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14 STEPHEN J. DONELL

15 UNITED STATES DISTRICT COURT  
16 CENTRAL DISTRICT OF CALIFORNIA

17 SECURITIES AND EXCHANGE  
18 COMMISSION,

19 Plaintiff,

20 v.

21 ROBERT YANG, et al.,

22 Defendants,

23 YANROB'S MEDICAL, INC., et al.,

24 Relief Defendants.

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

**FIRST QUARTERLY STATUS  
REPORT OF RECEIVER  
STEPHEN J. DONELL**

[Notice of Filing submitted concurrently  
herewith]

Ctrm: 6  
Judge: Hon. Stephen V. Wilson

25 **TO ALL PARTIES, THEIR COUNSEL OF RECORD, AND THIS  
26 HONORABLE COURT:**

27 In accordance with this Court's December 11, 2015 Preliminary Injunction,  
28 Order Appointing Receiver, Freezing Assets, and Providing for Other Ancillary  
Relief (the "Appointment Order") and Local Rules 66-7(c) & (d) and 6-1, Stephen J.  
Donell, the Court-appointed Receiver ("Receiver") for Defendants Suncor  
Fontana, LLC, Suncor Hesperia, LLC, Suncor Care Lynwood, LLC, and their  
respective subsidiaries and affiliates (collectively, the "Receivership Entities" or  
"Entities") hereby submits the following First Quarterly Status Report(the "Report"):

**I. PRELIMINARY STATEMENT.**

As first detailed in the Receiver's Initial Report Re: Marshaling and Preservation of Receivership Assets, and Petition for Further Instructions, filed on December 23, 2015 (the "Initial Report"), and as further detailed below, the Receiver has made substantial progress in his efforts to identify and recover the available assets of the Receivership Entities ("Receivership Assets" or "Assets") as well as to better understand the business and financial activities of the Receivership Entities, culminating in the preparation of his attached Forensic Accounting Report, as detailed below. While the Receiver's work is ongoing, the status of his efforts and the preliminary conclusions<sup>1</sup> developed from his review and analysis of materials recovered to date are appropriate for presentation in this Report. Since the submission of his Initial Report, the Receiver has:

- Recovered approximately \$2.36 million in cash Assets, bringing the total cash on hand for the benefit of the Entities to approximately \$2.4 million;
- Identified at least another \$2.5 million in cash Assets potentially available for recovery and subject to the turn-over requirements of the Appointment Order;
- Confirmed that Receivership Assets are implicated in at least four (4) real properties owned, directly or indirectly by the Entities, and one (1) real property owned by Relief Defendant Yanrob's Medical, Inc. ("Yanrob");
- Obtained and reviewed documents relating to the business and financial activities of the Receivership Entities and reflecting over 20,000

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<sup>1</sup> Due to the volume and nature of the information recovered, the nature and complexity of the matters and transactions to which they relate, and the Receiver's need to complete his work, the Receiver's conclusions are presented herein are preliminary. The Receiver may modify such conclusions after further investigation and analysis.

1 separate financial transactions;

- 2 • Completed a detailed review and analysis of all recovered materials and
- 3 prepared a forensic accounting relating to the financial activities of the
- 4 Receivership Entities, the individual Defendants, and Relief Defendants
- 5 in the above-captioned action;<sup>2</sup>
- 6 • Completed a review of the real properties implicated in this matter,
- 7 including obtaining brokers' opinions of value for four (4) of the
- 8 properties, and commenced developing disposition alternatives for all
- 9 five (5);
- 10 • Continued his review and analysis of pending state court litigation
- 11 matters affecting or relating to the Receivership Entities, and
- 12 maintained the status quo in such matters; and
- 13 • Communicated with investors (and counsel for investors) in the
- 14 Receivership Entities regarding the status of the receivership, issues
- 15 relating to investor immigration petitions, and registration via the
- 16 Receiver's website.

17 By way of providing some basic context, and as reflected in the Appointment  
 18 Order, the Receiver is vested with exclusive authority and control over the  
 19 Receivership Entities and all Receivership Assets, and has been authorized,  
 20 empowered and directed to, among other things: (1) take control of the  
 21 Receivership Entities and of their Assets and Records; (2) conduct such  
 22 investigation and discovery as necessary to identify and locate outstanding  
 23 Receivership Assets; (3) preserve and prevent the dissipation of Receivership  
 24 Assets, and manage such Assets for the benefit of the estate of the Receivership  
 25 Entities; and (4) provide an accounting to the Court and the parties regarding the  
 26 business and financial activities of the Receivership Entities. The Receiver and his

27  
 28 <sup>2</sup> The Receiver reserves the right to modify or update this forensic accounting as  
 may be necessary in the future based upon any later-discovered facts.

counsel of record, Allen Matkins Leck Gamble Mallory & Natsis LLP ("Allen Matkins"), have diligently pursued these goals since the inception of the receivership, and the Receiver's efforts, analysis, supplemental preliminary conclusions, and recommendations are summarized below.<sup>3</sup>

## **II. RELEVANT PROCEDURAL HISTORY.**

The Receiver invites the Court and all interested parties to review the following documents for a general summary of the relevant facts underlying the above-captioned case, the facts relevant to the instant receivership, and the Receiver's appointment:

- The Plaintiff Securities and Exchange Commission's (the "Commission") Complaint, filed on November 19, 2015 (Docket No. 1);
- The Commission's Ex Parte Application for Temporary Restraining Order, filed on November 19, 2015 (Docket Nos. 4, 5);
- Temporary Restraining Order, entered by the Court on November 25, 2015 (Docket No. 14)
- Stipulation Regarding Emergency Entry of Preliminary Injunction, Order Appointing Receiver, Freezing Assets, and Providing for Other Ancillary Relief, filed on December 11, 2015 (Docket No. 17);
- Appointment Order, entered by the Court on December 11, 2015 (Docket No. 18);
- Receiver's Initial Report, filed on December 23, 2015 (Docket No. 20);
- Receiver's Motion for Order in Aid of Receivership (Docket No. 30); and
- Order in Aid of Receivership, entered March 8, 2016 (Docket No. 46).

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<sup>3</sup> Please note that the fact that this Report does not address any particular fact or issue addressed in the Receiver's Initial Report does not reflect a determination by the Receiver that such facts or issues are no longer pertinent or that any previously presented conclusions have been modified or rescinded.

**III. SUMMARY OF RECEIVER'S ACTIVITIES AND EFFORTS SINCE SUBMISSION OF THE INITIAL REPORT.**

**A. Marshaling and Preserving Receivership Assets.**

**1. Recovery of Cash Assets.**

At the time of the Receiver's submission of his Initial Report, the Receiver had recovered only \$49,057.23. Since then, the Receiver has recovered an additional \$2,364,138.22 in cash Assets, bringing the total cash recovery to \$2,413,195.45,<sup>4</sup> less disbursements made as of the date of this Report, which cash recovery is detailed in full below:

<u>Source</u>	<u>Amount</u>
Citizens Business Bank / Suncor Fontana LLC	\$568.69
Bank of America / Suncor Fontana LLC	\$400.55
Citizens Business Bank / Suncor Hesperia LLC	\$7,910.06
Bank of America / Suncor Lynwood, LLC	\$40,177.93
Bank of America / Yanrob – PR Account	\$7,816.18
Suncor Hesperia LLC Property Tax Refund	\$1,335.58
Park Place Escrow / Suncor Lynwood LLC	\$750,210.00
Park Place Escrow / Mentone	\$1,152.02
Orange Community Escrow / Suncor Hesperia LLC	\$1,416,030.00
Suncor Hesperia LLC Property Tax Refund	\$112.77
Law Office of Daniel Deng / Suncor Lynwood LLC	\$16,550.16
Law Office of Daniel Deng / Suncor Lynwood LLC	\$5,000.00
Pacific Premier Bank / Yanrob	\$165,931.51
<b>TOTAL:</b>	<b>\$2,413,195.45</b>

<sup>4</sup> The table includes cash recovered from Yanrob. The Receiver claims these funds as a Receivership Asset because, as detailed in his appended Forensic Accounting Report, substantial funds were transferred from the Entities to Yanrob and are subject to turn-over to the receivership estate.

1 In accordance with Section V(O)(5)(c) of the Appointment Order, a schedule  
 2 of the Receiver's receipts and disbursements from the time period from the  
 3 Receiver's appointment through the end of the first quarter 2016 is attached as  
 4 **Exhibit 1.**<sup>5</sup>

5 2. Additional cash Assets identified by the Receiver.

6 While, as reflected above, the Receiver has made substantial progress in  
 7 recovering cash Assets for the benefit of the Receivership Entities' estate, the  
 8 Receiver has identified additional cash Assets which have, as yet, not been turned  
 9 over to the Receiver as required by the relevant terms of the Appointment Order.  
 10 These Assets are as follows:

11 (a) *Funds in Deposit Accounts at Celtic Bank.*

12 The Receiver has confirmed that just over \$2 million in cash Assets derived  
 13 from Entity investors and directly attributable to the Receivership Entities is on  
 14 deposit in two (2) deposit accounts at Celtic Bank, in the name of Relief Defendant  
 15 HealthPro Capital Partners, LLC ("HealthPro").<sup>6</sup> The Receiver has made a formal  
 16 turn-over request to Celtic Bank for these funds, and has submitted an *ex parte*  
 17 application to the Court for an Order to Show Cause why Celtic Bank should not be  
 18 held in civil contempt as a result of its failure to turn the subject funds over to the  
 19 Receiver. As of the date of this Report, the Receiver's *ex parte* application remains  
 20 pending, and the funds have not been turned over.

21 (b) *Funds in Deposit Account at GBC Bank.*

22 In addition to the \$2 million on deposit with Celtic Bank, the Receiver has  
 23 confirmed that another \$500,000 in Receivership Assets are currently on deposit  
 24

25 <sup>5</sup> Although, as addressed below and in the attached Forensic Accounting, the  
 26 Receiver has determined that the Entities were treated as a unitary enterprise and  
 27 recommends treating the estate as a common asset pool, the Receiver has, to  
 28 <sup>6</sup> date, maintained an Entity-specific accounting of receipts and disbursements.  
 HealthPro has been determined by the Receiver to be an affiliate of the  
 Receivership Entities and, consequently and in accordance with the provisions of  
 the Appointment Order, a Receivership Entity itself.

1 with GBC Bank, in a deposit account in the name of Relief Defendant Yanrob. The  
 2 Receiver has confirmed that Suncor Hesperia, LLC investor funds are the sole and  
 3 exclusive source of these funds, which were funneled through Yanrob before being  
 4 deposited with GBC Bank.

5 The Receiver has requested that GBC Bank return these funds to the  
 6 Receiver. GBC Bank has declined, citing a document entitled "Assignment of  
 7 Deposit Account," pursuant to which Defendant Yang, purportedly on behalf of  
 8 Yanrob, assigned these funds, or purported to assign them, to GBC Bank in  
 9 connection with a series of GBC Bank loans to Yanrob. GBC Bank maintains that  
 10 Yanrob's "assignment" of these funds places them outside of the ambit of the  
 11 receivership. The Receiver does not believe GBC Bank's position enjoys factual or  
 12 legal support; instead, and particularly given that the subject funds are exclusively  
 13 attributable to Receivership Entity investors, the assignment reflects a fraudulent  
 14 transfer.

### 15 3. Real Property Receivership Assets.

16 As noted in the Receiver's previously filed Initial Report, the estate of the  
 17 Receivership Entities is largely comprised of the real properties commonly known  
 18 as the Hesperia Project, the Fontana Project, and the Lynwood Project (collectively,  
 19 the "Projects"). Receivership Assets are directly implicated in the purchase,  
 20 development, and/or management of the Projects. However, Receivership Assets  
 21 are also implicated in two additional real properties, referred to herein as the  
 22 Mentone Property and the Vanderbilt Property, as further detailed below.

#### 23 (a) *The Hesperia Project.*

24 The Hesperia Project consists of the real property located at 17577-17579  
 25 Sultana Street, in Hesperia, California. As reflected in the Initial Report, the  
 26 Hesperia Project is currently undeveloped land, apparently intended by the  
 27 Defendants to be developed as a sub-acute care / skilled nursing facility. While the  
 28 Receiver has confirmed that development and construction plans for the Hesperia



1 Project were prepared in the pre-receivership period, and that the grading and  
 2 excavation at the site seems to have been undertaken in accordance with those plans,  
 3 it remains unclear whether the Project was properly entitled and/or obtained all  
 4 requisite permits. **An "as-is" brokers' opinion of value ("BOV") for the**  
 5 **Hesperia Project, requested by the Receiver in connection with the**  
 6 **development of his asset disposition strategies, yielded an opinion of value**  
 7 **ranging between \$750,000 and \$800,000.**

8 While the Receiver believes the above valuation to be generally accurate,  
 9 there are a number of factors which may affect the value of the Project to the  
 10 receivership estate. First, and as previously detailed in the Initial Report, there is  
 11 some concern regarding soil erosion at the site given its current condition as  
 12 exposed, partially excavated land. To mitigate risk and preserve the value of the  
 13 Project in the near term, the Receiver entered into a Right of Entry and Release  
 14 Agreement with the City of Hesperia (the "City") in early January 2016, whereby  
 15 City personnel were authorized to place sandbags and undertake other erosion-  
 16 prevention efforts, at the City's sole and exclusive expense. Second, the Receiver  
 17 has confirmed that the Hesperia Project is subject to a first deed of trust with an  
 18 outstanding balance of at least \$350,000 and potential contractor/trade creditor  
 19 claims that could exceed \$1 million.

20 *(b) The Fontana Project.*

21 The Fontana Project consists of the real property and improvements located at  
 22 7227 Oleander Avenue, Fontana, California. As reflected in the Initial Report, the  
 23 Fontana Project is a partially constructed sub-acute / skilled nursing facility, and  
 24 appears to be approximately 45% complete.<sup>7</sup> **An "as-is" BOV for the Fontana**  
 25 **Project, requested by the Receiver in connection with the development of his**  
 26

27 <sup>7</sup> While construction at the Fontana Project has ceased, at the Receiver's direction  
 28 and because the construction lender for the Project has suspended funding, the  
 Receiver has secured insurance for the Project and has been providing 24/7  
 security at the Project in order to preserve the existing improvements.



1 **asset disposition strategies, yielded an opinion of value of approximately \$2.4**  
 2 **million.**

3 While the Receiver believes the above valuation to be generally accurate,  
 4 there are a number of factors which may affect the value of the Project to the  
 5 receivership estate. First, and most importantly, the Fontana Project is the subject of  
 6 approximately \$3 million in secured, first lien debt, arising in connection with two  
 7 (2) construction loans made by Celtic Bank. Second, the Project is in issue in a  
 8 number of San Bernardino Superior Court lawsuits against the Receivership  
 9 Entities, or which implicate Receivership Assets, as previously detailed in the Initial  
 10 Report. Third, the Project is likely subject to tens or hundreds of thousands of  
 11 dollars in mechanics' liens, presently barred by the Appointment Order. In addition,  
 12 the Receiver's Court-approved development consultant, the Wieland Davco  
 13 Corporation, has advised that the cost to complete the Fontana Project in accordance  
 14 with its pre-receivership plans could approach \$8 million from this point forward.  
 15 Not surprisingly, Celtic Bank has suspended funding its associated construction  
 16 loans, which had a limit of \$5 million, approximately \$3 million of which has  
 17 already been disbursed.

18 *(c) The Lynwood Project.*

19 The Lynwood Project consists of the real property and improvements located  
 20 at 3598 Martin Luther King, Jr. Boulevard, Lynwood, California. As reflected in  
 21 the Initial Report, the Lynwood Project is currently a vacant structure previously  
 22 used as a skilled nursing facility and apparently intended to be re-developed as a  
 23 sub-acute care / skilled nursing facility by the Defendants. **An "as-is" BOV for the**  
 24 **Lynwood Project, requested by the Receiver in connection with the**  
 25 **development of his asset disposition strategies, yielded an opinion of value of**  
 26 **approximately \$1.5 to \$1.75 million.**

27 The Project, while vacant, is secured and insured, and the Receiver has  
 28 checked on this Project multiple times to assure its continued security. While he

1 believes the above valuation to be generally accurate, there are a number of factors  
 2 which may affect the value of the Project to the receivership estate. Most  
 3 importantly, the Lynwood Project is the subject of approximately \$300,000 in  
 4 delinquent property taxes, penalties for which continue to accrue. Accordingly, an  
 5 in accordance with his rights under the Appointment Order, the Receiver may elect  
 6 to pay all outstanding property taxes in order to preserve the value of the Project for  
 7 eventual disposition, as addressed below.

8 (d) *The Mentone Property.*

9 The Receiver has confirmed that at least \$500,000 in funds raised from  
 10 investors in the Lynwood Project were diverted for the purchase of the real property  
 11 located at 11202 Opal Ave., Mentone, California (the "Mentone Property"). The  
 12 Mentone Property is presently comprised of unproductive orchard land, but sits at  
 13 the center of a series of parcels of real property immediately adjacent to the City of  
 14 Redlands, which parcels are apparently intended to be developed as single-family  
 15 housing. Based on the materials reviewed and recovered to date, including a pre-  
 16 receivership Purchase and Sale Agreement (the "PSA") for the Mentone Property,  
 17 the Receiver believes that the Defendants intended to redevelop (including securing  
 18 permits and entitlements) the Mentone Property as a site for 27 single-family homes,  
 19 at which point the property would be sold.<sup>8</sup> The Receiver is presently evaluating the  
 20 feasibility of the pre-receivership development plan for the Mentone Property in  
 21 order to determine whether it is more appropriate to undertake any development  
 22 efforts or to sell the property in its present condition.

23 At present, the Receiver does not have a reliable valuation for the Mentone  
 24 Property, but he is working diligently to obtain conditions-based valuations that will  
 25 be provided to the Court and the parties in later submissions. For now, the Receiver  
 26

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27 <sup>8</sup> The PSA requires the anticipated seller of the Mentone Property to secure an  
 28 unchallengeable tentative tract map, and all related and necessary permits, maps,  
 entitlements, and zoning changes, prior to the consummation of the sale. The  
 Receiver has determined that this process could cost \$500,000, or more.

1 has confirmed that the Mentone Property is subject to a \$150,000 deed of trust for  
 2 the benefit of the anticipated pre-receivership buyer of the property, who caused  
 3 \$150,000 to be released from escrow for development and entitlement services. As  
 4 reflected in the Receiver's Forensic Accounting Report, it appears over \$100,000 of  
 5 these funds were instead used for the benefit of the Receivership Entities and, at  
 6 least, Defendant Kano, and in a manner inconsistent with the terms of the PSA.

7 *(e) The Vanderbilt Property.*

8 The real property located at 406 Vanderbilt Way, San Bernardino, California  
 9 (the "Vanderbilt Property") is the principal place of business of Relief Defendant  
 10 Yanrob and the location of Defendant Yang's medical practice. As reflected in the  
 11 Receiver's Forensic Accounting Report (appended hereto, and addressed in greater  
 12 detail, below), Yanrob received at least \$1,000,000 in funds raised from  
 13 Receivership Entity investors, some of which the Receiver understands was used to  
 14 make tenant improvements at the Vanderbilt Property.

15 **A BOV requested by the Receiver suggests that the Vanderbilt Property**  
 16 **is worth at least \$1.4 million and perhaps as \$1.9 million**, given its apparently  
 17 excellent condition. The Receiver understands that two GBC Bank loans are  
 18 secured by the Vanderbilt Property, in an aggregate amount of approximately \$1.5  
 19 million. Accordingly, and while the Receiver maintains that any equity in the  
 20 Vanderbilt Property belongs to the estate of the Receivership Entities as a result of  
 21 their transfers to Yanrob, it remains unclear whether the Vanderbilt Property itself  
 22 should be considered a Receivership Asset. As a consequence, and as addressed in  
 23 further detail, below, the Receiver is working with Defendant Yang, Yanrob, and  
 24 GBC Bank to determine appropriate disposition alternatives so as to maximize the  
 25 likelihood of a return to the receivership estate.

26 4. Preventing Recordation of Improper Liens.

27 As noted above, a number of the Projects are expected to be the subjects of  
 28 trade creditor claims, including from contractors and other vendors who may have

1 provided services in connection with the Projects. The Appointment Order bars  
 2 trade creditors from creating or enforcing liens against Receivership Assets and the  
 3 Receiver has diligently monitored each of the Projects in order to guard against the  
 4 improper recordation of liens. As of the date of this Report, the Receiver has  
 5 successfully caused mechanics' liens recorded against the Hesperia and Fontana  
 6 Projects after the Appointment Order was entered to be released and is presently  
 7 working with counsel for another Hesperia Project-related creditor to secure the  
 8 release of an improperly recorded mechanics' lien.

9 **B. Document Recovery, Review, And Analysis.**

10 1. Documents Obtained from Defendants and/or Defendant  
 11 Affiliates.

12 The Appointment Order vests the Receiver with exclusive authority and  
 13 control over Receivership Assets, including books and records, and directs all  
 14 parties in receipt of the Appointment Order to turn over to the Receiver all books,  
 15 records, and other material relating to the business and financial activities of the  
 16 Receivership Entities. As detailed in the Initial Report, the Receiver anticipated that  
 17 Defendants, and the Relief Defendant entities with which they are associated, would  
 18 be the largest and best repository of such records.

19 Unfortunately, the Receiver was promptly advised by the Defendants that all  
 20 hard copy records had been transmitted to a third party vendor for digital duplication  
 21 in connection with an outstanding document request from the Commission. This  
 22 third party vendor, who was identified by Defendants very shortly before the  
 23 deadline for filing the Initial Report, produced all original, hard copy materials in its  
 24 possession to the Receiver on December 17, 2015, only days before the submission  
 25 of that Initial Report. That production consisted principally of materials relating  
 26 principally to the Projects, including architectural plans, engineering reports, a  
 27 business plan for the Fontana Project, and similar materials.

28

1 As detailed in the Initial report, this production, which was originally  
2 identified as the single largest repository of books and records relating to the  
3 business and financial affairs of the Receivership Entities, included few, if any,  
4 documents directly speaking to the nature, character, and location (or transfer, as the  
5 Commission has alleged) of Receivership Assets, including information relating to  
6 the solicitation, receipt, and disposition of funds raised from Entity investors. Most  
7 notably, this production did not include any: (i) private placement memoranda or  
8 other offering materials; (ii) LLC or investment agreements; (iii) investor files;  
9 (iv) bank or other financial statements reflecting the timing and amount of  
10 investment in the Projects; or (v) materials reflecting communications with  
11 investors.

12 Shortly before the Receiver submitted his Initial Report, the Defendants  
13 identified additional materials previously not provided to their vendor, which they  
14 committed to producing to the Receiver. These materials included: (i) two  
15 computers containing a total of approximately 50 megabytes of data relevant to this  
16 matter, all of which have since been forensically imaged by the Receiver; (ii) 42  
17 megabytes of email records requested by the Defendants from America Online and  
18 Google (Gmail); (iii) 128 folders of hard copy documents; (iv) approximately 200  
19 documents retained in PDF form; and (v) a limited (and incomplete) set of  
20 documents relating to Yanrob's business and financial activities.

21 At this time, the Receiver tentatively believes the materials he has obtained to  
22 date – when combined with materials received from other sources, detailed below –  
23 are sufficient for identifying, marshaling, or preserving most available Receivership  
24 Assets, as well as for providing the Court and the parties with a Forensic  
25 Accounting Report summarizing the use/disposition of funds raised from  
26 Receivership Entity investors, as well as funds borrowed by the Receivership  
27 Entities. The Receiver reserves the right to revise this tentative conclusion as and if  
28 circumstances so require.

2. Third Party Document Requests and Productions.

As detailed in the Initial Report, in addition to obtaining documents from the Defendants, the Receiver diligently pursued discovery from third party sources. As of the date of this Report, the Receiver has submitted document requests in various forms to: (i) the Commission; (ii) banks maintaining accounts in the name of or for the Receivership Entities and the Relief Defendants; (iii) Mason Investments LLC ("Mason"), the subscription agent believed to have administered investments in the Entities; and (iv) other third parties, including escrow agencies, counsel for investors, and Project lenders, believed to be in possession of relevant documents or information.

(a) Documents Obtained from the Commission.

The Receiver's December 15, 2015 access letter to the Commission, requesting that it share with the Receiver all non-privileged information relating to the Receivership Entities and Receivership Assets was granted on December 29, 2015. Since then, the Commission has delivered to the Receiver approximately 6.28 gigabytes of documents collected during its own discovery efforts, encompassing 56,300 files in 140 folders.

(b) Documents Obtained from Other Third Parties.

The Receiver has served twenty-nine (29) subpoenas and demand letters on various banks, escrow companies, attorneys, and other entities, including Mason.<sup>9</sup> The Receiver has received eighteen (18) document productions relating to these efforts. While the amount of data and documents is difficult to quantify, the Receiver believes he has obtained many of the banking records from the relevant time periods – based on known accounts – for the Defendants, the Receivership Entities, the Relief Defendants, and Mason.

<sup>9</sup> In some cases, a demand letter was followed by a subpoena to the same entity.



1 Notably, Mason – which is alleged to have received more than \$3 million in  
2 undisclosed commissions paid from investor funds – refused to produce documents  
3 in response to the Receiver's subpoena, on the grounds that it had already made a  
4 similar production to the Commission. Rather than expend limited receivership  
5 estate assets on a discovery dispute with Mason, the Receiver coordinated with the  
6 Commission to obtain those the documents previously produced, which appear to  
7 address the issues of greatest concern to the Receiver. Accordingly, the Receiver is  
8 holding enforcement of his subpoena in abeyance at this time.

9 The Receiver has also recovered important documents from two escrow  
10 companies, Orange Community Escrow and Park Place Escrow ("Park Place").  
11 While Orange Community Escrow provided all the requested documents with little  
12 fanfare, Park Place has proved extremely difficult to deal with, has required the  
13 Receiver and his counsel to expend substantial additional time in pursuit of  
14 necessary records. Ultimately, Park Place made a production to the Receiver that  
15 the Receiver has confirmed is incomplete. For instance, the Receiver recently  
16 learned of an escrow account implicating the receivership that Park Place failed to  
17 disclose and in connection with which it produced no documents. The Receiver has  
18 requested those documents and, as of the date of this Report, has received a limited  
19 additional production.

20 Also noteworthy among the document productions to the Receiver are  
21 materials provided by Celtic Bank and GBC Bank, each of which also made loans  
22 implicating the receivership estate.

23 In December 2015, Celtic Bank, which made two construction loans secured  
24 by the Fontana Project, produced documents, including its loan files, copies of  
25 communications relating to the Project, and corporate resolutions for the relevant  
26 Entities. The Receiver later issued a subpoena to Celtic Bank for additional  
27 documents relating to, among other things, two deposit accounts in which  
28



1 approximately \$2 million in Receivership Assets are held. Celtic Bank produced  
2 documents in response to this subpoena in March 2016.

3 In February 2016, the Receiver issued a subpoena to GBC Bank for  
4 documents relating to the amount and location of Receivership Assets, as well as to  
5 loans made by GBC Bank to Yanrob. GBC Bank has produced approximately  
6 1,000 pages of documents in response.

7 The Celtic Bank and GBC Bank productions are important to the Receiver's  
8 Asset identification and recovery efforts in that they confirm the nature and amount  
9 of Receivership Assets on deposit (more than \$2.5 million, total) and in which each  
10 entity has claimed a right or interest, contending either that the funds are collateral  
11 for their respective loans, or that the funds were subsequently assigned to the entities  
12 by Defendant Yang. The Receiver disputes these contentions, of course, and  
13 believes that these Assets are subject to turn-over to the Receiver in accordance with  
14 the express terms of the Appointment Order.

### 15 **C. Completion of Forensic Accounting Report.**

16 As noted above, the Receiver has completed his review and analysis of the  
17 materials obtained that relate to the business and financial activities of the  
18 Receivership Entities, including the amount of investor funds raised, the method by  
19 which they were raised, and their eventual disposition. The Receiver's analysis is  
20 presented in his Forensic Accounting Report, a complete copy of which is appended  
21 hereto as **Exhibit 2**, and incorporated herein by reference.

22 As reflected in the Forensic Accounting Report, the Receiver's document  
23 review and analysis has led to a number of significant conclusions, including that:

- 24 • The Receivership Entities engaged in systematic commingling of funds  
25 raised from investors sufficient to establish that they were operated as a  
26 unitary enterprise;
- 27 • Funds raised in connection with one Project were used to satisfy the  
28 financial obligations of other Projects;

- 1 • Investor funds were used to purchase the Mentone Property, a speculative
- 2 development unrelated to the Entities' stated business purpose;
- 3 • Funds raised from investors were used to make substantial payments to
- 4 Mason and/or its affiliates; and
- 5 • Funds raised from investors were used to pay the personal financial
- 6 obligations of Defendant Yang and transferred to third parties, including
- 7 Defendants Yang and Kano.

8 Many of the Receiver's conclusions, as presented in the Forensic Accounting  
 9 Report, are consistent, to some degree, with the Commission's allegations. To date,  
 10 however, the parties have operated upon the assumption that three (3) distinct  
 11 receivership estates could be defined here, for Suncor Fontana, LLC, Suncor  
 12 Hesperia, LLC, Suncor Care Lynwood, LLC, respectively. The Receiver does not  
 13 believe this is the case. Specifically, the nature, frequency, and amount of  
 14 commingling of Assets among and between the Receivership Entities, as well as the  
 15 fact that substantial Assets raised from investors in connection with one Entity were  
 16 used for the satisfaction of other Entities' financial obligations, strongly suggests  
 17 that the Entities were treated and operated, from inception, as a unitary enterprise.

18 While the treatment of the Entities as a unitary enterprise is entirely  
 19 inconsistent with representations made in solicitation and offering materials  
 20 associated with investments in the Entities, which promised limited uses of funds  
 21 inconsistent with the commingling and unitary treatment confirmed by the Receiver,  
 22 as a practical matter, the Entities were treated as a common entity; that is,  
 23 notwithstanding representations to the contrary to investors, the Entities and the  
 24 funds they raised were treated as essentially interchangeable in the pre-receivership  
 25 period.

26 Accordingly, the Receiver strongly recommends that the Court and the parties  
 27 adopt his conclusion that the Receivership Entities were treated and operated as a  
 28 unitary enterprise in the pre-receivership period, for the limited purpose of

1 administering the Receivership in an appropriate and equitable manner.

2 Accordingly, the Receiver strongly recommends that the Court and the parties adopt  
3 the view that there should be a single (unitary) receivership estate in this matter.

#### 4 **D. Real Property Disposition.**

5 As noted above, the Receiver has obtained BOVs for each of the Projects and  
6 the Vanderbilt Property. In addition, while he has not obtained a BOV for the  
7 Mentone Property, the apparent intent of the pre-receivership PSA suggests that the  
8 property may have value to the receivership estate. The Receiver is considering a  
9 range of disposition alternatives for each of the real properties in which  
10 Receivership Assets are implicated, ranging from abandonment to sale.<sup>10</sup> As of the  
11 date of this Report, the Receiver's proposed disposition plans for the Projects, the  
12 Mentone Property, and the Vanderbilt Property are as follows:

##### 13 1. The Hesperia Project.

14 At present, it is unclear whether the Hesperia project has any equity or value  
15 to the receivership estate. However, the Receiver has received some indications of  
16 interest in purchasing the project. Accordingly, the Receiver anticipates marketing  
17 the Project for sale and, assuming that a buyer can be found at a price that would  
18 yield a net surplus to the receivership estate (either on a price basis or because a  
19 buyer is willing to take the Project subject to existing encumbrances or as part of a  
20 "package" sale including other Projects), submitting a proposed sale for Court  
21 approval. In the event that the Receiver is unable to locate a buyer, the Receiver  
22

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23 <sup>10</sup> In the event that the Receiver determines to sell any of these real properties, he  
24 will request that the Commission and Defendants stipulate to a waiver of the  
25 requirements 28 U.S.C. § 2001, *et seq.* ("Rule 2001"). While the intent of Rule  
26 2001 is to promote sales of real property out of receivership at the best possible  
27 price, the delay and cost of compliance with Rule 2001 are substantial, and any  
28 marketing and sale efforts undertaken by the Receiver will likewise promote a  
maximal return. Accordingly, and while the Receiver recognizes that the Court  
cannot waive compliance with Rule 2001 on its own accord, the parties to this  
action can stipulate to a waiver. See, e.g., Huntington Nat'l. Bank v. Najero, Inc.,  
2014 WL 5473054, at \*1 (E.D. Mich. Oct. 27, 2014). The Receiver understands  
that Defendants Yang and Kano are presently considering such a waiver.

1 reserves the right to abandon the Project to a foreclosure by its secured lienholder in  
2 accordance with the terms of the Order in Aid of Receivership.

3           2.     The Fontana Project.

4           As detailed above, the Fontana Project appears to be underwater; that is, it is  
5 worth less than the amount of funds disbursed by Celtic Bank in connection with its  
6 construction loans. In addition, the cost-to-complete the Project in accordance with  
7 its original plans could approach \$8 million, from this point forward. Accordingly,  
8 while the Receiver will investigate the possibility of selling the Fontana Project, he  
9 reserves the right to abandon the Project to a foreclosure by Celtic Bank in  
10 accordance with the terms of the Order in Aid of Receivership, contingent upon  
11 Celtic Bank's compliance with the Appointment Order and turn-over of the  
12 Receivership Assets it is presently holding.

13           3.     The Lynwood Project.

14           Of the three Entity Projects, the Lynwood Project appears to have the highest  
15 and most immediate value to the receivership estate. Accordingly, the Receiver  
16 intends to market the Project aggressively. Once an appropriate buyer is located at a  
17 price that the Receiver believes yields a maximal return to the Entities, the Receiver  
18 will submit a proposed sale for Court approval.

19           4.     The Mentone Property.

20           The Receiver is presently investigating the feasibility and cost of performing  
21 in a manner analogous to that described in the pre-receivership PSA for the Mentone  
22 Property. In the event that he determines an agreement can be reached that will  
23 yield a sufficient return to the receivership estate, he will request Court permission  
24 to undertake any required development/entitlement and sale. Alternatively, in the  
25 event that the Receiver determines that a near-term sale of the Project (without  
26 entitlements) is more appropriate, and will yield an appropriate return to the  
27 receivership estate, he will make that recommendation to the Court in a later  
28 submission.

1                   5.     The Vanderbilt Property.

2           As reflected above, it is undisputed that Receivership Assets were transferred  
3 to Yanrob, and that some of those Assets were used to make tenant improvements at  
4 the Vanderbilt Property. However, it is unclear at this time whether there is any  
5 equity in the Property that could inure to the benefit of the receivership estate upon a  
6 sale of the property, even assuming, *arguendo*, that the Receiver had authority under  
7 the Appointment Order to treat the property as part of the receivership estate for  
8 liquidation purposes. At present, the Receiver is investigating multiple disposition  
9 alternatives, including abandonment (either outright or in exchange for a payment  
10 from Yanrob) and a sale (assuming an offer that will yield a return to the  
11 receivership estate is received). He will provide a further recommendation or status  
12 report with respect to the Vanderbilt Property in a later submission.

13 **IV. OTHER SIGNIFICANT RECEIVERSHIP ACTIVITY.**

14           **A. Assertion Of Jurisdiction.**

15           The territorial jurisdiction of this Court – and thus of the Receiver – is  
16 extended to any district of the United States where Receivership Assets are believed  
17 to be, or may be, located. 28 U.S.C. § 754; see also Haile v. Henderson Nat'l Bank,  
18 657 F.2d 816, 822 (6th Cir. 1981). Based on the information presently available to  
19 the Receiver, the Receiver has, in addition to those courts stated in the Initial  
20 Report, and in addition to making the recordings detailed in the Initial Report, also  
21 now submitted the SEC Complaint and Appointment Order for filing and  
22 registration with United States District Court for Utah, in conformity with 28 U.S.C.  
23 § 754 and applicable federal law. As additional actual or potential Receivership  
24 Assets are located, the Receiver may file/register the SEC Complaint and  
25 Appointment Order in other districts as well.

26           **B. Communications With Investors.**

27           As the Court may recall, investment in the Receivership Entities was solicited  
28 in connection with the United States Customs and Immigration Services ("USCIS")

1 EB-5 investment program, which provides a means for foreign nationals and their  
2 families to secure U.S. residency if they invest a qualifying amount (in this case  
3 \$500,000) in a U.S.-based investment that generates a specific number of local jobs.

4 The Receiver and his counsel have received numerous inquiries from  
5 investors and their authorized agents, ranging from general inquiries about the status  
6 of the receivership, to notifications of denials of immigration applications by  
7 USCIS, to requests for refunds of investments. In accordance with the Order in Aid  
8 of Receivership, the Receiver has provided investors with a simplified Mandarin  
9 summary of the receivership, along with instructions for how to register on the  
10 Receiver's website. He believes that, as this case proceeds, registrants will become  
11 much better informed regarding the Commission's allegations and the work  
12 performed (and conclusions reached) by the Receiver.

13 At this point, however, the Receiver feels it is worthwhile to note that it is  
14 likely that none of the investments made by foreign investors in the Receivership  
15 Entities qualified for the EB-5 program and, accordingly, that all investors may  
16 ultimately receive denials from USCIS. The reasons for this are twofold:

17 First, USCIS requires that an investor's entire \$500,000 be released for  
18 investment. Here, and as alleged by the Commission, and largely confirmed in the  
19 Forensic Accounting Report, Mason received substantial transfers paid directly from  
20 investor balances, meaning no single investor's actual investment ever reached the  
21 \$500,000 threshold.

22 Second, and as reflected in a handful of the USCIS denial letters provided to  
23 the Receiver by investors, USCIS further requires that an investor's investment  
24 actually be "at risk"; that is, at risk of substantial or complete depletion. Here,  
25 USCIS has taken the position that at least some of the offering documents associated  
26 with the Receivership Entities contain language that purports to protect investments  
27 from risk, including rights of redemption and refund options. While the Receiver  
28 cannot confirm the legal conclusion reached by USCIS, it is his understanding that

1 USCIS may deny investor immigration applications on the basis that, contractually,  
2 their investments were not sufficiently "at risk."

3 **C. Receivership Entity Tax Returns.**

4 The Receiver was recently advised by the Internal Revenue Service ("IRS")  
5 that, at a minimum, the three named Receivership Entities have never filed federal  
6 tax returns. The Receiver is presently in the process of determining whether the  
7 IRS's position is correct. In the event that he confirms the IRS's representation, and  
8 in order to ensure that appropriate post-receivership returns are submitted, the  
9 Receiver will shortly be engaging an appropriate and qualified tax professional to  
10 assemble the necessary information and prepare all necessary returns, including pre-  
11 receivership returns, if appropriate.

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1 **V. CONCLUSION AND PETITION FOR FURTHER INSTRUCTIONS.**

2 Based on the information presented above, the Receiver respectfully requests  
3 that this Court enter an Order:

- 4 1. Accepting the Receiver's First Quarterly Status Report, including the  
5 recommendations and conclusions presented therein, and in the attached Forensic  
6 Accounting Report;
- 7 2. Authorizing the Receiver to continue to administer the Receivership  
8 Entities and their estate in accordance with the terms of the Appointment Order and  
9 his recommendations in the Interim Report and First Quarterly Status Report;
- 10 3. Authorizing the Receiver to undertake the actions proposed herein; and
- 11 4. Providing such other and further relief as the Court deems necessary  
12 and appropriate.

13  
14 Dated: April 18, 2016

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

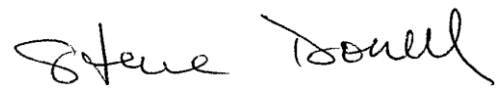
17 By: /s/ Joshua A. del Castillo  
18 JOSHUA A. DEL CASTILLO  
19 Attorneys for Receiver  
20 STEPHEN J. DONELL  
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**VERIFICATION**

I have read the foregoing FIRST QUARTERLY STATUS REPORT AND PETITION FOR INSTRUCTIONS OF RECEIVER, STEPHEN J. DONELL, and know its contents.

I am the Receiver appointed in the above-entitled action. I believe the matters stated in the foregoing document are true, to the best of my current knowledge.

Executed on April 18, 2016, at Los Angeles, California.

  
Stephen J. Donell, Receiver

# **EXHIBIT 1**



### Receiver's Monthly Interim Report Estate of Suncor Fontana

Stephen J. Donell, Receiver  
12121 Wilshire Boulevard, Suite 1120  
Los Angeles, CA 90025

**Case Number:** 5:15-cv-02387-SVW (KKx)  
**Case Name:** Security and Exchange Commission vs.  
Robert Yang, Claudia Kano, Suncor Fontana, LLC  
Suncor Hesperia LLC, and Suncor Care Lynwood, LLC  
**Cumulative Period:** December 11, 2015 - March 31, 2016

Description	Prior Period 12/11/15-2/29/16	Current Period 3/1/16-3/31/16	Cumulative 12/11/15-3/31/16
<b>CASH RECEIPTS:</b>			
Funds Turned Over by Defendant	\$ -		-
Funds Turned Over by Bank of America	400.55		400.55
Funds Turned Over by Citizens Business Bank	568.69		568.69
Funds from Suncor Lynwood	3,000.00		3,000.00
Interest Income	-		-
Total receipts	3,969.24	-	3,969.24
<b>CASH DISBURSEMENTS:</b>			
Accounting Fees	\$ -		-
Bank Charges	20.00	20.00	40.00
Postage/Delivery Costs	23.31	-	23.31
Legal Fees	-		-
Bonds	-		-
Insurance	1,124.00		1,124.00
Professional Fees	695.00	546.36	1,241.36
Construction Permits	-		-
Equipment Rental	866.17		866.17
Receiver Fees	-		-
Receiver Costs	-		-
Utilities	-		-
Total disbursements	2,728.48	566.36	3,294.84
(Decrease)/Increase in Cash	1,240.76	(566.36)	674.40
Cash-Beginning of period	-	1,240.76	-
Cash-End of period	1,240.76	674.40	674.40



### Receiver's Monthly Interim Report Estate of Suncor Lynwood

Stephen J. Donell, Receiver  
12121 Wilshire Boulevard, Suite 1120  
Los Angeles, CA 90025

**Case Number:** 5:15-cv-02387-SVW (KKx)  
**Case Name:** Security and Exchange Commission vs.  
Robert Yang, Claudia Kano, Suncor Fontana, LLC  
Suncor Hesperia LLC, and Suncor Care Lynwood, LLC  
**Cumulative Period:** December 11, 2015 - March 31, 2016

Description	Prior Period 12/11/15-2/29/16	Current Period 3/1/16-3/31/16	Cumulative 12/11/15-3/31/16
<b>CASH RECEIPTS:</b>			
Funds Turned Over by Defendant	\$ -		-
Funds Turned Over by Bank of America	40,177.93		40,177.93
Funds Turned Over by Park Place Escrow	750,210.00		750,210.00
Funds Turned Over by Dr. Deng re CNB Acct	21,550.16		21,550.16
Misc Funds Turned Over	-		-
Interest Income	11.65		11.65
Total receipts	811,949.74	-	811,949.74
<b>CASH DISBURSEMENTS:</b>			
Accounting Fees	\$ -		-
Bank Charges	33.00	20.00	53.00
Funds to Suncor Fontana	3,000.00		3,000.00
Legal Fees	-		-
Bonds	-		-
Insurance	7,683.54		7,683.54
Professional Fees	-	21.00	21.00
Construction Permits	-		-
Equipment Rental	-		-
Receiver Fees	-		-
Receiver Costs	-		-
Utilities	1,019.26	213.57	1,232.83
Total disbursements	11,735.80	254.57	11,990.37
(Decrease)/Increase in Cash	800,213.94	(254.57)	799,959.37
Cash-Beginning of period	-	800,213.94	-
Cash-End of period	800,213.94	799,959.37	799,959.37



### Receiver's Monthly Interim Report Estate of Suncor Hesperia

Stephen J. Donell, Receiver  
12121 Wilshire Boulevard, Suite 1120  
Los Angeles, CA 90025

**Case Number:** 5:15-cv-02387-SVW (KKx)  
**Case Name:** Security and Exchange Commission vs.  
Robert Yang, Claudia Kano, Suncor Fontana, LLC  
Suncor Hesperia LLC, and Suncor Care Lynwood, LLC  
**Cumulative Period:** December 11, 2015 - March 31, 2016

Description	Prior Period 12/11/15-2/29/16	Current Period 3/1/16-3/31/16	Cumulative 12/11/15-3/31/16
<b>CASH RECEIPTS:</b>			
Funds Turned Over by Defendant	\$ -		-
Funds Turned Over by Citizens Business Bank	7,910.06		7,910.06
Funds Turned Over by Orange Community Escrow	1,416,030.00		1,416,030.00
Misc Funds Turned Over	1,335.58	112.77	1,448.35
Interest Income	78.92	-	78.92
Total receipts	1,425,354.56	112.77	1,425,467.33
<b>CASH DISBURSEMENTS:</b>			
Accounting Fees	\$ -		-
Bank Charges	40.00	40.00	80.00
Legal Fees	-		-
Bonds	-		-
Insurance	891.00		891.00
Professional Fees	1,550.00	21.00	1,571.00
Construction Permits	-		-
Equipment Rental	2,960.06		2,960.06
Receiver Fees	-		-
Receiver Costs	-		-
Utilities	529.24		529.24
Total disbursements	5,970.30	61.00	6,031.30
(Decrease)/Increase in Cash	1,419,384.26	51.77	1,419,436.03
Cash-Beginning of period	-	1,419,384.26	-
Cash-End of period	1,419,384.26	1,419,436.03	1,419,436.03



**Receiver's Monthly Interim Report  
Estate of Suncor, Yanrob's Medical, Inc.**

Stephen J. Donell, Receiver  
12121 Wilshire Boulevard, Suite 1120  
Los Angeles, CA 90025

**Case Number:** 5:15-cv-02387-SVW (KKx)  
**Case Name:** Security and Exchange Commission vs.  
Robert Yang, Claudia Kano, Suncor Fontana, LLC  
Suncor Hesperia LLC, and Suncor Care Lynwood, LLC  
**Cumulative Period:** December 11, 2015 - March 31, 2016

Description	Prior Period 12/11/15-2/29/16	Current Period 3/1/16-3/31/16	Cumulative 12/11/15-3/31/16
<b>CASH RECEIPTS:</b>			
Funds Turned Over by Defendant	40,977.11		40,977.11
Funds Deposited into Pacific Premier Bank by Defendant	20,120.61		20,120.61
Funds from Noridian	93,158.80	11,473.21	104,632.01
Misc Funds Turned Over	179.72	22.06	201.78
Interest Income	-		-
Total receipts	154,436.24	11,495.27	165,931.51
<b>CASH DISBURSEMENTS:</b>			
Accounting Fees	\$ -		-
Bank Charges	37.00		37.00
Legal Fees	-		-
Payroll Expenses/Taxes	6,269.36		6,269.36
Postage/Delivery Costs	85.85		85.85
Malpractice Insurance	-		-
Professional Fees	3,500.00		3,500.00
Office Telephone	2,996.47		2,996.47
Association Dues	11,721.60	1,699.00	13,420.60
Fire & Liability	-		-
Receiver Fees	-		-
Receiver Costs	-		-
Total disbursements	24,610.28	1,699.00	26,309.28
(Decrease)/Increase in Cash	129,825.96	9,796.27	139,622.23
Cash-Beginning of period	-	129,825.96	-
Cash-End of period	129,825.96	139,622.23	139,622.23





### Receiver's Monthly Interim Report Suncor - General Account

Stephen J. Donell, Receiver  
12121 Wilshire Boulevard, Suite 1120  
Los Angeles, CA 90025

**Case Number:** 5:15-cv-02387-SVW (KKx)  
**Case Name:** Security and Exchange Commission vs.  
Robert Yang, Claudia Kano, Suncor Fontana, LLC  
Suncor Hesperia LLC, and Suncor Care Lynwood, LLC  
**Cumulative Period:** December 11, 2015 - March 31, 2016

Description	Prior Period 12/11/15-2/29/16	Current Period 3/1/16-3/31/16	Cumulative 12/11/15-3/31/16
<b>CASH RECEIPTS:</b>			
Funds Turned Over by Bank of America - Yanrob's PR Acct	7,816.18		7,816.18
Funds Turned Over by Park Place Escrow - Mentone	1,152.02		1,152.02
Interest Income	-		-
Total receipts	8,968.20	-	8,968.20
<b>CASH DISBURSEMENTS:</b>			
Accounting Fees	\$ -		-
Bank Charges	20.00	20.00	40.00
Legal Fees	-		-
Legal Court Filing Fees	721.92		721.92
Delivery/Messenger/Postage Costs	96.96		96.96
Bonds	-		-
Insurance - Mentone	841.00		841.00
Professional Fees	3,568.10		3,568.10
Construction Permits	-		-
Equipment Rental	-		-
Receiver Fees	-		-
Receiver Costs	-		-
Total disbursements	5,247.98	20.00	5,267.98
(Decrease)/Increase in Cash	3,720.22	(20.00)	3,700.22
Cash-Beginning of period	-	3,720.22	-
Cash-End of period	3,720.22	3,700.22	3,700.22

# **EXHIBIT 2**



Stephen J. Donell  
Receiver

12121 Wilshire Boulevard, Suite 1120 | Los Angeles, CA 90025  
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www.fedreceiver.com  
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## **RECEIVER'S FORENSIC ACCOUNTING REPORT**

*SEC v. Yang, et al.* | U.S.D.C. C.D. Cal. Case No. 5:15-cv-02387-SVW (KKx)

April 15, 2016

**To all Interested Parties:**

In accordance with: (1) the December 11, 2015 Preliminary Injunction, Order Appointing Receiver, Freezing Assets, and Providing for Other Ancillary Relief (the "Appointment Order") entered in the above-referenced matter by the United States District Court for the Central District of California (the "Court"); (2) the Court's March 8, 2016 Order in Aid of Receivership; and (3) Civil Rules 66-7(c) and 6-1, Stephen J. Donell (the "Receiver"), the Court-appointed receiver for Suncor Fontana, LLC, Suncor Hesperia, LLC, Suncor Care Lynwood, LLC, and their respective subsidiaries and affiliates (collectively, the "Receivership Entities" or "Entities"), hereby submits the following report (the "Forensic Accounting Report") on behalf of the Receivership Entities and their estate (the "Estate").

**I. EXECUTIVE SUMMARY.**

The plaintiff Securities and Exchange Commission (the "Commission") has alleged that the defendants in the above-referenced matter raised approximately \$20 million from investors located in China in connection with the United States Customs and Immigration Services ("USCIS") EB-5 investment program (the "EB-5 program"), which enables foreign investors to obtain a United States visa in exchange for their investments in the United States. Here, the USCIS threshold investment amount was \$500,000, and the Commission has alleged that the defendants obtained investments from a total of 40 investors. The Commission sought the appointment of the Receiver based on, among other things, allegations that individual Defendants Robert Yang ("Yang") and Claudia Kano ("Kano") (hereinafter, "Defendants") made false statements about how investor funds would be used, misappropriated, diverted and misused funds, and misrepresented the prospects that these investments would qualify for the EB-5 Program. The entry of the Appointment Order followed.

As reflected in the Receiver's Initial Report re: Marshaling and Preservation of Receivership Assets and Petition for Further Instructions (the "Initial Report"), and the concurrently submitted First Quarterly Status Report (the "First Quarterly Status Report"), the Receiver has, since his appointment, engaged in a concerted effort to conduct an investigation of the business and financial activities of the Receivership Entities and to identify and recover all available assets of the Entities ("Receivership Assets"). This effort has included the preparation of a forensic accounting to better describe the business and financial activities of the Entities, and to identify recoverable Receivership Assets.

In connection with the preparation of this Forensic Accounting Report, the Receiver has obtained, reviewed, and analyzed tens of thousands of pages of materials relating to the Entities' business and financial activities and the amount and nature of the Receivership Assets, including: (a) bank statements; (b) other financial documents; (c) offering memoranda; (d) loan agreements; (e) written communications with Entity investors, insiders, and third parties; (f) construction agreements and related documents; (g) real property title records and related documents; and (h) various state and federal court records and deposition transcripts. These materials covered a period of over five years, and included over 1000 separate bank statements, reflecting more than 20,000 individual transactions.

The Receiver's review and analysis are now essentially complete, and have led to the conclusions presented herein.<sup>1</sup> The documents obtained by the Receiver confirm that the Receivership Entities actually raised a total of approximately \$21 million, including \$1 million from a domestic investor, and used some of the \$21 million they raised for the purchase and/or

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<sup>1</sup> The Receiver reserves the right to modify the conclusions stated herein in the event that later-recovered information alters his analysis or conclusions, something he believes is unlikely at this point.

construction of real properties, including the real properties located at 17577 and 17579 Sultana St., Hesperia, CA (the "Hesperia Project"), 7227 Oleander Ave., Fontana, CA (the "Fontana Project"), and 3598 Martin Luther King Jr. Blvd., Lynwood, CA (the "Lynwood Project") (collectively, the "Projects"). However, the Receiver has also confirmed that the Entities engaged in the following conduct with regard to funds raised from investors:

1. Substantial commingling of investor funds among and between all of the Receivership Entities, such that the Entities were treated as a unitary enterprise;
2. Use of funds raised in connection with one Project to satisfy the financial obligations relating to other Projects, including for the purposes of purchasing real property;
3. Use of investor funds to purchase a speculative real property development opportunity located at 11202 Opal Ave., Mentone, California (the "Mentone Project"), which was unrelated to the Projects;
4. Use of investor funds for the payment of commissions or purported commissions and other fees to Mason Investments, LLC, or its affiliates (collectively, "Mason"), the subscription agent believed to have administered or supervised investments in the Entities relating to the EB-5 Program;
5. Diversion of funds raised from investors to third parties, including Relief Defendant Yanrob's Medical, Inc. ("Yanrob") and the Defendants;
6. Use of investor funds to pay the personal financial obligations of Defendant Yang, including personal taxes and payments to third parties in connection with loans unrelated to the Entities or the Projects; and
7. Use of investor funds to pay attorneys' fees.

The Receiver has also confirmed that the Entities obtained loans in the present outstanding/disbursed amount of at least \$3.4 million<sup>2</sup> in connection with the Projects, over and above the \$21 million raised from investors. The proceeds of these loans appear to have been used directly in connection with the Project to which they correspond (including in connection with the purchase of the Hesperia Project), and each of these loans appears to be secured by the Project to which it relates.

In summary, the Receiver has confirmed that the Entities raised \$21 million from investors in connection with the Projects, and incurred loan debts in the aggregate amount of at least \$3.4 million in connection with the Projects. As reflected below, the Receiver and his forensic accountants, Brandlin & Associates Accountancy Corporation ("B&A"), have accounted for the overwhelming bulk of the investor funds. The Receiver's accounting confirms that not all funds raised from investors were used in connection with the Projects. Indeed, millions in investor funds appear to have been used in a manner completely unrelated to their associated Entity. The Receiver's conclusions are presented, in detail and with particular examples, below, and in the exhibits attached hereto as Exhibits B through M.

## **II. QUALIFICATIONS OF BRANDLIN AND ASSOCIATES.**

The Receiver's lead forensic accountant, Jeffrey E. Brandlin, is a Certified Public Accountant (CPA), a Certified Insolvency Restructuring Advisor (CIRA), a Certified Merger & Acquisition Advisor (CM&AA), is certified in financial forensics (CFF), and is part of the Alliance of Merger & Acquisition Advisors (AM&AA). Mr. Brandlin is a 1972 graduate of San Diego State University, with a Bachelor of Science degree in accounting. He is the founder and

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<sup>2</sup> As discussed below in Section VI(F), this does not include additional loans of approximately \$1,427,000, made by GBC International Bank ("GBC"), to Yanrob.

chief executive of B&A, which he founded in 1980. A true and correct copy of Mr. Brandlin's curriculum vitae is attached hereto as Exhibit A.

### **III. MATERIALS AND METHODS.**

As detailed in the Initial Report and in the First Quarterly Status Report, since the issuance of the Appointment Order, the Receiver has diligently issued and enforced subpoenas, and has by this means and otherwise recovered voluminous materials relating to the conduct of the Defendants and the business and financial activities of the Receivership Entities. Relevant recovered documents were promptly transmitted to B&A. Notably, in reviewing the Entities' own records, the Receiver and B&A quickly determined that the Defendants and the Entities maintained books and records using QuickBooks. Initially, the existing QuickBooks files were obtained from the Defendants, and an attempt was made to reconcile the records to bank statements relating to each Entity and to any related escrow accounts. The data received from the QuickBooks files provided by Defendants was incomplete. Therefore, B&A recreated a comprehensive QuickBooks file from bank statements and other relevant records obtained by the Receiver. From the updated QuickBooks file, B&A was able to export cash receipt and cash disbursement records to Excel. Once in Excel, the Receiver and B&A were able to analyze and summarize cash receipt and disbursement transactions by date, payee, and amount.

The Receiver and B&A reviewed and analyzed a total of 30 bank accounts (10 personal accounts, 15 entity accounts, and 5 escrow accounts) between July 2012<sup>3</sup> and December 2015, along with the above-identified additional information, which covered a more expansive date range.

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<sup>3</sup> Additionally, the Mason Investments, LLC account at East West Bank, ending in 7551, was analyzed back to January 2012, and the HealthPro Capital Partners, LLC account at Bank of America, ending in 2594, was analyzed back to January 2011, as reflected in Exhibit L.



#### IV. SOURCES OF FUNDS RAISED FROM INVESTORS.

A total of \$21,047,459 in investment was raised in connection with the Receivership Entities and the Projects, of which \$20,047,459 came from EB-5 Program (foreign) investors and \$1,000,000 came from Shin Sook Park, a resident of San Bernardino County.<sup>4</sup> The funds from Ms. Park were obtained prior to 2012. Investor funds were commingled by the Defendants, in their administration of the Entities and the Projects, as illustrated conceptually in Exhibit B, and in more detail in Exhibit C. In Exhibit B, bi-directional arrows reflect investor funds flowing in both directions between recipients. Attached hereto as Exhibit D is a complete schedule of EB-5 Program investor funds raised in connection with each of the Entities. The actual deposits of these funds have been confirmed in the relevant bank accounts, as of the dates provided in Exhibit D.

#### V. OVERVIEW OF THE PROJECTS.

As described in more detail in the First Quarterly Status Report, the Projects are as follows:

- The Hesperia Project consists of real property in Hesperia, California. The Hesperia Project is currently undeveloped land, apparently intended by the Defendants to be developed as a sub-acute care / skilled nursing facility.
- The Fontana Project is a partially constructed sub-acute / skilled nursing facility, which appears to be approximately 45% complete, and which is subject to two construction loans made by Celtic Bank ("Celtic"), of which approximately \$3

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<sup>4</sup> Ms. Park's investment has been variously characterized by, at least, Defendant Yang, as a loan to HealthPro Capital Partners, LLC and as a purchase of an interest in HealthPro Capital Partners, LLC. In any event, the Receiver has confirmed that Ms. Park's \$1,000,000 investment was deployed in connection with the Fontana Project.

million in funds has been disbursed.

- The Lynwood Project is currently a vacant structure previously used as a skilled nursing facility and apparently intended to be re-developed as a sub-acute care / skilled nursing facility by the Defendants. It is subject to approximately \$300,000 in delinquent property taxes and penalties.

The Receiver has confirmed that the securities offerings by each of these Entities related to a corresponding Project as discussed herein.

## **VI. RECEIVER'S CONCLUSIONS.**

As reflected in the Executive Summary, Section I above, and for the purposes of this Forensic Accounting Report, the Receiver has completed his review and analysis of the materials obtained to date, and has drawn the following conclusions at this time, relating to his investigation of the business and financial activities of the Receivership Entities:

### **A. Summary of the Sources and Uses Of Investor Funds.**

A cumulative summary of the sources and uses of investor funds is reflected in the following table, which shows that the overwhelming bulk of funds raised from investors in the Receivership Entities can be accounted for at this time:

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<u>Sources and Uses of Funds</u>	
Description	Amount
<u>Sources</u>	
1 EB-5 Investors (Fontana)	\$ 4,501,155
2 EB-5 Investors (Hesperia)	9,501,054
3 EB-5 Investors (Lynwood)	6,045,250
4 Ms. Park	1,000,000
<b>Total Sources</b>	<b>21,047,459</b>
<u>Disbursements</u>	
5 Orange Coast Title Company	1,000,000
6 Suncor Fontana Construction	1,151,730
7 Suncor Hesperia Purchase	106,100
8 Suncor Hesperia Construction	1,559,778
9 Suncor Lynwood Purchase	3,360,000
10 Suncor Lynwood Construction	1,576,822
Total Projects	8,754,430
11 EB-5 Commissions	3,287,219
12 Transferred to Receiver	2,215,297
13 Celtic Bank	2,000,000
14 Transfers to Individuals	1,144,603
15 Transfers to Yanrob's Medical Inc.	1,212,350
16 Purchase of 11202 Opal Ave.	556,000
17 Return of Investor Deposit	500,024
18 Banco Popular*	500,000
19 Transfers to Healthpro Capital	278,000
20 Transfer to Park Place Escrow**	250,000
21 Claudia Kano	96,843
22 Other	252,694
Total Other	12,293,030
<b>Total Uses</b>	<b>\$ 21,047,459</b>
*Correspondence indicates that these funds were used, or were to be used to secure a \$15 million loan. In review of the records, the Receiver has discovered no indication that the loan transaction was completed.	
**The use of these funds has not been determined.	

As a supplement to the above summary table, the attached Exhibit E also provides more granular detail on the sources and uses of investor funds relating to each Entity.

**B. Use Of Investor Funds and Project Purchases by Entity.**

**1. Suncor Hesperia, LLC and the Hesperia Project.**

Suncor Hesperia, LLC raised approximately \$9.5 million from EB-5 investors, which funds were initially deposited into an account at Orange Community Escrow. Of this amount: (a) \$4.3 million was transferred to the Suncor Hesperia bank account; (b) \$3.285 million was diverted and used for the purchase of the Lynwood Project; (c) approximately \$1.4 million was ultimately turned over to the Receiver; and (d) approximately \$500,000 was returned to an investor. None of the original investor funds were used for the purchase of the Hesperia Project. Rather, the sources of the \$456,100 used to purchase of the Hesperia Project were as follows:

<u>Suncor Hesperia, LLC</u> <u>Orange Community Escrow #34914</u>	
Loan from Foremost Real Estate III, LLC	\$ 350,000
Transfer from Suncor Fontana, LLC	106,100
Purchase of 17577/17579 Sultana St.	<u>\$ 456,100</u>

Of the \$106,100 transfer from Suncor Fontana, LLC, \$3,810 was transferred to the Suncor Hesperia, LLC escrow #35163 before being transferred to escrow #34914.

**2. Suncor Lynwood, LLC and the Lynwood Project.**

Suncor Lynwood, LLC raised approximately \$6 million from EB-5 Program investors. Of this amount: (a) \$4.5 million was transferred to the Suncor Lynwood, LLC bank account; (b) \$750,000 was ultimately turned over to the receiver; (c) \$500,000 was transferred to Banco Popular; and (d) \$250,000 was transferred to Orange Community Escrow account No. 10832. None of the funds raised were used to purchase the Lynwood Project. Rather, the sources of funds for the \$3.4 million purchase of the Lynwood Project are as follows:

<u>Suncor Lynwood, LLC</u> <u>Orange Community Escrow #34452</u>	
Transfer from Orange Community Escrow #35163 (Hesperia)	\$ 3,285,000
Transfer from Suncor Hesperia, LLC	75,000
Credit from Seller for "operation costs"	40,000
Purchase of 3598 Martin Luther King Jr. Blvd.	<u>\$ 3,400,000</u>

3. Suncor Fontana, LLC and the Fontana Project.

Suncor Fontana, LLC raised approximately \$4.5 million from EB-5 Program investors. All of these funds were transferred to that Entity's bank account, of which \$1 million was transferred to a deposit account maintained in the name of HealthPro Capital Partners, LLC ("HealthPro"), the entity created by the Defendants to administer the Fontana Project, and an affiliate of the Receivership Entities (and thus a Receivership Entity itself, as defined in the Appointment Order).

The total sources of funds for the initial purchase of the Fontana Project have not been identified, due to the fact that the Fontana Project property was purchased, as reflected in Exhibit D, before any investor money flowed to the Entities. Among those purchase funds was \$315,682 that was derived from HealthPro. The following sources of funds for this \$315,682 transfer from HealthPro, and relating to the Fontana Project, purchase have been identified:

<u>Source of Healthpro Capital Partners Funds</u>	
Cashiers Check	\$ 200,000
Madeleine Gween	25,000
Christine L. Arnold	30,000
Isabelle Therese Gween	50,000
Trinh Tran-Vu	50,000
Marie Danielle Overfield	50,000
	<u>\$ 405,000</u>

Exhibit C, attached hereto, provides a more detailed flowchart of the sources and uses of investor funds, with particular focus on how Projects or other properties were financed.

**C. Commingling of Investor Funds Among Entities.**

The Receiver has identified \$6,454,119 investor funds commingled among and between the Entities and the Relief Defendants, including intra-Entity transfers and Entity-to-Relief Defendant transfers, and the use of funds raised by one Entity for the benefit of other Entities or Relief Defendants, as shown in the table below:

	FROM						Total
	Yanrob's Medical, Inc.	Suncor Fontana, LLC	Suncor Lynwood, LLC	Suncor Hesperia, LLC	Healthpro Capital Partners, LLC		
Yanrob's Medical, Inc.	\$ -	\$ 121,000	\$ 255,000	\$ 836,350	\$ 25,000	\$	1,237,350
Suncor Care, Inc.	-	-	500,000	56,000	-		556,000
Suncor Fontana, LLC	-	-	350,000	-	50,000		400,000
Suncor Lynwood, LLC	-	91,760	-	3,496,719	-		3,588,479
Suncor Hesperia, LLC	-	111,290	-	-	-		111,290
Healthpro Capital Partners, LLC	233,000	200,000	128,000	-	-		561,000
Total Disbursements	\$ 233,000	\$ 524,050	\$ 1,233,000	\$ 4,389,069	\$ 75,000	\$	6,454,119
<u>No. of Transactions</u>							
Yanrob's Medical, Inc.	-	6	2	9	2		19
Suncor Care, Inc.	-	-	1	1	-		2
Suncor Fontana, LLC	-	-	2	-	1		3
Suncor Lynwood, LLC	-	12	-	6	-		18
Suncor Hesperia, LLC	-	4	-	-	-		4
Healthpro Capital Partners, LLC	9	5	5	-	-		19
Total No. of Transactions	9	27	10	16	3		65

The table above presents gross transfers.

Additionally, Exhibit B, attached hereto, is a simplified flowchart illustrating the comingling of investor funds among and between various entities. Separately, the Receiver anticipates that a \$1,000,000 December 2014 transfer from Suncor Lynwood, LLC's bank account to Orange Coast Escrow, which had previously been the escrow company associated with the purchase of the Fontana Project, will ultimately be determined to reflect commingling of an additional \$1,000,000 of Entity funds. However, even without considering the potential inclusion of another \$1,000,000 as commingled funds, it is clear from the Receiver's analysis that the Entities engaged in substantial and systematic commingling to such a degree that no distinctions were drawn between the Entities, all of which (and their assets) were treated as essentially interchangeable. Accordingly, the Receiver has determined that the Entities were

operated as a unitary enterprise and recommends treating the Estate as a common asset pool, rather than as comprised of factually and practically distinct "silos" associated with each of the Receivership Entities. In practice, no such distinctions were ever observed in the pre-receivership period.

**D. Purchase of the Mentone Project.**

The Receiver has identified a \$500,000 disbursement from Suncor Lynwood, LLC and a \$56,000 disbursement from Suncor Hesperia, LLC to Park Place Escrow on behalf of Suncor Care, Inc., relating to the purchase of the Mentone Project. This is summarized in the below table:

<u>Suncor Care, Inc.</u> <u>Park Place Escrow #9533</u>	
Suncor Lynwood, LLC	\$ 500,000
Suncor Hesperia, LLC	56,000
Purchase of 11202 Opal Ave.	<u>\$ 556,000</u>

The Receiver also noted that, at the time of the appointment of the Receiver, Suncor Care, Inc. was a party to a pre-receivership Purchase and Sale Agreement, as amended, which reflected an anticipated sale of the Mentone Project to RL Communities, Inc. ("RL"). The Receiver further identified \$150,000 in disbursements from RL to Park Place Escrow account No. 11406, relating to that transaction, which funds RL has stated were released for the commencement of entitlements and other Project development tasks associated exclusively with the Mentone Project. Of these funds derived from RL, \$2,000 remains in escrow, whereas \$148,000 was subsequently disbursed to Suncor Care, Inc., and used as indicated on the following table, including for purposes apparently unrelated to the Mentone Project:

<u>Use of \$148,000 by Suncor Care, Inc.</u>	
Cash Withdrawals	\$ 22,758
Mentone Related	8,000
Other Construction*	34,438
Suncor Hesperia Expenses	25,589
Suncor Fontana Expenses	44,500
Suncor Lynwood Expenses	3,000
Other	9,715
	<u>\$ 148,000</u>
*No entity specified.	

Attached hereto as Exhibit F are further details relating to the Mentone Project and the uses of the funds received from RL relating to this transaction.

**E. Fees Paid to Mason.**

The Receiver has identified \$3,287,219 in disbursements to Mason, as shown in the following table:

<u>Disbursements to Mason</u>	
Source	Amount
Suncor Fontana, LLC	\$ 812,179
Suncor Lynwood, LLC	810,000
Suncor Hesperia, LLC	1,620,000
Park Place Escrow	45,040
	<u>\$ 3,287,219</u>

Attached hereto as Exhibit G is a spreadsheet containing additional details relating to these disbursements, which occurred between December 2012 and December 2014.

**F. Transfers of Funds to Third Parties and Defendants.**

The Receiver and B&A further documented numerous transfers of investor funds to third parties. As reflected in the relevant Exhibits identified below, a few of these transfers occurred before EB-5 Program investors began to deposit their investment funds into escrow, in November 2012, as reflected in Exhibit D. However, due to the commingling of Receivership



Assets relating to the affected Entities and third parties, the Receiver is including such transfers herein.

1. Disbursements to Yanrob's Medical, Inc.

A total of \$1,237,350 in disbursements to Yanrob were identified, as summarized in the following table:

<u>Transfers to Yanrob's Medical Inc.</u>	
Source	Amount
Suncor Hesperia, LLC	\$ 836,350
Suncor Lynwood, LLC	255,000
Suncor Fontana, LLC	121,000
Healthpro Capital Partners, LLC	25,000
	<u>\$1,237,350</u>

The Receiver has further confirmed that \$500,000 from the \$1.1 million in transfers to Yanrob consisted of a disbursement from Suncor Hesperia, LLC to a GBC deposit account maintained in Yanrob's name. The remaining funds were used for business operating expenses, payroll, and paying down a GBC loan or loans (discussed below). Exhibit H, attached hereto, provides additional details relating to these disbursements to Yanrob.

As discussed above, the Receiver has identified the following GBC loans relating to the property at 406 Vanderbilt Way, San Bernardino, CA (which houses Yanrob and serves as the site for Defendant Yang's medical practice), in connection with which investor funds were used for loan repayment:

<u>Yanrob's Medical, Inc.</u>	
<u>GBC Loans and Vanderbilt Purchase</u>	
GBC International Bank 1st T/D loan	\$ 793,000
GBC International Bank 2nd T/D bridge loan	634,000
Purchase of 406 Vanderbilt Way	<u>\$1,427,000</u>

2. Disbursements to Robert Yang.

The Receiver has identified \$821,850 in disbursements to Defendant Yang as shown in the following table, which summarizes their sources:

<u>Disbursements to Robert Yang</u>	
Source	Amount
Yanrob's Medical, Inc.	\$ 701,850
Healthpro Capital Partners, LLC	120,000
	<u>\$ 821,850</u>

Exhibit I, attached hereto, provides additional details relating to these disbursements to Defendant Yang, which largely were distributed to Yang from Yanrob, itself a recipient of Receivership Entity funds as discussed above.

3. Disbursements to Claudia Kano.

The Receiver has identified \$278,466 in disbursements<sup>5</sup> to Claudia Kano as shown in the following table, which summarizes their sources:

<u>Disbursements to Claudia Kano</u>	
Source	Amount
Yanrob's Medical, Inc.	\$ 176,623
Suncor Fontana, LLC	36,843
Suncor Lynwood, LLC	45,000
Suncor Hesperia, LLC	20,000
	<u>\$ 278,466</u>

Exhibit J, attached hereto, provides additional detail relating to disbursements to Kano.

**G. Use of Investor Funds for Other/Personal Expenses.**

The Receiver has identified \$1,144,603 in disbursements to individuals from Suncor Fontana, LLC as shown in the following table:

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<sup>5</sup> Amount includes transfers from Yanrob, which item 21 on the preceding table on page 9 does not.

<u>Disbursements to Individuals from Suncor Fontana, LLC</u>	
Name	Amount
1 Tina Yang*	\$ 210,000
2 Angeline Herbert*	172,750
3 Yushan Lu*	172,500
4 Madelaie Gween*	115,500
5 Anthony Ton*	70,000
6 Jeff Chung*	57,500
7 Christine Arnold*	57,250
8 Trinh Tran Vu*	57,250
9 Isabelle Threrese Gween*	57,250
10 Marie Danielle Overfield*	57,250
11 Quang To	28,000
12 Troy Aykan, Esq.	26,600
13 Sirath M Patzer	17,128
14 Alberto Alvarado Esq	11,500
15 Jon Vasquez J&M	10,000
16 Naranjo Grading	7,500
17 Martin Castillo Esq*	6,500
18 Rong Jie Hy	5,125
19 Manuel Mancha	5,000
	<u>\$ 1,144,603</u>
*Items noted as loan repayments	

These disbursements occurred in December 2012, with the earliest occurring on December 21, 2012, and were made from Suncor Fontana, LLC's bank account. These disbursements occurred after Suncor Fontana, LLC's bank account was funded with investor money.

#### **H. Use of Investor Funds for Attorneys' Fees.**

The Receiver has identified the following use of investor funds to pay attorney fees, as summarized in the below table:

<u>Attorney Fees</u>	Suncor Fontana, LLC	Suncor Lynwood, LLC	Suncor Hesperia, LLC	Total
William T. Gaye, Esq.	\$ 56,000	\$ -	\$ -	\$ 56,000
James F Penman Esq	-	22,700	18,300	41,000
Troy Aykan, Esq.	26,600	2,500	10,000	39,100
Milligan Besivick, Levine & Knox LLP	17,500	22,500	-	40,000
Atkinson, Andelson, Loya, Rudd & Romo	15,000	-	11,965	26,965
Alberto G. Alvarado, Esq.	11,500	-	-	11,500
Martin G. Castillo, Esq.	6,500	-	-	6,500
Pan-Pacific Immigration Law Group	5,000	-	-	5,000
<b>Total</b>	<b>\$ 138,100</b>	<b>\$ 47,700</b>	<b>\$ 40,265</b>	<b>\$ 226,065</b>

The Receiver has not determined whether, in all cases identified above, the use of investor funds to pay the above-identified attorneys was appropriate, and such a conclusion is outside of the scope of this Forensic Accounting Report.<sup>6</sup>

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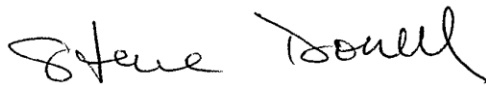
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<sup>6</sup> These amounts may include certain amounts also mentioned in the table in Section G above.

**VII. CONCLUSION.**

As reflected above, the Receiver has accounted for substantially all of the funds raised from investors, including the \$1 million raised from Ms. Park domestically. His accounting confirms, among other things, that the Receivership Entities: (a) engaged in rampant and substantial commingling of investor funds; (b) used funds from one Project to pay the expenses of others; (c) used investor funds to purchase a speculative real property development unrelated to the Entities' stated purpose; (d) made over \$3 million in payments to Mason from investor funds; and (e) diverted and paid investor funds to or for the benefit of third parties, including Yanrob, the Defendants, and pre-receivership counsel.

Dated: April 18, 2016

By: 

Stephen J. Donell, Receiver

Dated: April 18, 2016

BRANDLIN & ASSOCIATES  
ACCOUNTANCY CORPORATION

By: 

Jeffrey E. Brandlin, CPA & CFF / CIRA & CM&AA

**CURRICULUM VITAE**

**JEFFREY E. BRANDLIN, CPA & CFF / CIRA & CM&AA**

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**EDUCATION & CERTIFICATIONS**

San Diego State University, San Diego, CA  
Bachelor of Science, Accounting 1972

Licensed: Certified Public Accountant (CPA) - 1976  
State of California, Board of Accountancy

Certified: Certified Insolvency Restructuring Advisor (CIRA) - 2004  
Association of Insolvency & Restructuring Advisors (AIRA)

Certified in Financial Forensics (CFF) - 2008  
American Institute of Certified Public Accountants (AICPA)

Certified Merger & Acquisition Advisor (CM&AA) - 2015  
Alliance of Merger & Acquisition Advisors (AM&AA)

**EXPERIENCE**

**1980 – Present: Brandlin & Associates Accountancy Corporation, Los Angeles CA**

Jeffrey E. Brandlin is the founder and chief executive of Brandlin & Associates Accountancy Corporation (“B&A”), and specializes in providing professional services to lenders, creditors, shareholders, and investors. These services include due diligence engagements related to crucial financial decisions, and the reorganization and restructuring of problem credit situations. Mr. Brandlin also provides litigation support, bankruptcy and insolvency consulting and other forensic accounting services.

In 2008, Mr. Brandlin obtained the Credential of Certified in Financial Forensics (“CFF”) from the American Institute of Certified Public Accountants (the “AICPA”). This credential combines specialized forensic accounting expertise with the core knowledge and skills that make CPAs among the most trusted business advisers. The CFF encompasses fundamental and specialized forensic accounting skills that CPA practitioners apply in a variety of service areas, including: bankruptcy and insolvency; computer forensics; economic damages; family law; fraud investigations; litigation support; stakeholder disputes and valuations.

In 2004, Mr. Brandlin obtained the status of Certified Insolvency and Restructuring Advisor (“CIRA”) from the Association of Insolvency and Restructuring Advisors (the “AIRA”). The

objective of the CIRA program is to recognize, by public awareness and by certification, those individuals who possess a high degree of specialized professional expertise in the area of business bankruptcy and insolvency, receiverships and other litigation matters.

Mr. Brandlin's professional affiliations include the American Institute of Certified Public Accountants ("AICPA"), the California Society of Certified Public Accountants ("CSCPA"), the Association of Insolvency and Restructuring Advisors ("AIRA"), the Association for Corporate Growth ("ACG"), and the Association for Certified Fraud Examiners ("ACFE").

Mr. Brandlin founded B&A in 1980 after a successful career in the Los Angeles professional accounting community as a litigation consultant and, previously, as an audit manager for Coopers & Lybrand. His extensive career has encompassed clients in a broad range of businesses, including the entertainment industry, manufacturing, oil and gas production, refining and distribution, food service, health care, construction, retail, financial and professional service firms, asset-based and corporate lenders, merchants, investors, and other public, private and not-for-profit organizations.

During the past thirty years, Mr. Brandlin has been involved in significant engagements where he has provided professional services as an expert witness, financial advisor, forensic accountant, and / or litigation and workout consultant. These engagements have included:

#### TESTIMONY & LITIGATION CONSULTING EXPERIENCE

1. Expert witness as to damages in the fire claim of Congress Financial Corporation (n/k/a Wachovia Bank, N.A.), et al., vs. The Travelers Indemnity Co., et al., Adv. Proc. No. 803-8274-511 (ESS) (*Insurance Claim*);
2. Litigation consultant for Plaintiff in Kenneth P. Silverman, as Chapter 7 Trustee of Allou Distributors, Inc. et al., and Congress Financial Corporation vs. KPMG LLP, Arthur Andersen LLP, and Mayer Risppler & Company, P.C., Defendants, Case No. 03-82321-511 (MLC), United States Bankruptcy Court, Eastern District of New York (*Accountant Malpractice*);
3. Litigation consultant for Defendant in Honsador Holdings, LLC, Odyssey A LLC fka Hon Lumber Acquisition LLC, and Richard R. Foreman vs. Key Principal Partners LLC, James J. Pappas, and James J. Pappas 1999 Qualified Annuity Trust, Civil No. 04-1-2140-11 SSM, Circuit Court of the First Circuit, State of Hawaii (*Breach of Contract*);
4. Expert witness for Plaintiff in AMPAC JV Group, Inc., a California corporation, d/b/a C and L Global Warehouse Distributor; John Chang, an individual; Vincent Lam, an individual; Sophia Chang, an individual; and Pauline Lam, an individual vs. General Motors Corporation, Defendants, Case No. BC 206274, Superior Court of the State of California for the County of Los Angeles (*Breach of Contract, Fraud and Economic Damages*);

5. Litigation consultant for Plaintiff in LaSalle Business Credit and Standard Federal Bank National Association vs. Grobstein, Horwath & Company, LLP (successor CPA firm *Crowe Horwath LLP*), Defendant, Case No. BC304025, Superior Court of the State of California for the County of Los Angeles, Central District (*Accountant Malpractice*);
6. Litigation consultant for Plaintiff in LaSalle Business Credit and Standard Federal Bank National Association vs. Chinatrust Bank; Far East National Bank; and Development Bank of Singapore, Defendants, Case No. BC304063, Superior Court of the State of California, County of Los Angeles – Central District (*Lender Liability*);
7. Litigation consultant for Plaintiff in Comerica Bank vs. Singer, Lewak, Greenbaum & Goldstein, LLP (successor CPA firm *SingerLewak LLP*), Defendants, Case No. 03CC06390, Superior Court of California, County of Orange, Central Justice Center (*Accountant Malpractice*);
8. Litigation consultant for Plaintiff in Iron Grip Barbell Company, Inc. vs. USA Sports, Inc., Case No. SACV 02-498 GLT (Anx). United States District Court, Central District of California (*Patent Litigation*);
9. Litigation consultant for Plaintiff in Iron Grip Barbell Company, Inc. and Christopher B. Anastasi, Plaintiffs vs. Icon Health & Fitness, Inc. and Sears, Roebuck and Company, Defendants, Case No. CV SA 02-32 GLT (Anx), United States District Court, Central District of California (*Patent Litigation*);
10. Expert witness for Defendant in The Coluombe Law Firm vs. Pacific Digital Corporation, Arbitration, JAMS REF. NO. 1200032705 (*Breach of Contract*);
11. Expert witness for Plaintiff in Pentawave, Inc. et. al., vs. Homestore, Inc.; Case No. SC031526, Superior Court of the State of California, County of Ventura, District of Simi Valley (*Breach of Contract and Fraud*);
12. Expert witness for Plaintiff in Dartmouth Development Company, Inc., Dartmouth Stagecoach Associates LLC, and Dartmouth Alpine Associates LLC vs. Real Estate International Corporation aka REI-NC, Paul Gonya, David Waitley, and Kenneth Stroud, Defendants, Case No. GIC 845987, Superior Court for the State of California, County of San Diego (*Breach of Contract and Fraud*);
13. Litigation consultant for Plaintiff Dartmouth Development Company, Inc., Dartmouth Stagecoach Associates LLC, and Dartmouth Alpine Associates LLC vs. Lang and Associates, Inc. and Doane Glitschka, CPA, Defendants,



Case No. GIC881368, Superior Court for the State of California, County of San Diego (*Accountant Malpractice: Breach of Contract and Negligence*);

14. Expert witness for Ivivi Technologies, Inc. v. Stonefield Josephson, Inc. (successor CPA firm Marcum LLP), JAMS Ref. No.: 1220 035 698 (*Matter of Arbitration between Claimants and Stonefield Josephson, Respondent*);
15. Expert witness for Shepard Fairey and Obey Giant Art, Inc. v. The Associated Press v. Shepard Fairey, et al., Case No. 09CIV01123, United States District Court, Southern District of New York (*Infringer's Profits*);
16. Expert witness for Plaintiff The Golden West Fruit Company, Inc., et al., vs. Daniel E. Apodaca, CPA (Apodaca & Company), Case No. BC444407, Superior Court of the State of California, County of Los Angeles, Central District (*Accountant Malpractice*);
17. Litigation consultant and expert witness for Plaintiff EVOQ Properties, Inc. f/k/a Meruelo Maddux Properties, Inc., Case No. BC481555, Superior Court of the State of California, County of Los Angeles, Central District (*Complaint for Damages and Equitable Relief for Breach of Fiduciary Duty*);
18. Litigation consultant and expert witness for Claimants PNY Technologies, Inc. and PNY Technologies Europe, S.A.S., International Institute for Conflict Prevention and Resolution (*Accountant Malpractice – Matter of Arbitration between Claimants and KPMG LLP, Respondent*);
19. Expert witness for Plaintiff Royal Business Bank, Case No. BC476980, Superior Court of the State of California, County of Los Angeles, Central District (*Breach of Written Contract; Negligence; and Negligent Misrepresentation*);
20. Litigation consultant for Plaintiff in Jeffrey H. Mims, as Chapter 7 Trustee *In Re Color Star Growers of Colorado, Inc., CAST, Inc. and Color Star, LLC* (United States Bankruptcy Court for the Eastern district of Texas, Sherman Division Case No. 13-42959) (*Accountant Malpractice*);
21. Expert witness and forensic accountant for Claimant in Beverly Hay Dechevrieux v. La Cienega Partners Limited Partnership, JAMS Arbitration Case No. 1220048390 (*Breach of Contract*);

#### **FINANCIAL ADVISORY & FORENSIC ACCOUNTING EXPERIENCE**

22. Financial advisor to Wells Fargo Equipment Finance & Wachovia, and 10 other secured lenders in their loans of approximately \$230 million to Brundage-Bone Concrete Pumping Co. (BBCP), CASE NO. 010-10758 ABC.

- BBCP is the largest provider of concrete pumping services in the U.S. During the Chapter 11 proceedings, the continuing lenders acquired 100% of the equity of BBCP. In a subsequent sale of BBCP, the remaining lenders recovered all of their previously compromised debt and a substantial equity return. The turnaround was the most successful recovery in Wells Fargo Bank's history (submitted to the TMA for the 2015 *Turnaround of the Year Award*);
23. Financial advisor to McDermott Will & Emery and their client Gerald Christian and his related entities in the restructuring of his \$35 million of debt to 13 different lenders and lessors;
  24. Financial advisor to 228-32 West 42<sup>nd</sup> Street Realty Corp Board of Directors. Company owns commercial real estate in Chapter 11. Responsibilities included preserving any equity in the estate, assisting and advising the Board with respect to its administrative and financial matters, including meeting all the Debtor reporting requirements of the U.S. Trustee. Provided restructuring services including the sale of non-performing undercapitalized property;
  25. Norman J. and Kerri A. Salter (USBC Case No. 1:09-bk-11653-KT): Forensic accountant to creditors committee in Chapter 11. Responsibilities included investigating potential fraudulent transfers, asset valuation and consultation regarding the plan of reorganization. Assisted with special purpose entity evaluation and identification of avoidance claims;
  26. REI-NC / Dartmouth (Case No. GIC845987): Forensic accountant and financial advisor engaged by counsel regarding breach of contract and misappropriation of joint venture funds. Suspected fraud resulted from the analysis of joint venture profitability;
  27. The People of the State of California vs. Paul Gonya, Kenneth Stroud and Marie Frever (Case No. CD209855): Engaged by the County of San Diego to assist with the criminal prosecution of the defendants and provide expert accounting testimony regarding the REI-NC / Dartmouth accounting records and operating agreement;
  28. Kingsway: Litigation consultant on accounting and auditing matters to counsel representing a foreign investment company in a case against a "Big 4" accounting firm. The litigation involved an insurance company and SEC registrant that filed false and misleading financial statements containing material errors resulting from inadequate insurance loss reserves;
  29. BNP Paribas – Transtar Metals: Forensic accountant, financial advisor and litigation consultant engaged by counsel representing a consortium of banks in

- a case involving the sale of an international metals distribution company. Litigation resulted from questionable asset valuations, primarily inventory. The case also included the accounting for an extraordinary gain recognized by the buyer contemporaneous to the closing of purchase transaction;
30. Latham & Watkins – ATI: Forensic accountant, financial advisor and litigation consultant engaged by counsel to a consortium of lending institutions and counsel involved in a \$140 million problem credit facility to a \$550 million paper converter and manufacturer (services provided included investigation and analysis of fraudulent sales; a complex *bill and hold* scheme; *refreshing* and *ever-greening* of invoice preference payments, sources of deposits, and other unusual transactions; establishing cash controls; and implementing a cash operating projection system);
31. UBOC – Barth & Dreyfuss: Forensic accountant, financial advisor and litigation consultant engaged by counsel to a bank involved in an \$11 million problem credit facility to a \$70 million manufacturer and distributor of kitchen and bath textile products (services included investigation and analysis of *pre-billing* sales transactions, ineligible inventory reported on borrowing base certificates, understatements of the company's allowance of doubtful accounts and other accounting irregularities);
32. A&J Cheese – GMAC/Comerica: Forensic accountant, financial advisor and litigation consultant engaged by counsel to a consortium of lending institutions and counsel involved in a \$60 million problem credit facility to a \$260 million manufacturer and distributor of food products (services included a comprehensive investigation of a ten year scheme to defraud the lenders; analysis of substantial funds diverted to principals of the company; a special examination of management's \$46 million adjustment to \$56 million of accounts receivables reported in borrowing base certificates; a special examination of management's \$12 million adjustment to \$26 million of inventory reported in borrowing base certificates; development of daily cash, accounts receivable and inventory roll-forward procedures and controls to establish the integrity of daily collateral reports; establishment of controls to monitor inventory movement, sales and collections; and consultation on potential accountants' malpractice litigation);
33. Winston & Strawn – Nogales Investors – Graphic Press: Workout consultant to the borrower and financial institution involved in an \$18 million credit facility to a \$30 million commercial printing and graphic services company (services included evaluation of borrowing base reports; identification of ineligible collateral; monitoring the usage of an over-advance; implementation and monitoring of a thirteen week cash flow forecasting system that was maintained by management; analysis of methods and procedures to improve

- the company's cash flow; assisting management in establishing internal control procedures over billing production and shipping activities; and stabilizing information flow and the integrity of reports provided to the lender);
34. Marwit Capital – H&W Foods: Forensic accountant, financial advisor and litigation consultant engaged by a Private Equity Group invested in a \$65 million meat and poultry processor and distributor (services included the discovery and identification of management personnel responsible for fraudulent reporting in borrowing base certificates; creation and implementation of a daily cash management reporting system; preparation of comprehensive monthly budgeting systems and procedures; and establishment of a thirteen week cash forecasting system and the methodology to compare this information with the comprehensive budgeting system);
35. Centre Partners – Rembrandt Photo: Financial advisor and litigation consultant to a private investment firm involved in a \$40 million equity investment and a \$49 million loan to a \$43 million manufacturer and marketer of polypropylene storage products (services included the identification of fraudulent reporting and methodology used to prepare false interim financial statements; assisting management in the preparation of accurate and reliable interim financial statements; a comprehensive analysis of adjustments;
36. Morrison Foerster – Merchant Holdings: Workout consultant and financial advisor to the borrower and a consortium of financial institutions involved in a \$90 million credit facility to a \$200 million international distributor of consumer products (services included the design, installation and monitoring of cash management systems and procedures; evaluation of weekly cash receipts, disbursements and fund requirements; preparation of projected balance sheet, operating and cash flow information; establishment of a thirteen week cash forecasting system with comparisons to the projected financial information; detail customer profitability analysis; monitoring of the liquidation of the company under Chapter 7 of the U.S. Bankruptcy Code);
37. Fleet Capital – Orange Plastics: Financial advisor and litigation consultant to lender involved in a \$31 million credit facility to a \$75 million plastic bag manufacturer (services included the identification of a material inventory overstatement that required the restatement of audited financial statements; discovery of erroneous finished goods inventory costing procedures and the creation of an appropriate and reliable valuation methodology; implementation of internal control procedures for monthly physical inventory counts for purchasing and cash disbursements systems; creation and implementation of monthly budgeting and forecasting procedures, including an integrated cash budgeting and thirteen week rolling cash flow process; and

- the development of daily inventory roll forward reporting procedures and controls; and implementation of a daily cash management system);
38. Harris Nesbitt – American Computer & Digital Components: Forensic accountant, financial advisor and litigation consultant engaged by counsel to a lender involved in a \$22 million credit facility to a \$200 million computer parts distributor (services included reconciliation of borrowing base certificates to the borrower's computer generated reports, identification of techniques used to overstate accounts receivable; discovery of a \$7 million diversion of funds; identification of *off book* bank accounts and a scheme to inflate borrowing base certificates by *refreshing* invoices; analysis of preference payments, sources of deposits and other unusual transactions; detail analysis of related party transactions; and the evaluation of applicable records to correct errors in inventory valuation);
39. Caltius Capital – Homegrown: Financial advisor to the borrower and lender involved in an \$8 million credit facility to a \$40 million natural foods producer and distributor (services included the creation of a thirteen week cash forecasting system to be used and maintained by management; assisting; assisting management evaluating the borrower's viability and its ability to service debt; evaluation of the benefits of integrating computer systems; analysis of the commission policies and the structure of sales functions; detail analysis of accounts receivable and accounts payable; and identification of methods to improve cash flow);
40. Riverside Partners – SaRonix: Financial advisor to a private investment firm making an \$8 million equity investment in a \$75 million electronic parts distributor (services included determining the adequacy of management's valuation of inventory obsolescence; discovery of deficiencies in operational inventory reporting; integration of marketing, sales, inventory control, and accounting and finance goals to improve inventory turnover; evaluation of management's utilization of sophisticated computer software; and analysis of deviations from generally accepted accounting principles);
41. United California Bank, Sanwa – ABS: Financial advisor to a group of banks making a \$10 million loan to a \$124 million manufacturer and distributor of residential and commercial doors (services included a comprehensive analysis of the company's accounting method to capitalize manufacturing overhead resulting in substantial income tax savings; recommendations regarding the integration of inventory and general ledger software packages; creating an inventory turnover report to manage purchasing efforts and isolate slow moving products; and assisting management in search and employment of new auditors);



42. Key Principal Partners – T-Netix: Financial advisor to a private investment company making a \$20 million equity investment in a \$118 million computer hardware and proprietary software development company (services included analysis of the adequacy of the company’s allowance for doubtful accounts; evaluation of the adequacy of financial management’s knowledge and understanding of company business operations; discovery of material internal control weaknesses relative to revenue recognition; creation of computer software to capture revenue transactions on a timely and accurate basis; a comprehensive analysis of accounts receivable write-off losses, including various service provider partners that had excessive receivable losses; creation of a methods to estimate bad debts and other potential uncollectible accounts receivable; and implementation of procedures and timetables for monthly accounting closings and the analysis of balance sheet and operating accounts);
43. Key Mezzanine – Imperial Plastics: Financial advisor to a lender making a \$6 million loan to a \$16 million manufacturer of injected molded plastic products (services included the identification of material deviation from generally accepted accounting principles related to compensated absences and the adequacy of the allowance for doubtful accounts; identification of accounting errors in the recording of finished goods and raw materials inventory; discovery of customer concentrations aggregating 50% of annual sales; discovery and measurement of an undisclosed buyout agreement liability; and the determination of the operational status and functionality of a recently implemented job costing system);
44. Jeffrey L. Hayden, Debtor and Debtor-in-Possession v. Asset Funding Group, LLC, et al. (Case No. 1:14-bk-11187-MT – Chapter 11, Adversary Case No. 1:14-ap-01195-MT): Forensic accountant engaged by counsel regarding breach of contracts and implied covenants of good faith and fair dealing, and disallowance of proof of claim filed by defendant. Provided expert accounting testimony regarding AFG, et al. accounting records and operating agreements;
45. Beitler v. Hayden (Los Angeles County Superior Court Case No. BC476322): Forensic accountant engaged by special litigation counsel to prosecute and defend Hayden on cross-complaint. Provided expert accounting testimony regarding AFG entities’ accounting records, operating agreements and plaintiff’s improper divestiture of real property assets, failure to repay personal loans to Hayden and using the AFG entities as his personal bank accounts;
46. Federal Trade Commission v. Bunzai Media Group, Inc., et al., (Case No. 2:15-CV-4527): Forensic accountant engaged by the court-appointed receiver to investigate beliefs that defendants violated numerous sections of the Federal Trade Act. The cause of action was brought to protect consumers

nationwide who suffered economic injury and defendants would continue to receive ill-gotten gain if not stopped;

47. Hyo Dong Kim (USBC Case No. 8:14-bk-11142-SC): Accountant to Chapter 11 and 7 Trustee. Responsibilities included investigating potential fraudulent transfers, business viability and consultation regarding plan of reorganization. Assisted Chapter 11 Trustee with preparation of monthly operating reports, accumulation of records and other pertaining to the estate;

48. Due Diligence Matters: In addition to the selected due diligence matters listed above, Mr. Brandlin, since 1995, has provided due diligence services to many Private Equity Groups (PEG's) and Mezzanine Lenders on hundreds of middle market merger and acquisition transactions spanning a plethora of industries; and

#### **CORPORATE GOVERNANCE**

49. Board of Director – Support Services of America, Inc. (janitorial services company) August 2013 – October 2013.

#### **PUBLICATIONS**

“Fraud and Forensics: Piercing Through the Deception in a Commercial Fraud Case”  
(published by the *American Bankruptcy Institute*, August 2015)

“Financial Fraud in the Electronic Age”      *AIRA News*      February/March 2004

“Does It Pass the Sniff Test?”      *The Secured Lender*      November/December 2004

Copies of these articles can be obtained at the website of Brandlin & Associates, which is [www.brandlin.com](http://www.brandlin.com) (please click on the “Resources” tab).

#### **PROFESSIONAL AFFILIATIONS**

*American Institute of Certified Public Accountants (“AICPA”)* – Member No. 01075799

*California Society of Certified Public Accountants (“CalCPA”)* – Member No. 2426

*Association for Corporate Growth (“ACG”)* – Member

*Turnaround Management Association (“TMA”)* – Member of the Board of Directors and Treasurer for the Southern California Chapter 2004 through 2010

*Special Asset Management Association (“SAMA”)* – Member of the Event Planning Committee since 2010

*National Association of Federal Equity Receivers (“NAFER”) – Member of the Board of Directors and Treasurer since 2012*

## **LECTURES AND PRESENTATIONS**

“Financial Statements For Attorneys” - MCLE Approved course in California, New York, Illinois

*Winston & Strawn LLP, Los Angeles*

*Greenberg & Bass, Los Angeles*

*Jeffer Mangels Butler & Marmaro LLP, Los Angeles  
& San Francisco*

*Ervin Cohen & Jessup LLP, Los Angeles*

*Sheppard Mullin Richter & Hampton LLP, Los Angeles,*

*Orange County, San Diego and San Francisco*

*DLA Piper Rudnick Gray Cary US LLP, Los Angeles*

*Goldberg, Kohn, Bell, Black, Rosennbloom, Chicago*

*Kaye Scholer LLP, Los Angeles*

*Steptoe & Johnson LLP, Los Angeles*

“Uncovering Landmines: Lessons Learned Conducting Forensic Accounting”

*Private Equity Connection, Newport Beach*

*(Private Equity Connection Known for Exceptional  
and Returns Handling Equity and Debt Security)*

*Commercial Finance Association - Chapter of California  
(CFCC), Los Angeles*

*FocalPoint Partners, LLC*

*The Financial Executives Networking Group, Los Angeles*

*Private Equity Connection, San Francisco*

“Financial Due Diligence: What Matters Most”

*Provisors M&A, Los Angeles*

“Due Diligence for Financial Transactions”

*Capital Markets Affinity Group of Provisors, Los Angeles,  
CA - May 2013*

“Indicia of Fraud”

*Commercial Finance Association - Chapter of California  
(CFCC), Los Angeles*

*Harris Nesbitt, Chicago*

*PNC Business Credit, Pasadena*

*Wachovia Capital Finance, Los Angeles*

*Wells Fargo (Loan Adjustment Group) - Los Angeles,*

*Denver, Portland, San Francisco*

*Comerica Bank (Special Assets Department – Western  
Division) – El Segundo*

*Marquette Business Credit (Audit Group), Garden Grove*

*Special Assets Management Association (SAG Managers’*



*Resource Group), Los Angeles*

“Fraud: The Warning Signs”

*Wells Fargo Capital Finance – Santa Monica, CA*

“Fraud: Easy to Allege, Hard to Prove”

*Turnaround Management Association, April 2005*

“Integration of Analytical Procedures with Financial and Operational Observations”

*Comerica Bank – Los Angeles, CA, October 2011*

“Financial Due Diligence Overview & What Can Go Wrong”

*Private Equity Connection – San Francisco, CA, May 2013*

“Forensic Auditing: Financial Statement Fraud”

*CFCC Audit Chapter – Los Angeles, CA, April 2014*

“The Troubled Asset-Based Loan – Financial Advisor / Turnaround Consultant / Forensic Accountant – How These Professionals Can Help”

*Bank of America Merrill Lynch – Los Angeles, CA, October 2014*

“Mergers & Acquisitions – Real-Life Lessons (Financial Due Diligence)”

*M\$A Capital Formation Group – Los Angeles, CA, June 2015*

Forensic Accounting Panels:

*Commercial Finance Association – 60<sup>th</sup> Anniversary Convention – New York, NY – November 2004*

*Special Assets Management Association – How to Prevent Fraud – Santa Barbara, CA – May 2011*

*Commercial Finance Association – 67<sup>th</sup> Annual Convention – New York, NY – November 2011*

*Special Asset Management Association – Finding Hidden Assets - Santa Barbara, CA – April 2013*

Exhibit B

Direction of Funds between Entites Flowchart

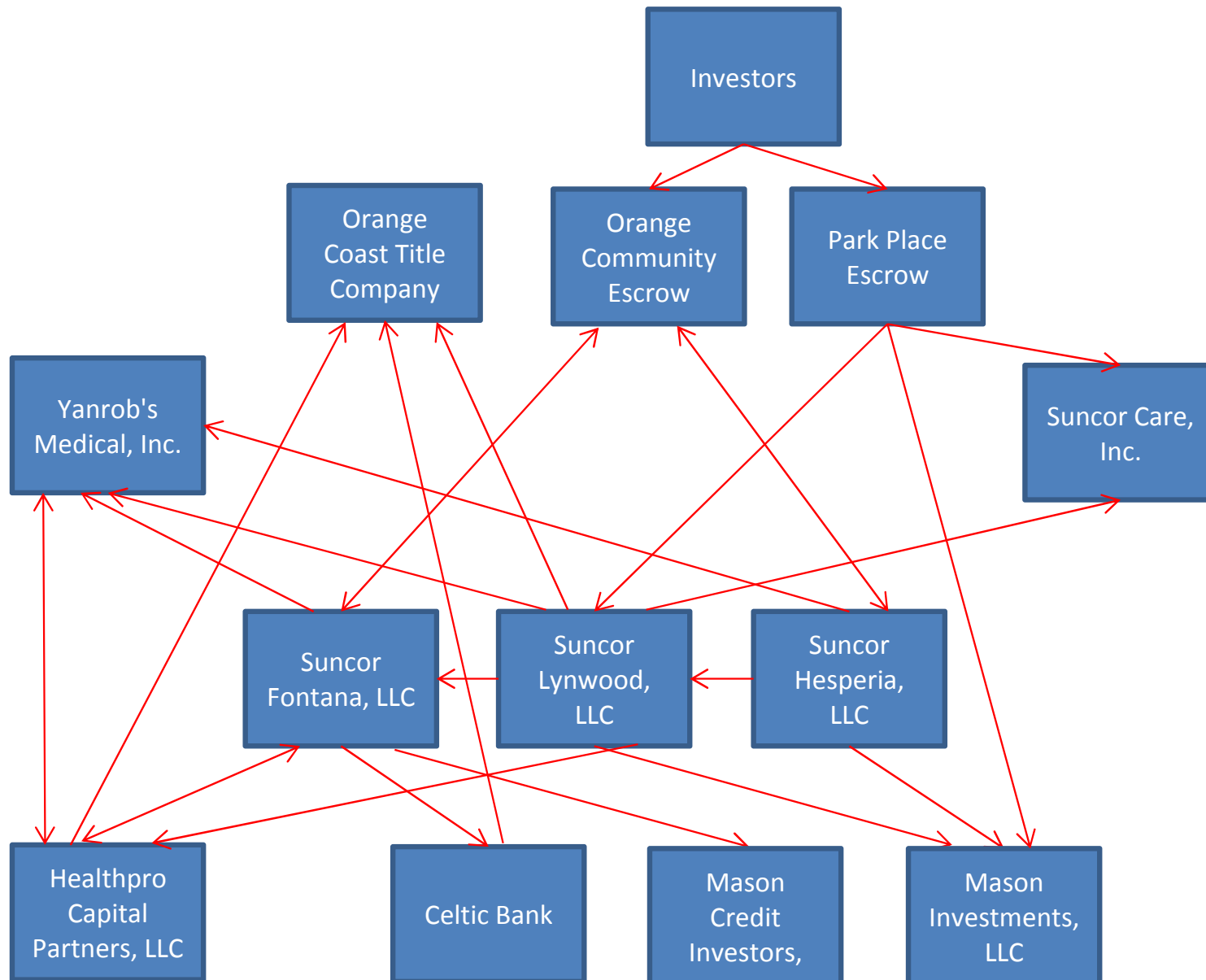


Exhibit C  
#1282

## Use of Funds to Purchase Projects

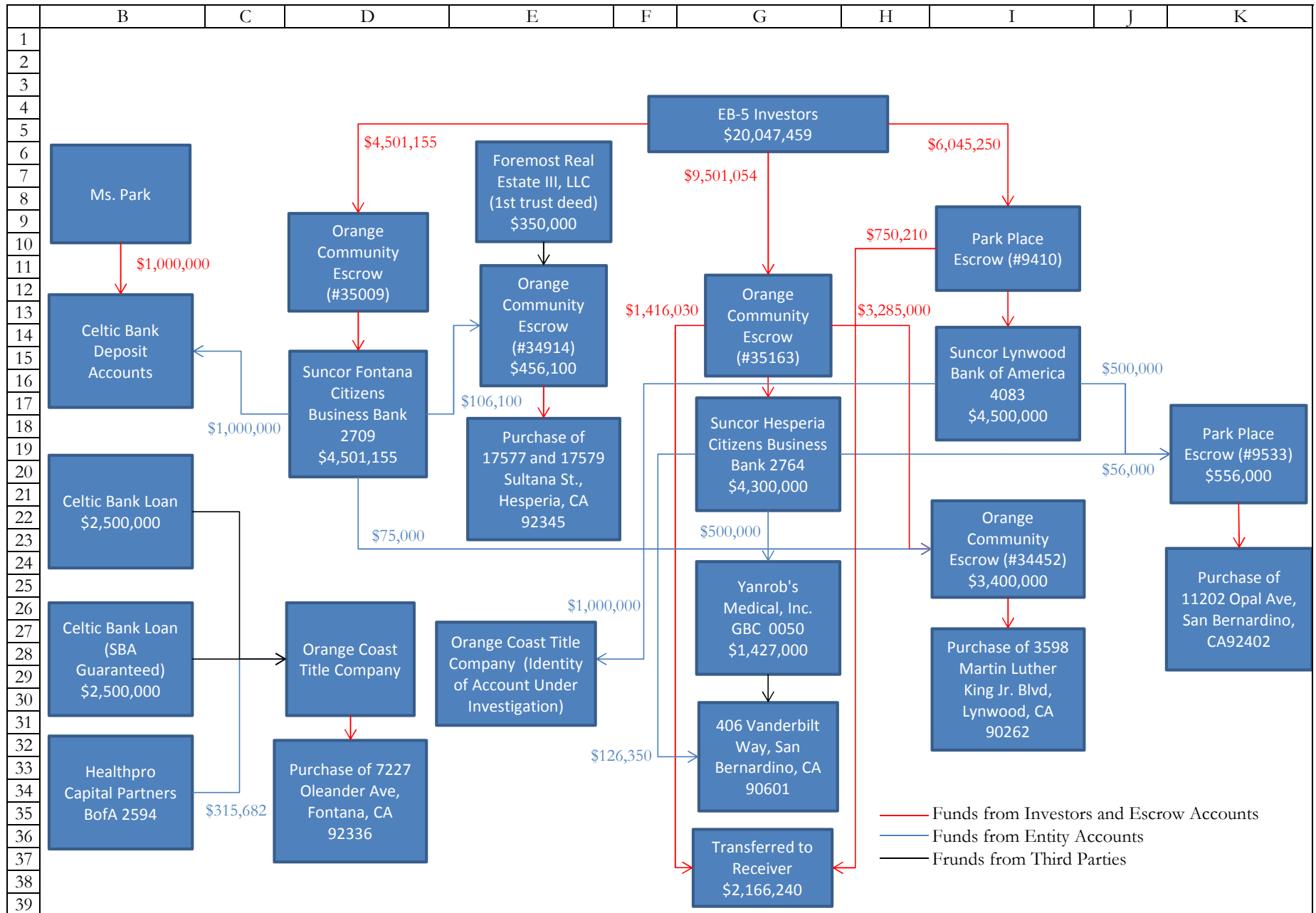


Exhibit D  
#1283  
Investor Deposits by Entity

	A	B	C	D	E	F	G	H	I	J	K	L
1												
2		Orange Community Escrow				Orange Community Escrow				Park Place Escrow		
3		Suncor Fontana				Suncor Hesperia				Suncor Lynwood		
4		Date	Name	Amount		Date	Name	Amount		Date	Name	Amount
5		11/13/12	C. Wu	\$ 250,000		12/21/12	Y. Ili	\$ 250,080		09/24/13	J. Zhao	\$ 500,000
6		11/13/12	C. Wu	250,160		12/24/12	Y. Ili	\$ 250,080		11/13/13	K. Dai	500,000
7		11/13/12	G. Cao	187,780		12/27/12	W. Xu	249,980		11/26/13	Y. Zhang	350,015
8		11/13/12	H. Lei	500,175		12/27/12	Q. Zou	125,000		12/02/13	Y. Zhang	195,025
9		11/13/12	A. Liu	250,080		12/28/12	W. Xu	500,040		12/09/13	Z. Zhang	500,000
10		11/13/12	G. Cao	62,280		12/28/12	Q. Zou	125,000		12/10/13	A. Gup	500,000
11		11/14/12	A. Liu	250,080		12/28/12	J. Yi	250,080		12/30/13	S. Zuo	499,980
12		11/14/12	G. Cao	250,080		12/31/12	J. Yi	250,080		01/06/14	S. Zuo	80
13		11/19/12	Z. Chen	500,000		12/31/12	Q. Zou	125,000		01/08/14	L. Wi	500,100
14		11/20/12	Y. Li	500,200		12/31/12	Q. Zou	125,000		01/17/14	X. Bai	500,050
15		11/26/12	X. Wang	250,080		12/31/12	J. Liu	500,000		01/27/14	Q. Huang	500,000
16		11/27/12	X. Wang	250,080		12/31/12	M. Xu	500,000		04/11/14	H. Cai	500,000
17		12/05/12	Q. Chen	250,180		01/04/13	W. Xu	250,120		04/11/14	X. Wang	500,000
18		12/05/12	Q. Chen	249,980		01/10/13	H. Jiang	100,000		04/15/14	Y. Lung	500,000
19		12/07/12	G. Zhao	500,000		01/15/13	H. Jiang	100,000				\$6,045,250
20				<u>\$4,501,155</u>		01/16/13	H. Jiang	100,000				
21						01/18/13	H. Jiang	100,000				
22						01/22/13	H. Jiang	100,000				
23						01/23/13	J. Zhu	500,180				
24						03/07/13	A. Huang	500,000				
25						03/11/13	Y. Zheng	500,000				
26						05/03/13	L. Wang	500,030				
27						05/09/13	H. Zhao	99,980				
28						05/09/13	H. Zhao	99,980				
29						05/10/13	H. Zhao	99,980				
30						05/13/13	H. Zhao	99,980				
31						05/14/13	H. Zhao	99,980				
32						05/21/13	H. Zhao	100				
33						06/24/13	J. Wang	500,220				
34						08/26/13	A. Xu	500,000				
35						09/11/13	C. Guo	249,980				
36						09/11/13	C. Guo	249,980				
37						09/19/13	C. Guo	80				
38						10/31/13	J. Liu	500,100				
39						01/23/14	Z. Li	500,000				
40						03/11/14	H. Liu	500,024				
41								<u>\$9,501,054</u>				

Exhibit E  
#1284  
Sources and Uses of Funds by Entity

	A	B	C	D	E	F	G	H	I
3		<b>Sources and Uses of Funds by Entity</b>			<b>Orange</b>	<b>Park</b>	<b>Suncor</b>	<b>Suncor</b>	<b>Suncor</b>
4					<b>Community</b>	<b>Place</b>	<b>Fontana</b>	<b>Lynwood</b>	<b>Hesperia</b>
5		<b>Description</b>	<b>Total</b>	<b>Ms. Park</b>	<b>Escrow</b>	<b>Escrow</b>	<b>LLC</b>	<b>LLC</b>	<b>LLC</b>
6		<u>Sources</u>							
7		EB-5 Investors (Fontana)	\$ 4,501,155		\$ 4,501,155				
8		EB-5 Investors (Hesperia)	9,501,054		9,501,054				
9		EB-5 Investors (Lynwood)	6,045,250			\$ 6,045,250			
10		Ms. Park	1,000,000	\$ 1,000,000					
11		<u>Transfers</u>							
12		EB-5 Investors (Fontana)	-		(4,501,155)		\$ 4,501,155		
13		EB-5 Investors (Hesperia)	-		(4,300,000)				\$ 4,300,000
14		EB-5 Investors (Lynwood)	-			(4,500,000)		\$ 4,500,000	
15		Intra-entity	-				350,000	(150,000)	(200,000)
16	<b>A</b>	<b>Total Sources</b>	<b>\$21,047,459</b>	<b>\$ 1,000,000</b>	<b>\$ 5,201,054</b>	<b>\$ 1,545,250</b>	<b>\$ 4,851,155</b>	<b>\$ 4,350,000</b>	<b>\$ 4,100,000</b>
17		<u>Uses</u>							
18		Orange Coast Title (12/2014)	\$ 1,000,000					\$ 1,000,000	
19		Suncor Fontana Construction	1,151,730				\$ 1,151,730		
20		Suncor Hesperia Purchase	106,100				106,100		
21		Suncor Hesperia Construction	1,559,778				111,290		\$ 1,448,488
22		Suncor Lynwood Purchase	3,360,000		\$ 3,285,000		75,000		
23		Suncor Lynwood Construction	1,576,822				16,760	1,560,062	
24		Total Projects	8,754,430	\$ -	3,285,000	\$ -	1,460,880	2,560,062	1,448,488
25									
26		Transfers to Mason and Affiliate	3,287,219			45,040	812,179	810,000	1,620,000
27		Transferred to Receiver	2,215,297		1,416,030	750,210	969	40,178	7,910
28		Celtic Bank	2,000,000	1,000,000			1,000,000		
29		Transfers to Individuals	1,144,603				1,144,603		
30		Transfers to Yanrob's Medical Inc	1,212,350				121,000	255,000	836,350
31		Purchase of 11202 Opal Ave.	556,000					500,000	56,000
32		Return of Investor Deposit	500,024		500,024				
33		Banco Popular	500,000			500,000			
34		Transfers to Healthpro Capital	278,000				150,000	128,000	
35		Transfer to Park Place Escrow	250,000			250,000			
36		Claudia Kano	96,843				36,843	40,000	20,000
37		Other	252,694				252,694		
38		Total Other	12,293,030	1,000,000	1,916,054	1,545,250	3,518,287	1,773,178	2,540,260
39	<b>B</b>	<b>Total Uses</b>	<b>\$21,047,459</b>	<b>\$ 1,000,000</b>	<b>\$ 5,201,054</b>	<b>\$ 1,545,250</b>	<b>\$ 4,979,167</b>	<b>\$ 4,333,240</b>	<b>\$ 3,988,748</b>
40									
41	<b>C</b>	Other Deposits/(Disbursements)	-	-	-	-	126,244	(16,760)	(111,290)
42	<b>A - B + C</b>	Net	\$ -	\$ -	\$ -	\$ -	\$ (1,767)	\$ -	\$ (38)
43									

Exhibit F  
#1285

## Use of Mentone Funds by Suncor Care, Inc.

	A	B	C	D	E	F
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	<b>Payee</b>	<b>Description</b>	<b>Amount</b>	<b>Date</b>	<b>Check #</b>	<b>Notes</b>
14		Cash Withdrawal	\$ 13,358	10/26/15		
15		Cash Withdrawal	1,000	10/30/15		
16		Cash Withdrawal	7,900	11/04/15		
17		Cash Withdrawal	500	11/19/15		
18		Subtotal	22,758			
19	TGA Engineering, Inc.	Engineering Services	8,000	10/09/15	1102	
20		Subtotal	8,000			
21	Creative Adaption, Inc.	Consulting Services	8,000	10/09/15	1101	
22	Olivares, Irvin	Providers Applications	1,000	10/09/15	1103	
23	HUB International Insurance		12,236	10/09/15	1104	
24	Jose A. Cervantes	Electrical Work	1,140	10/23/15	1107	
25	Allan Allantara	Suncor Const. Manager	5,000	10/23/15	1110	
26	National Construction Rentals		1,062	10/29/15	1115	
27	Allan Allantara	Suncor Construction Manager	5,000	11/07/15	1124	
28	Irvin Olivares	Project Coordinator	1,000	11/13/15	1127	
29		Subtotal	34,438			
30	B&T Works, Inc.	Suncor Hesperia	10,000	10/09/15	1100	
31	City of Hesperia Water District	Suncor Hesperia Project	500	10/23/15	1111	
32	All Points Property Services, Inc	Suncor Hesperia, LLC	15,089	10/27/15	1117	
33		Subtotal	25,589			

\*No entity specified.

Exhibit F  
#1286

## Use of Mentone Funds by Suncor Care, Inc.

	A	B	C	D	E	F
13	Payee	Description	Amount	Date	Check #	Notes
34	Fontana Water Company	7227 Oleander Avenue	1,000	10/23/15	1112	
35	JKARR	Suncor Fontana IOR	10,000	10/23/15	1109	
36	Golden State Contractors, Inc.	Suncor Fontana SNF	15,000	10/30/15	1122	
37	ALVD Consulting, Inc.	Suncor Fontana SNF	10,000	10/30/15	1120	
38	OSHPD Administrative Service	Suncor Fontana SNF	1,000	10/30/15	1123	
39	Golden State Contractors	Suncor Fontana Project	7,500	11/09/15	1126	
40		Subtotal	44,500			
41	Santos Lepe	Suncor Lynwood Security Guar	1,500	10/15/15	1106	
42	Santos Lepe	Suncor Lynwood Security Guar	1,500	11/01/15	1125	
43		Subtotal	3,000			
44	SoCal Edison	Bill Payment	981	10/27/15	Wire	
45	San Bernardino Sup Crt		870	11/09/15	Wire	
46	Claudia Kano	Marketing Expenses	1,500	10/14/15	1105	
47	ISN Global Enterprises, Inc.	Telephone Services	2,930	10/27/15	1119	
48	Nancye Woodward	Birthday Present	2,500	10/23/15	1113	
49		Unknown	934			
50		Subtotal	9,715			
51		<b>Total</b>	<b>\$ 148,000</b>			
52						
53						
54						
55						
56						
57						

Exhibit G  
#1287

## Transfers to Mason Credit Investors, LLC / Mason Investments, LLC

	A	B	C	D	E	F	G
1							
2							
3							
4							
5							
6							
7							
8							
9	<b>Source</b>	<b>Description</b>	<b>Amount</b>	<b>Date</b>	<b>Check #</b>	<b>Notes</b>	
10	Park Place Escrow	Mason Investments, LLC	\$ 45,040	12/29/14	Wire	Program fee for Zhang Ya	
11		Subtotal	45,040				
12	Suncor Lynwood, LLC	Mason Investments, LLC	810,000	10/07/14	Wire		
13		Subtotal	810,000				
14	Suncor Hesperia, LLC	Mason Investments, LLC	450,000	03/13/14	Wire	EB5 Agent Commission	
15	Suncor Hesperia, LLC	Mason Investments, LLC	360,000	11/13/13	Wire	EB5 Agent Commission	
16	Suncor Hesperia, LLC	Mason Investments, LLC	810,000	04/01/13	Wire	EB5 Agent Commission	
17		Subtotal	1,620,000				
18	Suncor Fontana, LLC	Mason Credit Investors, LLC	720,000	12/28/12	Wire		
19	Suncor Fontana, LLC	Mason Credit Investors, LLC	92,179	12/05/12	Wire		
20		Subtotal	812,179				
21		<b>Total</b>	<b>\$ 3,287,219</b>				
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							



Exhibit F1  
#1288

Transfers to Yanrob's Medical, Inc.

	A	B	C	D	E	F	G
1							
2		<b>Source</b>	<b>Amount</b>		<b>Destination</b>	<b>Amount</b>	
3		Suncor Hesperia, LLC	\$ 836,350		GBC International Bank	\$ 528,000	
4		Suncor Lynwood, LLC	255,000		Fidelity National Title Co.	126,350	
5		Suncor Fontana, LLC	121,000		Robert Yang	50,750	
6		Healthpro Capital Partners, LLC	25,000		Claudia Kano	15,000	
7			<u>\$ 1,237,350</u>		Payroll	46,000	
8					IRS	64,933	
9					Other	193,458	
10					Unknown	212,859	
11						<u>\$ 1,237,350</u>	
12							
13	<b>Source</b>	<b>Description</b>	<b>Amount</b>	<b>Date</b>	<b>Check #</b>	<b>Notes</b>	
14	Suncor Lynwood, LLC	To City National Bank 3115	\$ 250,000	10/31/14	Wire	Disbursed \$100,000 to Enurgy, Inc., \$53,458 to Milligan Besivick Levine & Knox LLP, \$40,000 to Eat Works, Inc., and the remainder to an unknown payee.	
15	Suncor Lynwood, LLC	Yanrob's Medical, Inc.	5,000	04/07/14	1062	Staff PR	
16		Subtotal	<u>255,000</u>				
17	Suncor Hesperia, LLC	Yanrob's Medical Inc	50,000	05/06/14	1091	Disbursed \$28,600 to Robert Yang, \$8,000 to GBC account 0050, \$5,000 to payroll, and the remainder for operating expenses.	
18	Suncor Hesperia, LLC	Loan to YangRob's Med.	100,000	02/07/14	1076	Disbursed \$64,933 to the IRS, \$9,650 to Robert Yang, \$5,000 to Claudia Kano, \$10,000 to GBC account 0050, \$5,000 to payroll, and the remainder for operating expenses.	
19	Suncor Hesperia, LLC	Loan to YangRob's Med.	50,000	01/03/14	1068	Disbursed \$12,500 to Robert Yang, \$10,000 to Claudia Kano, \$10,000 to GBC account 0050, \$5,000 to payroll, and the remainder for operating expenses.	
20	Suncor Hesperia, LLC	Cashier Check	500,000	08/02/13	1038	Deposited to a GBC International Bank account.	
21	Suncor Hesperia, LLC	Inter Co Xfer Funds - Payroll	10,000	06/05/13	1019		
22	Suncor Hesperia, LLC	Fidelity National Title Co	26,350	07/02/13	Wire	Wire - to Fidelity National Title; 406 Vanderbilt Way	
23	Suncor Hesperia, LLC	Fidelity National Title Co	25,000	06/14/13	Wire	Wire - to Fidelity National Title; 406 Vanderbilt Way	
24	Suncor Hesperia, LLC	Fidelity National Title Co	50,000	05/13/13	Wire	Wire - to Fidelity National Title; 406 Vanderbilt Way	
25	Suncor Hesperia, LLC	Fidelity National Title Co	25,000	04/17/13	Wire	Wire - to Fidelity National Title; 406 Vanderbilt Way	
26		Subtotal	<u>836,350</u>				
27	Suncor Fontana, LLC	Inter Co Xfer Funds - Payroll	5,000	03/03/13	1005		
28	Suncor Fontana, LLC	Inter Co Xfer Funds - Payroll	5,000	02/12/13	1067		
29	Suncor Fontana, LLC	Inter Co Xfer Funds - Payroll	5,000	01/18/13	1065		
30	Suncor Fontana, LLC	YM - Payroll BOA - 8426	3,000	11/05/12	1099		
31	Suncor Fontana, LLC	YM - Payroll BOA - 8426	3,000	09/10/12	1091		
32	Suncor Fontana, LLC	Loan to Yanrob's Medical	100,000	05/16/12	1076		
33		Subtotal	<u>121,000</u>				
34	Healthpro Capital Partners, LLC	YM - Main PPB - 9516	20,000	12/07/12	1032		
35	Healthpro Capital Partners, LLC	Loan to YangRob's Med.	5,000	11/20/12	1031		
36		Subtotal	<u>25,000</u>				
37		<b>Total</b>	<b>\$ 1,232,350</b>				

Exhibit J  
#1289

## Transfers to Robert Yang

	A	B	C	D	E	F								
1	<table><tr><th>Source</th><th>Amount</th></tr><tr><td>Yanrob's Medical, Inc.</td><td>\$ 701,850</td></tr><tr><td>Healthpro Capital Partners, LLC</td><td>120,000</td></tr><tr><td></td><td><u>\$ 821,850</u></td></tr></table>						Source	Amount	Yanrob's Medical, Inc.	\$ 701,850	Healthpro Capital Partners, LLC	120,000		<u>\$ 821,850</u>
Source							Amount							
Yanrob's Medical, Inc.							\$ 701,850							
Healthpro Capital Partners, LLC							120,000							
							<u>\$ 821,850</u>							
2														
3														
4														
5														
6														
7	Source	Description	Amount	Date	Check #	Notes								
8	Yanrob's Medical, Inc.	Transfer to 2881	\$ 10,000	11/10/15	Wire									
9	Yanrob's Medical, Inc.	Transfer to 6619	10,000	11/10/15	Wire									
10	Yanrob's Medical, Inc.	Transfer to 6619	10,000	10/30/15	Wire									
11	Yanrob's Medical, Inc.	Transfer to 2881	10,000	10/30/15	Wire									
12	Yanrob's Medical, Inc.	Transfer to 2881	10,000	08/31/15	Wire									
13	Yanrob's Medical, Inc.	Transfer to 2881	10,000	08/31/15	Wire									
14	Yanrob's Medical, Inc.	Transfer to 2881	10,000	08/27/15	Wire									
15	Yanrob's Medical, Inc.	Transfer to 6619	10,000	08/25/15	Wire									
16	Yanrob's Medical, Inc.	Transfer to 2881	10,000	08/24/15	Wire									
17	Yanrob's Medical, Inc.	Transfer to 2881	10,000	08/17/15	Wire									
18	Yanrob's Medical, Inc.	Transfer to 2881	10,000	08/10/15	Wire									
19	Yanrob's Medical, Inc.	Transfer to 2881	10,000	08/05/15	Wire									
20	Yanrob's Medical, Inc.	Transfer to 2881	5,000	08/03/15	Wire									
21	Yanrob's Medical, Inc.	Transfer to 6619	5,000	08/03/15	Wire									
22	Yanrob's Medical, Inc.	Transfer to 2881	10,000	07/20/15	Wire									
23	Yanrob's Medical, Inc.	Transfer to 2881	3,000	07/14/15	Wire									
24	Yanrob's Medical, Inc.	Transfer to 6619	5,000	07/14/15	Wire									
25	Yanrob's Medical, Inc.	Transfer to 2881	10,000	07/13/15	Wire									
26	Yanrob's Medical, Inc.	Transfer to 2881	6,000	07/02/15	Wire									
27	Yanrob's Medical, Inc.	Transfer to 6619	5,000	06/08/15	Wire									
28	Yanrob's Medical, Inc.	Transfer to 2881	5,000	06/08/15	Wire									
29	Yanrob's Medical, Inc.	Transfer to 6619	5,000	06/03/15	Wire									
30	Yanrob's Medical, Inc.	Transfer to 2881	5,000	06/03/15	Wire									
31	Yanrob's Medical, Inc.	Transfer to 6619	5,800	05/19/15	Wire									
32	Yanrob's Medical, Inc.	Transfer to 2881	10,000	05/19/15	Wire									
33	Yanrob's Medical, Inc.	Transfer to 6619	20,000	05/01/15	Wire									

Exhibit J  
#1290

## Transfers to Robert Yang

	A	B	C	D	E	F
7	Source	Description	Amount	Date	Check #	Notes
34	Yanrob's Medical, Inc.	Transfer to 2881	14,000	05/01/15	Wire	
35	Yanrob's Medical, Inc.	Transfer to 2881	10,000	04/28/15	Wire	
36	Yanrob's Medical, Inc.	Transfer to 2881	10,000	04/16/15	Wire	
37	Yanrob's Medical, Inc.	Transfer to 6619	8,000	03/30/15	Wire	
38	Yanrob's Medical, Inc.	Transfer to 6619	10,000	01/09/15	Wire	
39	Yanrob's Medical, Inc.	Transfer to 2881	10,000	12/26/14	Wire	
40	Yanrob's Medical, Inc.	Transfer to 1513	5,000	11/12/14	Wire	
41	Yanrob's Medical, Inc.	Transfer to 2881	20,000	11/12/14	Wire	
42	Yanrob's Medical, Inc.	Transfer to 2881	20,000	10/23/14	Wire	
43	Yanrob's Medical, Inc.	Transfer to 2881	20,000	10/20/14	Wire	
44	Yanrob's Medical, Inc.	Transfer to 6619	10,000	10/14/14	Wire	
45	Yanrob's Medical, Inc.	Transfer to 1513	4,000	09/24/14	Wire	
46	Yanrob's Medical, Inc.	Transfer to 2111	20,000	09/16/14	Wire	
47	Yanrob's Medical, Inc.	Transfer to 6619	10,000	09/03/14	Wire	
48	Yanrob's Medical, Inc.	Transfer to 2111	20,000	09/03/14	Wire	
49	Yanrob's Medical, Inc.	Transfer to 1513	1,700	08/22/14	Wire	
50	Yanrob's Medical, Inc.	Transfer to 6619	5,000	08/22/14	Wire	
51	Yanrob's Medical, Inc.	Transfer to 2111	5,000	08/22/14	Wire	
52	Yanrob's Medical, Inc.	Transfer to 1513	1,600	08/12/14	Wire	
53	Yanrob's Medical, Inc.	Transfer to 6619	3,000	08/12/14	Wire	
54	Yanrob's Medical, Inc.	Transfer to 2111	6,000	08/12/14	Wire	
55	Yanrob's Medical, Inc.	Transfer to 1513	1,600	07/14/14	Wire	
56	Yanrob's Medical, Inc.	Transfer to 6619	3,600	07/14/14	Wire	
57	Yanrob's Medical, Inc.	Transfer to 1513	1,600	06/23/14	Wire	
58	Yanrob's Medical, Inc.	Transfer to 6619	3,000	06/17/14	Wire	
59	Yanrob's Medical, Inc.	Transfer to 6619	3,000	06/09/14	Wire	
60	Yanrob's Medical, Inc.	Transfer to 2111	5,000	06/09/14	Wire	
61	Yanrob's Medical, Inc.	Transfer to 2111	3,000	05/29/14	Wire	
62	Yanrob's Medical, Inc.	Transfer to 6619	5,000	05/28/14	Wire	
63	Yanrob's Medical, Inc.	Transfer to 2111	10,000	05/09/14	Wire	
64	Yanrob's Medical, Inc.	Transfer to 1513	1,600	05/06/14	Wire	
65	Yanrob's Medical, Inc.	Transfer to 2111	4,000	05/06/14	Wire	

Exhibit I  
#1291

## Transfers to Robert Yang

	A	B	C	D	E	F
7	Source	Description	Amount	Date	Check #	Notes
66	Yanrob's Medical, Inc.	Transfer to 6619	5,000	05/06/14	Wire	
67	Yanrob's Medical, Inc.	Transfer to 2111	2,500	04/14/14	Wire	
68	Yanrob's Medical, Inc.	Transfer to 6619	3,000	04/14/14	Wire	
69	Yanrob's Medical, Inc.	Transfer to 2111	3,000	03/31/14	Wire	
70	Yanrob's Medical, Inc.	Transfer to 6619	5,000	03/31/14	Wire	
71	Yanrob's Medical, Inc.	Transfer to 2111	3,000	03/17/14	Wire	
72	Yanrob's Medical, Inc.	Transfer to 6619	5,000	03/17/14	Wire	
73	Yanrob's Medical, Inc.	Transfer to 1513	1,650	02/25/14	Wire	
74	Yanrob's Medical, Inc.	Transfer to 2111	4,000	02/24/14	Wire	
75	Yanrob's Medical, Inc.	Transfer to 6619	4,000	02/24/14	Wire	
76	Yanrob's Medical, Inc.	Transfer to 2111	4,000	02/10/14	Wire	
77	Yanrob's Medical, Inc.	Transfer to 6619	5,000	01/28/14	Wire	
78	Yanrob's Medical, Inc.	Transfer to 2111	5,000	01/28/14	Wire	
79	Yanrob's Medical, Inc.	Transfer to 6619	2,500	01/21/14	Wire	
80	Yanrob's Medical, Inc.	Transfer to 2111	4,000	12/31/13	Wire	
81	Yanrob's Medical, Inc.	Transfer to 6619	5,000	12/31/13	Wire	
82	Yanrob's Medical, Inc.	Transfer to 6619	6,000	12/13/13	Wire	
83	Yanrob's Medical, Inc.	Transfer to 6619	10,000	09/03/13	Wire	
84	Yanrob's Medical, Inc.	Transfer to 6619	10,000	07/31/13	Wire	
85	Yanrob's Medical, Inc.	Transfer to 6619	10,000	06/24/13	Wire	
86	Yanrob's Medical, Inc.	Transfer to 2111	10,000	06/24/13	Wire	
87	Yanrob's Medical, Inc.	Transfer to 6619	5,000	01/31/13	Wire	
88	Yanrob's Medical, Inc.	Transfer to 2111	7,500	01/31/13	Wire	
89	Yanrob's Medical, Inc.	Transfer to 6619	5,000	01/07/13	Wire	
90	Yanrob's Medical, Inc.	Transfer to 2111	7,500	01/07/13	Wire	
91	Yanrob's Medical, Inc.	Transfer to 6619	5,000	12/20/12	Wire	
92	Yanrob's Medical, Inc.	Transfer to 2111	5,000	12/20/12	Wire	
93	Yanrob's Medical, Inc.	Transfer to 6619	3,000	12/10/12	Wire	
94	Yanrob's Medical, Inc.	Transfer to 2111	9,000	12/10/12	Wire	
95	Yanrob's Medical, Inc.	Transfer to 6619	5,000	11/28/12	Wire	
96	Yanrob's Medical, Inc.	Transfer to 2111	3,500	11/16/12	Wire	
97	Yanrob's Medical, Inc.	Transfer to 6619	5,000	11/01/12	Wire	

Exhibit J  
#1292

## Transfers to Robert Yang

	A	B	C	D	E	F
7	Source	Description	Amount	Date	Check #	Notes
98	Yanrob's Medical, Inc.	Transfer to 2111	5,000	10/16/12	Wire	
99	Yanrob's Medical, Inc.	Transfer to 2111	4,000	10/09/12	Wire	
100	Yanrob's Medical, Inc.	Transfer to 6619	5,000	10/09/12	Wire	
101	Yanrob's Medical, Inc.	Transfer to 2111	3,000	09/17/12	Wire	
102	Yanrob's Medical, Inc.	Transfer to 6619	3,000	09/17/12	Wire	
103	Yanrob's Medical, Inc.	Transfer to 2111	7,000	09/11/12	Wire	
104	Yanrob's Medical, Inc.	Transfer to 6619	5,000	09/05/12	Wire	
105	Yanrob's Medical, Inc.	Transfer to 2111	3,500	08/16/12	Wire	
106	Yanrob's Medical, Inc.	Transfer to 6619	5,000	08/06/12	Wire	
107	Yanrob's Medical, Inc.	Transfer to 2111	5,000	08/06/12	Wire	
108	Yanrob's Medical, Inc.	Transfer to 2111	3,700	07/16/12	Wire	
109	Yanrob's Medical, Inc.	Transfer to 2111	5,000	07/09/12	Wire	
110	Yanrob's Medical, Inc.	Transfer to 6619	5,000	07/09/12	Wire	
111		Subtotal	701,850			
112	Healthpro Capital Partners, LLC	Robert Yang	120,000	02/01/13		1033 Construction Project
113		Subtotal	120,000			
114		<b>Total</b>	<b>\$ 821,850</b>			

Exhibit J  
#1293

## Transfers to Claudia Kano

	A	B	C	D	E	F												
1	<table><tr><th>Source</th><th>Amount</th></tr><tr><td>Yanrob's Medical, Inc.</td><td>\$ 176,623</td></tr><tr><td>Suncor Fontana, LLC</td><td>36,843</td></tr><tr><td>Suncor Lynwood, LLC</td><td>45,000</td></tr><tr><td>Suncor Hesperia, LLC</td><td>20,000</td></tr><tr><td></td><td><u>\$ 278,466</u></td></tr></table>						Source	Amount	Yanrob's Medical, Inc.	\$ 176,623	Suncor Fontana, LLC	36,843	Suncor Lynwood, LLC	45,000	Suncor Hesperia, LLC	20,000		<u>\$ 278,466</u>
Source							Amount											
Yanrob's Medical, Inc.							\$ 176,623											
Suncor Fontana, LLC							36,843											
Suncor Lynwood, LLC							45,000											
Suncor Hesperia, LLC							20,000											
							<u>\$ 278,466</u>											
2																		
3																		
4																		
5																		
6																		
7																		
8																		
9	Source	Description	Amount	Date	Check #	Notes												
10	Yanrob's Medical, Inc.	Claudia Kano	\$ 10,000	11/01/15	3279	Consulting Services												
11	Yanrob's Medical, Inc.	Claudia Kano	10,000	10/01/15	3259	Consulting Services												
12	Yanrob's Medical, Inc.	Claudia Kano	10,000	09/04/15	3244	Consulting Services												
13	Yanrob's Medical, Inc.	Claudia Kano	10,000	08/01/15	3220	Consulting Services												
14	Yanrob's Medical, Inc.	Claudia Kano	10,000	07/07/15	3214	Consulting Services												
15	Yanrob's Medical, Inc.	Claudia Kano	1,000	06/29/15	109	Plans Printing												
16	Yanrob's Medical, Inc.	Claudia Kano	10,000	06/01/15	3181	Consulting Services												
17	Yanrob's Medical, Inc.	Claudia Kano	10,000	05/05/15	3168	Consulting Services												
18	Yanrob's Medical, Inc.	Claudia Kano	10,000	04/03/15	3159	Consulting Services												
19	Yanrob's Medical, Inc.	Claudia Kano	10,000	03/05/15	3141	Consulting Services												
20	Yanrob's Medical, Inc.	Claudia Kano	10,000	01/05/15	3127	Consulting Services												
21	Yanrob's Medical, Inc.	Claudia Kano	20,000	01/01/15	3106	Consulting Services												
22	Yanrob's Medical, Inc.	Claudia Kano	10,000	12/04/14	3078	Consulting Services												
23	Yanrob's Medical, Inc.	Claudia Kano	30,623	08/31/12	5	Consulting Services												
24	Yanrob's Medical, Inc.	Claudia Kano	15,000	01/06/12	2503	Consulting Services												
25		Subtotal	<u>176,623</u>															
26	Suncor Fontana, LLC	Claudia Kano	1,843	03/20/14	1124	City Permits												
27	Suncor Fontana, LLC	Claudia Kano	10,000	03/29/13	1009	Consulting Services												
28	Suncor Fontana, LLC	Claudia Kano	25,000	12/04/12	1033	Consulting Services												
29		Subtotal	<u>36,843</u>															
30	Suncor Lynwood, LLC	Claudia Kano	5,000	02/12/15	1137	Consulting Services												
31	Suncor Lynwood, LLC	Claudia Kano	10,000	07/01/14	1084	Consulting Services												
32	Suncor Lynwood, LLC	Claudia Kano	10,000	06/05/14	1079	Consulting Services												
33	Suncor Lynwood, LLC	Claudia Kano	10,000	05/01/14	1070	Entitlement Process												

Exhibit J  
#1294

## Transfers to Claudia Kano

	A	B	C	D	E	F
9	Source	Description	Amount	Date	Check #	Notes
34	Suncor Lynwood, LLC	Claudia Kano	10,000	03/31/14	1061	Consulting Services
35		Subtotal	45,000			
36	Suncor Hesperia, LLC	Claudia Kano	10,000	08/30/14	1106	Consulting Services
37	Suncor Hesperia, LLC	Claudia Kano	10,000	06/03/13	1018	Consulting Services
38		Subtotal	20,000			
39		<b>Total</b>	<b>\$ 278,466</b>			
40						
41						
42						
43						
44						
45						

Exhibit K  
Annual Bank Statement Summary  
#1295  
1/1/12 - 12/31/15

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1																				
2																				
3																				
4																				
5																				
6																				
7	<u>Yanrob's Medical Inc</u>																			
8	Pacific Premier Bank	9516	\$ 88,503	\$ 678,875	\$ 703,590	\$ 417,473	\$ 401,468	\$ 1,108,739	\$ 896,959	\$ 1,116,914	\$ 1,294,579	\$ 3,322,000	\$ 3,296,597	\$ 113,906						
9	Bank of America	8426	2,837	54,000	54,937	83,500	83,235	85,665	77,395	70,000	80,451	293,165	296,019	(16)						
10	GBC International Bank	0050	-	n/a	n/a	40,000	33,405	106,000	101,594	120,000	95,014	266,000	230,014	35,986						
11	GBC International Bank	5070	-	n/a	n/a	500,836	-	2,342	-	2,016	-	505,194	-	505,194						
12	City National Bank	3115	-	n/a	n/a	n/a	n/a	n/a	n/a	299,955	271,018	299,955	271,018	28,937						
13	<b>Total</b>		<b>\$ 91,340</b>	<b>\$ 732,875</b>	<b>\$ 758,528</b>	<b>\$ 1,041,809</b>	<b>\$ 518,108</b>	<b>\$ 1,302,746</b>	<b>\$ 1,075,949</b>	<b>\$ 1,608,886</b>	<b>\$ 1,741,063</b>	<b>\$ 4,686,315</b>	<b>\$ 4,093,647</b>	<b>\$ 684,008</b>						
14																				
15	<u>Suncor Fontana</u>																			
16	Bank of America	8642	\$ 1,729	\$ -	\$ 226	\$ -	\$ 384	\$ -	\$ 359	\$ -	\$ 760	\$ -	\$ 1,729	\$ -						
17	Citizens Business Bank	2709	-	4,857,150	2,720,840	7,605	1,892,721	350,000	567,619	-	33,614	5,214,755	5,214,793	(38)						
18	<b>Total</b>		<b>\$ 1,729</b>	<b>\$ 4,857,150</b>	<b>\$ 2,721,065</b>	<b>\$ 7,605</b>	<b>\$ 1,893,105</b>	<b>\$ 350,000</b>	<b>\$ 567,978</b>	<b>\$ -</b>	<b>\$ 34,374</b>	<b>\$ 5,214,755</b>	<b>\$ 5,216,522</b>	<b>\$ (38)</b>						
19																				
20	<u>Suncor Care Inc</u>																			
21	Bank of America	2122	\$ 1,366	\$ 2,500	\$ 87	\$ -	\$ -	\$ -	\$ 944	\$ 164,275	\$ 167,110	\$ 166,775	\$ 168,141	\$ -						
22	Citizens Business Bank	2822	-	-	-	-	-	1,000,049	-	780	1,000,829	1,000,829	1,000,829	-						
23	<b>Total</b>		<b>\$ 1,366</b>	<b>\$ 2,500</b>	<b>\$ 87</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,000,049</b>	<b>\$ 944</b>	<b>\$ 165,055</b>	<b>\$ 1,167,940</b>	<b>\$ 1,167,604</b>	<b>\$ 1,168,971</b>	<b>\$ -</b>						
24																				
25	<u>Suncor Lynwood</u>																			
26	Bank of America	4083	\$ -	n/a	n/a	\$ 216,635	\$ 164,143	\$ 4,600,910	\$ 4,422,572	\$ -	\$ 230,830	\$ 4,817,545	\$ 4,817,545	\$ -						
27	<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 216,635</b>	<b>\$ 164,143</b>	<b>\$ 4,600,910</b>	<b>\$ 4,422,572</b>	<b>\$ -</b>	<b>\$ 230,830</b>	<b>\$ 4,817,545</b>	<b>\$ 4,817,545</b>	<b>\$ -</b>						
28																				
29	<u>Suncor Hesperia</u>																			
30	Citizens Business Bank	2764	\$ -	\$ -	\$ -	\$ 3,501,000	\$ 2,697,283	\$ 1,000,000	\$ 1,712,275	\$ -	\$ 91,480	\$ 4,501,000	\$ 4,501,038	\$ (38)						
31	<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,501,000</b>	<b>\$ 2,697,283</b>	<b>\$ 1,000,000</b>	<b>\$ 1,712,275</b>	<b>\$ -</b>	<b>\$ 91,480</b>	<b>\$ 4,501,000</b>	<b>\$ 4,501,038</b>	<b>\$ (38)</b>						
32																				
33	<u>Healthpro Capital Partners</u>																			
34	Bank of America	2594	\$ 316,682	\$ 243,795	\$ 404,150	\$ 163,000	\$ 262,295	\$ 176,013	\$ 226,043	\$ 278,000	\$ 285,001	\$ 860,808	\$ 1,177,489	\$ -						
35	<b>Total</b>		<b>\$ 316,682</b>	<b>\$ 243,795</b>	<b>\$ 404,150</b>	<b>\$ 163,000</b>	<b>\$ 262,295</b>	<b>\$ 176,013</b>	<b>\$ 226,043</b>	<b>\$ 278,000</b>	<b>\$ 285,001</b>	<b>\$ 860,808</b>	<b>\$ 1,177,489</b>	<b>\$ -</b>						
36	<b>Total Entities</b>		<b>\$ 411,118</b>	<b>\$ 5,836,320</b>	<b>\$ 3,883,830</b>	<b>\$ 4,930,049</b>	<b>\$ 5,534,934</b>	<b>\$ 8,429,718</b>	<b>\$ 8,005,761</b>	<b>\$ 2,051,941</b>	<b>\$ 3,550,687</b>	<b>\$ 21,248,027</b>	<b>\$ 20,975,212</b>	<b>\$ 683,932</b>						
37																				
38	<u>Robert Yang</u>																			
39	Pacific Premier Bank	6619	\$ 13,789	\$ 36,001	\$ 42,870	\$ 108,177	\$ 108,985	\$ 106,100	\$ 104,961	\$ 139,801	\$ 145,168	\$ 390,079	\$ 401,984	\$ 1,884						
40	Pacific Premier Bank	2111	7,996	49,703	52,376	249,715	244,781	289,599	299,856	n/a	n/a	589,017	597,013	-						
41	Pacific Premier Bank	1513	84	-	-	-	-	18,750	12,800	2,000	6,922	20,750	19,722	1,112						
42	Pacific Premier Bank	6798	74	-	60	20	34	n/a	n/a	n/a	n/a	20	94	-						
43	Pacific Premier Bank	2881	-	n/a	n/a	n/a	n/a	141,457	132,900	279,063	280,657	420,519	413,556	6,963						
44	City National Bank	3123	-	n/a	n/a	n/a	n/a	-	-	50	50	50	50	-						
45	<b>Total</b>		<b>\$ 21,943</b>	<b>\$ 85,704</b>	<b>\$ 95,306</b>	<b>\$ 357,912</b>	<b>\$ 353,800</b>	<b>\$ 555,906</b>	<b>\$ 550,517</b>	<b>\$ 420,914</b>	<b>\$ 432,797</b>	<b>\$ 1,420,436</b>	<b>\$ 1,432,420</b>	<b>\$ 9,959</b>						
46																				
47	<u>Claudia Kano</u>																			
48	Bank of America	4950	\$ 11,411	\$ 69,225	\$ 68,415	\$ 133,216	\$ 145,349	\$ 141,209	\$ 140,794	\$ 136,529	\$ 136,849	\$ 480,179	\$ 491,407	\$ 182						
49	Bank of America	4408	718	5,184	5,437	15,955	15,386	13,044	11,982	15,218	17,314	49,401	50,119	-						
50	East West Bank	4724	976	150	-	300	-	325	25	1,705	3,431	2,481	3,456	-						
51	Pacific Premier Bank	4717	14	-	-	-	-	-	-	-	-	-	-	14						
52	<b>Total</b>		<b>\$ 13,119</b>	<b>\$ 74,559</b>	<b>\$ 73,852</b>	<b>\$ 149,471</b>	<b>\$ 160,735</b>	<b>\$ 154,578</b>	<b>\$ 152,801</b>	<b>\$ 153,452</b>	<b>\$ 157,595</b>	<b>\$ 532,060</b>	<b>\$ 544,983</b>	<b>\$ 196</b>						
53	<b>Total Defendants</b>		<b>\$ 446,180</b>	<b>\$ 5,996,582</b>	<b>\$ 4,052,989</b>	<b>\$ 5,437,432</b>	<b>\$ 6,049,469</b>	<b>\$ 9,140,202</b>	<b>\$ 8,709,079</b>	<b>\$ 2,626,306</b>	<b>\$ 4,141,079</b>	<b>\$ 23,200,523</b>	<b>\$ 22,952,615</b>	<b>\$ 694,088</b>						
54																				
55	<u>Mason Credit Investors</u>																			
56	East West Bank	7551	\$ 64,078	\$ 1,259,532	\$ 486,149	\$ 189,316	\$ 906,769	\$ 20,057	\$ 70,518	\$ 1,460,933	\$ 1,474,919	\$ 2,929,839	\$ 2,938,355	\$ 55,561						
57	East West Bank	4375	-	190,010	10	140,440	100,009	450	-	1,917,132	2,148,013	2,248,032	2,248,032	-						
58	East West Bank	0625	352,049	568	326,000	55	26,671	n/a	n/a	n/a	n/a	623	352,671	-						
59	<b>Total</b>		<b>\$ 416,126</b>	<b>\$ 1,450,110</b>	<b>\$ 812,159</b>	<b>\$ 329,811</b>	<b>\$ 1,033,449</b>	<b>\$ 20,507</b>	<b>\$ 70,518</b>	<b>\$ 3,378,065</b>	<b>\$ 3,622,933</b>	<b>\$ 5,178,494</b>	<b>\$ 5,539,059</b>	<b>\$ 55,561</b>						



Exhibit 2  
#1296

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
5																							
6	Key:																						
7	YES	Received																					
8	XXX	Beginning Balance Noted																					
9		Missing																					
10																							
11	Yanrob's Medical Inc.					Yanrob's Medical Inc.					Yanrob's Medical Inc. - Loans					Yanrob's Medical Inc. - Checking					Yanrob's Medical Inc. - Checking City National Bank - 3115		
12	Pacific Premier Bank - 9516					Bank of America Payroll - 8426					GBC International Bank - 2872/2873					GBC International Bank - 0050							
13		2012	2013	2014	2015		2012	2013	2014	2015		2013	2014	2015		2013	2014	2015			2014	2015	
14	JAN	\$ 88,503	YES	YES	YES	JAN	\$ 2,837	YES	YES	YES	JAN		YES	YES	JAN		YES	YES		JAN		YES	
15	FEB	YES	YES	YES	YES	FEB	YES	YES	YES	YES	FEB		YES	YES	FEB		YES	YES		FEB		YES	
16	MAR	YES	YES	YES	YES	MAR	YES	YES	YES	YES	MAR		YES	YES	MAR		YES	YES		MAR		YES	
17	APR	YES	YES	YES	YES	APR	YES	YES	YES	YES	APR		YES	YES	APR		YES	YES		APR		YES	
18	MAY	YES	YES	YES	YES	MAY	YES	YES	YES	YES	MAY		YES	YES	MAY		YES	YES		MAY		YES	
19	JUN	YES	YES	YES	YES	JUN	YES	YES	YES	YES	JUN		YES	YES	JUN		YES	YES		JUN		YES	
20	JUL	YES	YES	YES	YES	JUL	YES	YES	YES	YES	JUL		YES	YES	JUL		YES	YES		JUL		YES	
21	AUG	YES	YES	YES	YES	AUG	YES	YES	YES	YES	AUG	YES	YES	YES	AUG	YES	YES	YES		AUG	YES	YES	
22	SEP	YES	YES	YES	YES	SEP	YES	YES	YES	YES	SEP	YES	YES	YES	SEP	YES	YES	YES		SEP	YES	YES	
23	OCT	YES	YES	YES	YES	OCT	YES	YES	YES	YES	OCT	YES	YES	YES	OCT	YES	YES	YES		OCT	YES	YES	
24	NOV	YES	YES	YES	YES	NOV	YES	YES	YES	YES	NOV	YES	YES	YES	NOV	YES	YES	YES		NOV	YES	YES	
25	DEC	YES	YES	YES	YES	DEC	YES	YES	YES	YES	DEC	YES	YES	YES	DEC	YES	YES	YES		DEC	YES	YES	
26																							
27																							
28	Suncor Care, Inc					Suncor Care, Inc					Suncor Fontana					Suncor Fontana							
29	Bank of America - 2122					Citizens Business Bank - 2822					Bank of America - 8642					Citizens Business Bank - 2709							
30		2012	2013	2014	2015		2014	2015			2012	2013	2014	2015		2012	2013	2014	2015				
31	JAN	\$ 1,366	YES	YES	YES	JAN		YES	JAN	\$ 1,729	YES	YES	YES	YES	JAN	YES	YES	YES	YES	JAN	YES	YES	YES
32	FEB	YES	YES	YES	YES	FEB		YES	FEB	YES	YES	YES	YES	YES	FEB	YES	YES	YES	YES	FEB	YES	YES	YES
33	MAR	YES	YES	YES	YES	MAR		YES	MAR	YES	YES	YES	YES	YES	MAR	YES	YES	YES	YES	MAR	YES	YES	YES
34	APR	YES	YES	YES	YES	APR		YES	APR	YES	YES	YES	YES	YES	APR	YES	YES	YES	YES	APR	YES	YES	YES
35	MAY	YES	YES	YES	YES	MAY		YES	MAY	YES	YES	YES	YES	YES	MAY	YES	YES	YES	YES	MAY	YES	YES	YES
36	JUN	YES	YES	YES	YES	JUN		YES	JUN	YES	YES	YES	YES	YES	JUN	YES	YES	YES	YES	JUN	YES	YES	YES
37	JUL	YES	YES	YES	YES	JUL		YES	JUL	YES	YES	YES	YES	YES	JUL	YES	YES	YES	YES	JUL	YES	YES	YES
38	AUG	YES	YES	YES	YES	AUG		YES	AUG	YES	YES	YES	YES	YES	AUG	YES	YES	YES	YES	AUG	YES	YES	YES
39	SEP	YES	YES	YES	YES	SEP			SEP	YES	YES	YES	YES	YES	SEP	YES	YES	YES	YES	SEP	YES	YES	YES
40	OCT	YES	YES	YES	YES	OCT			OCT	YES	YES	YES	YES	YES	OCT	YES	YES	YES	YES	OCT	YES	YES	YES
41	NOV	YES	YES	YES	YES	NOV			NOV	YES	YES	YES	YES	YES	NOV	YES	YES	YES	YES	NOV	YES	YES	YES
42	DEC	YES	YES	YES	YES	DEC	YES		DEC	YES	YES	YES	YES	YES	DEC	YES	YES	YES	YES	DEC	YES	YES	YES
43																							
44																							
45	Suncor Lynwood LLC					Suncor Hesperia LLC					Healthpro Capital Partners, LLC												
46	Bank of America - 4083					Citizens Business Bank - 2764					Bank of America - 2594												
47		2012	2013	2014	2015		2012	2013	2014	2015		2011	2012	2013	2014	2015							
48	JAN				YES	JAN		YES	YES	YES	JAN	\$ 4,955	YES	YES	YES	YES	JAN	YES	YES	YES	YES	YES	
49	FEB				YES	FEB		YES	YES	YES	FEB	YES	YES	YES	YES	YES	FEB	YES	YES	YES	YES	YES	
50	MAR				YES	MAR		YES	YES	YES	MAR	YES	YES	YES	YES	YES	MAR	YES	YES	YES	YES	YES	
51	APR		YES	YES	YES	APR		YES	YES	YES	APR	YES	YES	YES	YES	YES	APR	YES	YES	YES	YES	YES	
52	MAY		YES	YES	YES	MAY		YES	YES	YES	MAY	YES	YES	YES	YES	YES	MAY	YES	YES	YES	YES	YES	
53	JUN		YES	YES	YES	JUN		YES	YES	YES	JUN	YES	YES	YES	YES	YES	JUN	YES	YES	YES	YES	YES	
54	JUL		YES	YES	YES	JUL		YES	YES	YES	JUL	YES	YES	YES	YES	YES	JUL	YES	YES	YES	YES	YES	
55	AUG		YES	YES	YES	AUG		YES	YES	YES	AUG	YES	YES	YES	YES	YES	AUG	YES	YES	YES	YES	YES	
56	SEP		YES	YES	YES	SEP		YES	YES	YES	SEP	YES	YES	YES	YES	YES	SEP	YES	YES	YES	YES	YES	
57	OCT		YES	YES	YES	OCT		YES	YES	YES	OCT	YES	YES	YES	YES	YES	OCT	YES	YES	YES	YES	YES	
58	NOV		YES	YES	YES	NOV		YES	YES	YES	NOV	YES	YES	YES	YES	YES	NOV	YES	YES	YES	YES	YES	
59	DEC		YES	YES	YES	DEC		YES	YES	YES	DEC	YES	YES	YES	YES	YES	DEC	YES	YES	YES	YES	YES	
60																							

Exhibit 2  
#1297

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W							
61																														
62	Claudia Kano Bank of America Checking - 4950					Claudia Kano Bank of America Savings - 4408					Claudia Kano East West Bank - 4724					Claudia Kano Pacific Premier Bank - 4717														
63	2012 2013 2014 2015					2012 2013 2014 2015					2012 2013 2014 2015					2012 2013 2014 2015														
64		2012	2013	2014	2015		2012	2013	2014	2015		2012	2013	2014	2015		2012	2013	2014	2015										
65	JAN		YES	YES	YES	JAN		YES	YES	YES	JAN		YES	YES	YES	JAN		YES	YES	YES	YES									
66	FEB		YES	YES	YES	FEB		YES	YES	YES	FEB		YES	YES	YES	FEB		YES	YES	YES	YES									
67	MAR		YES	YES	YES	MAR		YES	YES	YES	MAR		YES	YES	YES	MAR		YES	YES	YES	YES									
68	APR		YES	YES	YES	APR		YES	YES	YES	APR		YES	YES	YES	APR		YES	YES	YES	YES									
69	MAY		YES	YES	YES	MAY		YES	YES	YES	MAY		YES	YES	YES	MAY		YES	YES	YES	YES									
70	JUN		YES	YES	YES	JUN		YES	YES	YES	JUN		YES	YES	YES	JUN		YES	YES	YES	YES									
71	JUL	\$ 718	YES	YES	YES	JUL	\$ 976	YES	YES	YES	JUL	\$ 11,411	YES	YES	YES	JUL	\$ 14	YES	YES	YES	YES									
72	AUG	YES	YES	YES	YES	AUG	YES	YES	YES	YES	AUG	YES	YES	YES	YES	AUG	YES	YES	YES	YES										
73	SEP	YES	YES	YES	YES	SEP	YES	YES	YES	YES	SEP	YES	YES	YES	YES	SEP	YES	YES	YES	YES										
74	OCT	YES	YES	YES	YES	OCT	YES	YES	YES	YES	OCT	YES	YES	YES	YES	OCT	YES	YES	YES	YES										
75	NOV	YES	YES	YES	YES	NOV	YES	YES	YES	YES	NOV	YES	YES	YES	YES	NOV	YES	YES	YES	YES										
76	DEC	YES	YES	YES	YES	DEC	YES	YES	YES	YES	DEC	YES	YES	YES		DEC	YES	YES	YES	YES										
77	No transactions																													
78																														
79	Robert Yang - Checking City National Bank - 3123					Robert Yang Pacific Premier Bank - 2881					Robert Yang Pacific Premier Bank - 6798					Robert Yang Pacific Premier Bank - 2111					Robert Yang Pacific Premier Bank - 1513					Robert Yang Pacific Premier Bank - 6619				
80	2014 2015					2014 2015					2012 2013					2012 2013 2014					2012 2013 2014 2015					2012 2013 2014 2015				
81		2014	2015				2014	2015				2012	2013				2012	2013	2014											
82	JAN		YES	YES	JAN		YES	YES	JAN		YES	YES	YES	JAN		YES	YES	YES	YES	JAN		YES	YES	YES						
83	FEB		YES	YES	FEB		YES	YES	FEB		YES	YES	YES	FEB		YES	YES	YES	YES	FEB		YES	YES	YES						
84	MAR		YES	YES	MAR		YES	YES	MAR		YES	YES	YES	MAR		YES	YES	YES	YES	MAR		YES	YES	YES						
85	APR		YES	YES	APR		YES	YES	APR		YES	YES	YES	APR		YES	YES	YES	YES	APR		YES	YES	YES						
86	MAY		YES	YES	MAY		YES	YES	MAY		YES	YES	YES	MAY		YES	YES	YES	YES	MAY		YES	YES	YES						
87	JUN				JUN		YES	YES	JUN			YES	YES	JUN		YES	YES	YES	YES	JUN		YES	YES	YES						
88	JUL				JUL		YES	YES	JUL	\$ 74		JUL	\$ 7,996	YES	YES	JUL	\$ 84	YES	YES	YES	JUL	\$ 13,789	YES	YES	YES					
89	AUG				AUG		YES	YES	AUG	YES	YES	YES	YES	AUG	YES	YES	YES	YES	YES	AUG	YES	YES	YES	YES						
90	SEP	YES			SEP	YES	YES	YES	SEP	YES	YES	YES	YES	SEP	YES	YES	YES	YES	YES	SEP	YES	YES	YES	YES						
91	OCT	YES			OCT	YES	YES	YES	OCT	YES	YES	YES	YES	OCT	YES	YES	YES	YES	YES	OCT	YES	YES	YES	YES						
92	NOV	YES			NOV	YES	YES	YES	NOV	YES	YES	YES	YES	NOV	YES	YES	YES	YES	YES	NOV	YES	YES	YES	YES						
93	DEC	YES			DEC	YES	YES	YES	DEC	YES	YES	YES	YES	DEC	YES	YES	YES	YES	YES	DEC	YES	YES	YES	YES						
94																														
95																														
96	Mason Investments LLC East West Bank - 7551					Mason Investments LLC East West Bank - 4375					Mason Investments LLC East West Bank - 0625																			
97	2012 2013 2014 2015					2012 2013 2014 2015					2012 2013 2014																			
98		2012	2013	2014	2015		2012	2013	2014	2015		2012	2013	2014																
99	JAN	\$ 64,078	YES	YES	YES	JAN		YES	YES	YES	JAN	\$352,049	YES	YES																
100	FEB	YES	YES	YES	YES	FEB		YES	YES	YES	FEB	YES	YES																	
101	MAR	YES	YES	YES	YES	MAR		YES	YES	YES	MAR	YES	YES																	
102	APR	YES	YES	YES	YES	APR		YES	YES	YES	APR	YES	YES																	
103	MAY	YES	YES	YES	YES	MAY		YES	YES	YES	MAY	YES	YES																	
104	JUN	YES	YES	YES	YES	JUN		YES	YES	YES	JUN	YES	YES																	
105	JUL	YES	YES	YES	YES	JUL		YES	YES	YES	JUL	YES	YES																	
106	AUG	YES	YES	YES	YES	AUG		YES	YES	YES	AUG	YES	YES																	
107	SEP	YES	YES	YES	YES	SEP		YES	YES	YES	SEP	YES	YES																	
108	OCT	YES	YES	YES	YES	OCT	YES	YES	YES	YES	OCT	YES	YES																	
109	NOV	YES	YES	YES	YES	NOV	YES	YES	YES	YES	NOV	YES																		
110	DEC	YES	YES	YES	YES	DEC	YES	YES	YES	YES	DEC	YES																		
111																														

Exhibit M  
#1298

## Escrow Account Bank Statements

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
5																		
6	Key:																	
7		Received																
8	\$XX	Beginning Balance Noted																
9		Missing																
10																		
11		Orange Community Escrow																
12		City National Bank 4660																
13		2012	2013	2014	2015													
14	JAN	\$ 501,697																
15	FEB																	
16	MAR																	
17	APR																	
18	MAY																	
19	JUN																	
20	JUL																	
21	AUG																	
22	SEP																	
23	OCT																	
24	NOV																	
25	DEC																	
26																		
45																		
46		Park Place Escrow																
47		BOTW 7637																
48		2012	2013	2014	2015													
49	JAN																	
50	FEB																	
51	MAR																	
52	APR																	
53	MAY																	
54	JUN																	
55	JUL																	
56	AUG																	
57	SEP																	
58	OCT																	
59	NOV																	
60	DEC																	
61																		

	Orange Community Escrow																	
	City National Bank 2579																	
	2012	2013	2014	2015														
JAN																		
FEB																		
MAR																		
APR																		
MAY																		
JUN																		
JUL																		
AUG																		
SEP																		
OCT																		
NOV																		
DEC																		

	Park Place Escrow																	
	BOTW 2427																	
	2012	2013	2014	2015														
JAN																		
FEB																		
MAR																		
APR																		
MAY																		
JUN																		
JUL	\$27,260																	
AUG																		
SEP																		
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	Park Place Escrow																	
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	2012	2013	2014	2015														
JAN																		
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**PROOF OF SERVICE**

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

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

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

**FIRST QUARTERLY STATUS REPORT OF  
 RECEIVER, STEPHEN J. DONELL**

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – the above-described document will be served by the Court via NEF. On **April 18, 2016**, I reviewed the CM/ECF Mailing Info For A Case for this case and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

- **Zachary T. Carlyle**  
 carlylez@sec.gov,kasperg@sec.gov,karpeli@sec.gov,  
 blomgrene@sec.gov,pinkstonm@sec.gov,NesvigN@sec.gov
- **Stephen J. Donell**  
 jdelcastillo@allenmatkins.com
- **Mark T. Hiraide**  
 mhiraide@hiraidelaw.com,kju@phlcorplaw.com,  
 hitabashi@phlcorplaw.com,eganous@phlcorplaw.com
- **Leslie J. Hughes**  
 hughesLJ@sec.gov,kasperg@sec.gov,pinkstonm@sec.gov,  
 nesvign@sec.gov
- **George D. Straggas**  
 George.straggas@straggasdean.com;sarah.borghese@straggasdean.com,  
 eric.dean@straggasdean.com
- **David J. Van Havermaat**  
 vanhavermaatd@sec.gov,larofiling@sec.gov,berryj@sec.vog,  
 irwinma@sec.gov
- **Joshua Andrew del Castillo**  
 jdelcastillo@allenmatkins.com

1 2. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL and EMAIL (indicate**  
2 **method for each person or entity served)**: On \_\_\_\_\_, I served the following  
3 person(s) and/or entity(ies) in this case by placing a true and correct copy  
4 thereof in a sealed envelope(s) addressed as indicated below. I am readily  
5 familiar with this firm's practice of collection and processing correspondence  
6 for mailing. Under that practice it is deposited with the U.S. postal service on  
7 that same day in the ordinary course of business. I am aware that on motion  
8 for party served, service is presumed invalid if postal cancellation date or  
9 postage meter date is more than 1 (one) day after date of deposit for mailing in  
10 affidavit.

11 I declare that I am employed in the office of a member of the Bar of this Court  
12 at whose direction the service was made. I declare under penalty of perjury under the  
13 laws of the United States of America that the foregoing is true and correct. Executed  
14 on **April 18, 2016** at Los Angeles, California.

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28  
*s/ Martha Diaz*  
\_\_\_\_\_  
Martha Diaz