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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 AMENDED 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

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2 of any and all claims between the Receiver and Paul Bickford, Core Supply
3 Company, Inc., aka Core Supply, Heritage West Group, LLC, aka Heritage West and
4 Kendis Lescher, fka Kendis Bickford (the “Settling Parties”).

5 Based upon the investigation by the Receiver and his attorneys and agents, the
6 Receiver believes that in June 2007 defendant Paul Bickford and non-defendant
7 Kendis Bickford (the “Bickfords”) acquired a 9% ownership interest in a San Diego
8 apartment building. The purchase price for their 9% interest was \$447,000, which
9 they satisfied by paying \$149,912.12 cash as part of a “1031 exchange” and
10 executing a promissory note (later assigned to Westmoore) for the balance of
11 \$297,087.68. The Bickfords made no payments under the note, even after they sold
12 their 9% interest in early 2010 for \$250,000. The Receiver filed a complaint against
13 Paul Bickford to recover the balance due under the note.

14 In August 2014, the Receiver filed a motion for summary judgment against
15 Paul Bickford. Mr. Bickford did not respond. Shortly before the hearing, Mr.
16 Bickford filed a motion for leave to file an opposition, alleging that it was his
17 attorney’s fault that an opposition was not filed. The Court granted the motion and
18 rescheduled the hearing. Mr. Bickford filed an opposition, alleging that Westmoore
19 and he had agreed that he would not have to pay back the note unless and until the
20 apartment building was sold for a profit. Prior to the hearing, the Receiver and Mr.
21 Bickford agreed to a settlement of the Receiver’s claims.

22 Subject to Court approval to be obtained in accordance with the procedures
23 established by this Court, the Receiver has entered into a settlement agreement with
24 the Settling Parties. The general terms of the settlement are that Mr. Bickford will
25 pay \$17,500 to the Receiver within ten days of approval of the settlement. Core
26 Supply and Heritage West Group are parties to the settlement because the Receiver
27 insisted that those entities (with which Mr. Bickford is affiliated) expressly release
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2 any and all claims against Westmoore’s receivership estate as part of the settlement,
3 and those releases will be effective upon approval of the settlement. Upon payment
4 in full, the Receiver will release the Settling Parties of any and all claims.

5 In arriving at this settlement, the Receiver took into account a variety of
6 factors typically considered by equity receivers and bankruptcy trustees, including
7 but not limited to the additional legal fees and costs that would be incurred to
8 litigate the matter, the complexity of the litigation involved, the probability of
9 success on the merits, and the difficulties that would be encountered in collection.
10 In that regard, although the Receiver is confident that judgment ultimately would be
11 entered against Mr. Bickford, the Receiver considered, on a confidential basis and
12 for settlement purposes only, financial information and documents provided by Mr.
13 Bickford pursuant to which the Receiver could evaluate difficulties that would be
14 encountered in collection. Under the circumstances, in his business judgment, the
15 Receiver believes that the proposed settlement is a fair and reasonable settlement of
16 his claims against the Settling Parties.

17 The Receiver has been represented in this matter by special litigation counsel
18 Castillo Snyder P.C. In accordance with the terms of Castillo Snyder’s retention
19 agreement approved by the Court in August 2012, Castillo Snyder is entitled to
20 payment of 35% of the net proceeds to be received by the Receiver from the Settling
21 Parties. The “net proceeds” is the amount equal to the gross amounts received by
22 the Receiver, less out-of-pocket expenses incurred and advanced by the firm for the
23 prosecution of the case that resulted in the recovery.

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

