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2 GEORGE D. STRAGGAS, Bar No. 132231
3 STRAGGAS DEAN LLP
4 8911 Research Drive
Irvine, California 92618
Telephone: (949) 660-9100
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5 Attorney for Proposed Plaintiff-Intervenor
6 CELTIC BANK CORPORATION

7
8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

10
11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 vs.

15 ROBERT YANG, et al.,

16 Defendants.

17 and

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

19 Relief Defendants.

20 CELTIC BANK CORPORATION, a Utah
corporation,

21 Plaintiff-Intervenor,

22 vs.

23 SECURITIES AND EXCHANGE
24 COMMISSION; STEPHEN J. DONELL, in
his capacity as Receiver for the estates of
Suncor Fontana, LLC, Suncor Hesperia, LLC
and Suncor Care Lynwood, LLC,

25 Defendants-in-Intervention.

26 Defendants-in-Intervention.

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) Case No. 5:15-CV-02387-SVW (KKx)
) **SUPPLEMENTAL DECLARATION**
) **OF ERIC D. DEAN RE**
) **[PROPOSED] AMENDED**
) **COMPLAINT,**
) **COMMUNICATIONS WITH**
) **COUNSEL FOR THE SMALL**
) **BUSINESS ADMINISTRATION**
) **AND RECENT EFFORTS TO**
) **MEET AND CONFER WITH**
) **COUNSEL FOR RECEIVER AND**
) **DUE PROCESS CONCERNS**

) Date: Monday, June 6, 2016

) Time: 1:30 p.m.

) Courtroom: 6

) Judge: Hon. Stephen V. Wilson

1 I, Eric D. Dean, say:

2 1. I am an attorney duly licensed to practice law before all courts of the State
3 of California and the United States District for the Central District of California, and a
4 partner in the law firm of Straggas Dean LLP, counsel for Celtic Bank in this Action.

5 **THE MOTION TO INTERVENE AND COMMUNICATIONS WITH OTHER**
6 **COUNSEL AND THE SMALL BUSINESS ADMINISTRATION RE SAME**

7 2. On March 6, 2016 I sent an email to Joshua del Castillo, one of the counsel
8 for the Receiver, regarding my concerns as to the potential interest of the Small Business
9 Administrator (“SBA”) in the \$2 million held by Celtic Bank that was subject to
10 turnover. I believed that Celtic Bank needed input from the SBA before it could take a
11 position as to the turnover of the \$2 million to the Receiver.

12 3. On March 6, 2016, counsel del Castillo responded to my email, stating, in
13 part: “I certainly believe that you are correct regarding an SBA relationship to this
14 matter, and we recognize that Celtic may need to coordinate with the SBA in connection
15 with asset administrative matters.” See true and correct copies of the March 6, 2016
16 email exchange attached hereto as Exhibit “A” and incorporated herein by reference.

17 4. Discussions between Celtic Bank and the SBA as to the Receiver’s Ex
18 Parte Application to hold Celtic Bank in Contempt, and as to the \$2 million deposited
19 with Celtic Bank, thereafter continued until April 5, 2016. I participated in no less than
20 three (3) such conference calls and was also copied on emails. The final outcome of
21 these discussions was documented in an email dated April 5, 2016 from Eric S.
22 Benderson, Associate General Counsel for Litigation and Claims for the SBA, in which
23 the SBA’s position was stated as follows: “In view of the ex parte contempt order
24 proceeding it would appear appropriate for the bank to take whatever action counsel for
25 the bank recommends in contesting the turn over order and the rest of the litigation.”

26 5. On and before April 5, 2016, the filing of a Motion for Leave to file a
27 Complaint in Intervention was discussed and recommended in multiple discussions
28 between myself, with representatives of Celtic Bank, and the Receiver. The Motion and

1 the proposed Complaint in Intervention were drafted in good faith after April 5, 2016
2 based on an understanding I reached predicated on the aforesaid communications.

3 6. On April 21, 2016, I transmitted an email to both Receiver's counsel,
4 Joshua del Castillo, and SEC counsel Hughes, suggesting a possible meet and confer to
5 discuss the procedural mechanism for the issues regarding the claims related to the \$2
6 million. I suggested these could be procedurally resolved, and advised them that Celtic
7 Bank would be filing a Motion to Intervene if no progress was otherwise made. On April
8 26, 2016, both counsel advised me that they would not meet and confer.

9 7. On April 27, 2016, this Firm, on behalf of Celtic Bank, filed a Motion to
10 Intervene including a [Proposed] Complaint in Intervention. Before and after filing its
11 Motion to Intervene, Celtic Bank advised both counsel for the SEC and the Receiver that
12 its major concerns related to due process. Celtic Bank also advised that it was willing to
13 meet and confer to reach a stipulation that would preserve its rights and claims in the \$2
14 million at issue, pending a final determination as to the competing claims to such
15 property, while also establishing a fair, efficient and practical procedure to resolve those
16 concerns. The June 6, 2016 hearing is a result of the SEC and Receiver's refusal to
17 engage in a meaningful meet and confer process while instead insisting that Celtic Bank
18 has no right to due process as to its claims to such proceeds (see infra).

19 8. However, on May 11, 2016, I received an email attaching a letter dated
20 May 10, 2016 from Dace S. Pavlovskis of the SBA. A true and correct copy of that
21 letter is attached hereto as Exhibit "B" and incorporated herein by reference.

22 9. On May 13, 2016, I responded to Ms. Pavlovskis' letter. A true and correct
23 copy of my response is attached hereto as Exhibit "C" and incorporated herein by
24 reference.

25 10. While my understanding remains that the Motion for Leave to File the
26 Complaint in Intervention and the [Proposed] Complaint were accurate, nevertheless, in
27 order to meet the concerns expressed by Ms. Pavlovskis in her letter, a redline version of
28 the [Proposed] Amended Complaint in Intervention and final version of the [Proposed]

1 Amended Complaint in Intervention are attached as Exhibits “D” and “E,” respectively.
2 While the content of the [Proposed] Amended Complaint in Intervention is, to a limited
3 extent, different than the [Proposed] Complaint in Intervention, the substance of the
4 proposed pleading is the same in all respects, the parties are the same, and the requested
5 relief has not changed in any respect.

6 **THE RECEIVER’S FILING WITH THE COURT RE FONTANA PROJECT**

7 11. Celtic Bank has an undisputed perfected security interest in the property,
8 described by the Receiver, Stephen J Donnell, in his Declaration filed with the Court on
9 January 28, 2016 [Docket No. 32], as the “Fontana Project,” as follows:

10 The Project associated with Defendant Suncor Fontana, LLC
11 (the "Fontana Project") is a partially completed skilled
12 nursing facility in the City of Fontana, California. Presently, I
13 believe the Project to be approximately 45% complete. Like
14 the Hesperia Project, the Fontana Project is at risk of weather
related damage because its walls and roof have not been
completed or weatherized.

15 12. In the Receiver’s First Quarterly Status Report [Docket No. 53], Receiver
16 Donnell at p. 8, ln. 20-p. 9, ln. 17, advises the Court as to the Fontana Project as follows:

17 The Fontana Project consists of the real property and
18 improvements located at 7227 Oleander Avenue, Fontana,
19 California. As reflected in the Initial Report, the Fontana
20 Project is a partially constructed sub-acute / skilled nursing
21 facility, and appears to be approximately 45% complete
22 [with} ... a value of approximately \$2.3 million.... the
23 Fontana Project is the subject of, approximately \$3 million in
24 secured, first lien debt, arising in conjunction with two (2)
25 construction loans made by Celtic Bank... the [expert opinion
is] that the cost to complete the Fontana Project with its pre-
receivership plans could approach \$8 million from this point
forward....

26 **OTHER COMMUNICATIONS BETWEEN RECEIVER’S COUNSEL AND**
27 **COUNSEL FOR CELTIC BANK**

28 13. Since on or before March 1, 2016 when retained, Declarant, as counsel for

1 Celtic Bank, has attempted to meet and confer with counsel for the Receiver as to (1) a
2 timetable for the disposition of the Fontana project, in view of its status and deteriorating
3 condition, as described by the Receiver himself on January 28, 2016, and the further fact
4 that the Receivership Estate continues to expend funds as to the Fontana Project for such
5 things as security and insurance; (2) requesting that the Receiver stipulate that the funds
6 on deposit with Celtic Bank be turned over to the Receiver under a Stipulation and Order
7 that requires the \$2 million to be held in trust by the Receiver, his counsel, or the Court
8 Clerk pending a final determination of whether Celtic Bank or the Receiver has a right to
9 such proceeds; (3) the multiple issues and facts not in dispute, and those facts and issues
10 that are undecided or disputed, and stipulating to same; and (4) discussions of alternative
11 procedures which will maintain Celtic Bank’s right to due process but allow for the
12 efficient and practical resolution of the issues and facts that remain in dispute.

13 14. Rather than agreeing to preserve the \$2 million, agreeing to meet and
14 confer and save the Receivership Estate unnecessary expenditures and preserve his
15 neutrality, (a) both the Receiver and his counsel have described Celtic Bank as an
16 “adversary”; (b) continued to unnecessarily expend funds to protect the Fontana Project
17 while holding it hostage; (c) refused to allow Celtic Bank due process and instead filed
18 an ex parte application to hold Celtic Bank in Contempt; (d) allowed the Fontana Project
19 to continue to suffer further damage and diminish in value, thereby decreasing the value
20 of that property and increasing the amount of Celtic Bank’s claim against the
21 Receivership Estate; (e) caused both Celtic Bank and the Receivership Estate to expend
22 unnecessary funds on attorney’s fees; (f) wasted the Court’s valuable time by refusing to
23 engage in a meaningful dialogue that could facilitate a process to streamline and resolve
24 the current issues as to the \$2 million in which Celtic claims a perfected security interest
25 and the Receiver insists be turned over to the Receiver for the Receiver’s immediate use;
26 and (g) refused to acknowledge Celtic Bank’s rights and interests, including its
27 constitutional right to due process.

28 ////

1 15. Below are a list of references to some of the communications that further
2 demonstrate Celtic Bank’s efforts to reasonably meet and confer and the position of the
3 Receiver and the inconsistent positions of the Receiver’s counsel:

4 (a) On March 4, 2016, Declarant requested that counsel and the
5 Receiver and representatives of Celtic Bank meet and confer as to the disposition of the
6 Fontana Project. On March 4, 2016, counsel del Castillo responded stating that the
7 Receiver preferred to delay such a discussion for a period of time. A true and correct of
8 this email exchange dated March 4, 2016 is attached hereto as Exhibit “F.”

9 (b) On March 9, 2016, counsel emailed Declarant stating the following
10 as to the Fontana Project:

11 As I mentioned, in the event that the Receiver determines to
12 abandon the Fontana property, he would like to do so in
13 conjunction with another abandonment effort, via a
14 submission to the Court in the next few weeks. We
15 understand that Celtic Bank would like to propose
alternatives to straight abandonment....

16 (c) On March 9, 2016, counsel del Castillo emailed Declarant stating as
17 follows as to the Fontana Project: “... the Receiver is running thousands of dollars in
18 costs, per month, in connection security efforts, among other things. In any event, we
19 will be in touch as soon as possible.”

20 (d) At my request, a conference call occurred on March 24, 2016,
21 which included myself, Leslie Rinaldi, General Counsel for Celtic Bank, and Joshua del
22 Castillo and Kenyon Harbison, of the law firm of Alan Matkins, counsel for the
23 Receiver. In this call, a discussion occurred as to a timeline and process for the
24 disposition of the Fontana Property, among other things;

25 (e) Further efforts were made by Declarant in mid-late April, 2016 to
26 meet and confer as to the disposition of the Fontana Project, the suggestion that the
27 turnover of the \$2 million currently held by Celtic Bank be held in trust by the Receiver,
28 and scheduling a meet and confer as to a cost-effective and efficient procedure to resolve

1 the varying views as to the \$2 million. On April 29, 2016 a conference call was
2 scheduled between Declarant and one of the Receiver’s counsel, David Zaro, for May 2,
3 2016 at 10:00 a.m.;

4 (f) On May 1, 2016 I emailed counsel Zaro suggesting the topics I
5 wished to discuss with him during the following day’s conference call. A true and
6 correct copy of that email is attached hereto as Exhibit “G” and incorporated herein by
7 reference;

8 (g) I met and conferred with counsel Zaro on the morning of May 2,
9 2016 and emailed counsel Zaro after the call summarizing the discussion. A true and
10 correct copy of that email is attached hereto as Exhibit “H” and incorporated herein by
11 reference. Counsel Zaro did not respond to this email. Counsel Zaro also did not get
12 back to me “in a few days” as he had represented he would in our conversation; and

13 (h) Attached hereto collectively as Exhibit “I” is a true and correct
14 copy of an exchange between my co-counsel, Tracy Anielski and counsel Zaro regarding
15 the Fontana Project.

16 (i) Attached hereto as Exhibit “J” are true and correct copies of a series
17 of emails exchanged between Declarant and counsel Zaro on May 11 and May 12, 2016.

18 (j) On May 12, 2016, counsel Zaro requested that I forward him Celtic
19 Bank’s proposal as to how both the issues regarding the Fontana Project and the \$2
20 million pledged as cash collateral could proceed. Attached hereto as Exhibit “K” is a
21 true and correct copy of Declarant’s May 12, 2016 response to this request which, again,
22 set forth Celtic Bank’s proposal. No response has been received from the Receiver to
23 Celtic Bank’s proposal other than further filings by the Receiver received on May 16,
24 2016.

25 **THE UPCOMING TRIAL BETWEEN THE RECEIVER, SEC AND**
26 **DEFENDANTS**

27 16. On May 13, 2016, Declarant received a Joint Stipulation between the SEC,
28 Receiver and Defendants [Docket No. 61]. Celtic Bank was not included in such

1 proceedings despite the fact that those proceedings will, by necessity, include multiple
2 issues that have been raised as issues in dispute by Celtic Bank. It is respectfully
3 requested that the Court consider the potential due process concerns arising from any
4 effort by the SEC or Receiver to bind Celtic Bank to any of the stipulated case
5 management and pretrial dates in light of the fact that Celtic Bank was not a party to
6 such proceedings.

7 I declare under penalty of perjury that the foregoing is true and correct and was
8 executed this 16th day of May, 2016 at Irvine, California.

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10 Eric Dean

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PROOF OF SERVICE

I, Sarah Borghese, am employed in the County of Orange, State of California. I am over the age of 18 and not a party to the within action; my business address is 8911 Research Drive, Irvine, California 92618.

A true and correct copy of the following documents described below will be served in the manner indicated below:

SUPPLEMENTAL DECLARATION OF ERIC D. DEAN RE [PROPOSED] AMENDED COMPLAINT, COMMUNICATIONS WITH COUNSEL FOR THE SMALL BUSINESS ADMINISTRATION AND RECENT EFFORTS TO MEET AND CONFER WITH COUNSEL FOR RECEIVER AND DUE PROCESS CONCERNS

TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”) – the above-described documents will be served by the Court via NEF. On May 16, 2016, I reviewed the CM/ECF Mailing Info For A Case Mail Notice List to receive NEF transmission at the email addresses indicated below:

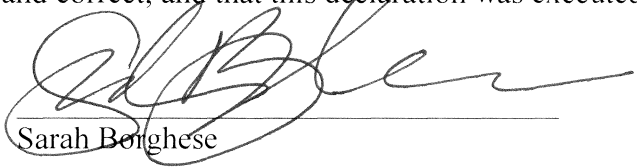
Leslie J. Hughes: HughesLJ@sec.gov *Counsel for Plaintiff, SECURITIES AND EXCHANGE COMMISSION*
Zachary T. Carlyle: carlylez@sec.gov
David J. Van Havermaat: vanhavermaatd@sec.gov

Mark T. Hirade: mth@msk.com *Counsel for Defendants, ROBERT YANG, et al., and Relief Defendants, YANROB’S MEDICAL, INC., et al.*

David R. Zaro: dzaro@allenmatkins.com *Counsel for Receiver, STEPHEN J. DONELL*
Joshua Del Castillo: jdelcastillo@allenmatkins.com
Kenyon Harbison: kharbison@allenmatkins.com

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

I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct, and that this declaration was executed at Irvine, California, on May 16, 2016.


Sarah Borghese

Eric Dean

From: del Castillo, Joshua <jdelcastillo@allenmatkins.com>
Sent: Sunday, March 6, 2016 11:19 AM
To: Eric Dean; George Straggas
Cc: Leslie Rinaldi; Tracy Anielski; Harbison, Kenyon; Diaz, Martha; Steve.Donell@fedreceiver.com
Subject: RE: Yang Matter Case No. 5:15-CV-02387-SVW

Eric,

Your expectation for Monday's hearing is correct and my opinion is that it would be of little value to Celtic Bank to attend the hearing. I also believe you are correct regarding an SBA relationship to this matter, and we recognize that Celtic may need to coordinate with the SBA in connection with asset administration matters. That said, the Receiver sincerely hopes that whatever discussions between Celtic Bank and the SBA are required can be accomplished soon.

I will be in touch after the hearing tomorrow. Thank you.

Best,
-Josh

From: Eric Dean [eric.dean@straggasdean.com]
Sent: Sunday, March 06, 2016 11:09 AM
To: del Castillo, Joshua; Eric Dean; George Straggas
Cc: Leslie Rinaldi; George Straggas; Tracy Anielski
Subject: RE: Yang Matter Case No. 5:15-CV-02387-SVW

Josh

Thanks. It appears that Celtic related issues will not be addressed at Monday's hearing based on your recent emails. Unless you advise me on Monday morning that the hearing will concern Celtic we probably will not appear.

I am still trying to get all the facts straight. I am not certain but I understand that the SBA may have some relationship to the subject of this action. If so, Celtic will need to communicate with the SBA and receive a response from the SBA before responding to your recent demand.

I look forward to further communications. Please let me know as to the results of Monday's hearing assuming I do not attend.

Best Regards.

Eric

Sent from my Verizon Wireless 4G LTE smartphone

----- Original message -----

From: "del Castillo, Joshua" <jdelcastillo@allenmatkins.com>
Date: 3/4/2016 1:30 PM (GMT-08:00)



U.S. SMALL BUSINESS ADMINISTRATION
Los Angeles District Office

330 North Brand Blvd., Suite 1200

Glendale, CA 91203

(818) 552-3210

May 10, 2016

Leslie Rinaldi, Esq.
General Counsel
Celtic Bank Corporation
268 South State Street, Suite 300
Salt Lake City, UT 84111

Mr. Eric D. Dean, Esq.
Mr. George D. Straggas, Esq.
Straggas Dean LLP
8911 Research Drive
Irvine, CA 92618

Re: Loan # 1 SunCor Care, Inc. – Loan No. PLP 4935875009
Loan # 2 SunCor Care, Inc. – Loan No. PLP 5076165003
Securities and Exchange Commission v. Yang, et al/Celtic Bank Corporation v. Securities and Exchange Commission (5:15-CV-02387)

Dear Ms. Rinaldi, Mr. Dean and Mr. Straggas:

It has come to my attention that Celtic Bank filed a Motion for Leave to Intervene and supporting documents in the above captioned case on April 27, 2016 (Motion). After reviewing those documents, and consulting with the Deputy Civil Chief at the Office of the United States Attorney for the Central District of California, SBA has no choice but to place Celtic Bank on notice that the Motion you have filed contains misrepresentations pertaining to the relationship between SBA and Celtic Bank. Specifically, it is not true that the SBA is a partial holder of the subject notes or that Straggas Dean LLP represents the SBA's interests in anyway whatsoever.

The SBA is an agency of the United States of America and as such will be represented by the United States Department of Justice should the SBA decide to take any action in this case.

Celtic and SBA Do Not Share an “Interest” in the Subject Loans

Celtic made the subject loans under the SBA’s 7(a) loan program which is a deferred participation program. Under the 7(a) program the participating bank originates the loan, is the holder of 100% of the debt, and is fully responsible for servicing and liquidating the loan. The bank and SBA have a contractual agreement whereby the SBA has agreed (under certain conditions) to purchase a portion of the loan in the future should the loan default and the bank makes a demand upon SBA. This is commonly referred to as the “SBA Guaranty.” When a demand is made, SBA reviews the loan for compliance with the SBA loan program requirements and makes a determination whether or not it will purchase a portion of the loan.

With respect to these loans, Celtic has made no demand and SBA has zero participation interest. Celtic is the only party with an interest in these loans and standing to intervene. Should the SBA be so inclined, it has the discretion under 13 C.F.R. §120.520 to purchase the guaranteed portion of the subject loans at any time to protect the interests of the Government or the Borrower. We have not done so at this time.

Throughout the Motion, it is stated that SBA has an interest in the loans. These statements are inaccurate.

Celtic is not an agent of the SBA

The Motion states incorrectly states that “SBA has instructed Celtic, under the unilateral authority delegated to it by the SBA by virtue of Celtic’s [PLP designation] to take action on behalf of the SBA as its agent to protect and assert a priority interest in the Cash Collateral.” Instead, the SBA 7(a) loan program delegates the highest degree of authority upon a PLP lender to service and liquidate the Lenders loans without prior SBA review. Do not conflate SBA’s lesser supervision of Celtic with the creation of an agent relationship; an agency relationship is not possible because Celtic is the only holder of the debt and is solely responsible.

All references or implications in the Motion that Celtic is an agent of SBA, is acting on SBA’s behalf, or is acting to benefit SBA must be corrected.

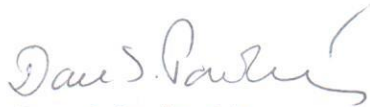
Cash Collateral Is Not Required under the SBA Authorizations

Celtic takes the position that the \$2.0 million on deposit with Celtic is “cash collateral” for the subject loans. The loan authorizations do not require “cash collateral” as a condition of either loan. SBA does not have enough information about the nature or source of the funds, or the reasons why Celtic came to hold the funds, to form an opinion about whether or not they are collateral for the loans.

All references in the Motion that imply that SBA shares Celtic’s opinion that the deposit accounts are “cash collateral” for the subject loans must be corrected.

SBA hopes that you understand the gravity of its concerns regarding the statements made in the Motion and will voluntarily take appropriate action to correct the misperception they convey to the Court.

Sincerely,



Dace S. Pavlovskis
Managing Attorney
U.S. Small Business Administration
Southern California Legal Unit
330 N. Brand Blvd., Suite 1200
Glendale, CA 91203

Tel. 818-552-3301



GEORGE D. STRAGGAS
george.straggas@straggasdean.com

ERIC D. DEAN
eric.dean@straggasdean.com

MATTER No.
0301-0002

May 13, 2016

VIA ELECTRONIC MAIL & U.S. MAIL

Dace S. Pavlovskis, Managing Attorney
U.S. SMALL BUSINESS ADMINISTRATION
Southern California Legal Unit
330 N. Brand Boulevard, Suite 1200
Glendale, California 91203

Re: Securities and Exchange Commission v. Yang, et al., United States District Court for the Central District of California (Eastern Division - Riverside); Case No. 5:15cv02387-SVW-KK

Re: Loan #1 SunCor Care, Inc. – Loan No. PLP 4935875009
Loan #2 SunCor Care, Inc. – Loan No. PLP 5076165003

Dear Ms. Pavlovskis:

I am in receipt of your letter of May 10, 2016, directed to George Straggas and me, on behalf of Straggas Dean LLP (the “Firm”). I write on behalf of myself and Mr. Straggas and the Firm only.

While we certainly will promptly advise the Court of your correspondence, and will also address your concerns by both filing a declaration with the Court with your letter attached and by submitting a [Proposed] Amended Complaint in Intervention, I would like to address certain areas of concern addressed in your letter:

a) The Motion for Leave to Intervene was filed only after a series of phone calls and emails with the SBA, wherein it was openly discussed that Celtic Bank viewed the filing of a Complaint in Intervention as a basis to reach a procedural structure. Thereby, the concerns as to the \$2 million dollars deposited with Celtic Bank as collateral could be decided and due process requirements met. Underlying the urgency of understanding the SBA’s position was the fact that the Receiver had taken an increasingly adversarial posture. Celtic Bank had made multiple attempts with the Receiver to establish a procedure under which the issues regarding

Dace S. Pavlovskis, Managing Attorney
U.S. SMALL BUSINESS ADMINISTRATION
May 13, 2016
Page 2

these proceeds could be effectively and fairly resolved, to no avail. These attempts failed to resolve the issue, making a discussion with the SBA prudent at that juncture.

b) In these communications, it was also brought to the attention of the SBA that the Receiver was refusing to agree to hold the \$2 million in a segregated account until the issue as to who had the right to these proceeds could be finally resolved. The Receiver had even gone to the extent of filing an ex parte application to hold Celtic Bank in contempt for refusing to unconditionally turn over the \$2 million to the Receiver.

c) The issue on which Celtic Bank required guidance was whether the SBA wished Celtic Bank to turn the proceeds over to the Receiver for his immediate use, or to contest the Receiver's demands and attempt to protect these proceeds for the benefit of both Celtic Bank and, potentially, the SBA, in view of the outstanding SBA guaranty and possible risk related to the Receiver's ex parte application. In these communications, the SBA clearly announced its position that all reasonable efforts should be exerted by Celtic Bank to protect the \$2 million from dissipation by the Receiver. It was further agreed that Celtic Bank should protect the collateral claim in those proceeds through the filing of a Motion for Leave to Intervene or in such other manner as Celtic Bank deemed appropriate. Indeed, in an email dated April 5, 2016 (on which you were copied), Eric S. Benderson, Associate General Counsel for Litigation and Claims for the SBA, stated in part:

In view of the ex parte contempt order proceeding it would appear appropriate for the bank to take whatever action counsel for the bank recommends in contesting the turn over order and the rest of the litigation.

With that direction, we have diligently been taking actions to protect the collateral.

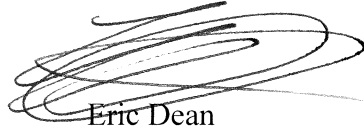
d) Rest assured that the Firm has never appeared as counsel for the SBA, nor has it, in any manner, represented in the pending Action, or otherwise, that it represented the SBA.

In summary, on behalf of myself, George and the Firm, we apologize for any miscommunications and misunderstanding that may have arisen. Any miscommunication was an error done with the best of faith to effectuate our directive to protect the collateral. Our discussions with counsel for the SBA were initiated based on maintaining the long-term and strong relationship between Celtic Bank and the SBA. It has never been our intention to misrepresent the SBA's position, and we have never represented to be the attorneys for the SBA. While we believe the positions expressed in our court filings reflect a good faith understanding of the discussions referenced above, we certainly concur that this Firm's filing must be entirely accurate. To this end, I will be filing a declaration along with a [Proposed] Amended Complaint in Intervention.

Dace S. Pavlovskis, Managing Attorney
U.S. SMALL BUSINESS ADMINISTRATION
May 13, 2016
Page 3

We appreciate your advising us of your concerns.

Best Regards,

A handwritten signature in black ink, appearing to be "Eric Dean", written over a horizontal line.

Eric Dean

cc: client

1 ERIC D. DEAN, Bar No. 56854
2 GEORGE D. STRAGGAS, Bar No. 132231
3 STRAGGAS DEAN LLP
4 8911 Research Drive
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Facsimile: (949) 660-9144

5 Attorney for Plaintiff-Intervenor,
6 CELTIC BANK CORPORATION

7
8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

10
11 SECURITIES AND EXCHANGE
12 COMMISSION,

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20 CELTIC BANK CORPORATION, a Utah
21 corporation,

22 Plaintiff-Intervenor,

23 vs.

24 SECURITIES AND EXCHANGE
25 COMMISSION; STEPHEN J. DONELL,
26 in his capacity as Receiver for the estates
of Suncor Fontana, LLC, Suncor
Hesperia, LLC and Suncor Care
Lynwood, LLC,

27 Defendants-in-Intervention.
28

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

**[PROPOSED] AMENDED
COMPLAINT-IN-INTERVENTION
FOR DECLARATORY RELIEF**

1 By leave of Court, Plaintiff-Intervenor, CELTIC BANK CORPORATION, a
2 Utah corporation authorized to do business in California (“Intervenor”), hereby
3 intervenes in this action and alleges as follows:

4 **PRELIMINARY ALLEGATIONS**

5 1. This is an action by the SECURITIES AND EXCHANGE COMMISSION
6 (“SEC”) to enjoin alleged violations of the federal securities laws and regulations and to
7 require the disgorgement of investor funds alleged to have been wrongfully obtained by
8 Defendants, ROBERT YANG (“Yang”) and CLAUDIA KANO (“Kano”), and their
9 affiliated entities, SUNCOR FONTANA, LLC, SUNCOR HESPERIA, LLC, and
10 SUNCOR LYNWOOD, LLC (collectively the “Suncor Entities”), through the use of a
11 scheme to defraud investors.

12 2. As set forth in detail below, Intervenor claims an interest in the subject
13 matter of this Action, in that it is a secured creditor of HealthPro Capital Partners, LLC
14 and SunCor Care, LLC (collectively “Borrowers”), who are named as Relief Defendants
15 in this action. As further alleged below, in connection with loans made by Intervenor to
16 Borrowers, Intervenor holds and has held a perfected security interest in Two Million
17 Dollars (\$2,000,000.00) in cash collateral (the “Cash Collateral”) since over 90 days
18 before the Complaint was filed in this Action. A dispute exists between Plaintiff and
19 Intervenor as to whether those funds were, in fact, obtained by fraud and as to whether
20 Intervenor has a security interest in those funds that is superior to the claim of the SEC.
21 Adjudication of the named parties’ claims in Intervenor’s absence will impair or impede
22 its ability to protect its interest.

23 3. Intervenor is, and at all times relevant herein was, a corporation organized
24 and existing under the laws of the State of Utah lawfully doing business in the State of
25 California.

26 4. Defendant-in-Intervention, SECURITIES AND EXCHANGE
27 COMMISSION (the “SEC”), is an agency of the United States government and is the
28 Plaintiff in this action.

1 5. Defendant, STEPHEN J. DONELL (the "Receiver"), was appointed as
2 Receiver for the estates of the Suncor Entities, by Order of the United States District
3 Court for the Central District of California entered on December 11, 2015.

4 **STATEMENT OF FACTS**

5 6. On or about February 17, 2012, Intervenor made two separate loans to
6 Borrowers under the Small Business Administration ("SBA") 7A Loan Program. Each
7 of these loans was in the principal amount of Two Million Five Hundred Dollars
8 (\$2,500,000.00) (the "Loans"). The primary purpose of the Loans was for the (1)
9 constructing a building to be located at 7227 Oleander Avenue, Fontana, California
10 92336 (the "Fontana Project"), to be used upon completion as a skilled nursing facility;
11 and (2) providing working capital for the Fontana Project.

12 7. In connection with the Loans, Borrowers executed the following relevant
13 documents related to the Loans:

14 Loan No. 15009992 ("Loan No. 1"):

- 15 a. Business Loan Agreement evidencing a loan in the amount of
- 16 \$2,500,000.00;
- 17 b. Construction Loan Agreement evidencing a loan in the amount of
- 18 \$2,500,000.00;
- 19 c. Commercial Security Agreement whereby the Borrowers granted a
- 20 security interest to Intervenor in certain collateral security; and
- 21 d. Assignment of Deposit Account, wherein the Borrowers granted a
- 22 security interest to Intervenor in Certificate of Deposit Account No. 13002962,
- 23 containing an approximate balance of One Million Dollars (\$1,000,000.00).

24 True and correct copies of these documents are attached hereto as Exhibits A
25 through D.

26 Loan No. 15010079 ("Loan No. 2"):

- 27 a. Business Loan Agreement evidencing a loan in the amount of
- 28 \$2,500,000.00;

Deleted: Small Business Administration ("SBA") loans to Borrowers

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1 b. SBA form of Promissory Note evidencing a loan in the amount of
 2 \$2,500,000.00;

3 c. Commercial Security Agreement whereby the Borrowers granted a
 4 security interest to Intervenor in certain collateral security;

5 d. Assignment of Deposit Account wherein the Borrowers granted a
 6 security interest to Intervenor in Certificate of Deposit Account No. 13002962,
 7 containing an approximate balance of One Million Dollars (\$1,000,000.00).

8 True and correct copies of these documents are attached hereto as Exhibits E
 9 through H.

10 8. On June 9, 2014, Celtic entered into an agreement with the Borrowers
 11 entitled "Continuation Agreement," a true and correct copy of which is attached hereto
 12 as Exhibit I. Pursuant to the terms of the Continuation Agreement, Borrowers were
 13 required to pledge an additional \$1 million in cash collateral, and they did so. The cash
 14 collateral was deposited into Certificate of Deposit Account No. 11900821 at Celtic
 15 Bank. (Exhibits A through I are incorporated herein by this reference and collectively
 16 referred to as the "Loan Documents").

17 9. Pursuant to the Loan Documents (which have been provided to both the
 18 SBA and counsel for the Receiver), the funds held in Certificate of Deposit Accounts
 19 No. 13002962 and No. 11900821 constitute Intervenor's Cash Collateral for the Loans.

20 10. Intervenor made the Loans based upon loan guarantees provided by the
 21 United States government through the SBA. Celtic Bank in both the originator and
 22 servicer of the subject loans by virtue of Intervenor's designation as a Preferred Lending
 23 Partner ("PLP") and is authorized to take action to protect the Cash Collateral.

24 11. At the time Intervenor made the Loans and obtained the Cash Collateral,
 25 Celtic Bank had no involvement or knowledge whatsoever in any of the conduct alleged
 26 by the SEC in this Action.

27 12. On November 19, 2015, the SEC filed its Complaint, alleging claims
 28 against the Defendants for fraud in the offer or sale of securities. The SEC seeks various

Deleted: to the Complaint-in-Intervention are referred to collectively

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Deleted: The SBA has instructed Intervenor, under the unilateral authority delegated to it by the SBA

Deleted: on behalf of the SBA

Deleted: for the Loans and to assert Intervenor's and/or the SBA's priority interest in the Cash Collateral

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1 remedies, including injunctive relief and equitable disgorgement of ill-gotten gains
2 obtained by the Defendants as a result of their alleged misconduct.

3 13. On December 11, 2015, pursuant to stipulation of the SEC and
4 Defendants, the Court entered a Preliminary Injunction, which included appointment of
5 the Receiver. Intervenor had no notice of the within action at the time the Preliminary
6 Injunction was issued, and was not provided notice or an opportunity to be heard with
7 respect to entry of the Preliminary Injunction or appointment of the Receiver.

8 14. Among other things, the Preliminary Injunction authorizes the Receiver to
9 marshal the assets of the Defendants, including "Receivership Property". Defendants-
10 in-Intervention have asserted an interest in the Cash Collateral, have demanded that
11 Intervenor turn over the Cash Collateral to the Receiver and have requested the Court to
12 hold Celtic in contempt despite the fact that the Court has not made a determination that
13 the funds in question are "Receivership Property." Further, Intervenor was not named in
14 the Complaint, had no notice of the hearing at which the Receiver Order was entered and
15 has not been allowed to conduct discovery, cross examine witnesses or introduce
16 testimony.

17 **FIRST CLAIM FOR RELIEF**
18 **(DECLARATORY RELIEF)**

19 15. Intervenor incorporates by reference as if fully set forth herein the
20 allegations contained in Paragraphs 1 through 14 above.

21 16. A present and actual controversy has arisen and now exists between
22 Intervenor and Defendants-in-Intervention concerning their rights and respective duties
23 with respect to the Cash Collateral.

24 17. Intervenor contends, among other things, that (1) it has a perfected security
25 interest in the Cash Collateral; (2) its security interest has priority over any interest
26 claimed by the SEC, the Receiver and/or any other party; (3) Intervenor holds the Cash
27 Collateral, in part, for the benefit of the SBA, who guaranteed the Loans; (4) Celtic
28 Bank is a necessary party to any action by the SEC and/or the Receiver to force the

1 turnover of the Cash Collateral by Intervenor; (5) the Cash Collateral is not traceable to
2 funds paid by investors in any of the Suncor Entities and/or is not the product of fraud
3 practiced on those investors by the Defendants; (6) Intervenor is a bona fide
4 encumbrancer for value; (7) the SEC and/or the Receiver cannot require disgorgement or
5 turnover of the Cash Collateral because they cannot meet their burden of establishing
6 that (a) the Cash Collateral constitutes ill-gotten funds from defrauded investors, and (b)
7 the SEC and/or the Receiver's claim ~~does not take~~ precedence over Intervenor's
8 legitimate and superior claim to the Cash Collateral; (8) the SEC and/or the Receiver
9 cannot require disgorgement or turnover of the Cash Collateral pursuant to the turnover
10 order contained in the Preliminary Injunction, because to do so would deprive Intervenor
11 and/or the SBA of due process and its equal protection rights; and (9) Intervenor has the
12 right to foreclose on the Cash Collateral subject to further order of the Court.

13 18. Intervenor is informed and believes that Defendants-in-Intervention
14 dispute these contentions, and instead contend that the Cash Collateral constitutes
15 property of the estates of the Suncor Entities, or some of them, and that neither
16 Intervenor nor the SBA have any legitimate right, title or interest in the Cash Collateral.
17 Intervenor is further informed and believes that Defendants-in-Intervention contend that
18 Intervenor is required to turn over and relinquish all rights in the Cash Collateral in favor
19 of the Receivership Estate, without regard to Intervenor's perfected security interest.

20 19. Intervenor therefore seeks a judicial declaration regarding the parties'
21 rights and obligations with respect to the Cash Collateral including, but not limited to, a
22 declaration that Intervenor has a perfected security interest in the Cash Collateral as a
23 bona fide encumbrancer, which interest has priority over any interest claimed by the
24 SEC and/or the Receiver, and that Intervenor is not required to relinquish its rights in the
25 Cash Collateral to the SEC and/or the Receiver.

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27 circumstances so ~~that Celtic Bank may be provided due process and so that the~~ claims of
28

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1 the parties and, in particular, their respective rights and obligations with respect to the
2 Cash Collateral, can be determined in accordance with applicable law.

3 WHEREFORE, Intervenor prays for judgment against Defendants-in-
4 Intervention, as follows:

5 1. For a declaration that Intervenor has a perfected security interest in the
6 Cash Collateral as a bona fide encumbrancer, which interest has priority over any
7 interest claimed by the SEC and/or the Receiver, and that Intervenor is not required to
8 relinquish its rights in the Cash Collateral to the SEC and/or the Receiver.

9 2. For costs of suit; including attorney’s fees as allowed by law;

10 3. For such other and further relief as the Court may deem just and proper.

11
12 DATED: June __, 2016

STRAGGAS DEAN LLP

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14 By: _____
15 Eric D. Dean, Esq.
16 Attorney for Plaintiff-Intervenor,
17 CELTIC BANK CORPORATION
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1 ERIC D. DEAN, Bar No. 56854
2 GEORGE D. STRAGGAS, Bar No. 132231
3 STRAGGAS DEAN LLP
4 8911 Research Drive
5 Irvine, California 92618
6 Telephone: (949) 660-9100
7 Facsimile: (949) 660-9144

8 Attorney for Plaintiff-Intervenor,
9 CELTIC BANK CORPORATION

10 UNITED STATES DISTRICT COURT
11 CENTRAL DISTRICT OF CALIFORNIA

12 SECURITIES AND EXCHANGE
13 COMMISSION,

14 Plaintiff,

15 vs.

16 ROBERT YANG, et al.,

17 Defendants.

18 and

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

20 Relief Defendants.

21 CELTIC BANK CORPORATION, a Utah
22 corporation,

23 Plaintiff-Intervenor,

24 vs.

25 SECURITIES AND EXCHANGE
26 COMMISSION; STEPHEN J. DONELL,
27 in his capacity as Receiver for the estates
28 of Suncor Fontana, LLC, Suncor
Hesperia, LLC and Suncor Care
Lynwood, LLC,

Defendants-in-Intervention.

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

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25 Cash Collateral to the SEC and/or the Receiver.

26 20. A judicial determination is necessary and appropriate at this time under the
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8 relinquish its rights in the Cash Collateral to the SEC and/or the Receiver.

9 2. For costs of suit; including attorney’s fees as allowed by law;

10 3. For such other and further relief as the Court may deem just and proper.

11
12 DATED: June __, 2016

STRAGGAS DEAN LLP

13
14 By: _____
15 Eric D. Dean, Esq.
16 Attorney for Plaintiff-Intervenor,
17 CELTIC BANK CORPORATION
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Eric Dean

From: del Castillo, Joshua <jdelcastillo@allenmatkins.com>
Sent: Friday, March 4, 2016 1:30 PM
To: Eric Dean
Cc: Leslie Rinaldi; George Straggas; Tracy Anielski
Subject: RE: Yang Matter Case No. 5:15-CV-02387-SVW

Mr. Dean,

I will discuss this with the Receiver and be in touch as soon as possible, likely Monday morning.

Best,
-Josh

From: Eric Dean [mailto:eric.dean@straggasdean.com]
Sent: Friday, March 4, 2016 1:26 PM
To: del Castillo, Joshua <jdelcastillo@allenmatkins.com>
Cc: Leslie Rinaldi <LRinaldi@celticbank.com>; George Straggas <george.straggas@straggasdean.com>; Tracy Anielski <tanielski@att.net>
Subject: Yang Matter Case No. 5:15-CV-02387-SVW

Dear Mr. Del Castillo:

As you know StraggasDean LLP represents Celtic Bank with regard to the above described matter. There are two issues Celtic and I would like to discuss with you and Mr. Donell on a confidential basis before Monday's hearing:

1. Protection of the Fontana Property from further deterioration. Steps need to be taken to protect the Fontana property from anticipated additional damage and deterioration due to rains and other conditions; which steps, if not taken, will result in a further diminution of the value of the real property collateral. It is Celtic's understanding that the costs associated with the suggested items of protection will not exceed \$75,000 and would be limited to either finishing the roof sheath and tar paper overlay then to be covered by plastic tarping or other material to mitigation weather damage to the interior of the building; and
2. Whether it is more advantageous for the Receiver and Celtic to enter into a joint stipulation on terms to be agreed for the sale of the property rather than for the Receiver to simply abandon the Fontana Property. Such a process might streamline the process of dealing with the real property collateral and also avoid a contentious dispute with the alleged perpetrators.

We are available for a conference call Monday morning. Please respond to this email with Mr. Donell and let me know whether such a confidential discussion is of interest to you gentlemen. I receive emails out of the office as well as in the office or you can call me on my cell over the weekend if you wish to do so.

Best Regards.

Eric D Dean Esq.
Client Relations Partner

From: Eric Dean
Sent: Sunday, May 01, 2016 2:58 PM
To: 'Zaro, David' <dzaro@allenmatkins.com>
Cc: 'del Castillo, Joshua' <jdcastillo@allenmatkins.com>; 'Harbison, Kenyon' <kharbison@allenmatkins.com>
Subject: RE: Celtic Bank re: Suncor- Monday Phone Call

CONFIDENTIAL SETTLEMENT COMMUNICATION FOR DISCUSSION PURPOSES ONLY

David:

In an effort to make our discussion tomorrow more productive, I would suggest that there are core issues that need to be addressed in this proceeding as between Celtic Bank and the SEC/Receiver in both an efficient and constitutionally compliant manner. I would define these issues from my perspective (not Celtic Bank's nor my colleagues):

1. How should the real property security be dealt with. The continued costs and potential decline in value over time benefits no one. While not bound to do so, the Receiver had made his intentions clear to abandon the Fontana property. The real property collateral needs to be dealt with in some manner promptly;
2. How shall the proceeds in dispute be maintained so as to secure these proceeds pending a final determination of the dispute re same in a manner so as to maintain the claims and interests of all parties related to those proceeds;
3. Does Celtic Bank have a security interest in the proceeds in dispute.

If Celtic is found to have a security interest the proceeds in dispute:

4. Does the SEC/Receiver or Celtic Bank have a superior claim to the proceeds in dispute (including, but not limited to, was there a cognizable fraud as relates to Celtic Bank being granted a security interest in these proceeds).
5. Who has the burden of proof as to issues 3 and 4 and what is that burden.

I would hope that issues 1 and 2 can be resolved quickly by a reasoned and neutral stipulation. Issue 5 appears to be a question of law without any factual component to their resolution. Therefore, from my prospective the primary discussion needs to evolve around issues 3 and 4. I would suggest that these issues be bifurcated with issue 3 being addressed initially and issue 4 then being addressed if the Court determines that Celtic Bank has a security interest in the proceeds. With regard to each of these issues, I would hope that a Rule 26 meet and confer would result in many of the underlying facts and documents being stipulated to.

I look forward to our discussion at 10am tomorrow. Perhaps we can reach a joint direction as to how the current issues and disputes can be resolved or narrowed and then seek concurrence from our respective clients and the SEC.

Eric

Eric Dean
Client Relations Partner
StraggasDeanLLP
949-660-9100 (o)
949-244-8634(c)
eric.dean@straggasdean.com
Full service to the Financial Services,
Hospitality and Commercial Real Estate
Industries from our four offices in the
State of California

From: Eric Dean

Sent: Monday, May 2, 2016 10:58 AM

To: 'Zaro, David' <dzaro@allenmatkins.com>

Cc: 'del Castillo, Joshua' <jdelcastillo@allenmatkins.com>; 'Harbison, Kenyon' <kharbison@allenmatkins.com>; George Straggas <george.straggas@straggasdean.com>; Tracy Anielski <tracy.anielski@straggasdean.com>

Subject: RE: Celtic Bank re: Suncor- Monday Phone Call

David:

In our discussion this morning we explored a number of items that we will further explore once you have the opportunity to communicate with the Receiver. Once we are further along in our discussion and the receiver has stated his position as to the following, I will discuss same with representatives of Celtic Bank so that we can determine if some form of stipulation can be reached.

THE REAL PROPERTY

You informed me that the Receiver's concern is that the amount derived from the possible sale of the Property be maximized in order to reduce Celtic's claim. You are going to discuss what terms and timetable the Receiver would be comfortable before abandoning the property. Perhaps this process could be short circuited if Celtic and the Receiver could simply agree on a credit against its claim for an amount Celtic and the Receiver agree to and the Receiver could then abandon the property. My goal is simply to stipulate to some timetable and process so that the property does not further deteriorate and the Estate's expenses are limited with regard to the Property while both sides reserve all claims.

TURNOVER OF PROCEEDS

As long as we can stipulate that the proceeds are held in a segregated interest bearing account pending a final determination of the Parties' disputes and that despite turning over the proceeds Celtic preserves all claims, I do not see why this concern can also not be resolved by Stipulation. Celtic has understood that the Receiver has demanded the turnover of the proceeds in dispute and that the Receiver claims the right to immediately disburse such proceeds for whatever uses the Receiver may determine.

RESOLUTION OF DISPUTES

I would suggest that we promptly engage in a Rule 26 type process and define the issues, documents, witnesses and facts that are pertinent and thereby define what disputes actually exist and as to such disputes how we wish to address same in a cost effective and complete manner and then memorialized these discussions in a stipulation and then request a status conference. It is not in the interest of the estate or Celtic that more than required expense is incurred nor that more than a necessary time period pass for the resolution of any disputes.

I look forward to hearing back from you as to the Receiver's positions so that we can explore what understandings can be reached and perhaps present a joint stipulation to the court both as to where Celtic and the Receiver are in concurrence and as to what issues require the Court's assistance in resolving.

REAL PROPERTY v CASH COLLATERAL SECURITY

In our discussion you took the position as I understood it that because in your view Celtic had not exercised its rights in the "cash collateral" it could not assert claims to that collateral. Perhaps you could in your response, explain your analysis in this regard. I have been practicing in this area for over 40 years and understand the law quite well. However, I don't want to assume that I understand your position in this regard.

I look forward to hearing back from you.

Eric Dean

From: Tracy Anielski
Sent: Wednesday, May 11, 2016 11:52 AM
To: dzaro@allenmatkins.com
Cc: vanhavermaatd@sec.gov; mth@msk.com; Eric Dean
Subject: SEC v. Yang, et al.

Mr. Zaro,

On and about May 2, 2016, you and my colleague, Eric Dean, communicated about a variety of issues and appeared to be in concurrence as to a stipulation regarding the disposition of the Fontana Property. In those communications you advised Mr. Dean that you would communicate with the Receiver regarding such a stipulation and promptly get back to Mr. Dean as to the Receiver's position. You never did. If the Receiver is prepared to propose concrete terms as to such a stipulation, please contact Mr. Dean at your earliest convenience.

Because of your failure to communicate further with Mr. Dean in relation to the Fontana Property and the urgency that exists with regard to same, Celtic Bank intends to file an ex parte application in this matter, requesting that the Court order the Parties to meet and confer as to the Fontana Property and submit a joint report to the Court as to the position of each Party re same and that the Court further set a Status Conference on June 9, 2016 in conjunction with the other matters before the Court on that date.

Pursuant to Local Rule 7-3, I would like to schedule a time to meet and confer with you regarding Celtic's application and, specifically, to determine whether you will stipulate to the setting of such a Status Conference.

Please advise regarding your availability on May 12 or 13, 2016 to discuss this matter.

Tracy L. Anielski, Esq.



8911 RESEARCH DRIVE
IRVINE, CALIFORNIA 92618
Phone: (949) 660-9100
Direct: (858) 566-1877
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Fax: (949) 660-9144
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PLEASE NOTE THE NEW FIRM NAME AND EMAIL ADDRESS

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Eric Dean

From: Zaro, David <dzaro@allenmatkins.com>
Sent: Wednesday, May 11, 2016 2:15 PM
To: Tracy Anielski
Cc: vanhavermaatd@sec.gov; mth@msk.com; Eric Dean; del Castillo, Joshua
Subject: RE: SEC v. Yang, et al.

Hi Tracy

There is no basis for further discussions regarding the pending OSC and Intervention Motion. The parties have met and conferred and the matters were not resolved because Celtic has refused to comply with the Court's Order. Are you requesting to meet and confer concerning a new ex parte application in which Celtic will ask the Court to compel another meet and confer meeting? Such a request is frivolous and the Receiver will oppose such an application as such. It also suggests that Celtic is trying to jump ahead of all other claimants in the case by attempting to litigate its claims in a separate proceeding from the claims process that the Receiver will be formulating over the next few months. Given this, I am not sure a meeting to discuss your ex parte application is warranted as it would be a futile exercise.

Please note that almost immediately after my prior meet and confer conversation with Mr. Dean, we received Celtic's Supplemental Brief in opposition to the OSC in which Celtic took positions completely at odds with our discussion and entirely against the interests of the receivership estate. The Receiver's responses will be filed later this week. It is clear from its most recent filings that Celtic is determined to keep the money owned by the Receivership Entities in direct violation of the Court's Order. Celtic must turn over to the Receiver all of the money in the deposit accounts owned by the Receivership Entities pursuant to the Court's order. There isn't a compromise to be made as to this issue and so we see no reason to meet and confer when we have already met and conferred on several occasions. If Celtic wishes to turn over the funds in the deposit accounts to the Receiver and comply with the Court's order, then we can discuss the attorney's fees and costs incurred by the Receiver in pursuing the Order to Show Cause. In the meantime, the Receiver believes that it is now up to the Court to consider the OSC and the Intervention Motion. Thanks
David

David R. Zaro Esq.

Partner
Allen Matkins Leck Gamble Mallory & Natsis LLP
515 South Figueroa Street, 9th Floor, Los Angeles, CA 90071-3309
(213) 622-5555 (main)
(213) 955-5518 (direct)
(626) 824-1146; (626) 818-8096 (mobile)
(213) 620-8816 (fax)

From: Tracy Anielski [mailto:tracy.anielski@straggasdean.com]
Sent: Wednesday, May 11, 2016 11:52 AM
To: Zaro, David <dzaro@allenmatkins.com>
Cc: vanhavermaatd@sec.gov; mth@msk.com; Eric Dean <eric.dean@straggasdean.com>
Subject: SEC v. Yang, et al.

Mr. Zaro,

On and about May 2, 2016, you and my colleague, Eric Dean, communicated about a variety of issues and appeared to be in concurrence as to a stipulation regarding the disposition of the Fontana Property. In those communications you

Eric Dean

From: Zaro, David <dzaro@allenmatkins.com>
Sent: Wednesday, May 11, 2016 5:09 PM
To: Eric Dean
Cc: del Castillo, Joshua; Harbison, Kenyon; George Straggas; Tracy Anielski; Leslie Rinaldi
Subject: RE: Celtic Bank re: Suncor- Monday Phone Call

Eric

I am sorry if there has been some miscommunication. The reasons for not engaging further with Celtic at this time or following our call are accurately stated in my email.

I did not adopt your email interpretation/recitation of our conversation dated May 2, 2016 (which you copied below), nor did I expect to see the Supplemental Brief that Celtic filed following our conversation in which Celtic took extreme and untenable positions as to the deposit accounts that we had just discussed. In light of those matters, I felt it would be a waste of time to discuss anything further.

Regardless, the Receiver believes Celtic must turn over the deposit accounts. With regard to Celtic's claims for recovery against the receivership, they are not at issue in the pending motions and should be independently addressed through an established claims process. As we discussed, the Receiver is continuing to explore a sale of the Fontana property and repayment of the Celtic debt. If the Receiver is not successful in locating an appropriate buyer, then the Receiver will be in a position to address Celtic's claims. In the meantime, the Receiver has insured and secured the property pending its final disposition.

Your insulting statements concerning the motives of the Receiver and me are unwarranted, unsupported and do nothing to further the interest of Celtic. The Receiver has at all times in this case used and will continue to use his reasonable business judgment to maximize the value of the entire receivership estate for the benefit of all investors and creditors. The fact that the Receiver's position is adverse to Celtic's position is a reflection of his exercise of sound business judgment and is not suggestive of any other motive.

Regards.

David

From: Eric Dean [mailto:eric.dean@straggasdean.com]
Sent: Wednesday, May 11, 2016 2:30 PM
To: Zaro, David <dzaro@allenmatkins.com>
Cc: del Castillo, Joshua <jdelcastillo@allenmatkins.com>; Harbison, Kenyon <harbison@allenmatkins.com>; George Straggas <george.straggas@straggasdean.com>; Tracy Anielski <tracy.anielski@straggasdean.com>; Leslie Rinaldi <LRinaldi@celticbank.com>
Subject: RE: Celtic Bank re: Suncor- Monday Phone Call

David:

I reviewed your email transmitted at 2:15pm. It is both inconsistent with our May 2, 2016 discussion as summarized below and the Supplemental filing you reference. Without limiting the foregoing:

1. I made it clear in our discussion that Celtic Bank would consider escrowing the \$2 million dollars or depositing in a segregated account with the Receiver so long as (1) the funds would not be released pending a final determination of who has a right to the proceeds. You told me that you considered this a reasonable suggestion.
2. We agreed that the (a) both Celtic and the Receiver wanted to maximize the net proceeds from the sale of the Fontana Property and that a stipulation should be considered as to how the Fontana Property should be liquidated.
3. You represented that you would speak with the Receiver and get back to me promptly. You never did.

Eric Dean

From: Eric Dean
Sent: Thursday, May 12, 2016 10:08 AM
To: 'Zaro, David'
Cc: del Castillo, Joshua; Harbison, Kenyon; George Straggas; Tracy Anielski; Leslie Rinaldi
Subject: RE: Celtic Bank re: Suncor- Monday Phone Call

Dear David:

In light of your email, Please respond by a simple yes or no to the following so that we all can understand exactly where this dispute actually is and perhaps narrow same:

1. Is the Receiver prepared to stipulate to an order that if the \$2 million is turned over to the Receiver that the Receiver will hold these funds in trust in a segregated account depending a final determination of who has a right to the proceeds;
2. Is the Receiver prepared to stipulate to an order setting forth a timeline under which the Receiver will propose his plan for the disposition of the Fontana Property;
3. Is the Receiver prepared to stipulate to an order requiring the Receiver and Celtic Bank to meet and confer as to the process under which (a) the dispute as to the funds will be resolved and a timetable for doing so and under which (b) once the Receiver has determined his proposed plan as to the Fontana Property has been announced the Receiver and Celtic Bank can discuss any refinement of the plan that Celtic Bank may wish to suggest to the Receiver;
4. Is the Receiver prepared to stipulate to a status conference on a date certain under which the Court can set a schedule and process for all issues that remain unresolved between Celtic Bank and the Receiver to be decided?

I am sure that the Receiver's obligation is to act as a **neutral representative of the Court to protect the interest of all interested "victims" of the purported wrongdoing of the defendants including Celtic Bank. The fact that Celtic Bank claims an interest in the \$2 million superior to that of the Receivership Estate does not make Celtic Bank an "adversary" which is clearly the position that Receiver and your Firm as his counsel have taken.** Instead of viewing this as an adversary proceeding, it is respectfully submitted that the Receiver should work with Celtic Bank to obtain a final determination of the issue on as cost effective basis as possible. This is not in Celtic Bank's issue an adversarial proceeding as opposed to a good faith unresolved issue that requires the Court to resolve. Similarly, the Receiver has repeatedly taken the position that there is no value in the Fontana Property over and above Celtic's perfected security interest. Celtic Bank for months has offered to work in conjunction with the Receiver to maximize the sums derived from the disposition of that collateral in order to maximize the reduction in Celtic Bank's claims. You yourself acknowledged in our recent meet and confer that proceeding in that manner was long overdue. Instead, apparently out of spite, the Receiver continues to allow the value of the property to diminish and assets of the Receivership Estate to be expended in securing the Fontana Property. Respectfully, it appears that the Receiver must reflect on whether expending funds in treating Celtic Bank as an "adversary" and in doing so incurring unnecessary attorney's fees and using the Fontana Property as a means to gain leverage is fulfilling his duties to the Court and to Celtic Bank. The Receiver is clearly not taking a neutral position at this point. His refusal to respond positively to the issues addressed above, which Celtic Bank has been suggesting for months will further evidence that the Receiver has chosen to be an "adversary" not a problem solver.

Eric Dean
Client Relations Partner

We just disagree with respect to OSC and your motion to intervene. That is all that is at issue at present. I understand that Celtic wants to address its overall claims. When the Receiver has concluded his work with regard to the property and decides how to proceed, then we will be in a position to discuss the matter further.

Have a good evening
David

Sent from my iPhone

From: Eric Dean [mailto:eric.dean@straggasdean.com]

Sent: Thursday, May 12, 2016 10:08 AM

To: Zaro, David <dzaro@allenmatkins.com>

Cc: del Castillo, Joshua <jdelcastillo@allenmatkins.com>; Harbison, Kenyon <kharbison@allenmatkins.com>; George Straggas <george.straggas@straggasdean.com>; Tracy Anielski <tracy.anielski@straggasdean.com>; Leslie Rinaldi <LRinaldi@celticbank.com>

Subject: RE: Celtic Bank re: Suncor- Monday Phone Call

Dear David:

In light of your email, Please respond by a simple yes or no to the following so that we all can understand exactly where this dispute actually is and perhaps narrow same:

1. Is the Receiver prepared to stipulate to an order that if the \$2 million is turned over to the Receiver that the Receiver will hold these funds in trust in a segregated account depending a final determination of who has a right to the proceeds;
2. Is the Receiver prepared to stipulate to an order setting forth a timeline under which the Receiver will propose his plan for the disposition of the Fontana Property;
3. Is the Receiver prepared to stipulate to an order requiring the Receiver and Celtic Bank to meet and confer as to the process under which (a) the dispute as to the funds will be resolved and a timetable for doing so and under which (b) once the Receiver has determined his proposed plan as to the Fontana Property has been announced the Receiver and Celtic Bank can discuss any refinement of the plan that Celtic Bank may wish to suggest to the Receiver;
4. Is the Receiver prepared to stipulate to a status conference on a date certain under which the Court can set a schedule and process for all issues that remain unresolved between Celtic Bank and the Receiver to be decided?

I am sure that the Receiver's obligation is to act as a **neutral representative of the Court to protect the interest of all interested "victims" of the purported wrongdoing of the defendants including Celtic Bank. The fact that Celtic Bank claims an interest in the \$2 million superior to that of the Receivership Estate does not make Celtic Bank an "adversary" which is clearly the position that Receiver and your Firm as his counsel have taken.** Instead of viewing this as an adversary proceeding, it is respectfully submitted that the Receiver should work with Celtic Bank to obtain a final determination of the issue on as cost effective basis as possible. This is not in Celtic Bank's issue an adversarial proceeding as opposed to a good faith unresolved issue that requires the Court to resolve. Similarly, the Receiver has repeatedly taken the position that there is no value in the Fontana Property over and above Celtic's perfected security interest. Celtic Bank for months has offered to work in conjunction with the Receiver to maximize the sums derived from the disposition of that collateral in order to maximize the reduction in Celtic Bank's claims. You yourself acknowledged in our recent meet and confer that proceeding in that manner was long overdue. Instead, apparently out of spite, the Receiver continues to allow the value of the property to diminish and assets of the Receivership Estate to be expended in securing the Fontana Property. Respectfully, it appears that the Receiver must reflect on whether expending funds in treating Celtic Bank as an "adversary" and in doing so incurring unnecessary attorney's fees and using the Fontana Property as a means to gain leverage is fulfilling his duties to the Court and to Celtic Bank. The Receiver is clearly not taking a neutral position at this point. His refusal to respond positively to the issues addressed above, which Celtic Bank

Eric Dean

From: Eric Dean
Sent: Thursday, May 12, 2016 2:22 PM
To: 'Zaro, David'
Cc: del Castillo, Joshua; George Straggas; Tracy Anielski; Leslie Rinaldi
Subject: RE: Celtic Bank re: Suncor- Monday Phone Call

Please see my response below. Celtic Bank's position and suggested process for resolving issues has not changed since it was announced and it cannot be changed unless its right to due process is to be ignored. Celtic Bank continues to suggest the following and again requests the Receiver to stipulate to the following:

1. Celtic Bank and the Receiver stipulate to an order that the \$2 million will be turned over to the Receiver to be held in trust by the Receiver in trust in a segregated account pending a final determination of who has a right to such proceeds with both Celtic Bank and the Receiver preserving all rights, interests and claims as to such proceeds until a final ruling on the issue is entered;
2. The Receiver and Celtic Bank stipulate to an order that within 30 days the Receiver will announce his plan for the disposition of the Fontana Property and that promptly thereafter the Receiver and Celtic Bank meet and confer in good faith and attempt to submit a joint stipulation as to the disposition of the Fontana Property;
3. The Receiver and Celtic Bank promptly conduct a Rule 26 meet and confer as to what facts and issues are in dispute and what facts and issues are not in dispute, exchange pertinent documents and witness lists and attempt to reach a stipulation as to how the issues in dispute might be resolved procedurally in a timely and cost effective manner providing due process for Celtic Bank and that Celtic Bank and the Receiver submit a joint statement to the Court as to the results of the meet and confer; and
4. The Court set a status conference for a date to be scheduled after the parties have met and conferred as provided for above.

Parenthetically, this is exactly what I proposed both before and in our meet and confer in early May. Instead of responding to these suggestions as you agreed you would after speaking with the Receiver, you ignored same and have instead simply dismissed Celtic Bank's constitutional rights, treated this as an adversarial contentious dispute as opposed to a process under which a reasoned and cost effective approach is adopted to reach a final determination of the issues of concern.

Once again, the Receiver and your firm as his counsel are respectfully requested to reconsider their prospective, to recognize that this does not have to be an adversarial proceeding but can be viewed as adopting a process under which the Court system can assist in resolving good faith concerns. Celtic Bank remains of the position that differences can be resolved in a businesslike and cost effective manner and with Celtic Bank's constitutional rights being preserved and without threats and procedural entanglements that do nothing to address the substantive issues at hand.