

1 Craig A. Welin (State Bar No. 138418)  
 cwelin@frandzel.com  
 2 Michael Gerard Fletcher (State Bar No. 070849)  
 mfletcher@frandzel.com  
 3 FRANDZEL ROBINS BLOOM & CSATO, L.C.  
 6500 Wilshire Boulevard  
 4 Seventeenth Floor  
 Los Angeles, California 90048-4920  
 5 Telephone: (323) 852-1000  
 Facsimile: (323) 651-2577  
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 7 Attorneys for Permanent Receiver, ROBB  
 EVANS & ASSOCIATES LLC

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 9 **UNITED STATES DISTRICT COURT**  
 10 **CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**  
 11

12 FEDERAL TRADE COMMISSION,  
 13 Plaintiff,

14 v.

15 SALE SLASH LLC, a California  
 limited liability company; PURISTS  
 16 CHOICE LLC, a California limited  
 liability company; ARTUR  
 17 BABAYAN, individually and as an  
 owner and manager of SALE SLASH,  
 18 LLC and PURISTS CHOICE LLC; and  
 VAHE HAROUTOUNIAN,  
 19 individually and doing business as  
 PRISMA PROFITS,  
 20 Defendants.  
 21

Case No. 2:15-cv-03107-PA-AJW

**NOTICE OF MOTION AND  
 MOTION FOR ORDER (1)  
 APPROVING AND AUTHORIZING  
 PAYMENT FROM RECEIVERSHIP  
 ASSETS OF RECEIVER'S AND  
 RECEIVER'S COUNSEL'S FEES  
 AND EXPENSES FOR THE  
 PERIOD OF INCEPTION  
 THROUGH MAY 31, 2015; AND (2)  
 APPROVING STIPULATION  
 REGARDING TIMING OF  
 FUTURE RECEIVER FEE  
 MOTIONS; MEMORANDUM OF  
 POINTS AND AUTHORITIES AND  
 DECLARATIONS OF BRICK  
 KANE AND CRAIG A. WELIN  
 FILED HEREWITH**

[Honorable District Court Judge Percy  
 Anderson]

Date: July 27, 2015  
 Time: 1:30 p.m.  
 Place: Courtroom 15, Spring Street

FRANZEL ROBINS BLOOM & CSATO, L.C.  
6500 WILSHIRE BOULEVARD, 17TH FLOOR  
LOS ANGELES, CALIFORNIA 90048-4920  
(323) 852-1000

1 TO: THE HONORABLE PERCY ANDERSON, UNITED STATES  
2 DISTRICT JUDGE, AND ALL PARTIES IN INTEREST:

3 PLEASE TAKE NOTICE that on July 27, 2015, commencing at 1:30 p.m., or as  
4 soon thereafter as the parties may be heard in Courtroom 15 of the above-entitled Court  
5 located at 312 North Spring Street, Los Angeles, California 90012, Robb Evans &  
6 Associates LLC, the Receiver in the above-entitled action ("Receiver"), will and hereby  
7 does move the Court for an order approving the reasonableness and authorizing the  
8 payment from receivership assets of compensation and expenses for the Receiver and  
9 the Receiver's counsel Frandzel Robins Bloom & Csato, L.C. ("Frandzel") for the  
10 period from April 27, 2015, the inception of the receivership, through May 31, 2015  
11 ("Initial Period"). During the Initial Period, the Receiver's fees totaled \$80,510.05 and  
12 the Receiver's expenses totaled \$3,539.98, for a total of \$84,050.03. During the Initial  
13 Period, Frandzel's fees totaled \$37,581.00 and Frandzel's expenses totaled \$16.00, for a  
14 total of \$37,597.00.

15 PLEASE TAKE FURTHER NOTICE that by this Motion the Receiver also  
16 seeks approval of a Stipulation Regarding Timing of Future Receiver Fee Motions  
17 ("Stipulation") by and between the Receiver; Plaintiff Federal Trade Commission; and  
18 Defendants Sale Slash LLC, a California limited liability company ("Sale Slash"),  
19 Purists Choice LLC, a California limited liability company ("Purists Choice"), Artur  
20 Babayan, individually and as an owner and manager of Sale Slash and Purists Choice,  
21 and Vahe Haroutounian, individually and doing business as Prisma Profits, by and  
22 through the parties' respective counsel. The Stipulation provides for the Receiver to file  
23 its next fee motion (covering fees and expenses for June 2015) no later than July 31,  
24 2015, and for the Receiver to file subsequent fee motions every 60 days thereafter while  
25 this case remains pending.<sup>1</sup>

26 \_\_\_\_\_  
27 <sup>1</sup> The Stipulation modifies the provisions of the Court's Preliminary Injunction  
28 (footnote continued)

FRANZEL ROBINS BLOOM & CSATO, L.C.  
6500 WILSHIRE BOULEVARD, 17TH FLOOR  
LOS ANGELES, CALIFORNIA 90048-4920  
(323) 852-1000

1 PLEASE TAKE FURTHER NOTICE that this Motion is made pursuant to Local  
2 Rules 66-6 and 66-7, and in accordance with the Court's Preliminary Injunction Order,  
3 as modified by the Court's Order Approving Ex Parte Stipulation to Extend Deadline  
4 for Receiver to File Motion for an Order Approving Payment of the Receiver and Its  
5 Counsel for Allowance of Compensation and Reimbursement of Expenses Incurred  
6 During the Initial Period entered June 12, 2015 (Dkt. No. 63), pursuant to which the  
7 Court extended the Receiver's deadline to file its first fee motion established by the  
8 Preliminary Injunction Order through and including June 25, 2015.

9 PLEASE TAKE FURTHER NOTICE that this Motion is based upon this Notice  
10 of Motion and Motion; the accompanying memorandum of points and authorities and  
11 declarations of Brick Kane and Craig A. Welin; the pleadings, records and files of this  
12 case of which the Receiver requests the Court take judicial notice; the separate Notice  
13 of Hearing filed and served concurrently herewith; and all other further pleadings, oral  
14 and documentary evidence and arguments of counsel as may be presented by the  
15 Receiver at or before the time of the hearing on the Motion.

16 PLEASE TAKE FURTHER NOTICE that a copy of this Notice of Motion and  
17 Motion, the accompanying memorandum of points and authorities and declarations of  
18 Brick Kane and Craig A Welin (without exhibits) are posted and may be reviewed on  
19 the Receiver's website at [http://www.robbevans.com/find-a-case/casepage/sale-slash-](http://www.robbevans.com/find-a-case/casepage/sale-slash-LLC-et-al-receiver)  
20 [LLC-et-al-receiver](http://www.robbevans.com/find-a-case/casepage/sale-slash-LLC-et-al-receiver). Copies will be provided to any interested party upon receipt of a  
21 written request sent to Robb Evans & Associates LLC, 11450 Sheldon Street, Sun  
22 Valley, California 91352; Telephone: (818) 768-8100; Facsimile: (818) 768-8802.

23 ///

24 \_\_\_\_\_  
25 entered May 12, 2015 (Dkt. No. 33) ("Preliminary Injunction Order"), which (at  
26 Section X.G) provides for the Receiver to file and serve "periodic requests for the  
27 payment of...reasonable compensation, with the first such request filed no more than  
28 thirty (30) days after the date of [the Preliminary Injunction Order] and every 30 days  
thereafter."

1 PLEASE TAKE FURTHER NOTICE that this Motion is made following the  
2 conference of counsel pursuant to Local Rule 7-3, which took place on June 16, 2015,  
3 during which the parties indicated they have no objection to the Receiver's requests in  
4 the Motion.

5  
6 DATED: June 24, 2015

FRANDZEL ROBINS BLOOM & CSATO, L.C.  
CRAIG A. WELIN  
MICHAEL GERARD FLETCHER

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9 By: /s/ Craig A. Welin

10 CRAIG A. WELIN

11 Attorneys for Permanent Receiver, ROBB  
12 EVANS & ASSOCIATES LLC  
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FRANDZEL ROBINS BLOOM & CSATO, L.C.  
6500 WILSHIRE BOULEVARD, 17TH FLOOR  
LOS ANGELES, CALIFORNIA 90048-4920  
(323) 852-1000

## MEMORANDUM OF POINTS AND AUTHORITIES

### I. INTRODUCTION

1 Plaintiff Federal Trade Commission ("FTC") commenced this action on April 27,  
2 2015, by filing its Complaint for Permanent Injunction and Other Equitable Relief  
3 ("Complaint") against Defendants Sale Slash LLC, a California limited liability  
4 company ("Sale Slash"); Purists Choice LLC, a California limited liability company  
5 ("Purists Choice"); Artur Babayan, individually and as an owner and manager of Sale  
6 Slash and Purists Choice; and Vahe Haroutounian, individually and doing business as  
7 Prisma Profits (individually and collectively, "Defendants"). The Complaint alleges  
8 violations of the Federal Trade Commission Act and the Controlling the Assault of  
9 Non-Solicited Pornography and Marketing Act of 2003.

10 On April 27, 2015, the Court entered its *Ex Parte* Temporary Restraining Order  
11 with an Asset Freeze, Appointment of a Receiver, and Other Equitable Relief, and  
12 Order to Show Cause Why a Preliminary Injunction Should Not Issue (Dkt. No. 13),  
13 pursuant to which (among other things) Robb Evans & Associates LLC ("Receiver")  
14 was appointed as the temporary receiver in this action. The Receiver's appointment  
15 was subsequently confirmed by the Court's Preliminary Injunction entered May 12,  
16 2015 (Dkt. No. 33) ("Preliminary Injunction Order").

17 The orders providing for the Receiver's appointment direct the Receiver (among  
18 other things) to take exclusive custody, control, and possession of the assets of the  
19 Defendants and any of their affiliates, subsidiaries, divisions, or sales or customer  
20 service operations, wherever located, with the Receiver having the full power of an  
21 equity receiver. The appointment orders also authorize the Receiver to "choose,  
22 engage, and employ attorneys, accountants, appraisers, and other independent  
23 contractors and technical specialists, as the Receiver deems advisable or necessary in  
24 the performance of duties and responsibilities under the authority granted by" the  
25 appointment orders. The Receiver has engaged Frandzel Robins Bloom & Csato, L.C.  
26 ("Frandzel") as its counsel in this action.

1 The Preliminary Injunction Order at Section X.G (entitled Compensation of  
2 Receiver) provides:

3 **IT IS FURTHER ORDERED** that the Receiver and all personnel hired  
4 by the Receiver as herein authorized, including counsel to the Receiver  
5 and accountants, are entitled to reasonable compensation for the  
6 performance of their duties pursuant to this Order and for the cost of  
7 actual out-of-pocket expenses incurred by them, from the assets now  
8 held by, or in the possession or control of, or which may be received by  
9 the Receivership Defendants. The Receiver shall file with the Court and  
10 serve on the parties periodic requests for the payment of such reasonable  
11 compensation, with the first such request filed no more than thirty (30)  
12 days after the date of this Order and every 30 days thereafter. The  
13 Receiver shall not increase the hourly rates used as the basis for such fee  
14 applications without prior approval of the Court.

15 On June 11, 2015, the Receiver, the FTC, and the Defendants, by and through  
16 their respective counsel, entered into an *Ex Parte* Stipulation to Extend Deadline for  
17 Receiver to File Motion For an Order Authorizing and Approving Payment of the  
18 Receiver and Its Counsel for Allowance of Compensation and Reimbursement of  
19 Expenses Incurred During the Period of Inception Through May 31, 2015 (Dkt. No. 61)  
20 ("Ex Parte Stipulation"). On June 12, 2015, the Court entered its Order Approving the  
21 Ex Parte Stipulation and extending the Receiver's deadline to file its first fee motion as  
22 set forth in the Preliminary Injunction Order through and including June 25, 2015 (Dkt.  
23 No. 63).

24 This Motion seeks an order approving the reasonableness and authorizing the  
25 payment from receivership assets of compensation and expenses for the Receiver and  
26 the Receiver's counsel Frandzel for the period from April 27, 2015, the inception of the  
27 receivership, through May 31, 2015 ("Initial Period"). During the Initial Period, the  
28 Receiver collected \$1,600,958.96 from the Defendants and their various related entities,  
as reflected on Exhibit 1 to the Declaration of Brick Kane filed herewith ("Kane  
Declaration"). During the Initial Period, the Receiver's fees totaled \$80,510.05 and the  
Receiver's expenses totaled \$3,539.98, for a total of \$84,050.03, as reflected on the  
itemized invoices collectively attached to the Kane Declaration as Exhibit 2.



1 During the Initial Period, Frandzel's fees totaled \$37,581.00 and Frandzel's  
2 expenses totaled \$16.00, for a total of \$37,597.00, as reflected on the itemized invoices  
3 collectively attached to the Declaration of Craig A. Welin filed herewith as Exhibit 3.  
4 The Receiver submits that it and its counsel have complied with and continue to  
5 comply with the duties and responsibilities imposed upon the Receiver by the  
6 appointment orders.

7 The Motion also seeks approval of a Stipulation Regarding Timing of Future  
8 Receiver Fee Motions ("Stipulation") by and between the Receiver, the FTC, and the  
9 Defendants, by and through the parties' respective counsel. The Stipulation modifies  
10 the provisions of the Preliminary Injunction Order regarding the timing of filing fee  
11 motions. Specifically, the Stipulation provides for the Receiver to file its next fee  
12 motion (covering fees and expenses for June 2015) no later than July 31, 2015, and for  
13 the Receiver to file subsequent fee motions every 60 days thereafter while this case  
14 remains pending.

## 15 **II. SUMMARY OF RECEIVER'S AND RECEIVER'S COUNSEL'S** 16 **ACTIVITIES DURING THE INITIAL PERIOD**

17 During the Initial Period, the Receiver took steps to assume control of the  
18 business operations of the receivership, including securing the premises; taking steps to  
19 preserve electronic data; meeting with and interviewing the Defendants, employees, and  
20 other stakeholders; interfacing with FTC representatives; reviewing documents  
21 regarding the business operations; and contacting merchant account holders who were  
22 processing payments for the defendants in order to advise them of the receivership, to  
23 freeze reserve accounts, and to recover funds in the reserve accounts which, as noted on  
24 the accompanying report, Exhibit 1 hereto, have totaled nearly \$1,600,000.00 since the  
25 inception of the case. The Receiver also prepared its Report of Temporary Receiver's  
26 Activities April 29, 2015, Through May 7, 2015, which was filed on May 8, 2015 (Dkt.  
27 No. 24), to keep the Court and parties in interest informed regarding receivership  
28 activities.

FRANDZEL ROBINS BLOOM & CSATO, L.C.  
6500 WILSHIRE BOULEVARD, 17TH FLOOR  
LOS ANGELES, CALIFORNIA 90048-4920  
(323) 852-1000

1 During the Initial Period, the Receiver's counsel (among other activities) (1)  
2 assisted the Receiver in implementing the receivership over the various receivership  
3 defendants, (2) assisted the Receiver in the preparation of the Receiver's initial report to  
4 the Court, (3) facilitated the turnover of documents and records from the defendants,  
5 including resolution of some objections by the defendants to the turnover of various  
6 documents and inspection of various computers, and (4) contacted merchant account  
7 holders of the various receivership defendants to instruct them to freeze reserve  
8 accounts, and ultimately obtained the turnover of funds from the merchant account  
9 holders to the Receiver, which as noted above, totaled approximately \$1,600,000.00  
10 during the Initial Period.

11 **III. CONCLUSION**

12 Based on the foregoing, the Receiver respectfully requests that the Court grant  
13 this Motion and enter an order (1) approving the reasonableness and authorizing the  
14 payment from receivership assets of (i) \$80,510.05 in fees and \$3,539.98 in expenses  
15 for the Receiver, a total of \$84,050.03, and (ii) \$37,581.00 in fees and \$16.00 in  
16 expenses for Frandzel, a total of \$37,597.00; and (2) approving the Stipulation and  
17 directing the Receiver to file its next fee motion (covering fees and expenses for June  
18 2015) no later than July 31, 2015, and to file subsequent fee motions every 60 days  
19 thereafter while this case remains pending.

20  
21 DATED: June 24, 2015

FRANDZEL ROBINS BLOOM & CSATO, L.C.  
CRAIG A. WELIN  
MICHAEL GERARD FLETCHER

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25 By: /s/ Craig A. Welin  
26 CRAIG A. WELIN  
27 Attorneys for Permanent Receiver, ROBB  
28 EVANS & ASSOCIATES LLC



**DECLARATION OF BRICK KANE**

I, Brick Kane, declare as follows:

1. I am a deputy to the Receiver Robb Evans & Associates ("Receiver") and am a principal of the firm. I have been one of the deputies to the Receiver with primary responsibility for the day-to-day supervision and management of the receivership estate in this action since the Receiver was first appointed as receiver on April 27, 2015. I have personal knowledge of the matters set forth in this declaration and, if I were called upon to testify as to those matters, I could and would testify competently thereto based upon my personal knowledge.

2. The Receiver was first appointed as temporary receiver in this action by the Court's order entered April 27, 2015. The Receiver is currently acting as receiver pursuant to the Court's Preliminary Injunction entered May 12, 2015 ("Preliminary Injunction Order"). The appointment orders authorize the Receiver to employ attorneys, accountants, appraisers, and other contractors and technical specialists as the Receiver deems advisable or necessary in the performance of his duties and responsibilities thereunder. The Receiver has engaged Frandzel Robins Bloom & Csato, L.C. ("Frandzel") as its counsel in this action.

3. Under X.G of the Preliminary Injunction Order, the Receiver, and all personnel hired by the Receiver, including counsel to the Receiver, are entitled to reasonable compensation for the performance of their duties and reimbursement for actual out-of-pocket expenses, with such sums payable from assets of the receivership estate.

4. During the period from April 27, 2015, the inception of the receivership, through May 31, 2015 ("Initial Period"), the Receiver collected \$1,600,958.96 into the receivership estate and incurred \$157,626.78 in receivership expenses, as reflected on the summary prepared by the Receiver entitled "Receivership Administrative Expenses by Month and Fund Balance," which is attached hereto as Exhibit 1.

5. During the Initial Period, the Receiver's fees totaled \$80,510.05 and the

FRANZEL ROBINS BLOOM & CSATO, L.C.  
6500 WILSHIRE BOULEVARD, 17TH FLOOR  
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(323) 852-1000

1 Receiver's expenses totaled \$3,539.98, for a total of \$84,050.03, as reflected on the  
2 itemized invoices collectively attached hereto as Exhibit 2. During the Initial Period,  
3 Frandzel's fees totaled \$37,581.00 and Frandzel's expenses totaled \$16.00, for a total of  
4 \$37,597.00. Invoices itemizing the fees and expenses of the Receiver's counsel  
5 Frandzel are attached as Exhibit 3 to the declaration of Craig A. Welin filed herewith.

6 6. I am familiar with the methods and procedures used to create, record, and  
7 maintain the Receiver's billing records. The invoices attached hereto collectively as  
8 Exhibit 2 are prepared from computerized time records prepared contemporaneously  
9 with the services rendered by each professional billing time to this matter. These  
10 computerized records are prepared in the ordinary course of business by the Receiver's  
11 professionals who have a business duty to accurately record their time spent and  
12 services rendered on the matters on which they perform work. The time records are  
13 transferred into a computerized billing program which generates monthly invoices. In  
14 my experience, the Receiver's methods and procedures for recording and accounting for  
15 time and services have proven to be reliable and accurate.

16 7. During the Initial Period, the Receiver, among other things, took steps to  
17 assume control of the business operations of the receivership, including securing the  
18 premises; took steps to preserve electronic data; met with and interviewed the  
19 Defendants, employees, and other stakeholders; interfaced with FTC representatives;  
20 reviewed documents regarding the business operations; and by immediately contacting  
21 merchant account holders of the various receivership defendants, the Receiver was able  
22 to freeze various reserve accounts which ultimately resulted in the turnover to the  
23 receivership estate of approximately \$1,600,000.00. The Receiver also prepared its  
24 Report of Temporary Receiver's Activities April 29, 2015, Through May 7, 2015,  
25 which was filed on May 8, 2015 (Dkt. No. 24), to keep the Court and parties in interest  
26 informed regarding receivership activities.

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1 I declare under penalty of perjury under the laws of the United States of America  
2 and the State of California that the foregoing is true and correct and that this declaration  
3 was executed on June 25, 2015, at Sun Valley, California.  
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8 BRICK KANE  
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FRANZEL ROBINS BLOOM & CSATO, L.C.  
6500 WILSHIRE BOULEVARD, 17TH FLOOR  
LOS ANGELES, CALIFORNIA 90048-4920  
(323) 852-1000

**DECLARATION OF CRAIG A. WELIN**

I, Craig A. Welin, declare:

1. I am an attorney licensed and admitted to practice before this Court and am a shareholder of Frandzel Robins Bloom & Csato, L.C. ("Frandzel"), attorneys for Robb Evans & Associates LLC ("Receiver"), the Receiver in this action. I am one of the attorneys primarily responsible for the representation of the Receiver herein. I have personal knowledge of the matters specified in this declaration and, if I were called upon to testify as to those matters, I could and would testify competently thereto based upon my personal knowledge. All capitalized terms not defined herein have the meanings ascribed to them by the Motion for Order (1) Approving and Authorizing Payment from Receivership Assets of Receiver's and Receiver's Counsel's Fees and Expenses for the Period of Inception Through May 31, 2015; and (2) Approving Stipulation Regarding Timing of Future Receiver Fee Motions ("Motion").

2. I attach hereto collectively as Exhibit 3 Frandzel's invoices itemizing the services rendered, time spent, and costs incurred by Frandzel pertaining to this matter for the period from April 27, 2015, the inception of the receivership, through May 31, 2015 ("Initial Period"), with the descriptions redacted where appropriate to preserve the attorney-client and attorney work product privileges or to otherwise protect the Receiver and the estate from inappropriate disclosures. During the Initial Period, Frandzel's fees totaled \$37,581.00 and Frandzel's expenses totaled \$16.00, for a total of \$37,597.00.

3. During the Initial Period, the Receiver's counsel (among other activities) (1) assisted the Receiver in implementing the receivership over the various receivership defendants, (2) assisted the Receiver in the preparation of the Receiver's initial report to the Court, (3) facilitated the turnover of documents and records from the receivership defendants, including resolving some objections raised by the Defendants to the turnover of documentation and computers, and (4) contacted merchant account holders of the various receivership defendants to instruct them to freeze reserve accounts, and

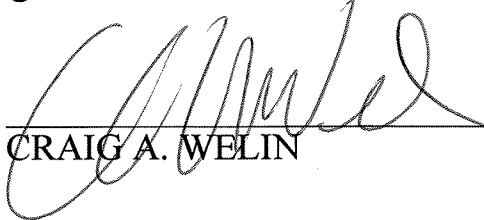
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1 ultimately obtained the turnover of funds from the merchant account holders to the  
2 Receiver, which as noted above, totaled approximately \$1,600,000.00 during the Initial  
3 Period.

4 4. I am familiar with the methods and procedures used to create, record, and  
5 maintain billing records for Frandzel's clients. The invoices attached hereto  
6 collectively as Exhibit 3 are prepared from computerized time records prepared  
7 contemporaneously with the services rendered by each attorney and paralegal billing  
8 time to this matter. These computerized records are prepared in the ordinary course of  
9 business by the attorneys and paralegals employed by Frandzel who have a business  
10 duty to accurately record their time spent and services rendered on the matters on which  
11 they perform work. The time records are transferred into a computerized billing  
12 program which generates monthly invoices under the supervision of Frandzel's  
13 accounting department. Based upon my experience at Frandzel, I believe Frandzel's  
14 methods and procedures for recording and accounting for time and services for its  
15 clients is reliable and accurate.

16 5. On June 16, 2015, I conferred via telephone with the FTC's counsel  
17 Matthew Wernz and the Defendants' counsel Karl Kronenberger regarding the Motion  
18 pursuant to Local Rule 7-3. Mr. Wernz and Mr. Kronenberger both told me that their  
19 clients have no objection to the fees and costs that are the subject of the Motion.

20 I declare under penalty of perjury under the laws of the United States of America  
21 and the State of California that the foregoing is true and correct and that this declaration  
22 was executed on June 24, 2015, at Los Angeles, California.

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25 CRAIG A. WELIN  
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