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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**

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11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 vs.

14 WESTMOORE MANAGEMENT,
15 LLC, et al.,

16 Defendants.
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Case No. 8:10-cv-00849-AG (MLGx)

**NOTICE OF MOTION BY
RECEIVER FOR APPROVAL OF
SETTLEMENT WITH LESTER
AND BETSYDIANE
HENDRICKSON, AND
MODIFICATION OF INJUNCTION
WITH RESPECT TO LITIGATION
PENDING IN THE BANKRUPTCY
COURT FOR THE EASTERN
DISTRICT OF WASHINGTON**

*[Per order entered December 5,
2011, no hearing required unless
objection filed]*

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20 **PLEASE TAKE NOTICE** that David A. Gill, the permanent receiver (the
21 “Receiver”) appointed in the above-captioned case, has filed a motion for an order
22 (1) approving a proposed settlement between the Receiver and Lester and Betsydiane
23 Hendrickson (the “Hendricksons”), and (2) modifying the injunction set forth in this
24 Court’s judgment against the Westmoore defendants to the extent necessary for the
25 continuation of certain proceedings pending before the United States Bankruptcy
26 Court for the Eastern District of Washington (the “Bankruptcy Court”), and the entry
27 of rulings, decisions and judgment by the Bankruptcy Court with respect to the
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1 extent, nature, amount and priority of secured claims against property of the
2 bankruptcy estate of HW Partners, LLC (“HW Partners”).

3 Very generally, the grounds for the motion are as follows: In October 2008,
4 Westmoore Lending Opportunity Fund (“WM LOF”) borrowed \$1 million from the
5 Hendricksons. As collateral, WM LOF assigned to the Hendricksons its interest in a
6 \$3.23 million promissory note given by HW Partners, LLC (“HW Partners”) in favor
7 of WM LOF, and mortgages recorded in favor of WM LOF securing HW Partners’
8 \$3.23 million obligation. In August 2009, the Hendricksons filed a lawsuit in the
9 Superior Court of Washington against WM LOF and various non-Westmoore parties
10 alleging, among other things, that the \$3.23 million note and related mortgages were
11 “permanently assigned” to them at the time of WM LOF’s default on December 31,
12 2008, that they were the holders and owners of the \$3.23 million note and related
13 mortgages, and as such they were entitled to enforce the \$3.23 million claim against
14 HW Partners and its guarantors for their benefit. The Receiver has disputed whether
15 such a permanent assignment took effect. The Receiver also has informally asserted
16 that he may be entitled to avoid any such assignment as a fraudulent transfer because
17 of the difference between the \$1 million loaned to WM LOF by the Hendricksons
18 and the \$3.23 million note assigned by WM LOF to the Hendricksons as collateral.

19 Subject to Court approval, the Receiver has agreed to a settlement with the
20 Hendricksons whereby the Receiver confirms and ratifies the permanent assignment
21 to and ownership by the Hendricksons of the \$3.23 million note and the mortgages,
22 effective as of January 1, 2009. The Hendricksons will pursue recovery from, among
23 others, HW Partners and the guarantors of the \$3.23 million note, and all funds
24 received by them will be split between the Hendricksons and the Receiver pursuant
25 to the settlement. The Receiver believes that the settlement is a fair and reasonable
26 compromise of claims by and against the Hendricksons, and is requesting approval
27 thereof.

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1 The Hendricksons' lawsuit is currently pending before the Bankruptcy Court
2 because, in mid-2011, HW Partners filed for bankruptcy. The Bankruptcy Court has
3 expressed concern that its issuance of rulings on issues not being resolved by the
4 Settlement Agreement might violate the injunction set forth in the judgment in this
5 case against the Westmoore defendants. To ensure that the Bankruptcy Court has the
6 authority to issue such rulings, the Receiver is requesting that the order approving the
7 Settlement Agreement provide that the injunction is modified to the extent necessary
8 for the continuation of the pending litigation and for the entry of rulings, decisions
9 and judgments with respect to the extent, nature, amount and priority of secured
10 claims against property of HW Partners' bankruptcy estate.

11 The motion is based on this notice, the motion and its accompanying
12 Memorandum of Points and Authorities, Declaration of David A. Gill, and Request
13 for Judicial Notice, the papers and pleadings filed with the Court in this case, and
14 such other papers and pleadings as may be properly presented to the Court in
15 connection with the motion.

16 **PLEASE TAKE FURTHER NOTICE** that a copy of the motion is available
17 for download at the Receiver's website: www.westmoorereceivership.com.

18 **PLEASE TAKE FURTHER NOTICE** that pursuant to an order of the Court,
19 the Receiver is authorized to serve this notice of the motion by posting the notice on
20 the Receiver's website. Service of the notice is deemed complete upon the posting of
21 the notice on the website.

22 **PLEASE TAKE FURTHER NOTICE** that pursuant to the Court's *Order*
23 *Granting Receiver's Motion for Order Limiting Meeting and Notice Requirements in*
24 *Local Rules 7-3 and 66-7, Establishing Procedures Re: the Sale of Real and*
25 *Personal Property and Approval of Settlements* (the "Procedural Order"), objections
26 to the relief requested by the Receiver must be (a) in writing and (b) filed with the
27 Court and served in accordance with the Court's Local Rules not later than fourteen
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1 (14) days from the date on which this notice was filed with the Court or, if later,
2 posted on the Receiver's website.

3 **PLEASE TAKE FURTHER NOTICE** that if an objection is timely filed and
4 served, the Receiver may file a reply and notice the matter for hearing. In that event,
5 a separate notice of the hearing will be filed and served.

6 **PLEASE TAKE FURTHER NOTICE** that if no objection is timely filed and
7 served, pursuant to the Procedural Order the Receiver will file an *ex parte* motion
8 with the Court requesting entry of an order granting the motion. A copy of the order
9 that the Receiver will request be entered is attached as Exhibit "1" to the motion.

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11 DATED: June 14, 2013

DANNING, GILL, DIAMOND &
KOLLITZ, LLP

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By: John N. Tedford IV
JOHN N. TEDFORD IV
Attorneys for David A. Gill, Receiver

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PROOF OF SERVICE

At the time of service, I was over 18 years of age and **not a party to this action**. I am employed in the County of Los Angeles, State of California. My business address is 1900 Avenue of the Stars, 11th Floor, Los Angeles, CA 90067-4402.

On June 14, 2013, I served true copies of the following document(s) described as **NOTICE OF MOTION BY RECEIVER FOR APPROVAL OF SETTLEMENT WITH LESTER AND BETSYDIANE HENDRICKSON, AND MODIFICATION OF INJUNCTION WITH RESPECT TO LITIGATION PENDING IN THE BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF WASHINGTON** on the interested parties in this action as follows:

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SEE ATTACHED SERVICE LIST

BY MAIL: I enclosed the document(s) in a sealed envelope or package addressed to the persons at the addresses listed in the Service List and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with Danning, Gill, Diamond & Kollitz, LLP's practice for collecting and processing correspondence for mailing. On the same day that the correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

BY CM/ECF NOTICE OF ELECTRONIC FILING: I electronically filed the document(s) with the Clerk of the Court by using the CM/ECF system. Participants in the case who are registered CM/ECF users will be served by the CM/ECF system. Participants in the case who are not registered CM/ECF users will be served by mail or by other means permitted by the court rules.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on June 14, 2013, at Los Angeles, California.

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PATRICIA MORRIS

1 Service List

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