

1 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
2 DAVID R. ZARO (BAR NO. 124334)
TIM C. HSU (BAR NO. 279208)
3 865 South Figueroa Street, Suite 2800
Los Angeles, California 90017-2543
4 Phone: (213) 622-5555
Fax: (213) 620-8816
5 E-Mail: dzaro@allenmatkins.com
thsu@allenmatkins.com

6 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
7 EDWARD G. FATES (BAR NO. 227809)
8 One America Plaza
600 West Broadway, 27th Floor
9 San Diego, California 92101-0903
Phone: (619) 233-1155
10 Fax: (619) 233-1158
E-Mail: tfates@allenmatkins.com

11 Attorneys for Receiver
12 Thomas A. Seaman

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

17 SECURITIES AND EXCHANGE
COMMISSION,
18 Plaintiff,
19 v.
20 STEVE CHEN, USFIA, INC.,
ALLIANCE FINANCIAL
21 GROUP, INC., AMAUCTION, INC.,
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.

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

**DECLARATION OF THOMAS A.
SEAMAN IN SUPPORT OF MOTION
FOR (A) APPROVAL OF SALE OF
RESIDENTIAL REAL PROPERTY
(CLUB VISTA DRIVE PROPERTY),
AND (B) AUTHORITY TO PAY
BROKER'S COMMISSION**

Date: November 19, 2018
Time: 9:00 a.m.
Ctrm.: 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 (A) Approval of
9 Sale of Residential Real Property (Club Vista Drive Property), and (B) Authority to
10 Pay Broker's Commission ("Motion"). I have personal knowledge of the facts stated
11 herein, and if called upon to do so, I could and would personally and competently
12 testify to them.

13 3. I was appointed by this Court with full powers of an equity receiver,
14 and ordered, among other things, to take possession of and assume authority and
15 control over all assets of the Receivership Entities. In 2010, Steamfont Investment
16 Group LLC ("Steamfont"), an affiliate of the named Defendants, purchased the real
17 property located at 2315 Club Vista Drive, Glendora, California ("Property") – a
18 single-family residence – for \$630,000. The Property is approximately 2,339 square
19 feet and has four bedrooms. I learned of Steamfont's purchase of the Property
20 through my investigation and took possession and control of the Property in 2018
21 pursuant to the Court's orders.

22 4. Given that holding and maintaining the Property entails significant
23 carrying costs to the receivership estate, including costs for maintenance, insurance,
24 and property taxes, and that the Property has no business purpose for the benefit of
25 the Receivership Entities, I listed the Property for sale through licensed broker, Lin
26 Realty Group – Keller Williams ("Broker").

27 5. After reviewing recent comparable sales and the appraisal of \$850,000,
28 and similar property listings with Broker, I listed the Property for sale in

1 August 2018 at \$800,000. I staged the interior of the property to improve the
2 appearance. Broker held 4 open houses. Approximately 200 people attended the
3 open houses. Approximately 50 prospective toured the Property. I received six
4 offers, ranging from \$800,000 to \$851,000. I made a counter calling for the all
5 bidders to submit a "best and final" offer.

6 6. On September 20, 2018, Xiao Yu ("Buyer") and I agreed on a purchase
7 price of \$861,000 and executed a Residential Purchase Agreement and Joint Escrow
8 Instructions ("Agreement"). Among other things, the Agreement specifies the sale
9 is subject to Court approval and is on an "AS IS" basis. The Agreement is attached
10 as Exhibit A attached hereto. Buyer has recently removed all contingencies for the
11 sale, other than Court approval.

12 7. In my reasonable business judgment, I believe the Agreement, obtained
13 through the commercially reasonable and customary method of listing the property
14 with a licensed broker and after arm's length negotiations with Buyer, reflects the
15 fair market value of the Property. Moreover, the sale is subject to overbid and
16 public auction procedures discussed below.

17 8. The proposed sale to Buyer should be approved. The Property has been
18 fully and properly exposed to the market by Broker through the customary means of
19 listing the property on the Multiple Listing Service ("MLS"), advertising, holding
20 open houses, and showing the property to prospective purchasers. I believe the
21 proposed sale represents the fair market value and will generate the highest and best
22 recovery from the Property.

23 9. The proposed sale is subject to overbid and public auction. I propose to
24 conduct a public auction consistent with the requirements of Section 2001(a).
25 Specifically, I will publish the following notice of the sale once a week for four
26 weeks in the San Gabriel Valley Tribune:

27 In the action pending in U.S. District Court for the Central
28 District of California, Case No. 16-CV-07425-RGK-PLA,
 Securities and Exchange Commission v. Steve Chen et al.,
 notice is hereby given that the court-appointed receiver will

1 conduct a public auction for the residential real property located
2 at 2315 Club Vista Dr., Glendora, California. Sale is subject to
3 Court confirmation after the auction is held. Minimum bid
4 price is \$911,000. The auction will take place on
5 November 19, 2018, at 11:00 a.m. at the property located at
6 2315 Club Vista Dr., Glendora, California. To be allowed to
7 participate in the auction, prospective purchasers must meet
8 certain bid qualification requirements, including submitting a
9 signed purchase and sale agreement, an earnest money deposit
10 of \$25,000, and proof of funds. All bidders must be qualified
11 by 3:00 p.m. PST on November 12, 2018, by submitting the
12 required materials to the Thomas Seaman at 3 Park Place, Suite
13 550, Irvine California, 92614. If interested in qualifying as a
14 bidder, please contact Eva Lin at (626) 807-6581 or
15 eva@linrealtygroup.com.

16 10. In order to conduct an orderly auction and provide sufficient time for
17 the publication of notices discussed above, I will require bidders to complete the
18 above steps by November 12, 2018 ("Bid Qualification Deadline"), and conduct the
19 live public auction at the Property at 11:00 a.m. on November 19, 2018.

20 11. I will inform all interested persons of the opportunity to overbid at the
21 public auction, provided they qualify themselves to bid by the Bid Qualification
22 Deadline by (a) signing a purchase and sale agreement for the properties on the
23 same terms and conditions as Buyer, but with a purchase price of at least \$911,000,
24 (b) providing me with an earnest money deposit of \$25,000, and (c) providing proof
25 of funds necessary to close the sale transaction in the form of a current bank
26 statement, cashier's check delivered to me, or other evidence deemed sufficient by
27 me. In order to conduct an orderly auction and provide sufficient time for the
28 publication of notices discussed above, I will require bidders to complete the above
29 steps by November 12, 2018 ("Bid Qualification Deadline"), and conduct the live
30 public auction at the Property at 11:00 a.m. on November 19, 2018.

31 12. In the event one or more prospective purchasers qualify themselves to
32 bid, I will promptly notify the Court and the auction will be conducted at the
33 Property as noted above. Bids will be allowed in increments of \$5,000. I will then
34 file a notice advising the Court of the result of the auction (*i.e.*, the highest bid) and
35 seek entry of an order confirming the sale. Earnest money deposits provided by

1 bidders who are unsuccessful will be promptly returned to them. If Buyer is outbid
2 at the auction, it will receive a break-up fee of \$7,500 in light of the appraisal,
3 inspection and other expenses it has occurred as "stalking horse" bidder. In the
4 event no prospective purchasers qualify themselves to bid by the Bid Qualification
5 Deadline, I will notify the Court and seek entry of an order approving the sale to
6 Buyer.

7 13. I request authority to pay Broker a commission in the amount of 5% of
8 the final purchase price or 4% in the event of a successful overbidder represented by
9 Broker. Based on his extensive experience in real estate transactions, I believe that
10 such commission is commercially reasonable and consistent with real estate industry
11 standards. Broker has invested substantial time into preparing the Property for sale,
12 locating potential purchasers, marketing the property to them, negotiating terms, and
13 preparing sale documents.

14 I declare under penalty of perjury under the laws of the United States of
15 America that the foregoing is true and correct.

16 Executed this 11th day of October 2018, at Irvine, California.

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20 THOMAS A. SEAMAN
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