

1 DAVID R. ZARO (BAR NO. 124334)
2 JOSHUA A. DEL CASTILLO (BAR NO. 239015)
3 KENYON HARBISON (BAR NO. 260416)
4 ALLEN MATKINS LECK GAMBLE
5 MALLORY & NATSIS LLP
6 515 South Figueroa Street, Ninth Floor
7 Los Angeles, California 90071-3309
8 Phone: (213) 622-5555
9 Fax: (213) 620-8816
10 E-Mail: dzaro@allenmatkins.com
11 jdelcastillo@allenmatkins.com
12 kharbison@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)

**DECLARATION OF RECEIVER,
STEPHEN J. DONELL, IN SUPPORT
OF MOTION FOR ORDER
AUTHORIZING RECEIVER TO
ABANDON REAL PROPERTY
LOCATED AT 17577 & 17579
SULTANA STREET, HESPERIA,
CALIFORNIA 92345**

[Notice of Motion and Motion;
Memorandum of Points and Authorities;
and [Proposed] Order submitted
concurrently herewith]

Date: August 8, 2016
Time: 1:30 p.m.
Ctrm: 6
Judge: Hon. Stephen V. Wilson

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DECLARATION OF STEPHEN J. DONELL

I, Stephen J. Donell, declare as follows:

1. I am the Court-appointed permanent receiver for Defendants Suncor Fontana, LLC, Suncor Hesperia, LLC, Suncor Care Lynwood, LLC, and their respective subsidiaries and affiliates (collectively, the "Receivership Entities") in the above-referenced matter. I make this Declaration in support of my concurrently filed Motion for Order Authorizing Receiver to Abandon Real Property Located at 17577 & 17579 Sultana Street, Hesperia, California 92345 (the "Motion"). I have personal knowledge of the facts set forth herein, and, if called to testify, could testify competently thereto.

2. The real property located at 17577 & 17579 Sultana Street, Hesperia, California 92345, and commonly known as the "Hesperia Project," is an asset of the Receivership Entities over which I assumed authority and control upon my appointment as receiver in this action. A true and correct copy of the legal description for the property is attached hereto as **Exhibit A**. The Hesperia Project consists of a parcel of substantially undeveloped (but entitled) land in the City of Hesperia, California. It is my understanding that the Hesperia Project was intended by Defendants Yang and Kano, and the Receivership Entities, to be developed as a skilled nursing or sub-acute care facility. However, no construction had taken place at the property as of the date of my appointment as receiver. Instead, substantial excavation work was begun in the pre-receivership period, including excavation and other work that resulted in the demolition of a fire access road leading to the property and that previously provided fire department access to an adjacent, unrelated medical facility, the exposure of a water line used for fire suppression, and the denuding of a hillside that, at the time of my appointment, was at risk of erosion or subsistence, due in part to anticipated El Niño rains.

3. As reflected in my prior submissions to the Court, and since my appointment as receiver, I have addressed a number of the physical risks and other

1 issues associated with the Hesperia Project, including addressing the risk of erosion
2 and meeting and conferring with officials from the City of Hesperia, the Hesperia
3 City Attorney, and members of the Hesperia Fire Department, in an effort to
4 evaluate and preserve its value, if any, for the benefit of the Receivership Entities.

5 4. However, over the course of the last few months, and moreso after the
6 submission of my First Quarterly Status Report to the Court, I have undertaken
7 substantial efforts to determine whether the Hesperia Project does (or could)
8 represent a benefit to the Receivership Entities. In order to arrive at a conclusion on
9 this matter, and among other things, I have (i) undertaken a detailed review of all
10 liens secured by the Hesperia Project and all anticipated creditor claims against the
11 Property; (ii) retained a brokerage firm to provide a valuation for and market the
12 property and obtained a broker's opinion of value for the property; (iii) reviewed the
13 cost associated with the remediation of all remaining physical or structural issues at
14 the property; and (iv) conferred with the owner of the adjacent property, who has
15 repeatedly threatened to bring action arising in connection with the property and the
16 effects of the pre-receivership excavation.

17 5. As a consequence of the efforts and analysis identified in Paragraph 4,
18 above, and including as a result of my broker's formal valuation of the Hesperia
19 Project and the broker's unsuccessful efforts to market the property for sale, I have
20 concluded that the value of the property in its present condition is approximately
21 \$750,000 to \$800,000, but that the amount of secured debt against the property
22 exceeds \$1 million. I am also confident that unsecured and other claims against the
23 Hesperia Project will increase the face value of claims against and arising in
24 connection with the Hesperia Project. Likely for these very reasons, and despite
25 diligent efforts on the part of my broker, I have not received any viable offers to
26 purchase the Hesperia Project, and the holder of the first deed of trust on the
27 property (with a face value of nearly \$400,000) has recently indicated to me that he
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1 intends to seek authority to conclude a foreclosure, or to foreclose in the event of my
2 abandonment of the property.

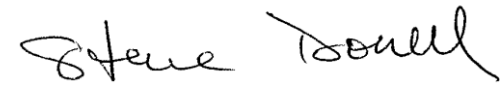
3 I declare under penalty of perjury that the foregoing is true and correct.

4 Executed on June 30, 2016, at Los Angeles, California.

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Stephen J. Donell

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PRELIMINARY REPORT
YOUR REFERENCE: 17577 & 17579 Sultan

Fidelity National Title Company
ORDER NO.: 00119590-994-VNO-RR1

EXHIBIT A
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF HESPERIA, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCELS 4 AND 5 OF PARCEL MAP NO. 15147, IN THE CITY OF HESPERIA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 187 OF PARCEL MAPS, PAGES 7 TO 10, RECORDS OF SAID COUNTY.

EXCEPTING THEREFROM ONE HALF INTEREST IN AND TO ALL OIL, GAS AND MINERALS, LYING AND BEING MORE THAN 200 FEET BELOW THE RESPECTIVE PRESENT SURFACE ELEVATION, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY THE APPLETON LAND AND WATER COMPANY IN DEED RECORDED JUNE 11, 1954 IN BOOK 3400 PAGE 409 OF OFFICIAL RECORDS. .

APN: 0411-214-40 , 0411-214-41

PROOF OF SERVICE

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

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

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

DECLARATION OF RECEIVER, STEPHEN J. DONELL, IN SUPPORT OF MOTION OF RECEIVER FOR ORDER AUTHORIZING RECEIVER TO ABANDON REAL PROPERTY LOCATED AT 17577 & 17579 SULTANA STREET, HESPERIA, CALIFORNIA 92345

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 **June 30, 2016**, I reviewed the CM/ECF Mailing Info For A Case for this case and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

- **Zachary T. Carlyle**
carlylez@sec.gov,kasperg@sec.gov,karpeli@sec.gov,
blomgrene@sec.gov,pinkstonm@sec.gov,NesvigN@sec.gov
- **Stephen J. Donell**
jdelcastillo@allenmatkins.com
- **Mark T. Hiraide**
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

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

2. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):** On _____, 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.

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 **June 30, 2016** at Los Angeles, California.

s/ Martha Diaz

Martha Diaz