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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 EDWARD G.  
FATES 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, Edward G. Fates, declare as follows:

2 1. I am an attorney at the law firm of Allen Matkins Leck Gamble  
3 Mallory & Natsis LLP, counsel of record for Thomas A. Seaman, permanent  
4 receiver for defendants USFIA, Inc. ("USFIA"), Alliance Financial Group, Inc.,  
5 Amauction, Inc., Aborell Mgmt I, LLC, Aborell Advisors I, LLC, Aborell  
6 REIT II, LLC, Ahome Real Estate, LLC, Alliance NGN, Inc., Apollo REIT I, Inc.,  
7 Apollo REIT II, LLC, Amkey, Inc., US China Consultation Association, and Quail  
8 Ranch Golf Course, LLC, and their subsidiaries and affiliates (collectively,  
9 "Receivership Entities").

10 2. I make this declaration in support of the Receiver's Motion for  
11 Authority to Pursue Claims Against Li Zhao ("Motion"). I have personal  
12 knowledge of the facts set forth herein and, if called as a witness, could and would  
13 competently testify to such facts under oath.

14 3. As counsel for the Receiver, I have had multiple conference calls and  
15 email communications with counsel for Li Zhao regarding Ally Investors and the  
16 transfers made from the Receivership Entities to Li Zhao or for her benefit.  
17 Recently, I advised counsel for Li Zhao that the Receiver's intention was to file an  
18 action to recover over \$370,000 in transfers to Li Zhao or for her benefit if the funds  
19 were not returned or a settlement was not reached. To date, Zhao has not agreed to  
20 turn over any funds and a settlement has not been reached.

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

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

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26  
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*/s/ Edward Fates*  
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EDWARD G. FATES