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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)

**STIPULATION FOR ORDER
 AUTHORIZING ABANDONMENT
 AND SALE OF REAL PROPERTY**

[Proposed] Order submitted concurrently
 herewith

Ctrm: 6
 Judge: Hon. Stephen V. Wilson

STIPULATION

25 The following Stipulation for Order Authorizing Abandonment and Sale of
 26 Real Property (the "Stipulation") is made by and between Stephen J. Donell (the
 27 "Receiver"), the court-appointed permanent receiver in the above-entitled action;
 28 "Receiver"), the court-appointed permanent receiver in the above-entitled action;
 plaintiff Securities and Exchange Commission (the "Commission"); defendants
 Robert Yang and Claudia Kano ("Defendants"); relief defendant Yanrob's Medical,
 Inc. ("Yanrob"); GBC International Bank ("GBC Bank"); and DT Investments, LLC
 ("DT Investments") (all of whom are occasionally collectively referred to herein as

1 "the Parties"), by and through their respective counsel, and with respect to the
2 following facts:

3 **I. THE RECEIVER'S APPOINTMENT AND AUTHORITY.**

4 A. The Receiver was appointed as permanent receiver for Suncor Fontana,
5 LLC; Suncor Hesperia, LLC; and their respective subsidiaries and affiliates
6 (collectively, the "Receivership Entities") on December 12, 2015, pursuant to this
7 Court's Preliminary Injunction, Order Appointing Receiver, Freezing Assets, and
8 Providing for Other Ancillary Relief (the "Appointment Order") (Dkt. No. 18.).

9 B. Pursuant to the terms of the Appointment Order, the assets of the
10 Receivership Entities, including their personal and real property assets
11 ("Receivership Assets") were frozen, and the Receiver was vested with exclusive
12 authority and control over all Receivership Assets.

13 C. Pursuant to this Court's March 8, 2016 Order in Aid of Receivership
14 (Dkt. No. 46), the Receiver was further vested with the authority to abandon any
15 real property Receivership Asset which he determines is "underwater" or otherwise
16 constitutes a net loss or liability to the estates of the Receivership Entities.

17 **II. GBC BANK'S LOANS AND ASSOCIATED RECEIVERSHIP ASSETS.**

18 A. GBC Bank made loans to Yanrob (the "GBC Loans") which are
19 secured by the real property and improvements located at 406 East Vanderbilt Way,
20 San Bernardino, California 92408, APN 0281-341-23 (the "Yanrob Property"). The
21 Yanrob Property is presently owned by Yanrob, an affiliate of the Receivership
22 Entities.

23 B. GBC Bank's security interest in the Yanrob Property is memorialized
24 by two separate deeds of trust recorded in San Bernardino County as instrument
25 numbers 2013-0353519 and 2013-0353522. The current aggregate and outstanding
26 debt owed by Yanrob to GBC Bank in connection with the GBC Loans is at least
27 \$1.6 million (the "GBC Debt").

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1 C. The Receiver has identified \$500,000 currently on deposit with GBC
2 Bank (the "Proceeds") as funds derived from investors in the Receivership Entities
3 and, thus, as Receivership Assets subject to the terms of the Appointment Order.
4 The Receiver asserts that, in accordance with the Appointment Order, GBC Bank is
5 required to turn over the Proceeds to the Receiver.

6 D. GBC Bank maintains that the Proceeds were deposited by Yanrob, and
7 represent additional collateral in which GBC Bank has a security interest arising in
8 connection with the GBC Loans.

9 **III. THE RECEIVER'S INVESTIGATION AND ANALYSIS.**

10 A. On or around April 18, 2016, the Receiver and his forensic accountant
11 concluded their forensic accounting and analysis of the business and financial
12 activities of the Receivership Entities, as presented to this Court in the form of the
13 Receiver's Forensic Accounting Report (Dkt. No. 53-2) and Amended Forensic
14 Accounting Report (Dkt. No. 91, Ex. 1).

15 B. As reflected in the Receiver's Forensic Accounting Report and
16 Amended Forensic Accounting Report, the Receiver has determined that the
17 Receivership Entities have a claim for repayment of funds against Yanrob for at
18 least \$1,237,350, in addition to the Receiver's claim to the Proceeds.

19 C. The Receiver's forensic accounting and analysis has further confirmed
20 that the Proceeds were transferred from the Receivership Entities to Yanrob, which
21 then transferred the Proceeds to GBC Bank. The Receiver contends that the
22 Proceeds therefore constitute Receivership Assets subject to the turnover
23 requirements of the Appointment Order.

24 D. The Receiver has evaluated the market value of the Yanrob Property
25 and obtained a broker's opinion of value. The Receiver has concluded, in his
26 reasonable business judgment, that, based upon the value of the Yanrob Property,
27 there is no equity in the property beyond GBC Bank's first position security interest.
28 Accordingly, the Receiver has determined that the Yanrob Property is "underwater";

1 that is, it is worth less than the amount of the GBC Debt. The Receiver has
2 therefore concluded that the Yanrob Property represents a net liability to the estates
3 of the Receivership Entities, and should be abandoned.

4 **IV. DT INVESTMENT'S PROPOSED PURCHASE OF THE YANROB**
5 **PROPERTY.**

6 A. DT Investments is an independent third party that is ready, willing, and
7 able to purchase the Yanrob Property from Yanrob, in an arms-length transaction,
8 for a market-appropriate amount expected to substantially satisfy the GBC Debt.

9 B. GBC Bank has agreed to turn over all, or a substantial portion of, the
10 Proceeds to the Receiver in the event that the Yanrob Property is sold, subject to
11 certain conditions, addressed below.

12 C. The Parties have agreed that, rather than incur the expense and delay
13 associated with a potential action by the Receiver to recover the Proceeds, and given
14 that there is no equity in the Yanrob Property to benefit the Receivership Entities,
15 the Receiver will abandon the Yanrob Property, allow a sale of the Yanrob Property
16 to be concluded, and GBC Bank will, in turn, turn over to the Receiver all, or a
17 substantial portion of, the Proceeds.

18 **STIPULATION AND AGREEMENT**

19 Accordingly, and in consideration of the foregoing Recitals, the Parties
20 STIPULATE and AGREE as follows:

21 1. The Receiver is authorized to and hereby does immediately abandon
22 the Yanrob Property to Yanrob. Upon the Receiver's abandonment of the Yanrob
23 Property, neither the Receiver, his professionals, nor the Receivership Entities shall
24 have any liability arising from or in connection with the Yanrob Property.

25 2. Notwithstanding the abandonment of the Yanrob Property, the Receiver
26 shall retain, on behalf of the Receivership Entities, a claim for repayment against
27 Yanrob for an amount not less than \$1,237,350.

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1 3. Upon the Receiver's abandonment of the Yanrob Property, Yanrob
2 shall make good faith and reasonable efforts to promptly sell the Yanrob Property to
3 DT Investments for an amount of at least \$1.6 million. GBC Bank and DT
4 Investments shall have the right to conduct inspections and investigations of the
5 Yanrob Property, including but not limited to site inspections, warranties, service
6 contracts, tenancies, title reviews, legal notices, environmental issues, compliance,
7 zoning, tax, and other due diligence inspections, in connection with the
8 contemplated sale. The sales price for the Yanrob Property must be approved, in
9 writing, by GBC Bank, Yanrob, and DT Investments within fifteen (15) days after
10 the entry of an order approving this Stipulation. Yanrob and DT Investments will
11 provide a copy of the purchase agreement for the Yanrob Property to the
12 Commission and the Receiver at the time that DT Investments submits it to GBC
13 Bank. GBC Bank will provide a copy of the closing statement listing expenses to
14 set off against the sales price for the Yanrob Property.

15 4. Assuming the requirements of Paragraph 3, above, are satisfied, the
16 sale of the Yanrob Property by Yanrob to DT Investments must close within
17 twenty-five (25) days after the entry of an order approving this Stipulation.

18 5. If the sale of the Yanrob Property closes as contemplated in Paragraph
19 4, above, and the sales price paid for the Yanrob Property is sufficient to fully
20 satisfy the GBC Debt and clear title, then GBC Bank shall, within five (5) business
21 days after GBC Bank's receipt of the funds from the sale of the Yanrob Property,
22 turn over to the Receiver all of the Proceeds. In the event that the sales price
23 exceeds the GBC Debt, any excess shall likewise be turned over to the Receiver.

24 6. In the event that the sale of the Yanrob Property is concluded as
25 contemplated in Paragraph 4, above, but the sales price is not sufficient to fully
26 satisfy the GBC Debt, or to clear title, then GBC Bank shall, within five (5) business
27 days after the conclusion of the sale of the Yanrob Property, turn over to the
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1 Receiver not less than \$400,000 of the Proceeds, but may retain an amount from the
2 Proceeds necessary to satisfy the GBC Debt, or clear title, up to \$100,000.

3 7. In the event that the sale of the Yanrob Property is concluded in
4 accordance with the terms of this Stipulation, and effective upon the Parties'
5 completion of their respective obligations as set forth herein, GBC Bank, Yanrob,
6 the Defendants, DT Investments, and their respective successors, affiliates, and
7 assigns shall be deemed, without further order of the Court, to have released the
8 Receiver, his professionals, and the Receivership Entities from any and all claims
9 arising from or in connection with the Yanrob Property and the Proceeds. This
10 release shall include a waiver of Section 1542 of the California Civil Code, which
11 provides as follows:

12 A GENERAL RELEASE DOES NOT EXTEND TO
13 CLAIMS WHICH THE CREDITOR DOES NOT
14 KNOW OR SUSPECT TO EXIST IN HIS OR HER
15 FAVOR AT THE TIME OF EXECUTING THE
16 RELEASE, WHICH IF KNOWN BY HIM OR HER
17 MUST HAVE MATERIALLY AFFECTED HIS OR
18 HER SETTLEMENT WITH THE DEBTOR.

19 8. In the event that the sale of the Yanrob Property is concluded in
20 accordance with the terms of this Stipulation, and effective upon the Parties'
21 completion of their respective obligations as set forth herein, the Receiver, his
22 affiliates, successors, and assigns, as well as the Defendants, and Yanrob, and their
23 respective affiliates and assigns, if any, shall be deemed, without further order of the
24 Court, to have released GBC Bank and DT Investments from any and all claims
25 arising from or in connection with the Yanrob Property and the Proceeds. This
26 release shall include a waiver by the Receiver of Section 1542 of the California
27 Civil Code, which provides as follows:

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1 A GENERAL RELEASE DOES NOT EXTEND TO
2 CLAIMS WHICH THE CREDITOR DOES NOT
3 KNOW OR SUSPECT TO EXIST IN HIS OR HER
4 FAVOR AT THE TIME OF EXECUTING THE
5 RELEASE, WHICH IF KNOWN BY HIM OR HER
6 MUST HAVE MATERIALLY AFFECTED HIS OR
7 HER SETTLEMENT WITH THE DEBTOR.

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9 **IT IS SO STIPULATED.**

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11 Dated: September 12, 2016

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16 Attorneys for Receiver
STEPHEN J. DONELL

17 Dated: September 12, 2016

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COMMISSION

24 Dated: September 12, 2016

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14 Dated: September 12, 2016

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PROOF OF SERVICE

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

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 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:

STIPULATION FOR ORDER AUTHORIZING ABANDONMENT AND SALE OF REAL PROPERTY; [PROPOSED] ORDER GRANTING STIPULATION FOR ORDER AUTHORIZING ABANDONMENT AND SALE OF REAL PROPERTY

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 **September 12, 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:

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- **David R Zaro**
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2. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):** On **September 12, 2016**, 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.

Curtis C. Jung, Esq.
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888 S. Figueroa Street, Suite 720
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Via U.S. Mail

Kenneth I. Gross
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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 **September 12, 2016** at Los Angeles, California.

/s/Ana Madrazo
Ana Madrazo