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 8 STEPHEN J. DONELL

9 UNITED STATES DISTRICT COURT  
 10 CENTRAL DISTRICT OF CALIFORNIA

11  
 12 SECURITIES AND EXCHANGE  
 COMMISSION,

13 Plaintiff,

14 v.

15 ROBERT YANG, et al.,

16 Defendants,

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

18 Relief Defendants.

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

NOTICE OF MOTION AND OMNIBUS  
 MOTION OF RECEIVER, STEPHEN J.  
 DONELL, FOR ORDER:  
 (1) APPROVING RECEIVER'S  
 RECOMMENDED TREATMENT OF  
 CLAIMS; AND (2) AUTHORIZING  
 RECOMMENDED DISTRIBUTION ON  
 ALLOWED CLAIMS

[Supporting Declaration of Stephen J.  
 Donell; and [Proposed] Order submitted  
 concurrently herewith]

Date: November 13, 2017  
 Time: 1:30 p.m.  
 Ctrm: 10A  
 Judge: Hon. Stephen V. Wilson

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1 **TO ALL PARTIES AND THEIR COUNSEL OF RECORD:**

2 **PLEASE TAKE NOTICE THAT** that on November 13, 2017, at 1:30 p.m.  
3 in courtroom 10A of the above-entitled Court, located at 350 West 1st Street,  
4 Los Angeles, California 90012, 10th Flr., Stephen J. Donell (the "Receiver"), the  
5 Court-appointed receiver for Defendants Suncor Fontana, LLC, Suncor Hesperia,  
6 LLC, Suncor Care Lynwood, LLC, and their respective subsidiaries and affiliates  
7 (collectively, the "Receivership Entities" or "Entities"), will and hereby does move  
8 the Court for an order (1) approving the Receiver's recommended treatment of  
9 claims against the Receivership Entities; and (2) authorizing a *pro rata* distribution  
10 on all claims recommended for allowance and payment, as detailed further herein.

11 This Motion is made on the grounds that the Receiver has completed  
12 processing of all timely claims against the Receivership Entities submitted in  
13 accordance with summary claims procedures previously approved by this Court, has  
14 made determinations regarding which claims he believes should be allowed, and in  
15 what amounts, and which claims are subject to objection and recommended for  
16 denial. In addition, the Receiver is now prepared to make an interim, *pro rata*  
17 distribution of \$3.1 million, in the aggregate, on allowed, priority claims, and he  
18 requests authorization from the Court to do so. The Receiver further proposes to  
19 make a final *pro rata* distribution of any available, remaining funds concurrent with  
20 the termination of the instant receivership.

21 This Motion is based on this Notice of Motion and Motion, the attached  
22 Memorandum of Points and Authorities, the concurrently submitted Objection to  
23 Proof of Claim of Celtic Bank, the supporting declarations of the Receiver, the  
24 documents and pleadings already on file in this action, and upon such further oral  
25 and documentary evidence as may be presented at the time of the hearing.

26 **If you oppose this Motion, you are required to file a written opposition**  
27 **with the Office of the Clerk, United States District Court, 312 North Spring**  
28 **Street, Los Angeles, California 90012 and serve the same on the undersigned no**

1 **later than 21 calendar days prior to the hearing on this Motion. If you fail to**  
2 **serve a written opposition by the above deadline, the Court may grant the**  
3 **Receiver's requested relief without further notice.**

4 This motion is made following conference of counsel pursuant to Local Rule  
5 7-3, which was initiated on September 26, 2017.

6

7 Dated: October 3, 2017

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

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By:           /s/          David R. Zaro

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DAVID R. ZARO

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**MEMORANDUM OF POINTS AND AUTHORITIES**

**I. EXECUTIVE SUMMARY.**

This Court previously established summary claims procedures whereby persons and entities with claims for payment against the Receivership Entities could submit those claims for review and processing by the Receiver. The Receiver has provided notice of the Court's approved summary claims procedures to prospective claimants and the claims bar date established by the Court has lapsed. The Receiver has now completed his review and processing of all timely claims and is prepared to make his recommendations to the Court regarding which claims should be allowed, and in what amounts, which claims should be prioritized, which claims should be subordinated, and which claims are subject objection and recommended for denial. In addition, the Receiver is now prepared to make an interim, *pro rata* distribution in the aggregate amount of \$3.1 million, on allowed, priority claims, and he requests authorization from the Court to do so. The Receiver further proposes making a final, *pro rata* distribution of any available, remaining funds to holders of allowed claims concurrently with the wind-down and termination of the instant receivership.

The following table summarizes the nature and amounts of claims received and the aggregate amounts the Receiver recommends should be paid:

<b><u>Creditor Category</u></b>	<b><u>Number of Claims Received<sup>1</sup></u></b>	<b><u>Aggregate Amount of Claims</u></b>	<b><u>Aggregate Amount Recommended for Allowance</u></b>
Overseas Investors	6	\$19,622,455.00	\$19,500,000.00
Domestic Investors	1	\$1,282,328.00	\$1,000,000.00
Taxing Entities	5	\$26,191.60	\$20,713.74
Trade Creditors	27	\$1,861,017.86	\$708,621.13
Lenders	1	\$2,223,650.70	\$0.00
Other	11	\$422,552.25	\$22,552.25
<b>TOTAL:</b>	<b>51</b>	<b>\$25,438,195.41</b>	<b>\$21,251,887.12</b>

<sup>1</sup> Investors were not required to submit claims. Accordingly, only a handful elected to do so. As addressed below, the Receiver recommends treating all investors, whether they submitted claims or not, as having claims allowable in the full amount of the principal amount invested.

1 The Receiver submits that, having completed his processing of timely claims,  
2 it is now appropriate for the Court to enter an order on his recommended treatment  
3 of claims, and to approve and authorize a distribution plan on allowed claims.

4 **II. RELEVANT FACTUAL BACKGROUND.**

5 **A. The Court-Approved Summary Claims Process.**

6 On December 9, 2016, the Receiver filed his Motion for Order: (1)  
7 Approving Claim Form; (2) Setting Claims Bar Date; and (3) Establishing Summary  
8 Claims Procedures (the "Claims Procedures Motion"), proposing summary claims  
9 procedures to be employed in this matter. (Dkt. No. 148.) The Court entered an  
10 order granting the Claims Procedures Motion (the "Procedures Order") on  
11 December 22, 2016. (Dkt. No. 149.)

12 **B. Notice And Solicitation Of Claims.**

13 Immediately after the entry of the Procedures Order, and in accordance  
14 therewith, the Receiver established a claims bar date of May 16, 2017. (See  
15 concurrently filed Declaration of Stephen J. Donell ["Donell Decl."] ¶ 2; Dkt. No.  
16 158.) Notice of the bar date was published in the Los Angeles Times and San  
17 Bernardino Sun, as well as on the Receiver's website, [www.fedreceiver.com](http://www.fedreceiver.com), and  
18 provided to those investors and creditors for whom the Receiver had contact  
19 information. (Donell Decl. ¶ 2.) Court-approved claim forms were also provided to  
20 prospective claimants or available for download via the Receiver's website.<sup>2</sup> (Id.)

21 **C. Processing Of Claims Received.**

22 Ultimately, 51 timely claims were submitted to the Receiver. (Donell Decl.  
23 ¶ 3.) Thereafter, the Receiver commenced an initial review of claims intended to  
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25 <sup>2</sup> As provided for in the Claims Procedures Motion, the Receiver further delivered  
26 written notice of the claims process to all 39 remaining overseas investors in the  
27 Receivership Entities confirming the amount of their investment, as reflected in  
28 the Receiver's records, advising that he intended to recommend their claim for  
allowance in the amount \$500,000, the amount of their principal investment, and  
inviting the submission of claims in the event that investors disputed the amount  
of their claim. (Id.)



1 ensure that claims were complete, not duplicative of claims submitted by other  
2 persons or entities, and supported by documentation appropriate to the nature of the  
3 claim. (Id.)

4 The Receiver has compiled his recommendation for the treatment of all  
5 claims received in the Claims Summary, attached as **Exhibit 1** to his concurrently  
6 filed Declaration. (See Donell Decl. ¶ 4, Ex. 1.) The Claims Summary identifies:

- 7 • Each claimant;
- 8 • The amount of each claim;
- 9 • The Receiver's recommended treatment and claim amount  
10 recommended for approval (if any);
- 11 • The Receivership Entity against which the claim was submitted (if  
12 known); and
- 13 • Any information uniquely relevant to each claim or his recommended  
14 treatment of each claim.

15 The claims received fell into the following categories:

16 1. Overseas Investor Claims.

17 As provided for in the Receiver's Claims Procedures Motion, overseas  
18 investor claims, whether formally submitted or not, were deemed to be accurate and  
19 complete up to the amount of each investor's \$500,000 principal investment.  
20 (Donell Decl. ¶ 5.) As such, overseas investors were not required to submit claims.  
21 Nonetheless, a handful of overseas investors submitted claims seeking amounts in  
22 excess of their principal investment, including requests for attorneys',  
23 administrative, and other fees. Overseas investor claims for more than the amount  
24 of an investor's confirmed principal investment amount were compared to the  
25 Receivership Entities' records for that investor, and the basis for claimed amounts in  
26 excess of investment principal, including documentation provided by claimant  
27 investors, were reviewed to determine whether an allowance of a greater claim  
28 amount was justified or appropriate. (Id.) As reflected below, the Receiver

1 recommends allowing overseas investor claims only in the amounts of actual  
2 principal invested (\$500,000 each), and denying those portions claims that request  
3 reimbursement of administrative or other fees paid to third parties, or consequential  
4 damages. (Id.)

5           2.     The Domestic Investor.

6           As reflected in previous submissions to the Court, the Receiver has confirmed  
7 that the Receivership Entities had a single domestic investor, who invested a  
8 principal amount of \$1 million in exchange for a 10% ownership interest in a  
9 Receivership Entity, but whose investment was occasionally characterized as a  
10 loan.<sup>3</sup> That investor's claim, which included a request for reimbursement of  
11 attorneys' fees and damages over and above principal investment amount, was  
12 likewise compared to the Receivership Entities' records regarding the investment,  
13 and the Receiver recommends allowing the claim in the amount of \$1 million, but  
14 denying those portions of the claim that request reimbursement for attorneys' fees  
15 and damages. (Donell Decl. ¶ 6.)

16           3.     Taxing Entity Claims.

17           Over the course of the receivership, the Receiver received multiple requests  
18 for payment of back taxes from the Internal Revenue Service, the California  
19 Franchise Tax Board, and other taxing or government entities (collectively, the  
20 "Taxing Entities") in connection with the purported business and financial activities  
21 of the Receivership Entities. (Donell Decl. ¶ 7.) The Receiver recommends treating  
22 all payment requests received from the Taxing Entities on or before the claims bar  
23 date established pursuant to the Procedures Order, whether submitted as formal  
24 claims or not, as timely claims. (Id.)

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<sup>3</sup> While this investors investment was memorialized by, among other things, a loan agreement, the documents reviewed by the Receiver demonstrate that, in fact, she purchased an equity interest in a Receivership Entity, and a right to dividends, notwithstanding that her investment agreements also provided for a right to repayment of funds.

1 The Receiver further recommends allowing four (4) of the five (5) Taxing  
2 Entity claims received, at face value, but subordinating such claims to Receivership  
3 Entity investor claims until such time as all investor claims are paid, in full. (Id.)  
4 He recommends denying one (1) Taxing Entity claim on the grounds that it was  
5 submitted against Yanrob Medical, Inc., an entity which, while it shared common  
6 control with the Receivership Entities, was not operated as a Receivership Entity.  
7 This claim is not a claim compensable by the receivership estate. (Id.)

8 4. Trade Creditor Claims.

9 The Receiver received a substantial number of claims from trade creditors,  
10 mostly from entities that allegedly provided construction or other services in  
11 connection with the real estate development projects owned and undertaken by the  
12 Receivership Entities. (Donell Decl. ¶ 8.) In order to maximize the likelihood that  
13 trade creditor claims recommended for allowance are legitimate<sup>4</sup>, the Receiver  
14 relied on, among other things, evidence of work performed, invoices for work  
15 performed, and written contracts and service agreements governing performance.  
16 (Id.) Where claims submitted were not supported with sufficient documentation but  
17 otherwise appeared to be colorable, the Receiver contacted the claimants and  
18 secured additional documentation in before arriving at a conclusion regarding  
19 validity or invalidity of the claims. (Id.) While, as addressed in greater detail  
20 below, the Receiver does not recommend all trade creditor claims for allowance, as  
21 with the Taxing Entity claims, he proposes that all trade creditor claims  
22 recommended for allowance be subordinated to investor claims. (Id.)

23 5. Lender Claim.

24 Celtic Bank, which maintains that it remains a secured creditor of the  
25 Receivership Entities, including as to more than \$2 million in receivership funds  
26 held on deposit by Celtic Bank in the pre-receivership period, has submitted a claim  
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1 in the amount of \$2,223,650.70. As reflected in the Receiver's concurrently  
2 submitted Objection to Proof of Claim of Celtic Bank, the Receiver objects to the  
3 claim, in its entirety, on the grounds that, because Celtic Bank elected to foreclose  
4 on its principal collateral and failed to exercise its rights as to receivership funds on  
5 deposit with Celtic Bank in the pre-receivership period, Celtic Bank's security  
6 interest has been extinguished. Specifically, the Receiver's appointment and his  
7 demand for the turnover of such funds in accordance with the terms of the  
8 Appointment Order render Celtic Bank's claim, at best, an unsecured deficiency  
9 claim subject to denial or subordination.

10 6. Other Claims.

11 (a) *Mason Investments, LLC and Allen Chi.*

12 In addition to the claims discussed above, the Receiver also received six (6)  
13 claims for payment from Mason Investments, LLC, the Receivership Entities'  
14 overseas subscription agent (and against whom the Receiver initially had a claim for  
15 disgorgement of at least \$3.6 million<sup>5</sup>) and their principal, Allen Chi (collectively,  
16 "Mason"). (Donell Decl. ¶ 9.) None of the Mason claims requested a specific  
17 payment amount, although they all appear to be predicated upon sums allegedly due  
18 to Mason in connection with its services as a subscription agent. (Id.) As reflected  
19 in some of the Receiver's prior submissions to the Court, Mason was paid, in part,  
20 from funds derived directly from investor principal, a violation of the Receivership  
21 Entities' offering materials and something which immediately rendered it impossible  
22 for the Overseas Investors to obtain their desired immigration status under the EB-5  
23 program. (Id.) In other words, Mason owes a debt to the Receivership Entities and  
24 their investors, not vice-versa. Accordingly, the Receiver recommends the Mason  
25 claims be denied, in their entirety.

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28 <sup>5</sup> Pursuant to an agreement with the Commission, Mason has disgorged to the Receiver approximately \$2.6 million, which funds will be included in the Receiver's proposed initial distribution of \$3.1 million.

1 (b) *Medico Investments, LLC.*

2 Medico Investments, LLC ("Medico") owns the real property adjacent to the  
3 real property located at 17577-17579 Sultana Street, Hesperia, California, which  
4 was owned but later abandoned by the Receivership Entities. (Donell Decl. ¶ 10;  
5 Dkt. No. 134.) Medico submitted a claim for \$400,000, but did not specify the basis  
6 for its claim, the amount of the claim, or how the claim was determined. (Donell  
7 Decl. ¶ 10.) Likewise, Medico provided no documentation in support of its claim.  
8 (Id.) Medico is neither an investor in or trade creditor of the Receivership Entities.  
9 Accordingly, the Receiver recommends the Medico claim be denied, in its entirety.

10 (c) *Milligan, Beswick, Levine & Knox, LLP.*

11 The law firm of Milligan, Beswick, Levine & Know, LLP ("Milligan  
12 Beswick") submitted four (4) claims against the Receivership Entities, arising in  
13 connection with its representation of Receivership Entities in litigation arising from  
14 or in connection with construction and related disputes relating to the Receivership  
15 Entities' real property development projects. The Receiver recommends allowing  
16 Milligan Beswick's claims, in full, but subordinating them to investor claims.

17 **III. ARGUMENT.**

18 **A. This Court's Authority And The Legal Standard For Determining**  
19 **Validity Of Claims.**

20 "The power of a district court to impose a receivership or grant other forms of  
21 ancillary relief does not in the first instance depend on a statutory grant of power  
22 from the securities laws. Rather, the authority derives from the inherent power of a  
23 court of equity to fashion effective relief." SEC v. Wencke, 622 F.2d 1363, 1369  
24 (9th Cir. 1980). The "primary purpose of equity receiverships is to promote orderly  
25 and efficient administration of the estate by the district court for the benefit of  
26 creditors." SEC v. Hardy, 803 F.2d 1034, 1038 (9th Cir. 1986). As the appointment  
27 of a receivers is authorized by this Court's equitable powers, so too is any  
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1 distribution of assets to be undertaken equitably and fairly. SEC v. Elliot, 953 F.2d  
2 1560, 1569 (11th Cir. 1992).

3 Moreover, district courts have broad power to determine the appropriate  
4 method of administering a receivership estate. As the Ninth Circuit has explained:

5 A district court's power to supervise an equity receivership  
6 and to determine appropriate action to be taken in the  
7 administration of the receivership is extremely broad. The  
8 district court has broad powers and wide discretion to  
9 determine the appropriate relief in an equity receivership.

10 SEC v. Capital Consultants, LLC, 397 F.3d 733, 738 (9th Cir. 2005); see also  
11 SEC v. Topworth Int'l, Ltd., 205 F.3d 1107, 1115 (9th Cir. 1999) ("This court  
12 affords 'broad deference to the [district] court's supervisory role and 'we generally  
13 uphold reasonable procedures instituted by the district court that serve th[e] purpose'  
14 of orderly and efficient administration of the receivership for the benefit of  
15 creditors.").

16 In supervising the instant receivership, this Court must "make rules which are  
17 practicable as well as equitable." Hardy, 803 F.2d at 1039 (quoting First Empire  
18 Bank-New York v. FDIC, 572 F.2d 1361, 1368 (9th Cir. 1978)). Where, as here,  
19 the funds recovered are insufficient to satisfy all claims in full, the Ninth Circuit and  
20 other courts have endorsed a so-called MIMO ("money-in / money-out") approach  
21 to claim evaluation, which enables a receiver to determine the net value of investor  
22 and trade creditor claims. See, e.g., Capital Consultants, LLC, 397 F.3d at 378  
23 (describing net claim calculus as "an administratively workable and equitable  
24 method of allocating the limited assets of a receivership"); Topworth, 205 F.3d at  
25 1116; In re Tedlock Cattle Co., Inc., 552 F.2d 1351, 1354 (9th Cir. 1977); In re  
26 Taubman, 160 B.R. 964, 980-82 (Bankr. S.D. Ohio 1993).

27 Here, there are insufficient funds available to pay 100% of all investor  
28 principal and base amounts due to vendors and other creditors. Accordingly, the so-

1 called MIMO approach is appropriate when considering the amounts due to  
2 claimants with regard to investments or contracts. All amounts claimed over  
3 investor principal or base amounts due on contracts should be disallowed. It is for  
4 this reason that the Receiver's prior submissions regarding the claims procedures  
5 proposed disallowing claims for damages, attorneys' fees, etc. (See Dkt. No. 148.)

6 In the context of receivership and similar proceedings, it is a claimant's  
7 burden to establish a valid claims against a receivership estate. See Lundell v.  
8 Anchor Contr. Specialists, Inc., 223 F.3d 1035, 1039 (9th Cir. 2000); Revere Copper  
9 & Brass, Inc. v. Adriance Machine Works, Inc., 76 F.2d 876, 878 (2d Cir. 1935).  
10 Accordingly, claims (or portions thereof) submitted without support for the amount  
11 claimed, and which cannot be reconciled with the Receiver's records and analysis,  
12 should be denied.<sup>6</sup>

13 Finally, in the estate administration context, courts are deferential to the  
14 business judgment of bankruptcy trustees, receivers, and similar estate custodians.  
15 See, e.g., Bennett v. Williams, 892 F.2d 822, 824 (9th Cir. 1989) ("[W]e are  
16 deferential to the business management decisions of a bankruptcy trustee.");  
17 Southwestern Media, Inc. v. Rau, 708 F.2d 419, 425 (9th Cir. 1983) ("The decision  
18 concerning the form of ... [estate administration] ... rested with the business  
19 judgment of the trustee."); In re Thinking Machines Corp., 182 B.R. 365, 368 (D.  
20 Mass. 1995) ("The application of the business judgment rule ... and the high degree  
21 of deference usually afforded purely economic decisions of trustees, makes court  
22 refusal unlikely.") (rev'd on other grounds, In re Thinking Machines Corp., 67 F.3d  
23 1021 (1st Cir. 1995)).

24 The Receiver respectfully submits that a MIMO, or netting, analysis of all  
25 claims therefore represents the best means for promoting an orderly, fair, and  
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28 <sup>6</sup> The Receiver has contacted those claimants whose claimed amount could not be  
reconciled with the Receiver's records, and allowed them an opportunity to  
respond.

1 efficient administration of claims. Indeed, considering the nature and amount of the  
 2 claims received, including overstated claims, claims submitted without evidentiary  
 3 support, and claims requesting recovery of damages or attorneys' fees, as detailed  
 4 above, a MIMO analysis of claims is absolutely critical to the equitable treatment of  
 5 creditors.

6 **B. This Court Should subordinate Taxing Entity And All Other**  
 7 **Unsecured, Non-Investor Claims Because Funds Recovered By The**  
 8 **Receiver Are Held In Constructive Trust For Defrauded Investors.**

9 Where, as here, a receiver is appointed at the behest of a federal agency, the  
 10 funds recovered by the receiver are ordinarily held in constructive trust for the  
 11 victim class that agency is charged with protecting. As a practical matter, this  
 12 means that Taxing Entity, trade creditor, and other unsecured, non-investor claims  
 13 are subject to subordination, to the extent they are allowed at all. See, e.g., FTC v.  
 14 Crittenden, 823 F.Supp. 699, 703 (C.D. Cal. 1993) (receivership funds held in  
 15 constructive trust distributed to former customers regardless of effect on IRS  
 16 claims); FTC v. Ameridebt, Inc., 373 F.Supp.2d, 558, 565 (D. Md. 2005) (under the  
 17 doctrine of constructive trust, "even if the IRS ha[d] placed liens on Defendants'  
 18 assets, those liens would not attach to property that was wrongfully obtained from  
 19 consumers"); SEC v. Private Equity Mgmt. Group, Inc., 2012 U.S. Dist. LEXIS  
 20 195213, \*22-23 (C.D. Cal. September 28, 2012) ("Furthermore, the Court concludes  
 21 that considerations of expedience and of preserving Receivership funds for  
 22 distribution to the defrauded investors ... favor" treating a receivership *res* as held in  
 23 constructive trust for investors); SEC v. Stephenson Equity Util. Co., 138 F.Supp.2d  
 24 512, 532 (S.D.N.Y. 2001) ("A constructive trust is a powerful remedy, as it cuts off  
 25 the rights of general creditors as well as the rights of the United States").

26 Subordination of Taxing Entity and unsecured, non-investor claims is  
 27 appropriate here. As a preliminary matter, all of the funds raised by the  
 28 Receivership Entities and at issue in this matter, whether expended by the



1 Receivership Entities in accordance with investment solicitation materials or  
2 diverted for impermissible purposes, were derived exclusively from overseas and  
3 domestic investors. The principal Defendants have admitted as much, consenting to  
4 judgment in June 2016 and acknowledging the fraud perpetrated on the  
5 Receivership Entities' investors. (See, e.g., Dkt. Nos. 99, 101.)

6 Accordingly, the investors have an equitable right to repayment above all  
7 other comers. This is especially true as to unsecured trade creditors and service  
8 providers, all or most of whom have other remedies for pursuing a recovery,  
9 including via the pursuit of litigation or the enforcement of guarantees against  
10 Defendants Yang and Kano, the Receivership Entities' principals. In addition, the  
11 Receiver has concluded that the Receivership Entities were likely functionally  
12 insolvent since their creation, lacking any operating income, particularly given that  
13 all funds obtained and expended by the Receivership Entities were obtained from  
14 defrauded investors.<sup>7</sup> (See, e.g., Dkt. No. 165.)

15 For these reasons, the Receiver respectfully submits that all Taxing Entity,  
16 trade creditor, and other unsecured, non-investor claims should be subordinated to  
17 investor claims. These subordinated claims, if allowed, should not be paid until all  
18 investor claims are paid, in full.

19 **IV. RECOMMENDATIONS FOR TREATMENT OF CLAIMS.**

20 Again, the Receiver's Claims Summary, which summarizes his recommended  
21 treatment of each timely claim received, is attached as **Exhibit 1** to the Receiver's  
22 concurrently filed declaration. (See Donell Decl. ¶ 4, Ex. 1.) A restated summary  
23 of the Receiver's recommended treatment of claims is as follows:

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27 \_\_\_\_\_  
28 <sup>7</sup> With the exception of loan proceeds obtained from Celtic Bank, which, as detailed herein, obtained a first position security interest in at least some receivership assets.

1           **A. Overseas Investors.**

2           As reflected in the Receiver's prior Forensic Accounting Reports and Claims  
3 Procedures Motion, the Receiver has confirmed that none of the remaining 39  
4 overseas investors in the Receivership Entities received a return of any portion of  
5 their initial, \$500,000 investments. Accordingly, the Receiver notified each  
6 overseas investor that he had confirmed their claim, in the amount of \$500,000, and  
7 would propose that overseas investor claims be allowed in that amount. Some  
8 overseas investors nonetheless submitted claims in excess of \$500,000 requesting  
9 reimbursement for administrative fees<sup>8</sup>, attorneys' fees, and claimed damages.  
10 Given that there are not funds on hand to satisfy all investor claims at the principal  
11 amount of \$500,000 each, the Receiver believes awarding and compensating some  
12 investors for administrative fees, attorneys' fees, or damages would be improper and  
13 inequitable. Accordingly, as reflected in the Claims Summary, the Receiver  
14 recommends that all overseas investor claims be allowed in the amount of \$500,000  
15 each, with any fee and damages components denied.

16           **B. The Domestic Investor.**

17           As noted above, the Receiver has confirmed that the Receivership Entities  
18 had a single domestic investor, who invested a principal amount of \$1 million in  
19 exchange for a 10% ownership interest in a Receivership Entity. That investor  
20 submitted a claim which included a request for reimbursement of attorneys' and  
21 damages over and above principal \$1 million investment amount. As with overseas  
22 investor claims, and as reflected in the Claims Summary, the Receiver recommends  
23 that the domestic investor's claim be allowed in the principal amount of \$1 million,  
24 with any fee and damages components denied.

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<sup>8</sup> Overseas investors also paid administrative fees of \$45,000 per investor to the Receivership Entities subscription agent. While the Receiver has confirmed those fees were paid, they are not part of each investor's investment.

1           **C. Taxing Entity Claims.**

2           The Receiver received multiple payment requests in connection with back  
3 taxes and other fees assessed by the Taxing Entities against the Receivership  
4 Entities in the pre-receivership period. As reflected in the Claims Summary, the  
5 Receiver recommends treating four (4) of the five (5) payment requests received  
6 from the Taxing Entities on or before the claims bar date, regardless of form, as  
7 timely, allowed claims. He recommends that the fifth claim, submitted against an  
8 entity largely administered as outside the receivership, and not compensable by the  
9 Receivership Entities, be denied.

10           **D. Trade Creditors.**

11           The Receiver received a total of 27 timely claims from trade creditors,  
12 virtually all of which were associated with services provided in connection with the  
13 unsuccessful real property development projects undertaken by the Receivership  
14 Entities. The Receiver diligently sought to reconcile the amount of each trade  
15 creditor claim with evidence of work performed, verifiable invoices for work  
16 performed, and written contracts and service agreements governing performance.  
17 As reflected in the Claims Summary, and on the basis of his review of the above-  
18 described materials, the Receiver has concluded that most trade creditor claims  
19 should be allowed.

20           However, the Receiver disputes the following trade creditor claims, in their  
21 entirety, and recommends them for denial:

22                   1.     The Carlone claim.

23           Dan Carlone Construction, Inc. ("Carlone") submitted a claim for  
24 \$1,023,576.32 against the Receivership Entities, mostly for services allegedly  
25 rendered in connection with the real property located at 7227 Oleander Avenue,  
26 Fontana California 92336 (the "Fontana Project"). The Receiver identified a  
27 number of problems with the Carlone claim, the most significant of which is that  
28 there remain significant, pre-receivership disputes regarding the nature of Carlone's

1 engagement, the services it actually performed, and Carlone's prospective liability to  
2 the Receivership Entities for failure to perform its services adequately, which  
3 disputes led to the commencement and prosecution of litigation pending in the San  
4 Bernardino Superior Court. (Donell Decl. ¶ 11.) None of the information provided  
5 by Carlone in support of its claim was sufficient to establish to the Receiver's  
6 satisfaction that it had performed all of the services it claimed, or that it was entitled  
7 to payment for services rendered. (Id.) In addition, the Carlone claim was  
8 duplicative of at least two (2) other trade creditor claims, suggesting an effort to  
9 realize an unjustified windfall. (Id.) Accordingly, on the basis of the record  
10 presently available, the Receiver recommends the Carlone claim be denied, in its  
11 entirety.

12                   2.     D. Lepe.

13             Mr. Lepe is a claimant who purports to have provided security guard services  
14 in connection with a Receivership Entity real estate development project.  
15 Unfortunately, Mr. Lepe's claim was not supported by any documentation created  
16 contemporaneously with his alleged service to the Receivership Entities and the  
17 Receiver was unable to confirm, independently, either the performance of the  
18 service itself, or its value. (Donell Decl. ¶ 12.) Accordingly, the Receiver must  
19 recommend Mr. Lepe's claim for denial, in its entirety.

20                   **E.     The Lender Claim.**

21             For a more detailed discussion of the Receiver's objection to the claim  
22 received by secured creditor Celtic Bank, the Receiver invites the Court and all  
23 interested parties to review his concurrently filed Objection to Proof of Claim of  
24 Celtic Bank. By way of summary, Celtic Bank has submitted a claim in the amount  
25 of \$2,223,650.73 and maintains that it held a security interest not only in the  
26 Fontana Project, but in over \$2 million, in cash, placed on deposit with Celtic Bank  
27 by the Receivership Entities. With the Court's permission, the Fontana Project was  
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1 abandoned and the Receiver understands that Celtic Bank later concluded a  
2 nonjudicial foreclosure. (See Dkt. No. 133.)

3       The Receiver respectfully submits that, whatever the extent of Celtic Bank's  
4 security interest in the Fontana Property and the funds deposited by the Receivership  
5 Entities, that interest was extinguished as against the funds on deposit upon the entry  
6 of this Court's Appointment Order on December 11, 2015, the Receiver's subsequent  
7 demand for the turnover of those funds, or, at the latest, the date the Court ordered  
8 Celtic Bank to turn those funds over to the Receiver pending a later adjudication of  
9 the parties' competing claims.<sup>9</sup> (See Dkt. Nos. 18, 83.) In other words, Celtic  
10 Bank's failure to timely exercise whatever rights it had against the receivership  
11 funds on deposit in the pre-receivership period resulted in the loss of its security  
12 interest against those funds, reducing it to an unsecured creditor seeking to recover  
13 an impermissible deficiency in the context of this claims process. The Receiver  
14 therefore recommends that Celtic Bank's claim be denied.

15       **F. Other Claims.**

16           1. The Mason Claims.

17       As noted above, Mason served as the Receivership Entities' subscription agent  
18 and was paid, in part, from funds derived directly from investor principal, a  
19 violation of the Receivership Entities' offering materials and something which  
20 immediately rendered it impossible for the Overseas Investors to obtain their desired  
21 immigration status under the EB-5 program. As a result, it is Mason that owes the  
22 Receivership Entities a debt, not vice-versa. Accordingly, the Receiver  
23 recommends the Mason claims be denied, in their entirety.

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27 <sup>9</sup> Notably, while Celtic Bank previously provided the Receiver with a December  
28 14, 2015 Certified Statement reflecting that it held a total of \$2,034,897.66 in  
receivership funds on deposit (see Dkt. No. 49), it only turned over \$2 million to  
the Receiver in accordance with the Court's later turnover order.

1                   2.     The Medico Claim.

2             As noted above, Medico failed to specify the basis for its \$400,000 claim, the  
3 amount of the claim, or how the claim was determined, and further failed to provide  
4 any documentation in support of its claim. Given that Medico's claim is entirely  
5 unsupported and that Medico is neither an investor in or trade creditor of the  
6 Receivership Entities, the Receiver recommends its claim be denied, in its entirety.

7                   3.     The Milligan Beswick Claim.

8             For the reasons described above, the Receiver recommends allowing Milligan  
9 Beswick's claims, in full, but subordinating them to investor claims.

10 **V.     RECOMMENDED DISTRIBUTION PLAN.**

11             At present, the Receiver has approximately \$4 million on-hand for the benefit  
12 of the Receivership Entities and their creditors, including funds recently turned over  
13 by Mason, but not including \$2 million turned over to the Receiver by Celtic Bank  
14 but still subject a decision by the Court regarding the parties' competing rights in  
15 those funds. (Donell Decl. ¶ 13.) As reflected in the Receiver's various interim  
16 reports, he remains engaged in efforts to recover additional funds for the benefit of  
17 the Receivership Entities and their investors and creditors, including via the sale of  
18 receivership assets and by disgorgement from third parties in improper possession of  
19 receivership funds. Accordingly, the Receiver proposes making an interim  
20 distribution at this time of \$3.1 million, to be paid, *pro rata*, on all allowed, non-  
21 subordinated claims, followed by a final, *pro rata* distribution to holders of allowed  
22 claims of any available, remaining funds contemporaneously with the termination of  
23 the instant receivership. Specifically, the Receiver proposes the following priority  
24 and order of payment on claims against the Receivership Entities:

25                   A.     **Administrative Claims.**

26             The fees and costs of the Receiver and his professionals are prioritized as  
27 administrative claims, but are subject to review and approval by the Court as  
28 provided for in the Appointment Order and other orders of the Court. The Receiver

1 and his professionals will continue to submit their fee and expense reimbursement  
2 requests for Court review and approval, as they have done throughout the pendency  
3 of the present receivership. These requests will not be subject to payment on a *pro*  
4 *rata* basis and are separate from the Receiver's proposed distribution plan on  
5 allowed claims.

6 **B. Overseas And Domestic Investor Claims.**

7 As noted above, the Receiver proposes allowing all overseas and domestic  
8 investor claims at 100% of each investor's principal investment amount (\$500,000 in  
9 the case of overseas investors and \$1 million in the case of the domestic investor),  
10 but recommends that any requests for attorneys' fees, administrative fees, or  
11 damages be denied. The Receiver proposes to make an interim, *pro rata* distribution  
12 on all allowed investor claims, followed by a final *pro rata* distribution at the  
13 conclusion of the present receivership.

14 **C. Taxing Entity and Trade Creditor Claims.**

15 The recommends that Taxing Entity claims be allowed, in the amount of their  
16 face value, but subordinated to administrative expenses and investor claims until  
17 such time as all allowed investor claims are paid in full. As noted above,  
18 subordination of Taxing Entity claims is appropriate here because the Receiver  
19 holds all funds recovered in constructive trust for the benefit of defrauded investors,  
20 whose claims should be given an equitable priority over other unsecured claims.

21 With respect to all trade creditor claims recommended for allowance, in full  
22 or in part, including all contractor claims and the Milligan Beswick claim, the  
23 Receiver recommends that such claims be subordinated to Receivership Entity  
24 investor claims until such time as all allowed investor claims are paid in full.  
25 Subordination of these claims is also appropriate here because the Receiver holds all  
26 funds recovered in constructive trust for the benefit of defrauded investors, whose  
27 claims should be given an equitable priority over other unsecured claims.

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1           **D.     The Lender And Other Claims.**

2           As noted above, and in the concurrently submitted Objection to Proof of  
3 Claim of Celtic Bank, the Receiver objects to the Celtic Bank claim, in its entirety,  
4 and recommends that it be denied. Likewise, the Receiver recommends that the  
5 Carlone, S&J Supply, Lepe, Mason, and Medico claims be denied. In the event that  
6 the Court elects to allow these claims, in whole or in part, the Receiver respectfully  
7 submits that these claims, too, should be subordinated to investor claims, on the  
8 grounds that the funds recovered by the Receiver are held in constructive trust for  
9 the benefit of defrauded investors, whose claims should be given an equitable  
10 priority over other unsecured claims.

11 **VI.    CONCLUSION.**

12           For the foregoing reasons, the Receiver respectfully requests that this Court  
13 enter an order (1) approving the Receiver's recommended treatment of claims  
14 against the Receivership Entities; and (2) authorizing a *pro rata* distribution on all  
15 claims recommended for allowance and payment, as detailed herein.

16  
17 Dated: October 3, 2017

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

By:           /s/     David R. Zaro

DAVID R. ZARO  
Attorneys for Receiver  
STEPHEN J. DONELL

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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

ROBERT YANG, et al.  
Defendants,

AND

YANROB'S MEDICAL, INC., et al.  
Relief Defendants,

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

[PROPOSED] ORDER GRANTING  
RECEIVER'S OMNIBUS MOTION FOR  
ORDER: (1) APPROVING RECEIVER'S  
RECOMMENDED TREATMENT OF  
CLAIMS; AND (2) AUTHORIZING  
RECOMMENDED DISTRIBUTION ON  
ALLOWED CLAIMS

Date: November 13, 2017  
Time: 1:30 p.m.  
Ctrm: 10A  
Judge: Stephen V. Wilson

**ORDER**

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The Omnibus Motion of Receiver, J. Donell, for Order: (1) Approving Receiver's Recommended Treatment of Claims; and (2) Authorizing Receiver's Recommended Distribution on Allowed Claims (the "Motion") of Stephen J. Donell (the "Receiver"), the Court-appointed receiver for Defendants Suncor Fontana, LLC, Suncor Hesperia, LLC, Suncor Care Lynwood, LLC, and their respective subsidiaries and affiliates (collectively, the "Receivership Entities"), came for hearing before this Court on November 13, 2017. Having considered the Motion and all supporting and attendant materials, and good cause appearing therefor, this Court ORDERS as follows:

1. The Receiver's Motion is granted, in its entirety;

[PROPOSED] ORDER GRANTING OMNIBUS  
CLAIMS MOTION

1           2.       The Receiver's recommended treatment of claims, as reflected in the  
2 Receiver's Claims Summary, submitted in support of the Motion and attached hereto as  
3 **Exhibit 1** (the "Claims Summary"), is approved;

4           3.       Each overseas investor in the Receivership Entities is deemed to have an  
5 allowed claim against the estate of the Receivership Entities in the amount of \$500,000;

6           4.       The Receivership Entities' sole domestic investor is deemed to have an  
7 allowed claim against the estate of the Receivership Entities in the amount of \$1 million;

8           5.       The four (4) Taxing Entity claims, as the term "Taxing Entities" is defined in  
9 the Motion, identified as recommended for allowance in the Claims Summary, are  
10 allowed, in the amounts reflected in the Claims Summary, but are subordinated until such  
11 time as all overseas investor and domestic investor claims against the estate of the  
12 Receivership Entities are paid, in full;

13          6.       The one (1) Taxing Entity claim identified as recommended for denial in the  
14 Claims Summary is denied;

15          7.       All trade creditor claims against the estate of the Receivership Entities  
16 identified as recommended for allowance in the Claims Summary are allowed, in the  
17 amounts reflected in the Claims Summary, but are subordinated until such time as all  
18 overseas investor and domestic investor claims against the estate of the Receivership  
19 Entities are paid, in full;

20          8.       The claim of Carlone Construction, Inc. against the estate of the  
21 Receivership Entities is denied;

22          9.       The claim of Mr. D. Lepe against the estate of the Receivership Entities is  
23 denied;

24          10.      The claim of Celtic Bank against the estate of the Receivership Entities is  
25 denied;

26          11.      The collective claims of Allen Chi and Mason Investments, LLC against the  
27 estate of the Receivership Entities are denied;

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1 12. The claim of Medico Investments, LLC against the estate of the Receivership  
2 Entities is denied;

3 13. The claims of Milligan, Beswick, Levine & Knox, LLP against the estate of  
4 the Receivership Entities are allowed, in the amounts reflected in the Claims Summary, but  
5 are subordinated until such time as all overseas investor and domestic investor claims  
6 against the estate of the Receivership Entities are paid, in full;

7 14. Any other claims not identified in the Receiver's Motion or in this Order are  
8 denied; and

9 15. The Receiver's proposed distribution plan, as described in the Motion is  
10 approved. The Receiver is authorized to make an interim distribution of \$3.1 million in  
11 receivership assets on allowed claims, on a *pro rata* basis. Based on the claims treatment  
12 recommended in the Claims Summary, and adopted by this Court herein, the interim  
13 distribution amounts, per claim, shall be as follows:

<u>Claimant(s)</u>	<u>Number of Claims to be Paid on Interim Distribution</u>	<u>Interim Distribution Amount, Per Claim</u>
Overseas Investors	39	\$75,609.76
Domestic Investor	1	\$151,219.52
All Other Claimants	0	\$0.00

19 16. Any receivership assets remaining after the completion of the Receiver's  
20 proposed interim distribution and at the conclusion of the instant receivership, after the  
21 payment of administrative fees and expenses, shall be distributed, *pro rata*, on all allowed  
22 claims.

23 SO ORDERED.

24 Dated: \_\_\_\_\_

25 \_\_\_\_\_  
26 Stephen V. Wilson  
27 Judge, United States District Court  
28

# **EXHIBIT 1**

Last Name	First Initial	Total Invested	Entity	Notes
Wu	C	\$ 500,000.00	Suncor Fontana, LLC	
Cao	G	\$ 500,000.00	Suncor Fontana, LLC	Submitted Claim Form
Hong	L	\$ 500,000.00	Suncor Fontana, LLC	Submitted Claim Form
Liu	A	\$ 500,000.00	Suncor Fontana, LLC	Submitted Claim Form
Chen	Z	\$ 500,000.00	Suncor Fontana, LLC	
Li	Y	\$ 500,000.00	Suncor Fontana, LLC	Submitted Claim Form
Wang	X	\$ 500,000.00	Suncor Fontana, LLC	
Chen	Q	\$ 500,000.00	Suncor Fontana, LLC	
Zhao	G	\$ 500,000.00	Suncor Fontana, LLC	
Li	Y	\$ 500,000.00	Suncor Hesperia, LLC	
Xu	W	\$ 500,000.00	Suncor Hesperia, LLC	
Zou	Q	\$ 500,000.00	Suncor Hesperia, LLC	
Xu	W	\$ 500,000.00	Suncor Hesperia, LLC	
Ji	S	\$ 500,000.00	Suncor Hesperia, LLC	
Ms. Liu	J	\$ 500,000.00	Suncor Hesperia, LLC	
Menga	X	\$ 500,000.00	Suncor Hesperia, LLC	
Jiang	H	\$ 500,000.00	Suncor Hesperia, LLC	
Zhu	J	\$ 500,000.00	Suncor Hesperia, LLC	
Huang	A	\$ 500,000.00	Suncor Hesperia, LLC	
Zheng	Y	\$ 500,000.00	Suncor Hesperia, LLC	
Lili	W	\$ 500,000.00	Suncor Hesperia, LLC	
Zhao	H	\$ 500,000.00	Suncor Hesperia, LLC	
Wang	J	\$ 500,000.00	Suncor Hesperia, LLC	
Xu	A	\$ 500,000.00	Suncor Hesperia, LLC	
Guo	C	\$ 500,000.00	Suncor Hesperia, LLC	
Liu	J	\$ 500,000.00	Suncor Hesperia, LLC	Submitted Claim Form
Li	Z	\$ 500,000.00	Suncor Hesperia, LLC	
Zhou	J	\$ 500,000.00	Suncor Care Lynwood, LLC	Submitted Claim Form
Kexin	D	\$ 500,000.00	Suncor Care Lynwood, LLC	
Zhang	Y	\$ 500,000.00	Suncor Care Lynwood, LLC	
Zhang	Z	\$ 500,000.00	Suncor Care Lynwood, LLC	
Anqi (Angela)	G	\$ 500,000.00	Suncor Care Lynwood, LLC	
Zuo	S	\$ 500,000.00	Suncor Care Lynwood, LLC	
Wu	L	\$ 500,000.00	Suncor Care Lynwood, LLC	
Bai	X	\$ 500,000.00	Suncor Care Lynwood, LLC	
Huang	Q	\$ 500,000.00	Suncor Care Lynwood, LLC	
Cai	H	\$ 500,000.00	Suncor Care Lynwood, LLC	
Wang	X	\$ 500,000.00	Suncor Care Lynwood, LLC	
Yau	M	\$ 500,000.00	Suncor Care Lynwood, LLC	

Count: 39

\$ 19,500,000.00

<b>ID</b>	<b>Last Name</b>	<b>First Initial</b>	<b>Recommended Treatment</b>	<b>Claim Amount</b>	<b>Recommended Approval Amount</b>	<b>Entity</b>
240	Aibin	L.	Approved As Modified	\$500,160.00	\$500,000.00	Suncor Fontana, LLC
239	Guiling	C.	Approved As Modified	\$500,200.00	\$500,000.00	Suncor Fontana, LLC
236	Jie	Z.	Approved As Modified	\$540,000.00	\$500,000.00	Suncor Care Lynwood, LLC
237	Jing	L.	Approved As Modified	\$581,695.00	\$500,000.00	Suncor Hesperia, LLC
238	Lei	H.	Approved As Modified	\$500,200.00	\$500,000.00	Suncor Fontana, LLC
241	Yu	L.	Approved As Modified	\$500,200.00	\$500,000.00	Suncor Fontana, LLC

**Count: 6**

**Totals**

**\$3,122,455.00**

**\$3,000,000.00**

<b>ID</b>	<b>Claimant</b>	<b>Recommended Treatment</b>	<b>Claim Amount</b>	<b>Recommended Approval Amount</b>	<b>Entity</b>
219	Employment Development Department	Deny	\$5,477.86	\$0.00	Yanrob Medical, Inc./Robert Yang
216	Franchise Tax Board	Approve	\$6,327.09	\$6,327.09	Suncor Fontana, LLC
224	Franchise Tax Board	Approve	\$7,587.86	\$7,587.86	Suncor Hesperia, LLC
217	Franchise Tax Board	Approve	\$6,048.79	\$6,048.79	Suncor Care Lynwood, LLC
139	Office of Statewide Health Planning and Development	Approve	\$750.00	\$750.00	Suncor Fontana, LLC

**Count: 5**

**Totals**

**\$26,191.60**

**\$20,713.74**

ID	Claimant	Recommended Treatment	Claim Amount	Recommended Approval Amount	Entity
185	Shin Sook Park, Trustee of Shin Sook Park Trust dated Dec. 4, 2001	Approved As Modified	\$1,282,328.00	\$1,000,000.00	Healthpro Capital Partners, LLC

**Count: 1      Totals:      \$1,282,328.00      \$1,000,000.00**



ID	Claimant	Recommended Treatment	Claim Amount	Recommended Approval Amount	Entity
24	Associated Construction Services Group	Approve	\$40,977.38	\$40,977.38	Suncor Fontana, LLC
43	B&T Works, Inc.	Approve as Modified	\$128,618.88	\$104,995.00	Suncor Hesperia, LLC
187	Construction Defect Professionals, Inc.	Approve as Modified	\$10,416.00	\$8,680.00	Suncor Fontana, LLC
231	CW Soils, Inc.	Approve	\$3,210.00	\$3,210.00	Suncor Fontana, LLC
230	CW Soils, Inc.	Approve	\$7,380.00	\$7,380.00	Suncor Hesperia, LLC
2	CW Soils, Inc.	Approve	\$4,425.00	\$4,425.00	Suncor Care Lynwood, LLC
95	Freeman Building Services, Inc.	Approve	\$400.00	\$400.00	Suncor Fontana, LLC
41	IRC Plumbing, Inc.	Approve as Modified	\$37,800.00	\$34,650.00	Suncor Fontana, LLC
69	Jkarr Inspection Services	Approve as Modified	\$21,699.30	\$18,700.50	Suncor Fontana, LLC
12	Laschober & Sovich, Inc.	Approve	\$8,624.46	\$8,624.46	Suncor Care Lynwood, LLC
160	M.A. Ogg Heating & A/C, Inc.	Approve	\$6,648.60	\$6,648.60	Suncor Fontana, LLC
33	M. Napolitano	Approve	\$22,699.11	\$22,699.11	Suncor Fontana, LLC
44	Orange Community Escrow, Inc.	Approve	\$15,356.60	\$15,356.60	Suncor Hesperia, LLC
70	Reno Hardware & Supply Inc.	Approve as Modified	\$9,142.28	\$7,012.14	Suncor Fontana, LLC
233	So Cal Industries	Approve	\$221.45	\$221.45	Suncor Fontana, LLC
18	So Cal Industries	Approve	\$10,004.51	\$10,004.51	Suncor Hesperia, LLC
235	So Cal Industries	Approve	\$5,621.64	\$5,621.64	Suncor Care Lynwood, LLC
234	So Cal Industries	Approve	\$1,423.54	\$1,423.54	Suncor Care, Inc.
38	Southwest Concrete Products dba Calportland Co.	Approve	\$356,561.70	\$356,561.70	Suncor Hesperia, LLC
170	Stantec Consulting Services, Inc.	Approve	\$4,391.00	\$4,391.00	Suncor Care, Inc.
232	TGA Engineering, Inc.	Approve	\$7,801.00	\$7,801.00	Suncor Fontana, LLC
22	TGA Engineering, Inc.	Approve	\$4,852.50	\$4,852.50	Suncor Hesperia, LLC
73	TGA Engineering, Inc.	Approve	\$10,455.00	\$10,455.00	Mentone Project, Redlands
40	Vanir Construction Management, Inc.	Approve	\$23,530.00	\$23,530.00	Suncor Hesperia, LLC

**Count: 24**

**Totals:**

**\$742,259.95**

**\$708,621.13**

<b>ID</b>	<b>Claimant</b>	<b>Claim Amount</b>	<b>Entity</b>
90	C. Miller dba Johnson Plumbing	\$69,781.59	Suncor Care, Inc.; Healthpro Capital Partners, LLC
83	Dan Carlone Construction, Inc.	\$1,023,576.32	Suncor Fontana, LLC
158	D. Lepe	\$25,400.00	Suncor Care Lynwood, LLC

**Count: 3**

**Total: \$1,118,757.91**

ID	Claimant	Claim Amount	Entity
183	Celtic Bank Corporation	\$2,223,650.70	Suncor Fontana, LLC/Other

**Count: 1      Total:      \$2,223,650.70**

ID	Claimant	Recommended Treatment	Claim Amount	Recommended Approval Amount	Entity
247	A. Chi	Deny	\$ -	\$ -	Suncor Fontana, LLC
245	A. Chi	Deny	\$ -	\$ -	Suncor Hesperia, LLC
248	A. Chi	Deny	\$ -	\$ -	Suncor Care Lynwood, LLC
250	Mason Investments, LLC	Deny	\$ -	\$ -	Suncor Fontana, LLC
246	Mason Investments, LLC	Deny	\$ -	\$ -	Suncor Hesperia, LLC
249	Mason Investments, LLC	Deny	\$ -	\$ -	Suncor Care Lynwood, LLC
51	Medico Investments, LLC	Deny	\$ 400,000.00	\$ -	Suncor Hesperia, LLC
188	Milligan, Beswick, Levine & Knox, LLP	Approve	\$ 13,631.68	\$ 13,631.68	Suncor Fontana, LLC
243	Milligan, Beswick, Levine & Knox, LLP	Approve	\$ 70.28	\$ 70.28	Suncor Fontana, LLC
242	Milligan, Beswick, Levine & Knox, LLP	Approve	\$ 8,143.51	\$ 8,143.51	Suncor Fontana, LLC
244	Milligan, Beswick, Levine & Knox, LLP	Approve	\$ 706.78	\$ 706.78	Suncor Fontana, LLC

**Count: 11**

**Totals**

**\$**

**422,552.25**

**\$**

**22,552.25**

# **EXHIBIT 1**

Last Name	First Initial	Total Invested	Entity	Notes
Wu	C	\$ 500,000.00	Suncor Fontana, LLC	
Cao	G	\$ 500,000.00	Suncor Fontana, LLC	Submitted Claim Form
Hong	L	\$ 500,000.00	Suncor Fontana, LLC	Submitted Claim Form
Liu	A	\$ 500,000.00	Suncor Fontana, LLC	Submitted Claim Form
Chen	Z	\$ 500,000.00	Suncor Fontana, LLC	
Li	Y	\$ 500,000.00	Suncor Fontana, LLC	Submitted Claim Form
Wang	X	\$ 500,000.00	Suncor Fontana, LLC	
Chen	Q	\$ 500,000.00	Suncor Fontana, LLC	
Zhao	G	\$ 500,000.00	Suncor Fontana, LLC	
Li	Y	\$ 500,000.00	Suncor Hesperia, LLC	
Xu	W	\$ 500,000.00	Suncor Hesperia, LLC	
Zou	Q	\$ 500,000.00	Suncor Hesperia, LLC	
Xu	W	\$ 500,000.00	Suncor Hesperia, LLC	
Ji	S	\$ 500,000.00	Suncor Hesperia, LLC	
Ms. Liu	J	\$ 500,000.00	Suncor Hesperia, LLC	
Menga	X	\$ 500,000.00	Suncor Hesperia, LLC	
Jiang	H	\$ 500,000.00	Suncor Hesperia, LLC	
Zhu	J	\$ 500,000.00	Suncor Hesperia, LLC	
Huang	A	\$ 500,000.00	Suncor Hesperia, LLC	
Zheng	Y	\$ 500,000.00	Suncor Hesperia, LLC	
Lili	W	\$ 500,000.00	Suncor Hesperia, LLC	
Zhao	H	\$ 500,000.00	Suncor Hesperia, LLC	
Wang	J	\$ 500,000.00	Suncor Hesperia, LLC	
Xu	A	\$ 500,000.00	Suncor Hesperia, LLC	
Guo	C	\$ 500,000.00	Suncor Hesperia, LLC	
Liu	J	\$ 500,000.00	Suncor Hesperia, LLC	Submitted Claim Form
Li	Z	\$ 500,000.00	Suncor Hesperia, LLC	
Zhou	J	\$ 500,000.00	Suncor Care Lynwood, LLC	Submitted Claim Form
Kexin	D	\$ 500,000.00	Suncor Care Lynwood, LLC	
Zhang	Y	\$ 500,000.00	Suncor Care Lynwood, LLC	
Zhang	Z	\$ 500,000.00	Suncor Care Lynwood, LLC	
Anqi (Angela)	G	\$ 500,000.00	Suncor Care Lynwood, LLC	
Zuo	S	\$ 500,000.00	Suncor Care Lynwood, LLC	
Wu	L	\$ 500,000.00	Suncor Care Lynwood, LLC	
Bai	X	\$ 500,000.00	Suncor Care Lynwood, LLC	
Huang	Q	\$ 500,000.00	Suncor Care Lynwood, LLC	
Cai	H	\$ 500,000.00	Suncor Care Lynwood, LLC	
Wang	X	\$ 500,000.00	Suncor Care Lynwood, LLC	
Yau	M	\$ 500,000.00	Suncor Care Lynwood, LLC	

Count: 39

\$ 19,500,000.00

<b>ID</b>	<b>Last Name</b>	<b>First Initial</b>	<b>Recommended Treatment</b>	<b>Claim Amount</b>	<b>Recommended Approval Amount</b>	<b>Entity</b>
240	Aibin	L.	Approved As Modified	\$500,160.00	\$500,000.00	Suncor Fontana, LLC
239	Guiling	C.	Approved As Modified	\$500,200.00	\$500,000.00	Suncor Fontana, LLC
236	Jie	Z.	Approved As Modified	\$540,000.00	\$500,000.00	Suncor Care Lynwood, LLC
237	Jing	L.	Approved As Modified	\$581,695.00	\$500,000.00	Suncor Hesperia, LLC
238	Lei	H.	Approved As Modified	\$500,200.00	\$500,000.00	Suncor Fontana, LLC
241	Yu	L.	Approved As Modified	\$500,200.00	\$500,000.00	Suncor Fontana, LLC

**Count: 6**

**Totals**

**\$3,122,455.00**

**\$3,000,000.00**

<b>ID</b>	<b>Claimant</b>	<b>Recommended Treatment</b>	<b>Claim Amount</b>	<b>Recommended Approval Amount</b>	<b>Entity</b>
219	Employment Development Department	Deny	\$5,477.86	\$0.00	Yanrob Medical, Inc./Robert Yang
216	Franchise Tax Board	Approve	\$6,327.09	\$6,327.09	Suncor Fontana, LLC
224	Franchise Tax Board	Approve	\$7,587.86	\$7,587.86	Suncor Hesperia, LLC
217	Franchise Tax Board	Approve	\$6,048.79	\$6,048.79	Suncor Care Lynwood, LLC
139	Office of Statewide Health Planning and Development	Approve	\$750.00	\$750.00	Suncor Fontana, LLC

**Count: 5**

**Totals**

**\$26,191.60**

**\$20,713.74**



ID	Claimant	Recommended Treatment	Claim Amount	Recommended Approval Amount	Entity
185	Shin Sook Park, Trustee of Shin Sook Park Trust dated Dec. 4, 2001	Approved As Modified	\$1,282,328.00	\$1,000,000.00	Healthpro Capital Partners, LLC

**Count: 1      Totals:      \$1,282,328.00      \$1,000,000.00**

ID	Claimant	Recommended Treatment	Claim Amount	Recommended Approval Amount	Entity
24	Associated Construction Services Group	Approve	\$40,977.38	\$40,977.38	Suncor Fontana, LLC
43	B&T Works, Inc.	Approve as Modified	\$128,618.88	\$104,995.00	Suncor Hesperia, LLC
187	Construction Defect Professionals, Inc.	Approve as Modified	\$10,416.00	\$8,680.00	Suncor Fontana, LLC
231	CW Soils, Inc.	Approve	\$3,210.00	\$3,210.00	Suncor Fontana, LLC
230	CW Soils, Inc.	Approve	\$7,380.00	\$7,380.00	Suncor Hesperia, LLC
2	CW Soils, Inc.	Approve	\$4,425.00	\$4,425.00	Suncor Care Lynwood, LLC
95	Freeman Building Services, Inc.	Approve	\$400.00	\$400.00	Suncor Fontana, LLC
41	IRC Plumbing, Inc.	Approve as Modified	\$37,800.00	\$34,650.00	Suncor Fontana, LLC
69	Jkarr Inspection Services	Approve as Modified	\$21,699.30	\$18,700.50	Suncor Fontana, LLC
12	Laschober & Sovich, Inc.	Approve	\$8,624.46	\$8,624.46	Suncor Care Lynwood, LLC
160	M.A. Ogg Heating & A/C, Inc.	Approve	\$6,648.60	\$6,648.60	Suncor Fontana, LLC
33	M. Napolitano	Approve	\$22,699.11	\$22,699.11	Suncor Fontana, LLC
44	Orange Community Escrow, Inc.	Approve	\$15,356.60	\$15,356.60	Suncor Hesperia, LLC
70	Reno Hardware & Supply Inc.	Approve as Modified	\$9,142.28	\$7,012.14	Suncor Fontana, LLC
233	So Cal Industries	Approve	\$221.45	\$221.45	Suncor Fontana, LLC
18	So Cal Industries	Approve	\$10,004.51	\$10,004.51	Suncor Hesperia, LLC
235	So Cal Industries	Approve	\$5,621.64	\$5,621.64	Suncor Care Lynwood, LLC
234	So Cal Industries	Approve	\$1,423.54	\$1,423.54	Suncor Care, Inc.
38	Southwest Concrete Products dba Calportland Co.	Approve	\$356,561.70	\$356,561.70	Suncor Hesperia, LLC
170	Stantec Consulting Services, Inc.	Approve	\$4,391.00	\$4,391.00	Suncor Care, Inc.
232	TGA Engineering, Inc.	Approve	\$7,801.00	\$7,801.00	Suncor Fontana, LLC
22	TGA Engineering, Inc.	Approve	\$4,852.50	\$4,852.50	Suncor Hesperia, LLC
73	TGA Engineering, Inc.	Approve	\$10,455.00	\$10,455.00	Mentone Project, Redlands
40	Vanir Construction Management, Inc.	Approve	\$23,530.00	\$23,530.00	Suncor Hesperia, LLC

**Count: 24**

**Totals:**

**\$742,259.95**

**\$708,621.13**

<b>ID</b>	<b>Claimant</b>	<b>Claim Amount</b>	<b>Entity</b>
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158	D. Lepe	\$25,400.00	Suncor Care Lynwood, LLC

**Count: 3**

**Total: \$1,118,757.91**

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**Count: 1      Total:      \$2,223,650.70**

ID	Claimant	Recommended Treatment	Claim Amount	Recommended Approval Amount	Entity
247	A. Chi	Deny	\$ -	\$ -	Suncor Fontana, LLC
245	A. Chi	Deny	\$ -	\$ -	Suncor Hesperia, LLC
248	A. Chi	Deny	\$ -	\$ -	Suncor Care Lynwood, LLC
250	Mason Investments, LLC	Deny	\$ -	\$ -	Suncor Fontana, LLC
246	Mason Investments, LLC	Deny	\$ -	\$ -	Suncor Hesperia, LLC
249	Mason Investments, LLC	Deny	\$ -	\$ -	Suncor Care Lynwood, LLC
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188	Milligan, Beswick, Levine & Knox, LLP	Approve	\$ 13,631.68	\$ 13,631.68	Suncor Fontana, LLC
243	Milligan, Beswick, Levine & Knox, LLP	Approve	\$ 70.28	\$ 70.28	Suncor Fontana, LLC
242	Milligan, Beswick, Levine & Knox, LLP	Approve	\$ 8,143.51	\$ 8,143.51	Suncor Fontana, LLC
244	Milligan, Beswick, Levine & Knox, LLP	Approve	\$ 706.78	\$ 706.78	Suncor Fontana, LLC

**Count: 11**

**Totals**

**\$**

**422,552.25**

**\$**

**22,552.25**

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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:

**NOTICE OF MOTION AND OMNIBUS MOTION OF RECEIVER,  
STEPHEN J. DONELL, FOR ORDER: (1) APPROVING  
RECEIVER'S RECOMMENDED TREATMENT OF CLAIMS;  
AND (2) AUTHORIZING RECOMMENDED DISTRIBUTION  
ON ALLOWED CLAIMS**

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 **October 3, 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

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- **Joshua Andrew del Castillo**  
jdelcastillo@allenmatkins.com
- **David R Zaro**  
dzaro@allenmatkins.com

2. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):** On **October 3, 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) **Via U.S. Mail**  
P.O. Box 2952  
Sacramento, CA 95812-2952

Internal Revenue Service **Via U.S. Mail**  
880 Front Street  
San Diego, CA 92101-8869

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 **October 3, 2017** at Los Angeles, California.

*/s/ Martha Diaz*  


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Martha Diaz