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10 Attorneys for Receiver
THOMAS A. SEAMAN

11
12 **UNITED STATES DISTRICT COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**
14 **WESTERN DIVISION**

15 SECURITIES AND EXCHANGE
COMMISSION,

16 Plaintiff,

17 v.

18 STEVE CHEN, USFIA, INC.,
19 ALLIANCE FINANCIAL
GROUP, INC., AMAUCTION, INC.,
20 ABORELL MGMT I, LLC, ABORELL
ADVISORS I, LLC, ABORELL
21 REIT II, LLC, AHOME REAL
ESTATE, LLC, ALLIANCE
22 NGN, INC., APOLLO REIT I, INC.,
APOLLO REIT II, LLC, AMKEY, INC.,
23 US CHINA CONSULTATION
ASSOCIATION, and QUAIL RANCH
24 GOLF COURSE, LLC,

25 Defendants.

Case No. 2:15-cv-07425 RGK-GJS

**DECLARATION OF THOMAS A.
SEAMAN IN SUPPORT OF MOTION
FOR AUTHORITY TO SELL
PERSONAL PROPERTY**

Date: March 27, 2017
Time: 9:00 a.m.
Ctmm: 850
Judge: Hon. R. Gary Klausner

1 I, Thomas A. Seaman, declare:

2 1. I am the Court-appointed receiver for USFIA, Inc., Alliance Financial
3 Group, Inc., Amauction, Inc., Aborell Mgmt I, LLC, Aborell Advisors I, LLC,
4 Aborell REIT II, LLC, Ahome Real Estate, LLC ("Ahome"), Alliance NGN, Inc.,
5 Apollo REIT I, Inc., Apollo REIT II, LLC, Amkey, Inc., US China Consultation
6 Association, Quail Ranch Golf Course, LLC, and their subsidiaries and affiliates
7 (collectively, "Receivership Entities").

8 2. I make this declaration in support of my Motion for Authority to Sell
9 Personal Property ("Motion"). I have personal knowledge of the facts stated
10 herein, and if called upon to do so, I could and would personally and competently
11 testify to them.

12 3. Upon my appointment, and pursuant to the authority conferred by the
13 Court's orders, I took possession of the premises at which the Receivership Entities
14 operated, as well as the residential properties owned by the Receivership Entities,
15 and secured the Personal Property at each location. As discussed in my interim
16 reports, none of the Receivership Entities, with the exception of the Hills Garden
17 Hotel and the apartment building in Alhambra, generated any revenue other than
18 funds raised from investors. Accordingly, I ceased operations of the Receivership
19 Entities, other than the hotel and apartment building and terminated their
20 employees. Thus, the Personal Property is no longer necessary to the Receivership
21 Entities and continuing to store it is a considerable, unnecessary expense. I also
22 plan to market and sell the office building in Arcadia owned by the Receivership
23 Entities where the majority of the Personal Property is located. Any and all items
24 located therein will need to be removed.

25 4. I propose to have the Personal Property, with the exception of the
26 automobiles, sold via live and online auction by Tranzon Asset Strategies
27 ("Tranzon"), a licensed, qualified auctioneer with extensive experience in selling
28 assets held in receivership and bankruptcy estates. Tranzon's proposal is attached

1 hereto as Exhibit A. Tranzon will market the Personal Property to specific target
2 markets through direct mail, newspaper advertisements, website postings, press
3 releases, and email. Tranzon will receive a commission of 15% payable by the
4 successful bidders in the form of a buyer's premium on the sales price and will be
5 reimbursed for out-of-pocket marketing and sale expenses up to \$22,815.00. After
6 consulting with Tranzon, I estimate the gross sale proceeds from the Personal
7 Property (excluding the automobiles) will be approximately \$125,000.

8 5. The automobiles consist of a 2014 Mercedes Sprinter van purchased
9 for \$96,886.45 and a 2013 Airstream Interstate RV purchased for \$100,411.20. I
10 request authority to sell the automobiles through Elite Dealer Sales ("Elite"), a
11 licensed automobile dealer with 35 years of experience in selling used
12 automobiles, and to pay Elite a commission of 6% of the purchase prices from the
13 sale proceeds. If I am able to find a buyer who will pay more than the net
14 proceeds generated by Elite, I will complete the sale myself to such buyer.

15 6. My staff and I have many years of experience in handling auctions of
16 personal property included in receivership estates. Likewise, Tranzon has
17 extensive experience in marketing and selling personal property assets of all types
18 and has handled numerous sales and auctions of personal property held in
19 receivership and bankruptcy estates. Based on his experience in selling personal
20 property assets, I believe a 15% commission is consistent with industry standards
21 for licensed auctioneers and that the proposed budget for reimbursable expenses is
22 reasonable in relation to the value of the Personal Property being sold by Tranzon.

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EXHIBIT A

Auction Marketing Strategy

Project: Assets of Steven Chen, USFIA, Inc. et al
Case # 2:15-cv-07425, United States District Court,
Central District of California, Western Division

Presented to: Thomas Seaman, Receiver



PROJECT SUMMARY

Assets to be Sold:	All furniture, fixtures and equipment located at 135 E. Live Oak Ave., Arcadia, CA Including but not limited to: office furniture, fixtures and equipment; (5) diamonds with GIA certificates; ornamental gem and jewelry inventory; A/V equipment; computers and peripherals; decorative items; designer handbags and shoes; ammunition, guns and gun safes (if allowed)
Sale Strategy:	Offered at a combination live/online auction
Marketing Strategy:	Newspaper advertising, direct mail, internet and email campaign to targeted market segment
Fee Structure:	Tranzon shall charge and retain a buyer's premium of 15% on all items, assessed directly to the buyers.
Sale Costs:	Not to exceed \$22,815.00
Timeline:	Estimated sale date in April, 2017



SALE STRATEGY AND MARKETING PLAN

Sale Strategy

Tranzon proposes the use of a combination live/online auction to facilitate the sale of the assets. The sale will be held at the Arcadia location, and Tranzon staff will be on-site to register buyers, collect deposits, act as floorpersons, and handle collections following the sale. On-line bidding will also be offered through Proxibid concurrent with the live auction for these assets.

Target Market

The target market for the sale of the property is identified and typically includes:

- Gemologists and buyers of similar inventory
- End-users and dealers for the various asset groups
- Previous auction buyers within our exclusive Tranzon database

The ideal approach to reach potential buyers is through a diversified marketing campaign incorporating direct mail, newspaper, website postings, and e-mails, as well as press releases to drive additional media exposure.

All marketing materials are prepared with the goal of enticing buyer prospects, driving them to request additional information either by phone or via the internet. In either case, buyers must provide us with additional contact information, allowing us the opportunity to build rapport and follow-up.

The following is an overview of the various components of our recommended marketing campaign.

Direct Mail

Tranzon will oversee the production of a customized direct mail piece to send to the targeted market, regional and market specific brokers and buyers within our exclusive Tranzon database. The auction brochure will detail specific property information, explain the method of sale and provide an overview of the terms and conditions of the sale. The piece will also direct buyers to the Tranzon website to download the auction catalog and terms.

Classified and Display Advertising

Tranzon will prepare and place attractive, high-impact advertisements in various newspapers in order to attract potential buyers. Ads will contain the sale date and time, select asset photos, and inventory highlights based on publication and target audience. Ads will also contain Tranzon's toll free phone numbers and web address for easy access to further information. We anticipate that the auction ads will be placed in the following publications:

- Los Angeles Times
- Asian Newspapers including Chinese Daily News and Sing Tao Daily
- San Gabriel Valley News



Internet Advertising

The auction will be listed in detail on the Tranzon website. The Tranzon website average over 85,000 hits per business day. Our site is commonly filled with sales across the United States and draws the highest auction firm viewer-ship rates in the industry.

The auction will also be listed on the Proxibid website, which attracts a national audience of auction buyers for these types of assets.

EMail Notification

Tranzon submits email distributions via a number of nationwide services to auction buyers and investors. An email blast will also be sent to Proxibid's database of auction buyers. Email has been successfully utilized in the past and is an excellent conduit for reaching national and international buyers in a timely fashion.

Auction Information Packages

The more educated a buyer is the easier it is to make a buying commitment. Tranzon will produce an auction information package containing the auction catalog. The package will also include a complete copy of the terms and conditions of the sale, necessary forms for bidding, and any other related and relevant documents for the sale. The package will be available in paper and electronic formats to those who provide required contact information.

Toll-Free Auction Hotline

Tranzon publishes its Toll-Free Event Hotline in all advertisements and sale promotions. Available 24 hours a day, 7 days a week, this hotline provides callers the opportunity to receive recorded information on a sale, request mail or fax information or be directed to the Tranzon.com website or a live operator, as desired.



SALE OPERATIONS

Sale & Marketing Preparation

Upon a signed agreement to proceed with the auction, Tranzon will schedule a planning meeting to coordinate the goals of our office staff, site team and all involved client representatives. Following the planning meeting, Tranzon staff will begin the on-site write-up and photography of assets for promotional materials and online presentation. This write-up will include a list of sale items, as well as an overall representation of the assets and project.

Asset Preparation

Tranzon will place a project supervisor and auction team at the job site to prepare and oversee all auction activities, including moving, lotting, tagging, photography, catalog preparation, auction day and checkout.

Inspection

Inspection opportunities will be provided on specific days leading up to the auction. Inspections will be staffed with personnel to answer questions and to act as security. If necessary, we will utilize private security consisting of off-duty police officers.

Catalogs

Auction bidders will be provided with an auction catalog. This booklet not only provides a list of items for sale, but details sale procedures, terms and conditions of the sale, payment instructions and other pertinent information.

Auction Day

The sale of the high-end assets will be held at the Arcadia property. Tranzon staff will be on-site to register buyers, collect deposits, act as floorpersons, and handle collections following the sale. On-line bidding will also be offered concurrent with the live auction for these assets.

On-site sale attendees are required to submit an entrance deposit to receive a bidder's paddle. This deposit is refundable if no purchases are made, or applicable to the buyer's purchases. Furthermore, Tranzon mandates that each buyer maintain a minimum 25% deposit on successful bids. On-line bidders will be required to register with a credit card, and an authorization hold will be placed on the credit card to confirm validity.

Payments and deposits are accepted in the form of cash, cashiers' check, wire transfer, or credit card. Full payment must be received before a buyer will be permitted to remove any portion of their purchases.

Tranzon does not allow the removal of auction items until the auction has concluded. This policy is maintained for several reasons: i) crew members most familiar with sale items are most helpful on the auction floor; ii) buyers given a reason to leave may do so; if items cannot be picked up, buyers may remain and continue to purchase; iii) the removal process can be a distraction to the auction.

A limited removal period will be provided, requiring buyers to schedule an appointment. Tranzon will encourage small quantity buyers to remove their purchases on the first day of check-out, leaving only large volume buyers for the days following. A "checker" will lead



buyers to their purchased items, and will supervise the removal. As items are removed, checkers mark each buyer's invoice accordingly for proper tracking purposes.

Based on the terms signed at registration, buyers are held responsible for damage to persons or property during the removal process and hold harmless Tranzon and its clients.

Cash Management

Invoices are generated in duplicate and include buyer information, lot numbers, item descriptions and quantities.

Sales tax is collected from buyers and remitted by Tranzon. All sales tax exempt buyers must provide adequate proof of exemption and sign a warranty of their exemption claim.

As funds are received throughout the auction, they will be deposited into a trust account specifically for sale revenues. Within 30 days following the completion of the sale and collection of sale revenues, Tranzon will provide a comprehensive sale report complete with payment of the net auction proceeds. This package will include the following:

- Marketing Summary
- Copies of Advertisements
- Copy of Brochure
- Auction Catalog
- Itemized Lot Reports
- Invoice Summaries
- Buyer List
- Breakdown Of Revenues, Costs, Fees And Net Returns
- Expense Invoices and Support Documentation

FEE STRUCTURE AND SALE COSTS

Tranzon Compensation

Tranzon shall charge and retain a buyer's premium of 15% on all items, assessed directly to the buyers.

Marketing and Labor Expenses

The following costs will be capped in our agreement and be supported by invoice:

Not to exceed: \$22,815.00

All costs are passed on "AT COST", without surcharge. All agreed-upon expenses will be deducted from sale proceeds at settlement.



AUCTION MARKETING BUDGET

MARKETING

Los Angeles Times - Auction Page - 2 Insertions	\$	2,100.00
Los Angeles Times - Business Section - 1 Insertion	\$	840.00
Los Angeles Times - Classified - 2 Weekends	\$	900.00
Asian Newspapers - Sing Tao Daily, Chinese Daily News	\$	2,150.00
San Gabriel Valley News Group	\$	1,500.00
Color Flyers	\$	100.00
Auction Postcard - Printing and Mailing	\$	1,250.00
Email Marketing - TAS	\$	150.00
Proxibid Email Member Blast	\$	500.00
Subtotal Marketing	\$	9,490.00

LABOR

Labor - Set-up/Lotting/Tagging	\$	5,000.00
Labor - Catalog Preparation/Photography	\$	600.00
Clerks / Customer Service/Collections for Online Bidding	\$	1,200.00
Auction Day Labor	\$	1,600.00
Checkout Labor	\$	2,500.00
Security	\$	950.00
Subtotal Labor	\$	11,850.00

FACILITY/AUCTION DAY/ADMINISTRATIVE EXPENSES

Proxibid - Online Bidding Service	\$	1,275.00
Auction Catalogs	\$	200.00
Subtotal Auction Day Charges	\$	1,475.00
TOTAL AUCTION EXPENSES	\$	22,815.00

