

1 Gary Owen Caris (SBN 088918)
 2 gcaris@btlaw.com
 3 **BARNES & THORNBURG LLP**
 4 2029 Century Park East, Suite 300
 Los Angeles, California 90067
 Telephone: (310) 284-3880
 Facsimile: (310) 284-3894

5 Attorneys for Receiver
 6 **ROBB EVANS & ASSOCIATES LLC**

7 UNITED STATES DISTRICT COURT
 8 CENTRAL DISTRICT OF CALIFORNIA

10 FEDERAL TRADE COMMISSION,
 11 Plaintiff,
 12 v.
 13 A1 DOCPREP INC., et al.,
 14 Defendants.

Case No. CV17-07044-SJO(JCx)

NOTICE OF MOTION AND MOTION FOR ORDER (1) APPROVING AND AUTHORIZING PAYMENT OF RECEIVER'S AND PROFESSIONAL'S FEES AND COSTS FROM NOVEMBER 1, 2017 THROUGH APRIL 30, 2018 AND (2) DIRECTING TURNOVER OF FUNDS IN SCOTTRADE ACCOUNT IN NAME OF DEFENDANT HOMAN ARDALAN TO RECEIVER; MEMORANDUM OF POINTS AND AUTHORITIES AND DECLARATION OF GARY OWEN CARIS IN SUPPORT THEREOF

[SUPPORTING DECLARATION OF BRICK KANE FILED CONCURRENTLY HEREWITH]

Date: July 9, 2018
 Time: 10:00 a.m.
 Courtroom: 10C

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

26 **PLEASE TAKE NOTICE** that on July 9, 2018, at 10:00 a.m. in Courtroom
 27 10C of the above-referenced Court, located at 350 West 1st Street, Los Angeles, CA

1 90012, the Receiver, Robb Evans & Associates LLC (“Receiver”) will move the
2 Court for an order approving and authorizing for payment the receivership fees and
3 costs incurred for the six-month period from November 1, 2017 through April 30,
4 2018 (“Second Expense Period”). The Receiver specifically moves the Court for an
5 order: (1) approving in full and authorizing for payment the Receiver’s members,
6 staff and professionals, and reimbursement of costs, comprised of (a) Receiver’s
7 fees, including the Receiver’s members and staff, of \$9,052.95 and Receiver’s costs
8 of \$1,664.79, for a total of \$10,717.74; (b) Receiver’s former counsel Diamond
9 McCarthy LLP’s (“Diamond McCarthy”) fees of \$2,573.55 and its costs of \$27.75,
10 for a total of \$2,601.30; and (c) Receiver’s present counsel Barnes & Thornburg
11 LLP’s (“Barnes & Thornburg”) fees of \$14,112.80 and its costs of \$311.75, for a
12 total of \$14,424.55; (2) directing that all funds currently frozen in an account
13 ending in number 2838 in the name of Defendant Homan Ardalan at Scottrade, Inc.
14 (“Scottrade”) in the amount of approximately \$303,052.78, constituting the
15 proceeds of the liquidation of stock paid for entirely from the funds of Corporate
16 Defendant Stream Lined Marketing, be turned over to the Receiver as property of
17 the receivership estate and which may be used, to the extent necessary, to pay for
18 allowed fees and expenses awarded pursuant to this Motion and the Receiver’s
19 prior Motion for Order Approving and Authorizing for Payment of Receiver’s and
20 Professional’s Fees and Costs From Inception of the Receivership Through October
21 31, 2017 (Doc. 47) (“Initial Expense Motion”); and (3) deeming notice of this
22 Motion to be sufficient under Local Rule 66-7 based on the service of this Motion
23 on all parties and all known non-consumer creditors of the estate, but not the
24 thousands of potential consumer creditors of the estate.

25 **PLEASE TAKE FURTHER NOTICE** that the Receiver further requests
26 that the sums approved and authorized for payment pursuant to this Motion in
27 connection with the Second Expense Period be in addition to all sums previously
28 requested to be approved and authorized for payment in its Initial Expense Motion

1 which is still pending.

2 **PLEASE TAKE FURTHER NOTICE** that this Motion is made pursuant to
3 this Court’s Scheduling Notice (Doc. 64) ordering the Receiver to file an updated
4 fee application, Local Rules 7-4 and 66-7 and Section XXI of the Stipulated
5 Preliminary Injunction as to Defendants A1 DocPrep, Inc., Stream Lined
6 Marketing, and Homan Ardalán (Doc. 35) entered October 17, 2017 and the
7 Stipulated Preliminary Injunction as to Defendant Bloom Law Group, P.C. (Doc.
8 36) entered October 17, 2017 (collectively, the “Preliminary Injunctions”) each of
9 which required the Receiver to file with the Court and serve on the parties periodic
10 requests for the payment of reasonable compensation for the performance of duties
11 pursuant to the Preliminary Injunctions and for the cost of actual out-of-pocket
12 expenses incurred by the Receiver from the assets of the Corporate Defendants, and
13 the Stipulated Order for Permanent Injunction and Monetary Judgment Against
14 Bloom Law Group PC, also d/b/a Home Shield Network and Keep Your Home
15 USA (Doc. 67) entered May 7, 2018 (“Stipulated Judgment”) which ordered that
16 the Receiver continue to serve as Receiver pursuant to the Preliminary Injunctions.

17 This Motion is based upon this Notice of Motion and Motion, the
18 accompanying memorandum of points and authorities and Declaration of Gary
19 Owen Caris, the Declaration of Brick Kane filed concurrently herewith, upon the
20 pleadings, files and records of the Court in this case of which the Receiver requests
21 the Court take judicial notice, including without limitation the Report of Receiver’s
22 Activities for the Period From September 29, 2017 Through November 28, 2017
23 (“Receiver’s Report”) filed November 29, 2017 (Doc. 42), and upon such other and
24 further oral and documentary evidence as may be presented by the Receiver at or
25 prior to the hearing on this Motion.

26 **STATEMENT REGARDING CONFERENCE OF COUNSEL**
27 **PURSUANT TO LOCAL RULE 7-3**

28 No Conference of Counsel was conducted with respect to this Motion as

1 would otherwise be required pursuant to Local Rule 7-3. The relief sought by the
2 Receiver cannot be resolved by the parties as the Court is required to rule on the
3 Receiver's Motion for the payment of its fees and expenses and those of its counsel
4 under Local Rule 66-7 and Section XXI of the Preliminary Injunctions as described
5 above. In addition, this Motion was ordered to be filed pursuant to the Scheduling
6 Notice (Doc. 64). Furthermore, Rule 66-7 requires that notice of such Motion be
7 served on all known creditors as well as the parties to the action, rendering the
8 Receiver unable to seek a resolution of the Motion only with the parties to the
9 action.

10 Dated: June 1, 2018

BARNES & THORNBURG LLP

11
12 By: /s/ Gary Owen Caris
13 GARY OWEN CARIS
14 Attorneys for Receiver Robb Evans
& Associates LLC

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Page

MEMORANDUM OF POINTS AND AUTHORITIES..... 1

I. INTRODUCTION 1

II. SUMMARY OF THE RECEIVER’S SERVICES AND ACTIVITIES
DURING THE SECOND EXPENSE PERIOD..... 2

III. SUMMARY OF THE RECEIVER’S COUNSEL’S SERVICES AND
ACTIVITIES DURING THE SECOND EXPENSE PERIOD..... 5

IV. THE FEES AND COSTS OF THE RECEIVER AND ITS COUNSEL
ARE REASONABLE AND SHOULD BE APPROVED AS
REQUESTED 6

V. ALL FUNDS HELD IN THE SCOTTRADE ACCOUNT ARE
PROPERTY OF THE RECEIVERSHIP ESTATE AND SHOULD BE
TURNED OVER TO THE RECEIVER. 8

VI. NOTICE OF THIS MOTION IS REASONABLE UNDER THE
CIRCUMSTANCES AND SHOULD BE APPROVED 10

VII. CONCLUSION 12

DECLARATION OF GARY OWEN CARIS 13

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

TABLE OF AUTHORITIES

Page(s)

Federal Cases

Federal Trade Commission v. Capital Acquisitions & Management Corp.,
2005 U.S. Dist. LEXIS 18504 (N.D. Ill. August 26, 2005) 7

In re First Alliance Mortgage Co.,
269 B.R. 428 (C.D. Cal. 2001) 11

In re San Vicente Medical Partners Ltd.,
962 F. 2d 1402 (9th Cir. 1992) 7, 9

Securities and Exchange Commission v. Elliott,
953 F. 2d 1560 (11th Cir. 1992) 7

Securities and Exchange Commission v. Elmas Trading Corp.,
620 F. Supp. 231 (D. Nev. 1985) 9

Securities and Exchange Commission v. Hardy,
803 F. 2d 1034 (9th Cir. 1986) 10

*Securities and Exchange Commission v. Private Equity Management
Group, Inc.*,
2009 WL 2488044 (C.D. Cal. August 10, 2009) 9

Securities and Exchange Commission v. Vassello,
2011 WL 3875640 (E.D. Ca. 2011) 8

Securities and Exchange Commission v. Wencke,
783 F.2d 829 (9th Cir. 1986) 8

Federal Statutes

11 U.S.C. § 102(1)(a) 11

11 U.S.C. § 105(a) and (d) 12

State Statutes

Al Doc, Stream Lined, Bloom Law 1

Al Doc, Stream Lined and Bloom Law 1

1 Bloom Law 1, 2, 4, 11

2 KL Tax Law 4

3 True Tax Law 4

4

5 **Rules**

6 F.R. Civ. P. 5(a) and (c) 11

7 Local Rule 66-7 10, 11

8 Local Rule 66-8 11

9 R. Bankr. P. 2002(m) 12

10

11 **Other Authorities**

12 2 Clark, Ralph Ewing, *A Treatise on the Law and Practice of Receivers* §

13 637 (3rd ed. Rev. 1992) 6

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

This lawsuit was commenced by the Federal Trade Commission (“FTC”) on September 27, 2017 with a Complaint for Permanent Injunction and Other Equitable Relief (Doc. 1) against Al DocPrep Inc., a corporation (“Al Doc”), Stream Lined Marketing, a corporation, also d/b/a Project Uplift Students and Project Uplift America (“Stream Lined”), Bloom Law Group PC, a professional corporation, also d/b/a Home Shield Network and Keep Your Home USA (“Bloom Law”) and Homan Ardalán (“Ardalan”), individually and as an officer of Al Doc and Stream Lined. (Al Doc, Stream Lined, Bloom Law and Ardalán are defined in the Preliminary Injunctions and herein as the “Defendants.”)

As described in the Receiver’s Report, Al Doc allegedly provided student debt relief services and Bloom Law allegedly provided mortgage assistance relief services, and the aggregate net revenues generated by those two entities was in excess of \$5.3 million.

The Receiver became temporary receiver pursuant to the *Ex Parte* Temporary Restraining Order with Asset Freeze, Appointment of Receiver, and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (“TRO”) entered on September 28, 2017 (Doc. 17). Under the TRO, the Receiver became the temporary receiver for the “Corporate Defendants,” defined in the TRO to mean Al Doc, Stream Lined and Bloom Law, and each of their subsidiaries, affiliates, successors and assigns. Thereafter, pursuant to the Preliminary Injunctions entered on October 17, 2017, the Receiver became the permanent receiver over the “Receivership Entities,” defined in the Preliminary Injunctions and herein to mean the Corporate Defendants as well as any other business related to the Defendants’ debt relief, mortgage assistance relief service or tax debt relief business and which the Receiver has reason to believe is owned in

1 whole or in part by any of the Defendants.

2 Under Section XXI of the Preliminary Injunctions, the Receiver was required
3 to file its initial request for compensation no more than sixty (60) days from the
4 date the Preliminary Injunctions were entered. Pursuant to that section of the
5 Preliminary Injunctions, the Receiver filed its Initial Expense Motion (Doc. 47) on
6 December 14, 2017, covering the period from the inception of the receivership
7 estate through October 31, 2018. The Court has not yet ruled on the Initial Expense
8 Motion. On April 3, 2018, the Court issued its Scheduling Notice (Doc. 64),
9 ordering the Receiver to file an updated fee application. The instant Motion is filed
10 in compliance with the Scheduling Notice, and the Second Expense Period covers
11 the six-month period from November 1, 2017 through April 30, 2018.

12 Thereafter, on May 7, 2018 the Court entered the Stipulated Judgment (Doc.
13 67), which, among other things, entered a \$9,131,712 monetary judgment against
14 Bloom Law and maintained the Receiver in place pursuant to the terms of the
15 Preliminary Injunctions.

16 As evidenced by the detailed billing records which accompany the
17 Declaration of Brick Kane in support of this Motion and marked collectively as
18 Exhibit 2 to the Kane Declaration, the Second Expense Period saw a marked
19 decrease in work required of the Receiver. The services of the Receiver and its
20 counsel are summarized separately below and described in the detailed billing
21 records attached as exhibits to the Kane and Caris declarations.

22 **II. SUMMARY OF THE RECEIVER’S SERVICES AND ACTIVITIES**
23 **DURING THE SECOND EXPENSE PERIOD**

24 The Receiver seeks payment of the Receiver’s fees and costs summarized in
25 the Receivership Administrative Expenses by Month and Fund Balance spreadsheet
26 (“Financial Summary”) attached as Exhibit 1 to the Declaration of Brick Kane in
27 support of this Motion, together with the detailed billing records of the Receiver,
28

1 attached to Kane's declaration collectively as Exhibit 2.¹ During the Second
2 Expense Period, the Receiver has incurred fees for the Receiver and its members of
3 \$5,950.80, senior staff fees of \$1,677.15 and support staff fees of \$1,425.00, for
4 total Receiver's fees of \$9,052.95. The Receiver's costs during the Second
5 Expense Period total \$1,664.79 and are detailed in the Financial Summary.

6 The Receiver's work in the Second Expense Period reflected the fact that all
7 of the Defendants had entered into stipulated Preliminary Injunctions on October
8 17, 2017, pursuant to which the Receiver became permanent receiver and could
9 begin to take more definitive steps to wind down the Receivership Entities. The
10 Receiver took steps to collect and remove the property of the receivership estate
11 located at Receivership Entities' premises at 16200 Ventura Boulevard, Suites 415,
12 419, 422 and 424, Encino, California ("Encino Offices") and 3699 Wilshire
13 Boulevard, Suite 601, Los Angeles, California ("Los Angeles Office"), and to
14 vacate the Encino Offices and Los Angeles Office.

15 The Receiver continued to work on and finalize for filing the Receiver's
16 Report, which as discussed in the Initial Expense Motion, entailed a review of paper
17 and electronic records, including QuickBooks accounting records obtained from the
18 Corporate Defendants' outside accountants and bank records to analyze the
19 operating results of the Corporate Defendants, the preparation of draft detailed
20 statements of operations for the Corporate Defendants, and the preparation of a
21 draft combined statement of operations for the Corporate Defendants. This also
22 included a detailed analysis of payments to or for the benefit of Ardan from the
23 Receivership Entities. The Operating Results section of the Receiver's Report
24 detailed payments to or for the benefit of Ardan from Stream Lined totaling
25 \$2,266,705.34, approximately 30% of the total revenue for Stream Lined From
26 November 2012 through September 2017. This included payments to a Scottrade,

27 _____
28 ¹ 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 Inc. (“Scottrade”) account ending in number 2838 in Ardalan’s name totaling
2 \$412,500. With Ardalan’s express consent, the Receiver ordered Scottrade to
3 liquidate the stock in this account, resulting in a cash balance of \$303,052.78.
4 Based on the fact that all of the funds that went into this account came directly from
5 Stream Lined, a Receivership Entity, by this Motion the Receiver also seeks an
6 order directing that all funds frozen at Scottrade in that account be turned over to
7 the Receiver for inclusion in the assets of the receivership estate, and to the extent
8 necessary, used for the payment of fees and expenses allowed pursuant to the
9 instant Motion and Initial Expense Motion.

10 During the Second Expense Period, the Receiver continued to address claims
11 raised by Kevin Liu, president of KL Tax Law Group, P.C. dba True Tax Law
12 Group (“TTL Group”), including claims that he subleased the Los Angeles Office
13 from Ardalan and that he and Ardalan executed an asset sale and purchase
14 agreement including various personal property located at the Los Angeles Office,
15 including computers and phones. The Receiver and its counsel communicated with
16 Liu directly and through his counsel to discuss Liu’s and True Tax’s claimed
17 independence from the Receivership Entities and Liu’s request for return of True
18 Tax files, computers and phones. In addition, an investigator and attorney with the
19 California State Bar contacted counsel for the Receiver regarding an investigation
20 pertaining to Liu and Ardalan. The Receiver, with counsel, communicated with the
21 State Bar’s attorney and investigator and answered questions pertaining to Liu,
22 Ardalan, and the receivership estate. The Receiver also addressed a subpoena
23 served on it by the California State Bar.

24 The Receiver continued to discharge its duties by communicating with
25 counsel for Bloom Law and the FTC. It had extensive communications in writing
26 and telephonically with consumers and other potential creditors of the receivership
27 estate. The Receiver responded to complaints made to the Better Business Bureau.
28 Finally, the Receiver continued to handle the daily administrative functions of the

1 receivership estate, including preparing bank reconciliations, processing accounts
2 payable, handling incoming mail addressed to the Receivership Entities and
3 updating creditor claims information.

4 **III. SUMMARY OF THE RECEIVER'S COUNSEL'S SERVICES AND**
5 **ACTIVITIES DURING THE SECOND EXPENSE PERIOD**

6 The Receiver also seeks payment of its counsel's fees and expenses
7 summarized in the Financial Summary, Exhibit 1 to the Kane declaration, and set
8 forth in the detailed billing records of Diamond McCarthy, the Receiver's original
9 counsel on this case through November 10, 2017,² and the detailed billing records
10 of Barnes & Thornburg, the Receiver's counsel beginning after Caris changed firms
11 on November 13, 2017. The Diamond McCarthy bill for November 2017 is
12 attached to Caris's declaration as Exhibit 1 and the Barnes & Thornburg bills for
13 November 2017 through April 2018 are attached collectively to Caris's declaration
14 as Exhibit 2. During the Second Expense Period, the Receiver incurred fees to
15 Diamond McCarthy of \$2,573.55 and costs of \$27.75. During this period, the
16 Receiver incurred fees to Barnes & Thornburg of \$14,112.80 and costs of \$311.75.

17 During the limited period in November before Caris left Diamond McCarthy,
18 he communicated with counsel for Liu, addressed issues regarding vacating the
19 Encino Offices, and addressed issues regarding the Los Angeles Office. During
20 that period, he also reviewed and revised the Receiver's Report.

21 After joining Barnes & Thornburg, Caris continued to review and revise the
22 Receiver's Report, and was responsible for its filing and service. Barnes &
23 Thornburg prepared the Initial Expense Motion. Receiver's counsel communicated
24 with counsel for Liu, and Liu himself, regarding Liu's contentions pertaining to
25 TTL Group and addressed allowing Liu to pick up TTL Group files, along with

26 _____
27 ² Caris moved from Diamond McCarthy to Barnes & Thornburg LLP on November 13, 2017 and the Receiver
28 substituted in the Barnes & Thornburg firm for Diamond McCarthy by order entered on November 21, 2017 (Doc.
40.) Caris was primary counsel for the Receiver while at Diamond McCarthy and continues to be the Receiver's
primary counsel on this matter at essentially the same hourly rate (\$598.00) provided by his prior firm (\$598.50).

1 computers and phones originally located at the Los Angeles Office. Counsel
2 assisted the Receiver by addressing issues pertinent to the vacating of the Los
3 Angeles Office, including communicating with the landlord of the Los Angeles
4 Office. The Receiver's counsel has also been principally responsible for
5 communicating with the investigator and counsel from the California State Bar
6 regarding their investigation pertaining to Liu and Ardalan and for analyzing the
7 State Bar subpoena. Counsel has assisted the Receiver in taking appropriate steps
8 to comply with the State Bar's requests and subpoena in a cost-effective and
9 efficient manner.

10 **IV. THE FEES AND COSTS OF THE RECEIVER AND ITS COUNSEL**
11 **ARE REASONABLE AND SHOULD BE APPROVED AS**
12 **REQUESTED**

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

18 The obligations and expenses which the court creates in its
19 administration of the property are necessarily burdens on the
20 property taken possession of, and this, irrespective of the
21 question who may be the ultimate owner, or who may have
22 the preferred lien, or who may invoke the receivership. The
23 appointing court pledges its good faith that all duly authorized
24 obligations incurred during the receivership shall be paid.

25 2 Clark, Ralph Ewing, *A Treatise on the Law and Practice of Receivers* § 637, p.
26 1052 (3rd ed. Rev. 1992).

27 The Receiver is an officer of the Court charged with a myriad of duties under
28 the Court's TRO and Preliminary Injunctions, many of which have no relationship

1 to recovery of assets or increasing the funds available for distribution to creditors.
2 Because of the nature of the administrative and other services required in
3 receiverships, the benefit a receiver confers on receivership property cannot be
4 determined based solely on the increase or decrease in the value of property in the
5 receiver's possession. As the Court explained in *Securities and Exchange*
6 *Commission v. Elliott*, 953 F. 2d 1560, 1577 (11th Cir. 1992):

7 [I]t is sometimes difficult to ascertain what type of benefits a
8 receiver has bestowed on receivership property [A]
9 benefit to a secured party may take more subtle forms than a
10 bare increase in monetary value. Even though a receiver may
11 not have increased, or prevented a decrease in, the value of the
12 collateral, if a receiver reasonably and diligently discharges
13 his duties, he is entitled to compensation. [Citations omitted.]

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

15 The Court has broad discretion in determining the reasonableness of fees to
16 be awarded a receiver. *See In re San Vicente Medical Partners Ltd.*, 962 F. 2d
17 1402, 1409-1410 (9th Cir. 1992). The Court may evaluate the time and effort
18 expended by the Receiver with respect to specific projects and aspects of the
19 administration of the estate, and may look to a number of different factors under the
20 case law in approving receiver's and counsel's fees. *In re San Vicente Medical*
21 *Partners Ltd.*, 962 F. 2d at 1409-1410.

22 This Motion establishes that the Receiver, its members, staff and
23 professionals rendered reasonable and necessary services for the receivership estate
24 during the Second Expense Period that were beneficial to the estate. *See Federal*
25 *Trade Commission v. Capital Acquisitions & Management Corp.*, 2005 U.S. Dist.
26 LEXIS 18504 (N.D. Ill. August 26, 2005). The Receiver submits the fees are
27 reasonable in light of the services rendered, and that the fees and expenses
28 requested should be awarded in their entirety.

1 **V. ALL FUNDS HELD IN THE SCOTTRADE ACCOUNT ARE**
2 **PROPERTY OF THE RECEIVERSHIP ESTATE AND SHOULD BE**
3 **TURNED OVER TO THE RECEIVER.**

4 As set forth in the accompanying Declaration of Brick Kane, all of the funds
5 that went into the Scottrade investment account ending in number 2838 in the name
6 of the Defendant Ardalan, which account was liquidated in late October, 2017, can
7 be directly traced to Stream Lined, a Receivership Entity. Therefore, it is
8 appropriate that all of the proceeds currently frozen at Scottrade be brought into the
9 receivership estate as an asset of the receivership estate. The Preliminary
10 Injunction pertaining to Stream Lined and Ardalan provides that the Receiver is to
11 take “exclusive custody, control and possession of all Assets of ... any
12 Receivership Entity, wherever situated”; and to “Obtain ... all Assets of the
13 Receivership Entities...” and to “assume control over the income and profits
14 therefrom...” (Preliminary Injunction, Doc. 35, Sections XV.B and XV.C) “Assets”
15 is defined to mean “any legal or equitable interest in, right to, or claim to any real or
16 personal property, including ... accounts ... funds, and all cash, wherever located.”
17 (Preliminary Injunction, Doc. 35, Definition A) Based on the fact that all of the
18 funds in the Scottrade account are directly traced to Stream Lined funds and the
19 proceeds of the stock acquired with those funds, the funds are properly deemed
20 assets of the receivership estate. Further, the remedy of constructive trust is
21 applicable to recover funds from anyone, even non-parties, who are in possession of
22 funds to which they have no rightful claim. *Securities and Exchange Commission*
23 *v. Vassello*, 2011 WL 3875640 *2 (E.D. Ca. 2011). Summary proceedings may be
24 initiated by a receiver for this purpose in order to marshal assets of those harmed.
25 *Securities and Exchange Commission v. Wencke*, 783 F.2d 829 (9th Cir. 1986).

26 Even assuming for argument’s sake that this account is deemed to be
27 Ardalan’s money and not that of the Receivership Entities, based on the broad
28 supervisory powers and discretion of the Federal District Court in an equity

1 receivership, the Court has the power to determine the scope of assets subject to the
2 receivership. *In re San Vicente Medical Partners, Ltd.* 962 F. 2d 1402 (9th Cir.
3 1992); *Securities and Exchange Commission v. Elmas Trading Corp.*, 620 F. Supp.
4 231 (D. Nev. 1985); aff'd 805 F. 2d 1039 (9th Cir. 1986); *Securities and Exchange*
5 *Commission v. Private Equity Management Group, Inc.*, 2009 WL 2488044 at *1
6 (C.D. Cal. August 10, 2009) and 2009 WL 3074604 at *1 (C.D. Cal. September 21,
7 2009). In the *San Vicente* case and the two *Private Equity Management* cases, the
8 Court determined that, in a summary proceeding, even property of a non-party
9 subsidiary or affiliate could be included in a receivership estate, assuming the non-
10 party had minimum contacts with the forum and the non-party had notice of the
11 receivership and an opportunity for hearing. Here, where the asset in question is in
12 the name of the sole individual Defendant and the principal of Stream Lined, the
13 Court clearly has the power to include this asset in the receivership estate even
14 assuming it is not “owned” by Stream Lined.

15 Without including the Scottrade proceeds in the receivership estate, the estate
16 is administratively insolvent and cannot pay all fees and expenses incurred by the
17 Receiver and its professionals, should the Initial Fee Motion and this Motion be
18 granted. The Financial Summary, Exhibit 1 to Kane’s declaration, discloses a
19 shortfall of \$46,896.25 in the receivership estate, absent inclusion of the Scottrade
20 funds. With the Scottrade funds, the estate would hold over \$256,000 for the
21 benefit of consumers and other potential creditors, assuming the Court grants the
22 Initial Fee Motion and this Motion. Given “the Receiver’s primary objective . . . to
23 ensure that all available assets are brought within the Receivership,” *Securities and*
24 *Exchange Commission v. Elmas, supra*, 620 F.Supp. at 234, it is appropriate to
25 avoid the estate’s administrative insolvency where the facts are indisputable that all
26 funds which went into the Ardalan investment account at Scottrade came directly
27 from Stream Lined.

28 The purpose of the receivership laws is to give the Court broad authority

1 pursuant to its general powers of equity to issue orders as necessary for the
2 administration of the estate. As the Ninth Circuit articulated in *Securities and*
3 *Exchange Commission v. Hardy*, 803 F. 2d 1034 (9th Cir. 1986):

4 First, a district court's power to supervise an equity
5 receivership and to determine the appropriate action to be
6 taken in the administration of the receivership is extremely
7 broad. . . . The basis for broad deference to the district court's
8 supervisory role in equity receiverships arises out of the fact
9 that most receiverships involve multiple parties and complex
10 transactions.

11 . . .

12 Secondly, we have acknowledged that a primary purpose of
13 equity receiverships is to promote orderly and efficient
14 administration of the estate by the district court for the benefit
15 of creditors. [Citations omitted.] Accordingly, we generally
16 uphold reasonable procedures instituted by the district court
17 that serve this purpose. [Citations omitted.] *S.E.C. v. Hardy*,
18 803 F. 2d at 1037-1038.

19 Given these facts and circumstances, the requested turnover order is
20 reasonable and appropriate.

21 **VI. NOTICE OF THIS MOTION IS REASONABLE UNDER THE**
22 **CIRCUMSTANCES AND SHOULD BE APPROVED**

23 Local Rule 66-7 provides for service of notice of the hearing on various
24 motions by a receiver, including a motion for fees. That Rule provides for service
25 of the notice of the hearing on such motions by mail on all known creditors of the
26 defendants. The Receiver is serving the Motion on the parties and all known non-
27 consumer creditors of the estate pursuant to Local Rule 66-7.

28 In this case, there may be thousands of potential consumer creditors who may

1 have claims against the Receivership Entities given that the Receivership Entities
2 generated in excess of \$5.3 million in connection with their purported student debt
3 relief services and mortgage assistance relief services. However, it is not
4 realistically possible or beneficial to the estate and its creditors for the Receiver to
5 serve all such potential consumer creditors with notice of this Motion or other
6 administrative motions by mail, and the expense and burden on the estate of
7 attempting to effectuate such service would drain the estate's resources and cause
8 undue administrative expense. Additionally, given the poor quality of the A1Doc
9 CRM database and the present inability to access the Bloom Law CRM database,
10 the Receiver does not have sufficient information to serve potential consumer
11 creditors.

12 Based on the foregoing, the Receiver seeks an order providing that the notice
13 requirement of Rule 66-7 shall be deemed satisfied by serving copies of all Motion
14 papers on the parties to this action (as provided in the Preliminary Injunctions) and
15 on all known non-consumer creditors. As additional notice, the Receiver will post
16 the Motion and supporting papers, without voluminous time records attached, on
17 the Receiver's website at robbevans.com where the Receiver conspicuously posts
18 pertinent Court filings and other documents for this case.

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

1 mean “after such notice as is appropriate in the particular circumstances, and such
2 opportunity for hearing as is appropriate in the particular circumstances”);
3 11 U.S.C. §105(a) and (d) (granting broad equitable powers to the court to issue
4 orders “necessary or appropriate to carry out the provisions” of Title 11 including
5 “prescribing such limitations and conditions as the court deems appropriate to
6 ensure the case is handled expeditiously and economically”); and F. R. Bankr. P.
7 2002(m) (authorizing the court to enter “orders designating the matters in respect to
8 which, the entity to whom, and the form and manner in which notices shall be sent
9 except as otherwise provided by these rules”).

10 **VII. CONCLUSION**

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

16 Dated: June 1, 2018

Respectfully submitted,

BARNES & THORNBURG LLP

19 By: /s/ Gary Owen Caris

GARY OWEN CARIS
Attorneys for Receiver ROBB
EVANS & ASSOCIATES LLC

1 **DECLARATION OF GARY OWEN CARIS**

2 I, Gary Owen Caris, declare:

3 1. I am an attorney at law duly licensed to practice before all courts of the
4 State of California and the United States District Court for the Central District of
5 California. I was a partner in the firm of Diamond McCarthy LLP (“Diamond
6 McCarthy”) at the inception of the receivership established in this case. On
7 November 10, 2017 I left Diamond McCarthy and on November 13, 2017 I became
8 a partner in the firm of Barnes & Thornburg LLP (“Barnes & Thornburg”). By
9 Order entered November 21, 2017, Barnes and Thornburg substituted in as counsel
10 for Robb Evans & Associates LLC, the Receiver (“Receiver”) in this matter. Since
11 the inception of the receivership estate, first as a partner at Diamond McCarthy and
12 now as a partner at Barnes & Thornburg, I have been the attorney primarily
13 responsible for representing the Receiver in this matter and I am its lead counsel. I
14 have personal knowledge of the matters set forth in this declaration, and if I were
15 called upon to testify as to these matters I could and would competently testify
16 thereto.

17 2. Attached hereto as Exhibit 1 is a copy of the billing records for the
18 attorneys at Diamond McCarthy who performed work on this matter during the
19 period in November 2017 while I was still a partner at that firm. For that period of
20 time in November, the Receiver has incurred attorneys’ fees of \$2,573.55 and costs
21 of \$27.75 to Diamond McCarthy. The billing records itemize and detail the hours
22 spent and the work performed rendering services on this matter.

23 3. Attached hereto collectively as Exhibit 2 are copies of the billing
24 records for the attorneys and paralegals at Barnes & Thornburg, who performed
25 work on this matter from November 13, 2017, after I moved to Barnes &
26 Thornburg through April 30, 2018. For that period of time, the Receiver has
27 incurred attorneys’ fees of \$14,112.80 and costs of \$311.75 to Barnes & Thornburg.
28 The time records attached hereto as Exhibits 1 and 2, as well as the time records for

1 the Receiver, its members and staff, have been redacted by me where appropriate to
2 preserve descriptions containing confidential, sensitive, tactical, strategic, attorney-
3 client privileged and/or work-product information.

4 4. During the limited period in November before I left Diamond
5 McCarthy, I communicated with counsel for Kevin Liu (“Liu”), addressed issues
6 regarding vacating the Encino Offices, and addressed issues regarding the Los
7 Angeles Office, as those terms are defined in this Motion. During that period, I
8 also reviewed and revised the Receiver’s Report.

9 5. After joining Barnes & Thornburg, I continued to review and revise
10 the Receiver’s Report, and was responsible for its filing and service. Barnes &
11 Thornburg prepared the Initial Expense Motion. I communicated with counsel for
12 Liu, and Liu himself, regarding Liu’s contentions pertaining to TTL Group and
13 addressed allowing Liu to pick up TTL Group files, along with computers and
14 phones originally located at the Los Angeles Office. I also assisted the Receiver by
15 addressing issues pertinent to the vacating of the Los Angeles Office, including
16 communicating with the landlord of the Los Angeles Office. The Receiver’s
17 counsel has also been principally responsible for communicating with the
18 investigator and counsel from the California State Bar regarding their investigation
19 pertaining to Liu and Homan Ardan and for analyzing the State Bar subpoena.
20 Counsel has assisted the Receiver in taking appropriate steps to comply with the
21 State Bar’s requests and subpoena in a cost-effective and efficient manner.

22 6. While I was a partner at Diamond McCarthy, I became familiar with
23 the methods and procedures used to create, record and maintain billing records for
24 the clients of that firm. As a partner at Barnes & Thornburg, I am familiar with the
25 methods and procedures used by that firm to create, record and maintain billing
26 records for its clients. The description of the manner and method in which billing
27 records are created, recorded and maintained is essentially the same for both firms.

28

1 The billing summaries attached hereto as Exhibits 1 and 2 are prepared from
2 computerized time records prepared contemporaneously with the services rendered
3 by each attorney and paralegal billing time to the matter. These computerized
4 records are prepared in the ordinary course of business by the attorneys and
5 paralegals employed by the firms who have a business duty to accurately record
6 their time spent and services rendered on the matters on which they perform work.
7 The time records are transferred into computerized billing programs that generate
8 monthly invoices under the supervision of the accounting department of the firms.
9 Based upon my experience while at Diamond McCarthy, and my experience at
10 Barnes & Thornburg, I believe the methods and procedures for recording and
11 accounting for time and services for the clients of Diamond McCarthy and Barnes
12 & Thornburg are reliable and accurate.

13 7. The fees charged by Diamond McCarthy on this matter reflect a 10%
14 discount off of the standard hourly billing rates charged by the firm in 2017 for
15 lawyers and paralegals who worked on this matter. My hourly rate on this matter
16 has remained essentially unchanged since moving to Barnes & Thornburg, where
17 my hourly rate on this matter is \$598. At Diamond McCarthy, my hourly rate on
18 this matter was \$598.50.

19 8. I have more than 38 years' experience as a business and commercial
20 litigator and also have extensive experience as a bankruptcy attorney representing
21 creditors in Chapter 11 and Chapter 7 bankruptcy cases. For more than seventeen
22 years, I have also specialized in representing receivers in federal equity
23 receiverships. I believe the rates and the amounts incurred by the Receiver to its
24 counsel for the services rendered during the period covered by the Motion are
25 reasonable and appropriate based on the nature of the services rendered, the quality
26 and amount of services provided, the complexity of the issues involved and other
27
28

1 factors under the circumstances.

2 I declare under penalty of perjury that the foregoing is true and correct and
3 that this declaration was executed on June 1, 2018 at Los Angeles, California.

4

5

6

/s/ Gary Owen Caris
GARY OWEN CARIS

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

12492116v1

22

23

24

25

26

27

28

1 Gary Owen Caris (SBN 088918)
 2 gcaris@btlaw.com
 3 **BARNES & THORNBURG LLP**
 4 2029 Century Park East, Suite 300
 Los Angeles, California 90067
 Telephone: (310) 284-3880
 Facsimile: (310) 284-3894

5 Attorneys for Receiver
 ROBB EVANS & ASSOCIATES LLC

8 UNITED STATES DISTRICT COURT
 9 CENTRAL DISTRICT OF CALIFORNIA

11 FEDERAL TRADE COMMISSION,
 12 Plaintiff,
 13 v.
 14 A1 DOCPREP INC., et al.,
 15 Defendants.

Case No. CV17-07044-SJO(JCx)

DECLARATION OF BRICK KANE IN
 SUPPORT OF MOTION FOR ORDER:
 (1) APPROVING AND
 AUTHORIZING PAYMENT OF
 RECEIVER’S AND
 PROFESSIONAL’S FEES AND
 COSTS FROM NOVEMBER 1, 2017
 THROUGH APRIL 30, 2018; AND (2)
 DIRECTING TURNOVER OF FUNDS
 IN SCOTTRADE ACCOUNT IN
 NAME OF DEFENDANT HOMAN
 ARDALAN TO THE RECEIVER

Date: July 9, 2018
 Time: 10:00 a.m.
 Courtroom: 10C

21 I, Brick Kane, declare:

22
 23 1. I am the President of Robb Evans & Associates LLC. Robb Evans &
 24 Associates LLC (“Receiver”) was appointed initially as temporary equity receiver
 25 pursuant to the *Ex Parte* Temporary Restraining Order With Asset Freeze,
 26 Appointment of Receiver, and Other Equitable Relief, and Order to Show Cause
 27 Why a Preliminary Injunction Should Not Issue (“TRO”) entered on September 28,
 28

1 2017 over the “Corporate Defendants,” defined as A1 DocPrep, Inc. (“A1 Doc”),
2 Stream Lined Marketing (“Stream Lined”) and Bloom Law Group PC (“Bloom
3 Law”), and became permanent receiver pursuant to the Stipulated Preliminary
4 Injunction as to Defendants A1 DocPrep, Inc., Stream Lined Marketing, and
5 Homan Ardalan entered on October 17, 2017 and the Stipulated Preliminary
6 Injunction as to Bloom Law Group, P.C. also entered October 17, 2017
7 (collectively, the “Preliminary Injunctions”) over the “Receivership Entities,” as
8 defined in the Preliminary Injunctions. The Receivership Entities include A1 Doc,
9 Stream Lined, Bloom Law, and their subsidiaries, affiliates successors and assigns,
10 as well as any other business related to Defendants’ debt relief, mortgage assistance
11 relief service or tax debt relief business and which the Receiver has reason to
12 believe is owned in whole or in part by any of the Defendants.

13 2. I have been one of the members of Robb Evans & Associates LLC
14 primarily responsible for the supervision, management and administration of the
15 receivership estate, the Receiver’s taking possession and control of the business and
16 operations of the Receivership Entities, the review and investigation of the business
17 and operations of the Receivership Entities, and the Receiver’s exercise of the other
18 powers and duties set forth in the TRO and Preliminary Injunctions. I have been
19 involved in the Receiver’s ongoing review and detailed analysis of the Receivership
20 Entities’ financial records and other business records and files. I was personally
21 involved in interviewing Defendant Homan Ardalan (“Ardalan”) and other
22 individuals closely affiliated with the Receivership Entities and in the preparation
23 and review of the Report of Receiver’s Activities for the Period From September
24 29, 2017 Through November 28, 2017 (“Receiver’s Report”) filed November 29,
25 2017. I have personal knowledge of the matters set forth in this declaration, and if I
26 were called upon to testify as to these matters I could and would competently testify
27 thereto based on my personal knowledge.

28

1 3. The Receiver seeks payment of the Receiver’s fees and costs
2 summarized in the Receivership Administrative Expenses by Month and Fund
3 Balance spreadsheet (“Financial Summary”) attached hereto as Exhibit 1, and as set
4 forth in the detailed billing records of the Receiver, attached hereto as Exhibit 2.
5 During the period from November 1, 2017 through April 30, 2018 (“Second
6 Expense Period”), the Receiver has incurred fees for the Receiver and its members
7 of \$5,950.80, senior staff fees of \$1,677.15 and support staff fees of \$1,425.00, for
8 total Receiver’s fees of \$9,052.95. Total Receiver’s costs during the Second
9 Expense Period total \$1,664.79 and are detailed in the Financial Summary.

10 4. The Receiver’s work in the Second Expense Period reflected the fact
11 that all of the Defendants had entered into stipulated Preliminary Injunctions on
12 October 17, 2017, pursuant to which the Receiver became permanent receiver and
13 could begin to take more definitive steps to wind down the Receivership Entities.
14 The Receiver took steps to collect and remove the property of the receivership
15 estate located at Receivership Entities’ premises at 16200 Ventura Boulevard,
16 Suites 415, 419, 422 and 424, Encino, California (“Encino Offices”) and 3699
17 Wilshire Boulevard, Suite 601, Los Angeles, California (“Los Angeles Office”),
18 and to vacate the Encino Offices and Los Angeles Office.

19 5. The Receiver continued to work on and finalize for filing the
20 Receiver’s Report, which as discussed in the Initial Expense Motion, entailed a
21 review of paper and electronic records, including QuickBooks accounting records
22 obtained from the Corporate Defendants’ outside accountants and bank records to
23 analyze the operating results of the Corporate Defendants, the preparation of draft
24 detailed statements of operations for the Corporate Defendants, and the preparation
25 of a draft combined statement of operations for the Corporate Defendants. This
26 also included a detailed analysis of payments to or for the benefit of Ardalán from
27 the Receivership Entities. As described in the Receiver’s Report, the Receiver
28 compiled a statement of operations for Stream Lined covering the period from

1 November 15, 2012, the date of its formation, until September 30, 2017. The
2 statement of operations was compiled by the Receiver based on a review of Stream
3 Lined's financial records maintained on QuickBooks, an accounting software
4 program, that was turned over to the Receiver by the Receivership Entities'
5 accountant, for the period from November 15, 2012 through December 31, 2016,
6 and from a review of banking records for the period from January 1, 2017 to
7 September 30, 2017, because the QuickBooks file did not record activity after
8 December 31, 2016. The statement of operations is attached to the Receiver's
9 Report as Exhibit 13. Note 5 to the statement of operations lists payments to or for
10 the benefit of Ardalan from Stream Lined totaling \$2,226,705.34, approximately
11 30% of the total revenue for Steam Lined from its formation through September
12 2017, including payments totaling \$412,500 to an investment account ending in
13 number 2838 in Ardalan's name at Scottrade, Inc. ("Scottrade"). At the inception of
14 the receivership, the Scottrade account's sole investment was in JC Penney stock.
15 The Receiver sought and obtained the consent of Ardalan to liquidate this stock,
16 and with Ardalan's approval and the FTC having no objection, the Receiver
17 successfully liquidated the stock and secured the sum of \$303,052.78, which
18 remains frozen at Scottrade. Based on the fact that all of the funds that went into
19 this account came directly from Stream Lined, a Receivership Entity, the Receiver
20 contends these funds are properly an asset of the receivership estate and by this
21 Motion the Receiver seeks an order directing that all funds frozen at Scottrade in
22 that account be turned over to the Receiver for inclusion in the assets of the
23 receivership estate.

24 6. During the Second Expense Period, the Receiver continued to address
25 claims raised by Kevin Liu, president of KL Tax Law Group, P.C. dba True Tax
26 Law Group ("TTL Group"), including claims that he subleased the Los Angeles
27 Office from Ardalan and that he and Ardalan executed an asset sale and purchase
28 agreement including various personal property located at the Los Angeles Office,

1 including computers and phones. The Receiver and its counsel communicated with
2 Liu directly and through his counsel to discuss Liu's and True Tax's claimed
3 independence from the Receivership Entities and Liu's request for return of True
4 Tax files, computers and phones. In addition, an investigator and attorney with the
5 California State Bar contacted counsel for the Receiver regarding an investigation
6 pertaining to Liu and Ardalan. Along with counsel, I communicated with the State
7 Bar's attorney and investigator and answered questions pertaining to Liu, Ardalan,
8 and the receivership estate. The Receiver also addressed a subpoena served on it by
9 the California State Bar.

10 7. The Receiver continued to discharge its duties by communicating with
11 counsel for Bloom Law and the FTC. It had extensive communications in writing
12 and telephonically with consumers and other potential creditors of the receivership
13 estate. The Receiver responded to complaints made to the Better Business Bureau.
14 Finally, the Receiver continued to handle the daily administrative functions of the
15 receivership estate, including preparing bank reconciliations, processing accounts
16 payable, handling incoming mail addressed to the Receivership Entities and
17 updating creditor claims information.

18 8. Absent the Scottrade funds, there are insufficient assets on hand in the
19 receivership estate to pay all of the fees and costs of the Receiver and its
20 professionals sought in this Motion and the Initial Expense Motion. The total
21 sought for approval by this Motion is \$27,743.59, and the total sought in the Initial
22 Expense Motion was \$87,270.25. The Receiver is presently holding only
23 \$67,642.59. If all of the fees and costs are approved for payment from the two
24 motions, but the funds in the Scottrade account are not ordered turned over to the
25 Receiver, the Receiver would be unable to pay all of the allowed fees and costs. On
26 the other hand, if the Court approves for payment all fees and costs from the two
27 motions, and also orders the Scottrade account proceeds turned over to the
28 Receiver, the allowed fees and expenses of the Receiver and its professionals could

1 be paid in full and the estate still would have a remaining balance on hand of
2 \$256,156.53.

3 9. The billing rates charged by the Receiver in this case reflected in the
4 billing records filed in support of the Motion for the Receiver, the Receiver's
5 members and staff are discounted at 10% from the rates charged by the Receiver's
6 firm in private sector cases as of the time of the Receiver's appointment in 2017.
7 The Receiver does not raise its rates during the receivership case.

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

25 11. In this case, there may be thousands of potential consumer creditors
26 who may have claims against the Receivership Entities given that the Receivership
27 Entities generated in excess of \$5.3 million in connection with their purported
28 student debt relief services and mortgage assistance relief services. However, it is

1 not realistically possible or beneficial to the estate and its creditors for the Receiver
2 to serve all such potential consumer creditors with notice of this Motion or other
3 administrative motions by mail, and the expense and burden on the estate of
4 attempting to effectuate such service would drain the estate's resources and cause
5 undue administrative expense. It would be particularly problematic in this case
6 where the receivership estate has a minimal amount of cash on hand. Additionally,
7 given the poor quality of the A1Doc CRM database and the present inability to
8 access the Bloom Law CRM database, the Receiver does not have sufficient
9 information to serve potential consumer creditors.

10 I declare under penalty of perjury that the foregoing is true and correct and
11 that this declaration was executed on May 31, 2018 at Sun Valley, California.

12
13 
14 _____
15 BRICK KANE

16
17
18
19
20
21
22
23 12515146v1

EXHIBIT “1”

ROBB EVANS & ASSOCIATES LLC
 Receiver of
A1 DocPrep, Inc., et al
Receiver Administrative Expenses by Month and Fund Balance
 From Inception (September 28, 2017) to April 30, 2018

	Previously Reported	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	11/1/17~ 4/30/18	TOTAL
Corporate Tax Refund	0.00	0.00	84.00	0.00	0.00	0.00	0.00	84.00	84.00
Corporate Funds Collected									
Adidam Management Inc.									
Bank of America *3088	1,666.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,666.21
Total Adidam Management Inc.	1,666.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,666.21
Bloom Law Group PC									
Wells Fargo Bank *6731	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00
Wells Fargo Bank *6749	55,233.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	55,233.70
Total Bloom Law Group PC	55,333.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	55,333.70
Stream Lined Marketing									
Bank of America *3274	11,033.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,033.68
Total Stream Lined Marketing	11,033.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,033.68
Total Corporate Funds Collected	68,033.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	68,033.59
Total Funds Collected	68,033.59	0.00	84.00	0.00	0.00	0.00	0.00	84.00	68,117.59
Expenses									
Receiver Fees & Expenses									
Receiver Fees									
Receiver Fees									
B. Kane	8,242.20	3,420.00	376.20	136.80	0.00	136.80	376.20	4,446.00	12,688.20
K. Johnson	3,249.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,249.00
S. Krishnan	4,104.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,104.00
A. Jen	11,593.80	444.60	889.20	171.00	0.00	0.00	0.00	1,504.80	13,098.60
Total Receiver Fees	27,189.00	3,864.60	1,265.40	307.80	0.00	136.80	376.20	5,950.80	33,139.80

ROBB EVANS & ASSOCIATES LLC

Receiver of
A1 DocPrep, Inc., et al

Receiver Administrative Expenses by Month and Fund Balance

From Inception (September 28, 2017) to April 30, 2018

	Previously Reported	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	11/1/17~ 4/30/18	TOTAL
Senior Staff Fees									
M. Lin	34,099.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34,099.65
T. Chung	1,899.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,899.45
F. Jen	2,803.95	0.00	150.75	30.15	0.00	0.00	30.15	211.05	3,015.00
C. Callahan	3,015.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,015.00
C. DeCius	2,065.50	461.70	145.80	60.75	97.20	0.00	157.95	923.40	2,988.90
E. Roop	2,403.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,403.00
J. Dadbini	2,421.90	364.50	56.70	121.50	0.00	0.00	0.00	542.70	2,964.60
K. Drenth	235.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	235.00
Total Senior Staff Fees	48,943.45	826.20	353.25	212.40	97.20	0.00	188.10	1,677.15	50,620.60
Support Staff	1,254.00	1,038.00	63.00	45.00	210.00	60.00	9.00	1,425.00	2,679.00
Total Receiver Fees	77,386.45	5,728.80	1,681.65	565.20	307.20	196.80	573.30	9,052.95	86,439.40
Receiver Expenses									
Investigative Search Costs	22.46	149.85	116.30	0.00	0.00	0.00	0.00	266.15	288.61
Locksmith Services	730.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	730.00
Moving & Storage Expenses	0.00	415.85	95.96	0.00	0.00	0.00	0.00	511.81	511.81
Postage & Delivery	26.05	72.32	12.36	5.22	0.00	0.00	0.00	89.90	115.95
Receiver Bond Premium	150.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00
Supplies	0.00	9.86	0.00	0.00	0.00	0.00	0.00	9.86	9.86
Travel Expenses	1,547.48	64.00	0.00	0.00	0.00	0.00	0.00	64.00	1,611.48
Website Support	598.86	656.53	48.80	0.00	0.00	0.00	17.74	723.07	1,321.93
Total Receiver Expenses	3,074.85	1,368.41	273.42	5.22	0.00	0.00	17.74	1,664.79	4,739.64
Legal Fees & Costs									
Barnes & Thornburg LLP									
Legal Fees	0.00	3,887.00	5,501.60	1,196.00	478.40	1,495.00	1,554.80	14,112.80	14,112.80
Legal Costs	0.00	11.55	228.10	47.00	24.00	1.10	0.00	311.75	311.75
Total Barnes & Thornburg LLP	0.00	3,898.55	5,729.70	1,243.00	502.40	1,496.10	1,554.80	14,424.55	14,424.55

ROBB EVANS & ASSOCIATES LLC

Receiver of
A1 DocPrep, Inc., et al

Receiver Administrative Expenses by Month and Fund Balance

From Inception (September 28, 2017) to April 30, 2018

	Previously Reported	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	11/1/17~ 4/30/18	TOTAL
Diamond McCarthy LLP									
Legal Fees	6,808.95	2,573.55	0.00	0.00	0.00	0.00	0.00	2,573.55	9,382.50
Legal Costs	0.00	27.75	0.00	0.00	0.00	0.00	0.00	27.75	27.75
Total Diamond McCarthy LLP	<u>6,808.95</u>	<u>2,601.30</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,601.30</u>	<u>9,410.25</u>
Total Legal Fees & Costs	<u>6,808.95</u>	<u>6,499.85</u>	<u>5,729.70</u>	<u>1,243.00</u>	<u>502.40</u>	<u>1,496.10</u>	<u>1,554.80</u>	<u>17,025.85</u>	<u>23,834.80</u>
Total Receiver Fees & Expenses	<u>87,270.25</u>	<u>13,597.06</u>	<u>7,684.77</u>	<u>1,813.42</u>	<u>809.60</u>	<u>1,692.90</u>	<u>2,145.84</u>	<u>27,743.59</u>	<u>115,013.84</u>
Fund Balance not Including Scotttrade, Inc. Account	<u>(19,236.66)</u>								<u>(46,896.25)</u>
Scotttrade, Inc. Frozen Balance									<u>303,052.78</u>
Fund Balance Including Scotttrade, Inc. Account									<u>256,156.53</u>