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7 EVANS & ASSOCIATES LLC

8
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; APEX CUSTOMER
17 CARE LLC, a California limited
liability company; PENWAY LLC, a
18 California limited liability company;
RENVEE LLC, a California limited
19 liability company; OPTIM PRODUCTS
LLC, a California limited liability
20 company; EDGAR BABAYAN,
individually; ARTUR BABAYAN,
21 individually and as an owner and
manager of SALE SLASH LLC and
22 PURISTS CHOICE LLC; and VAHE
HAROUTOUNIAN, also known as
23 VAHEH HAROUTOUNIAN, also
doing business as PRISMA PROFITS,
24 individually and as manager of SALE
SLASH LLC, and owner of OPTIM
25 PRODUCTS LLC,

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

PERMANENT RECEIVER ROBB
EVANS & ASSOCIATES LLC'S
NOTICE OF MOTION AND MOTION
FOR AN ORDER (1) EXTENDING
THE RECEIVER'S TERM; (2)
AUTHORIZING THE RECEIVER TO
ABANDON CERTAIN REAL
PROPERTY; AND (3) EXCUSING
THE RECEIVER FROM TAKING
TITLE TO REAL PROPERTY
ASSETS OF THE RECEIVERSHIP
DEFENDANTS AND GRANTING
RELATED RELIEF;
MEMORANDUM OF POINTS AND
AUTHORITIES; DECLARATION OF
BRICK KANE

Hearing:

Date: June 6, 2016
Time: 1:30 p.m.
Place: Courtroom 15, Spring Street
Judge: Hon. Percy Anderson

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NOTICE OF MOTION AND MOTION

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

PLEASE TAKE NOTICE that on June 6, 2016, commencing at 1:30 p.m., or as soon thereafter as the parties may be heard in Courtroom 15 of the above-entitled Court located at 312 North Spring Street, Los Angeles, California 90012, Robb Evans & Associates LLC, the Permanent Receiver in the above-entitled action ("Receiver"), will and hereby does move the Court for an order:

(1) extending the Receiver's term under the Court's Stipulated Order for Permanent Injunction and Monetary Judgment (Dkt. No. 171) ("Stipulated Judgment") and the Court's Default Judgment (Dkt. No. 179) ("Default Judgment") through and including August 31, 2016, without prejudice to any subsequent request for a further extension of the Receiver's term;

(2) authorizing the Receiver to abandon the real property commonly known as 4440 Sandy River Drive #43, Las Vegas, Nevada ("Las Vegas Property");

(3) excusing the Receiver from any obligation under the Stipulated Judgment, the Default Judgment, or otherwise, to take legal or equitable title to any real property assets of the Receivership Defendants;¹ and

(4) authorizing the Receiver to execute any documents or instruments necessary to transfer title to real property assets of the Receivership Defendants sold by the Receiver pursuant to the Stipulated Judgment or the Default Judgment.

The basis for the request for an extension of the Receiver's term is that, although the Receiver has made significant progress in its duties since entry of the Stipulated

¹ The Stipulated Judgment defines the term "Receivership Defendants" to mean Sale Slash LLC, Purists Choice LLC, their successors and assigns, and any subsidiaries, affiliates, divisions, or business names created or used by these entities, including without limitation Optim Products LLC, Apex Customer Care LLC, Penway LLC, and Renvee LLC.

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1 Judgment on February 2, 2016, the Receiver requires additional time to liquidate the
2 assets of the Receivership Defendants and complete the other tasks required by the
3 Stipulated Judgment and the Default Judgment. The basis for the Receiver's request for
4 authorization to abandon the Las Vegas Property is that the Receiver has determined
5 that there is no equity for the receivership estate in the Las Vegas Property.

6 Finally, the Receiver seeks relief from any obligation to take title to real property
7 assets of the Receivership Defendants because the Receiver is concerned that the
8 receivership estate could incur tort or other liability if the Receiver takes title to the real
9 property assets (i.e., "steps into the chain of title"). In a related vein, the Receiver
10 requests that the Court specifically authorize the Receiver to execute any documents or
11 instruments necessary to transfer title to the real property assets sold by the Receiver
12 because the Receiver is concerned that the absence of such an order may impair the
13 marketability of the real property assets (if, for example, a title insurance company
14 refuses to insure the title of a property purchaser because the Receiver is not on title to
15 the property proposed to be sold).

16 PLEASE TAKE FURTHER NOTICE that this Motion is based upon this Notice
17 of Motion and Motion; the accompanying Memorandum of Points and Authorities and
18 Declaration of Brick Kane; the pleadings, records, and files of this case of which the
19 Receiver requests the Court take judicial notice; and any other pleadings, oral or
20 documentary evidence, or arguments of counsel as may be presented by the Receiver at
21 or before the time of the hearing on the Motion.

22 PLEASE TAKE FURTHER NOTICE that a copy of this Notice of Motion and
23 Motion, and the accompanying Memorandum of Points and Authorities and Declaration
24 of Brick Kane, are posted and may be reviewed on the Receiver's website at
25 <http://www.robbevans.com/find-a-case/casepage/sale-slash-LLC-et-al-receiver>. Copies
26 will be provided to any interested party upon receipt of a written request sent to Robb
27 Evans & Associates LLC, 11450 Sheldon Street, Sun Valley, California 91352;
28 Telephone: (818) 768-8100; Facsimile: (818) 768-8802.

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PLEASE TAKE FURTHER NOTICE that this Motion is made following the conference of counsel pursuant to Local Rule 7-3. On April 22, 2016, the Receiver's counsel sent an e-mail to Matthew Wernz, counsel for Plaintiff Federal Trade Commission ("FTC") in this action, and Karl Kronenberger and Ginny Sanderson of Kronenberger Rosenfeld, LLP, counsel for the Defendants who have appeared in this action, summarizing the Receiver's request for an extension of the Receiver's term and asking counsel to express their clients' respective positions on such request. On April 22, 2016, Mr. Wernz indicated that the FTC has no opposition to such request. On April 25, 2016, Ms. Sanderson indicated that her clients reserve the right to oppose the Motion.

DATED: May 2, 2016

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

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

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. RELEVANT FACTUAL BACKGROUND**

3 **A. The Stipulated Judgment and the Default Judgment**

4 On February 2, 2016, the Court entered its Stipulated Order for Permanent
5 Injunction and Monetary Judgment (Dkt. No. 171) ("Stipulated Judgment") against
6 Defendants Sale Slash LLC ("Sale Slash"), Purists Choice LLC ("Purists Choice"),
7 Optim Products LLC ("Optim"), Edgar Babayan, Artur Babayan, and Vahe
8 Haroutounian. The Stipulated Judgment, Section XII, directs and authorizes the
9 Receiver to accomplish certain enumerated tasks within 90 days after entry of the
10 Stipulated Judgment (i.e., by May 2, 2016), but provides that any party or the Receiver
11 may request that the Court extend the Receiver's term for good cause.

12 The Receiver's tasks under the Stipulated Judgment consist of (1) completing the
13 process of taking custody, control, and possession of all assets of the Receivership
14 Defendants pursuant to Section X.B of the Preliminary Injunction entered May 12,
15 2015 (Dkt. No. 33) ("Preliminary Injunction");¹ (2) negotiating and making payments
16 necessary to resolve amounts owed to American Express Bank, FSB ("American
17 Express") related to certain credit card accounts; (3) liquidating all assets of the
18 Receivership Defendants other than the Defaulting Defendants, including the interests
19 in real property described in paragraphs A-E of Schedule A to the Stipulated Judgment;
20 (4) filing a report describing the Receiver's activities pursuant to the Stipulated
21 Judgment and a final fee application; and (5) distributing to Plaintiff Federal Trade
22 Commission ("FTC") any remaining liquid assets.

23 _____
24 ¹ The Stipulated Judgment defines the term "Receivership Defendants" to mean
25 Sale Slash, Purists Choice, their successors and assigns, and any subsidiaries, affiliates,
26 divisions, or business names created or used by these entities, including without
27 limitation Optim, Apex Customer Care LLC ("Apex"), Penway LLC ("Penway"), and
28 Renvee LLC ("Renvee," and individually and collectively with Apex and Penway,
"Defaulting Defendants").

1 Paragraphs A-E of Schedule A to the Stipulated Judgment lists 10 separate real
2 properties. The Receivership Defendants either own these properties in fee simple or
3 are the beneficiaries of deeds of trust on the properties securing promissory notes. The
4 Stipulated Judgment permits the Receiver to liquidate these real property interests
5 without further Court order but requires the Receiver to obtain an appraisal of each
6 asset before doing so. Upon completion of all the enumerated tasks in the Stipulated
7 Judgment, the Stipulated Judgment provides that the Receiver's duties as to the
8 Receivership Defendants shall terminate, except as to the Defaulting Defendants.

9 On April 12, 2016, the Court entered its Default Judgment against the Defaulting
10 Defendants (Dkt. No. 179) ("Default Judgment"). The Default Judgment, Section XI,
11 directs and authorizes the Receiver to accomplish certain enumerated tasks within 90
12 days after entry of the Default Judgment (i.e., by July 11, 2016), but provides that any
13 party or the Receiver may request that the Court extend the Receiver's term for good
14 cause. The Receiver's enumerated tasks under the Default Judgment consist of (1)
15 completing the process of taking custody, control, and possession of all assets of the
16 Defaulting Defendants pursuant to the Preliminary Injunction; (2) liquidating all assets
17 of the Defaulting Defendants; (3) filing a report describing the Receiver's activities
18 pursuant to the Default Judgment and a final fee application; and (4) distributing to the
19 FTC any remaining liquid assets. Upon completion of all the enumerated tasks the
20 Receiver's duties as to the Defaulting Defendants shall terminate.

21 **B. The Receiver's Progress in Liquidating Assets**

22 The Receiver has made good progress in completing the liquidation of the
23 Receivership Defendants' assets. The chart attached to the Declaration of Brick Kane
24 filed herewith summarizes the status of the Receiver's efforts to liquidate the real
25 property interests described in paragraphs A-E of Schedule A to the Stipulated
26 Judgment. The chart omits one property listed in Schedule A—the real property
27 located at 5850 East Grove Avenue, Fresno, California—because the Receiver was paid
28 the full value of the note secured by a deed of trust on this property in August 2015.

1 The chart also includes the real property located at 141 San Pascual Avenue, Los
2 Angeles, California ("San Pascual Property"), which is not listed on Schedule A. As
3 described in the Stipulation Regarding Treatment of Receiver's Secured Claim Against
4 the San Pascual Property filed March 23, 2016 (Dkt. No. 176), the Receiver had no
5 knowledge regarding Optim's interest in the San Pascual Property until January 27,
6 2016 (after preparation of the Stipulated Judgment). The Receiver has now reached an
7 agreement with the bankruptcy trustee administering the San Pascual Property
8 ("Bankruptcy Court Stipulation") whereby the trustee will sell the San Pascual Property
9 and pay the Receiver the principal amount of the note secured by Optim's deed of trust
10 on the San Pascual Property, which note and deed of trust Optim has assigned to the
11 Receiver. The Court entered its Order Approving the Bankruptcy Court Stipulation on
12 April 13, 2016 (Dkt. No. 180).

13 On March 18, 2016, the Receiver was paid \$115,222—representing payment in
14 full—with respect to the note secured by a deed of trust on the real property located at
15 222 Monterey Road #1405, Glendale, California. The Receiver has sent payment
16 demand letters with respect to the note secured by a deed of trust on the real property
17 located at 3352 Brandon Street, Pasadena, California, and the note secured by a deed of
18 trust on the real property located at 915 North Santa Anita Avenue, Arcadia, California.
19 The Receiver has received no response to these letters and is evaluating resolution
20 options, including the initiation of foreclosure proceedings.

21 The Receiver has obtained appraisals of the real property located at 180 Aspen
22 Oak Lane, Glendale, California ("Aspen Oak Property"), and 4440 Sandy River Drive
23 #43, Las Vegas, Nevada ("Las Vegas Property"). The Aspen Oak Property's interior
24 was fully gutted as of September 2015 and repair estimates exceed \$500,000. The
25 Receiver is negotiating with a co-owner of the Aspen Oak Property regarding the
26 liquidation of the receivership estate's interest therein. The appraisal for the Las Vegas
27 Property was for \$95,000, and the liens against the Property secure approximately
28 \$137,000.

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1 The Receiver has also obtained an appraisal of the real property located at 14839
2 Sherman Way #3, Van Nuys, California ("Sherman Way Property"). As with the
3 Aspen Oak Property, the Receiver is negotiating with a co-owner of the Sherman Way
4 Property regarding its liquidation. Two other properties—those located at 4579 Don
5 Ricardo Drive, Los Angeles, California, and 343 Pioneer Drive, Unit PH3, Glendale,
6 California—are occupied by tenants collectively paying the Receiver \$4,300 in monthly
7 rent. The Receiver is awaiting appraisals on the remaining properties listed in
8 paragraphs A-E of Schedule A to the Stipulated Judgment. The Receiver expects that
9 the appraisals in progress will be complete within the next two to three weeks.

10 **C. The Receiver's Efforts to Resolve Amounts Owed to American Express**

11 The Receiver has made contact with American Express and is awaiting receipt of
12 documentation from American Express to evaluate and resolve American Express'
13 claims.

14 **II. ARGUMENT**

15 While the Receiver has made good progress in completing its tasks under the
16 Stipulated Judgment and Default Judgment, the Receiver has not been able to complete
17 these tasks within the 90-day timeframes set forth therein. Once the Receiver obtains
18 real property appraisals in compliance with the terms of the Stipulated Judgment, the
19 Receiver will be in a position to make definitive decisions regarding whether, and how
20 best to, liquidate real property assets. Liquidating the assets, whether via foreclosure or
21 otherwise, is likely to several months at minimum. Accordingly, there is cause to
22 extend the Receiver's term under the Stipulated Judgment and the Default Judgment
23 through and including August 31, 2016, without prejudice to any subsequent request for
24 a further extension of the Receiver's term.

25 The Court should also enter an order authorizing the Receiver to abandon the Las
26 Vegas Property based on the Receiver's determination that there is no equity in the Las
27 Vegas Property for the receivership estate.

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Finally, the Receiver seeks an order excusing the Receiver from any obligation under the Stipulated Judgment, the Default Judgment, or otherwise, to take legal or equitable title to any real property assets of the Receivership Defendants. The Receiver is concerned that the receivership estate could incur tort or other liability if the Receiver takes title to the real property assets (i.e., "steps into the chain of title") and there is no need for the Receiver to do so in order for the Receiver to administer and sell the real property assets.

In a related vein, the Receiver requests that the Court specifically authorize the Receiver to execute any documents or instruments necessary to transfer title to the real property assets sold by the Receiver because the Receiver is concerned that the absence of such an order may impair the marketability of the real property assets (if, for example, a title insurance company refuses to insure the title of a property purchaser because the Receiver is not on title to the property proposed to be sold).

III. CONCLUSION

Based on the foregoing, the Receiver respectfully requests that the Court enter an order granting the Motion in its entirety and awarding such other and further relief as may be just and proper.

DATED: May 2, 2016

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

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

DECLARATION OF BRICK KANE

I, Brick Kane, declare:

1. I am a deputy to the Permanent Receiver Robb Evans & Associates LLC ("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. All capitalized terms not defined herein have the meanings the accompanying Memorandum of Points and Authorities ascribes to them.

2. The Receiver has made good progress in completing the liquidation of the Receivership Defendants' assets. The chart attached hereto summarizes the status of the Receiver's efforts to liquidate the real property interests described in paragraphs A-E of Schedule A to the Stipulated Judgment. The chart omits one property listed in Schedule A—the real property located at 5850 East Grove Avenue, Fresno, California—because the Receiver was paid the full value of the note secured by a deed of trust on this property in August 2015. The chart also includes the real property located at 141 San Pascual Avenue, Los Angeles, California ("San Pascual Property"), which is not listed on Schedule A. The proposed liquidation of the Receiver's interest in the San Pascual Property is as described in the Stipulation Regarding Treatment of Receiver's Secured Claim Against the San Pascual Property filed March 23, 2016 (Dkt. No. 176).

3. On March 18, 2016, the Receiver was paid \$115,222—representing payment in full—with respect to the note secured by a deed of trust on the real property located at 222 Monterey Road #1405, Glendale, California. The Receiver has sent payment demand letters with respect to the note secured by a deed of trust on the real property located at 3352 Brandon Street, Pasadena, California, and the note secured by

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1 a deed of trust on the real property located at 915 North Santa Anita Avenue, Arcadia,
2 California. The Receiver has received no response to these letters and is evaluating
3 resolution options, including the initiation of foreclosure proceedings.

4 4. The Receiver has obtained appraisals of the real property located at 180
5 Aspen Oak Lane, Glendale, California ("Aspen Oak Property"), and 4440 Sandy River
6 Drive #43, Las Vegas, Nevada ("Las Vegas Property"). The Aspen Oak Property's
7 interior was fully gutted as of September 2015 and repair estimates exceed \$500,000.
8 The Receiver is negotiating with a co-owner of the Aspen Oak Property regarding the
9 liquidation of the receivership estate's interest therein. The appraisal for the Las Vegas
10 Property was for \$95,000, and the liens against the Property secure approximately
11 \$137,000, such that the Receiver believes that there is no equity in the Las Vegas
12 Property for the receivership estate.

13 5. The Receiver has also obtained an appraisal of the real property located at
14 14839 Sherman Way #3, Van Nuys, California ("Sherman Way Property"). As with the
15 Aspen Oak Property, the Receiver is negotiating with a co-owner of the Sherman Way
16 Property regarding its liquidation. Two other properties—those located at 4579 Don
17 Ricardo Drive, Los Angeles, California, and 343 Pioneer Drive, Unit PH3, Glendale,
18 California—are occupied by tenants collectively paying the Receiver \$4,300 in monthly
19 rent. The Receiver is awaiting appraisals on the remaining properties listed in
20 paragraphs A-E of Schedule A to the Stipulated Judgment. The Receiver expects that
21 the appraisals in progress will be complete within the next two to three weeks.

22 6. The Receiver has made contact with American Express and is awaiting
23 receipt of documentation from American Express to evaluate and resolve American
24 Express' claims.

25 7. While the Receiver has made good progress in completing its tasks under
26 the Stipulated Judgment and Default Judgment, the Receiver has not been able to
27 complete these tasks within the 90-day timeframes set forth therein. Once the Receiver
28 obtains real property appraisals in compliance with the terms of the Stipulated

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1 Judgment, the Receiver will be in a position to make definitive decisions regarding
2 whether, and how best to, liquidate real property assets. Liquidating the assets, whether
3 via foreclosure or otherwise, is likely to several months at minimum. Accordingly, the
4 Receiver submits that there is cause to extend the Receiver's term under the Stipulated
5 Judgment and the Default Judgment through and including August 31, 2016, without
6 prejudice to any subsequent request for a further extension of the Receiver's term.

7 8. Finally, the Receiver seeks an order excusing the Receiver from any
8 obligation under the Stipulated Judgment, the Default Judgment, or otherwise, to take
9 legal or equitable title to any real property assets of the Receivership Defendants. The
10 Receiver is concerned that the receivership estate could incur tort or other liability if the
11 Receiver takes title to the real property assets (i.e., "steps into the chain of title") and
12 there is no need for the Receiver to do so in order for the Receiver to administer and
13 sell the real property assets.

14 9. In a related vein, the Receiver requests that the Court specifically authorize
15 the Receiver to execute any documents or instruments necessary to transfer title to the
16 real property assets sold by the Receiver because the Receiver is concerned that the
17 absence of such an order may impair the marketability of the real property assets (if, for
18 example, a title insurance company refuses to insure the title of a property purchaser
19 because the Receiver is not on title to the property proposed to be sold).

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 May 2, 2016, at Sun Valley, California.

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24 
25 BRICK KANE
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Sales/Slash Assets in Order 02.02.16
Real Properties and Notes Secured by Deeds of Trust

	Asset / Source	Location	Insured	Liens	Collections	Tenant / Payer Contact	Comments & Observations
1	Note 2nd TD \$116,085 Sch. A2 From Optim Products, LLC	222 Monterey Rd. #1405, Glendale, CA 91206	NA	NA	\$115,222	Paid in Full	Payoff quote to Calabasas Escrow 3/6/16 plus \$33.19 per day after 3/18/16. Paid in full 03/18/16.
2	Note 2nd TD \$200,000 Sch. A3 From Optim Products, LLC	3352 Brandon Street, Pasadena, CA 91107	By Prop. Owner	11/14/12: \$171,000		Sent Demand Letter	Loan matured; No response to Demand Letter for PO by 3/31/16; Evaluating resolution options including foreclosure.
3	Note 2nd TD \$180,000 Sch. A4 From Optim Products, LLC	915 N. Santa Anita Ave. Arcadia, CA 91006	By Prop. Owner	8/31/06: \$568,000		Sent Demand Letter	Loan matured; No response to Demand Letter for PO by 3/31/16; Evaluating resolution options including foreclosure.
4	Real Property Sch. B1 From Edgar Babayan	13909 Yellowstone Drive, Frazier Park, CA 93225	Yes	0		Vacant	Broker value opinions vary widely; Waiting for appraisal to confirm market value.
5	Real Property Sch. B2 From Edgar Babayan; 50% interest with Arthur Ambarachyan	180 Aspen Oak Lane, Glendale, CA 91202	Yes	4/1/16: \$721,000		Vacant	Interior fully gutted as of September 2015; Estimate to complete \$550K; Needs structural inspection; Potential liens; Confirming details.
6	Real Property Sch. B3/C From Edgar & Artur Babayan	4440 Sandy River #43, Las Vegas, NV 89103	Yes	1/22/07: \$137,000		Vacant	Appraisal confirms negative equity of \$42 K before sales expense; Request authorization to abandon property.
7	Real Property Sch. B4 From Edgar Babayan	4579 Don Ricardo Drive, Los Angeles, CA 90008	Yes	9/4/15: \$250,000	\$1,500	Yes	Tenant paying \$1,500 monthly rent to Receiver.
8	Real Property SCH. B5 From Edgar Babayan; 50% undivided interest w/ Arthur Ambarachyan	14839 Sherman Way #3, Van Nuys, CA 91405	Yes	7/2/10: \$82,000		No	Defendant and non-defendant joint owner arranging appraisal access and mortgage and HOA payments.
9	Real Property Sch. D From Vahne Haroutounian	343 Pioneer Dr. Unit PH3, Glendale, CA 91203	Yes	12/29/14: \$407,000	\$3,529	Yes	Tenant paying \$2,800 monthly rent to Receiver; Investigating possible mechanics lien for \$67K.
10	Note First TD \$461,500 New From Optim Products, LLC	141 San Pascual, Los Angeles, CA 90042	Yes	0	\$975	By Ch. 7 Trustee	Stipulation with the bankruptcy trustee filed for a principal payoff of \$461,500 after the sale of the property is completed.
Note: The Receiver has not included appraisal data or estimated values because these properties are in the process of being sold.							
	Note from Optim Products, LLC	5850 E. Grove Ave.		NA	\$101,855	Paid in Full	Collected on 8/13/15