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11 Attorneys for Receiver
12 Thomas A. Seaman

13 UNITED STATES DISTRICT COURT
14 CENTRAL DISTRICT OF CALIFORNIA
15 WESTERN DIVISION

16 SECURITIES AND EXCHANGE
COMMISSION,

17 Plaintiff,

18 v.

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

27 Defendants.
28

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

**DECLARATION OF THOMAS A.
SEAMAN IN SUPPORT OF MOTION
FOR AUTHORITY TO PURSUE
CLAIMS AGAINST LI ZHAO**

Date: July 30, 2018
Time: 9:00 a.m.
Ctm.: 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"). I make this declaration in support of my
8 Motion for Authority to Pursue Claims Against Li Zhao ("Motion"). I have personal
9 knowledge of the facts stated herein, and if called upon to do so, I could and would
10 personally and competently testify to them.

11 2. In excess of \$370,000 was paid by the Receivership Entities either
12 directly to Li Zhao aka Jennifer Zhao ("Zhao") or to third parties on her behalf and
13 for her benefit. These payments were made over the course of years and appear to
14 have been used to pay for, among other things, a luxury automobile, school tuition,
15 and other personal expenses.

16 3. Based on my review of the Receivership Entities' books and records,
17 there do not appear to have been any legitimate business transactions underlying
18 these payments, and the Receivership Entities do not appear to have received any
19 value in exchange for these payments. Instead, it appears Defendant Steve Chen
20 simply used funds raised from investors to make gratuitous transfers to Zhao and
21 pay her personal expenses.

22 4. It should be noted that I have not included and do not seek to recover
23 every transfer made to Zhao during the last four years. Zhao has asserted, and I
24 have accepted, that certain transfers to her were reimbursement of expenses she
25 incurred as an employee of the Entity Defendants. I therefore have removed these
26 transfers from the list and the total I am seeking to recover.

27 5. I have consulted with my counsel, Allen Matkins, and believe the legal
28 fees for the action could be as low as \$15,000 in the event of a prompt settlement


1 and as much as \$250,000 in the event of a full trial. I believe a full trial is highly
2 unlikely and the case will likely be resolved via settlement or summary judgment
3 with legal fees of \$100,000 or less. As with all matters, Allen Matkins and I will
4 make every effort to minimize administrative expenses associated with the proposed
5 action.

6 6. Throughout the litigation, Allen Matkins and I will continue to monitor
7 the costs and likely net benefit to the receivership estate. In my discretion, I may
8 conduct asset investigations to aid in assessing collectability of a judgment.

9 7. After reviewing the available evidence, weighing the merits of the
10 proposed claims against Zhao, and assessing the anticipated costs of litigation and
11 likelihood of success and collectability, I believe, in my reasonable business
12 judgment, that it is in the best interest of the receivership estate to pursue such
13 claims, and respectfully requests the Court issue an order authorizing me to do so.

14 I declare under penalty of perjury under the laws of the State of California
15 that the foregoing is true and correct.

16 Executed this 27th day of June, 2018, at San Diego, California.

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20 THOMAS A. SEAMAN
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