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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

**NOTICE OF MOTION OF DAVID
A. GILL, RECEIVER, FOR
APPROVAL OF SETTLEMENT
RE: SECURITY INTERESTS IN
WESTMOORE'S SHARES OF
COMMON STOCK IN LILIS
ENERGY, INC.**

Date: December 10, 2018
Time: 10:00 a.m.
Place: Courtroom 10D
411 West Fourth Street
Santa Ana, California

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20 **PLEASE TAKE NOTICE** that on December 10, 2018, at 10:00 a.m., in
21 Courtroom 10D of the United States District Court for the Central District of
22 California, located at 411 West Fourth Street, Santa Ana, California, David A. Gill,
23 the permanent receiver (the "Receiver") for certain entities generally referred to as
24 "Westmoore," will move the Court for an order approving a proposed *Settlement*
25 *Agreement* (the "Agreement") pursuant to which the Receiver will transfer all of
26 Westmoore's right, title and interest in 57,081 shares of common stock in Lilis
27 Energy, Inc. (respectively, the "Lilis Shares" and "Lilis") to Jeffrey I. Golden, the
28 chapter 7 trustee (the "Trustee") for the estate of GM Funding, LLC, to be liquidated

1 by the Trustee in accordance with the Agreement. The parties to the agreement are
2 (a) the Receiver, (b) the Trustee, (c) True Capital Management, LLC, (d) Michael
3 Coleman, and (e) Matthew and Tammy Hensel.¹

4 The Receiver also requests that the Court’s order authorize and direct Lilis and
5 the transfer agent, Corporate Stock Transfer, to cooperate with the Receiver and the
6 Trustee to effectuate the transfer of the Lilis Shares to the Trustee, including with
7 respect to the removal of restrictive legends on the stock certificates and, if requested
8 by the Trustee, reissuance of stock certificates in the name of the Trustee.

9 If the Agreement is not approved, the Receiver requests authority to not
10 administer the Lilis Shares. In that event, control over the Lilis Shares will revert to
11 Westmoore when the Receiver is discharged at the end of this case. All creditors
12 with security interests in the Lilis Shares then will be able to try to enforce their
13 rights under applicable law.

14 The motion is based on the following grounds: Prior to the cessation of its
15 business in 2009, Westmoore acquired shares of common stock in a thinly publicly
16 traded company known at the time as Universal Holdings, Inc. The company is now
17 named Lilis Energy, Inc. Its common stock is listed on the NYSE American under
18 the symbol “LLEX.” On November 2, 2018, the last reported sales price of the
19 common stock was \$3.10 per share.

20 The following Westmoore entities own the following Lilis Shares:

21	Westmoore Lending Opportunity Fund, LLC	10,763
22	Westmoore Lending, LLC	28,193
23	Westmoore Management, LLC	18,125

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27 ¹ To the best of the Receiver’s knowledge, none of the settling parties were
28 employees or relatives of employees of Westmoore.

1 The Receiver has obtained new stock certificates identifying Lilis as the issuer and
2 identifying the number of shares currently held by each Westmoore entity. Based on
3 the November 2 closing price, the 57,081 shares are worth about \$177,000.

4 The Receiver has not sought to sell the shares because, among other things,
5 until recently the shares did not appear to have sufficient market value to warrant the
6 costs that would be incurred by the Receiver in liquidating the shares, and because
7 they appear to be encumbered. In the process of bringing this case to a close, the
8 Receiver considered interpleading the stock certificates so that secured parties could
9 resolve who amongst them is entitled to recover any proceeds. Before doing so, to
10 alleviate the burden on the investors and the Court, the Receiver reached out to the
11 investors who appear to have colorable claims that they hold security interests in the
12 Lilis Shares and filed broad UCC-1 financing statements that were in effect when the
13 Receiver was appointed.

14 In the motion, the Receiver is requesting approval of his proposed settlement
15 with those investors. If for any reason the Court does not approve the agreement, the
16 Receiver requests authority to not administer the Lilis Shares. In that event, control
17 over the Lilis Shares will revert to Westmoore when the Receiver is discharged and
18 secured parties will be able to enforce whatever rights they have in the Lilis Shares
19 under applicable law.

20 The motion is based on this notice, the motion and its accompanying
21 Memorandum of Points and Authorities and declaration of David A. Gill, the papers
22 and pleadings filed with the Court in this case, and such other papers and pleadings
23 as may be properly presented to the Court at or before the hearing on the motion.

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

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

3 **PLEASE TAKE FURTHER NOTICE** that Local Rule 7-9 requires that, not
4 later than 21 days before the date designated for the hearing on the motion, any party
5 who opposes the motion must file with the Court, and serve upon the Receiver, a
6 written opposition together with all evidence upon which the party intends to rely
7 support of its opposition. Failure to timely comply with this requirement may be
8 deemed by the Court to constitute consent to the granting of the motion.

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10 DATED: November 9, 2018

DANNING, GILL, DIAMOND &
KOLLITZ, LLP

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By: /s/ John N. Tedford, IV

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JOHN N. TEDFORD IV

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Attorneys for David A. Gill, Receiver

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