

ROBB EVANS & ASSOCIATES LLC

Receiver of

**High Park Investment Group, Inc. and
Harbor Financial Investment Group, Inc., et al.**

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**Securities and Exchange Commission v. High Park Investment Group, Inc., et al.
CASE No. SACV 05-1090 CJC (MLGx)**

**Notice of Motion and Motion by Receiver for Instructions and
Orders Re:**

- (1) Invalidating Purported Notes and Liens Securing Notes of Investors as Secured Debts;**
- (2) Administration and Sale of Real Properties Including Request for Modification of Sale Procedures of 28 U.S.C. Sections 2001 and 2002; and**
- (3) Authorizing Sale of Personal Property and Modifying Procedures of 28 U.S.C. Sections 2002 and 2004 in Connection Therewith**

Dated March 16, 2006

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

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11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

14 HIGH PARK INVESTMENT GROUP,
15 INC., a Nevada corporation, HARBOR
FINANCIAL INVESTMENT GROUP,
16 INC., a Nevada corporation, EDWARD
R. SHOWALTER,

17 Defendants.
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CASE NO. SACV 05-1090 CJC
(MLGX)

**NOTICE OF MOTION AND
MOTION BY RECEIVER FOR
INSTRUCTIONS AND ORDERS
RE: (1) INVALIDATING
PURPORTED NOTES AND LIENS
SECURING NOTES OF
INVESTORS AS SECURED DEBTS;
(2) ADMINISTRATION AND SALE
OF REAL PROPERTIES,
INCLUDING REQUEST FOR
MODIFICATION OF SALE
PROCEDURES OF 28 U.S.C.
SECTIONS 2001 AND 2002; (3)
AUTHORIZING SALE OF
PERSONAL PROPERTY AND
MODIFYING SALE PROCEDURES
OF 28 U.S.C. SECTIONS 2002 AND
2004 IN CONNECTION
THEREWITH**

DATE: APRIL 10, 2006

TIME: 1:30 P.M.

PLACE: COURTROOM 9B

1 PLEASE TAKE NOTICE that on April 10, 2006 commencing at 1:30 p.m.
2 or as soon thereafter as the parties may be heard in Courtroom 9B of the above-
3 entitled Court located at 411 West Fourth Street, Santa Ana, California, Robb
4 Evans & Associates LLC as Permanent Receiver of High Park Investment Group,
5 Inc., Harbor Financial Investment Group, Inc. and their subsidiaries and affiliates
6 (“Receiver”) will move the Court for instructions and orders regarding the
7 following:

8 1. An order invalidating the purported notes and liens securing the notes
9 executed by High Park Investment Group, Inc. (“High Park”) and/or Harbor
10 Financial Group, Inc. (“Harbor”) (collectively, “Receivership Defendants”) and all
11 purported investment agreements in favor of investors on the ground that the notes
12 and related documents constitute illegal and void investment contracts, making any
13 collateral security for such illegal contracts invalid and unenforceable. The
14 purported notes, liens and investment agreements sought to be invalidated are set
15 forth on the chart attached to the Declaration of Johnny Traboulsi as Exhibit 1, filed
16 concurrently herewith. The order sought by the Receiver pursuant to this motion
17 shall not affect the rights of investors to assert unsecured claims in the receivership
18 estate pursuant to a claims filing and allowance procedure to be subsequently
19 established by the Court. The Receiver does not seek to invalidate notes and liens
20 held by the institutional lenders identified as such on the chart, Exhibit 1 to the
21 Traboulsi declaration;

22 2. An order and instructions regarding the Receiver’s administration of
23 real properties comprising the receivership estate, including an order authorizing
24 the Receiver to take such immediate steps as the Receiver deems appropriate in his
25 discretion and judgment to (a) repair, improve and/or complete construction of the
26 real properties subject to the receivership, and (b) market and sell the real properties
27 subject to the receivership pursuant to sale procedures approved by the Court as
28 requested hereinafter;

1 3. An order modifying the sales procedures of 28 U.S.C. section 2001
2 and 2002 pursuant to which the Receiver would be authorized to market and sell all
3 of the real properties of the receivership estate, other than the property located at
4 621 West Rosecrans, Gardena, California, under the following modified sale
5 procedures:

6 A. Listing of Properties

7 The Receiver shall list the real properties for sale with a licensed real estate
8 broker selected by the Receiver from the local community based on the Receiver's
9 investigation and discretion;

10 B. Appraised Value and Minimum Sale Price

11 For each property, the Receiver shall obtain a minimum of two appraisals by
12 real estate appraisers qualified to appraise property of the type in the area where the
13 property is located, and two brokers' opinions of value by real estate brokers
14 qualified to provide opinions of value for property of the type and in the location
15 where the property is located. The Receiver shall initially list the property for sale
16 at an asking price equal to not less than the average of the appraised values and the
17 brokers' opinions of value for a property ("Appraised Value"). The asking price
18 shall be subject to reduction in the Receiver's sole discretion as and when necessary
19 or appropriate in its opinion and judgment in consultation with the Receiver's real
20 estate broker(s) utilized in the marketing and sale of each property;

21 C. Conditionally Accepted Offer and Overbids

22 As to each real property, the Receiver, in its discretion, may accept an offer
23 to purchase the property by a bona fide purchaser for a minimum cash purchase
24 price of 80% of the Appraised Value ("Conditionally Accepted Offer"). The
25 Receiver shall give notice of an auction sale of the property to be conducted at the
26 Receiver's offices by publishing a notice of sale one time at least ten (10) calendar
27 days prior to the date of the auction, advising interested third parties that they have
28 an opportunity to make overbids for the purchase of the property provided that (a)

1 on or before the auction date, the overbidder must present a cashier's check payable
2 to Robb Evans & Associates LLC, Receiver of High Park Investment Group, Inc.,
3 in the sum of 5% of the Conditionally Accepted Offer, to the Receiver's
4 representative prior to the commencement of bidding; (b) the initial minimum
5 overbid shall be in an amount not less than 5% higher than the amount of the
6 Conditionally Accepted Offer; (c) the terms of purchase of the property shall be all
7 cash and shall be deemed to be on the same terms and conditions as the
8 Conditionally Accepted Offer, other than the purchase price; (d) subsequent
9 overbids shall be in an amount to be set by the Receiver in its discretion during the
10 course of conduct of the auction; (e) overbidders are considered to have completed
11 all inspections and waived all contingencies prior to the auction, and must be able
12 to close the sale within twenty business days after entry of the Court's order
13 confirming the sale. Failure to timely close may result in forfeiture of both the
14 deposit and the right to purchase the subject property; and (f) the sale of the
15 property shall be deemed approved and confirmed by the Court at the conclusion of
16 the auction. The notice of sale and of the auction for a specific property shall be
17 published in a newspaper of general circulation in the county in which the property
18 to be sold is located, and notice of the sale and opportunity to submit overbids shall
19 also be posted on the Receiver's website at
20 <http://www.robbevans.com/html/highpark.html>;

21 D. Confirmation of Sale and Authority of Receiver

22 No further notice, hearing or order shall be required for the Receiver to be
23 authorized to complete the sale of each property so long as the minimum cash
24 purchase price is obtained by the Receiver and the Receiver complies with the
25 procedures, terms and conditions set forth in this motion and any order issued by
26 the Court on this motion approving the modified sale procedures. The sale of each
27 property shall be deemed confirmed by the Court pursuant to the order issued by
28 the Court on this motion approving the modified sale procedures. In connection

1 with the sale of each real property, the Receiver shall be authorized to incur and pay
2 ordinary and customary escrow and closing costs and real estate sales commissions
3 not to exceed 6% of the purchase price. In addition, the Receiver requests that if
4 the buyer who submitted the Conditionally Accepted Offer does not become the
5 purchaser of a property because overbids were submitted and accepted, that the
6 Receiver be authorized to reimburse the party submitting the Conditionally
7 Accepted Offer for actual and necessary expenses incurred in submitting such offer
8 up to a maximum amount of \$5,000. The Receiver also requests that it be
9 authorized to make, enter into, execute and deliver all documents and instruments
10 necessary or convenient to effectuate the sale of the property in accordance with the
11 terms and procedures approved by the Court on this motion, including without
12 limitation, satisfying all outstanding liens for real property taxes and mortgages and
13 deeds of trust in favor of conventional lenders encumbering the subject properties;

14 4. An order authorizing the Receiver to sell miscellaneous personal
15 property of the Receivership Defendants, consisting of office equipment, furniture
16 and furnishings which the Receiver estimates has an aggregate liquidation value of
17 not more than \$50,000, pursuant to modified sale procedures approved by the Court
18 pursuant to 28 U.S.C. sections 2001, 2002, and 2004 consisting of the following:

19 A. Public Sale of Office Furniture, Furnishings and Equipment

20 The Receiver shall sell these items of personal property by way of a public
21 auction, and with the sales of these items at the public auction being deemed
22 automatically confirmed by the Court without the necessity of a subsequent
23 confirmation motion and hearing;

24 B. Qualified Auctioneer

25 The Receiver shall engage the services of R.L. Spear Co., Inc. ("Spear"),
26 professional auctioneer and liquidator;

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C. Compensation of Auctioneer

Spear shall receive as compensation a commission in the maximum amount of ten percent (10%) of gross sale receipts. The commission will be deducted from the proceeds of the sale. In addition, Spear will charge a "Buyer's Premium" of a maximum of ten percent (10%) to all buyers at the auction. In addition, Spear will be reimbursed for labor, set-up, security, bookkeeping and clean-up costs, estimated to be approximately \$500. These costs will be advanced by Spear, and reimbursed from the proceeds of the sale;

D. Advertising of the Public Auction

Spear will notify prospective buyers by newspaper and magazine advertisements. A newspaper advertisement will appear in the Sunday Los Angeles Times, two to three weeks before the date of the auction. In addition, Spear will write, print, and mail auction brochures to prospective buyers, including owners of small businesses and office managers, to be delivered approximately two to three weeks prior to the sale date. The advertising campaign will be supplemented with pictures and text on Spear's web site, as well as a telemarketing campaign to likely buyers. The anticipated cost to the receivership estate of newspaper advertisements, direct mail, telemarketing and internet will be \$2,500.00 to \$4,500.00. Spear will advance these costs, and will be reimbursed from the proceeds of the sale;

E. Pre-Auction Preparation

Concurrent with the advertising campaign by Spear, Spear's staff will clean, organize, lot and catalog the merchandise in preparation for the sale. The auction sale will be administered on-site at Spear's warehouse in North Hollywood, California, where the office furniture and equipment currently is stored. Auction catalogues with lot numbers, descriptions and quantities will be printed and available for all buyers;

1 F. Conduct of Auction

2 During the auction, all buyers will be required to make a refundable deposit,
3 which prevents anyone from buying items and leaving without paying or otherwise
4 disrupting the sale process. The auctioneer, in conjunction with the Receiver in its
5 sound business judgment and discretion, shall obtain a reasonable price for each lot
6 sold, by weighing such factors as the reasonable value of the lot with the cost of re-
7 auctioning the lot, storage and transportation costs, and other relevant
8 considerations. Upon completion of the sale, invoices will be printed for every
9 registered buyer against which the merchandise will be released. No merchandise
10 will be released before the invoice is paid in full, and invoices must be paid either
11 in cash, or by cashier's check, bank wire transfer, or business check with a bank
12 letter of guaranteed payment. The Receiver will be provided with a full accounting
13 of the auction proceeds. All merchandise must be removed by the buyer within
14 three to four days;

15 G. Automatic Confirmation of Sale

16 The Receiver requests an order authorizing the Receiver to sell any item of
17 office equipment, furniture or furnishings of the receivership estate at the auction,
18 pursuant to the foregoing modified procedures, in its reasonable business judgment
19 and without the need for a further motion or hearing before the Court to approve
20 and confirm the sale as set forth in 28 U.S.C. Section 2001, and an order that such
21 sales will be deemed confirmed by the Court;

22 5. Such other orders, instructions and relief as may be just and proper
23 under the circumstances in connection with the Receiver's administration of the
24 estate and the receivership property as may be determined by the Court at the
25 hearing.

26 This motion is made and based on this notice of motion and motion, on the
27 memorandum of points and authorities, Declaration of Kenton Johnson and
28 Declaration of Johnny Traboulsi filed and served in support of this motion under

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**MEMORANDUM OF POINTS AND
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RE: (1) INVALIDATING
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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 This civil enforcement action was commenced by the Securities and
4 Exchange Commission (“SEC”) in November 2005. On November 9, 2005, the
5 Court issued its Temporary Restraining Order and Orders: (1) Freezing Assets; (2)
6 Appointing A Temporary Receiver; (3) Requiring Accountings; (4) Repatriating
7 Assets; (5) Prohibiting the Destruction of Documents; (6) Granting Expedited
8 Discovery pursuant to which Robb Evans & Associates LLC was appointed as
9 Temporary Receiver of defendants High Park Investment Group, Inc. (“High Park”)
10 and Harbor Financial Group, Inc. (“Harbor”) and their subsidiaries and affiliates
11 (“Temporary Restraining Order”). On November 18, 2005, the Court issued an
12 Amended Temporary Restraining Order which imposed a stay on actions by
13 creditors against the receivership entities and their assets.

14 On November 22, 2005, the Receiver filed its Temporary Receiver’s Report
15 for the Period from November 9, 2005 through November 14, 2005 (“Receiver’s
16 Report”), a true and correct copy of which is attached to the supporting Declaration
17 of Kenton Johnson as Exhibit 1. Thereafter, the SEC and the defendants stipulated
18 to the imposition of a preliminary injunction and permanent receivership over High
19 Park, Harbor and their subsidiaries and affiliates (individually and collectively
20 “Receivership Entities”) pursuant to the Stipulation and Order re Preliminary
21 Injunction and Permanent Receiver (“Preliminary Injunction”) filed December 13,
22 2005.

23 **A. General Investment Scheme**

24 The Receivership Entities and defendant Edward Showalter (“Showalter”) as
25 the sole owner of those entities are alleged to have organized and operated a
26 fraudulent investment scheme by which the Receivership Entities offered illegal
27 investment contracts to third party investors in violation of the securities laws. The
28 Receivership Entities induced investors to enter into investment contracts primarily

1 with High Park in which they would provide funds to High Park purportedly for the
2 purpose of rehabilitating or remodeling real properties and would receive
3 substantial returns on their investments within a one-year period, generally ranging
4 from a minimum annual return of 20% to as much as 50%, and in some cases
5 100%. As detailed more fully hereafter and in the Declaration of Kenton Johnson,
6 the investment contracts were generally documented in the form of a “Joint Venture
7 Participants” agreement or “Trust Deed Participants Agreement” signed by the
8 investors together with a promissory note and deed of trust. The promissory notes
9 stated the “principal” amount of the note to be the amount deposited by the investor
10 plus the promised return at the end of one year, and generally specified no interest
11 rate or monthly payment due, although the investment contracts often provided for
12 interest-only payments to commence after a specified time period if the property
13 had not been sold and the investment paid.

14 Investors were told by the Receivership Entities that the deed of trust granted
15 by High Park or Harbor would be recorded generally as a second or third trust deed
16 on specified property subject only to senior deeds of trust in favor of an institutional
17 lender that provided the financing for the Receivership Entities’ acquisition of the
18 property. In fact, the Receivership Entities executed multiple deeds of trust in favor
19 of multiple investors on each property based on similar false representations and
20 recorded these multiple deeds of trust at random often months after the investment
21 was made and long after the Receivership Entity acquired the property and
22 supposedly commenced the construction work for which the invested funds were
23 purportedly to be used.

24 The High Park investment scheme did not function as represented by
25 Showalter and others who perpetrated this illegal investment scheme. High Park
26 obtained large institutional loans against the properties it purchased, in many
27 instances obtaining 90%, 95% or 100% financing for the acquisition of the property
28 through those loans. High Park solicited multiple investors for each of the

1 properties purchased based on similar representations that each investor would hold
2 a second trust deed against the property in question, that the investor's funds would
3 be used to remodel or repair the property and that the property would be sold within
4 a couple of months to provide the investor with tremendous, double-digit returns on
5 this short-term investment. High Park made implicit or explicit representations to
6 the investors that the investor's deed of trust would be the only other lien against
7 the property after the institutional deeds of trust or that the investor would be one of
8 a small number of investors with an interest in the property.

9 In fact, most of the properties have numerous investors with multiple deeds
10 of trust recorded against the same property junior to the institutional lenders in
11 amounts that could never realistically be obtained on sale and that far exceed any
12 realizable value for the property particularly within the time frames contemplated
13 implicitly and explicitly in the investment agreements. The properties generally
14 have a minimum of five investors with deeds of trust in addition to the senior
15 institutional trust deeds. Eight of the properties have seven or more investors; six
16 have 10 to as many as 37 investors with deeds of trust or fractional interests in
17 deeds of trust against one property.

18 The High Park investment scheme was never a viable, legitimate business but
19 appears to have been designed from its inception to "oversubscribe" investment
20 interests in the properties. High Park induced investors to enter into the "joint
21 venture" or "trust deed participants" agreements by dazzling investors with
22 promises of huge returns generally of 20% to 50% on their investment within a
23 short time period plus interest payments in order to induce investors to deposit their
24 funds with High Park. The funds deposited with High Park by investors enabled
25 High Park to make the promised payments to a few of the investors, allowing High
26 Park to attract additional investors and to obtain and divert substantial excess funds
27 to Showalter for his personal use and benefit. It also appears that High Park began
28 to solicit more and more investors on the later acquired properties in a frantic effort

1 to raise cash. The scheme ultimately collapsed when High Park was unable to sell
2 its overencumbered properties for enough to pay the promised investment
3 recoveries and was unable to induce enough of the investors to “roll over” their
4 investments by reconveying their trust deeds and accepting a full or fractional
5 interest in a deed of trust on another property.

6 B. Receivership Assets

7 The Receiver’s Report identifies eighteen real properties held in the name of
8 the Receivership Entities that constitute the primary assets of the receivership
9 estate. One of the eighteen properties is the business headquarters of High Park
10 located at 621 West Rosecrans Avenue in Gardena, California. The Receiver is
11 continuing to investigate this property as the property is subject to a title dispute in
12 favor of a second trust deed holder on the property which claims title to the
13 property under an alleged purchase option or agreement with High Park.¹ The
14 Receiver is also advised that there is potential environmental contamination of this
15 property, as well as an environmental indemnity agreement made by a prior owner
16 of the property. Given the uncertainty as to whether this asset should be considered
17 receivership property and environmental issues affecting the property, the Receiver
18 has not included any potential value in this property in making the calculations of
19 net equity for investors in this motion.

20 Title to another of the properties listed in the Receiver’s initial report, a
21 residence located in San Marcos, originally identified as a receivership asset, in fact
22 was held in the name of John Staback. The Receiver believes the San Marcos
23 property was the residence of John Staback and did not constitute receivership
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27 ¹ The Receiver reserves all rights and remedies it may have to contest the validity
28 of the purchase option or agreement and the claim to title asserted by the second
trust deed holder. The Receiver does not seek an order authorizing the sale of the
Rosecrans property at this time.

1 property. The San Marcos property has since been foreclosed on by the
2 institutional lender.²

3 All of the other properties are single family residences located primarily in
4 Southern California except for one property located at Goldrush and Lamar Road in
5 Bullhead City, Arizona (“Bullhead City Property”) which consists of a 22.43 acre
6 parcel of undeveloped land. The Receiver’s Report provides an estimated “As Is”
7 value of each property,³ and identifies the estimated amount of the conventional
8 financing liens and the amount of the investor liens on each property, using the
9 amount of the investor’s actual investment rather than the face amount of the note
10 as the lien amount. Based on the Receiver’s ongoing investigation and evaluation
11 of the receivership assets and the review of thousands of pages of escrow and
12 receivership files by the Receiver and its counsel since the preparation of the
13 Receiver’s Report, the Receiver attaches an updated chart to provide current
14 information regarding the properties, the institutional liens and the investor liens
15 against each of the properties, as well as updated estimated values as to certain of
16 the properties. The chart is attached to the Declaration of Johnny Traboulsi as
17 Exhibit 1.

18 C. Relief Sought by Receiver Based on Illegal Investment Scheme

19 The Receiver has evaluated the files available from the Receivership Entities
20 and the escrow company that processed the sales and investments, Chapman
21 Avenue Escrow (which appears to be the same company as Gateway Title or
22 _____)

23 ² In addition, the title reports obtained by the Receiver indicate that two investors
24 have recorded attachment liens against a few of the properties. The Receiver is
25 investigating the basis for the lawsuits and the writs of attachment issued and is
26 evaluating the estate’s defenses and available alternatives to remove those liens.
27 However, the Receiver does not seek relief regarding those liens in this motion.

28 ³ The estimated “As Is” value for each property in the Receiver’s Report reflects
information obtained by the Receiver based on appraisals, High Park’s files,
informal broker’s opinions of value, pre-receivership sales contracts or unsolicited
post-receivership purchase offers. These estimates may be subject to change as the
Receiver obtains additional current appraisals and broker’s opinions of value for all
of the properties.

1 Escrow). Consistent with the SEC's allegations in its pleadings in support of the
2 Temporary Restraining Order and Preliminary Injunction, the Receiver concludes
3 that the investments constitute illegal investment contracts that are unenforceable as
4 a matter of public policy and California law. As a result, no valid and enforceable
5 obligations are secured by the deeds of trust recorded against the Receivership
6 Properties to the extent the deeds purport to secure the illegal investment contracts
7 and transactions, and the liens should be ordered removed from the receivership
8 properties to permit the Receiver to administer the real properties for the benefit of
9 all of the defrauded and injured investors, most of whom will receive nothing at all
10 if the liens are allowed to remain on the properties. The purported notes, liens and
11 investment agreements sought to be invalidated are set forth in the chart attached as
12 Exhibit 1 to the Declaration of Johnny Traboulsi, other than those identified on the
13 chart as held by institutional lenders.

14 The Receiver estimates that if the deeds of trust of all investors remain on the
15 properties, there will be a shortfall of in excess of \$12.2 million on investor claims
16 taking into account the costs of sale in liquidating the properties leaving
17 approximately 206 investment claims without any recovery whatsoever.⁴ Under
18 such a scenario, the Receiver estimates 22 of the investment claims would
19 potentially be paid in full under the terms of the investor agreements; 14
20 investments might have a partial recovery and the remainder of the investments
21 would receive nothing at all. In contrast, if all investors' deeds of trust are
22 invalidated as securing unlawful investment contracts and the investors share pro
23 rata in the funds generated by the sale of these properties, after payment of valid
24 institutional liens, the Receiver estimates each of the investors would recover
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28 ⁴ In this calculation, the Receiver assumes investment claims of approximately \$16 million based on the actual amounts invested and calculates the costs of sale at 8%.

1 between 15% and 30% of their investments.⁵ The Receiver believes that under the
2 circumstances, based on the illegality and unenforceability of these investment
3 contracts and the receivership policies of treating similarly situated investors
4 equally, invalidation of the deeds of trust and the pro rata distribution of the
5 proceeds of these properties after satisfaction of the conventional liens is necessary
6 and appropriate.

7 The Receiver further seeks an order of the Court authorizing the Receiver to
8 complete repairs and construction at the receivership properties to maximize value
9 for the investors and to allow the properties to be marketed and sold pursuant to the
10 proposed procedures set forth in this motion for which Court approval is sought.
11 The Receiver also seeks authority to sell the small quantity of office furniture,
12 furnishings and equipment of the Receivership Entities, estimated by the Receiver
13 to have a liquidation value of not more than \$50,000, by selling the personal
14 property at public auction through a professional auctioneer, R.L. Spear & Co..

15 **II. STATEMENT OF FACTS**

16 Corporate records of High Park indicate High Park was organized as a
17 California corporation on September 23, 2003. Defendant Edward Showalter
18 (“Showalter”) is the President of High Park.

19 The books and records of the receivership, interviews and discussions with
20 investors, and pleadings filed by the SEC, including several declarations by
21 investors in support of the SEC’s request for the Temporary Restraining Order and
22 Preliminary Injunction, indicate that beginning in mid-2003, Showalter, through
23 High Park, began acquiring residential real properties and soliciting funds from
24 investors. High Park represented that it was in the business of buying residential
25 real properties, rehabilitating and/or remodeling those properties and selling them
26 _____

27 ⁵ These figures are preliminary and subject to refinement based on development of
28 further valuation information regarding the properties and analysis of the amount
and priority of investor and non-investor claims.

1 for substantial profits. High Park purchased the properties through Chapman
2 Avenue Escrow, and virtually all transactions reviewed by the Receiver indicate the
3 same escrow officer, Millie Cork, was involved in all of the transactions.

4 The Receiver calculates that there are 121 investors who made investments
5 with High Park since the investment scheme began and whose investments remain
6 unpaid. With respect to the properties sold by High Park prior to the
7 commencement of the receivership, eight investments secured by deeds of trust on
8 properties sold by High Park were “rolled over” or “reinvested” with High Park,
9 whereby the investment liens were moved to other unsold properties, and another
10 four investors on the 8 Las Tunas property had to have their investments “rolled
11 over” to another property since High Park never closed escrow to buy the Las
12 Tunas Property.

13 A. Use, Disposition and Commingling of Invested Funds

14 The records and information available to the Receiver indicate that in some
15 instances investors were told that their funds would be used to help High Park
16 acquire the property; in other instances, the investors were told the funds were to be
17 used to cover the construction costs for repairs and remodeling. Some investments
18 were made through payments to High Park that were deposited with the escrow
19 company and others were paid and deposited directly with High Park. Receipts for
20 the funds invested were either issued by High Park or the escrow company and
21 were issued in the amount of the actual cash investment made by the investor.
22 Although the receipts in some instances contained references to specific property
23 addresses or escrow numbers, in fact High Park commingled funds it obtained from
24 investors in the company’s general bank account. Typically, even when funds were
25 deposited with the escrow company, the funds were later sent by the escrow
26 company back to High Park.

27 In many cases, High Park used a “qualifier” to purchase the property. The
28 qualifiers were individuals with sufficient credit scores who were used to qualify

1 for the loans obtained to acquire the properties, because in most instances High
2 Park did not have the financial ability to even qualify for the property acquisitions.
3 The original purchase contract for the acquisition of the properties typically
4 provided for a conventional first trust deed loan for 80 to 90% of the purchase
5 price. Later, the buyer, whether High Park or the qualifier, would often add a
6 second conventional loan or home equity line of credit prior to closing, in some
7 instances increasing the conventional financing for acquisition of the property to
8 almost 100% of the purchase price. The financing for the properties generally was
9 arranged through a loan broker, Dana Capital. Thus, notwithstanding any receipt
10 issued by escrow or by High Park or references to specific properties or escrows,
11 most of the investment funds deposited by investors were ultimately deposited to
12 High Park's general account. The qualifiers appear to have been paid \$5,000 to
13 \$10,000 in exchange for their role in the transaction, and most signed documents
14 falsely representing to the lenders that they would be the owner-occupier of the
15 property.

16 B. Documentation of Investments

17 The records and other information available to the Receiver indicate that
18 investors were typically told that they would receive a deed of trust against the
19 property in which they were investing and that High Park would record the deed of
20 trust in second position junior only to a first deed of trust in favor of the
21 conventional lender which was providing the principal financing for High Park's
22 acquisition of the property.⁶ In almost all instances,⁷ the investors relied on High

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24 ⁶ See Declarations of Thomas J. Painter, Howard Lindsey, George Garrington and
25 Magdi F. Hanna in support of the SECs ex parte application for the temporary
26 restraining order in this matter, and Declaration of Hawshon Riley in support of
27 Motion by Fourteen Ninety Two, LLC set for hearing March 27, 2006, of which the
28 Receiver requests the Court take judicial notice in support of this motion pursuant
to Rule 201 of the Federal Rules of Evidence.

⁷ The Receiver believes in only one instance did an investor employ a different title
company to handle the funding for the investment and the recording of the deeds of
trust in favor of the investment. The exception is investor The Trust of Manoucher

1 Park or the escrow company used by High Park to record the deeds of trust.
2 Further, in most instances the investor deeds of trust were recorded long after the
3 escrow for the acquisition of the property closed.

4 The deeds of trust executed by High Park in favor of the investors generally
5 state that they secure a note in a specified amount.⁸ High Park executed notes in
6 favor of the investors using a “Straight Note” form in some instances and in others
7 a “Note” form, almost all of which provided no interest rate and almost all of which
8 were stated to be due and payable one year from the date of the note. The principal
9 amount of the note stated is not the actual amount of the investment made by the
10 investor but is instead the amount High Park promised the investor would receive
11 when the property was repaired, remodeled and sold.

12 High Park principally used two forms of investment contracts which, in part,
13 evidenced the investment transactions. One form was denominated “Joint Venture
14 Agreement” or “Joint Venture Participants [sic]” agreement and the other form was
15 denominated a “Trust Deed Participants Agreement.” Copies of representative
16 samples of these forms are attached as Exhibits 2, 3, and 4 to the Declaration of
17 Kenton Johnson. These forms indicate that the parties are entering into an
18 investment transaction and specify the amount of the return or profit on the
19 investment the investor is entitled to receive. In some instances, the investor is
20 promised monthly interest-only payments would be made by High Park on the
21 investment amount if the property is not sold within a specified time period. The
22 time at which payments would commence according to the investment contract was
23 typically stated to be within 90 to 120 days after the date the investment was made,
24 although no interest is provided for in the notes, no monthly payment is provided

25 _____
26 Adli, which holds a second and third deed of trust against the property located at
33333 Mulholland Highway, Malibu, California.

27 ⁸ A very small number of the deeds of trust do not identify a dollar amount.
28

1 for in the notes, and the investment amount stated in the note is not due generally
2 until one year after the date of the note.

3 The forms of investment contracts on their face are inherently suspect. The
4 forms are replete with grammatical errors, typographical errors, internal
5 inconsistencies and inconsistencies with other documents related to the purported
6 investments, including the notes and deeds of trust and the reality of the investment
7 scheme. The investment contracts often disclose details regarding the underlying
8 purchase transaction that are either inconsistent with the actual sale documents or
9 do not make sense in terms of supporting the purported investment transaction the
10 investor was entering into.

11 Examples of these inconsistencies and lack of credible documentation
12 abound. One of the Trust Deed Participants Agreements, typical of all of these
13 transactions, illustrates the point.⁹ The agreement contains sections with headings
14 such as “Terms,” “Performances,” “General Provision Confidentiality” and “In
15 Witness Whereof.” The initial portion of the agreement is made March 2, 2005,
16 only two days before escrow for High Park’s purchase of the Bullhead City raw
17 land was supposed to have closed. The recitals state¹⁰:

18 High Park Investment Group, Inc., is the legal entity that
19 is used to remodel the houses that are purchased by High
20 Park Investment Group, Inc. There are trust deed
21 participants on each of the real estate purchases that High
22 Park Investment Group, Inc. make.

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24
25 ⁹ See Declaration of Howard Lindsey in support of the SEC’s ex parte application
26 and Exhibit 2 thereto. A copy of the Trust Deed Participants Agreement is also
attached to the Declaration of Kenton Johnson as Exhibit 2.

27 ¹⁰ The quotations from the investment agreements accurately reflect the content of
28 the documents identified; the spelling and grammatically errors and omissions are
in the text of the documents, including the omitted verbs, incomplete sentences,
improper punctuation and other mistakes.

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Whereas High Park Investment Group, Inc., or assigns has entered into an agreement to purchase Real Estate, which will be remodeled and resold. Located at Goldrush and Ramar Road, Bullhead City, AZ 86442.

Whereas [investor] wishes to lend the [High Park] \$200,000. The \$200,000 will be secured by the property located at Goldrush and Ramar Road, Bullhead City, AZ 86442. When escrow closes on or about March 4, 2005.

The "Performances" section of the agreement indicates that High Park was to purchase the property for \$700,000 and includes the following provisions, among others:

2. The property is 22.41 acre which High Park Investment Group, Inc. will develop 151 lots. There will be 151 modular home sold on these lots.

...

7. Profit participants shall be as follows on March 5, 2006, \$100,000 shall be paid to [investor], on March 5, 2007, \$100,000 shall be paid to [investor]. The principle investment of \$200,000 shall be repaid when the total project is sold.

8. [High Park] shall sell the project once the 151 modular homes have been constructed. [High Park] will sell the property for approximately \$4,000,000 if the project is sold for more then the \$4,000,000, than [investor] shall share in that profit at .05 of the additional sale value which is in excess of \$4,000,000.

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9. [High Park] shall issue a Straight Note in the amount of \$300,000 to [investor] and a Trust Deed on the property.

...

10. The property will be listed for sale for approximately \$6,000,000.

...

13. See attached #B California Residential Purchase Agreement and Joint Escrow Instructions for the property. [Emphasis added.]

See Declaration of Kenton Johnson, , Exh. 2.

The provision regarding “Governing Laws and Disputes” is incoherent:

Any dispute, controversy, claim or difference arising out of, or in connections with or resulting form this agreement its application or interpretation of breach definitively and exclusively by arbitration in the County of Orange and governed by the prevailing laws of the Arbitration. The prevailing party is entitled to legal fee.

The forms of “Trust Deed Participants” and “Joint Venture” agreements relating to the other properties are equally fraught with errors, inconsistencies and information that reveals the lack of financial substance of the remodeling investment business supposedly operated by High Park, particularly when the documents are placed in the context of the escrow and purchase documents relating to the properties. For example, in a Joint Venture Agreement pertaining to property located on Via La Mirada, the agreement discloses that a third party entity, Transcement International, Inc., would be purchasing the property, that High Park is the entity that remodels the property for resale and that “there are joint venture partners” on the real estate purchases entered into by those companies. The

1 “Terms” of the agreement state: “The terms of this agreement shall be until the
2 property located at 26922 Via La Mirada, San Juan Capistrano, CA 92675. Parcel
3 Number 675-174-05 is sold, and hereafter referred to as the property.” The
4 “Performances” section of the agreement discloses that escrow for the purchase of
5 the property by the investment entities was to close on November 24, 2003, four
6 days prior to the date this agreement was entered into. See Decl. of Kenton
7 Johnson, Exh. 3. Other investment agreements were entered into months after
8 escrow for the purchase of the property by High Park was supposed to have closed.
9 See Decl. of Kenton Johnson, Exh. 5 (259 Via Ballena property).

10 The agreement states that the purchase price of the property is \$540,000 but
11 that “There will be a loan made in the approximate amount of \$702,000 on the
12 property.” The investor under the agreement was investing \$100,000 and was to
13 receive interest payments at 10% based on that investment amount starting 90 days
14 after the purchase escrow closed and was to receive a return of \$150,000 when the
15 property was re-sold by High Park. The agreement states “The property will be
16 listed for sale in the \$1,299,000 to \$1,499,000 range.” In other words, the property
17 would be re-sold for approximately two to two and one-half times or more than the
18 amount it was purchased for within an estimated one-year period based on an
19 investment to remodel the property of \$100,000 and with conventional loans being
20 obtained against the property of \$162,000 over the purchase price! This agreement
21 contains identical language as that of the Trust Deed Participants Agreement cited
22 above with respect to the “Governing Laws and Disputes.” See Decl. of Kenton
23 Johnson, Exhs. 2 and 3.

24 In yet another example, one of the Joint Venture Agreements discloses that
25 “there will be a loan made in the approximate amount of \$735,000 on the property,”
26 an amount which is equal to the purchase price and contradicts the purchase
27 agreement and escrow instructions for the sale which indicate a lower amount
28 (\$661,500) for the loan to be obtained to buy the property. See Decl. of Kenton

1 Johnson, Exh. 6 (713 Avenida Columbo property). In another example, the Joint
2 Venture Agreement indicates that the property will be purchased for \$630,000, an
3 amount that is \$30,000 higher than the purchase price indicated in the sale and
4 escrow documents. Similarly, in that transaction the Joint Venture Agreement
5 indicates the amount of the loan for purchase of the property will be \$630,000 (the
6 full amount of the overstated purchase price); however, the sale and escrow
7 documents refer to a \$570,000 loan. See Decl. of Kenton Johnson, Exh. 7 (408
8 Calle Vista Torito property).

9 The notes, deeds of trust and investment contracts are not consistent with a
10 bona fide real estate loan transaction but clearly represent investment contracts
11 given the huge profits or returns the investors expected to obtain based on the terms
12 of the investment documentation. For example, investors who made a \$50,000
13 investment typically were provided a “note” of \$70,000 due in one year with an
14 agreement for interest payments in some cases to commence within a few months
15 after the investment was first made, an annualized return in excess of 40%. Others
16 with \$50,000 investments were given \$75,000 notes with a one-year term, an
17 annual rate of return of 50% not including any interest payments.

18 In the case of one investor, the investor obtained two notes and deeds of trust,
19 one reflecting the amount of the investor’s cash investment of \$200,000 and one for
20 \$100,000 reflecting the “return” or “profit” component of the investment. The
21 investment term of these “notes” was approximately 18 months instead of one year;
22 however, the investor was to receive interest payments of 12% per year on the
23 \$200,000 note, causing the overall promised return to total more than 40% per
24 annum.¹¹ In the example of an investment made in connection with the Via La
25 Mirada property, the investment agreement is dated November 28, 2003. The

26 _____
27 ¹¹ See Declaration of Kenton Johnson, para. 30.
28

1 investor made a \$100,000 investment in connection with the Via La Mirada
2 property based on a promised one-year return of \$150,000 and with interest
3 payments due on the investment starting in March 2004, only four months after the
4 investment was made. Other than a few isolated investments, the most modest
5 return stated in the documents appears to have been 20% annual return on the
6 investment contracts (\$50,000 investment with \$60,000 promised return; \$100,000
7 investment with \$120,000 promised return).

8 The investments were also inconsistent with bona fide real estate lending
9 transactions based on the economics of the transactions which in some cases were
10 suspect based on the information contained in the investment contracts alone. The
11 investment contracts generally revealed the amount of the purchase contract for the
12 property pursuant to which High Park would acquire the property in question. The
13 contracts also often disclosed the amount High Park anticipated selling the property
14 for after completing the repairs or remodeling High Park claimed it would be
15 performing on the property. The difference between the purchase price and
16 anticipated sale price was often several hundred thousand dollars and was supposed
17 to be achieved by High Park within a few months of the investment even when the
18 investment being made was only a fraction of that difference, often \$50,000 to
19 \$100,000. The contracts and books and records offer no explanation for these
20 astounding increases in the value of the property over such a short period and with
21 modest repair and remodeling costs.

22 The investors almost uniformly relied on High Park to record their deeds of
23 trust. In all cases, with two exceptions, the investors failed to take title insurance.
24 Moreover, investors allowed the deeds of trust to be recorded in most instances
25 many months after their funds were solicited and deposited with High Park and the
26 deeds of trust and other documentation of the investment were executed. Although
27 some investors deposited their investment funds with the escrow company rather
28 than High Park, in many instances the investments were deposited with escrow long

1 after escrow closed on the sale of the property and even if deposited in advance of
2 the sale, there is no indication that any follow up was made by investors to ensure
3 their deeds of trust were recorded in a timely fashion or that there was any
4 relationship perceived by the investors between the date of their investment and the
5 timing of either close of escrow on the sale or recording of their lien.

6 The files reviewed by the Receiver include no indication that investors
7 sought or obtained specific construction budgets and timetables for completion and
8 marketing for the properties they were purportedly investing in other than the
9 general information contained in the investment contract forms. There is no
10 indication in the files that investors were provided any written documentation
11 demonstrating that the funds they were supplying would in fact be sufficient or
12 would not exceed the amount projected for the costs of performing the construction
13 and carrying the indebtedness owed to the senior lenders for the time required to
14 market and sell the properties. There is no indication that any of the investors
15 obtained independent appraisals of the properties, including “as is” valuations and
16 valuations based on the alleged improvements that were to be made to the
17 properties by High Park. Given that the properties in many instances were
18 represented by High Park to be subject to 100% financing in connection with the
19 purchase, it is unclear that investors generally had any documented or supported
20 basis to expect that the investments would generate the exorbitant profits promised
21 by High Park based on the information apparently available in the escrow and High
22 Park files.

23 In fact, when the appraisals obtained by the institutional lenders in
24 connection with the sale are reviewed, they often reveal information that would
25 make the proposed investment highly suspect. For example, the appraisal of the
26 713 Avenida Columbo property indicates that the property “has been
27 remodeled/upgraded before been [sic] listed for sale . . . appears to be in above
28 average overall condition at time of inspection and no immediate repairs were

1 needed.” (Emphasis added.) Similarly, the appraisal of the 408 Calle Vista Torito
2 property states that the property is in “good overall condition . . . no structural
3 problems or inadequacies noted.” That appraisal valued the property at \$660,000 at
4 the time of High Park’s purchase of the property; the investment contract projected
5 that the property would be re-sold within one year for \$895,000. These comments
6 are particularly noteworthy when evaluated in the context of the statements made in
7 the Joint Venture Agreements pertaining to these two properties regarding the
8 intended use of the funds being invested with High Park which all contain recitals
9 that the investor is investing funds for the purpose of remodeling the properties in
10 question. See Decl. of Kenton Johnson, Exhs. 6 and 7.

11 High Park had no viable business enterprise with a legitimate financial
12 structure that would provide a basis for investors to obtain the inflated profits
13 promised by High Park in exchange for their investment. The scheme was based on
14 unlawful investment contracts that violate the securities laws and regulations as
15 detailed by the SEC in its briefs supporting the issuance of the Temporary
16 Restraining Order in this case.

17 **III. THE ILLEGAL INVESTMENT CONTRACTS ARE**
18 **UNENFORCEABLE AND DO NOT GIVE RISE TO VALID**
19 **OBLIGATIONS SECURED BY DEEDS OF TRUST AGAINST THE**
20 **RECEIVERSHIP PROPERTIES.**

21 The investment contracts entered into by High Park and the investors in this
22 case are illegal, representing both a fraudulent investment scheme without financial
23 substance and unlawful investments offered in violation of numerous federal
24 securities laws and regulations more fully detailed in the SEC’s complaint and the
25 memorandum of law filed by the SEC in support of its ex parte application for a
26 temporary restraining order. So egregious and flagrant were the violations of law in
27 this case that the defendants stipulated to the entry of a Preliminary Injunction
28 Order precluding them from continuing their unlawful investment activities and to

1 the continued appointment of a federal equity receiver over the corporate
2 defendants' businesses.

3 An unlawful contract is not enforceable at law, and the sole remedy available
4 to a party to an unlawful contract is at most an equitable claim for restitution. The
5 investment contracts, as illegal transactions, are therefore unenforceable obligations
6 rendering the purported "collateral" for such obligations equally unenforceable such
7 that the investment notes and deeds of trust must be deemed void and removed as
8 encumbrances from the receivership properties, creating equity in the properties
9 that can then be recovered upon sale of the properties and distributed pro rata
10 among the injured investors.

11 **A. The Investor Deeds of Trust Must Be Eliminated as They Purport**
12 **to Secure Illegal and Unenforceable Obligations**

13 Civil Code § 1642 provides: "Several contracts relating to the same matters,
14 between the same parties, and made as parts of substantially one transaction, are to
15 be taken together." A note and a deed of trust, although two instruments, form
16 parts of one transaction and must be read and construed together. Kerivan v. Title
17 Ins. and Trust Co. 147 Cal.App.3d 225 (1983). In this case, the notes, the deeds of
18 trust and the applicable "Trust Deed Participants" and "Joint Venture" agreements
19 must be construed together as instruments executed and delivered concurrently and
20 intended to effectuate and document a single, in this case illegal, investment
21 transaction.

22 The object of a contract must be lawful. Cal. Civil Code § 1550. An
23 unlawful contract is defined as one: (1) contrary to an express provision of law; (2)
24 contrary to the policy of express law, though not expressly prohibited; or (3)
25 otherwise contrary to good morals. Cal. Civ. Code § 1667. Whether a contract is
26 illegal is a question of law determined based on the circumstances of each case.
27 Timney v. Lin, 106 Cal. App. 4th 1121, 1126 (2003), citing Jackson v. Rogers &
28 Wells, 210 Cal. App. 3d 336, 349-350 (1989).

1 As a general rule, an illegal contract cannot be enforced. Franklin v. Nat C.
2 Goldstone Agency 33 Cal.2d 628 (1949); Pacific Tel. and Tel. Co. v. MCI
3 Telecomm. Corp., 649 F.2d 1315, 1319 (9th Cir. 1981) (“the California courts have
4 repeatedly recognized the breadth of the basic principle that courts will not enforce
5 contracts tainted with illegality”). “A party to an illegal contract can neither
6 recover damages for breach nor, by rescinding, recover the performance that he or
7 she has rendered or its value.” 14 Cal. Jur. 3d, Contracts § 157, pp. 463-64 (3d ed.
8 1999). Where the parties are not in pari delicto (i.e. in equal wrong with the other),
9 the court may permit the relatively innocent party to obtain restitution of the
10 consideration or its value. 1 Witkin, Summary of California Law Contracts § 437,
11 p. 478 (10th ed. 2005); Colby v. Title Ins. & Trust Co. 160 Cal. 632, 641(1911);
12 however, in such circumstances the only claim available to the more innocent party
13 is a claim for restitution, and the innocent party will not be permitted to enforce the
14 contract. Severance v. Knight-Counihan Co. 29 Cal.2d 561(1947); Malek v. Blue
15 Cross of California 121 Cal.App.4th 44, 71 (2004). Moreover, in the context of
16 federal equity receiverships, the Ninth Circuit has expressly held that the in pari
17 delicto defense cannot be asserted against a federal equity receiver based on the
18 misconduct of the entities pre-receivership. F.D.I.C. v. O’Melveny & Myers, 61 F.
19 3d 17, 19 (9th Cir. 1995).

20 The investment contracts are illegal and unenforceable not only because they
21 violate the applicable securities laws, as detailed by the SEC in its memoranda
22 supporting the issuance of the temporary restraining order and preliminary
23 injunction, but also because the purpose and object of the contracts was an illegal
24 investment that was part of an illegitimate business operating in a manner similar to
25 a Ponzi scheme. Cunningham v. Brown, 265 U.S. 1, 44 S.Ct. 424 (1924). See also
26 SEC v. Glenn w. Turner Enterprises, Inc., 474 F.2d 476 (9th Cir. 1973) and SEC v.
27 W. J. Howey Co., 328 U.S. 293, 66 S.Ct. 1100 (1945) regarding illegal investment
28 contract schemes. Applicable law and public policy makes the investment contract

1 with a party operating a Ponzi scheme illegal and unenforceable. See, e.g., Cal.
2 Civ. Code § § 1550 and 1667; Frye v. Taylor, 263 So.2d 835 (Ct. App. Fla. 1972);
3 In re Taubman, 160 B.R. 964, 985 (Bankr. S.D. Ohio 1993) (Ponzi scheme case in
4 which the Court stated "In general, courts will not enforce an illegal bargain based
5 on the [l]elementary principle that one who has himself participated in a violation of
6 law cannot be permitted to assert in a court of justice any right founded upon or
7 growing out of the illegal transaction[l]") (internal quotations omitted). Those who
8 invest in illegal investment schemes such as Ponzi schemes cannot enforce their
9 contractual rights as a matter of law but are limited to asserting claims in the
10 receivership or bankruptcy estate for restitution of the principal amount of their
11 investment to the extent it remains unpaid. See, e.g., In re Agricultural Research &
12 Technology Group, Inc., 916 F. 2d 528, 531 (9th Cir. 1990); In re United Energy
13 Corp., 944 F. 2d 589, 595 n. 6 (9th Cir. 1991) (amounts received in excess of
14 investment in a Ponzi scheme recoverable from investor); Rafoth v. Bailey (In re
15 Baker & Getty Financial Services, Inc.), 88 B.R. 792, 796 (Bankr. N.D. Ohio 1988)
16 (investors must return profits in excess of investment amount).

17 **B. The Void Investment Contracts Render the Deeds of Trust Void**

18 “The lien of the mortgage, like any other lien, is accessory to the act for the
19 performance for which it is security.” 4 Witkin, Summary of California Law,
20 Security Transactions in Real Property § 45 (10th ed. 2005); Cal. Civ. Code § 2909.
21 If the note which the lien secures is unenforceable, the mortgage gives it no
22 additional validity. Coon v. Shry, 209 Cal. 612, 615 (1930) (“the mortgage must
23 stand or fall with the note”). A deed of trust, although theoretically a title
24 transaction rather than a lien, exists only as long as there is a valid trust purpose.
25 MacLeod v. Moran, 153 Cal. 97 (1908). “[I]t is clear that where a mortgage is
26 intended to secure a specific obligation (usually represented by a promissory note
27 or bond), and that obligation becomes unenforceable under ordinary concepts of
28 contract or commercial law, the mortgage is and ought to be unenforceable as well.

1 Such concepts include undue influence, duress, fraud, mistake, lack of
2 consideration, and failure of consideration.” Nelson & Whitman, Real Estate
3 Finance Law § 2.1, at 16-17 (3d ed. 1994).

4 **IV. THE RELIEF SOUGHT IS CONSISTENT WITH THE SUMMARY**
5 **PROCEDURES FOR CLAIMS ADJUDICATION IN RECEIVERSHIP**
6 **PROCEEDINGS AUTHORIZED BY THE NINTH CIRCUIT.**

7 The purpose of the receivership laws is to give the Court broad authority
8 pursuant to its general powers of equity to issue orders as necessary for the
9 administration of the estate. The equity powers of the District Court to issue orders
10 pertaining to the administration of a receivership estate were discussed at length by
11 the Ninth Circuit in S.E.C. v. Hardy, 803 F. 2d 1034 (9th Cir. 1986). In its
12 decision, the Court articulated two overriding principals of law:

13 First, a district court’s power to supervise an equity
14 receivership and to determine the appropriate action to be
15 taken in the administration of the receivership is
16 extremely broad. . . . The basis for broad deference to the
17 district court’s supervisory role in equity receiverships
18 arises out of the fact that most receiverships involve
19 multiple parties and complex transactions.

20 . . .

21 Secondly, we have acknowledged that a primary purpose
22 of equity receiverships is to promote orderly and efficient
23 administration of the estate by the district court for the
24 benefit of creditors. [Citations omitted.] Accordingly, we
25 generally uphold reasonable procedures instituted by the
26 district court that serve this purpose. [Citations omitted.]
27 S.E.C. v. Hardy, 803 F. 2d at 1037-1038.

1 The Ninth Circuit has noted these policies support its upholding the use of
2 summary proceedings in the receivership court to resolve claims. “For the claims
3 of nonparties to property claimed by receivers, summary proceedings satisfy due
4 process so long as there is adequate notice and opportunity to be heard. [Citations
5 omitted.]” S.E.C. v. American Capital Investments, Inc., 98 F. 3d 1133, 1146 (9th
6 Cir. 1996), abrogated on other grounds, Steel Co. v. Citizens for a Better
7 Environment, 523 U.S. 83, 118 S. Ct. 1003, 1012 (1998); Commodity Futures
8 Trading Commission v. Topworth, 205 F. 3d 1107, 1113 (9th Cir. 1999); S.E.C. v.
9 TLC Investments and Trade Co., 147 F. Supp. 2d 1031, 1034 (C.D. Cal. 2001). See
10 also S.E.C. v. Wencke, 783 F. 2d 829, 837 n. 9 (9th Cir. 1986).

11 **V. THE RELIEF SOUGHT BY THE RECEIVER IS CONSISTENT WITH**
12 **AND SUPPORTED BY RECEIVERSHIP LAW WHICH IS**
13 **DESIGNED TO PROMOTE EQUAL TREATMENT OF CLAIMS**
14 **AMONG SIMILARLY SITUATED INVESTOR VICTIMS.**

15 Where creditors of a federal equity receivership are similarly situated, equity
16 demands that their claims be treated similarly. S.E.C. v. American Capital
17 Investments, Inc., 98 F. 3d 1133, 1146 (9th Cir. 1996) (in which the Court rejected
18 claim of prejudice from limiting remedies to claims against the receivership estate
19 in the face of “massive fraud” which “left its investment ventures a mess of
20 commingled funds, unrecorded deeds, and limited partnerships stranded in limbo”
21 and affirmed approval of the “comprehensive equitable remedy” crafted by district
22 court on receiver’s motions, including Equal Treatment Order providing for pro rata
23 payment from all receivership assets of all investor claimants). As a result, pro rata,
24 equal treatment orders have been approved by the courts even over the objection of
25 a creditor who could demonstrate a right to specific receivership assets through
26 tracing and other theories. U.S. v. Durham, 86 F. 3d 70 (5th Cir. 1996); U.S. v.
27 Trudaux, 6 F. 3d 222 (4th Cir. 1993); S.E.C. v. Elliott, 953 F. 2d 1560 (11th Cir.
28 1992). For example, in U.S. v. Durham, the United States seized assets of a

1 fraudulent scheme by which thirteen innocent third parties were induced to deliver
2 over \$800,000 in funds to the defendants as part of a phony loan brokerage
3 business. The funds were deposited in multiple accounts and then transferred to the
4 personal use of the defrauding parties. When the fraud was discovered,
5 approximately \$83,000 in funds remaining in one account were frozen and seized.
6 These funds were the sole source of repayment of the defrauded parties.

7 The District Court in Durham proposed to distribute the seized assets to the
8 thirteen fraud victims pro rata. Claremont objected on the ground that it could
9 demonstrate through tracing that \$70,000 of the seized funds were funds paid by
10 Claremont. Three other investors could also directly trace their payments to the
11 funds remaining in the seized account. The District Court found that all of the
12 defrauded victims were similarly situated and that it would be inequitable to allow
13 Claremont to recover most of the seized funds, finding it “inequitable to allow
14 Claremont to benefit merely because the defendants spent the other victims’ funds
15 first.” U.S. v. Durham, 86 F. 3d at 72. The District Court therefore overruled
16 Claremont’s objection, and the Fifth Circuit affirmed the order for pro rata
17 distribution of the funds based on the discretion granted to the District Court as “a
18 court of conscience” when it sits in equity. U.S. v. Durham, 86 F. 3d at 72.

19 The Ninth Circuit has adopted a similar analysis in connection with forfeiture
20 proceedings. As the Ninth Circuit explained in U.S. v. Real Property Located at
21 13328 and 13324 State, 89 F.3d 551, 553 (9th Cir. 1996):

22 As the Supreme Court decided in the original “Ponzi”
23 scheme case, Cunningham v. Brown, 265 U.S. 1, 12-13
24 (1924) [citation omitted], tracing fictions should not be
25 utilized under circumstances involving multiple victims
26 and commingled funds. Instead, the Court held that the
27 equities demanded that all victims of the fraud be treated
28 equally. Id. (rejecting tracing fiction where its use would

1 promote unequal and therefore inequitable treatment of
2 similarly situated fraud victims) [quoting and adopting
3 unpublished district court order in that case].
4 See also S.E.C. v. Capital Consultants, LLC, 397 F.3d 733 (9th Cir. 2005) (a
5 pooling and pro rata distribution of receivership’s real estate assets, as opposed to
6 the tracing of assets, was appropriate with respect to equitably distributing the
7 private assets of investment management company, which were placed into
8 receivership, invested in and controlled for the benefit of its clients, where there
9 was nothing unique about the properties that placed them outside the receivership);
10 Commodities Futures Trading Comm. v. Richwell Int’l, Ltd., 163 B.R. 161 (N.D.
11 Cal. 1994) (receiver’s plan of distribution of equity receivership assets would be
12 adopted, rather than plan of Commodities Futures Trading Commission, where
13 remaining customer property and total net deposits would be distributed on pro rata
14 basis, paying them in proportion to their total lost money); Securities and Exchange
15 Commission v. Elliott, 953 F.2d 1560, 1569-70 (11th Cir.1992) (district court did
16 not "abuse its discretion" in refusing to allow fraud victims to trace and claim assets
17 at the expense of other fraud victims), rev'd in part on other grounds, 998 F.2d 922
18 (11th Cir.1993); Ruddle v. Moore, 411 F.2d 718, 719 (D.C.Cir.1969) (tracing
19 fiction "has nothing to be said for it as a principle governing conflicting claims to
20 restitution by equally wronged parties"); People v. California Safe Deposit & Trust
21 Co., 175 Cal. 756, 167 P. 388, 389-90 (1917) (refusing to indulge in tracing fiction
22 to allow bank's fraud victim to take full fraud amount from assets of bank in
23 receivership because to do so would harm depositors who were “as much entitled ...
24 as petitioner to the favorable consideration of a court of equity.”)

25 **VI. THE COURT HAS WIDE DISCRETION TO IMPLEMENT SALE**
26 **PROCEDURES PROPOSED BY A RECEIVER DESIGNED TO**
27 **MAXIMIZE VALUE FOR THE ESTATE.**

28 The Receiver seeks authority to sell the real properties in the receivership

1 estate pursuant to private sales after listing the properties with appropriate real
2 estate brokers in the communities in which the properties are located and so long as
3 the sales price for each property is not less than 80% of the average value of two
4 appraisals and two broker's opinions of value for each property. These modified
5 sale procedures are detailed in the motion. The Receiver proposes modified sale
6 procedures in order to streamline the sale process by avoiding the greater delay and
7 expense associated with obtaining court-appointed appraisers for each property and
8 motions to confirm the sales with publication and overbids which the Receiver
9 believes may negatively affect the ultimate recovery for the estate through higher
10 administrative, legal and transactional costs.

11 **A. The Real Property Sale Procedures Should Be Modified**

12 Title 28 U.S.C. section 2001 specifies the procedures pertaining to the sale of real
13 property. Subsection (a) specifies procedures for the public sale of real property at
14 the courthouse steps. Subsection (b) pertains to private sales and states:

15 After a hearing, of which notice to all interested parties
16 shall be given by publication or otherwise as the court
17 directs, the court may order the sale of such realty or
18 interest or any part thereof at private sale for cash or other
19 consideration and upon such terms and conditions as the
20 court approves, if it finds that the best interest of the
21 estate will be conserved thereby. Before confirmation of
22 any private sale, the court shall appoint three disinterested
23 persons to appraise such property or different groups of
24 three appraisers each to appraise properties of different
25 classes or situated in different localities. No private sale
26 shall be confirmed at a price less than two-thirds of the
27 appraised value. Before confirmation of any private sale,
28 the terms thereof shall be published in such newspaper or

1 newspapers of general circulation as the court directs at
2 least ten days before confirmation. The private sale shall
3 not be confirmed if a bona fide offer is made, under
4 conditions prescribed by the court, which guarantees
5 at least a ten percentum increase over the price offered
6 in the private sale.

7 28 U.S.C. § 2001(b).

8 If the Receiver were required to comply with all of the requirements of
9 § 2001 for a private sale for each of the various receivership properties, the
10 receivership estate would be unnecessarily and excessively burdened with the delay
11 and expense of: (a) the appointment of three court-appointed appraisers to appraise
12 each property before a sale could be confirmed; (b) advertising the proposed sale
13 before obtaining Court confirmation; and (c) noticing and attending another hearing
14 to obtain Court confirmation of the sale. Given the two appraisals and two brokers'
15 opinions of value which the Receiver proposes to obtain, the fact that all but one of
16 the properties are residential real properties that will be listed for sale with licensed
17 real estate brokers and included in the multiple listing service, and the fact that the
18 Receiver proposes a floor sales price of 80% of the average of appraised values and
19 brokers' opinions of value which is higher than the statutory minimum under
20 § 2001(b) of two-thirds of the appraised value, the Receiver submits that the
21 Receiver's proposed sale procedures should be approved in lieu of strict compliance
22 with that section.

23 Courts have given receivers much discretion to propose the marketing
24 procedures of the sale of receivership assets, so long as a receiver seeks to
25 maximize the value of the receivership assets:

26 In authorizing the sale of property by receivers, courts of
27 equity are vested with a broad discretion as to price and
28 terms. It is the duty of the receiver to realize for the

1 property the largest possible amount regardless of the
2 ultimate disposition of the proceeds which the court
3 thereafter directs. If the court is advised at the time of
4 making the order of sale as to enable it to fairly judge the
5 probable value of the property, it may fix a minimum bid
6 below which bids will not be accepted by the receiver.

7
8 2 Clark on Receivers, § 515 p. 827 (3rd ed 1992).

9 Courts are granted discretion in setting the terms and conditions for judicial
10 sales, and the Court's discretion will not be disturbed on appeal except where abuse
11 of discretion is shown. United States v. Branch Coal Corp., 390 F. 2d 7 (3rd Cir.
12 1968), cert. den. Sun Protection Co. v. United States, 391 U.S. 966, 88 S. Ct. 2034
13 (1968). The discretion granted in connection with sales of assets is consistent with
14 the broad discretion accorded to the Court sitting in equity in receivership
15 proceedings to make orders concerning the administration and supervision of the
16 estate that will promote equity, efficiency and cost-effectiveness in the estate's
17 administration. See generally S.E.C.v. Hardy, 803 F. 2d 1034 (9th Cir. 1986);
18 S.E.C. v. Black, 163 F.3d 188, 199 (3d Cir. 1998); S.E.C. v. Elliot, 953 F.2d 1560
19 (11th Cir. 1992).

20 The Receiver's proposed sale procedures fall within the parameters of the
21 authorities cited above and the Court's wide discretion to implement efficient and
22 flexible procedures to maximize value for the estate with a minimum amount of
23 expense. Strict compliance with the statutory procedures would result in
24 unnecessary and excessive administrative and transactional expense in completing
25 the sales of the properties, would not likely result in a higher price being achieved
26 for the properties and could impair the Receiver's ability to close the proposed sales
27 with buyers based on the delay inherent in those procedures. The approval of these
28 modified sale procedures promotes the policies articulated by the Ninth Circuit in

1 SEC v. Hardy, 803 F.2d 1034, 1037-1038 (9th Cir. 1986) set forth above, and in
2 particular the policy of implementing procedures to promote the efficient and cost-
3 effective administration of the estate.

4 **B. The Receiver's Proposed Modified Sale Procedures for Real**
5 **Properties in the Estate Are Reasonable and Appropriate**

6 The modified sale procedures for which the Receiver seeks approval are set
7 forth in the motion. These procedures will streamline the sale process to minimize
8 delay and transactional expenses associated with the sale while providing
9 appropriate exposure to the market for each property through the listing of the
10 property with real estate brokers in the areas in which the properties are located and
11 through the published notice of sale, with an opportunity for overbids to be
12 submitted. The procedures will avoid multiple court hearings and minimize legal
13 expenses associated with the sales of the properties. Moreover, the appraisals and
14 opinions of value to be obtained by the Receiver and the minimum sale price will
15 provide additional assurance that each property is sold for a fair price under the
16 circumstances. The minimum sale price of 80% of Appraised Value is materially
17 higher than the statutory minimum of approximately 67% of appraised value.

18 **C. The Receiver's Proposed Modified Sale Procedures for the**
19 **Conduct of Public Auction of the Personal Property Are**
20 **Reasonable and Appropriate**

21 Section 2004 of Title 28 provides: "Any personal property sold under order
22 or decree of any court of the United States shall be sold in accordance with Section
23 2001 of this title, unless the court orders otherwise." Section 2001(a) provides that
24 real property may be sold at a public sale conducted at the courthouse in the city or
25 county in which the property is located, and section 2002 requires notice of a public
26 sale of real property to be published at least once a week for four consecutive weeks
27 in a newspaper of general circulation in the county.

28 The Receiver seeks to sell a modest amount of office furniture, furnishings

1 and equipment of the Receivership Entities. The Receiver estimates the aggregate
2 liquidation value of the personal property is not more than \$50,000. If the Receiver
3 were required to follow the exact requirements of 28 U.S.C. §§ 2001, 2002 and
4 2004 with respect to the sale of these items, the Receiver believes the receivership
5 estate would realize less and incur higher costs and delays in selling the property
6 than if the Receiver is permitted to sell the assets at a regularly noticed and
7 advertised public auction of the property conducted by an auctioneer at the
8 auctioneer's facility. The Receiver seeks authority to engage R.L. Spear Co., Inc.
9 as the auctioneer for the property and to allow the auctioneer to sell the property as
10 reflected in the terms and procedures outlined in the motion. The Receiver submits
11 that these modified public sale procedures will maximize the net value recovered
12 from the sale for the benefit of the receivership estate by minimizing legal and other
13 expenses while providing full exposure of the property to the market with the
14 expertise and advertising provided by a professional auctioneer. Therefore, the
15 modified procedures are appropriate and should be approved.

16 **VII. THE RECEIVER SEEKS ADDITIONAL INSTRUCTIONS**
17 **REGARDING THE ADMINISTRATION OF THE ESTATE.**

18 The Receiver requests that the Court provide such additional instructions
19 regarding the administration of the estate, the disposition of the assets and the
20 treatment of claims as may be necessary or appropriate under the circumstances of
21 this receivership. As highlighted by the facts set forth above, there are limited
22 options available to address the receivership assets so as to provide a potential
23 distribution for investors in this case. The Receiver believes that without the Court
24 granting the relief sought herein, no distribution to the vast majority of the investors
25 will be possible and liquidation of most of the real properties by the Receiver will
26 be unwarranted given the state of the recorded liens against the properties. The
27 Receiver therefore seeks such additional instructions from the Court as to the
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1 proper course of action for the administration of these receivership assets through
2 this motion as may be necessary or proper.

3 **VIII. CONCLUSION**

4 Based upon the foregoing and the pleadings filed in support hereof, and such
5 additional arguments and evidence as may be presented prior to or at the hearing,
6 the Receiver respectfully requests that the Court grant relief as requested in the
7 motion.

8
9 Dated: March 16, 2006

McKenna Long & Aldridge LLP
Gary Owen Caris
Lesley Anne Hawes

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/S/
By: _____
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Attorneys for Permanent Receiver,
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7

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

10
11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

14 HIGH PARK INVESTMENT GROUP,
15 INC., a Nevada corporation, HARBOR
FINANCIAL INVESTMENT GROUP,
16 INC., a Nevada corporation, EDWARD
R. SHOWALTER,

17 Defendants.
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CASE NO. SACV 05-1090 CJC
(MLGX)

**DECLARATION OF KENTON
JOHNSON IN SUPPORT OF
MOTION BY RECEIVER FOR
INSTRUCTIONS AND ORDERS
RE: (1) INVALIDATING
PURPORTED NOTES AND LIENS
SECURING NOTES OF
INVESTORS AS SECURED DEBTS;
(2) ADMINISTRATION AND SALE
OF REAL PROPERTIES,
INCLUDING REQUEST FOR
MODIFICATION OF SALE
PROCEDURES OF 28 U.S.C.
SECTIONS 2001 AND 2002; (3)
AUTHORIZING SALE OF
PERSONAL PROPERTY AND
MODIFYING SALE PROCEDURES
OF 28 U.S.C. SECTIONS 2002 AND
2004 IN CONNECTION
THEREWITH**

DATE: APRIL 10, 2006

TIME: 1:30 P.M.

PLACE: COURTROOM 9B

1 activities and the business, banking, escrow and other records of the Receivership
2 Entities and records obtained by the Receiver through its investigation. I am one of
3 the members of the Receiver who prepared the Receiver's Report and exhibits
4 thereto. I have also reviewed the declarations filed by plaintiff Securities and
5 Exchange Commission in support of the SEC's ex parte application for the asset
6 freeze and appointment of the Receiver in this matter and the motion filed by the
7 investor Fourteen Ninety Two, LLC ("1492") and the supporting papers and
8 exhibits, which motion is set for hearing on March 27, 2006 in this action. Based
9 on my review of these pleadings, papers and records and my investigation of the
10 Receivership Entities on behalf of the Receiver, and based on my experience as
11 described hereinafter, I have reached the following opinions and conclusions.

12 5. Corporate records of High Park indicate High Park was organized as a
13 California corporation on September 23, 2003. Defendant Edward Showalter
14 ("Showalter") is the President of High Park.

15 6. The Receiver's investigation indicates that the Receivership Entities
16 induced investors to enter into investment contracts primarily with High Park in
17 which the investors would provide funds to High Park purportedly for the purpose
18 of rehabilitating or remodeling real properties and would receive substantial returns
19 on their investments within a one-year period, generally ranging from a minimum
20 annual return of 20% to as much as 100%. High Park purchased the properties
21 through Chapman Avenue Escrow, and almost all transactions reviewed by the
22 Receiver indicate the same escrow officer, Millie Cork, was involved in all of the
23 transactions.

24 7. The Receiver calculates that there are 121 investors who made
25 investments with High Park since the investment scheme began who the Receiver
26 believes have investments that remain unpaid. Based on the receivership records
27 and title reports obtained by the Receiver for the properties, the Receiver believes
28 there are approximately 242 investment claims that may be outstanding, although

1 the receivership records were in disarray when the Receiver took over and these
2 figures may include some duplicate claims. The records and information available
3 to the Receiver indicate that in some instances investors were told that their funds
4 would be used to help High Park acquire the property; in other instances, the
5 investors were told the funds were to be used to cover the construction costs for
6 repairs and remodeling. Some investments were made through payments to High
7 Park that were deposited with the escrow company and others were paid and
8 deposited directly with High Park. Receipts for the funds invested were either
9 issued by High Park or the escrow company and were issued in the amount of the
10 actual cash investment made by the investor. Typically, even when funds were
11 deposited with the escrow company, the funds were later sent by the escrow
12 company back to High Park.

13 8. In many cases, High Park used a “qualifier” to purchase the property.
14 The qualifiers were individuals with sufficient credit scores who were used to
15 qualify for the loans obtained to acquire the properties, because in most instances
16 High Park did not have the financial ability to even qualify for the property
17 acquisitions. The qualifiers appear to have been paid \$5,000 to \$10,000 in
18 exchange for their role in the transaction, and most signed documents falsely
19 representing to the lenders that they would be the owner-occupier of the property.

20 9. The original purchase contract for the acquisition of the properties
21 typically provided for a conventional first trust deed loan for 80 to 90% of the
22 purchase price. Later, the buyer, whether High Park or the qualifier, would often
23 obtain a second conventional loan or home equity line of credit, in some instances
24 increasing the conventional financing for acquisition of the property to almost
25 100% of the purchase price. The financing for the properties generally was
26 generally arranged through a loan broker, in most instances Dana Capital.

27 10. The investors almost uniformly relied on High Park to record their
28 deeds of trust. In all cases, with two exceptions, the investors failed to take title

1 insurance. Moreover, investors allowed the deeds of trust to be recorded in most
2 instances many months after their funds were solicited and deposited with High
3 Park and the deeds of trust and other documentation of the investment were
4 executed. Although some investors deposited their investment funds with the
5 escrow company rather than High Park, in many instances the investments were
6 deposited with escrow long after escrow closed on the sale of the property. Even if
7 the funds were deposited in advance of the sale, there is no indication in the files
8 that any follow up was made by investors to ensure their deeds of trust were
9 recorded in a timely fashion or that there was any relationship perceived by the
10 investors between the date of their investment and the timing of either close of
11 escrow on the sale or recording of their lien.

12 11. The deeds of trust executed by High Park in favor of the investors
13 generally state that they secure a note in a specified amount. High Park executed
14 notes in favor of the investors using a “Straight Note” form in some instances and
15 in others a “Note” form, almost all of which provided no interest rate and almost all
16 of which were stated to be due and payable one year from the date of the note. The
17 principal amount of the note stated is not the actual amount of the investment made
18 by the investor but is instead the amount High Park promised the investor would
19 receive when the property was repaired, remodeled and sold. Investors were
20 generally given receipts issued by escrow or by High Park with references to
21 specific properties or escrows that reflected the actual amount of their cash invested
22 with High Park. Although funds may have in some instances been deposited with
23 escrow, most of the investment funds deposited by investors were ultimately
24 transferred and deposited to High Park’s general account.

25 12. High Park principally used two forms of investment contracts which,
26 in part, evidence the investment transactions. One form was denominated “Joint
27 Venture Agreement” or “Joint Venture Participants [sic]” agreement and the other
28

1 form was denominated a “Trust Deed Participants Agreement.” Copies of
2 representative samples of these forms are attached hereto as Exhibits 2, 3 and 4.

3 13. The forms of investment contracts indicate that the parties are entering
4 into an investment transaction and specify the amount of the return or profit on the
5 investment the investor is entitled to receive. In some instances, the investor is
6 promised monthly interest-only payments would be made by High Park on the
7 investment amount if the property is not sold within a specified time period. The
8 time at which payments would commence according to the investment contract was
9 typically stated to be within 90 to 120 days after the date the investment was made,
10 although no interest is provided for in the notes, no monthly payment is provided
11 for in the notes, and the investment amount stated in the note is not due generally
12 until one year after the date of the note.

13 14. The forms of investment contracts on their face are inherently suspect.
14 The forms are replete with grammatical errors, typographical errors, internal
15 inconsistencies and inconsistencies with other documents related to the purported
16 investments, including the notes and deeds of trust and the reality of the investment
17 scheme. The investment contracts often disclose details regarding the underlying
18 purchase transaction that are either inconsistent with the actual sale documents or
19 do not make sense in terms of supporting the purported investment transaction the
20 investor was entering into.

21 15. The Receiver’s investigation has disclosed that most of the properties
22 have numerous investors with multiple deeds of trust recorded against the same
23 property junior to the institutional lenders in amounts that could never realistically
24 be obtained on sale and that far exceed any realizable value for the property. The
25 Receivership Entities generally recorded these multiple deeds of trust at random,
26 often months after the investment was made and long after the Receivership Entity
27 acquired the property and supposedly commenced the construction work for which
28 the invested funds were purportedly to be used. The properties generally have a

1 minimum of five investors with deeds of trust in addition to the senior institutional
2 trust deeds. Eight of the properties have seven or more investors; six have 10 to as
3 many as 37 investors with deeds of trust or fractional interests in deeds of trust
4 against one property.

5 16. The Receiver has caused an additional chart to be prepared updating
6 the information contained in Tab 1 to the Receiver's Report. This additional chart
7 is attached to the Declaration of Johnny Traboulsi as Exhibit 1. The chart, Exhibit
8 1, includes information regarding the investors whose deeds of trust are reflected in
9 title reports obtained by the Receiver for each of the receivership properties and
10 those where the receivership records indicate the investor may have thought the
11 investor would be obtaining a lien against a specific property. The chart also
12 includes "As Is" valuations of the properties. All but three of those values were set
13 forth in the Receiver's Report and were derived generally from (a) appraisals
14 contained in the receivership files, (b) informal broker's opinions of value obtained
15 by the Receiver for the properties, (c) pre-receivership purchase contracts for the
16 properties, or (d) unsolicited offers to purchase properties made to the Receiver
17 post-receivership.

18 17. The three properties where the Receiver has revised its "as is"
19 valuations are (a) 32 Campanella, (b) 33333 Mulholland Highway, and (c) Bullhead
20 City. With respect to 32 Campanella, the valuation has been revised based on
21 written broker's opinions of value and an appraisal. As to the Mulholland Highway
22 property, the Receiver has revised the valuation based upon an appraisal for the
23 property provided by the investor who holds the purported second and third deeds
24 of trust against the property. With respect to the Bullhead City property, the
25 Receiver has obtained updated informal broker's opinions of value which have
26 resulted in the revised valuations. The Declaration of Johnny Traboulsi explains
27 the source of the other information contained in the chart.

1 18. Based upon the chart, Exhibit 1 to the Traboulsi Declaration, the
2 Receiver estimates that if the investor deeds of trust are not invalidated and remain
3 as liens securing the amounts of the deeds of trust and notes, then no recovery
4 would be paid on approximately 206 investment claims; 14 investment claims
5 might obtain a partial recovery; and only 22 investment claims would be paid in full
6 under the terms of the investment agreements. This analysis is based on a
7 hypothetical sale of the properties, other than the Rosecrans property, for the “As
8 Is” value stated in the chart, Exhibit 1, less 8% costs of sale, and distribution of the
9 proceeds based on the recorded priorities in the face amount of the recorded deeds
10 of trust, including the senior deeds of trust in favor of institutional or other
11 conventional lenders. The Receiver estimates the shortfall to investors to be in
12 excess of \$12.2 million based on estimated investment claims of \$16 million, the
13 estimated amount of the actual investments remaining unpaid. In contrast, if all
14 investors’ deed of trust are invalidated as securing unlawful investment contracts
15 and the investors share pro rata in the funds generated by the sale of these
16 properties, after payment of valid institutional liens, the Receiver estimates each of
17 the investors would recover between 15% and 30% of their investments. These
18 figures are preliminary and subject to refinement based on development of further
19 valuation information regarding the properties and analysis of the amount and
20 priority of investor and non-investor claims.

21 19. The High Park investment scheme was never a viable, legitimate
22 business but appears to have been designed from its inception to “oversubscribe”
23 investment interests in the properties. The funds deposited with High Park by
24 investors thus enabled High Park to make the promised payments to a few of the
25 investors, allowing High Park to attract additional investors and to obtain and divert
26 substantial excess funds to Showalter for his personal use and benefit. It also
27 appears that High Park began to solicit more and more investors on the later
28 acquired properties in a frantic effort to raise cash. The scheme collapsed when

1 High Park was unable to sell its overencumbered properties for enough to pay the
2 promised investment recoveries and was unable to induce enough of the investors
3 to “roll over” their investments by reconveying their trust deeds and accepting a full
4 or fractional interest in a deed of trust on another property.

5 20. The receivership records include documentation indicating that of the
6 properties sold by High Park prior to the receivership, eight investments secured by
7 deeds of trust on properties sold by High Park were “rolled over” or “reinvested”
8 with High Park, and the investment liens were moved to other unsold properties. In
9 addition, four investors on the 8 Las Tunas property had to have their investments
10 “rolled over” to another property since High Park never closed escrow to buy the
11 Las Tunas Property.

12 21. Examples of the problems with the investment contracts abound. One
13 of the Trust Deed Participants Agreements, typical of all of these transactions,
14 illustrates the point and is one of the forms attached hereto as Exhibit 2 and
15 discussed in the Receiver’s motion. (The Trust Deed Participants Agreement is
16 also attached to the Declaration of Howard Lindsey in support of the SEC’s ex
17 parte application as Exhibit 2 thereto, which is attached to the Receiver’s Request
18 for Judicial Notice.)

19 22. In addition to the grammatical and typographical errors, ambiguities,
20 inconsistencies and in some instances nonsensical language, the forms of “Trust
21 Deed Participants” and “Joint Venture” agreements are particularly suspect when
22 placed in the context of the escrow and purchase documents relating to the
23 properties. For example, in a Joint Venture Agreement pertaining to property
24 located on Via La Mirada, the agreement discloses that a third party entity,
25 Transcendent International, Inc., would be purchasing the property, that High Park
26 is the entity that remodels the property for resale and that “there are joint venture
27 partners” on the real estate purchases entered into by those companies. The
28 “Terms” of the agreement state: “The terms [sic] of this agreement shall be until the

1 property located at 26922 Via La Mirada, San Juan Capistrano, CA 92675. Parcel
2 Number 675-174-05 is sold, and hereafter referred to as the property.” The
3 “Performances” section of the agreement discloses that escrow for the purchase of
4 the property by the investment entities was to close on November 24, 2003, four
5 days prior to the date this agreement was entered into. A copy of the Joint Venture
6 Agreement is attached hereto as Exhibit 3. Other investors entered into investment
7 agreements long after escrow for High Park’s acquisition of the property was to
8 close, as illustrated by one of the investment agreements relating to the 259 Via
9 Ballena property found in the receivership records, a true and correct copy of which
10 is attached hereto as Exhibit 5.

11 23. The Joint Venture Agreement form, Exhibit 3, states that the purchase
12 price of the property is \$540,000 but that “There will be a loan made in the
13 approximate amount of \$702,000 on the property.” The investor under the
14 agreement was investing \$100,000 and was to receive interest payments at 10%
15 based on that investment amount starting 90 days after the purchase escrow closed
16 and was to receive a return of \$150,000 when the property was re-sold by High
17 Park. The agreement states “The property will be listed for sale in the \$1,299,000
18 to \$1,499,000 range.”

19 24. The circumstances pertinent to the two Joint Venture Agreements
20 attached to the motion filed by investor Fourteen Ninety Two, LLC (“1492”),
21 subject to the Receiver’s Request for Judicial Notice in support of this Motion,
22 highlight the problems with the purported investments and the documentation
23 reflecting the investments. True and correct copies of the two Joint Venture
24 Agreements relating to 1492 are also attached hereto as Exhibits 6 and 7. The 1492
25 Joint Venture Agreements contain numerous spelling and grammatical errors not
26 normally present in legitimate investment offerings and are inconsistent in a
27 number of ways both within the documents and when evaluated in connection with
28 other information and documents provided to the 1492 investors.

1 25. With respect to the investments in both properties, 1492 executed a
2 “Joint Venture Agreement” which states that 1492 will be making a \$50,000
3 investment as part of a joint venture to acquire and remodel each of the properties.
4 The 1492 motion and the records of the receivership do not indicate that the due
5 diligence performed by 1492 included obtaining information, budgets or a schedule
6 of the remodeling that was to be performed by High Park with respect to either of
7 the properties. However, the appraisal of the 713 Avenida Columbo property
8 attached to the 1492 motion and which the motion indicates the investors reviewed
9 as part of the investment states that the property “has been remodeled/ upgraded
10 before been [sic] listed for sale . . . appears to be in above average overall condition
11 at time of inspection and no immediate repairs were needed.” (Emphasis added.)
12 Similarly, the appraisal of the 408 Calle Vista Torito property states that the
13 property is in “good overall condition . . . no structural problems or inadequacies
14 noted.”

15 26. The appraisal of the 713 Avenida Columbo property valued the
16 property at \$738,000. The Joint Venture Agreement states in the “performances”
17 section that Edward Showalter would be purchasing the property for \$735,000; that
18 “There will be a loan made in the approximate amount of \$735,000 on the
19 property,” that if the property is not sold within 90 days the investor will start
20 receiving 10% interest payments on the \$50,000 investment, and that “The property
21 will be listed for sale for \$975,000.” The Joint Venture Agreement also promises a
22 return of \$20,000 on the \$50,000 investment (40%) within this short period of time.
23 The document thus states on its face that for the \$50,000 investment made by 1492
24 for a property that had already been remodeled and upgraded, High Park was
25 promising a 32% increase in the value of the property potentially in as short a time
26 as 90 days.

27 27. The return promised on the \$50,000 investment on both the Avenida
28 Columbo and Calle Vista Torito properties was the same, \$70,000, in potentially as

1 short a period as 90 days based on the implication in the Joint Venture Agreement
2 that the property might be sold and the investment repaid within that time frame.
3 While the Joint Venture Agreement promises 10% interest payments on the
4 \$50,000 investment amount, the “Straight Note” attached to the 1492 motion
5 provides for no interest rate and no interest payments. Further, the note is in the
6 amount of the return promised by High Park, \$70,000 and has a one-year due date;
7 however, the Joint Venture Agreement provides, “When the property is sold [1492]
8 shall receive \$70,000” and “If the property is not sold to the end buyer within 90
9 days of the purchase date and close of escrow then [High Park] will pay 10%
10 interest per year pro rate [sic] per month to [1492] on the \$50,000 investment until
11 the property is sold to the end buyer.”

12 28. The Joint Venture Agreement with respect to the Calle Vista Torito
13 property is equally fraught with errors and inconsistencies and is almost identical to
14 the Avenida Columbo agreement except that it reveals that the property in that
15 instance was to be acquired by High Park for \$630,000 (the purchase price stated in
16 the purchase agreement is \$600,000), High Park was to obtain a \$630,000 loan on
17 the property (the purchase documents indicate \$570,000), and the property was to
18 be listed for sale for \$895,000, a 42% price increase, again presumably to be sold
19 within a little as 90 days and no more than one year, in light of the one-year due
20 date of the note. A copy of the 1492 Motion with exhibits is attached to the
21 Receiver’s Request for Judicial Notice.

22 29. The notes, deeds of trust and investment contracts are not consistent
23 with a bona fide real estate loan transaction and do not provide loan repayment
24 terms typical for real estate loans secured by deeds of trust. For example, investors
25 who made a \$50,000 investment typically were provided a “note” of \$70,000 due in
26 one year with an agreement for interest payments in some cases to commence
27 within a few months after the investment was first made, an annualized return in
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1 excess of 40%. Others with \$50,000 investments were given \$75,000 notes with a
2 one-year term, an annual rate of return of 50% not including any interest payments.

3 30. In the case of one investor, the investor obtained two notes and deeds
4 of trust, one reflecting the amount of the investor's cash investment of \$200,000
5 and one for \$100,000 reflecting the "return" or "profit" component of the
6 investment. The investment term of these "notes" was approximately 18 months
7 instead of one year; however, the investor was to receive interest payments of 12%
8 per year on the \$200,000 note, causing the overall promised return to total more
9 than 40% per annum. True and correct copies of the two investment notes in favor
10 of "The Trust of Manoucher Adli, Private Investor" are attached hereto collectively
11 as Exhibit 7. Other than a few isolated investments, the most modest return stated
12 in the documents appears to have been 20% annual return on the investment
13 contracts (\$50,000 investment with \$60,000 promised return; \$100,000 investment
14 with \$120,000 promised return). Many of the later investments promised a 100%
15 return.

16 31. The investments were also inconsistent with bona fide real estate
17 lending transactions based on the economics of the transactions which in some
18 cases were suspect based on the information contained in the investment contracts
19 alone. The investment contracts generally revealed the amount of the purchase
20 contract for the property pursuant to which High Park would acquire the property in
21 question. The contracts also often disclosed the amount High Park anticipated
22 selling the property for after completing the repairs or remodeling High Park
23 claimed it would be performing on the property. The difference between the
24 purchase price and anticipated sale price was often several hundred thousand
25 dollars and was supposed to be achieved by High Park within a few months of the
26 investment even when the investment being made was only a fraction of that
27 difference, often \$50,000 to \$100,000. The contracts and books and records offer
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1 no explanation for these large increases in the value of the property over such a
2 short period and with modest repair and remodeling costs.

3 32. The files reviewed by the Receiver include no indication that investors
4 sought or obtained specific construction budgets and timetables for completion and
5 marketing for the properties they were purportedly investing in other than the
6 general information contained in the investment contract forms. There is no
7 indication in the files that investors were provided any written documentation
8 demonstrating that the funds they were supplying would in fact be sufficient or
9 would not exceed the amount projected for the costs of performing the construction
10 and carrying the indebtedness owed to the senior lenders for the time required to
11 market and sell the properties. There is no indication that any of the investors
12 obtained independent appraisals of the properties, including “as is” valuations and
13 valuations based on the alleged improvements that were to be made to the
14 properties by High Park.

15 33. Under the circumstances and based on the Receiver’s analysis of the
16 receivership records and applicable law as reflected in the motion, the Receiver
17 believes that invalidation of the notes and deeds of trust is fair and appropriate and
18 in the best interests of the receivership estate as a whole.

19 34. The Receiver has also sought further instructions and relief in the form
20 of an order modifying the procedures for the marketing and sale of the real
21 properties and personal property as described in the motion. With respect to the
22 modified procedures for the sale of the real properties, the Receiver believes the
23 proposed modified procedures will allow the properties to be properly exposed to
24 the market and will encourage market value offers while minimizing the expenses
25 incurred in liquidating the properties. The overbid procedures and proposed
26 reimbursement of the proposed buyer who makes the Conditionally Accepted Offer
27 will encourage buyers to submit offers, knowing that if their offers end up being the
28 “stalking horse” bid and they are not the successful purchaser, they can obtain some

1 reimbursement for their expenses. Based on my experience for over ten years as a
2 deputy to the Receiver in numerous receiverships and my more than 25 years of
3 experience in the banking industry in which I have supervised the sale of literally
4 hundreds of real properties, I believe the procedures proposed will give the
5 Receiver the flexibility needed to promote the expeditious and cost-effective sale of
6 the real properties while ensuring that the value of each property is maximized
7 through exposure to the market, publication of notice of the sale and the
8 overbidding process.

9 35. The Receiver has also proposed modifications to the sale procedures
10 for personal property consisting of the office furniture, equipment and furnishings
11 at the Receivership Entities facilities. I estimate that these items have a gross
12 liquidation value of no more than \$50,000. The Receiver proposes to sell the
13 personal property at public auction and to employ R. L. Spear & Co. as the
14 auctioneer for that purposes. The Receiver proposes to provide notice of the sale,
15 advertising of the items and to prepare the items for sale in accordance with the
16 procedures set forth in the Receiver's motion. The Receiver estimates the expenses
17 for labor, set-up, security, bookkeeping and clean-up costs for the sale to be
18 approximately \$500, and the Receiver has proposed an advertising and related
19 expense cap of \$4,500.00, with these expenses being advanced by the auctioneer
20 and taken out of the proceeds of the sale. The Receiver has also proposed to pay
21 commissions of a maximum of ten percent (10%) of gross sale receipts, which will
22 be deducted from the proceeds of the sale, and Spear will charge a "Buyer's
23 Premium" of a maximum of ten percent (10%) to all buyers at the auction, both of
24 which are consistent with the usual commission arrangements for auctions of
25 personal property with the estimated value of the personal property in this case.
26 The Receiver believes the public auction of this property under the terms and
27 conditions proposed is the most expeditious and cost-effective means of liquidating
28 this property while maximizing its value through the public sale process.

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I declare under penalty of perjury that the foregoing is true and correct and
this declaration was executed this 16th day of March 2006 at Sun Valley, California.

/S/

KENTON JOHNSON

1 GARY OWEN CARIS (SBN 088981)
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6 Attorneys for Permanent Receiver
ROBB EVANS & ASSOCIATES LLC
7

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

10
11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

14 HIGH PARK INVESTMENT GROUP,
15 INC., a Nevada corporation, HARBOR
FINANCIAL INVESTMENT GROUP,
16 INC., a Nevada corporation, EDWARD
R. SHOWALTER,

17 Defendants.
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CASE NO. SACV 05-1090 CJC
(MLGX)

**DECLARATION OF JOHNNY
TRABOULSI IN SUPPORT OF
MOTION BY RECEIVER FOR
INSTRUCTIONS AND ORDERS
RE: (1) INVALIDATING
PURPORTED NOTES AND LIENS
SECURING NOTES OF
INVESTORS AS SECURED DEBTS;
(2) ADMINISTRATION AND SALE
OF REAL PROPERTIES,
INCLUDING REQUEST FOR
MODIFICATION OF SALE
PROCEDURES OF 28 U.S.C.
SECTIONS 2001 AND 2002; (3)
AUTHORIZING SALE OF
PERSONAL PROPERTY AND
MODIFYING SALE PROCEDURES
OF 28 U.S.C. SECTIONS 2002 AND
2004 IN CONNECTION
THEREWITH**

**DATE: APRIL 10, 2006
TIME: 1:30 P.M.
PLACE: COURTROOM 9B**

1 **DECLARATION OF JOHNNY TRABOULSI**

2 I, Johnny Traboulsi, declare:

3 1. I am an attorney at law duly licensed to practice in the State of
4 California, and am employed with the law firm of McKenna Long & Aldridge LLP,
5 attorneys of record for Robb Evans & Associates LLC, the duly appointed
6 Permanent Receiver (“Receiver”) of High Park Investment Group, Inc. (“High
7 Park”) and Harbor Financial Group, Inc. (“Harbor”) and their subsidiaries and
8 affiliates (“Receivership Entities”). If called upon to testify as to the facts set forth
9 in this declaration, I could and would testify competently thereto as the facts are
10 true and within my personal knowledge.

11 2. Attached hereto as Exhibit 1 is a chart that I prepared based on my
12 review of files obtained from High Park and my analysis of title reports obtained by
13 the Receiver for each of the investment properties that are the subject of this
14 Motion.

15 3. In creating the chart, I reviewed and analyzed document files, obtained
16 from High Park’s offices, for each property generally consisting of loan or
17 mortgage records, grant deeds, “Joint Venture Agreements”, “Trust Deed
18 Participant Agreements”, promissory notes, deeds of trust, copies of investor
19 checks and High Park receipts of the same, and other documents related to High
20 Park’s purported real estate investment scheme. I also analyzed a spreadsheet
21 obtained from High Park’s computer system(s) containing investment information
22 on each property. In addition, I also reviewed, for each investment property, the
23 title report obtained by the Receiver in November or December of 2005. These
24 records collectively comprise in excess of 10,000 pages of materials.

25 4. Based on my review and analysis of these materials, I prepared the
26 attached chart, which is broken down by investment property and consists of 17
27 separate tables. Each table sets forth ten individual columns. The header of each
28 table contains the property address, the name of the institutional or conventional

1 lender, if any, and the amount financed by the conventional or institutional lender in
2 High Park's acquisition of the subject property. The ten columns then provide
3 information as to each investment. The first column of the table lists the name of
4 each investor. The second column indicates the date of High Park's purchase of the
5 property. The third column records the date of the investment agreement between
6 the investor and High Park, if any was located in the records reviewed. The fourth
7 column indicates the date of the note issued by High Park to the investor, if any was
8 located in the records reviewed. The fifth column reflects the date for which the
9 investor's deed of trust was recorded, if such deed of trust was recorded. The sixth
10 column lists the amount of each individual's investment. The seventh column lists
11 the deed of trust and/or note amount, which reflects the amount or return High Park
12 promised to each investor. The eighth column lists the actual purchase price paid
13 by High Park for the property. The ninth column then details the represented
14 purchase price of the property as listed in the investment agreement, if any was
15 located in the records reviewed. The tenth column lists the "as is" value of the
16 property as determined by the Receiver and as explained in the accompanying
17 Declaration of Kenton Johnson.

18 5. The summary is not a comprehensive record of every transaction for
19 each investor and for each property, but instead reflects the state of information
20 available to the Receiver that has been gathered from the documents obtained from
21 High Park and independently acquired title reports. The summary may also include
22 duplicative investments or other inaccurate information because of the disarray in
23 High Park's files. In some instances, the amount promised in the investment
24 agreement may not match up to the amount reflected in the recorded trust deed.
25 Additionally, many of the files received from High Park may be incomplete or
26 missing important documentation, such as notes and investment agreements,
27 although it is unknown if the documentation is missing or never existed. In
28 situations where a document could not be found or information is not otherwise

1 available, I indicated as such with a “N/A” notation. In circumstances where a deed
2 of trust was not recorded, I reflected this in the spreadsheet by using a “N/R”
3 notation.

4 I declare under penalty of perjury that the foregoing is true and correct and
5 this declaration was executed this 16th day of March 2006 at Los Angeles,
6 California.

7 /S/

8 _____
9 JOHNNY TRABOULSI

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259 Via Ballena

Institutional Lender: None

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Karen Campbell	12/16/03	N/A	N/A	12/16/2003	\$ 300,000.00	\$ 405,000.00	\$ 320,000.00	N/A	\$ 400,000.00
Future Growth	12/16/03	08/04/04	08/05/04	8/31/2004	\$ 100,000.00	\$ 120,000.00	\$ 320,000.00	\$ 1,500,000.00	\$ 400,000.00
Coleman-Marshall, Inc.	12/16/03	03/28/05	03/28/05	7/7/2005	\$ 100,000.00	\$ 140,000.00	\$ 320,000.00	\$ 1,500,000.00	\$ 400,000.00
Leonard Pinkowski	12/16/03	N/A	03/28/05	7/7/2005	\$ 100,000.00	\$ 140,000.00	\$ 320,000.00	N/A	\$ 400,000.00
Paul Rocco	12/16/03	N/A	01/11/05	7/7/2005	N/A	\$ 25,000.00	\$ 320,000.00	N/A	\$ 400,000.00
Everett Hollingsworth	12/16/03	N/A	05/27/05	7/7/2005	N/A	\$ 25,000.00	\$ 320,000.00	N/A	\$ 400,000.00
Coleman Family Trust	12/16/03	03/28/05	03/28/05	N/R	\$ 50,000.00	\$ 70,000.00	\$ 320,000.00	\$ 1,500,000.00	\$ 400,000.00
George Carrington	12/16/03	09/07/04	09/08/04	N/R	\$ 50,000.00	\$ 60,000.00	\$ 320,000.00	\$ 1,500,000.00	\$ 400,000.00
Manuel Delgadillo	12/16/03	07/14/04	N/A	N/R	\$ 50,000.00	\$ 100,000.00	\$ 320,000.00	\$ 1,500,000.00	\$ 400,000.00

408 Calle Vista Torito

Institutional Lender: Mortgage Electronic Registration Systems, Inc.

Amount Financed: \$598,500.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Jose Pathiyil/Simon Mathews	03/10/04	02/25/04	02/26/04	04/13/04	\$ 50,000.00	\$ 70,000.00	\$ 630,000.00	\$ 895,000.00	\$ 850,000.00
1492, LLC	03/10/04	02/24/04	02/25/04	04/14/04	\$ 50,000.00	\$ 70,000.00	\$ 630,000.00	\$ 895,000.00	\$ 850,000.00
Bryant Taylor	03/10/04	04/12/04	04/12/04	05/06/04	\$ 50,000.00	\$ 70,000.00	\$ 630,000.00	\$ 895,000.00	\$ 850,000.00
Leonardo Banuelos	03/10/04	02/25/04	09/19/05	10/15/04	\$ 50,000.00	\$ 75,000.00	\$ 630,000.00	\$ 895,000.00	\$ 850,000.00
1492, LLC	03/10/04	N/A	02/24/05	10/05/05	N/A	\$ 20,000.00	\$ 630,000.00	N/A	\$ 850,000.00
J&S Investments	03/10/04	10/21/05	N/A	N/A	\$ 130,000.00	N/A	\$ 630,000.00	\$ 1,200,000.00	\$ 850,000.00

27091 Calle Juanita

Institutional Lender: Empire Mortgage Corporation

Amount Financed: \$650,000.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Jack Pitt	02/18/04	02/26/04	02/27/04	03/08/04	\$ 50,000.00	\$ 70,000.00	\$ 650,000.00	\$ 850,000.00	\$ 800,000.00
Jack Pitt	02/18/04	N/A	02/27/04	03/09/04	\$ 50,000.00	\$ 70,000.00	\$ 650,000.00	N/A	\$ 800,000.00
Inter Com International	02/18/04	01/08/04	01/23/04	04/12/04	\$ 50,000.00	\$ 75,000.00	\$ 650,000.00	\$ 850,000.00	\$ 800,000.00
Anthony Russell	02/18/04	N/A	02/14/05	04/20/05	\$ 100,000.00	\$ 120,000.00	\$ 650,000.00	N/A	\$ 800,000.00
Michelle Latiolais-Tripodi	02/18/04	04/27/04	01/10/05	07/07/05	\$ 50,000.00	\$ 20,000.00	\$ 650,000.00	\$ 1,200,000.00	\$ 800,000.00
Gerry and Holly Petrone	02/18/04	02/18/04	02/19/04	N/R	\$ 50,000.00	N/R	\$ 650,000.00	\$ 850,000.00	\$ 800,000.00

2055 Old Mammoth Rd.

Institutional Lender: Argent Mortgage Company, LLC

Amount Financed: \$470,250.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Dave Ham	02/27/04	N/A	03/03/04	03/11/04	\$ 50,000.00	\$ 70,000.00	\$ 495,000.00	N/A	\$ 450,000.00
Maxim Thomas	02/27/04	N/A	03/03/04	03/11/04	\$ 50,000.00	\$ 70,000.00	\$ 495,000.00	N/A	\$ 450,000.00

1706 Forest Trail

Institutional Lender: First Franklin Financial Corp., a subsidiary of National City Bank of Indiana

Amount Financed: \$629,100.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
SDH Investments	03/01/04	N/A	09/30/05	11/04/05	\$ 75,000.00	\$ 150,000.00	\$ 699,000.00	N/A	779,000.00

713 Avenida Columbo

Institutional Lender: Empire Mortgage Corporation

Amount Financed: \$661,500.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Dan and Shun Ji Rutherford 1492, LLC	03/12/04	03/03/04	03/04/04	04/14/04	\$ 50,000.00	\$ 70,000.00	\$ 735,000.00	\$ 975,000.00	\$ 825,000.00
BBC Investment	03/12/04	02/24/04	02/24/04	04/14/04	\$ 50,000.00	\$ 70,000.00	\$ 735,000.00	\$ 975,000.00	\$ 825,000.00
Nayef Hamideh	03/12/04	04/22/04	04/23/04	05/06/04	\$ 50,000.00	\$ 75,000.00	\$ 735,000.00	\$ 1,200,000.00	\$ 825,000.00
Kamyar Motamedi	03/12/04	05/07/04	05/07/04	05/10/04	\$ 50,000.00	none shown	\$ 735,000.00	\$ 1,200,000.00	\$ 825,000.00
James and Sylvia Harrison	03/12/04	12/09/04	12/10/04	10/05/05	\$ 50,000.00	\$ 60,000.00	\$ 735,000.00	\$ 1,095,000.00	\$ 825,000.00
1492, LLC	03/12/04	02/15/05	02/16/05	10/05/05	\$ 50,000.00	\$ 60,000.00	\$ 735,000.00	\$ 1,100,000.00	\$ 825,000.00
Leonardo Banuelos	03/12/04	N/A	02/24/04	10/05/05	N/A	\$ 20,000.00	\$ 735,000.00	N/A	\$ 825,000.00
	03/12/04	N/A	09/09/05	10/05/05	\$ 50,000.00	\$ 75,000.00	\$ 735,000.00	N/A	\$ 825,000.00

24602 La Hermosa

Institutional Lender: Empire Mortgage Corporation

Amount Financed: \$549,000.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Dan Rutherford	03/29/04	04/06/04	04/07/04	04/14/04	\$ 50,000.00	\$ 70,000.00	\$ 616,000.00	\$ 860,000.00	\$ 700,000.00
Michelle Latiolais-Tripodi	03/29/04	03/23/04	03/24/04	04/15/04	\$ 50,000.00	\$ 70,000.00	\$ 616,000.00	\$ 825,000.00	\$ 700,000.00
BBC Investment	03/29/04	03/10/04	03/11/04	04/15/04	\$ 50,000.00	\$ 75,000.00	\$ 616,000.00	\$ 825,000.00	\$ 700,000.00
Paul Rocco	03/29/04	05/06/04	05/06/04	05/06/04	\$ 50,000.00	\$ 75,000.00	\$ 616,000.00	\$ 895,000.00	\$ 700,000.00
Tom Painter	03/29/04	02/15/05	02/16/05	03/17/05	\$ 50,000.00	\$ 60,000.00	\$ 616,000.00	\$ 1,000,000.00	\$ 700,000.00
Anthony Russell	03/29/04	N/A	02/14/05	04/20/05	\$ 100,000.00	\$ 120,000.00	\$ 616,000.00	N/A	\$ 700,000.00
Michelle Latiolais-Tripodi	03/29/04	N/A	01/10/05	07/07/05	N/A	\$ 20,000.00	\$ 616,000.00	N/A	\$ 700,000.00
Mauricio Tripodi	03/29/04	N/A	N/A	N/A	\$ 50,000.00	N/R	\$ 616,000.00	N/A	\$ 700,000.00

255 Via Ballena

Institutional Lender: Mortgage Electronic Registration Systems, Inc.

Amount Financed: \$650,000.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Daniel Rutherford	04/09/04	04/06/04	04/07/04	04/14/04	\$ 50,000.00	\$ 70,000.00	\$ 650,000.00	\$ 925,000.00	\$ 745,000.00
BBC Investment	04/09/04	03/10/04	03/11/04	04/15/04	\$ 50,000.00	\$ 75,000.00	\$ 650,000.00	\$ 925,000.00	\$ 745,000.00
SDH Investments, Inc.	04/09/04	03/29/04	03/30/04	04/15/04	\$ 50,000.00	\$ 75,000.00	\$ 650,000.00	\$ 925,000.00	\$ 745,000.00
Hena Vejdany	04/09/04	12/13/04	12/14/04	09/01/05	\$ 100,000.00	\$ 160,000.00	\$ 650,000.00	\$ 925,000.00	\$ 745,000.00
Future Growth	04/09/04	N/A	N/A	N/A	\$ 100,000.00	N/A	\$ 650,000.00	N/A	\$ 745,000.00
Jim Miyashiro	04/09/04	N/A	N/A	N/A	\$ 10,000.00	N/A	\$ 650,000.00	N/A	\$ 745,000.00
Alex Tripodi	04/09/04	N/A	N/A	N/A	\$ 16,561.15	N/A	\$ 650,000.00	N/A	\$ 745,000.00
BBC Investment	04/09/04	N/A	07/19/04	N/R	N/A	\$ 75,000.00	\$ 650,000.00	N/A	\$ 745,000.00
Fly Right Aviation Services	04/09/04	N/A	N/A	N/R	\$ 15,000.00	\$ 15,000.00	\$ 650,000.00	N/A	\$ 745,000.00
AMG Venture, Inc.	04/09/04	04/02/04	04/02/04	N/R	\$ 50,000.00	\$ 70,000.00	\$ 650,000.00	\$ 975,000.00	\$ 745,000.00
Fly Right Aviation Services	04/09/04	N/A	N/A	N/R	\$ 50,000.00	N/A	\$ 650,000.00	N/A	\$ 745,000.00

215 Calle Tinaia

Institutional Lender: New Century Mortgage Corporation

Amount Financed: \$650,000.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Mahfooz Alam/Asif Tabba	05/28/04	05/18/04	05/18/04	06/02/04	\$ 50,000.00	\$ 70,000.00	\$ 650,000.00	\$ 975,000.00	\$ 750,000.00
SDH Investments, Inc.	05/28/04	05/05/04	05/05/04	07/19/04	\$ 50,000.00	\$ 75,000.00	\$ 650,000.00	\$ 1,200,000.00	\$ 750,000.00
Pedro Tibau and Anita Tabau	05/28/04	N/A	07/15/04	07/19/04	\$ 50,000.00	\$ 70,000.00	\$ 650,000.00	N/A	\$ 750,000.00
Pedro Tibau and Anita Tabau	05/28/04	07/14/04	07/15/04	07/19/04	\$ 50,000.00	\$ 75,000.00	\$ 650,000.00	\$ 1,200,000.00	\$ 750,000.00
Larry C. Holmes	05/28/04	06/11/04	06/14/04	07/20/04	\$ 50,000.00	\$ 70,000.00	\$ 650,000.00	\$ 1,200,000.00	\$ 750,000.00
Leonardo Banuelos	05/28/04	04/21/04	09/09/05	10/05/05	\$ 76,000.00	\$ 75,000.00	\$ 650,000.00	\$ 950,000.00	\$ 750,000.00
Harry Watson	05/28/04	N/A	10/17/05	11/11/05	N/A	\$ 100,000.00	\$ 650,000.00	N/A	\$ 750,000.00
Pedro Tibau and Anita Tabau	05/28/04	N/A	05/18/04	N/A	N/A	\$ 70,000.00	\$ 650,000.00	N/A	\$ 750,000.00
Larry C. Holmes	05/28/04	N/A	N/A	N/A	\$ 100,000.00	N/A	\$ 650,000.00	N/A	\$ 750,000.00

32 Campanilla

Institutional Lender: American Home Equity Corporation

Amount Financed: \$1,381,200.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Sam Andrew	07/22/04	06/09/04	06/09/04	09/07/04	\$ 50,000.00	\$ 70,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
SDH Investments, Inc.	07/22/04	05/26/04	05/26/04	03/17/05	\$ 50,000.00	\$ 75,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
SDH Investments, Inc.	07/22/04	07/20/04	07/21/04	03/17/05	\$ 50,000.00	\$ 75,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
Rolando Medina	07/22/04	N/A	06/02/04	05/20/05	\$ 50,000.00	\$ 70,000.00	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Paul Rocco	07/22/04	N/A	01/11/05	07/07/05	\$ 50,000.00	\$ 25,000.00	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Patricio Bejarano	07/22/04	07/09/04	07/12/04	07/07/05	\$ 50,000.00	\$ 75,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
Claudia & Kenneth Jones	07/22/04	06/23/04	06/24/04	07/07/05	\$ 50,000.00	\$ 75,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
Rene Guigard	07/22/04	06/14/04	06/15/04	07/13/05	\$ 50,000.00	\$ 70,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
Larry Holmes	07/22/04	N/A	06/14/04	07/13/05	\$ 100,000.00	None shown	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Rulando Medina	07/22/04	06/02/04	06/02/04	07/13/05	\$ 50,000.00	\$ 70,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
New Adventure Holdings, LLC	07/22/04	07/26/04	07/27/04	07/13/05	\$ 50,000.00	\$ 70,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
Everett Hollingsworth	07/22/04	N/A	05/27/05	10/05/05	\$ 30,000.00	\$ 25,000.00	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Anthony Russell (and as Trustee)	07/22/04	N/A	05/18/05	10/05/05	\$ 109,500.00	\$ 150,000.00	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Astrid Littlejohn	07/22/04	N/A	04/27/05	10/05/05	\$ 200,000.00	\$ 300,000.00	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Goran Berglund Family Trust	07/22/04	N/A	04/27/05	10/05/05	\$ 150,000.00	\$ 150,000.00	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Gorgan Berglund Family Trust	07/22/04	N/A	04/27/05	11/01/05	N/A	\$ 75,000.00	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Jim Miyashiro	07/22/04	N/A	N/A	N/R	\$ 20,000.00	N/A	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Jorgen Hansen	07/22/04	N/A	N/A	N/R	\$ 50,000.00	N/A	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Earl Lloyd Coleman	07/22/04	N/A	N/A	N/R	\$ 50,000.00	N/A	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Earl Lloyd Coleman	07/22/04	N/A	N/A	N/R	\$ 50,000.00	N/A	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Providence Investments	07/22/04	N/A	N/A	N/R	\$ 50,000.00	N/A	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Donald Willock	07/22/04	06/02/04	06/02/04	N/R	\$ 50,000.00	\$ 75,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
Robert Hobbs	07/22/04	07/26/04	N/A	N/R	\$ 50,000.00	N/A	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
Christian D. Astillero	07/22/04	05/06/05	05/06/05	N/R	\$ 150,000.00	\$ 225,000.00	\$ 1,625,000.00	\$ 2,625,000.00	\$ 2,100,000.00
Everett Hollingsworth	07/22/04	N/A	N/A	N/R	\$ 109,500.00	N/A	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Everett Hollingsworth	07/22/04	N/A	N/A	N/R	\$ 112,500.00	N/A	\$ 1,625,000.00	N/A	\$ 2,100,000.00
Paul Rocco	07/22/04	07/22/04	06/23/04	N/R	\$ 50,000.00	\$ 75,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
BBC Investment Group	07/22/04	07/15/04	07/19/04	N/R	\$ 50,000.00	\$ 75,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
Larry Holmes	07/22/04	06/11/04	06/14/04	N/R	\$ 50,000.00	\$ 70,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
Coleman-Marshall, Inc.	07/22/04	06/30/04	07/01/04	N/R	\$ 50,000.00	\$ 70,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
Coleman Family Trust	07/22/04	07/12/04	07/13/04	N/R	\$ 50,000.00	\$ 70,000.00	\$ 1,625,000.00	\$ 2,500,000.00	\$ 2,100,000.00
BBC Investment Group	07/22/04	N/A	03/11/04	N/R	N/A	\$ 75,000.00	\$ 1,625,000.00	N/A	\$ 2,100,000.00

34562 Via Verde

Institutional Lender: Long Beach Mortgage Company

Amount Financed: \$622,500.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Paul Rocco	07/26/04	07/06/04	07/06/04	08/02/04	\$ 50,000.00	\$ 75,000.00	\$ 622,500.00	\$ 1,500,000.00	\$ 700,000.00
Chi S. Chang	07/26/04	07/29/05	07/30/04	08/02/04	\$ 50,000.00	\$ 60,000.00	\$ 622,500.00	\$ 1,700,000.00	\$ 700,000.00
SDH Investment, Inc.	07/26/04	07/12/04	07/13/04	08/03/04	\$ 50,000.00	\$ 150,000.00	\$ 622,500.00	\$ 1,500,000.00	\$ 700,000.00
New Adventure Holdings, LLC	07/26/04	07/28/04	07/29/04	08/03/04	\$ 50,000.00	\$ 70,000.00	\$ 622,500.00	\$ 1,700,000.00	\$ 700,000.00
Dr. Robert B. Hobbs	07/26/04	07/26/04	07/27/04	08/03/04	\$ 50,000.00	\$ 70,000.00	\$ 622,500.00	\$ 1,700,000.00	\$ 700,000.00
Lilongo Tafea	07/26/04	08/05/04	08/05/04	08/31/04	\$ 100,000.00	\$ 120,000.00	\$ 622,500.00	\$ 1,700,000.00	\$ 700,000.00
Future Growth	07/26/04	08/05/04	08/05/04	08/31/04	\$ 100,000.00	\$ 120,000.00	\$ 622,500.00	\$ 1,700,000.00	\$ 700,000.00
Paul Ike Ifeditba	07/26/04	N/A	08/13/04	09/08/04	\$ 100,000.00	\$ 120,000.00	\$ 622,500.00	N/A	\$ 700,000.00
George Garrington	07/26/04	N/A	07/28/04	09/08/04	\$ 50,000.00	\$ 60,000.00	\$ 622,500.00	N/A	\$ 700,000.00
RVLV V. LLC	07/26/04	06/22/05	06/22/05	07/13/05	\$ 250,000.00	\$ 375,000.00	\$ 622,500.00	\$ 1,700,000.00	\$ 700,000.00
Thomas Dawson	07/26/04	N/A	N/A	N/R	\$ 50,000.00	N/A	\$ 622,500.00	N/A	\$ 700,000.00
Jorgen Daugaard	07/26/04	N/A	N/A	N/R	\$ 50,000.00	N/A	\$ 622,500.00	N/A	\$ 700,000.00

3 Marbella

Institutional Lender: United Security Financial

Amount Financed: \$1,108,000.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Timothy Nguyen/Sheena Tam	10/08/04	10/19/04	10/20/04	01/11/04	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Leonard Pinkowski	10/08/04	08/11/04	08/16/04	07/07/04	\$ 50,000.00	\$ 70,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Future Growth	10/08/04	08/04/04	12/20/04	12/22/04	\$ 200,000.00	\$ 360,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Kahn Nguyen	10/08/04	10/25/04	10/26/04	01/04/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
B.F.S. Realty	10/08/04	10/13/04	10/14/04	01/07/05	\$ 100,000.00	\$ 120,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Coleman-Marshall, Inc.	10/08/04	08/18/04	12/14/04	02/16/05	\$ 100,000.00	\$ 40,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Earl Colman	10/08/04	N/A	12/14/04	02/28/05	\$ 50,000.00	\$ 20,000.00	\$ 1,385,000.00	N/A	\$ 1,900,000.00
Excel Marketing, Inc.	10/08/04	03/11/05	03/11/05	03/17/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
SDH Investments	10/08/04	07/30/04	08/02/04	03/17/05	\$ 200,000.00	\$ 300,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Anthony Jones, Inc.	10/08/04	02/25/05	02/28/05	04/20/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Richard & Catherine Phipps	10/08/04	03/18/05	03/18/05	05/23/05	\$ 50,000.00	\$ 70,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Doug & Jeri Macauley	10/08/04	04/13/05	04/13/05	05/23/05	\$ 50,000.00	\$ 70,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Apex, Inc.	10/08/04	03/22/05	03/23/05	06/07/05	\$ 100,000.00	\$ 140,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Patrick McCarthy	10/08/04	04/18/05	04/18/05	07/07/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Jose Pathiyil/Simon Matthews	10/08/04	04/13/05	04/13/05	07/13/05	\$ 50,000.00	\$ 70,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Juan Cabrera	10/08/04	04/08/05	04/08/05	07/13/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Carol Johnson	10/08/04	08/04/04	08/05/05	07/13/05	\$ 95,000.00	\$ 114,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Paul Ike Ifediba	10/08/04	08/05/04	08/09/04	07/13/05	\$ 100,000.00	\$ 120,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Tristan Dubois	10/08/04	05/11/05	05/11/05	07/13/05	\$ 80,000.00	\$ 80,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Michael Doroginsky	10/08/04	11/17/04	11/18/04	07/13/05	\$ 50,000.00	\$ 70,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Lawrence Ly	10/08/04	07/05/05	07/05/05	07/13/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Tom Gross/Nhuhoa Gross	10/08/04	10/05/04	10/07/04	07/13/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
John Debay	10/08/04	N/A	08/13/04	07/13/05	\$ 50,000.00	\$ 75,000.00	\$ 1,385,000.00	N/A	\$ 1,900,000.00
Russell Todd Zink	10/08/04	08/25/04	08/26/04	08/26/05	\$ 80,000.00	\$ 96,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Daniel Rutherford	10/08/04	05/02/05	05/02/05	09/01/05	\$ 50,000.00	\$ 75,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Patricia & Juan Cabrera	10/08/04	07/15/05	07/15/05	10/05/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Joseph Garcia	10/08/04	N/A	05/27/05	10/05/05	\$ 10,000.00	\$ 25,000.00	\$ 1,385,000.00	N/A	\$ 1,900,000.00
Michael Park & Kye Lee	10/08/04	08/03/05	08/03/05	10/05/05	\$ 50,000.00	\$ 50,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Melchor Oronoz Trust	10/08/04	08/16/05	08/16/05	10/05/05	\$ 100,000.00	\$ 120,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Rosa Torres	10/08/04	05/26/05	05/26/05	10/05/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Luan Meyer	10/08/04	03/18/05	03/18/05	10/05/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Jeff Yarrington	10/08/04	03/25/05	03/25/05	10/05/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
James Lang	10/08/04	12/01/04	11/15/04	10/05/05	\$ 100,000.00	\$ 120,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00

3 Marbella

Institutional Lender: United Security Financial

Amount Financed: \$1,108,000.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Kevin Quezada/Kim Figueroa	10/08/04	01/17/05	01/18/05	10/05/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Andre Bondeman	10/08/04	11/24/04	11/15/04	10/05/05	\$ 25,000.00	\$ 30,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
K. Watkins Revocable Trust	10/08/04	01/19/05	01/20/05	10/05/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
George Garrington	10/08/04	08/18/04	07/18/04	11/14/05	\$ 50,000.00	\$ 60,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
AMC Holding, Inc.	10/08/04	N/A	N/A	N/A	N/A	N/A	\$ 1,385,000.00	N/A	\$ 1,900,000.00
Earl Colman	10/08/04	N/A	N/A	N/A	\$ 100,000.00	N/A	\$ 1,385,000.00	N/A	\$ 1,900,000.00
Carol Johnson	10/08/04	N/A	N/A	N/A	\$ 45,000.00	N/A	\$ 1,385,000.00	N/A	\$ 1,900,000.00
Peter Wassileff	10/08/04	N/A	N/A	N/A	\$ 100,000.00	N/A	\$ 1,385,000.00	N/A	\$ 1,900,000.00
Jerry Crutchfield	10/08/04	N/A	N/A	N/A	\$ 50,000.00	N/A	\$ 1,385,000.00	N/A	\$ 1,900,000.00
Coleman Family Trust	10/08/04	09/08/04	N/A	N/A	\$ 50,000.00	N/A	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Lilongo Fatea	10/08/04	08/04/04	08/05/04	N/R	\$ 100,000.00	\$ 120,000.00	\$ 1,385,000.00	\$ 270,000.00	\$ 1,900,000.00
Karen McDiritt	10/08/04	N/A	03/14/04	N/R	\$ 50,000.00	N/A	\$ 1,385,000.00	N/A	\$ 1,900,000.00
Albert Yarrington	10/08/04	10/21/04	03/21/04	N/R	\$ 50,000.00	N/A	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00
Dr. Robert Hobbs	10/08/04	08/09/04	08/10/04	N/R	\$ 100,000.00	\$ 140,000.00	\$ 1,385,000.00	\$ 2,700,000.00	\$ 1,900,000.00

424 Avenida Salvador

Institutional Lender: United Security Financial

Amount Financed: \$1,040,000.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Shirley W.M. Lee	09/22/04	N/A	09/02/04	10/01/04	\$ 100,000.00	\$ 120,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Ralph W. Irwin, Jr. (Trustee)	09/22/04	N/A	08/25/04	10/20/04	\$ 125,000.00	\$ 150,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Ralph W. Irwin, III	09/22/04	N/A	08/25/04	10/20/04	\$ 125,000.00	\$ 150,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
John Charles Miller	09/22/04	N/A	10/29/04	11/15/04	\$ 100,000.00	\$ 120,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Dominick Mellace	09/22/04	N/A	10/29/04	12/06/04	\$ 50,000.00	\$ 60,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Magdi Hanna	09/22/04	N/A	11/15/04	02/16/05	\$ 50,000.00	\$ 60,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Edwin Bieler	09/22/04	N/A	09/15/04	05/23/05	\$ 50,000.00	\$ 60,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Alberto Villamar	09/22/04	N/A	12/23/04	05/23/05	\$ 100,000.00	\$ 120,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Morgan Living Trust	09/22/04	N/A	10/14/04	07/13/05	\$ 50,000.00	\$ 60,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Jose Pathyil/Simon Matthews	09/22/04	N/A	04/13/05	07/13/05	\$ 50,000.00	\$ 70,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Russell Todd Zink	09/22/04	N/A	08/26/04	07/13/05	N/A	None shown	\$ 1,300,000.00	N/A	\$ 1,500,000.00
AMC Holding Group, Inc.	09/22/04	N/A	10/06/04	07/13/05	\$ 50,000.00	\$ 60,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
John Debay	09/22/04	N/A	08/13/04	07/13/05	\$ 50,000.00	\$ 75,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Michael Ward	09/22/04	N/A	10/22/04	07/13/05	\$ 50,000.00	\$ 60,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Timothy Watkins	09/22/04	N/A	08/08/04	07/13/05	\$ 50,000.00	\$ 60,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Gerard & Judith Jonte	09/22/04	N/A	08/04/04	07/13/05	\$ 140,000.00	\$ 168,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Jit Kaur Pasricha	09/22/04	10/09/04	09/01/05	10/05/05	\$ 300,000.00	\$ 120,000.00	\$ 1,300,000.00	\$ 2,000,000.00	\$ 1,500,000.00
Orek Family Trust-B	09/22/04	N/A	04/18/05	10/05/05	\$ 50,000.00	\$ 70,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
George Garrington	09/22/04	N/A	08/18/04	10/05/05	\$ 50,000.00	\$ 60,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
George Garrington	09/22/04	N/A	09/08/04	10/05/05	\$ 100,000.00	\$ 60,000.00	\$ 1,300,000.00	N/A	\$ 1,500,000.00
Albert Yarrington	N/A	N/A	N/A	N/A	\$ 15,000.00	N/A	\$ 1,300,000.00	N/A	\$ 1,500,000.00

933 Avenida Presidio

Institutional Lender: Mortgage Electronic Registration Systems, Inc.

Amount Financed: \$890,000.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
West Coast Inv. Co.	12/10/04	11/03/04	11/04/04	12/23/04	\$ 300,000.00	\$ 360,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Rameshe and Saroj Soni	12/10/04	10/15/04	10/20/04	01/07/05	\$ 50,000.00	\$ 60,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Coleman-Marshall, Inc.	12/10/04	09/20/04	09/21/04	02/16/05	\$ 150,000.00	\$ 210,000.00	\$ 890,000.00	\$ 2,000,000.00	\$ 900,000.00
Coleman Family Trust	12/10/04	11/12/04	11/15/04	02/16/05	\$ 100,000.00	\$ 140,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Coleman-Marshall, Inc.	12/10/04	11/12/04	11/15/05	06/08/05	\$ 50,000.00	\$ 70,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Micaela Villamar	12/10/04	04/27/05	04/25/05	07/07/05	\$ 100,000.00	\$ 120,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Jose Villamar	12/10/04	03/02/05	3/2/2005	7/7/2005	\$ 50,000.00	\$ 58,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Micaela Villema	12/10/04	04/25/05	04/27/05	07/07/05	\$ 100,000.00	\$ 120,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Thomas Landers	12/10/04	06/07/05	06/07/05	07/13/05	\$ 50,000.00	\$ 59,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Tristen Dubois	12/10/04	05/11/05	05/11/05	07/13/05	\$ 80,000.00	\$ 80,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Michael Doroginsky	12/10/04	11/17/04	09/18/04	07/13/05	\$ 50,000.00	\$ 70,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Freddy Bernal	12/10/04	10/28/04	10/29/04	07/13/05	\$ 50,000.00	none shown	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Tuula Findlay	12/10/04	10/28/04	11/04/04	07/13/05	\$ 50,000.00	\$ 60,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Elendira Cronkhite	12/10/04	N/A	10/28/04	07/13/05	\$ 50,000.00	\$ 60,000.00	\$ 890,000.00	N/A	\$ 900,000.00
Tristen Dubois	12/10/04	04/21/05	04/21/05	09/01/05	\$ 50,000.00	\$ 56,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Rene Zamora	12/10/04	03/10/05	03/10/05	09/01/05	\$ 25,000.00	\$ 30,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Les Oreck	12/10/04	01/07/05	01/10/05	09/01/05	\$ 50,000.00	\$ 70,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Charles Eaton	12/10/04	12/13/04	12/21/04	09/01/05	\$ 50,000.00	\$ 60,000.00	\$ 890,000.00	\$ 2,000,000.00	\$ 900,000.00
Rey Mor Enterprises	12/10/04	12/21/04	12/21/04	09/01/05	\$ 50,000.00	\$ 60,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Ken Goldman	12/10/04	01/03/05	01/04/05	09/01/05	\$ 100,000.00	\$ 120,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Dimas Guzada	12/10/04	01/13/05	01/14/05	09/01/05	\$ 50,000.00	\$ 60,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
Nohemi Hurtado	12/10/04	12/14/04	12/14/04	09/01/05	\$ 50,000.00	\$ 70,000.00	\$ 890,000.00	\$ 1,800,000.00	\$ 900,000.00
George Garrington	12/10/04	09/07/04	09/08/04	10/05/05	\$ 50,000.00	\$ 60,000.00	\$ 890,000.00	\$ 2,000,000.00	\$ 900,000.00
Joseph Garcia	12/10/04	N/A	05/27/05	10/05/05	\$ 20,000.00	\$ 25,000.00	\$ 890,000.00	N/A	\$ 900,000.00

Goldrush and Ramar Rd

Institutional Lender: None

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
William A. Bame	03/09/05	N/A	03/02/05	03/09/05	\$ 500,000.00	\$ 750,000.00	\$ 700,000.00	N/A	\$ 1,000,000.00
RVLV III, LLC	03/09/05	N/A	03/10/05	09/13/05	\$ 175,000.00	\$ 350,000.00	\$ 700,000.00	N/A	\$ 1,000,000.00
Thomas Painter/Ronda Kirilin	03/09/05	N/A	03/10/05	09/13/05	\$ 150,000.00	\$ 300,000.00	\$ 700,000.00	N/A	\$ 1,000,000.00
Howard & Cindy Lindsey	03/09/05	03/02/05	03/02/05	09/13/05	\$ 200,000.00	\$ 400,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Barcelona Financial, Inc.	03/09/05	12/20/04	12/20/04	09/13/05	\$ 300,000.00	\$ 600,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Barcelona Financial, Inc.	03/09/05	01/07/05	01/10/05	09/13/05	\$ 200,000.00	\$ 400,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Coleman-Marshall, Inc.	03/09/05	12/15/04	12/15/04	09/13/05	\$ 150,000.00	\$ 300,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Coleman Family Trust	03/09/05	12/15/04	12/15/04	09/13/05	\$ 125,000.00	\$ 250,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Steve & Judy Alfonso-Jones	03/09/05	12/15/04	12/15/04	09/13/05	\$ 200,000.00	\$ 400,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Robert & Carolyn McGann	03/09/05	12/15/04	12/15/04	09/13/05	\$ 25,000.00	\$ 50,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Mark and Patricia Coleman	03/09/05	12/15/04	12/15/04	09/13/05	\$ 50,000.00	\$ 100,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Paul Rocco	03/09/05	01/11/05	N/A	09/13/05	\$ 200,000.00	N/A	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Apex, Inc.	03/09/05	12/10/04	12/10/04	09/13/05	\$ 200,000.00	\$ 400,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Oreck Family Trust "B"	03/09/05	01/07/05	01/10/05	09/13/05	\$ 75,000.00	\$ 150,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Magdi Hanna	03/09/05	01/05/05	01/05/05	09/13/05	\$ 50,000.00	\$ 100,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
George Garrington	03/09/05	01/20/05	01/20/05	09/13/05	\$ 50,000.00	\$ 100,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Randy Wright	03/09/05	02/02/05	02/04/05	09/13/05	\$ 50,000.00	\$ 100,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Pietro & Yvonne Russo	03/09/05	01/26/05	01/26/05	09/13/05	\$ 60,000.00	\$ 120,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
John W. Bennett	03/09/05	02/01/05	02/01/05	09/13/05	\$ 50,000.00	\$ 100,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Larry & Sonya Seroter	03/09/05	02/01/05	02/01/05	09/13/05	\$ 50,000.00	\$ 100,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Kamyar Motamedi	03/09/05	12/16/04	N/A	09/13/05	\$ 50,000.00	N/A	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Thom Landers	03/09/05	03/07/05	03/14/05	09/13/05	\$ 25,000.00	\$ 25,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Dennis & Jerilyn Gossard	03/09/05	N/A	02/15/05	09/13/05	\$ 50,000.00	\$ 100,000.00	\$ 700,000.00	N/A	\$ 1,000,000.00
Alpa & Naresh Vyas	03/09/05	03/15/05	03/15/05	09/13/05	\$ 25,000.00	\$ 50,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Seha & Neeta Soni	03/09/05	03/15/05	03/15/05	09/13/05	\$ 50,000.00	\$ 100,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Saroj & Ramesh Soni	03/09/05	03/15/05	09/09/05	09/13/05	\$ 50,000.00	\$ 100,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Richard & Katherine Phipps	03/09/05	03/18/05	03/18/05	09/13/05	\$ 50,000.00	\$ 100,000.00	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Jose Pati/Simon Matthews	03/09/05	03/15/05	N/A	09/13/05	\$ 50,000.00	N/A	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
Leonard Pinkowski	03/09/05	12/15/04	N/A	N/R	\$ 50,000.00	N/A	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00
1492, LLC	03/09/05	02/17/05	N/A	N/R	\$ 100,000.00	N/A	\$ 700,000.00	\$ 6,000,000.00	\$ 1,000,000.00

33333 Mulholland Highway

Conventional Financing: Hall Heritage, L.P.

Amount Financed: \$1,400,000.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Trust of Manoucher Adli	05/04/05	N/A	06/08/05	06/10/05	\$ 200,000.00	\$ 200,000.00	\$ 2,000,000.00	N/A	\$ 1,900,000.00
Trust of Manoucher Adli	05/04/05	N/A	06/08/05	06/10/05	N/A	\$ 100,000.00	\$ 2,000,000.00	N/A	\$ 1,900,000.00
RVLVIV, LLC	05/04/05	N/A	04/01/05	07/14/05	N/A	\$ 400,000.00	\$ 2,000,000.00	N/A	\$ 1,900,000.00
Anthony C. Russell Family	05/04/05	N/A	04/25/05	07/14/05	N/A	\$ 200,000.00	\$ 2,000,000.00	N/A	\$ 1,900,000.00
Johann Lippert/Edel Frank	05/04/05	04/25/05	04/25/05	07/14/05	\$ 200,000.00	\$ 300,000.00	\$ 2,000,000.00	\$ 11,000,000.00	\$ 1,900,000.00
Coleman-Marshall, Inc.	05/04/05	04/15/05	04/15/05	07/14/05	\$ 125,000.00	\$ 250,000.00	\$ 2,000,000.00	\$ 11,000,000.00	\$ 1,900,000.00
Raymond Pellegrino	05/04/05	04/15/05	04/15/05	07/14/05	\$ 125,000.00	\$ 250,000.00	\$ 2,000,000.00	\$ 11,000,000.00	\$ 1,900,000.00
Steve Jones/Judy Alfonso-	05/04/05	04/15/05	04/15/05	07/14/05	\$ 75,000.00	\$ 150,000.00	\$ 2,000,000.00	\$ 11,000,000.00	\$ 1,900,000.00
Leonardo Pinkowski	05/04/05	04/15/05	04/15/05	07/14/05	\$ 75,000.00	\$ 150,000.00	\$ 2,000,000.00	\$ 11,000,000.00	\$ 1,900,000.00
Coleman Family Trust	05/04/05	04/15/05	04/15/05	07/14/05	\$ 50,000.00	\$ 100,000.00	\$ 2,000,000.00	\$ 11,000,000.00	\$ 1,900,000.00
Mark & Patricia Coleman	05/04/05	04/25/05	04/15/05	07/14/05	\$ 50,000.00	\$ 100,000.00	\$ 2,000,000.00	\$ 11,000,000.00	\$ 1,900,000.00
Anthony Russell	05/04/05	04/20/05	04/20/05	N/R	\$ 200,000.00	\$ 400,000.00	\$ 2,000,000.00	\$ 11,000,000.00	\$ 1,900,000.00

621 W. Rosecrans

Institutional Lender: Scripps Investments and Loans, Inc.

Amount Financed: \$2,000,000.00

Investor Name	Purchase Date	Date of Investment Agreement	Note Date	Date Deed Recorded	Investment Amount	Deed/Note Amount (Amount Promised)	Actual Purchase Price	Promised List Price Per Agreement	Receiver's "As Is" Value
Carson LLC	09/17/04	N/A	12/20/2004	12/22/04	N/A	\$ 784,875.00	\$ 2,900,000.00	N/A	\$ 4,040,000.00
RVLV V, LLC	09/17/04	N/A	06/22/05	07/13/05	N/A	\$ 375,000.00	\$ 2,900,000.00	N/A	\$ 4,040,000.00
BBC Investment Group	09/17/04	N/A	06/11/04	N/R	N/A	\$ 150,000.00	\$ 2,900,000.00	N/A	\$ 4,040,000.00

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

10
11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

14 HIGH PARK INVESTMENT GROUP,
15 INC., a Nevada corporation, HARBOR
FINANCIAL INVESTMENT GROUP,
16 INC., a Nevada corporation, EDWARD
R. SHOWALTER,

17 Defendants.
18

CASE NO. SACV 05-1090 CJC
(MLGX)

**REQUEST FOR JUDICIAL
NOTICE IN SUPPORT OF
MOTION BY RECEIVER FOR
INSTRUCTIONS AND ORDERS
RE: (1) INVALIDATING
PURPORTED NOTES AND LIENS
SECURING NOTES OF
INVESTORS AS SECURED DEBTS;
(2) ADMINISTRATION AND SALE
OF REAL PROPERTIES,
INCLUDING REQUEST FOR
MODIFICATION OF SALE
PROCEDURES OF 28 U.S.C.
SECTIONS 2001 AND 2002; (3)
AUTHORIZING SALE OF
PERSONAL PROPERTY AND
MODIFYING SALE PROCEDURES
OF 28 U.S.C. SECTIONS 2002 AND
2004 IN CONNECTION
THEREWITH**

DATE: APRIL 10, 2006

TIME: 1:30 P.M.

PLACE: COURTROOM 9B

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27 Robb Evans & Associates LLC as Permanent Receiver of High Park
28 Investment Group, Inc., Harbor Financial Investment Group, Inc. and their

1 subsidiaries and affiliates (“Receiver”) hereby requests that the Court take judicial
2 notice of the following pleadings, records and files of the Court in support of the
3 Receiver’s above-referenced motion pursuant to Rule 201 of the Federal Rules of
4 Evidence:

5 1. Declaration of Thomas J. Painter in Support of Ex Parte Application of
6 Plaintiff Securities and Exchange Commission for Temporary Restraining Order,
7 etc., a true and correct copy of which is attached hereto as Exhibit 1;

8 2. Declaration of Magdi F. Hanna in Support of Ex Parte Application of
9 Plaintiff Securities and Exchange Commission for Temporary Restraining Order,
10 etc., a true and correct copy of which is attached hereto as Exhibit 2;

11 3. Declaration of Howard Lindsey in Support of Ex Parte Application of
12 Plaintiff Securities and Exchange Commission for Temporary Restraining Order,
13 etc., a true and correct copy of which is attached hereto as Exhibit 3;

14 4. Declaration of George Garrington in Support of Ex Parte Application
15 of Plaintiff Securities and Exchange Commission for Temporary Restraining Order,
16 etc., a true and correct copy of which is attached hereto as Exhibit 4;

17 5. Declaration of James C. Bullard in Support of Ex Parte Application of
18 Plaintiff Securities and Exchange Commission for Temporary Restraining Order,
19 etc., a true and correct copy of which is attached hereto as Exhibit 5;

20 6. Memorandum of Plaintiff Securities and Exchange Commission in
21 Support of Preliminary Injunction and Appointment of Receiver, the original of
22 which was filed with the Court on December 5, 2005 and a copy of which will be
23 provided to any interested party or the Court upon request;

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