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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.

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]*

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18 **COMES NOW** David A. Gill, the permanent receiver for the Westmoore
19 entities appointed in the above-captioned case (the "Receiver") and hereby provides
20 notice pursuant to the Court's *Order Granting Receiver's Motion for Order Limiting*
21 *Meeting and Notice Requirements in Local Rules 7-3 and 66-7, Establishing*
22 *Procedures Re: the Sale of Real and Personal Property and Approval of Settlements*
23 (the "Procedural Order") that the Receiver has reached a settlement and compromise
24 of any and all claims between the Receiver and one of the former professional firms

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1 and its principals that provided services to the Westmoore entities prior to the
2 institution of the Receivership (the "Settling Parties").¹

3 The general terms of the settlement are that the Settling Parties will pay an
4 aggregate of \$275,000 to the Receiver and one of Westmoore's investors who also
5 asserted claims against them.² Of this amount, the Receivership Estate will receive
6 approximately \$200,920.13, including \$95,360.13 of a \$125,000 initial payment to
7 be made by the Settling Parties at closing of the settlement. The remainder will be
8 paid in monthly payments over 30 months, with the first payment being due on
9 November 20, 2013 and subsequent monthly payments being due on the 20th day
10 of each succeeding month.

11 The financed payments will be secured by a UCC-1 financing statement on all
12 of the assets of the former professional firm; moreover, the principals of the
13 former professional firm are personally liable for the debt jointly and severally.

14 In accordance with the terms of the Court-approved retention agreement of
15 special litigation counsel Castillo Snyder P.C., from the initial payment received at
16 closing of the settlement, the Receiver will reimburse Joaquin de Teresa, who funded
17 Castillo Snyder's initial investigation of claims being asserted by the Receiver
18 against multiple parties, the amount of \$25,000.³ From the settlement funds the
19 Receiver will also pay \$44,740.35 in fees and expenses to Castillo Snyder for their
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21 ¹ The settlement agreement provides that, to the extent reasonably practicable, the
22 agreement and its provisions are confidential. Therefore, for purpose of this publicly
23 filed notice, Westmoore's former professional and its principals are referred to only
as the Settling Parties.

24 ² Claims asserted by the investor were independent of the Receiver's claims, and
25 did not relate to his investment in a Receivership entity. The claims were asserted by
26 the Receiver and the investor simultaneously for purposes of efficiency.

27 ³ Mr. De Teresa advanced a total of \$50,299.58. Mr. De Teresa has agreed to
28 accept reimbursement of \$25,000 of such amount from the settlement proceeds to be
paid by the Settling Parties, with the balance of \$25,299.58 to be reimbursed by the
Receiver from other settlement proceeds in the future. This increases the amount of
funds retained by the Receivership Estate under the instant settlement.

1 work on this matter, in accordance with the Court-approved contingent fee
2 agreement between the Receiver and said law firm.

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

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

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

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1 **PROOF OF SERVICE**

2 At the time of service, I was over 18 years of age and **not a party to this action**. I am
3 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.

4 On November 13, 2013, I served true copies of the following document(s) described as
5 **RECEIVER'S NOTICE OF INTENT TO COMPROMISE LITIGATION** on the interested
parties in this action as follows:

6 **BY MAIL:** I enclosed the document(s) in a sealed envelope or package addressed to
7 the persons at the addresses listed in the Service List and placed the envelope for collection and
8 mailing, following our ordinary business practices. I am readily familiar with Danning, Gill,
9 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.

10 Parties requesting service of notices by mail
11 Eleanor M. Egan Living Trust
12 Attn: Elanor Egan, Trustee
1893 Parkview Circle
Costa Mesa, CA 92627

Physllis Fredericks
3718 Oakview Court
Fallbrook, CA 92028

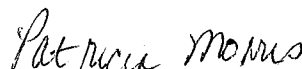
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14 **BY CM/ECF NOTICE OF ELECTRONIC FILING:** I electronically filed the
15 document(s) with the Clerk of the Court by using the CM/ECF system. Participants in the case
16 who are registered CM/ECF users will be served by the CM/ECF system. Participants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

17 **BY OVERNIGHT DELIVERY:** I enclosed said document(s) in an envelope or
18 package provided by the overnight service carrier and addressed to the persons at the addresses
19 listed in the Service List. I placed the envelope or package for collection and overnight delivery at
an office or a regularly utilized drop box of the overnight service carrier or delivered such
document(s) to a courier or driver authorized by the overnight service carrier to receive documents.

20 Via FedEx:
21 Hon. Andrew J. Guilford
22 United States District Court
411 West Fourth Street, Ctrm. 10D
Santa Ana, CA 92701-4516

23
24 I declare under penalty of perjury under the laws of the State of California that the
foregoing is true and correct.

25 Executed on November 13, 2013, at Los Angeles, California.

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Patricia Morris