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6 Attorneys for Permanent Receiver ROBB
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.
27
28

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

**NOTICE OF MOTION AND
MOTION FOR AN ORDER
APPROVING AND AUTHORIZING
PAYMENT FROM RECEIVERSHIP
ASSETS OF RECEIVER'S AND
RECEIVER'S COUNSEL'S FEES
AND EXPENSES FOR THE
PERIOD OF APRIL 1, 2016,
THROUGH JULY 31, 2016, AND
STATUS REPORT;
MEMORANDUM OF POINTS AND
AUTHORITIES AND
DECLARATIONS OF BRICK
KANE, CRAIG A. WELIN, AND
CHRISTOPHER D. CROWELL
FILED HEREWITH**

Date: October 3, 2016
Time: 1:30 p.m.
Place: Courtroom 15, Spring Street
Judge: Hon. Percy Anderson

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

3 PLEASE TAKE NOTICE that on October 3, 2016, commencing at 1:30 p.m., or
4 as soon thereafter as the parties may be heard in Courtroom 15 of the above-entitled
5 Court located at 312 North Spring Street, Los Angeles, California 90012, Robb Evans
6 & Associates LLC, the Permanent Receiver in the above-entitled action ("Receiver"),
7 will and hereby does move the Court for an order approving the reasonableness and
8 authorizing the payment from receivership assets of compensation and expenses for the
9 Receiver and the Receiver's counsel Frandzel Robins Bloom & Csato, L.C. ("Frandzel")
10 for the period of April 2016 through and including July 2016 ("Seventh Period").
11 During the Seventh Period, the Receiver's fees totaled \$46,525.35 and the Receiver's
12 expenses totaled \$1,219.08, for a total of \$47,744.43. During the Seventh Period,
13 Frandzel's fees totaled \$60,733.00 and Frandzel's expenses totaled \$1,055.99, for a total
14 of \$61,788.99.¹

15 PLEASE TAKE FURTHER NOTICE that this Motion is based upon this Notice
16 of Motion and Motion; the accompanying Memorandum of Points and Authorities and
17 Declarations of Brick Kane, Craig A. Welin, and Christopher D. Crowell; the
18 pleadings, records and files of this case of which the Receiver requests the Court take
19 judicial notice; the separate Notice of Hearing filed and served concurrently herewith;
20 and all further pleadings, oral and documentary evidence and arguments of counsel as
21 may be presented by the Receiver at or before the time of the hearing on the Motion.

22
23 ¹ On March 24, 2016, pursuant to the Court's Minute Order entered May 13,
24 2015 (Dkt. No. 34), the Receiver filed its amended Quarterly Task-Based Budget for
25 the Months of January, February, and March 2016, and Quarterly Task-Based Budget
26 for April 2016 (Dkt. No. 177). On June 24, 2016, the Receiver filed its Quarterly Task-
27 Based Budget for the Months of May, June, July and August 2016 (Dkt. No. 196). For
28 the Seventh Period, the Budgets estimate \$123,592.37 in fees for the Receiver and
\$102,535.00 in fees for Frandzel. Thus, the actual fees that are the subject of this
Motion are substantially less than the estimated fees.

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1 PLEASE TAKE FURTHER NOTICE that a copy of this Notice of Motion and
2 Motion, the accompanying Memorandum of Points and Authorities and Declarations of
3 Brick Kane, Craig A. Welin, and Christopher D. Crowell (without exhibits) are posted
4 and may be reviewed on the Receiver's website at [http://www.robbevans.com/find-a-](http://www.robbevans.com/find-a-case/casepage/sale-slash-LLC-et-al-receiver)
5 [case/casepage/sale-slash-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
6 party upon receipt of a written request sent to Robb Evans & Associates LLC, 11450
7 Sheldon Street, Sun Valley, California 91352; Telephone: (818) 768-8100; Facsimile:
8 (818) 768-8802.

9 PLEASE TAKE FURTHER NOTICE that this Motion is made following the
10 conference of counsel pursuant to Local Rule 7-3. On August 24, 2016, the Receiver's
11 counsel sent an e-mail to Matthew Wernz, who represents the Plaintiff Federal Trade
12 Commission ("FTC") in this action, and Karl Kronenberger and Ginny Sanderson, who
13 represent the Defendants who have appeared in this action. The e-mail attached copies
14 of the Receiver's and Frandzel's invoices for the Seventh Period (redacted where
15 appropriate to preserve the attorney-client and attorney work product privileges or to
16 otherwise protect the Receiver and the estate from inappropriate disclosures); indicated
17 that the Receiver would be filing this Motion; and asked counsel to advise whether they
18 have any objection to the Motion. Mr. Wernz and Ms. Sanderson each responded by e-
19 mail and indicated that their respective clients would not oppose the Motion.

20 DATED: August 31, 2016 FRANDZEL ROBINS BLOOM & CSATO, L.C.
21 CRAIG A. WELIN
22 MICHAEL GERARD FLETCHER

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

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTORY STATEMENT

On June 2, 2016, the Court entered an order extending the Receiver's term under the Stipulated Judgment and the Default Judgment (each, as defined below) through August 31, 2016. As set forth below, the Receiver has substantially completed its administration of the receivership estate within the allotted timeframe, with the exception of two notes secured by deeds of trust on real property.

The first note is secured by a deed of trust on real property at 141 San Pascual Avenue in Los Angeles, California, which property is to be sold by a chapter 7 trustee through an escrow expected to close on September 6, 2016, and to result in a \$461,500.00 recovery for the receivership estate. The timing of the escrow closing is outside the Receiver's control and was not known to the Receiver until recently.

The second note is secured by a deed of trust on real property at 915 North Santa Anita Avenue in Arcadia, California. The Receiver very recently discovered that the amount secured by the senior deed of trust on this property is greater than initially presented. The Receiver has located a potential buyer for the note and deed of trust but it is now uncertain whether the buyer will pay an amount sufficient to justify the anticipated transaction costs of proceeding with a sale. The Receiver expects to make a decision in the next week regarding the sale or, alternatively, abandonment of this asset.

Once the Receiver receives the \$461,500.00 and any funds from the sale of the Santa Anita property note, the Receiver will be able to file required 2016 tax returns or a motion for approval of the Receiver's final report and accounting. Assuming the Receiver receives the \$461,500.00 in September 2016, the Receiver expects to file a motion for approval of the final report and accounting, and a final fee application, no later than October 31, 2016. The Receiver appreciates the need to complete its administration of this receivership as expeditiously as possible, and is working diligently to do so.

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1 **II. RELEVANT BACKGROUND**

2 **A. Stipulated Judgment and Default Judgment**

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

10 The Receiver's tasks under the Stipulated Judgment consist of (1) completing the
11 process of taking custody, control, and possession of all assets of the Receivership
12 Defendants pursuant to the Preliminary Injunction Order (as the Stipulated Judgment
13 defines such terms); (2) negotiating and making payments necessary to resolve amounts
14 owed to American Express Bank, FSB ("American Express"), related to certain credit
15 card accounts; (3) liquidating all assets of the Receivership Defendants other than Apex
16 Customer Care LLC, Penway LLC, and Renvee LLC (individually and collectively,
17 "Defaulting Defendants"), including the interests in real property described in
18 paragraphs A-E of Schedule A to the Stipulated Judgment; (4) filing a report describing
19 the Receiver's activities pursuant to the Stipulated Judgment and a final fee application;
20 and (5) distributing to the FTC any remaining liquid assets.

21 Paragraphs A-E of Schedule A to the Stipulated Judgment lists 10 separate real
22 properties. The Receivership Defendants either own these properties in fee simple or
23 are the beneficiaries of deeds of trust on the properties securing promissory notes. The
24 Stipulated Judgment permits the Receiver to liquidate these real property interests
25 without further Court order after obtaining an appraisal of the applicable asset. Upon
26 completion of the enumerated tasks in the Stipulated Judgment, the Receiver's duties as
27 to the Receivership Defendants shall terminate, except as to the Defaulting Defendants.

28 ///

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

13 **B. Motion to Extend Receiver's Term**

14 On May 2, 2016, the Receiver filed its Motion for an Order (1) Extending the
15 Receiver's Term; (2) Authorizing the Receiver to Abandon Certain Real Property; and
16 (3) Excusing the Receiver From Taking Title to Real Property Assets of the
17 Receivership Defendants and Granting Related Relief (Dkt. No. 181) ("Term Extension
18 Motion"). On June 2, 2016, the Court entered its Order granting the Term Extension
19 Motion and extending the Receiver's term under the Stipulated Judgment and the
20 Default Judgment through August 31, 2016. (Dkt. No. 191.)

21 **C. Prior Fee Applications, Budgets, This Application, and Funds Collected**

22 Since receivership inception in late April 2015 the Receiver and its counsel
23 Frandzel have filed six prior motions for allowance and payment of fees and expenses
24 (Dkt. Nos. 65, 71, 94,146,167, 188) and the Court has allowed and authorized the
25 payment of \$258,659.08 to the Receiver and \$238,296.14 to Frandzel, for a total of
26 \$496,955.22 through March 31, 2016 (Dkt. Nos. 86, 88, 119,163,173, 193).

27 On March 24, 2016, pursuant to the Court's Minute Order entered May 13, 2015
28 (Dkt. No. 34), the Receiver filed its amended Quarterly Task-Based Budget for the

1 Months of January, February, and March 2016, and Quarterly Task-Based Budget for
2 April 2016 (Dkt. No. 177). On June 24, 2016, the Receiver filed its Quarterly Task-
3 Based Budget for the Months of May, June, July and August 2016 (Dkt. No. 196). For
4 April 2016 through and including July 2016 ("Seventh Period"), the Budgets estimate
5 \$123,592.37 in fees for the Receiver and \$102,535.00 in fees for Frandzel.

6 The instant Motion seeks allowance and payment of \$47,744.43 in fees and
7 expenses for the Receiver and \$61,788.99 in fees and expenses for Frandzel for the
8 Seventh Period. Thus, the actual fees that are the subject of this Motion are
9 substantially less than the estimated fees. Taken together with the fees and expenses
10 allowed pursuant to the six prior motions, from receivership inception through and
11 including July 2016 the Receiver's fees and expenses total \$306,403.51 and Frandzel's
12 fees and expenses total \$300,085.13, for a total of \$606,488.64. During this timeframe,
13 the Receiver has collected \$9,007,640.59. Thus, the Receiver's and Frandzel's total fees
14 and expenses from receivership inception through and including July 2016 represent
15 less than seven percent of the funds the Receiver has collected.

16 **D. Status of Asset Liquidation and Receivership Administration, and**
17 **Receiver's Activities During the Seventh Period**

18 The Receiver's and Frandzel's activities during the Seventh Period have primarily
19 focused on completing the Receiver's tasks under the Stipulated Judgment and the
20 Default Judgment. The following describes the Receiver's disposition of the real
21 property assets enumerated in paragraphs A-E of Schedule A to the Stipulated
22 Judgment.

23 5850 East Grove Avenue, Fresno, California 93612: The Receiver was paid
24 \$101,855.00, representing payment in full on the note secured by a deed of trust on this
25 property, in August 2015.

26 222 Monterey Road #1405, Glendale, California 91206: The Receiver was paid
27 \$115,222.43, representing payment in full on the note secured by a deed of trust on this
28 property, in March 2016.

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1 3352 Brandon Street, Pasadena, California 91107: The Receiver was paid \$222,888.89,
2 representing payment in full on the note secured by a deed of trust on this property, in
3 June 2016.

4 915 North Santa Anita Avenue, Arcadia, California 91106: The Receiver engaged in
5 extensive communications with Wells Fargo Bank, the holder of a deed of trust on this
6 property senior in priority to the deed of trust on this property in favor of the
7 receivership estate, and with a potential buyer for the Receiver's note and deed of trust.
8 The Receiver very recently discovered that the amount secured by the senior deed of
9 trust on this property is greater than initially presented. The Receiver is now uncertain
10 whether the buyer will pay an amount sufficient to justify the anticipated transaction
11 costs of proceeding with a sale. The Receiver expects to make a decision in the next
12 week regarding the sale or, alternatively, abandonment of this asset.

13 13909 Yellowstone Drive, Frazier Park, California 93225: The Receiver sold this
14 property in July 2016 and received net sale proceeds of \$96,242.10.

15 180 Aspen Oak Lane, Glendale, California 91202 and 14839 Sherman Way, Unit 3,
16 Los Angeles, California 91405: These properties were the subject of joint venture
17 agreements between Edgar Babayan and Arthur Ambarachyan. On June 28, 2016, the
18 Court entered its order approving a stipulation for abandonment of the Receiver's
19 interest in these properties and the joint venture agreements in exchange for a
20 \$45,000.00 payment from Mr. Ambarachyan. (Dkt. No. 195 and 197.) The Receiver
21 received the \$45,000.00 payment in July 2016.

22 4440 Sandy River Drive #43, Las Vegas, Nevada 89103: The Term Extension Motion
23 included a request for authorization to abandon this property. As noted, the Court
24 entered its order granting the Term Extension Motion (and authorizing the
25 abandonment of this property) on June 2, 2016 (Dkt. No. 191).

26 4579 Don Ricardo Drive, Los Angeles, California 90008: After obtaining an appraisal
27 of this property, the Receiver estimated the net equity to be about \$30,000. The
28 Receiver located a buyer for the property, but the buyer declined to proceed with the

1 sale after receiving an inspection report noting significant problems with the property
2 foundation. Given the projected net equity, the Receiver determined it was not cost-
3 effective to repair the foundation or further market the property, and gave notice of an
4 intent to abandon the property effective July 31, 2016.

5 343 Pioneer Drive, Unit PH3, Glendale, California 91203: The Receiver sold this
6 property for \$525,000, generating a \$118,377.09 net return for the receivership estate in
7 July 2016.

8 141 San Pascual Avenue, Los Angeles, California 90042: The Receiver entered into a
9 stipulation with David A. Gill, chapter 7 trustee of the bankruptcy estate of Oscar
10 Trujillo Serratos ("Trustee"), providing for the Trustee to sell this property and pay the
11 Receiver \$461,500.00 ("Bankruptcy Stipulation"). This Court entered its order
12 approving a separate stipulation between the Receiver and the parties to this action
13 authorizing the Receiver to enter into the Bankruptcy Stipulation (Dkt. Nos. 176 and
14 180). The bankruptcy judge presiding over the Serratos bankruptcy case entered his
15 order approving the Trustee's sale of the property on July 28, 2016, but the Receiver
16 recently learned that close of escrow is not expected to occur until September 6, 2016.

17 In addition to disposition of the real property assets described above, the
18 Receiver and Frandzel during the Seventh Period (among other tasks): (1) prepared and
19 filed the Term Extension Motion; (2) negotiated and documented a stipulation with
20 American Express, which the Receiver hopes to file with the Court shortly; (3) prepared
21 and filed a motion for allowance and payment of fees and expenses for the period of
22 January 1, 2016, through March 31, 2016 (Dkt. No. 188); and (4) prepared a
23 stipulation, which the Court approved, authorizing the Receiver to employ and pay tax
24 accountants (Dkt. Nos. 192 and 194).

25 The Receiver has also completed and filed required 2015 tax returns and the
26 Franchise Tax Board has promised to be in contact with the Receiver next week
27 regarding any adjustments to its claim against the receivership estate. The Receiver
28 still needs to finalize and file two 2016 tax returns: one for the receivership estate—

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1 given the Internal Revenue Service's position that receiverships are "qualified
2 settlement funds" within the meaning of Treasury Regulation § 1.468B-1—and one for
3 Optim Products, LLC.

4 However, the Receiver cannot finalize the tax returns until the Trustee remits the
5 \$461,500.00 from the sale of the San Pascual property. Assuming the Receiver
6 receives those funds in September 2016, the Receiver expects to file final 2016 tax
7 returns in October 2016 and to file a motion for approval of the final report and
8 accounting, and a final fee application, no later than October 31, 2016. The Receiver is
9 mindful of the need to complete its administration of this receivership as expeditiously
10 as possible and, as set forth above, has completed its administration of all real property
11 assets except the note secured by the San Pascual property (the timing for which is in
12 the control of the Trustee and the purchaser of the San Pascual property).

13 **III. CONCLUSION**

14 The Receiver and Frandzel have diligently worked to complete the
15 administration of the receivership estate and all the requested fees and expenses
16 incurred during the Seventh Period were reasonable and necessary. Based on the
17 foregoing, the Receiver respectfully requests that the Court grant this Motion and enter
18 an order approving the reasonableness and authorizing the payment from receivership
19 assets of \$47,744.43 in fees and expenses for the Receiver and \$61,788.99 in fees and
20 expenses for Frandzel during the Seventh Period.

21 DATED: August 31, 2016 FRANDZEL ROBINS BLOOM & CSATO, L.C.
22 CRAIG A. WELIN
23 MICHAEL GERARD FLETCHER

24
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 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 ascribed to them by the Memorandum of Points and Authorities in Support of the Receiver's Motion for an Order Approving and Authorizing Payment from Receivership Assets of Receiver's and Receiver's Counsel's Fees and Expenses for the Period of April 1, 2016, Through July 31, 2016 ("Motion").

2. Since the April 27, 2015, inception of the receivership through July 31, 2016, the Receiver has collected \$9,007,640.59 in receivership funds, and distributed \$5,000,000 to Plaintiff Federal Trade Commission in February 2016, 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.

3. During the period of April 1, 2016, through July 31, 2016 ("Seventh Period"), the Receiver's fees totaled \$46,525.35 and the Receiver's expenses totaled \$1,219.08, for a total of \$47,744.43, as reflected on the itemized invoices for April 2016, May 2016, June 2016, and July 2016 collectively attached hereto as Exhibits 2-5, respectively. The Receiver's invoices are task-coded, with "B110" referring to "Case Administration," "B120" referring to "Asset Analysis and Recovery," "B130" referring to "Asset Disposition," "B160" referring to "Fee/Employment Applications," "B240" referring to "Tax Issues," and B310 referring to "Claims Administration and Objections."

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1 4. I am familiar with the methods and procedures used to create, record, and
2 maintain the Receiver's billing records. The invoices attached hereto collectively as
3 Exhibits 2-5 are prepared from computerized time records prepared contemporaneously
4 with the services rendered by each professional billing time to this matter. These
5 computerized records are prepared in the ordinary course of business by the Receiver's
6 professionals who have a business duty to accurately record their time spent and
7 services rendered on the matters on which they perform work. The time records are
8 transferred into a computerized billing program which generates monthly invoices. In
9 my experience, the Receiver's methods and procedures for recording and accounting for
10 time and services have proven to be reliable and accurate.

11 5. During the Seventh Period, Frandzel's total fees were \$60,733.00 and
12 Frandzel's total expenses were \$1,055.99, for a total of \$61,788.99. Invoices itemizing
13 the fees and expenses of the Receiver's counsel Frandzel are attached as Exhibits 6-9 to
14 the declaration of Craig A. Welin filed herewith.

15 6. On March 24, 2016, pursuant to the Court's Minute Order entered May 13,
16 2015 (Dkt. No. 34), the Receiver filed its amended Quarterly Task-Based Budget for
17 the Months of January, February, and March 2016, and Quarterly Task-Based Budget
18 for April 2016 (Dkt. No. 177). On June 24, 2016, the Receiver filed its Quarterly Task-
19 Based Budget for the Months of May, June, July and August 2016 (Dkt. No. 196). For
20 the Seventh Period (which, as noted, includes the period of April 2016 through July
21 2016), the Budgets estimate \$123,592.37 in fees for the Receiver and \$102,535.00 in
22 fees for Frandzel. Thus, the actual fees that are the subject of the Motion are
23 substantially less than the estimated fees.

24 7. The Receiver's and Frandzel's activities during the Seventh Period have
25 primarily focused on completing the Receiver's tasks under the Stipulated Judgment
26 and the Default Judgment. The following is a summary of the Receiver's disposition of
27 the real property assets enumerated in paragraphs A-E of Schedule A to the Stipulated
28 Judgment.

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5 \$115,222.43, representing payment in full on the note secured by a deed of trust on this
6 property, in March 2016.

7 3352 Brandon Street, Pasadena, California 91107: The Receiver was paid \$222,888.89,
8 representing payment in full on the note secured by a deed of trust on this property, in
9 June 2016.

10 915 North Santa Anita Avenue, Arcadia, California 91106: The Receiver engaged in
11 extensive communications with Wells Fargo Bank, the holder of a deed of trust on this
12 property senior in priority to the deed of trust on this property in favor of the
13 receivership estate, and with a potential buyer for the Receiver's note and deed of trust.
14 The Receiver very recently discovered that the amount secured by the senior deed of
15 trust on this property is greater than initially presented. The Receiver is now uncertain
16 whether the buyer will pay an amount sufficient to justify the anticipated transaction
17 costs of proceeding with a sale. The Receiver expects to make a decision in the next
18 week regarding the sale or, alternatively, abandonment of this asset.

19 13909 Yellowstone Drive, Frazier Park, California 93225: The Receiver sold this
20 property in July 2016 and received net sale proceeds of \$96,242.10.

21 180 Aspen Oak Lane, Glendale, California 91202 and 14839 Sherman Way, Unit 3,
22 Los Angeles, California 91405: These properties were the subject of joint venture
23 agreements between Edgar Babayan and Arthur Ambarachyan. On June 28, 2016, the
24 Court entered its order approving a stipulation for abandonment of the Receiver's
25 interest in these properties and the joint venture agreements in exchange for a
26 \$45,000.00 payment from Mr. Ambarachyan. (Dkt. No. 195 and 197.) The Receiver
27 received the \$45,000.00 payment in July 2016.

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1 4440 Sandy River Drive #43, Las Vegas, Nevada 89103: The Term Extension Motion
2 included a request for authorization to abandon this property. As noted, the Court
3 entered its order granting the Term Extension Motion (and authorizing the
4 abandonment of this property) on June 2, 2016 (Dkt. No. 191).

5 4579 Don Ricardo Drive, Los Angeles, California 90008: After obtaining an appraisal
6 of this property, the Receiver estimated the net equity to be about \$30,000. The
7 Receiver located a buyer for the property, but the buyer declined to proceed with the
8 sale after receiving an inspection report noting significant problems with the property
9 foundation. Given the projected net equity, the Receiver determined it was not cost-
10 effective to repair the foundation or further market the property, and gave notice of an
11 intent to abandon the property effective July 31, 2016.

12 343 Pioneer Drive, Unit PH3, Glendale, California 91203: The Receiver sold this
13 property for \$525,000, generating a \$118,377.09 net return for the receivership estate in
14 July 2016.

15 141 San Pascual Avenue, Los Angeles, California 90042: The Receiver entered into a
16 stipulation with David A. Gill, chapter 7 trustee of the bankruptcy estate of Oscar
17 Trujillo Serratos ("Trustee"), providing for the Trustee to sell this property and pay the
18 Receiver \$461,500.00 ("Bankruptcy Stipulation"). This Court entered its order
19 approving a separate stipulation between the Receiver and the parties to this action
20 authorizing the Receiver to enter into the Bankruptcy Stipulation (Dkt. Nos. 176 and
21 180). The bankruptcy judge presiding over the Serratos bankruptcy case entered his
22 order approving the Trustee's sale of the property on July 28, 2016, but the Receiver has
23 recently learned that close of escrow is not expected to occur until September 6, 2016.

24 8. In addition to disposition of the real property assets described above, the
25 Receiver and Frandzel during the Seventh Period (among other tasks): (1) prepared and
26 filed the Term Extension Motion; (2) negotiated and documented a stipulation with
27 American Express, which the Receiver hopes to file with the Court shortly; (3) prepared
28 and filed a motion for allowance and payment of fees and expenses for the period of

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1 January 1, 2016, through March 31, 2016 (Dkt. No. 188); and (4) prepared a
2 stipulation, which the Court approved, authorizing the Receiver to employ and pay tax
3 accountants (Dkt. Nos. 192 and 194).

4 9. The Receiver has also completed and filed required 2015 tax returns and
5 the Franchise Tax Board has promised to be in contact with the Receiver next week
6 regarding any adjustments to its claim against the receivership estate. The Receiver
7 still needs to finalize and file two 2016 tax returns: one for the receivership estate—
8 given the Internal Revenue Service's position that receiverships are "qualified
9 settlement funds" within the meaning of Treasury Regulation § 1.468B-1—and one for
10 Optim Products, LLC.

11 10. However, the Receiver cannot finalize the tax returns until the Trustee
12 remits the \$461,500.00 from the sale of the San Pascual property. Assuming the
13 Receiver receives those funds in September 2016, the Receiver expects to file final
14 2016 tax returns in October 2016 and to file a motion for approval of the final report
15 and accounting, and a final fee application, no later than October 31, 2016. The
16 Receiver is mindful of the need to complete its administration of this receivership as
17 expeditiously as possible and, as set forth above, has completed its administration of all
18 real property assets except the note secured by the San Pascual property (the timing for
19 which is in the control of the Trustee and the purchaser of the San Pascual property).

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 September 1, 2016, at Sun Valley, California.

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25 _____
26 BRICK KANE
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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 Permanent 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 the Memorandum of Points and Authorities filed herewith ascribes to them.

2. Frandzel's invoices itemizing the services rendered, time spent, and costs incurred by Frandzel pertaining to this matter during April 2016 through and including July 2016 ("Seventh 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, are attached hereto as Exhibits 6-9, respectively.

3. During the Seventh Period, Frandzel's total fees were \$60,733.00 and Frandzel's total expenses were \$1,055.99, for a total of \$61,788.99. The bulk of the Receiver's and Frandzel's activities during the Seventh Period have been directed toward completing the tasks under the Stipulated Judgment and the Default Judgment, and the Receiver has made good and steady progress in that regard.

4. I am familiar with the methods and procedures used to create, record, and maintain billing records for Frandzel's clients. The invoices attached hereto collectively as Exhibits 6-9 are prepared from computerized time records prepared contemporaneously with the services rendered by each attorney and paralegal billing time to this matter. These computerized records are prepared in the ordinary course of business by the attorneys and paralegals employed by Frandzel who have a business

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1 duty to accurately record their time spent and services rendered on the matters on which
2 they perform work. The time records are transferred into a computerized billing
3 program which generates monthly invoices under the supervision of Frandzel's
4 accounting department. Based upon my experience at Frandzel, I believe Frandzel's
5 methods and procedures for recording and accounting for time and services for its
6 clients are reliable and accurate.

7 I declare under penalty of perjury under the laws of the United States of America
8 and the State of California that the foregoing is true and correct and that this declaration
9 was executed on August 31, 2016, at Los Angeles, California.

11 /s/ Craig A. Welin
12 CRAIG A. WELIN

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DECLARATION OF CHRISTOPHER D. CROWELL

I, Christopher D. Crowell, declare:

1. I am an attorney licensed and admitted to practice before this Court and an associate at Frandzel Robins Bloom & Csato, L.C. ("Frandzel"), attorneys for Robb Evans & Associates LLC ("Receiver"), the Permanent Receiver in this action. 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.

2. On August 24, 2016, I sent an e-mail to Matthew Wernz, who represents Plaintiff Federal Trade Commission in this action, and Karl Kronenberger and Ginny Sanderson, who represent the Defendants who have appeared in this action. The e-mail attached copies of the Receiver's and Frandzel's invoices for April 2016, May 2016, June 2016 and July 2016 (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); indicated that the Receiver would be filing a motion to approve and authorize payment of the fees and costs itemized in the invoices ("Motion"); and asked counsel to advise whether they have any objection to the Motion. Ms. Sanderson and Mr. Wernz responded to my e-mail by indicating that their respective clients would not oppose the Motion. A true and correct copy of this e-mail correspondence is attached hereto as Exhibit 10.

I declare under penalty of perjury under the laws of the United States of America and the State of California that the foregoing is true and correct and that this declaration was executed on August 31, 2016, at Los Angeles, California.


CHRISTOPHER D. CROWELL

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