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7 Attorneys for Receiver
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 AND

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

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

DECLARATION OF RECEIVER,
STEPHEN J. DONELL, IN SUPPORT OF
SPECIFIC OBJECTION TO PROOF OF
CLAIM OF CELTIC BANK

[Specific Objection to Proof of Claim
submitted concurrently herewith]

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

20 **DECLARATION OF STEPHEN J. DONELL**

21 I, Stephen J. Donell, declare as follows:

22 1. I am the Court-appointed receiver for Defendants Suncor Fontana, LLC,
23 Suncor Hesperia, LLC, Suncor Care Lynwood, LLC, and their respective subsidiaries and
24 affiliates (collectively, the "Receivership Entities") in the above-entitled action. I make
25 this Declaration in support of the concurrently filed Specific Objection to Proof of Claim
26 of Celtic Bank. I have personal knowledge of the facts set forth in this Declaration and, if
27 called as a witness, could and would testify competently to such facts under oath.

28

1 2. As reflected in my prior submissions to the Court, Celtic Bank was a pre-
2 receivership lender to Suncor Care, Inc. and HealthPro Capital Partners LLC ("HealthPro")
3 (collectively, the "Borrower"), both Receivership Entities, in connection with the real
4 property commonly known as the Fontana Property. My records reflect that, after a series
5 of Borrower defaults resulting in the preparation of a Continuation Agreement in 2014 in
6 connection with the two loans (the "Loans") Celtic Bank made to the Borrower, the
7 Borrower again defaulted on the Loans and the Continuation Agreement. The records I
8 have obtained further reflect that, notwithstanding these Borrower defaults with regard to
9 the Loans and Continuation Agreement, Celtic Bank did not exercise its right to foreclose
10 on the Fontana Property, offset against the funds (the "Deposits") the Borrower had placed
11 in two deposit accounts (the "Accounts") maintained at Celtic Bank , or otherwise take any
12 action to pursue its default remedies under the applicable loan documents. Instead, Celtic
13 Bank actively pushed for further construction work at the Fontana Property and the further
14 release and expenditure of the proceeds from the Loans.

15 3. After my appointment as Receiver in this matter, I notified certain Celtic
16 Bank principals of my appointment, and advised that the Deposits could be deemed to be
17 assets of the Receivership Entities, which would be subject to turn-over in accordance with
18 the provisions of the order by which I was appointed. Rather than turn over the Deposits,
19 on or around December 14, 2015, Celtic Bank provided me with a Certified Statement
20 confirming, among other things, that it held just over \$2 million in Receivership Assets in
21 the Accounts. A true and correct copy of the Certified Statement is attached hereto as
22 **Exhibit 1.**

23 4. After reviewing records I obtained from the Plaintiff Securities and
24 Exchange Commission, individual Defendants Yang and Kano, and others, I was able to
25 confirm that the Deposits in the Accounts were owned by HealthPro. I was further able to
26 trace the Deposits in the Accounts and confirm that they originated exclusively with two
27 (2) sets of investors in the Receivership Entities (Suncor Fontana, LLC and HealthPro), in
28 connection with the proposed development of the Fontana Property.

1 5. Shortly after my appointment as Receiver, I provided Celtic Bank with
2 notice and a copy of the order by which I was appointed as Receiver (the "Appointment
3 Order") and commenced discussions regarding the Fontana Property. My initial
4 discussions with Celtic Bank related in part to the history and status of the Loans, the
5 condition of and construction at the Fontana Property, and outstanding contractor draw
6 requests in connection with the Loans. During these discussions with Celtic Bank, I
7 specifically advised Celtic Bank that the \$2 million on deposit in the Accounts might be
8 determined to be a receivership asset and that, if that determination were made, the funds
9 would be subject to turnover pursuant to the Appointment Order. I also advised Celtic
10 Bank that I would make a turnover request if and at such time as I confirmed that the
11 Deposits were derived from investors and attributable to the Receivership Entities. As it
12 did during the pre-receivership period, Celtic Bank initially encouraged me to accept
13 further draws on the Loans and to pursue construction at the Fontana Property.

14 6. In or around late February, 2016, I completed my review of the documents
15 relating to the Loans and the Deposits and concluded that the Deposits were owned by
16 Receivership Entities and the source of the Deposits was exclusively investor funds.
17 Specifically, I was able to trace the Deposits to two sets of investors, one set in China, and
18 another, sole, investor in the United States. A graphical summary of my tracing is
19 included in my concurrently filed Specific Objection. On that basis, and in accordance
20 with the terms of the Appointment Order, in March 2016, I demanded that Celtic Bank
21 turn over the Deposits. Celtic Bank refused.

22 7. Since then, and in compliance with an order from this Court, Celtic Bank has
23 turned over \$2 million from the Deposits, but has not turned over the accrued interest
24 reflected in its previously produced Certified Statement.

25 8. Instead of pursuing a judicial foreclosure sale of the Fontana Property, Celtic
26 Bank pursued a non-judicial foreclosure sale of the Fontana Property. On August 24,
27 2016, Celtic recorded a notice of default with regard to the Fontana Property. A true and
28 correct copy of its Notice of Default and Election to Sell is attached hereto as **Exhibit 2**.

EXHIBIT 1

Leslie K. Rinaldi (UT #11940)
268 S. State Street
Suite 300
Salt Lake City, Utah 84111
Tel: (801) 363-6500
lrinaldi@celticbank.com

General Counsel - Celtic Bank Corporation

UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA EASTERN DIVISION	
SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. ROBERT YANG, CLAUDIA KANO, SUNCOR FONTANA, LLC, SUNCOR HESPERIA, LLC, AND SUNCOR CARE LYNWOOD, LLC Defendants, AND YANROB'S MEDICAL, INC., HEALTHPRO CAPITAL PARTNERS, LLC, SUNCOR CARE, INC. Relief Defendants.	Case No. 5:15-cv-02387-SVW (KKx) CERTIFIED STATEMENT OF CELTIC BANK

Pursuant to the Preliminary Injunction, Order Appointing Receiver, Freezing Assets, and

Providing Other Ancillary Relief (the "Order"), entered by this court on December 11, 2015 (*Doc No. 18*), Celtic Bank Corporation ("Celtic Bank") has been ordered to file a certified statement setting forth for each account held by Celtic Bank the balance held in that account or a description of the assets held in any account as of the close of business on the day Celtic Bank received notice of that Order.

Celtic Bank received notice of the Order on Friday, December 11, 2015. As of that date it held the following accounts and assets of Defendants:

Loan # 15009992
Current Principal Balance: \$2,374,598.66
Accrued Interest: \$2,732.42
Amount Available: \$0.00

Loan # 15010079
Current Principal Balance: \$485,593.54
Accrued Interest: \$3,064.53
Amount Available: \$1,980,660.12

Deposit Account # 13002962
Current Balance: \$1,013,964.32
Open date: 02-17-2012

Deposit Account # 11900821
Current Balance: \$1,020,933.34
Open date: 12-05-2012

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.


Executed on December 14, 2015.

Leslie Rinaldi

Leslie K. Rinaldi
General Counsel - Celtic Bank Corporation

EXHIBIT 2

RECORDING REQUESTED BY
Chicago Title
AND WHEN RECORDED MAIL DOCUMENT AND
TAX STATEMENT TO:
Chicago Title Co.
NAME
560 E. Hospitality
STREET
ADDRESS
Ln.
CITY, STATE &
ZIP CODE
San Bernardino
CA 92408

Electronically Recorded in Official Records, County of San Bernardino
 **BOB DUTTON**
ASSESSOR - RECORDER - CLERK
771 Document Processing Solutions

8/24/2016
08:58 AM
NP

Doc #: 2016-0341626

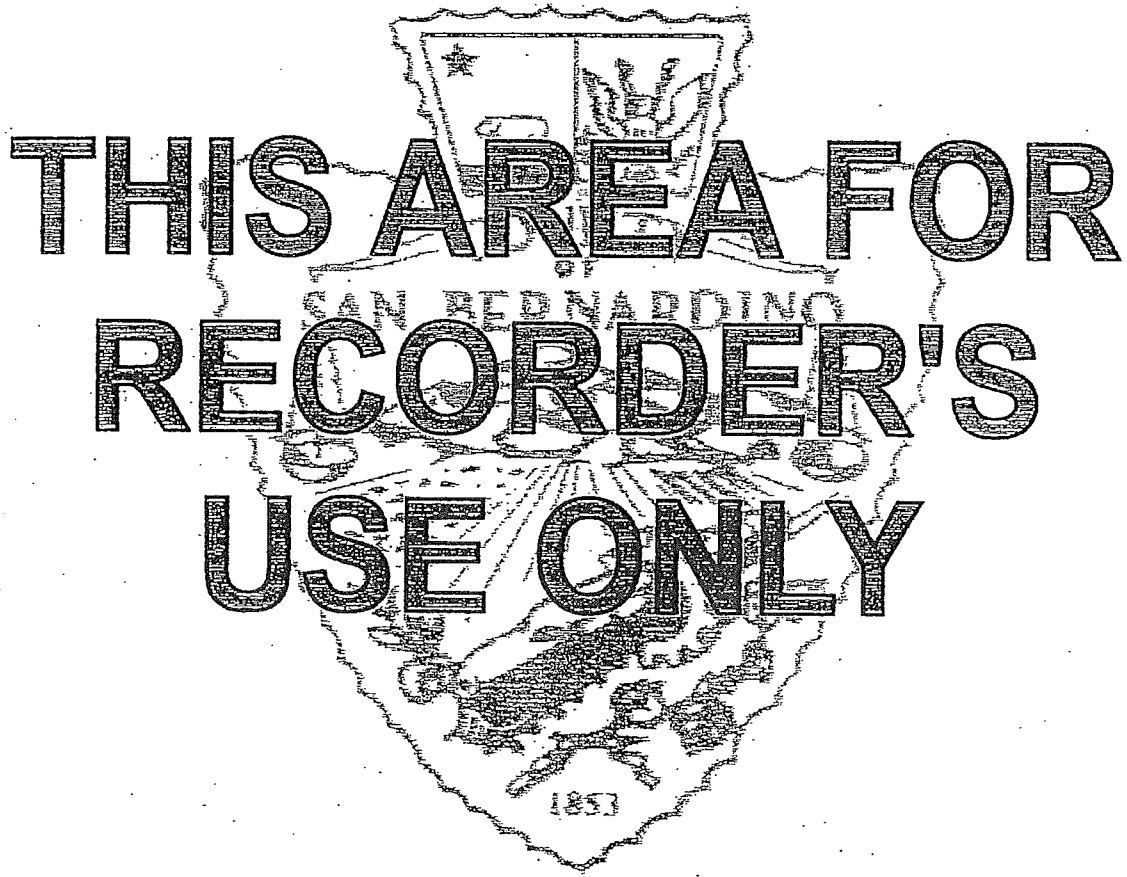


Titles:	1	Pages:	4
Fees			34.00
Taxes			.00
Other			.00
PAID			34.00

Dtt: \$ _____ SPACE ABOVE FOR RECORDER'S USE ONLY

*Notice of Default and Election
to Sell under Deed of Trust*

Title of Document



THIS COVER SHEET ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(\$3.00 Additional Recording Fee Applies)

Mail Tax Statements To Same As Above

RECORDING REQUESTED BY

Chicago Title Company

AND WHEN RECORDED MAIL TO

CHICAGO TITLE COMPANY
FORECLOSURE DEPARTMENT
560 E. HOSPITALITY LANE
SAN BERNARDINO, CA 92408

Space above this line for recorder's use only

Trustee Sale No. 3926-40

Title Order No. TS3926

**IMPORTANT NOTICE
NOTICE OF DEFAULT AND ELECTION TO SELL UNDER DEED OF TRUST**

IF YOUR PROPERTY IS IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR PAYMENTS, IT MAY BE SOLD WITHOUT ANY COURT ACTION, and you may have the legal right to bring your account in good standing by paying all of your past due payments plus permitted costs and expenses within the time permitted by law for reinstatement of your account, which is normally five business days prior to the date set for the sale of your property. No sale date may be set until approximately 90 days from the date this notice of default may be recorded (which date of recordation appears on this notice).

This amount is \$326,058.99 as of 08/18/2016 and will increase until your account becomes current.

While your property is in foreclosure, you still must pay other obligations (such as insurance and taxes) required by your note and deed of trust or mortgage. If you fail to make future payments on the loan, pay taxes on the property, provide insurance on the property, or pay other obligations as required in the note and deed of trust or mortgage, the beneficiary or mortgagee may insist that you do so in order to reinstate your account in good standing. In addition, the beneficiary or mortgagee may require as a condition to reinstatement that you provide reliable written evidence that you paid all senior liens, property taxes, and hazard insurance premiums.

Upon your written request, the beneficiary or mortgagee will give you a written itemization of the entire amount you must pay. You may not have to pay the entire unpaid portion of your account, even though full payment was demanded, but you must pay all amounts in default at the time payment is made. However, you and your beneficiary or mortgagee may mutually agree in writing prior to the time the notice of sale is posted (which may not be

Trustee Sale No. 3926-40

earlier than three months after this notice of default is recorded) to, among other things, (1) provide additional time in which to cure the default by transfer of the property or otherwise; or (2) establish a schedule of payments in order to cure your default; or both (1) and (2).

Following the expiration of the time period referred to in the first paragraph of this notice, unless the obligation being foreclosed upon or a separate written agreement between you and your creditor permits a longer period, you have only the legal right to stop the sale of your property by paying the entire amount demanded by your creditor.

To find out the amount you must pay, to arrange for payment to stop the foreclosure, or if your property is in foreclosure for any other reason, contact: Celtic Bank Corporation, Attn: Leslie K. Rinaldi, Esq., 268 S. State Street, Suite 300, Salt Lake City, UT 84111, Phone: (801) 320-6574

Chicago Title Company phone number: (909) 884-0448 / (800) 722-0824

If you have any questions, you should contact a lawyer or the governmental agency which may have insured your loan. Notwithstanding the fact that your property is in foreclosure, you may offer your property for sale, provided the sale is concluded prior to the conclusion of the foreclosure.

REMEMBER, YOU MAY LOSE LEGAL RIGHTS IF YOU DO NOT TAKE PROMPT ACTION. NOTICE IS HEREBY GIVEN THAT: CHICAGO TITLE COMPANY, a California corporation is either the original trustee, or the duly appointed Trustee, or acting as agent for the trustee or beneficiary under a Deed of Trust dated 02/16/2012, executed by HealthPro Capital Partners, LLC, as Trustor, to secure obligations in favor of Celtic Bank Corporation, as Beneficiary recorded on 02/27/2012 as Document No. 2012-0074552 of official records in the Office of the Recorder of San Bernardino County, California, as more fully described on said Deed of Trust, including the note(s) and any modifications/ amendments thereto for the sum of \$2,500,000.00; that the beneficial interest under said Deed of Trust and the obligations secured thereby are presently held by the beneficiary; that a breach of, and default in, the obligations for which said Deed of Trust is security has occurred in that the payment has not been made of:

THE 12/05/2015 PAYMENT OF PRINCIPAL AND INTEREST AND ALL SUBSEQUENT INSTALLMENTS, LATE CHARGES, LEGAL FEES, APPRAISAL FEES AND ADVANCES FOR INSURANCE TO PROTECT THE SECURITY TOGETHER WITH INTEREST DUE THEREON FROM THE DATE OF EXPENDITURE. TO CURE THE DEFAULT AND REINSTATE YOUR LOAN, YOU MUST PAY ALL AMOUNTS THEN DUE AT THE TIME OF REINSTATEMENT, INCLUDING ANY ADDITIONAL UNPAID AMOUNTS THAT YOU ARE OBLIGATED TO PAY BY THE TERMS OF THE NOTE AND DEED OF TRUST, SUCH AS, BUT NOT LIMITED TO, ADVANCES, TAXES, HAZARD INSURANCE, AND OBLIGATIONS SECURED BY PRIOR ENCUMBRANCES, PLUS TRUSTEE'S AND/OR ATTORNEY'S FEES AND COSTS AND EXPENSES INCURRED IN ENFORCING THE OBLIGATION. Pursuant to California Commercial Code Section 9604(a)(1)(B), the sale may, at the election of the beneficiary,


Trustee Sale No. 3926-40

include personal property.

That by reason thereof, the present beneficiary under such Deed of Trust, has executed and delivered to said Trustee, a written Declaration and Demand for Sale, and has deposited with said duly appointed Trustee, such Deed of Trust and all documents evidencing the obligations secured thereby, and has declared and does hereby declare all sums secured thereby immediately due and payable and has elected and does hereby elect to cause the trust property to be sold to satisfy the obligations secured thereby.

DATE: ✓ 8/22/16

Celtic Bank Corporation

By: 
Name: Leslie Rinaldi
Title: General Counsel

*Leslie Rinaldi

EXHIBIT 3

Fontana

Policy Number: 1CX9275



EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
4/4/2016

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

AGENCY Sandra Macdonald Agency 17141 Ventura Blvd., Suite 202 Encino, CA 91316		PHONE (A/C, No, Ext): (818) 906-1042	COMPANY ESSEX INS. CO.	
FAX (A/C, No): (818) 906-0210	E-MAIL ADDRESS: jmacdon368@aol.com			
CODE:	SUB CODE:			
INSURED HEALTHPRO CAPITAL PARTNERS, LLC & STEPHEN J. DONELL, RECEIVER 12121 WILSHIRE BLVD. #1120 LOS ANGELES, CA 90025		LOAN NUMBER	POLICY NUMBER 1CX9275	
		EFFECTIVE DATE 04/01/2016	EXPIRATION DATE 01/15/2017	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
THIS REPLACES PRIOR EVIDENCE DATED:				

PROPERTY INFORMATION

LOCATION/DESCRIPTION
7227 OLEANDER AVE.
FONTANA, CA 92336

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
BUILDING - BASIC FORM, ACTUAL CASH VALUE, 80% COINSURANCE	1,080,000	5,000

REMARKS (Including Special Conditions)

Empty box for remarks.

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

NAME AND ADDRESS	<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> ADDITIONAL INSURED
	<input type="checkbox"/> LOSS PAYEE	
LOAN #		
AUTHORIZED REPRESENTATIVE <i>Sandra Macdonald</i>		

ACORD 27 (2009/12)

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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:

DECLARATION OF RECEIVER, STEPHEN J. DONELL, IN SUPPORT OF SPECIFIC OBJECTION OF RECEIVER TO PROOF OF CLAIM OF CELTIC BANK

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

/s/ Martha Diaz

Martha Diaz