

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

26 Defendants.

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

Date: December 23, 2019

Time: 9:00 a.m.

Ctrm: 850

Judge Hon. R. Gary Klausner

**NOTICE OF MOTION AND  
MOTION FOR (A) APPROVAL OF  
SALE OF 363 MONTEREY PINES  
PROPERTY; (B) APPROVAL OF  
SALE OF 4050 LYND AVE.  
PROPERTY; AND (C) AUTHORITY  
TO PAY ASSOCIATED BROKERS'  
COMMISSIONS; MEMORANDUM  
OF POINTS AND AUTHORITIES**

1           **TO ALL INTERESTED PARTIES:**

2           **PLEASE TAKE NOTICE** that on December 23, 2019, at 9:00 a.m. in  
3 Courtroom 850 of the above-entitled Court, located at 255 East Temple Street,  
4 Los Angeles, California 90012-3332, Thomas A. Seaman ("Receiver"), the Court-  
5 appointed permanent receiver for Defendants USFIA, Inc., Alliance Financial  
6 Group, Inc., Amauction, Inc., Aborell Mgmt I, LLC, Aborell Advisors I, LLC,  
7 Aborell REIT II, LLC, Ahome Real Estate, LLC, Alliance NGN, Inc., Apollo  
8 REIT I, Inc., Apollo REIT II, LLC, Amkey, Inc., US China Consultation  
9 Association, Quail Ranch Golf Course, LLC, and their subsidiaries and affiliates,  
10 including Steamfont Investment Group, LLC (collectively, "Receivership Entities"),  
11 hereby moves the Court for (A) approval of sale of the 363 Monterey Pines property;  
12 (B) approval of sale of the 4050 Lynd Ave. property; and (C) authority to pay  
13 associated brokers' commissions ("Motion").

14           This Motion is based on this Notice of Motion and Motion, the attached  
15 Memorandum of Points and Authorities, the Declaration of Thomas A. Seaman in  
16 support, the documents and pleadings already on file in this action, and upon such  
17 further oral and documentary evidence as may be presented at the time of the  
18 hearing.

19           **Procedural Requirements:** If you oppose this Motion, you are required to  
20 file your written opposition with the Office of the Clerk, United States District Court,  
21 255 East Temple Street, Los Angeles, California 90012-3332, and serve the same on  
22 the undersigned not later than 21 days prior to the hearing.

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1 IF YOU FAIL TO FILE AND SERVE A WRITTEN OPPOSITION by the  
2 above date, the Court may grant the requested relief without further notice. This  
3 Motion is made following the conference of counsel pursuant to L.R. 7 3.

4  
5 Dated: November 25, 2019

ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP  
DAVID R. ZARO  
EDWARD G. FATES  
TIM C. HSU

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8  
9 By:           /s/ Tim C. Hsu          

TIM C. HSU  
Attorneys for Receiver  
THOMAS A. SEAMAN

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION AND PROCEDURAL BACKGROUND**

3 On September 28, 2015, the Court appointed the Receiver on a temporary  
4 basis as part of its Temporary Restraining Order and Orders (1) Freezing Assets;  
5 (2) Appointing a Receiver, (3) Prohibiting the Destruction of Documents;  
6 (4) Granting Expedited Discovery; and (5) Requiring Accountings; and Order to  
7 Show Cause Why a Preliminary Injunction Should Not Be Granted ("TRO"). Dkt.  
8 No. 8. On October 6, 2015, the Court entered a Preliminary Injunction and Orders:  
9 (1) Freezing Assets; (2) Appointing a Receiver; (3) Prohibiting the Destruction of  
10 Documents; and (4) Requiring Accountings ("PI Order"), which included  
11 appointment of the Receiver on a permanent basis. (Dkt. No. 13.) Hereinafter, the  
12 TRO and PI Order are collectively referred to as the "Appointment Orders."

13 Pursuant to the Appointment Orders, the Receiver investigated the business  
14 transactions of the Receivership Entities and, with authorization from the Court,  
15 filed an action against a third party, Wei He, for recovery of properties fraudulently  
16 transferred to her, which properties included the single family residence located at  
17 363 Monterey Pines Dr., Arcadia, CA (the "Monterey Pines Property"). (*See*  
18 Declaration of Thomas A. Seaman ["Seaman Decl."], ¶ 3.) Ultimately, the  
19 Receiver, with Court-approval, settled the dispute with Ms. He and title to the  
20 Monterey Pines Property was transferred to the Receiver for the benefit of the  
21 receivership estate in accordance with the Court-approved settlement. (*Id.*) The  
22 Court approved the settlement with Ms. He on January 28, 2019, as reflected in the  
23 Court Order entered on the same date. (*Id.*; *see also* Dkt. No. 372.)

24 Separately, the Receiver made a written demand to Maria Wei Wang Shu  
25 based on records concerning assets she received from the Receivership Entities,  
26 including the single family residence located at 4050 Lynd Ave., Arcadia, CA (the  
27 "Lynd Ave. Property"). (*Id.* at ¶ 4.) Ms. Shu disputed the Receiver's claims and,  
28 through the parties' negotiations, the Receiver and Ms. Shu agreed to settle the

1 dispute, subject to Court approval. (*Id.*) The settlement with Ms. Shu was later  
2 approved by this Court on July 1, 2019, as reflected in the Court Order entered on  
3 the same date. (*Id.*; *see also* Dkt. No. 392.) As provided in the terms of the Court-  
4 approved settlement, Ms. Shu transferred title to the Lynd Ave. Property to the  
5 Receiver for liquidation. (*Id.*) The terms of the settlement further provided that the  
6 proceeds of the contemplated sale will be applied to pay the amount of \$186,628.00,  
7 plus costs of sale, to the receivership estate, and any remaining proceeds will be  
8 remitted to Ms. Shu. (*Id.*)

9 Both the Monterey Pines and the Lynd Ave. properties have been maintained  
10 by the Receiver since he obtained title and possession, which maintenance has  
11 entailed certain carrying costs to the receivership estate, including costs for  
12 maintenance, insurance, and property taxes. (*Id.* at ¶ 5.) The Receiver listed the  
13 Monterey Pines Property for sale in April 2019 through licensed broker Keller  
14 Williams Realty Pasadena ("Keller Williams"), and likewise listed the Lynd Ave  
15 Property for sale in September 2019 through licensed broker Secured Properties  
16 ("Secured Properties"). (*Id.*)

17 **A. Efforts to Sell the Monterey Pines Property**

18 After consulting with Keller Williams, the Receiver initially listed the  
19 Monterey Pines Property at \$4,000,000. (*Id.* at ¶ 6.) The property was listed on the  
20 MLS, generating interest in the property, including roughly 20 showings of the  
21 property to potential buyers. (*Id.*) While there was interest in the property, a  
22 number of issues concerning the property impacted its marketability, including  
23 deferred maintenance that had to be completed, roof, mold, termite, plumbing,  
24 drainage and flooring problems that had to be addressed, and remaining drainage  
25 and piping issues which could not be resolved that were disclosed to potential  
26 buyers. (*Id.*) Despite these problems, three offers were ultimately received and the  
27 Receiver initially entered escrow with the highest offer at \$4.5 million. (*Id.*)  
28 However, after being given multiple extensions, the buyer could not provide



1 sufficient proof of funds and would not make the required earnest money deposit  
2 and escrow was cancelled. (*Id.*) The Receiver will ensure that this potential buyer  
3 is given notice of the proposed overbid procedures. (*Id.*) Thereafter, the Receiver  
4 engaged in further negotiation with the other parties who submitted backup offers,  
5 and reached an agreement with one of these parties, Pankajkumar Patel ("Monterey  
6 Pines Buyer"), on a purchase price of \$3.5 million, subject to Court approval. (*Id.* at  
7 ¶ 7.) The Receiver and the Monterey Pines Buyer then entered into a Purchase and  
8 Sale Agreement and Joint Escrow Instructions dated October 3, 2019 ("Monterey  
9 Pines Agreement"). (*Id.*) Among other things, the Monterey Pines Agreement  
10 specifies the sale of the Property is subject to Court approval, an overbid process,  
11 and is on an "AS IS" basis. (*Id.*)

12 In his reasonable business judgment, the Receiver believes the Monterey  
13 Pines Agreement, obtained through the commercially reasonable and customary  
14 method of listing the property with a licensed broker and after arm's length  
15 negotiations with multiple potential buyers, reflects the fair market value of the  
16 property. (*Id.* at ¶ 8.) Moreover, the sale is subject to overbid and public auction  
17 procedures discussed below, and any ultimate sale price determined through these  
18 procedures should result in the highest and best price for the property. (*Id.*)

19 **B. Efforts to Sell the Lynd Ave. Property**

20 After consulting with Secured Properties, the Receiver listed the Lynd Ave.  
21 Property for sale at \$485,000 in September 2019. (*Id.* at ¶ 9.) This listing price was  
22 recommended by the broker as a strategy to entice more potential buyers. (*Id.*) The  
23 property was listed on the MLS, generating substantial interest in the property,  
24 including roughly 60 showings of the property to potential buyers. (*Id.*) 11 offers  
25 were received in response to the listing and the Receiver responded to them by  
26 requesting best and final offers from all interested buyers. (*Id.*) Ultimately, after  
27 negotiations with these buyers, the Receiver reached an agreement on a purchase  
28 price of \$540,000 with Yue Gao ("Lynd Ave. Buyer"), subject to Court approval.

1 (*Id.*) The Receiver and the Lynd Ave. Buyer then entered into a Purchase and Sale  
2 Agreement and Joint Escrow Instructions dated October 9, 2019 ("Lynd Ave.  
3 Agreement"). (*Id.*) Among other things, the Lynd Ave. Agreement specifies the  
4 sale of the Property is subject to Court approval, an overbid process, and is on an  
5 "AS IS" basis. (*Id.*)

6 As with the Monterey Pines Property, and in his reasonable business  
7 judgment, the Receiver believes the Lynd Ave. Agreement, obtained through the  
8 commercially reasonable and customary method of listing the property with a  
9 licensed broker and after arm's length negotiations with multiple potential buyers,  
10 reflects the fair market value of the property. (*Id.* at ¶ 10.) Moreover, the sale is  
11 subject to overbid and public auction procedures outlined below, and any ultimate  
12 sale price determined through these procedures should result in the highest and best  
13 price for the property. (*Id.*)

## 14 **II. TERMS OF THE AGREEMENTS**

### 15 **A. The Monterey Pines Agreement**

16 A copy of the Monterey Pines Agreement is attached as Exhibit A to the  
17 Seaman Declaration. Its terms are summarized as follows (*Id.* at ¶ 7, Ex. A.):<sup>1</sup>

18 **Court approval.** All aspects of the Agreement and the sale are subject to  
19 approval by the Court and overbid procedures.

20 **Purchase Price.** \$3,500,000.

21 **Closing Date.** Escrow to close within 14 days of Court approval of the sale.

22 **Deposit.** Monterey Pines Buyer has deposited \$105,000 into escrow,  
23 refundable only if the Court does not approve the sale to Monterey Pines Buyer.

24 **As Is Purchase.** Monterey Pines Buyer agrees to purchase the property on an  
25 "AS IS" basis.

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28 <sup>1</sup> The terms of the Monterey Pines Agreement are summarized herein for convenience only. In the event of any conflict between the Agreement and the summary provided herein, the Agreement governs and controls.

1           **Break-Up Fee.** In the event Monterey Pines Buyer is outbid by a qualified  
2 overbidder at the auction, he will be entitled to a break-up fee of \$25,000 to  
3 compensate for the time and expenses incurred in conducting due diligence on the  
4 property.

5           **Broker's Commission.** By separate agreement, the Receiver has agreed,  
6 subject to Court approval, to pay Keller Williams a commission of 5% of the final  
7 purchase price, or 4% if Keller Williams represents both the buyer and seller. The  
8 contemplated sale to the Monterey Pines Buyer entails a 5% commission as the  
9 buyer is independently represented by a separate broker.

10           **B.     The Lynd Ave. Agreement**

11           A copy of the Lynd Ave. Agreement is attached as Exhibit B to the Seaman  
12 Declaration. Its terms are summarized as follows (*Id.* at ¶ 9, Ex. B.):<sup>2</sup>

13           **Court approval.** All aspects of the Agreement and the sale are subject to  
14 approval by the Court and overbid procedures.

15           **Purchase Price.** \$540,000.

16           **Closing Date.** Escrow to close within 14 days of Court approval of the sale.

17           **Deposit.** Lynd Ave. Buyer has deposited \$16,200 into escrow, refundable  
18 only if the Court does not approve the sale to Lynd Ave. Buyer.

19           **As Is Purchase.** Lynd Ave. Buyer agrees to purchase the property on an "AS  
20 IS" basis.

21           **Break-Up Fee.** In the event Lynd Ave. Buyer is outbid by a qualified  
22 overbidder at the auction, he will be entitled to a break-up fee of no more than  
23 \$5,000 to compensate for the time and expenses incurred in conducting due  
24 diligence on the property.

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<sup>2</sup> The terms of the Lynd Ave. Agreement are summarized herein for convenience only. In the event of any conflict between the Agreement and the summary provided herein, the Agreement governs and controls.

1           **Broker's Commission.** By separate agreement, the Receiver has agreed,  
2 subject to Court approval, to pay Secured Properties a commission of 6% of the  
3 final purchase price, or 5% if Secured Properties represents both the buyer and  
4 seller. The contemplated sale to the Lynd Ave. Buyer entails a 6% commission as  
5 the buyer is independently represented by a separate broker who will share the  
6 commission.

7 **III. ARGUMENT**

8           "The power of a district court to impose a receivership or grant other forms of  
9 ancillary relief does not in the first instance depend on a statutory grant of power  
10 from the securities laws. Rather, the authority derives from the inherent power of a  
11 court of equity to fashion effective relief." *SEC v. Wencke*, 622 F.2d 1363, 1369  
12 (9th Cir. 1980). The "primary purpose of equity receiverships is to promote orderly  
13 and efficient administration of the estate by the district court for the benefit of  
14 creditors." *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir 1986).

15           District courts have the broad power of a court of equity to determine the  
16 appropriate action in the administration and supervision of an equity receivership.  
17 *See SEC v. Capital Consultants, LLC*, 397 F.3d 733, 738 (9th Cir. 2005). The Ninth  
18 Circuit explained:

19           A district court's power to supervise an equity receivership and to  
20 determine the appropriate action to be taken in the administration of  
21 the receivership is extremely broad. The district court has broad  
22 powers and wide discretion to determine the appropriate relief in an  
23 equity receivership. The basis for this broad deference to the district  
24 court's supervisory role in equity receiverships arises out of the fact  
25 that most receiverships involve multiple parties and complex  
26 transactions. A district court's decision concerning the supervision  
27 of an equitable receivership is reviewed for abuse of discretion.

28 *Id.* (citations omitted); *see also CFTC v. Topworth Int'l, Ltd.*, 205 F.3d 1107, 1115  
(9th Cir. 1999) ("This court affords 'broad deference' to the court's supervisory role,  
and 'we generally uphold reasonable procedures instituted by the district court that  
serve th[e] purpose' of orderly and efficient administration of the receivership for  
the benefit of creditors.").

1           Accordingly, this Court has broad equitable powers and discretion in  
2 formulating procedures, schedules and guidelines for administration of the  
3 receivership estate and disposition of receivership assets.

4           **A. The Proposed Sales**

5           It is generally conceded that a court of equity having custody and control of  
6 property has power to order a sale of the same in its discretion. *See, e.g., SEC v.*  
7 *Elliot*, 953 F.2d 1566 (11th Cir. 1992) (finding that the District Court has broad  
8 powers and wide discretion to determine relief in an equity receivership). "The  
9 power of sale necessarily follows the power to take possession and control of and to  
10 preserve property." *See also SEC v. American Capital Invest., Inc.*, 98 F.3d 1133,  
11 1144 (9th Cir. 1996), *cert. denied* 520 U.S. 1185 (decision abrogated on other  
12 grounds) (*citing* 2 Ralph Ewing Clark, *Treatise on Law & Practice of Receivers*  
13 § 482 (3d ed. 1992) (*citing First Nat'l Bank v. Shedd*, 121 U.S. 74, 87 (1887))).  
14 "When a court of equity orders property in its custody to be sold, the court itself as  
15 vendor confirms the title in the purchaser." 2 Ralph Ewing Clark, *Treatise on*  
16 *Law & Practice of Receivers* § 487).

17           "A court of equity, under proper circumstances, has the power to order a  
18 receiver to sell property free and clear of all encumbrances." *Miners' Bank of*  
19 *Wilkes-Barre v. Acker*, 66 F.2d 850, 853 (2d Cir. 1933). *See also*, 2 Ralph Ewing  
20 Clark, *Treatise on Law & Practice of Receivers* § 500. To that end, a federal court  
21 is not limited or deprived of any of its equity powers by state statute. *Beet Growers*  
22 *Sugar Co. v. Columbia Trust Co.*, 3 F.2d 755, 757 (9th Cir. 1925) (state statute  
23 allowing time to redeem property after a foreclosure sale not applicable in a  
24 receivership sale).

25           Generally, when a court-appointed receiver is involved, the receiver, as agent  
26 for the court, should conduct the sale of the receivership property. *Blakely Airport*  
27 *Joint Venture II v. Federal Sav. and Loan Ins. Corp.*, 678 F. Supp. 154, 156  
28 (N.D. Tex. 1988). The receiver's sale conveys "good" equitable title enforced by an

1 injunction against the owner and against parties to the suit. *See* 2 Ralph Ewing  
2 Clark, *Treatise on Law & Practice of Receivers* §§ 342, 344, 482(a), 487, 489, 491.  
3 "In authorizing the sale of property by receivers, courts of equity are vested with  
4 broad discretion as to price and terms." *Gockstetter v. Williams*, 9 F.2d 354, 357  
5 (9th Cir. 1925).

6 **B. 28 U.S.C. § 2001**

7 Specific requirements are imposed by 28 U.S.C. § 2001 for public sales of  
8 real property by receivers under subsection (a) and specific requirements for private  
9 sales of real property under subsection (b). Although both involve unnecessary cost  
10 and delay, the cost and delay of a public sale are significantly less than those for a  
11 private sale. *SEC v. Goldfarb*, 2013 U.S. Dist. LEXIS 118942, at \*5 (N.D. Cal.  
12 2013) ("Section 2001 sets out two possible courses of action: (1) property may be  
13 sold in public sale; or (2) property may be sold in a private sale, provided that three  
14 separate appraisals have been conducted, the terms are published in a circulated  
15 newspaper ten days prior to sale, and the sale price is no less than two-thirds of the  
16 valued price."). Therefore, by proceeding under Section 2001(a), the receivership  
17 estate can avoid the significant costs and delay of (a) the Court having to appoint  
18 three disinterested appraisers, and (b) obtaining three appraisals from such  
19 appraisers.

20 The requirements of a public sale under Section 2001(a) are that notice of the  
21 sale be published as proscribed by Section 2002 and a public auction be held at the  
22 courthouse "as the court directs." 28 U.S.C. § 2001(a); *SEC v. Capital Cove*  
23 *Bancorp LLC*, 2015 U.S. Dist. LEXIS 174856, at \*13 (C.D. Cal. 2015); *SEC v.*  
24 *Kirkland*, 2007 U.S. Dist. LEXIS 45353, at \*5 (M.D. Fla. 2007). In terms of  
25 publication of notice, Section 2002 provides:

26 A public sale of realty or interest therein under any order, judgment  
27 or decree of any court of the United States shall not be made without  
28 notice published once a week for at least four weeks prior to the sale  
in at least one newspaper regularly issued and of general circulation  
in the county, state, or judicial district of the United States wherein  
the realty is situated.

1 If such realty is situated in more than one county, state, district or  
2 circuit, such notice shall be published in one or more of the counties,  
3 states, or districts wherein it is situated, as the court directs. The  
4 notice shall be substantially in such form and contain such  
5 description of the property by reference or otherwise as the court  
6 approves. The court may direct that the publication be made in other  
7 newspapers.

8 This section shall not apply to sales and proceedings under Title 11  
9 or by receivers or conservators of banks appointed by the  
10 Comptroller of the Currency.

11 The notice of sale is sufficient if it describes the property and the time, place,  
12 and terms of sale. *Breeding Motor Freight Lines, Inc. v. Reconstruction Finance*  
13 *Corp.*, 172 F.2d 416, 422 (10th Cir. 1949). The Court may limit the auction to  
14 qualified bidders, who "(i) submit to the Receiver . . . in writing a bona fide and  
15 binding offer to purchase the [property]; and (ii) demonstrate . . ., to the satisfaction  
16 of the Receiver, that it has the current ability to consummate the purchase of the  
17 [property] per the agreed terms." *Regions Bank v. Egyptian Concrete Co.*,  
18 2009 U.S. Dist. LEXIS 111381, at \*8 (E.D. Mo. 2009).

#### 19 **IV. DISCUSSION**

20 Here, the proposed sales to the Monterey Pines Buyer, the Lynd Ave. Buyer,  
21 or a qualified overbidder for the properties should be approved. (Seaman Decl.,  
22 ¶¶ 6-11.) Both properties have been fully and properly exposed to the market by  
23 licensed brokers through the customary means of listing the residential properties on  
24 the MLS, property showings, general advertising, and correspondence with known  
25 interested buyers. (*Id.*) The Receiver believes the proposed sales represent the fair  
26 market values for both properties and will generate the highest and best recovery  
27 from the properties for the estate. (*Id.*)

28 Moreover, the proposed sales are subject to overbid and public auction  
procedures. (*Id.* at ¶ 12.) The Receiver proposes to conduct public auctions  
consistent with the requirements of Section 2001(a). (*Id.*) Specifically, the

1 Receiver will publish the following notices of the intended sales once a week for  
2 four weeks in the San Gabriel Valley Tribune:

3 The Monterey Pines Property:

4 In the action pending in U.S. District Court for the Central  
5 District of California, Case No. 16-CV-07425-RGK-PLA,  
6 Securities and Exchange Commission v. Steve Chen et al.,  
7 notice is hereby given that the court-appointed receiver will  
8 conduct a public auction for the residential real property located  
9 at 363 Monterey Pines Dr., Arcadia, CA. Sale is subject to  
10 Court confirmation after the auction is held. Minimum bid  
11 price is \$3,650,000. The auction will take place on December  
12 20, 2019, at 11:00 a.m. at the property. To be allowed to  
13 participate in the auction, prospective purchasers must meet  
14 certain bid qualification requirements, including submitting a  
15 signed purchase and sale agreement, an earnest money deposit  
16 of \$105,000, and proof of funds. All bidders must be qualified  
17 by 3:00 p.m. PT on December 17, 2019, by submitting the  
18 required materials to the Thomas Seaman Company at 3 Park  
19 Plaza, Suite 550, Irvine California, 92614. If interested in  
20 qualifying as a bidder, please contact Eva Lin at (626) 807-  
21 6581 or Eva@LinRealtyGroup.com..

22 The Lynd Ave. Property:

23 In the action pending in U.S. District Court for the Central  
24 District of California, Case No. 16-CV-07425-RGK-PLA,  
25 Securities and Exchange Commission v. Steve Chen et al.,  
26 notice is hereby given that the court-appointed receiver will  
27 conduct a public auction for the residential real property located  
28 at 4050 Lynd Ave., Arcadia, CA. Sale is subject to Court  
confirmation after the auction is held. Minimum bid price is  
\$575,000. The auction will take place on December 20, 2019,  
at 1:00 p.m. at the property. To be allowed to participate in the  
auction, prospective purchasers must meet certain bid  
qualification requirements, including submitting a signed  
purchase and sale agreement, an earnest money deposit of  
\$16,200, and proof of funds. All bidders must be qualified by  
3:00 p.m. PT on December 17, 2019, by submitting the required  
materials to the Thomas Seaman Company at 3 Park Plaza,  
Suite 550, Irvine California, 92614. If interested in qualifying  
as a bidder, please contact Alexis Kim at (213) 200-5882 or  
akim@securedproperties.com..

29 *Id.* at ¶ 12.

30 In order to conduct orderly auctions and provide sufficient time for the  
31 publication of notices discussed above, the Receiver will require bidders to complete  
32 the above steps by December 17, 2019 ("Bid Qualification Deadline"), and conduct  
33



1 the live public auction at the respective properties on December 20, 2019 at 11:00  
2 a.m. for the Monterey Pines Property and at 1:00 p.m. for the Lynd Ave. Property.  
3 *Id.* at ¶ 13.

4 The Receiver will inform all interested persons of the opportunity to overbid  
5 at the public auction, provided they qualify themselves to bid by the Bid  
6 Qualification Deadline as follows:

- 7 • For the Monterey Pines Property – by (a) signing a non-contingent  
8 purchase and sale agreement for the property on the same terms and  
9 conditions as the Monterey Pines Buyer, but with a purchase price of at  
10 least \$3,650,000, (b) providing the Receiver with an earnest money  
11 deposit of \$105,000, and (c) providing proof of funds necessary to  
12 close the sale transaction in the form of a current bank statement,  
13 cashier's check delivered to the Receiver, or other evidence deemed  
14 sufficient by the Receiver.
- 15 • For the Lynd Ave. Property – by (a) signing a non-contingent purchase  
16 and sale agreement for the property on the same terms and conditions  
17 as the Lynd Ave. Buyer, but with a purchase price of at least \$575,000,  
18 (b) providing the Receiver with an earnest money deposit of \$16,200,  
19 and (c) providing proof of funds necessary to close the sale transaction  
20 in the form of a current bank statement, cashier's check delivered to the  
21 Receiver, or other evidence deemed sufficient by the Receiver.

22 *Id.* at ¶ 14.

23 In the event one or more prospective purchasers qualify themselves to bid, the  
24 Receiver will promptly notify the Court and the auction(s) will be conducted at the  
25 respective properties as noted above. (*Id.* at ¶ 15.) After meeting the initial overbid  
26 requirement, bids will be allowed in increments of \$10,000 for the Monterey Pines  
27 Property, and in increments of \$5,000 for the Lynd Ave. Property. (*Id.*) The  
28 Receiver will then file a notice advising the Court of the result of the auction(s)

1 (*i.e.*, the highest bid) and seek entry of an order confirming the sale(s). (*Id.*)  
2 Earnest money deposits provided by bidders who are unsuccessful will be promptly  
3 returned to them. (*Id.*) In the event no prospective purchasers qualify themselves to  
4 bid by the Bid Qualification Deadline, the Receiver will notify the Court and seek  
5 entry of an order approving the sale to the present, respective buyers of the  
6 Monterey Pines Property and the Lynd Ave. Property. (*Id.*)

7 **A. Additional Relief**

8 Pursuant to its broad equitable powers with respect to the administration of  
9 receivership assets, the Receiver requests the Court authorize payment from the  
10 proceeds of the sale of the properties of the valid liens,<sup>3</sup> taxes, and any other claims  
11 on the properties, subject to any objections to such liens, taxes, or claims by the  
12 Receiver. (*Id.* at ¶ 16.) The Receiver notes that the Monterey Pines Property and  
13 the Lynd Ave. Property are owned free and clear of debt. (*Id.*) The net proceeds of  
14 the sale for the Monterey Pines Property is expected to be approximately  
15 \$3,277,682. (*Id.*) The net proceeds for the sale of the Lynd Ave. Property is  
16 expected to be approximately \$186,628.<sup>4</sup> (*Id.*)

17 Finally, the Receiver requests authority to pay Keller Williams a commission  
18 in the amount of 5% of the final purchase price for sale of the Monterey Pines  
19 Property, or 4% if Keller Williams ultimately represents both the seller and the  
20 buyer in the transaction. (*Id.* at ¶ 17.) The Receiver further requests authority to  
21 pay Secured Properties a commission in the amount of 6% of the final purchase  
22 price for sale of the Lynd Ave. Property, or 5% if Secured Properties ultimately  
23

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24 <sup>3</sup> I am aware of several valid liens on the Monterey Pines Property which appear  
25 on its preliminary title report. These liens were placed by the Franchise Tax  
26 Board, the Board of Equalization and from the Los Angeles County Tax  
27 Assessor against USFIA, Inc. and Amauction, Inc., both of which are named  
28 Defendants in the underlying SEC enforcement action which brought about the  
receivership. However, there do not appear to be any liens against the Lynd Ave.  
Property.

<sup>4</sup> As noted above, pursuant to the Court-approved settlement, the proceeds of the  
sale will be applied to pay the amount of \$186,628.00, plus costs of sale, to the  
receivership estate, and any remaining proceeds will be remitted to Ms. Shu.

1 represents both the seller and the buyer in the transaction. (*Id.*) Based on his  
2 extensive experience in real estate transactions, the Receiver believes that such  
3 commissions are commercially reasonable and consistent with real estate industry  
4 standards. (*Id.*) Both Keller Williams and Secured Properties have invested  
5 substantial time into preparing the two properties for sale, locating potential  
6 purchasers, marketing the properties to them, negotiating terms, and assisting in  
7 preparing sale documents. (*Id.*)

8 **V. CONCLUSION**

9 For the reasons set forth herein, the Receiver respectfully requests entry of an  
10 Order approving and authorizing:

11 (1) sale of the Monterey Pines Property to the Monterey Pines Buyer [or the  
12 successful overbidder];

13 (2) payment of a commission of 5% of the purchase price to Keller Williams  
14 from the sale proceeds, or 4% if Keller Williams ultimately represents both the  
15 seller and the buyer in the transaction;

16 (3) sale of the Lynd Ave. Property to the Lynd Ave. Buyer [or the successful  
17 overbidder]; and

18 (2) payment of a commission of 6% of the purchase price to Secured  
19 Properties from the sale proceeds, or 5% if Secured Properties ultimately represents  
20 both the seller and the buyer in the transaction.

21  
22 Dated: November 25, 2019

ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP  
DAVID R. ZARO  
EDWARD G. FATES  
TIM C. HSU

23  
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25  
26 By:           /s/ Tim C. Hsu          

TIM C. HSU  
Attorneys for Receiver  
THOMAS A. SEAMAN

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