG 13 2014

6 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

12 DONALD C. PARKER, DONALD C.
13 PARKER SEPARATE PROPERTY
14 TRUST,

Plaintiff,

v.

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

Defendants.

Case No. BC 504753

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

RECEIVER'S STATUS REPORT OF
THE RECEIVERSHIP ESTATE
AND RECEIVER'S ACTIVITIES
APRIL 1, 2014 THROUGH JUNE
30, 2014; REQUEST FOR
INSTRUCTIONS

Action Filed: April 2, 2013

ROBB EVANS & ASSOCIATES LLC
Receiver of CT Group, Inc.,
Collectible Assets, LLC, Rare Coin Management Group, LLC, Legacy
Tangible Asset Fund, LLC, Legacy Tangible Asset Fund II, LLC,
Pendulum Asset Allocation Fund, LLC, and
Assets of Todd Griffiths & David Hunt

Status of the Receivership Estate and
Report of Receiver's Activities
April 1, 2014 through June 30, 2014
Request for Instructions

Status of the Receivership Estate

On October 10, 2013 this court appointed Robb Evans and Associates LLC as Receiver of the above listed business entities. On January 24, 2014 this court issued an additional Order also appointing the Receiver over the personal assets of defendants Todd Griffiths and David Hunt. This is the Receiver's third report to this court.

The report will describe and comment on the current status of the receivership estate. The report will further discuss and detail the actions and tasks completed by the Receiver, which confirm the meager value of the recovered assets and the bleak prospects of recovering or locating any additional assets in the near or intermediate-term future.

Current Status of Assets Described and Analyzed in Two Prior Reports

In the Receiver's previous two reports, the Receiver described the results of taking control of the receivership entities, analyzing the available accounting and financial and business records, and communicating directly with account debtors and entities reportedly holding consigned or assigned merchandise.

The Receiver described in substantial detail the contradictions and conflicts between the financial positions represented in the business records and the responses from customers and coin broker/auctioneers. The Receiver concluded the Accounts Receivable totaling \$2,161,174 listed in the financial records were worthless.

The Receiver also described in substantial detail a schedule with other documents listing coins totaling \$5,221,579 that certain receivership entities consigned to five coin broker/auctioneers. The Receiver concluded that the information and additional documentation furnished by the five coin broker/auctioneers confirmed the consigned inventory did not exist.

In the second report, the Receiver also discussed recently locating information about an additional 115 (originally thought to be 58) coins consigned to and sold by a coin broker/auctioneer who had a lengthy association with the receivership defendants. The Receiver completed investigating and analyzing the transaction, and discusses it below.

The Receiver described in both reports the incomplete and inconsistent financial information from the accounting and business management systems. The accounting and business records did include information showing that CT Group had a deficit net worth of \$799,000 and the Legacy Tangible Asset Fund had worthless assets and \$3.9 million of losses. The Receiver concluded in both reports that the receivership estate had liabilities believed to exceed \$20 million.

The Receiver has further confirmed that entities owned by the defendants, primarily David Todd Griffiths, and litigation he is currently prosecuting, may never generate any cash for the receivership estate, and the litigation may produce additional liabilities.

The Receiver is currently following up for additional information and documentation about David Todd Griffiths's sources and amounts of income and his management of pre-receivership cash in one of the receivership entities. The Receiver has not located any other assets of defendant Griffiths with any current realizable value. The report details below the Receiver's activities to identify and pursue possible personal income tax refunds.

The Receiver reviewed information prepared and furnished by David Hunt. The Receiver concluded that defendant Hunt has no realizable assets, except for a small amount of equity in his personal residence, and earns income just sufficient for reasonable personal expenses.

Current Status of Other Business Assets

115 Consigned Coins sold January 28, 2014

After filing its second report to this court, the Receiver asked for and obtained full cooperation and documentation from the coin broker/auctioneer about the initial consignment and following sale of 115 (originally thought to be 58) coins. The Receiver reviewed and studied information and documents that confirmed the coin broker/auctioneer completed the consignment of the 115 coins on October 7, 2013. The broker also agreed to and completed ten advances of the net auction sale proceeds that totaled \$382,500. The Receiver has studied copies of negotiated checks and wire transfer orders and the documents and letters supporting advances directly made to third parties.

The coin broker/auctioneer reported that defendant Griffiths, signing for the consignor Rare Coin Management, verbally requested the eighth and tenth advances of \$17,500 and \$30,000, which were the only advances paid to Rare Coin Management.

Except for the tenth advance, the coin broker/auctioneer completed the consignment activity and nine of the ten advances before the Order appointing the Receiver was entered on October 10, 2013. The tenth advance was a check paid to Rare Coin Management dated October 11th and negotiated/paid on October 15, 2013. The Receiver served the Order on the coin broker/auctioneer on October 21st after locating its name while taking control of and inspecting the defendants' office premises.

Although defendant Griffiths and the coin broker/auctioneer completed the consignment and the advances of the net sale proceeds on October 7-11, 2013, the sale of the 115 coins was not completed until January 28, 2014 in sale 78. Following the Receiver's request, the coin broker/auctioneer furnished the Statements of Account for sales 74 through 78 for the coins consigned by the receivership defendants.

The Receiver reviewed, rechecked, recalculated, and agreed with the final results on the statements prepared by the coin broker/auctioneer. The net proceeds from sale 78 totaled \$337,777 compared to the advances of \$382,500 and the interest on the advances of \$16,227. As a result, the coin broker/auctioneer has claimed \$60,951 from the receivership entities, plus \$59,743 for unpaid deficits from prior consigned sales. The Receiver believes these claims have no more than a pro-rata status with other pre-receivership liabilities and claims.

As reported above, the Receiver is following up with defendant Griffiths to account for his management of New Gold LLC pre-receivership cash of \$17,500 forwarded as an advance of net sale proceeds on October 8th and completed on October 9, 2013, and \$30,000 forwarded as an additional advance on October 11th and completed on October 15, 2013.

Miscellaneous Collectibles Located at the Business Premises

The Receiver reported in its second report that it transported to its office from the business premises numerous civil war era newspapers, dozens of old comic books, numerous baseball cards, and five mountings of one-dollar bills taken from the sunken Andrea Doria cruise ship. The Receiver located an 1864 two-cent coin that CT Group claimed a third-party certification firm improperly graded. The Receiver also recovered an extensive stamp collection pledged as collateral for a \$22,500 loan to an individual.

David Todd Griffiths acknowledged he had accumulated the newspapers, comic books, baseball cards, and currency mountings over the past several years. Previously, Mr. Griffiths offered to assist the Receiver’s office to locate qualified buyers and evaluate offers to purchase the collectible items.

The Receiver’s staff extensively researched potential demand for these items, including making contact with numerous collectors and potentially interested buyers and brokers. The assistance from Mr. Griffiths has not been available but it is probably unnecessary. The completed research and contact work by the Receiver’s staff confirms the realizable value of these assets may be \$500 to \$1,500, not \$50,000 to \$75,000 as previously believed and reported.

Civil War Era Newspapers

The New York Times	from April 1861 to April 1865	512 Issues
The Harper Weekly	from September 1861 to March 1865	59 Issues
Daily Evening Bulletin	from September 1861 to Dec. 1864	20 Issues
New York Herald	from April 1861 to April 1865	113 Issues
New York Tribune	from May 1861 to April 1865	43 Issues

After the Receiver’s staff completed the inventory of these newspapers, it appeared to be an impressive collection. The Receiver’s staff directly contacted two libraries and six collectors and rare newspaper dealers, including the New York Times. The Receiver soon learned the important battle dates were not included in the collection of newspapers. Only two of the contacts expressed any interest. One contact initially offered \$6.50 per issue, then determined he originally sold the papers in a wholesale lot and declined to purchase. Another

contact offered \$.25 per issue, then later declined to purchase. The New York Times stated it could reprint the same issues and declined to purchase. The newspaper collection may be worthless.

Comic Books and Baseball Cards

The Receiver has about ten 8 x 10 boxes filled with comic books and about four card-storage boxes of baseball cards. The Receiver's staff directly contacted four dealers and collectors of comic books and baseball cards. All contacts stated that many, if not most, of the comic books and cards were published or prepared in more recent, non-valuable years, and compete against a plentiful supply of available, well-preserved collections.

One contact stated he believed the comic books were worth \$.10 to \$.50 each, but declined to purchase any. Another offered to pay \$50 to \$100 a box for the ten boxes of comics, but only after thoroughly inspecting the collection. One contact offered to pay \$10-\$15 a box for the four boxes of baseball cards, but only after inspecting the complete inventory.

Mountings of One Dollar Bills from the Andrea Doria Cruise Ship

The Receiver has five one dollar bills recovered from the Andrea Doria cruise ship, mounted in an acrylic holder, with a certification of authenticity and a quality/collection grade (two A, two B, and one C). Previously, the CT Group was involved in grading and selling 2,204 of the same items. The Receiver is continuing to attempt to make contact with the previous buyer to identify both the potential value and possible interested collectors for the five items.

Claim Against Third-Party Certification Firm for the 1864 Two-Cent Coin

The Receiver learned that the CT Group settled its \$122,000 claim against the third-party certification firm in June, 2013. The Receiver exchanged several letters with the attorney for the grading firm and ultimately learned the settlement included a \$20,000 grading credit used for other purposes. The terms of the settlement prevent any further recovery of the \$105,000 purchase price.

The Downgraded 1864 Two-Cent Coin

The Receiver delivered the downgraded coin to two reputable coin dealers and requested each to evaluate and make an offer to purchase. One offer was for \$900. The second was for \$4,000.

The \$22,500 Loan Secured by a Stamp Collection

The Receiver made telephone contact and met with the owner of the stamp collection that the Receiver located in the safe at the defendants' premises. The owner confirmed the CT loan advanced to him, claimed he had no funds to repay it, and then repeatedly stated his stamp collection was worth more than one million dollars.

The Receiver told the owner it would sell only enough of the collection to repay the loan and the related costs. The Receiver then made contact with seven dealers and buyers of stamps and stamp collections. The Receiver learned it would be difficult to sell any individual stamps, and ultimately learned the collection was not in good condition, and probably nearly worthless. The only offer from any of the seven contacts was for \$5,000.

The owner of the stamp collection filed a Chapter 7 bankruptcy. The Trustee asked the Receiver about the value of the collection. The Receiver turned over the information provided by and collected from the seven dealers and buyers. The Receiver learned from court filings that the Trustee abandoned the stamp collection. If the bankruptcy court discharges the owner's \$22,500 debt to CT Group, the Receiver will be obligated to return the collection to the owner. If the bankruptcy court does not discharge the CT Group debt, the Receiver may be able to recover about \$5,000.

Liabilities of the Receivership Entities

In the two previous reports, the Receiver stated it believed the receivership estate was insolvent and had liabilities that may exceed \$20 million. During this reporting period, the Receiver has not learned of any additional or new information to change the belief that liabilities may exceed \$20 million.

Personal Assets of David Todd Griffiths

The Receiver previously reported that David Todd Griffiths owns several receivership and non-receivership entities. Several of the entities are start-up ventures. After the court Order expanded the receivership to include the personal assets of the individual defendants, the Receiver discussed the details of the entities with defendant Griffiths and his attorney.

The value of the non-receivership entities appears to be marginal and extremely uncertain at this time. Possibly in the future, entities such as the University of Rare Coins, LLC, Toddco Management, LLC, Freedom Entertainment Group,

LLC, and TheRevolutions, Inc. may become valuable. Presently, they have no assets, and in their present condition, are probably worthless.

David Todd Griffiths engaged a certified public accountant to file amended Federal and State income tax returns for 2010 and 2011 based on reported losses of the CT Group and a large charitable donation arising from a coin transaction. The amended tax returns were filed February, 2014.

The amended federal returns seek refunds totaling \$380,000. The amended state returns seek refunds totaling \$95,000. The Internal Revenue Service has not responded to the Receiver's request for information about the federal refunds, which may be partially offset by a claim for CT Group withholding taxes of \$124,000. The Franchise Tax Board has denied the state refunds for both years and the Receiver is discussing an appeal with the certified public accountant.

The Receiver will continue to communicate with the federal and state revenue officers to pursue the possibility of obtaining refunds.

Financial Report

The Receiver's Report of Administrative Expenses by Month and Fund Balance is attached under *Tab 1*. The report includes the totals of receipts and expenses from prior periods that were previously reported in detail. The report again details the meager funds of \$1,963 turned over from the bank accounts of the receivership entities. The report also details the expenses of the receivership in this reporting period by month, including the Receiver's fees, the fees of its senior and accounting staff, and the Receiver's costs.

In this four-month reporting period, March through June 2014, the receivership incurred total expenses of \$24,710. As the report details, the Receiver's fees totaled \$17,253, the fees for the senior and accounting staff totaled \$6,169, and support staff and costs were \$1,289.

For the nine months of the estate from October 2013 through June 2014 the receivership incurred total expenses of \$69,199. The total of Receiver's fees was \$43,880, the total fees for the senior and accounting staff were \$17,205, asset preservation expenses were \$794, and support staff and costs were \$7,321.

Behind the report are the individual detailed timesheets for each member or staff person describing the activities completed for the receivership estate during the reporting period.

The receivership estate is currently insolvent, with cash of \$1,963 and unpaid administrative expenses of \$67,236.

Request for Instructions

The Receiver believes the Appointment of Receiver Order directing the Receiver to “take possession of the businesses of the Defendant Companies and manage, control, ...and incur the expenses necessary for such businesses...” includes the authority to sell the previously described miscellaneous collectibles for the best available price. The Receiver requests the Court to clarify and instruct about such authority.

The Receiver believes the Appointment of Receiver Order directing the Receiver to “execute and prepare all documents and to perform all acts...which are necessary or incidental to...managing and/or controlling the business of the receivership estate” includes the authority to issue Receiver’s Certificates to any person or entity loaning or providing funds to the receivership estate. The Receiver requests the Court to clarify and instruct about such authority.

Respectfully submitted,

/s/

Robb Evans & Associates LLC
Receiver

TAB 1

ROBB EVANS & ASSOCIATES LLC
Receiver of CT Group, Inc., Collectible Assets, LLC,
Legacy Tangible Asset Fund, et al.
Administrative Expenses by Month and Fund Balance
From Inception (October 10, 2013) to June 30, 2014

	<u>Previously Reported</u>	<u>Mar 14</u>	<u>Apr 14</u>	<u>May 14</u>	<u>Jun 14</u>	<u>3/1/14~ 6/30/14</u>	<u>TOTAL</u>
Funds Received							
Funds Transferred In - California Bank & Trust	1,645.72	0.00	0.00	0.00	0.00	0.00	1,645.72
Miscellaneous Income	316.99	0.00	0.00	0.00	0.00	0.00	316.99
Total Funds Received	<u>1,962.71</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,962.71</u>
Expense							
Asset Preservation							
Moving/Storage	121.77	0.00	0.00	0.00	0.00	0.00	121.77
Security/Alarm	195.00	0.00	0.00	0.00	0.00	0.00	195.00
Insurance	477.00	0.00	0.00	0.00	0.00	0.00	477.00
Total Asset Preservation	<u>793.77</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>793.77</u>
Receiver's Fees and Costs							
Receiver's Fees							
Receiver							
R. Evans	212.50	0.00	0.00	0.00	0.00	0.00	212.50
K. Johnson	23,734.75	5,460.50	9,212.50	1,742.00	502.50	16,917.50	40,652.25
A. Jen	2,680.00	234.50	0.00	67.00	33.50	335.00	3,015.00
Total Receiver	<u>26,627.25</u>	<u>5,695.00</u>	<u>9,212.50</u>	<u>1,809.00</u>	<u>536.00</u>	<u>17,252.50</u>	<u>43,879.75</u>
Senior & Accounting Staff							
F. Jen	7,738.50	167.50	0.00	0.00	0.00	167.50	7,906.00
C. Callahan	425.00	50.00	0.00	0.00	0.00	50.00	475.00
L. Lee	0.00	33.50	0.00	0.00	33.50	67.00	67.00
T. Chung	0.00	770.50	0.00	0.00	536.00	1,306.50	1,306.50
C. DeCius	63.00	0.00	0.00	0.00	0.00	0.00	63.00
J. Dadbin	1,837.00	324.50	3,234.00	665.50	0.00	4,224.00	6,061.00
N. Wolf	972.00	132.00	72.00	30.00	120.00	354.00	1,326.00
Total Senior & Accounting Staff	<u>11,035.50</u>	<u>1,478.00</u>	<u>3,306.00</u>	<u>695.50</u>	<u>689.50</u>	<u>6,169.00</u>	<u>17,204.50</u>

ROBB EVANS & ASSOCIATES LLC
Receiver of CT Group, Inc., Collectible Assets, LLC,
Legacy Tangible Asset Fund, et al.
Administrative Expenses by Month and Fund Balance
From Inception (October 10, 2013) to June 30, 2014

	<u>Previously Reported</u>	<u>Mar 14</u>	<u>Apr 14</u>	<u>May 14</u>	<u>Jun 14</u>	<u>3/1/14~ 6/30/14</u>	<u>TOTAL</u>
Support Staff	1,926.30	219.90	573.80	87.20	9.00	889.90	2,816.20
Total Receiver's Fees	<u>39,589.05</u>	<u>7,392.90</u>	<u>13,092.30</u>	<u>2,591.70</u>	<u>1,234.50</u>	<u>24,311.40</u>	<u>63,900.45</u>
Receiver's Costs							
Computer Consultant	2,874.52	0.00	48.80	35.49	0.00	84.29	2,958.81
Bond Premium	500.00	0.00	0.00	0.00	0.00	0.00	500.00
Supplies/Telephone	129.45	54.60	30.23	24.46	0.00	109.29	238.74
Postage/Delivery	245.50	0.69	159.74	2.13	0.69	163.25	408.75
Travel Expense	356.62	0.00	32.00	0.00	0.00	32.00	388.62
Bank Fees	0.00	0.00	0.00	0.00	10.00	10.00	10.00
Total Receiver's Costs	<u>4,106.09</u>	<u>55.29</u>	<u>270.77</u>	<u>62.08</u>	<u>10.69</u>	<u>398.83</u>	<u>4,504.92</u>
Total Receiver's Fees and Costs	<u>43,695.14</u>	<u>7,448.19</u>	<u>13,363.07</u>	<u>2,653.78</u>	<u>1,245.19</u>	<u>24,710.23</u>	<u>68,405.37</u>
Total Expense	<u>44,488.91</u>	<u>7,448.19</u>	<u>13,363.07</u>	<u>2,653.78</u>	<u>1,245.19</u>	<u>24,710.23</u>	<u>69,199.14</u>
Fund Balance	<u>(42,526.20)</u>	<u>(7,448.19)</u>	<u>(13,363.07)</u>	<u>(2,653.78)</u>	<u>(1,245.19)</u>	<u>(24,710.23)</u>	<u>(67,236.43)</u>