

1 DAVID R. ZARO (BAR NO. 124334)
 2 JOSHUA A. DEL CASTILLO (BAR NO. 239015)
 3 MELISSA K. ZONNE (BAR NO. 301581)
 4 ALLEN MATKINS LECK GAMBLE
 5 MALLORY & NATSIS LLP
 6 865 South Figueroa Street, Suite 2800
 7 Los Angeles, California 90017-2543
 8 Phone: (213) 622-5555
 9 Fax: (213) 620-8816
 10 E-Mail: dzaro@allenmatkins.com
 11 jdelcastillo@allenmatkins.com
 12 mzone@allenmatkins.com

13 Attorneys for Receiver
 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)

FOURTH QUARTERLY STATUS
 REPORT OF RECEIVER, STEPHEN J.
 DONELL

[Notice of Filing submitted concurrently
 herewith]

Ctrm: 10A
 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 Fourth Quarterly Status Report (the

1 "Report"), generally for the period from October 1, 2016 through December 31,
2 2016¹:

3 **I. PRELIMINARY STATEMENT.**

4 As previously detailed in the Receiver's Initial Report Re: Marshaling and
5 Preservation of Receivership Assets, and Petition for Further Instructions, filed on
6 December 23, 2015 (the "Initial Report"), his April 18, 2016 First Quarterly Status
7 Report (the "First Status Report"), and his August 15, 2016 Second Quarterly Status
8 Report (the "Second Status Report"), his January 9, 2017 Third Quarterly Status
9 Report (the "Third Status Report") and as further detailed herein, the Receiver has
10 made substantial progress in his continuing efforts to identify, marshal, and
11 administer the available assets of the Receivership Entities ("Receivership Assets"
12 or "Assets"), has completed his analysis of the business and financial activities of
13 the Receivership Entities, memorialized in his May 20, 2016 Amended Forensic
14 Accounting Report, and is in the process of reviewing recently submitted investor
15 and creditor claims against the Entities, marketing and selling all remaining real
16 property Assets, and seeking to recover any remaining cash Assets. While the
17 Receiver's work is ongoing, the status of his efforts and the preliminary conclusions²
18 developed from his review and analysis of materials recovered to date are
19 appropriate for presentation in this Report.

20 By way of summary, since the submission of his Third Status Report in
21 January 2017, the Receiver has:

- 22 • Continued to administer the estates of the Receivership Entities

23
24 ¹ The Report also includes information relating to key asset recovery and
25 disposition developments occurring after December 31, 2016, given their
26 importance to the Receiver's administration of the Receivership Entities, and so
27 as to provide the Court and interested parties with the most up-to-date
28 information available as of the date of its filing.

² 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 (collectively, the "Estate"), currently funded in the amount of
2 approximately \$1,564,779.24, not including an additional \$2 million
3 held pending further proceedings before the Court;

- 4 • Commenced the streamlined claims procedures previously approved by
5 the Court, whereby defrauded investors and other creditors of the
6 Receivership Entities have submitted claims for repayment, and started
7 processing all timely claims;
- 8 • Secured Court approval of and consummated a proposed settlement
9 with the Metropolitan Water District of Southern California (the
10 "MWD"), resulting in a payment of \$124,999 to the Estate;
- 11 • Requested and secured Court permission not to incur the costs
12 associated with preparing and filing, or filing, federal, state, and
13 municipal tax returns for the pre-receivership period, for any Entities;
- 14 • Continued to monitor and participate in all pending state court litigation
15 matters affecting or relating to the Receivership Entities, and
16 maintained the status quo in such matters;
- 17 • Communicated with a number of investors (and counsel for investors)
18 in the Receivership Entities regarding the status of the receivership,
19 issues relating to investor immigration petitions, registration via the
20 Receiver's website, and anticipated participation in the claims process;
21 and
- 22 • Undertaken extensive marketing efforts associated with the Entities'
23 remaining real property Assets, entered into a Purchase and Sale
24 Agreement ("PSA") (subject to Court approval) with respect to one
25 such Asset, and secured a Letter of Intent ("LOI") governing the terms
26 of an offer to purchase the other real property Asset.

27 As reflected in the Appointment Order, the Receiver is vested with exclusive
28 authority and control over the Receivership Entities and all Receivership Assets, and

1 has been authorized, empowered and directed to, among other things: (1) take
2 control of the Receivership Entities and of their Assets and Records; (2) conduct
3 such investigation and discovery as necessary to identify and locate outstanding
4 Receivership Assets; (3) preserve and prevent the dissipation of Receivership
5 Assets, and manage such Assets for the benefit of the estate of the Receivership
6 Entities; and (4) provide an accounting to the Court and the parties regarding the
7 business and financial activities of the Receivership Entities. The Receiver and his
8 counsel of record, Allen Matkins Leck Gamble Mallory & Natsis LLP ("Allen
9 Matkins"), have diligently pursued these goals since the inception of the
10 receivership, and the Receiver's efforts, analysis, supplemental preliminary
11 conclusions, and recommendations are summarized below.³

12 **II. RELEVANT PROCEDURAL HISTORY.**

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

- 17 • The Plaintiff Securities and Exchange Commission's (the
18 "Commission") Complaint, filed on November 19, 2015 (Dkt. No. 1);
- 19 • The Commission's Ex Parte Application for Temporary Restraining
20 Order, filed on November 19, 2015 (Dkt. Nos. 4, 5);
- 21 • Temporary Restraining Order, entered by the Court on November 25,
22 2015 (Dkt. No. 14)

23
24
25
26
27 ³ Please note that the fact that this Report does not address any particular fact or
28 issue addressed in the Receiver's Initial Report or Second Status 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.

- 1 • Stipulation Regarding Emergency Entry of Preliminary Injunction,
2 Order Appointing Receiver, Freezing Assets, and Providing for Other
3 Ancillary Relief, filed on December 11, 2015 (Dkt. No. 17);
- 4 • Appointment Order, entered by the Court on December 11, 2015 (Dkt.
5 No. 18);
- 6 • Receiver's Initial Report, filed on December 23, 2015 (Dkt. No. 20);
- 7 • Receiver's Motion for Order in Aid of Receivership (Dkt. No. 30);
- 8 • Order in Aid of Receivership, entered March 8, 2016 (Dkt. No. 46);
- 9 • Receiver's Ex Parte Application for Order to Show Cause why Celtic
10 Bank Should not be Held in Civil Contempt (Dkt. Nos. 48-50);
- 11 • Receiver's First Status Report, filed on April 18, 2016 (Dkt. No. 53);
- 12 • Receiver's Motion for Authority to Abandon Contract, filed on May 27,
13 2016 (Dkt. Nos. 72-75);
- 14 • Minute Order instructing Celtic Bank to turn over funds to Receiver,
15 entered on June 6, 2016 (Dkt. No. 83);
- 16 • Order Granting Stipulation to Amend Court's June 6, 2016 Minute
17 Order, entered on June 22, 2016 (Dkt. No. 94);
- 18 • Receiver's Motion for Order Authorizing Receiver to Abandon Real
19 Property Located at 17577 & 17579 Sultana Street, Hesperia,
20 California 92345 (the "Hesperia Abandonment Motion") (Dkt. Nos.
21 109-111);
- 22 • Receiver's Motion for Order Authorizing Receiver to Abandon Real
23 Property Located at 7227 Oleander Avenue, Fontana California 92336
24 (the "Fontana Abandonment Motion") (Dkt. Nos. 115-117);
- 25 • Receiver's Second Quarterly Status Report (Dkt. Nos. 129-130);
- 26 • Order Authorizing Motion for Authority to Abandon Contract (Dkt.
27 No. 132);
- 28 • Order Authorizing the Fontana Abandonment Motion (Dkt. No. 133);

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

- Order Authorizing the Hesperia Abandonment Motion (Dkt. No. 134);
- Stipulation Authorizing Abandonment and Sale of the Real Property and Improvements located at 406 East Vanderbilt Way, San Bernardino California 92408, APN 0281-341-23 (the "Vanderbilt Property") (Dkt. No. 136);
- Order Authorizing Abandonment and Sale of the Vanderbilt Property (the "Vanderbilt Order") (Dkt. No. 137);
- Motion for Order: (1) Approving Claim Form; (2) Setting Claims Bar Date; and (3) Establishing Summary Claims Procedures ("Claims Motion") (Dkt. No. 148);
- Order Granting Claims Motion (Dkt. No. 149)'
- Third Status Report (Dkt. No. 150);
- Receiver's Notice of Claims Br Date (Dkt. No. 158);
- Motion for Order Approving Settlement with Metropolitan Water District of California (the "MWD Settlement Motion") (Dkt. Nos. 159-161);
- Motion for Order Authorizing Receiver not to Prepare and File Pre- Receivership Tax Returns (the "Tax Motion") (Dkt. Nos. 165, 165-1);
- Order Approving Settlement with the Metropolitan Water District of California (the "MWD Settlement Order") (Dkt. No. 170); and
- Order on Motion for Authorizing Receiver not to Prepare and File Pre- Receivership Tax Returns (the "Tax Order") (Dkt. No. 171).

1 **III. SUMMARY OF RECEIVER'S ACTIVITIES AND EFFORTS SINCE**
2 **SUBMISSION OF THE FIRST STATUS REPORT.**

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

4 1. Cash Assets.

5 For the period ending on December 31, 2016, the Receiver had recovered a
6 total of \$4,834,450.74⁴, less disbursements, for the administration and benefit of the
7 Entities, largely consisting of recoveries from::

- 8 • Receivership Entity bank accounts;
- 9 • Receivership Entity escrow accounts;
- 10 • Funds remaining in pre-receivership Entity attorney accounts;
- 11 • Funds turned over by Celtic Bank; and
- 12 • Limited tax refunds.

13 The most significant sources of recent cash Asset recovery are: (1) \$400,000
14 in cash turned over by GBC International Bank in accordance with the Vanderbilt
15 Sale Order; and (2) \$124,999 turned over by the MWD in accordance with the
16 MWD Settlement Order.

17 In accordance with Section V(O)(5)(c) of the Appointment Order, a summary
18 of the Receiver's aggregate receipts and disbursements from the period from
19 October 1, 2016 through December 31, 2016 is attached hereto in the form of the
20 Receiver's Q4 Standardized Fund Accounting Report ("SFAR") as **Exhibit 1**.⁵

21
22
23
24
25 ⁴ As of the date of the filing of this Report, the Receiver has recovered
26 \$4,963,866.21, in cash, less disbursements, for the benefit and administration of
27 the Receivership Entities and their Estate, inclusive of the funds turned over by
28 Celtic Bank, which funds are being held separately from other funds recovered
and to which the parties' competing rights have not been adjudicated.

⁵ While the Receiver has determined that the Entities were treated as a unitary
enterprise, and recommends treating the Estate as a common asset pool, the
Receiver is, to date, maintaining Entity-specific accountings of receipts and
disbursements, not reflected in the SFAR.

1 2. Additional cash Assets recovered or identified by the Receiver.

2 (a) *Assets Recovered.*

3 As noted in the Receiver's prior submissions to the Court, the Receiver has
4 identified additional cash Assets, which funds he believes are subject to the turn-
5 over requirements of the Appointment Order. As in prior submissions to the Court,
6 Celtic Bank has turned over \$2 million to the Receiver, pending a further
7 determination of the parties' respective interests. Likewise, GBC Bank and the
8 MWD have turned over and completely released to the Receiver another \$524,999,
9 in the aggregate

10 (b) *Assets Identified.*

11 In addition to the above cash Assets recovered by the Receiver, the Receiver
12 has confirmed that the Mason Investments, LLC and its China-based affiliate
13 (collectively, "Mason"), the Receivership Entities' finder, collectively received more
14 than \$3.2 million in funds from the Receivership Entities and derived directly from
15 investors, in the form of commissions undisclosed to investors, and not including
16 another approximately \$1.8 million in administrative fees paid directly to Mason
17 from Entity investors.

18 While the Receiver had initially been led to believe that all of these funds had
19 been expended or otherwise rendered essentially unrecoverable (by expatriating
20 them to China), counsel for Mason recently confirmed that at least approximately
21 \$1.2 million remains in a domestic account, frozen in accordance with the terms of
22 the Appointment Order. The Receiver is in discussions with Mason and the
23 Commission regarding payment by Mason, to the Receiver, of a significant portion
24 of the undisclosed commissions paid by the Receivership Entities, and hopes to have
25 the issue resolved within the next 60 to 90 days.

26 **B. Real Property Asset Administration And Disposition Plans.**

27 As detailed in prior submissions to the Court, the Estate was initially
28 comprised, in substantial part, of the real properties commonly known as the

1 Hesperia Project, the Fontana Project, and the Lynwood Project (collectively, the
2 "Projects"), along with another property in Mentone, California (the "Mentone
3 Property"), purchased with Entity investor funds. Receivership Assets are directly
4 implicated in the purchase, development, and/or management of the Projects and the
5 Mentone Property. As addressed in prior submissions to the Court, the Receiver has
6 endeavored, since the inception of the receivership, to manage and preserve these
7 properties for the benefit of the Estate. However, as discussed below, after the
8 Receiver obtained brokers' opinions of value ("BOVs") for each of the Projects, and
9 completed an analysis of the value of all secured and other claims against the
10 Projects, as well as the Mentone Property, he concluded that some Projects were
11 subject to abandonment in accordance with the terms of the Court's Order in Aid of
12 Receivership. Accordingly, and as of the date of this Report, both the Hesperia and
13 Fontana Projects have been abandoned. Celtic Bank, the senior secured lender of
14 the Fontana Project, has concluded a nonjudicial foreclosure, and the Receiver
15 understands that the Hesperia Projects senior secured lender is presently engaged in
16 foreclosure proceedings. The status of his disposition efforts as to the remaining
17 real property Assets is as follows:

18 1. 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. The Project is
21 currently a vacant structure previously used as a skilled nursing facility and
22 apparently intended to be re-developed as a sub-acute care / skilled nursing facility
23 by the Defendants. Prior brokers' opinions of value ("BOVs") obtained by the
24 Receiver, and other research, suggests that the Project is worth at least \$1 million.

25 As the Court may recall from the Receiver's prior submissions, multiple
26 prospective buyers had submitted offers to the Receiver to purchase the Lynwood
27 Project, from prices ranging from less than \$1 million to nearly \$2 million. After
28 vetting the offers by all prospective buyers, the Receiver entered into a Purchase and

1 Sale Agreement ("PSA") with a prospective buyer in February 2017, subject to
2 Court approval. Just prior to the submission of this Report, the Receiver's
3 anticipated buyer terminated the PSA. Accordingly, the Receiver is now working
4 with other parties who have submitted offers to purchase the Lynwood Project and
5 anticipates entering into a renewed PSA soon, after which he will petition the Court
6 for approval of the proposed sale. Based on the BOVs obtained to date, the
7 Receiver anticipates netting at least \$500,000 from the sale of the Lynwood Project.

8 2. The Mentone Property.

9 As the Receiver previously reported, he has confirmed that at least \$500,000
10 in funds raised from investors in the Lynwood Project were diverted for the
11 purchase of the Mentone Property. The Mentone Property is presently comprised of
12 unproductive orchard land, but sits at the center of a series of parcels of real
13 property immediately adjacent to the City of Redlands, which parcels are apparently
14 intended to be developed as single-family housing. Based on the materials reviewed
15 and recovered to date, including a now-abandoned, pre-receivership PSA for the
16 Mentone Property, the Receiver believes that the Defendants intended to redevelop
17 (including securing permits and entitlements) the Mentone Property as a site for 27
18 single-family homes, at which point the property would be sold.

19 Since the Court approved the abandonment of the pre-receivership PSA, the
20 Receiver has aggressively and actively marketed the Mentone Property. As of the
21 date of this Report, the Receiver has received multiple viable offers to purchase the
22 property. As of the date of this Report, the Receiver has received multiple LOIs,
23 with the highest and best price offered for the Mentone Property at \$1.385 million.
24 There are no significant outstanding liens or other payments due in connection with
25 the Mentone Property, meaning that the overwhelming bulk of the eventual purchase
26 price will represent net proceeds to the Estate.⁶ The Receiver has countersigned the
27

28 ⁶ The pre-receivership, anticipated buyer of the Mentone Property advanced
\$150,000 to the Entities, secured by deed of trust. As reflected in the Receiver's
FOURTH QUARTERLY STATUS REPORT OF
RECEIVER STEPHEN J. DONELL

1 \$1.385 million LOI and is in negotiations with the prospective purchaser to prepare
2 and execute an appropriate PSA, after which he will petition for Court approval of
3 the proposed sale.

4 3. Preventing Recordation of Improper Liens.

5 As previously noted, a number of the Projects are, and are expected to be, the
6 subjects of trade creditor claims, including from contractors and other vendors who
7 may have provided services in connection with the Projects. The Appointment
8 Order bars trade creditors from creating or enforcing liens against Receivership
9 Assets and the Receiver has diligently monitored each of the Projects in order to
10 guard against the improper recordation of liens. As of the date of this Report, the
11 Receiver has successfully caused mechanics' liens recorded against the Hesperia and
12 Fontana Projects after the Appointment Order was entered to be released and
13 continues to monitor title on each of the relevant real properties to ensure that no
14 improper liens are recorded.

15 **C. Receivership Entity Tax Returns.**

16 The Receiver recently discovered that none of the Receivership Entities filed
17 tax returns in the pre-receivership period. After discussing the issue with his tax
18 consultant and analyzing the feasibility of submitting so-called information returns
19 for this period, the Receiver has concluded that there is insufficient information
20 available to prepare accurate returns for the pre-receivership period. On April 11,
21 2017, the Court entered the Tax Order, authorizing the Receiver not to incur the cost
22 associated with preparing and filing, or filing, pre-receivership Entity Returns

23
24
25
26
27
28

Forensic Accounting and Amended Forensic Accounting Reports, these funds were not expended in the manner promised. After the abandonment of the contract with the pre-receivership buyer, the Receiver has satisfied the deed of trust, eliminating what appears to be the only substantial cloud on title in connection with the Mentone Property.

1 **D. Claims Process.**

2 The Court approved the Receiver's proposed streamlined claims process (the
3 "Claims Process") on December 22, 2016. By way of summary, the Claims Process
4 contemplates investors and creditors of the Receivership Entities submitting claims
5 for all losses suffered through their investments in or contributions to the
6 Receivership Entities, along with any materials supporting the claim, after which the
7 Receiver will process claims and make recommendations to the Court regarding the
8 allowance or disallowance of claims.

9 In accordance with the Court's order approving the Claims Process, the
10 Receiver established (and published and filed notice of) a claims bar date of March
11 15, 2017. All claims received before the claims bar date will be treated as timely,
12 and processed by the Receiver. All claims received after the claims bar date may be
13 rejected or denied outright. As of the date of this Report, the Receiver has received
14 approximately 51 timely claims, not including preapproved investor claims. He
15 presently anticipates completing his claims processing by June 15, 2017 and
16 submitting a motion in connection with his recommended treatment of claims, and
17 distribution recommendations, shortly thereafter.

18 **E. Litigation Monitoring And Participation.**

19 As reflected in the Receiver's Initial Report, there are presently at least five
20 (5) actions pending in the San Bernardino Superior Court that directly implicate the
21 Receivership Entities (including actions where the Entities are parties) or
22 Receivership Assets. Each of these actions is stayed as to the Receivership Entities
23 in accordance with Section V(J) of the Appointment Order. The Receiver has filed
24 and served Notices of Pending Receivership in each of these matters, in order to
25 advise presiding courts of the stay, and continues to monitor each of these matters
26 and participate in status and other conferences in order to ensure that the stay
27 required by the Appointment Order remains in place. The Receiver has also filed
28 brief status reports when requested by the various courts.

1 **F. Communications With Investors.**

2 As the Court may recall, investment in the Receivership Entities was solicited
3 in connection with the United States Citizenship and Immigration Services
4 ("USCIS") EB-5 investment program, which provides a means for foreign nationals
5 and their families to secure U.S. residency if they invest a qualifying amount (in this
6 case \$500,000) in a U.S.-based investment that generates a specific number of local
7 jobs.

8 The Receiver and his counsel continue to receive inquiries from investors and
9 their authorized agents, ranging from general inquiries about the status of the
10 receivership, to notifications of denials of immigration applications by USCIS, to
11 requests for refunds of investments and administrative fees paid to Mason. In
12 accordance with the Order in Aid of Receivership, the Receiver has provided
13 investors, via his website, with a simplified Mandarin summary of the receivership,
14 instructions for how to register on the Receiver's website, and other relevant
15 updates.

16 As reflected in prior submissions, the Receiver's analysis, including in
17 connection with his Forensic Accounting Report and Amended Forensic Accounting
18 Report, suggests that none of the investments made by foreign investors in the
19 Receivership Entities qualified for the EB-5 program and, accordingly, that all
20 investors may ultimately receive denials from USCIS. The reasons for this are
21 twofold:

22 First, USCIS requires that an investor's entire \$500,000 be released for
23 investment. Here, and as alleged by the Commission, and largely confirmed in the
24 Forensic Accounting Report, the Entities' subscription agent, Mason, received,
25 substantial transfers paid directly from investor balances, meaning no single
26 investor's actual investment ever reached the \$500,000 threshold.

27 Second, and as reflected in a handful of the USCIS denial letters provided to
28 the Receiver by investors, USCIS further requires that an investor's investment

1 actually be "at risk"; that is, at risk of substantial or complete depletion. Here,
2 USCIS has taken the position that at least some of the offering documents associated
3 with the Receivership Entities contain language that purports to protect investments
4 from risk, including rights of redemption and refund options. While the Receiver
5 cannot confirm the legal conclusion reached by USCIS, it is his understanding that
6 USCIS may deny investor immigration applications on the basis that, contractually,
7 their investments were not sufficiently "at risk."

8 **IV. CONCLUSION AND PETITION FOR FURTHER INSTRUCTIONS.**

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

- 11 1. Accepting the instant Report, including the recommendations and
- 12 conclusions presented therein;
- 13 2. Authorizing the Receiver to continue to administer the Receivership
- 14 Entities and their estate in accordance with the terms of the Appointment Order and
- 15 the Receiver's recommendations in the Initial Report, First Status Report, Second
- 16 Status Report, Third Status Report, and the instant Report;
- 17 4. Authorizing the Receiver to undertake the recommended courses of
- 18 action addressed herein; and
- 19 5. Providing such other and further relief as the Court deems necessary
- 20 and appropriate.

21
22 Dated: May 23, 2017

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
DAVID R. ZARO
JOSHUA A. DEL CASTILLO
MELISSA K. ZONNE

23
24
25
26 By: /s/ Joshua A. del Castillo
JOSHUA A. DEL CASTILLO
Attorneys for Receiver
STEPHEN J. DONELL

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

VERIFICATION

I have read the foregoing THIRD 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 May 22, 2017, at Los Angeles, California.

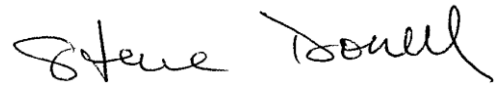

Stephen J. Donell, Receiver

EXHIBIT 1

Fund Accounting:	Oct-16	Nov-16	Dec-16	Quarterly Total	Cumulative
	Detail	Detail	Detail	Q4 Subtotal	Grand Total
Beginning Balance:	3,880,850.90				3,880,850.90
Increases in Fund Balance:					
Business Income		400,000.00		400,000.00	
Cash and Securities				-	
Interest/Dividend Income	1,956.75	221.20	148.55	2,326.50	
Business Asset Liquidation	522.90	128.88		651.78	
Personal Asset Liquidation				-	
Third-Party Litigation Income				-	
Miscellaneous- Funds Turned Over by Celtic Bank				-	
Total Funds Balance:	2,479.65	400,350.08	148.55	402,978.28	402,978.28
Decreases in Fund Balance:					
Disbursements to Investors					-
Disbursements for Receivership Operations					
<i>Disbursements to Receiver or Other Professionals</i>	13,456.51	635,547.06		649,003.57	
<i>Business Asset Expenses</i>			14,593.56	14,593.56	
<i>Personal Asset Expenses</i>				-	
<i>Investment Expenses</i>	80.00	80.00	80.00	240.00	
<i>Third-Party Litigation Expenses</i>				-	
1. Attorney Fees				-	
2. Litigation Expenses				-	
<i>Total Third-Party Litigation Expenses</i>	-	-	-	-	
<i>Tax Administrator Fees and Bonds</i>				-	
<i>Federal and State Tax Payments</i>				-	
Total Disbursements for Receivership Operations	13,536.51	635,627.06	14,673.56	663,837.13	663,837.13
Disbursements for Distribution Expenses Paid by the Fund:					
<i>Distribution Plan Development Expenses:</i>					
1. Fees:					
Fund Administrator.....				-	
Independent Distribution Consultant (IDC).....				-	
Distribution Agent.....				-	
Consultants.....				-	
Legal Advisers.....				-	
Tax Advisers.....				-	
2. Administrative Expenses				-	
3. Miscellaneous				-	
<i>Total Plan Development Expenses</i>	0	0	0	-	
<i>Distribution Plan Implementation Expenses:</i>					
1. Fees:					
Fund Administrator.....				-	
Independent Distribution Consultant (IDC).....				-	
Distribution Agent.....				-	
Consultants.....				-	
Legal Advisers.....				-	
Tax Advisers.....				-	
2. Administrative Expenses				-	
3. Investor Identification:					
Notice/Publishing Approved Plan.....				-	
Claimant Identification.....				-	
Claims Processing.....				-	
Web Site Maintenance/Call Center.....				-	
4. Fund Administrator Bond				-	
5. Miscellaneous				-	
6. Federal Account for Investor Restitution (FAIR) Reporting Expenses				-	
<i>Total Plan Implementation Expenses</i>	-	-	-	-	
Total Disbursements for Distribution Expenses Paid by the Fund	-	-	-	-	-
Disbursements to Court/Other:					
<i>Investment Expenses/Court Registry Investment System (CRIS) Fees</i>				-	
<i>Federal Tax Payments</i>				-	
Total Disbursements to Court/Other:	-	-	-	-	-
Total Funds Disbursed:	13,536.51	635,627.06	14,673.56	663,837.13	663,837.13
Ending Balance (As of 12/31/2016):	3,869,794.04	3,634,517.06	3,619,992.05	3,619,992.05	3,619,992.05

Receiver:
 By: _____
 (Signature)
 Stephen J. Donell
 (Printed Name)

Date: _____

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 865 S. Figueroa Street, Suite 2800, Los Angeles, California 90017-2543.

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

**FOURTH 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 **May 25, 2017**, 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**
mth@msk.com,kjue@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
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

- **David R Zaro**
dzaro@allenmatkins.com

2. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):** On May 25, 2017, I served the following person(s) and/or entity(ies) in this case by placing a true and correct copy thereof in a sealed envelope(s) addressed as indicated below. I am readily familiar with this firm's practice of collection and processing correspondence for mailing. Under that practice it is deposited with the U.S. postal service on that same day in the ordinary course of business. I am aware that on motion for party served, service is presumed invalid if postal cancellation date or postage meter date is more than 1 (one) day after date of deposit for mailing in affidavit. Or, I deposited in a box or other facility regularly maintained by FedEx, or delivered to a courier or driver authorized by said express service carrier to receive documents, a true copy of the foregoing document(s) in sealed envelopes or packages designated by the express service carrier, addressed as indicated above on the above-mentioned date, with fees for overnight delivery paid or provided for.

Franchise Tax Board (FTB)
P.O. Box 2952
Sacramento, CA 95812-2952

Via U.S. Mail

Internal Revenue Service
880 Front Street
San Diego, CA 92101-8869

Via U.S. Mail

I declare that I am employed in the office of a member of the Bar of this Court at whose direction the service was made. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on May 25, 2017 at Los Angeles, California.

/s/ Martha Diaz
Martha Diaz