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8 STEPHEN J. DONELL

9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11  
12 SECURITIES AND EXCHANGE  
COMMISSION,

13 Plaintiff,

14 v.

15 ROBERT YANG; et al.,

16 Defendants.

17 and

18 YANROB'S MEDICAL, INC.; et al.,

19 Relief Defendants.  
20

Case No. 5:15-CV-02387-SVW (KKx)

EX PARTE APPLICATION OF  
RECEIVER, STEPHEN J. DONELL,  
FOR ORDER TO SHOW CAUSE WHY  
CELTIC BANK SHOULD NOT BE  
HELD IN CIVIL CONTEMPT

[Declarations of Stephen J. Donell and  
Joshua A. del Castillo; and [Proposed]  
Order submitted concurrently herewith]

Ctrm: 6  
Judge: Hon. Stephen V. Wilson

21 **TO ALL PARTIES AND THEIR COUNSEL OF RECORD:**

22 **PLEASE TAKE NOTICE THAT** Stephen J. Donell (the "Receiver"), the  
23 Court-appointed receiver for Defendants Suncor Fontana, LLC, Suncor Hesperia,  
24 LLC, Suncor Care Lynwood, LLC, and their respective subsidiaries and affiliates  
25 (collectively, the "Receivership Entities"), hereby submits the instant *ex parte*  
26 Application for an Order to Show Cause Why Celtic Bank Should Not Be Held In  
27 Civil Contempt (the "Application") on the grounds that Celtic Bank has refused to  
28 turn over more approximately \$2 million in funds derived from Receivership Entity

1 investors and directly attributable to the Receivership Entities, despite clear  
2 language in this Court's prior orders compelling such turn-over. The Receiver has  
3 made a formal turn-over request to Celtic Bank and the bank has failed, and  
4 continues, to fail to turn over the subject funds. Accordingly, the Receiver  
5 respectfully submits that Celtic Bank should be held in civil contempt until such  
6 time as it turns the subject \$2 million over to the Receiver in accordance with this  
7 Court's prior orders.

8 **Notice of this Application has been provided to counsel for Celtic Bank,**  
9 **whose contact information is as follows:**

10 Eric Dean, Esq.  
11 Straggas Dean LLP  
12 8911 Research Drive  
13 Irvine, CA 92618  
14 (949) 660-9100  
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16

17 **MEMORANDUM OF POINTS AND AUTHORITIES**

18 **I. INTRODUCTION.**

19 By this Application, the Receiver requests an Order to Show Cause why  
20 Celtic Bank should not be held in civil contempt for its failure to turn over to the  
21 Receiver approximately \$2 million in funds held in Celtic Bank deposit accounts but  
22 derived from Receivership Entity investors and directly attributable to the  
23 Receivership Entities. Put simply, after a detailed review of documents sufficient to  
24 confirm that the \$2 million on deposit with Celtic Bank were assets of the  
25 Receivership Entities, the Receiver delivered a written turn-over request to Celtic  
26 Bank, in accordance with his authority under the Court's order appointing the  
27 Receiver, which compels parties in possession of receivership property (including  
28 cash) to turn such property over to the Receiver. Rather than respond to the request

1 directly, or turn the funds over to the Receiver, Celtic Bank has delayed and  
 2 baselessly accused the Receiver of misconduct, all in deliberate effort to retain the  
 3 subject funds in direct contravention of the Court's order. The Receiver submits that  
 4 Celtic Bank's conduct reflects a willful violation of the order – one that is imposing  
 5 a substantial cost upon the estate of the Receivership Entities – and that Celtic Bank  
 6 should accordingly be held in civil contempt until such time as it complies with the  
 7 terms of the order and turns over the subject \$2 million to the Receiver.

## 8 **II. FACTUAL BACKGROUND.**

9 The Receiver was appointed on December 11, 2015, pursuant to this Court's  
 10 Preliminary Injunction, Order Appointing Receiver, Freezing Assets, and Providing  
 11 for Other Ancillary Relief (the "Appointment Order"). (See Docket No. 18.)  
 12 Section V of the Appointment Order vested the Receiver with exclusive authority  
 13 and control over the assets of the Receivership Entities ("Receivership Assets") and  
 14 directed "[a]ll persons and entities having control, custody or possession of any  
 15 Receivership [Assets] ... to turn such property over to the Receiver."<sup>1</sup> (Id.) On or  
 16 around December 14, 2015, and in accordance with Section V.F.3.c of the  
 17 Appointment Order, Celtic Bank provided the Receiver with a Certified Statement  
 18 confirming, among other things, that it held just over \$2 million in Receivership  
 19 Assets in two (2) separate deposit accounts, numbered 11900821 and 13002962,  
 20 respectively (collectively, the "Deposit Accounts").<sup>2</sup> (See concurrently submitted  
 21 Declaration of Stephen J. Donell ["Donell Decl."] ¶ 2, Ex. A.)

22  
 23  
 24 <sup>1</sup> This Court has jurisdiction over this matter (and Celtic Bank) under 28 U.S.C.  
 25 §§ 1345 and 1367(a). In addition, the Receiver has secured a miscellaneous case  
 26 number in the District of Utah, where Celtic Bank is based, affording him  
 27 jurisdiction under 28 U.S.C. § 754.

28 <sup>2</sup> Section V.F.3.c of the Appointment Order required any banks in "possession,  
 custody or control of any ... funds held by, in the name of, or for the benefit of"  
 the Receivership Entities to file a certified statement accounting for such  
 Receivership Assets. Celtic Bank's submission therefore reflects an admission  
 that the funds in issue are Receivership Assets. Notably, however, Celtic Bank  
 failed to file its certified statement, in violation of the Appointment Order.

1 After reviewing relevant records obtained from the Plaintiff Securities and  
 2 Exchange Commission (the "Commission"), individual Defendants Yang and Kano  
 3 (the "Defendants"), and others, the Receiver determined that the funds in the  
 4 Deposit Accounts were deposited in the name of Relief Defendant Health Pro  
 5 Capital Partners, LLC ("HealthPro"). HealthPro is an affiliate of the Receivership  
 6 Entities and is therefore, in fact a Receivership Entity itself.<sup>3</sup> The funds in the  
 7 Deposit Accounts originated exclusively with two (2) sets of investors in Suncor  
 8 Fontana, LLC and HealthPro, in connection with the purported development of the  
 9 real property located at 7227 Oleander Avenue, Fontana, California 92336 and  
 10 commonly known as the Fontana Project (currently a partially completed  
 11 construction site, originally intended by the Defendants to be developed into a sub-  
 12 acute care medical facility). (See Donell Decl. ¶ 3.)

13 The Receiver commenced discussions with Celtic Bank regarding the  
 14 administration of the Fontana Project in mid-December 2015, shortly after his  
 15 appointment, and provided notice and a copy of the Appointment Order. (Id. at ¶ 4.)  
 16 At their inception, the discussions between the Receiver and Celtic Bank related in  
 17 part to the condition of and construction at the Fontana Project, two (2) Celtic Bank  
 18 construction loans (the "Loans") for the project<sup>4</sup>, and contractor draw requests

19 \_\_\_\_\_  
 20 <sup>3</sup> Status as an "affiliate", in securities cases, is not determined by any single factor,  
 21 but Courts generally consider the nature of the relationship between entities,  
 22 degree of control and influence (including common control by another company  
 23 or individual), and the financial interests between the entities and individuals  
 24 involved. See SEC v. Platforms Wireless Int'l Corp., 617 F.3d 1072, 1087 (9th  
 25 Cir. 2010); SEC v. Burns, 816 F.2d 471, 475 (9th Cir. 1987). As defined under  
 26 Rule 144 of the Securities Act of 1933, an affiliate is "a person that directly or  
 27 indirectly through one or more intermediaries, controls, or is controlled by, or is  
 28 under common control with, such issuer." 17 C.F.R. § 230.144(a)(1). Similarly,  
 "Rule 12b-2 of S.E.C. Regulation 12B, which governs the registration and  
 reporting of securities, defines an 'affiliate' as a 'person that directly, or indirectly  
 through one or more intermediaries, controls, or is controlled by, or is under  
 common control with, the person specified.'" In re Motorola Securities  
 Litigation, 644 F.3d 511, 519-520 (7th Cir. 2011). Here, it is undisputed that  
 Suncor Fontana, LLC and HealthPro are commonly controlled and were  
 established by Defendants Yang and Kano with an identify of purpose and  
 interest.

<sup>4</sup> The Receiver understands that, as of the date of this Application, the outstanding,

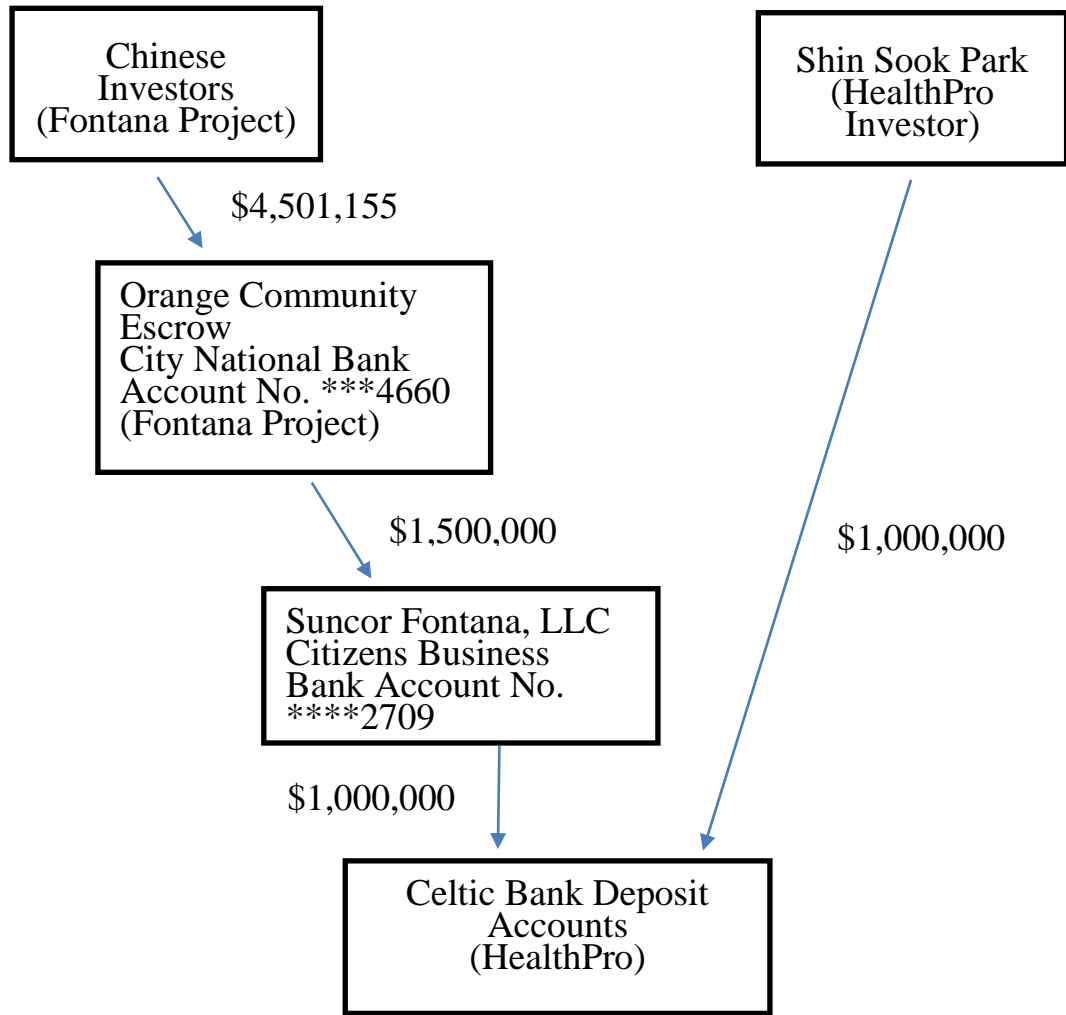
1 outstanding in connection with the Loans. (Id.) During his discussions with Celtic  
2 Bank, the Receiver specifically advised Celtic Bank that the \$2 million on deposit  
3 might be determined to be a Receivership Asset and that, if so, the funds would be  
4 subject to turn-over pursuant to the Appointment Order. (Id.) While the Receiver  
5 did not immediately request that Celtic Bank turn over the subject \$2 million, he  
6 advised Celtic Bank that he would make a turn-over request at such time as he  
7 confirmed that the funds were derived from investors and attributable to the  
8 Receivership Entities. (Id.)

9 In or around late February, 2016, the Receiver completed his final review of  
10 the documents relating to the \$2 million on deposit with Celtic Bank, including bank  
11 statements, other financial information, and court documents, including a the  
12 transcript of a deposition of Defendant Yang in a San Bernardino Superior Court  
13 case styled Park v. Yang, et al., Case No. CIVDS1514417.<sup>5</sup> (Id. at ¶ 5.) The  
14 inescapable conclusions drawn by the Receiver was that HealthPro is an affiliate of  
15 the Receivership Entities and that the \$2 million on deposit with Celtic Bank was  
16 funded exclusively with investor funds, as follows: \$1 million from overseas  
17 investors who invested in Suncor Fontana, LLC and \$1 million from a San  
18 Bernardino-based investor who invested in HealthPro. (Id.) Specifically, the  
19 Receiver was able to account for the funds from investors to Celtic Bank, as  
20 reflected in the flow-chart on the following page:

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27 <sup>5</sup> aggregate balance is approximately \$3 million.  
28 It was during this deposition, a relevant excerpt of which is attached hereto as  
**Exhibit A**, that Defendant Yang confirmed his receipt of a \$1 million investment  
in HealthPro and his deposit of these funds into an account at Celtic Bank.

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(Id.)

As a consequence, the Receiver delivered a request to Celtic Bank's counsel, summarizing the Receiver's findings and requesting that Celtic Bank turn over the \$2 million in the Deposit Accounts no later than March 18, 2016, in accordance with the terms of the Appointment Order. (See concurrently filed Declaration of Joshua A. del Castillo ["del Castillo Decl."] ¶ 2, Ex. 1.) Celtic Bank, whose counsel had begun mischaracterizing the funds as "cash collateral" just prior to the Receiver's turn-over request, did not agree to return the funds, nor did it directly respond to the Receiver's written request. Instead, Celtic Bank demurred, claiming, among other things, that it required input from the Small Business Administration, the guarantor on the Loans, and challenged the Receiver's administration of the Fontana Project.

(Id. at ¶ 3.)

1 Celtic Bank's position ignores the fact that the Deposit Accounts and the  
 2 funds contained therein are Receivership Assets. The Receiver believes that Celtic  
 3 Bank wishes to apply the \$2 million in Receivership Assets on deposit to any losses  
 4 it suffers in connection with the Loans. (Donell Decl. ¶ 6.) Such an action would  
 5 directly contravene the asset freeze and turn-over requirements of the Appointment  
 6 Order.<sup>6</sup>

7 On April 4, 2015, the Receiver, through counsel, met and conferred, in  
 8 writing, with Celtic Bank's counsel, reaffirming the Receiver's request that the  
 9 subject \$2 million be immediately turned over and advising that, in the absence of  
 10 an immediate turn-over, the Receiver would seek relief from the Court. (del Castillo  
 11 Decl. ¶ 4.) Celtic Bank is expected to oppose the Application. (Id.) No turn-over  
 12 has been made and the Receiver respectfully submits that Celtic Bank's willful  
 13 failure to turn over \$2 million in Receivership Assets reflects a willful violation of  
 14 Section V of the Appointment Order, for which Celtic Bank should be held in civil  
 15 contempt.

### 16 **III. APPLICABLE LEGAL STANDARDS.**

#### 17 **A. An Application For An Order To Show Cause Re: Civil Contempt** 18 **Is Proper For Celtic Bank's Failure To Comply With The** 19 **Appointment Order.**

20 In contrast with criminal contempt proceedings, civil contempt sanctions may  
 21 be imposed in an ordinary civil proceeding upon notice and opportunity to be heard,  
 22 and neither a jury trial nor proof beyond a reasonable doubt is required. Int'l Union,  
 23 UMWA v. Bagwell, 512 U.S. 821, 827, 831-832 (1994). All that is required is a  
 24 showing that there is clear and convincing evidence, as there is here, of a failure to  
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26 \_\_\_\_\_  
 27 <sup>6</sup> Section V.I of the Appointment Order further prohibits third parties from "taking  
 28 any action ... without the express written agreement of the Receiver[] which  
 would ... [i]nterfere with the Receiver's efforts to take control, possession, or  
 management of any Receivership [Assets]" including by resorting to "self-help  
 ... or taking possession of ... any Receivership [Assets]."

1 comply with a court order requiring specific conduct. U.S. v. City of Jackson,  
2 Miss., 359 F.3d 727, 731 (5th Cir. 2004). Direct contempt occurring in court may  
3 be immediately adjudged and sanctioned summarily. Int'l Union, 512 U.S. at 827  
4 fn. 2.

5 Where, as here, there is a claim relating to indirect contempt of the remedial  
6 civil variety, notice and an opportunity to be heard are appropriate, and the  
7 application must cite the provisions of the injunction he wishes to be enforced,  
8 allege non-compliance, and ask the Court on the basis of these representations for  
9 the non-complying person or entity to show cause why he or she should not be  
10 adjudged in contempt. John Roe, Inc. v. U.S. (In re Grand Jury Proceedings), 142  
11 F.3d 1416, 1424 (11th Cir. 2000).

12 **B. Federal Rules Provide That The Same Procedures Apply To Celtic**  
13 **Bank, Even Though It Is A Non-Party.**

14 Fed. R. Civ. P. 71 provides in full that "[w]hen an order grants relief for a  
15 nonparty or may be enforced against a nonparty, the procedure for enforcing the  
16 order is the same as for a party." This rule, for example, allows a non-party who has  
17 standing to enforce a court order entered in his or her favor. Ennels v. Alabama Inns  
18 Assoc., 581 F.Supp. 708, 710 (M.D. Ala 1984).

19 As interpreted by the Ninth Circuit, the rule also allows enforcement of an  
20 injunction "addressed to a non-party" so long as he is "given notice of the  
21 injunction" and the rule permits the "district court to use 'the same processes for  
22 enforcing obedience to the order as if [he were] a party.'" Irwin v. Macott, 370 F.3d  
23 924, 931-32 (9th Cir. 2004).

24 **IV. ARGUMENT.**

25 **A. Exigency Favors A Near-Term OSC.**

26 As noted above, the Receiver did not demand that Celtic Bank turn over the  
27 \$2 million in Receivership Assets on deposit with the bank at the inception of the  
28 receivership. Instead, the Receiver allowed Celtic Bank to retain the funds until



1 such time as he had confirmed that the Deposit Accounts were funded entirely with  
2 money raised from investors and could be directly and completely attributed to the  
3 Receivership Entities. The Receiver believes that Celtic Bank's refusal to turn the  
4 funds over to the Receiver is a result of its decision to characterize the funds as  
5 "cash collateral" and apply them to the outstanding balances on the Loans, in  
6 violation of the Appointment Order. The Receiver therefore respectfully submits  
7 that time is of the essence in addressing Celtic Bank's violation, if for no other  
8 reason than to ensure the funds are not applied in a manner that makes them  
9 difficult, if not impossible, to recover at a later time.

10 **B. Celtic Bank's Conduct Reflects A Violation Of The Appointment**  
11 **Order.**

12 The Appointment Order is clear: "All persons and entities having control,  
13 custody or possession of any Receivership [Assets] are ... directed to turn such  
14 property over the Receiver." Further, as noted above, Section V.I of the  
15 Appointment Order bars any entity (including Celtic Bank) from engaging in self-  
16 help or interference with the Receiver's efforts to recover Receivership Assets.  
17 Notwithstanding these clear imperatives, and the Receiver's confirmation that the  
18 \$2 million presently on deposit with Celtic Bank originated with Receivership  
19 Entity investors and can be attributed directly to the Receivership Entities, Celtic  
20 Bank has elected not to comply with the Receiver's turn-over request.

21 Compliance with the Appointment Order is not voluntary and the funds in  
22 issue are indisputably Receivership Assets. As such, there is no basis whatsoever  
23 for Celtic Bank to refuse to turn them over to the Receiver. The Receiver  
24 respectfully submits that, on this basis, Celtic Bank should be held in civil contempt  
25 until such time as it turns over the subject funds to the Receiver.

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1 **V. CONCLUSION.**

2 For the foregoing reasons, the Receiver respectfully requests that the Court  
3 enter an Order to Show Cause why Celtic Bank should not be held in civil contempt  
4 for its willful violation of the Appointment Order in failing to turn over to the  
5 Receiver \$2 million in Receivership Assets.

6  
7 Dated: April 5, 2016

ALLEN MATKINS LECK GAMBLE  
MALLORY & NATSIS LLP  
DAVID R. ZARO  
JOSHUA A. DEL CASTILLO  
KENYON HARBISON

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9  
10 By:           /s/          Joshua A. del Castillo          

JOSHUA A. DEL CASTILLO  
Attorneys for Receiver  
STEPHEN J. DONELL

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# **EXHIBIT A**

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SAN BERNARDINO

SHIN SOOK PARK, )  
 )  
Plaintiff, )  
 ) No. CIVDS1514417  
vs. )  
 )  
ROBERT YANG, M.D.; HEALTHPRO )  
CAPITAL PARTNERS, LLC, )  
 )  
Defendants. )  
\_\_\_\_\_ )

DEPOSITION OF  
ROBERT YANG, M.D.  
SAN BERNARDINO, CALIFORNIA  
DECEMBER 7, 2015

ATKINSON-BAKER, INC.  
COURT REPORTERS  
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www.depo.com  
  
REPORTED BY: RENAE E. LOPEZ, CSR NO. 12142  
  
FILE NO.: A90CE95

1 been done, so we just have to put the exterior.  
 2 That's it.  
 3 Q. Okay. Now, did Celtic Bank want a  
 4 million dollar CD that was pledged to them as a  
 5 condition of making the construction loan? 10:36:26  
 6 A. Say that again. I don't --  
 7 Q. Okay. Under the terms of the  
 8 construction loan with Celtic Bank, did they require  
 9 a million dollar CD deposit, on deposit with them?  
 10 A. Yes. 10:36:44  
 11 Q. Okay. Was that Sue Park's million  
 12 dollars that she lent you?  
 13 A. She lent me one million, but her  
 14 family wanted the commission of 40,000, so that's  
 15 not -- it's not one million. It's actually only 10:36:58  
 16 960.  
 17 Q. Who paid the commission?  
 18 A. We pay, but it's her family asking for  
 19 it.  
 20 Q. Okay. 10:37:10  
 21 A. A nephew.  
 22 Q. So -- so she gave a million dollars?  
 23 A. Yes.  
 24 Q. Okay. But then you had to pay  
 25 commissions to someone for 40,000? 10:37:16

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1 A. Yes.  
 2 Q. And so it was really \$960,000 --  
 3 A. Yes.  
 4 Q. -- of cash that you touched after  
 5 commissions? 10:37:26  
 6 A. Yes.  
 7 Q. Okay. And you -- who did you pay the  
 8 commissions to?  
 9 A. Her nephew. I don't remember her -- I  
 10 don't remember his name now. 10:37:36  
 11 Q. Okay. So did you have to add \$40,000  
 12 to the CD that you put on deposit with Celtic --  
 13 A. Yes.  
 14 Q. -- Celtic Bank?  
 15 A. Yes. 10:37:50  
 16 Q. And the amount that you owe Sue Park  
 17 is a million dollars?  
 18 A. Yes.  
 19 Q. Because the loan was going to be  
 20 interest free for three years; is that correct? 10:37:59  
 21 A. Yes.  
 22 Q. Okay. And the loan was originally  
 23 made in the summer of 2012?  
 24 A. I don't remember exact time. I think  
 25 that's about the right time. 10:38:12

Page 39

1 Q. Okay. So in the summer of 2015, the  
 2 loan was due?  
 3 A. No, it was extended to August, 2016.  
 4 Q. Who extended it?  
 5 A. Sue Park. 10:38:24  
 6 Q. How did Sue Park extend the loan?  
 7 A. With my lawyers's input, my lawyer's  
 8 help.  
 9 Q. Okay. Did Sue Park ever sign a piece  
 10 of paper saying that she was extending the loan for 10:38:38  
 11 two years?  
 12 A. That detail, I don't know. You have  
 13 to ask my lawyer.  
 14 Q. Okay. Who is the lawyer that worked  
 15 out this extension? 10:38:49  
 16 A. Well, my lawyer here is Troy Aykan.  
 17 Q. Okay. Did Troy Aykan work out the  
 18 extension?  
 19 A. He's handling renewal papers for me.  
 20 Q. Well, look. I saw a renewal extension 10:39:05  
 21 signed by you, but I didn't see anything signed by  
 22 Sue Park, saying that she agreed to the extension.  
 23 Do you know -- have you ever seen anything showing  
 24 that she agreed to the extension?  
 25 A. I believe, well, she agreed to it. 10:39:22

Page 40

1 Q. Well, did she sign anything saying  
 2 that she agreed to it?  
 3 A. Well, that part, you have to ask my  
 4 lawyer.  
 5 Q. Okay. So have you ever seen her 10:39:34  
 6 signature on anything, saying "I hereby agree to a  
 7 two-year time extension on the note"?  
 8 A. Well, that part, you have to ask my  
 9 lawyer, because I'm busy practicing.  
 10 Q. So you don't know? 10:39:50  
 11 A. Well, I was told that it was extended  
 12 to August, 2016.  
 13 Q. Okay. And who told you that?  
 14 A. My lawyer.  
 15 Q. Who was your lawyer that told you 10:40:01  
 16 that?  
 17 A. My lawyer. You just asked me the same  
 18 question.  
 19 Q. Okay.  
 20 A. Troy Aykan. 10:40:11  
 21 Q. And what was the name of the lawyer  
 22 that told you that it was extended?  
 23 A. It's my lawyer told me.  
 24 Q. And what -- what is his name?  
 25 A. Troy Aykan. 10:40:18

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1 Q. Okay. Sook -- the CD that you have  
 2 with Celtic Bank, what's the rate that you're  
 3 getting on that?  
 4 A. I don't know. I don't know.  
 5 Q. So you're saying if you extend it for 10:45:15  
 6 two years, whatever interest we're collecting on  
 7 that, we'll pass on to you, then, when we give you  
 8 your million dollars back; is that correct?  
 9 A. That's whichever rate, yeah, CD rate,  
 10 yeah. 10:45:33  
 11 Q. Okay. Have -- have you kept the  
 12 interest that you're getting on that CD separate and  
 13 apart so you'll have the money to pay Sook Park?  
 14 A. I have no access to that money.  
 15 Q. Do you get -- do you get any interest 10:45:47  
 16 on it monthly?  
 17 A. I have no access to that money.  
 18 Q. Okay. So that's just all  
 19 accumulating?  
 20 A. Yes. 10:45:55  
 21 Q. So how many -- how long ago did the  
 22 construction loan happen?  
 23 A. It happened 2012.  
 24 Q. Okay. How much of the construction  
 25 loan has been disbursed? 10:46:11

Page 46

1 A. The details, I don't know, but I know  
 2 about 2.5 or close to three million.  
 3 Q. Okay. So it's going to take another  
 4 two million to finish the building?  
 5 A. Yes. 10:46:26  
 6 Q. Okay. Is there enough money remaining  
 7 in the construction loan to finish the building?  
 8 A. Yes.  
 9 Q. And you think the building will be  
 10 finished in one to two months? 10:46:41  
 11 A. Yes.  
 12 Q. Now, how did you happen to borrow this  
 12 million dollars from Sook Park? Did her nephew come  
 14 to you and say, "Hey, I've got somebody that will --  
 15 I've got an aunt that will loan you one million  
 16 dollars"? 10:47:02  
 17 A. Sue Park came to me, want to -- knew  
 18 that I was working on a subacute nursing facility.  
 19 She came to me.  
 20 Q. Okay. And what year did she come to  
 21 you? 10:47:16  
 22 A. I don't remember quite exactly, 2012,  
 23 maybe 2012, 2011. I don't remember exactly.  
 24 Q. Okay. And how did she find out about  
 25 you, that you had the idea to build a subacute care 10:47:30

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1 nursing facility?  
 2 A. I don't remember.  
 3 Q. What was the name of her nephew that  
 4 you paid a \$40,000 commission to?  
 5 A. I don't remember. You can ask her. 10:47:50  
 6 Q. Tell you what. We'll leave a place in  
 7 the deposition with a blank line, and you can write  
 8 in that name when you get it. You have access to  
 9 that name; correct?  
 10 A. Well, it's probably easier if you ask 10:48:06  
 11 her. She knows.  
 12 (Information requested: \_\_\_\_\_)  
 14 Q. But I want to know from you; okay?  
 15 You're the one that paid the \$40,000; correct? 10:48:14  
 16 A. Yes.  
 17 Q. Okay. Did you pay the \$40,000 in cash  
 18 or by check?  
 19 A. Check.  
 20 Q. So you have, then, that name in your 10:48:25  
 21 files as the check; right?  
 22 A. Yes.  
 23 Q. Okay. Whose idea was it that Sook  
 24 Park loan you a million dollars?  
 25 A. It was her idea. 10:48:53

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1 Q. It was her idea? She came to you and  
 2 said, "I have a million dollars, and I'm looking  
 3 to -- to make an investment"?  
 4 A. Yes.  
 5 Q. Okay. So did her nephew suggest that 10:48:05  
 6 to her, if you know?  
 7 A. I think so, but, you know, details, I  
 8 don't know. I don't remember.  
 9 Q. Okay. Now, what experience did you  
 10 have with subacute care nursing homes? 10:49:27  
 11 A. Lots of experience. I have -- I am  
 12 internal medicine board certified. I've been seeing  
 13 subacute nursing home patients for the past 15  
 14 years.  
 15 Q. Okay. So you just go into existing 10:49:45  
 16 facilities?  
 17 A. Yes.  
 18 Q. Okay. Have you ever managed one  
 19 yourself?  
 20 A. No. 10:49:54  
 21 Q. Okay. From a business standpoint, did  
 22 you have any business experience managing a  
 23 74-patient --  
 24 A. No.  
 25 Q. -- subacute care facility? 10:50:08

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1 A. No, but my -- I have consultants.  
 2 Q. No, but what?  
 3 A. I have consultants.  
 4 Q. You have consultants. And who are  
 5 your consultants? 10:50:19  
 6 A. Well, I cannot remember all the names  
 7 at this point, but Claudia is the one that has  
 8 extensive experience too.  
 9 Q. Okay. What is Claudia Kano's  
 10 experience managing nursing home facilities? 10:50:37  
 11 A. She has 17 years of experience.  
 12 Q. Okay. Look, when this facility is  
 13 finished in a month or maybe two months, okay, and  
 14 when it's full of patients, what will its value be?  
 15 You'll have spent five million dollars worth of a 10:51:04  
 16 construction loan on it. How much more did you  
 17 spend to purchase the land and get the architectural  
 18 done and all of the other things before you started  
 19 building?  
 20 A. About three million. 10:51:15  
 21 Q. So you spent about three million on  
 22 the land, and the architects, and the engineers, and  
 23 the city planners?  
 24 A. Yes.  
 25 Q. And so you're -- you had invested land 10:51:31

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1 costs and other prebuilding development costs about  
 2 three million dollars?  
 3 A. Yes.  
 4 Q. Okay. And then you got a five million  
 5 dollar construction loan? 10:51:46  
 6 A. Yes.  
 7 Q. Are you going to have to get an  
 8 operating loan to pay your operating expenses for a  
 9 while?  
 10 A. Yes. 10:51:53  
 11 Q. Okay. Where are you going to get an  
 12 operating loan?  
 13 A. It's in the process.  
 14 Q. How big of an operating loan are you  
 15 looking for? 10:52:02  
 16 A. 1.5.  
 17 Q. Okay. When do you think you can get  
 18 the CD back to -- to my patient (sic), Sook Park?  
 19 A. When we finish construction.  
 20 Q. Okay. Have you signed something with 10:52:18  
 21 Celtic Bank that the minute the construction is  
 22 complete, please deliver the CD to Sook Park?  
 23 A. No, the money will be released to a  
 24 company, not to her.  
 25 Q. Okay. Is there any way that -- that 10:52:32

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1 you can tell Celtic to release the money directly to  
 2 her?  
 3 A. I cannot do that.  
 4 Q. You cannot do that?  
 5 A. Because -- 10:52:49  
 6 Q. Or you can do that?  
 7 A. Because right -- right now, the CD's  
 8 at the bank, so --  
 9 Q. Well, the CD's at the bank, but when  
 10 the CD is available, you can assign it directly to 10:52:57  
 11 her and let the bank pay Sook Park immediately;  
 12 right?  
 13 A. Well, I have to talk to the bank.  
 14 Q. Okay. Now, let's talk about Healthpro  
 15 Capital Partners, LLC. Okay. Is that the business 10:53:12  
 16 that runs your medical practice?  
 17 A. No.  
 18 Q. What is that?  
 19 A. It's a company that Celtic want the  
 20 loan to be held at and then real estate to be held 10:53:28  
 21 at for -- for the SBA.  
 22 Q. Okay. So that's an entity that has  
 23 borrowed money from the SBA?  
 24 A. That, but I'm the one that personally  
 25 guarantee. 10:53:48

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1 Q. Okay. Okay. And so on behalf of  
 2 moneys that Healthpro Capital Partners has borrowed  
 3 from the SBA, you signed a personal continuing  
 4 guarantee?  
 5 A. Yes. 10:54:01  
 6 Q. Okay. And how big are the loans?  
 7 A. Construction loan, you know, five  
 8 million dollars. You already knew.  
 9 Q. Okay. So Healthpro Capital Partners,  
 10 LLC is the one who got -- is the one who spent the 10:54:13  
 11 three million dollars getting ready to build, okay,  
 12 and the one who borrowed the five million dollars  
 13 from Celtic Bank; is that correct?  
 14 A. Yes.  
 15 Q. Where did Healthpro Partners, LLC, get 10:54:27  
 16 the three million dollars to buy the land and to do  
 17 the pre-building development cost and planning?  
 18 A. No, all the money I spent way before  
 19 that. It had nothing to do with Healthpro. My  
 20 personal spending -- the money was spent way before 10:54:49  
 21 that.  
 22 Q. Where did the money come from?  
 23 A. It's my personal money.  
 24 Q. So these are moneys that you earned  
 25 yourself? 10:55:01

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1 the money?  
 2 A. She told me to sign it. I have  
 3 alternatives, but she told me to sign it. I signed  
 4 it, so that's the end of it.  
 5 Q. Okay. 11:04:41  
 6 A. Yeah.  
 7 Q. But you signed it to get the money;  
 8 correct?  
 9 A. We didn't use the money right away.  
 10 Q. Okay, You may not have used it right 11:04:49  
 11 away, but you knew that you were probably going to  
 12 need this million dollars; correct?  
 13 A. There's a possibility, yes.  
 14 Q. Yeah. And so you signed it so that  
 15 you could have that million dollars; right? 11:05:00  
 16 A. I signed it.  
 17 Q. Okay. And you knew that when you  
 18 signed it, you were going to get the million  
 19 dollars; right?  
 20 A. That was the purpose of -- of building 11:05:11  
 21 the facility.  
 22 Q. That was the purpose of the loan. You  
 23 were going to get that million dollars; correct?  
 24 A. I was asked to sign it, yes.  
 25 Q. Okay. And did she deliver the million 11:05:24

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1 dollars?  
 2 A. She put it in a CD with her bank.  
 3 Q. Okay. So she had a CD with her bank.  
 4 What was the name of her bank?  
 5 A. I don't remember now. 11:05:36  
 6 Q. Okay. Was that like something like  
 7 BBCN or something like that?  
 8 A. I thought it was B, yeah.  
 9 Q. Okay. And so she signed -- she had a  
 10 CD for a million dollars at the bank? 11:05:51  
 11 A. Yes.  
 12 Q. And she signed that over to you?  
 13 A. It's a joint account. She has control  
 14 over it, and she's the one that can release the  
 15 money. 11:06:02  
 16 Q. Okay. And did -- and did she --  
 17 did -- did you ask her to release the money so that  
 18 you could use it as a deposit with Celtic Bank?  
 19 A. Yes.  
 20 Q. And she did that? 11:06:17  
 21 A. She did that.  
 22 Q. Okay. So you got the million dollars?  
 23 A. One to the Celtic Bank, not to me.  
 24 Q. Well, you got it to use as collateral  
 25 with Celtic Bank; correct? 11:06:32

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1 A. It was a CD there for the money to be  
 2 used when we open the door. That was agreement.  
 3 Q. Okay. And so -- so if something goes  
 4 wrong with the construction loan, Celtic Bank will  
 5 take that million dollars? 11:06:46  
 6 A. I'm not sure what exactly agreement,  
 7 but possible.  
 8 Q. Okay. So right now, that million  
 9 dollars is at risk that she got from -- that you  
 10 gave -- that you got from her; isn't that correct? 11:07:03  
 11 A. Yes.  
 12 Q. Okay. And because it's at risk, and  
 13 you needed it to be at risk to get your construction  
 14 loan --  
 15 A. But she knew all that. She knew 11:07:18  
 16 everything. You're trying to get to that. She knew  
 17 everything.  
 18 Q. Okay.  
 19 A. The purpose of it --  
 20 Q. So she knew everything? 11:07:25  
 21 A. She knew everything.  
 22 Q. Okay. And so she knew everything, and  
 23 you knew everything; correct?  
 24 A. I was told to sign it. I was forced  
 25 to sign it, but she knew everything. 11:07:32

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1 Q. Okay. Were you forced to sign it as a  
 2 condition of getting the money?  
 3 A. I was pressured to sign so she can  
 4 participate in the investment.  
 5 Q. Okay. So -- so let's look at the 11:07:54  
 6 first six pages of this LLC membership interest  
 7 purchase agreement. So according to the terms of  
 8 this agreement, she was to make a three-year  
 9 interest-free loan; correct?  
 10 A. Yes. 11:08:38  
 11 Q. And she did that?  
 12 A. Yes.  
 13 Q. And when she made that interest-free  
 14 loan, she was to get -- instead of interest, she was  
 15 to get an equity stake in the company; correct? 11:08:58  
 16 A. The real estate, yes.  
 17 Q. In the real estate, and that equity  
 18 interest in the real estate was going to be ten  
 19 percent of the real estate; correct?  
 20 A. Yeah, and when we opened the door. 11:09:13  
 21 Q. Say what?  
 22 A. When the door opens.  
 23 Q. Oh, when the facility opens up?  
 24 A. Yes.  
 25 Q. Okay. And it was projected at this 11:09:22

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1 Q. Okay. And you signed this, hoping to  
 2 get more time?  
 3 A. I signed it, at her request.  
 4 Q. Okay. And did she ever write --  
 5 make -- sign something herself that would give you 11:20:41  
 6 that time?  
 7 A. Well, I think it's prepared by her and  
 8 give it to me --  
 9 Q. Okay.  
 10 A. -- so I promise to pay in extended 11:20:54  
 11 time, so --  
 12 Q. Well, look, if it was a deal between  
 13 two people, it would have something agreed to by Sue  
 14 Park and a signature line for Sue Park?  
 15 MR. AYKAN: If I may interject. It's, as 11:21:04  
 16 you know, sometimes the -- the borrower, actually  
 17 you only sign this one party. You say I owe you a  
 18 million dollars. To say Dr. Yang, he doesn't need  
 19 to sign it, because I'm telling him that I owe him  
 20 the money, so that's mutually understood as an -- as 11:21:20  
 21 an extension. That's how he understood like  
 22 Mrs. Park asking for an extension, so he -- she  
 23 needed his signature, so it's all -- it's undisputed  
 24 that she already, you know --  
 25 MR. ANDERSON: Okay. 11:21:34

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1 MR. AYKAN: -- is owed money.  
 2 BY MR. ANDERSON:  
 3 Q. Why did Sue Park need an extension?  
 4 A. She -- well, she knew that the  
 5 building's not done yet. 11:21:42  
 6 Q. Well, but she didn't need an  
 7 extension. Her note was due. You needed an  
 8 extension to complete the building; isn't that  
 9 correct?  
 10 A. But she still want to keep her 11:21:51  
 11 investment in the building, so she want to extend  
 12 it.  
 13 Q. Well, but she didn't need this renewal  
 14 signed to keep her investment in the building; isn't  
 15 that correct? 11:22:01  
 16 A. She wants to keep the investment. She  
 17 wants to keep -- because she decline to buy the  
 18 building. We offer.  
 19 Q. Okay. Why didn't you ask for her  
 20 signature on the same paper where your signature is? 11:22:16  
 21 A. I am not a lawyer.  
 22 Q. Okay. Okay. I understand that you're  
 23 not a lawyer, but why didn't you write on there,  
 24 okay, I'm willing to pay in two years, and I want  
 25 you to sign so that we -- we have a -- both 11:22:34

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1 signatures on this? Why didn't you do that?  
 2 A. Well, it was -- she asked for it. I  
 3 signed it for her. What can I -- you know, that's  
 4 all there is. I thought it was very simple.  
 5 Q. Okay. 11:22:50  
 6 A. She knew that the building wasn't  
 7 done.  
 8 Q. Okay. But she also knew that her  
 9 million dollars was due, even though the building  
 10 wasn't done? 11:22:57  
 11 A. She knew the money was at Celtic Bank.  
 12 She knew.  
 13 Q. Well, that's right, but -- but she --  
 14 but her money was due to be returned to -- to her  
 15 after the three years, and hadn't been returned yet; 11:23:07  
 16 isn't that correct?  
 17 A. But she knew that the money tied up  
 18 into the investment.  
 19 Q. Well, but she knew that maybe you  
 20 could get another million dollars and swap out her 11:23:17  
 21 money with Celtic Bank, and she wanted to be paid,  
 22 whether the building was done or not; isn't that  
 23 correct?  
 24 A. Well, she knew that her money is tied  
 25 up in the CD, so -- and the building is not done. 11:23:26

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1 That's the key thing.  
 2 Q. Okay. But according to your  
 3 agreement, it was overdue; correct?  
 4 A. But we extended it.  
 5 Q. Well, you agreed to extend it. She 11:23:25  
 6 didn't necessarily agree to extend it.  
 7 A. She can -- she can say whatever, but  
 8 we agreed upon.  
 9 Q. Okay. Look, you agreed in writing  
 10 that you would pay later, but she didn't agree in 11:23:56  
 11 writing anything; isn't that correct?  
 12 A. She agree. We talked about it.  
 13 Q. Did she agree in writing?  
 14 A. That, I have to check with my lawyer,  
 15 you know, but -- 11:24:14  
 16 Q. You agreed in writing; right?  
 17 A. This is the paper -- this is the paper  
 18 I signed. I give it -- she give it to me. I signed  
 19 and give it to her.  
 20 Q. Okay. Okay. I'd like to review 11:24:23  
 21 Exhibit Number 3, which I'll hand to the court  
 22 reporter and give you a copy, give your attorney a  
 23 copy, and I'll have a copy. Who prepared this  
 24 document?  
 25 A. I don't remember. 11:25:11

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# **PROPOSED ORDER**

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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE  
COMMISSION,  
  
Plaintiff,  
  
v.  
  
ROBERT YANG; et al.,  
  
Defendants.  
  
and  
  
YANROB'S MEDICAL, INC.; et al.,  
  
Relief Defendants.

Case No. 5:15-CV-02387-SVW (KKx)

[PROPOSED] OSC WHY CELTIC  
BANK SHOULD NOT BE HELD IN  
CIVIL CONTEMPT

[Ex Parte Application; and Declarations  
of Stephen J. Donell and Joshua A. del  
Castillo submitted concurrently herewith]

Ctrm: 6  
Judge: Hon. Stephen V. Wilson

The ex parte Application of Receiver, Stephen J. Donell (the "Receiver"), for  
Order to Show Cause why Celtic Bank should not be held in Civil Contempt (the  
"Application") and any response(s) thereto having been considered by the Court,  
this Court ORDERS as follows:

1. The Receiver's Application is GRANTED;
2. Celtic Bank is hereby ORDERED to appear before this Court on  
\_\_\_\_\_, 2016 at \_\_\_\_\_ a.m./p.m. to show cause why civil  
contempt sanctions should not be imposed for its failure to comply with the

1 requirements of this Court's December 11, 2015 Preliminary Injunction, Order  
2 Appointing Receiver, Freezing Assets, and Providing for Other Ancillary Relief.

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Dated: April \_\_\_\_\_, 2016

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Hon. Stephen V. Wilson  
Judge, United States District Court

1 **PROOF OF SERVICE**

2 *Securities and Exchange Commission v. Robert Yang, Suncor Fontana, et al.*  
3 USDC, Central District of California – Case No. 5:15-cv-02387-SVW (KKx)

4 I am employed in the County of Los Angeles, State of California. I am over  
5 the age of 18 and not a party to the within action. My business address is 515  
6 S. Figueroa Street, 9th Floor, Los Angeles, California 90071-3398.

7 A true and correct copy of the foregoing document(s) described below will be  
8 served in the manner indicated below:

9 **EX PARTE APPLICATION OF RECEIVER, STEPHEN J. DONELL,  
10 FOR ORDER TO SHOW CAUSE WHY CELTIC BANK SHOULD NOT  
11 BE HELD IN CIVIL CONTEMPT**

12 1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC**  
13 **FILING ("NEF")** – the above-described document will be served by the Court  
14 via NEF. On April 5, 2016, I reviewed the CM/ECF Mailing Info For A Case  
15 for this case and determined that the following person(s) are on the Electronic  
16 Mail Notice List to receive NEF transmission at the email address(es) indicated  
17 below:

- 18 • **Zachary T. Carlyle**  
19 carlylez@sec.gov, kasperg@sec.gov, karpeli@sec.gov,  
20 blomgrene@sec.gov, pinkstonm@sec.gov, NesvigN@sec.gov
- 21 • **Stephen J. Donell**  
22 jdelcastillo@allenmatkins.com
- 23 • **Mark T. Hiraide**  
24 mhiraide@hiraidelaw.com, kju@phlcorplaw.com,  
25 hitabashi@phlcorplaw.com, eganous@phlcorplaw.com
- 26 • **Leslie J. Hughes**  
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- **David J. Van Havermaat**  
vanhavermaatd@sec.gov, larofiling@sec.gov, berryj@sec.vog,  
irwinma@sec.gov
- **Joshua Andrew del Castillo**  
jdelcastillo@allenmatkins.com

2. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL and EMAIL (indicate**  
**method for each person or entity served)**: On April 5, 2016, I served the  
following person(s) and/or entity(ies) in this case by placing a true and correct

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copy thereof in a sealed envelope(s) addressed as indicated below. I am readily familiar with this firm's practice of collection and processing correspondence for mailing. Under that practice it is deposited with the U.S. postal service on that same day in the ordinary course of business. I am aware that on motion for party served, service is presumed invalid if postal cancellation date or postage meter date is more than 1 (one) day after date of deposit for mailing in affidavit.

Eric Dean  
Straggas Dean LLP  
8911 Research Drive  
Irvine, CA 92618

**Via Overnight Mail and  
Email:  
eric.dean@straggasdean.com**

I declare that I am employed in the office of a member of the Bar of this Court at whose direction the service was made. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on **April 5, 2016** at Los Angeles, California.

*s/ Martha Diaz*  
\_\_\_\_\_  
Martha Diaz