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15 **Attorneys for Permanent Receiver - DAVID GILL**

16 UNITED STATES DISTRICT COURT  
17 CENTRAL DISTRICT OF CALIFORNIA

18 SECURITIES AND EXCHANGE  
19 COMMISSION

20 Plaintiffs,

21 vs.

22 WESTMOORE  
23 MANAGEMENT, LLC, et al

24 Defendants.

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

**RECEIVER'S NOTICE OF INTENT  
TO COMPROMISE LITIGATION**

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

25 **COMES NOW** David A. Gill, the permanent receiver for the Westmoore  
26 entities appointed in the above-captioned case (the "Receiver") and hereby provides  
27 notice pursuant to the Court's *Order Granting Receiver's Motion for Order Limiting*  
28 *Meeting and Notice Requirements in Local Rules 7-3 and 66-7, Establishing*  
*Procedures Re: the Sale of Real and Personal Property and Approval of Settlements*  
(the "Procedural Order") that the Receiver has reached a settlement and compromise

1  
2 of any and all claims between the Receiver and Pablo Villanueva and VP Investment  
3 Corp (the “Settling Parties”).

4 Based upon the investigation by the Receiver and his attorneys and agents, the  
5 Receiver believes that, in March 2006, Mr. Villanueva invested \$250,000 with an  
6 entity called Harry’s Pacific Grill, LLC (“HPG”). Although the first page of the  
7 promissory note relating to this investment identified only HPG as the contracting  
8 party, the signature page listed both HPG and Westmoore Food & Entertainment as  
9 borrowers. In April or May 2008, \$200,000 of this investment was “rolled” into a  
10 new investment with Westmoore Capital Group. Thereafter, Westmoore entities  
11 paid the Settling Party \$251,666.67 on account of that investment. In addition, in  
12 December 2006, an entity called EAP Financial (an entity affiliated with one of the  
13 Settling Parties) transferred \$100,000 to Westmoore Lending. Thereafter,  
14 Westmoore entities paid the Settling Party \$50,000 plus some relatively small  
15 distributions on account of that investment. The Settling Parties also made other  
16 investments in Westmoore and received payments from the Westmoore entities on  
17 account thereof.

18 The Receiver alleges that VP Investment received approximately \$160,000 in  
19 “net winnings” and that Mr. Villanueva received approximately \$300,000 in “net  
20 winnings” after giving him credit for the \$100,000 received from EAP. The  
21 Receiver’s suit against VP Investment was dismissed by the Court. With respect to  
22 the Receiver’s suit against Mr. Villanueva, Mr. Villanueva asserts, among other  
23 things, that he should be given credit for the \$250,000 he invested with HPG. The  
24 Receiver does not concede that Mr. Villanueva’s transactions with HPG should be  
25 taken into account, but if they are Mr. Villanueva appears to be a “net winner” in the  
26 amount of approximately \$77,000.  
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2 Subject to Court approval to be obtained in accordance with the procedures  
3 established by this Court, the Receiver has entered into a settlement agreement with  
4 the Settling Parties. The general terms of the settlement are that the Settling Parties  
5 will pay \$50,000 to the Receiver and the Settling Parties will release any and all  
6 claims they have against the Receivership Estate. In arriving at this settlement, the  
7 Receiver took into account a variety of factors typically considered by equity  
8 receivers and bankruptcy trustees, including but not limited to the additional legal  
9 fees and costs that would be incurred to litigate the matter, the complexity of the  
10 litigation involved, the probability of success on the merits, and the difficulties that  
11 would be encountered in collection. In that regard, the Receiver's settlement  
12 alleviates the need for the Receiver and his attorneys to incur substantial legal fees  
13 and costs that would be incurred conducting further discovery and going to trial to  
14 obtain what could ultimately be a \$77,000 judgment. Under the circumstances, in  
15 his business judgment, the Receiver believes that the proposed settlement is a fair  
16 and reasonable settlement of his claims against the Settling Parties.

17 In accordance with the terms of the Court-approved retention agreement of  
18 special litigation counsel Castillo Snyder P.C., from the payment received at closing  
19 of the settlement, the Receiver will pay 30% of the settlement amount in fees to  
20 Castillo Snyder for their work on this matter, in accordance with the Court-approved  
21 contingent fee agreement between the Receiver and said law firm. The Receiver  
22 will also reimburse Castillo Snyder and its local counsel actual costs incurred by  
23 them in connection with this matter.

24 **PLEASE TAKE FURTHER NOTICE** that pursuant to the Court's *Order*  
25 *Granting Receiver's Motion for Order Limiting Meeting and Notice Requirements in*  
26 *Local Rules 7-3 and 66-7, Establishing Procedures Re: the Sale of Real and*  
27 *Personal Property and Approval of Settlements* (the "Procedural Order"), the  
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2 Receiver will post a copy of this Notice available for download on the Receiver's  
3 website: [www.westmoorereceivership.com](http://www.westmoorereceivership.com). Service of the notice is deemed  
4 complete upon the posting of the notice on the website.

5 **PLEASE TAKE FURTHER NOTICE** that pursuant to the Court's  
6 Procedural Order, objections to the Receiver's proposed compromise with the  
7 Settling Parties must be (a) in writing and (b) filed with the Court and served in  
8 accordance with the Court's Local Rules not later than fourteen (14) days from the  
9 date on which this notice was filed with the Court or, if later, posted on the  
10 Receiver's website.

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

14 **PLEASE TAKE FURTHER NOTICE** that if no objection is timely filed  
15 and served, pursuant to the Procedural Order the Receiver will be authorized to  
16 proceed with the proposed compromise without further notice or order of the Court.  
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18 Dated: August 25, 2014

CASTILLO SNYDER, PC

19  
20 By: /s/ Edward C. Snyder  
21 Edward C. Snyder  
22 Counsel for Plaintiff

23 Dated: August 25, 2014

THE COOPER LAW FIRM, P.C.

24 By: /s/ Scott Cooper  
25 Scott Cooper  
26 Counsel for Plaintiff  
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