

UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**MOTION FOR ORDER AUTHORIZING LISTING FOR SALE AND MARKETING OF
REAL PROPERTY COMMONLY KNOWN AS 3905 MARCUS AVENUE, NEWPORT
BEACH, CALIFORNIA BY RECEIVER**

Temporary Receiver Robb Evans & Associates LLC (“Receiver”), appointed pursuant to the Ex Parte Temporary Restraining Order With Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Receiver and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (Doc. 13) (“TRO”), extended pursuant to the Extension of Temporary Restraining Order and Interim Preliminary Injunction (Doc. 34) (“Interim Preliminary Injunction”), hereby moves the Court for an order authorizing listing for sale and marketing the real property commonly known as 3905 Marcus Avenue, Newport Beach, California (“Marcus Property”) held in the name of 3905 Marcus, LLC which has been determined by the Receiver to be a Receivership Entity as explained in the Memorandum filed concurrently herewith in support of the Motion.

Pursuant to this Motion, the Receiver seeks an order providing that: (1) the Receiver be permitted to engage a qualified real estate broker with experience and expertise in the Newport Beach residential real estate market providing for a broker’s commission not to exceed an aggregate of 6% of the sales price to list and market for sale the Marcus Property at a price to be determined in the Receiver’s sole opinion and judgment, in consultation with its listing broker;

(2) in setting a sales price and marketing the Marcus Property, the Receiver shall obtain no less than two certified appraisals and one broker's opinion of value for the Marcus Property; (3) the Receiver shall have sole authority with respect to the marketing and sale of the Marcus Property and be authorized to conditionally accept the highest and best offer for the property in the Receiver's sole opinion and judgment, provided however the acceptance of an offer and completion of a sale shall be subject to entry of an order of the Court in this action approving and confirming such sale after a motion brought on notice to the parties pursuant to 28 U.S.C. §2001; and (4) the net proceeds from the sale of the Marcus Property shall be paid to the Receiver and be the sole and exclusive property of the receivership estate.

This Motion is made and based upon the Memorandum in support of the Motion and the Declaration of Brick Kane which are filed and served concurrently herewith.

Dated: June 17, 2019

By: /s/ Gary Owen Caris

Gary Owen Caris, Calif. Bar No. 088918
Admitted Pro Hac Vice 11/30/18
BARNES & THORNBURG LLP
2029 Century Park East, Suite 300
Los Angeles, CA 90067
Telephone: (310) 284-3880
Facsimile: (310) 284-3894
Email: gcaris@btlaw.com

By: /s/ James E. Van Horn

James E. Van Horn (Bar No. 29210)
BARNES & THORNBURG LLP
1717 Pennsylvania Avenue, NW,
Suite 500
Washington, DC 20006
Telephone: (202) 371-6351
Facsimile: (202) 289-1330
Email: jvanhorn@btlaw.com

14632345v1

Attorneys for Temporary Receiver, Robb
Evans & Associates LLC

UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**TEMPORARY RECEIVER’S MEMORANDUM IN SUPPORT OF MOTION FOR
ORDER AUTHORIZING LISTING FOR SALE AND MARKETING OF REAL
PROPERTY COMMONLY KNOWN AS 3905 MARCUS AVENUE, NEWPORT BEACH,
CALIFORNIA BY RECEIVER**

Temporary Receiver Robb Evans & Associates LLC submits the following memorandum in support of its motion for an order authorizing listing for sale and marketing the real property commonly known as 3905 Marcus Avenue, Newport Beach, California (“Marcus Property”).

I. INTRODUCTION AND STATEMENT OF FACTS

The Temporary Receiver, Robb Evans & Associates LLC (“Receiver”) was appointed as Temporary Receiver in this action pursuant to the Ex Parte Temporary Restraining Order with Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Receiver, and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (“TRO”) issued by the Court on November 5, 2018 (Doc. 13). Under the TRO, the Receiver became temporary receiver over all named Corporate Defendants (except for Atlantic International Bank, Ltd.) and over the assets of Andris Pukke (“Pukke”) and Peter Baker (“Baker”) valued at \$1,000 or more. The TRO was extended by the Extension of Temporary Restraining Order and Interim Preliminary Injunction (Doc. 34) filed November 29, 2018 (“Interim Preliminary Injunction”).

The FTC filed a motion to amend the Complaint and a proposed Amended Complaint for Permanent Injunction and Other Equitable Relief (“Amended Complaint”) on December 28,

2018 adding Michael Santos (“Santos”) and Newport Land Group, LLC (“NLG”) as defendants (Doc. 87). The Court granted the motion to amend on January 11, 2019 (Doc.107). On February 13, 2019 the Court entered a Stipulated Preliminary Injunction as to Santos and Defendants Rod Kazazi, Foundation Partners, Brandi Greenfield, BG Marketing LLC, Frank Costanzo, Deborah Connelly, Ecological Fox LLC, Angela Chittenden, and Beach Bunny Holdings LLC (Doc. 164) (“Stipulated Preliminary Injunction”). Under the Stipulated Preliminary Injunction, the Receiver remained as receiver over the stipulating Receivership Entities BG Marketing, LLC, Ecological Fox, LLC, and Foundation Partners, and NLG was expressly added as a named Receivership Entity. The Receiver remains temporary receiver over the remaining Receivership Entities named in the TRO and over the assets of Pukke and Baker.

A. 3905 Marcus, LLC

The holder of record title on the Marcus Property is 3905 Marcus, LLC (“Marcus LLC”). As set forth in more detail below in section I.B., Marcus LLC acquired the Marcus Property on November 1, 2017. According to corporate documents which the Receiver located at the premises of the Receivership Entities at the inception of the receivership, including a document entitled “Limited Liability Company Agreement of 3905 Marcus, LLC A California Limited Liability Company” (“Marcus LLC Operating Agreement”) and Board Resolution dated October 24, 2017 (“Marcus Board Resolution”), the sole owner of record of Marcus LLC was Relief Defendant Angela Chittenden (“Chittenden”) and the sole Manager of Marcus LLC was Defendant Rod Kazazi (“Kazazi”). The Board Resolution provided that Kazazi had sole authority to sign all agreements related to the purchase of the Marcus Property, including the purchase agreement and loan documents. At all relevant times, Chittenden was the putative spouse of Pukke and mother of two of his children. Based on this information, as well as the Receiver’s preliminary forensic accounting investigation, early in the receivership the Receiver

determined that Marcus LLC should be considered a non-party Receivership Entity. Section XVI.W of the TRO authorized the Receiver to determine if any non-party was a Receivership Entity and, if so, treat that entity as a Receivership Entity and exercise all of its rights and duties specified in the TRO as to that non-party Receivership Entity. On December 11, 2018, counsel for the Receiver advised the parties to the lawsuit and various other parties in interest of this determination as required by Section XVI.X of the TRO. In that letter, the Receiver advised the parties this determination could be challenged by filing a motion with the Court. No such motion was ever filed. A copy of this letter is attached to the accompanying declaration of Brick Kane (“Kane Declaration”) as Exhibit 1. The only known asset in the name of Marcus LLC is the Marcus Property.

B. Acquisition of the Marcus Property was Funded by the Receivership Entities

Since the inception of the receivership estate, the Receiver has undertaken an extensive review and detailed analysis of the Receivership Entities’ financial records, banking records and other business records and files, including a review of the documents pertaining to Marcus LLC. In addition, the Receiver, through counsel, has subpoenaed the escrow file maintained by Orange Coast Title Company (“Orange Coast Title”) in connection with Marcus LLC’s acquisition of the Marcus Property. Orange Coast Title was the escrow company that handled the sales transaction pursuant to which Marcus LLC acquired the Marcus Property on or about November 1, 2017. Based on its review of these various records, the Receiver has determined that the Marcus Property was acquired by Marcus LLC from Hoag Hospital Foundation, a California nonprofit public benefit corporation, for \$1,500,000. The acquisition was funded by a down payment of \$70,000 and a loan from the Cloughesy Family Trust of 1996 by Timothy Cloughesy, its Trustee (“Cloughesy Loan”) in the amount of \$1,430,000. In addition to the down payment of \$70,000, Marcus LLC was obligated to pay various loan charges and closing costs totaling \$53,041.48.

The down payment, loan charges and closing costs totaled \$123,041.48. The Receiver has determined from its review of the Receivership Entities' financial records, banking records, and Orange Coast Title's escrow file that the entire \$123,041.48 payment was made by Buy International, Inc. ("Buy International"), a named Defendant in this action and a Receivership Entity.

Under the terms of the Cloughesy Loan, interest-only monthly payments of \$11,916.67 were due beginning December 1, 2017 for eleven months, with the loan fully maturing and all due on November 1, 2018, which was just days before the Receiver's appointment. Based on its review of the Receivership Entities' financial records, the Receiver also determined that all eleven monthly payments due for the period from December 1, 2017 through October 1, 2018 in the sum of \$131,083.37 were also paid by Receivership Entity Buy International.¹

The Receivership Entities' financial records further evidence that during the period following the acquisition of the Marcus Property on November 1, 2017 until the Receiver's appointment on November 6, 2018, Buy International paid another \$87,065.52 for the benefit of the Marcus Property, including the payment of property taxes and payments to Wolf Design Studio, apparently for design fees.

Therefore, all of the funding for the Marcus Property, other than the Cloughesy Loan, came from Buy International, a named Receivership Entity. This serves as further support for the determination that Marcus LLC and the Marcus Property, its sole asset, properly belong in the receivership estate.

¹ The actual amount paid on the Cloughesy Loan was \$131,218.37. It is uncertain why an additional \$135.00 was paid on the Cloughesy Loan by Buy International.

C. The Receiver is Unable to Obtain a Stipulation for an Order Permitting it to Market and Sell the Marcus Property

The Court may recall that the Receiver entered into a stipulation permitting it to list for sale and market other real property determined to be property of the receivership estate, the residential real property at 1833 Port Barmouth Place, Newport Beach, California (“Port Barmouth Property”) which was held in the name of Chittenden’s AAC Family HYCET Trust Dated October 7, 2015. This led to prompt entry of an order approving the stipulation and second order approving and confirming the sale of the Port Barmouth Property (Docs. 193 and 464), which is scheduled to be completed in the immediate future. The Receiver hoped to enter into a similar stipulation regarding the Marcus Property, but has been stymied in its efforts to do so.

First, the Receiver attempted to enter into a stipulation with Kazazi as the Manager of Marcus LLC. However, the Receiver determined that Kazazi resigned as Manager of Marcus LLC approximately one week after the FTC’s lawsuit was brought. It then sought a stipulation with Chittenden as the purported sole owner of record of the Marcus LLC. However, Chittenden has indicated to the Receiver, through counsel, that she never owned the Marcus LLC or the Marcus Property. She also has stated under oath that her signatures on the Operating Agreement and Board Resolution are forged and that she did not authorize anyone to sign on her behalf. Chittenden has provided a declaration to the Receiver attesting to the forged documentation pertaining to Marcus LLC which is attached to the Kane Declaration as Exhibit 2.

Therefore, there is no known Manager or Member of Marcus LLC of record that can validly sign a stipulation for an order to list for sale and market the Marcus Property and the Receiver brings this Motion to seek such an order.

II. THE RECEIVER SEEKS AN ORDER PERMITTING IT TO PROMPTLY COMMENCE EFFORTS TO LIST FOR SALE AND MARKET THE MARCUS PROPERTY

The Receiver seeks an order providing that: (1) the Receiver be permitted to engage a qualified real estate broker with experience and expertise in the Newport Beach residential real estate market providing for a broker's commission not to exceed an aggregate of 6% of the sales price to list and market for sale the Marcus Property at a price to be determined in the Receiver's sole opinion and judgment, in consultation with its listing broker; (2) in setting a sales price and marketing the Marcus Property, the Receiver shall obtain no less than two certified appraisals and one broker's opinion of value for the Marcus Property; (3) the Receiver shall have sole authority with respect to the marketing and sale of the Marcus Property and be authorized to conditionally accept the highest and best offer for the property in the Receiver's sole opinion and judgment, provided however the acceptance of an offer and completion of a sale shall be subject to entry of an order of the Court in this action approving and confirming such sale after a motion brought on notice to the parties pursuant to 28 U.S.C. §2001; and (4) the net proceeds from the sale of the Marcus Property shall be paid to the Receiver and be the sole and exclusive property of the receivership estate.

The Receiver asserts that this relief is needed as soon as practicable and if possible prior to the Court's determination of whether a preliminary injunction should issue and the Receiver be made permanent receiver in this matter.² There are several reasons for this. Based on the current amount of unpaid debt owed on the Cloughesy Loan (\$1,430,000 plus accrued interest) and the Receiver's preliminary value analysis, there is believed to be at least \$400,000 equity in

² The Court has indicated in its June 4, 2019 Memorandum Order that its opinion addressing the Motion for Preliminary Injunction will be issued no later than mid-August (Doc. 487).

the Marcus Property, but this is not an overwhelming equity cushion for the holder of the Cloughesy Loan based on the unpaid amount of the loan. The continued accrual of interest on the Cloughesy Loan and real property taxes erodes this equity to the detriment of the receivership estate. Payment of maintenance expenses and insurance further diminishes receivership estate resources. There is also an inherent risk in delay before liquidating real estate which is always subject to substantial market fluctuation. In addition, the Cloughesy Loan has fully matured by its terms on November 1, 2018. In late April 2019, the Receiver was contacted by Lisa Cloughesy, identifying herself and her husband Timothy Cloughesy as the lenders, and expressing concern and impatience regarding repayment. Finally, the Receiver has had unsolicited expressions of interest from potential buyers of the Marcus Property. All of these reasons support an order authorizing the Receiver to market the Marcus Property without waiting for entry of an order making the Receiver a permanent receiver or waiting for a final judgment.³

Real estate or personal property in the hands of a receiver pendente lite, deteriorating and depreciating in value, requiring funds to insure and guard it, and no one being obliged to advance such funds, and which must ultimately be sold, may be sold before final hearing.

2 *Clark on Receivers*, § 510(b) (3rd ed. 1959).

This is consistent with the Receiver's duties under the TRO which directs and authorizes the Receiver to “. . . prevent the loss of all Assets of the receivership estate, and perform all acts necessary or advisable to preserve the value of those Assets.” TRO, section XVI.D.

³ In the Court's Memorandum Order (Doc. 487), the Court advised that the merits trial in this case will not commence until the end of January, 2020.

As was noted in *Securities and Exchange Commission v. Hardy*, 803 F. 2d 1034, 1037 (9th Cir. 1986): “A district court’s power to supervise an equity receivership and to determine the appropriate action to be taken in the administration of the receivership is extremely broad” and subject to review under an abuse of discretion standard. See also *United States v. Branch Coal Corp.*, 390 F. 2d 7 (3rd Cir. 1968) (court granted discretion in setting the terms and conditions for judicial sales and the court’s discretion will not be disturbed on appeal absent abuse of discretion). Under the circumstances, the Court should permit the Receiver to begin the process of listing for sale and marketing the Marcus Property under the proposed terms and conditions set forth in this Motion.

III. CONCLUSION

For the reasons set forth herein, it is respectfully requested that the Court issue an order granting this Motion and allowing the Receiver to list for sale and market the Marcus Property.

Dated: June 17, 2019

By: /s/ Gary Owen Caris

Gary Owen Caris, Calif. Bar No. 088918
Admitted Pro Hac Vice 11/30/18
BARNES & THORNBURG LLP
2029 Century Park East, Suite 300
Los Angeles, CA 90067
Telephone: (310) 284-3880
Facsimile: (310) 284-3894
Email: gcaris@btlaw.com

By: /s/ James E. Van Horn

James E. Van Horn (Bar No. 29210)
BARNES & THORNBURG LLP
1717 Pennsylvania Avenue, NW,
Suite 500
Washington, DC 20006
Telephone: (202) 371-6351
Facsimile: (202) 289-1330
Email: jvanhorn@btlaw.com

Attorneys for Temporary Receiver, Robb
Evans & Associates LLC

14618447v1

UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

**DECLARATION OF BRICK KANE IN SUPPORT OF MOTION FOR ORDER
AUTHORIZING LISTING FOR SALE AND MARKETING OF REAL PROPERTY
COMMONLY KNOWN AS 3905 MARCUS AVENUE, NEWPORT BEACH,
CALIFORNIA BY RECEIVER**

I, Brick Kane, declare:

1. I am the President of Robb Evans & Associates LLC (“Receiver”), the Temporary Receiver in this action. This lawsuit was commenced on October 31, 2018 by the Federal Trade Commission (“FTC”) on October 31, 2018 with its filing of a Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”). The lawsuit named 17 entity defendants and seven individual defendants, in addition to five relief defendants. The Court issued its Ex Parte Temporary Restraining Order With Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Restraining Order and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue (“TRO”) on November 5, 2019. Under the TRO, the Receiver became temporary receiver over all named Corporate Defendants except for Atlantic International Bank, Ltd. (“AIBL”) and over the assets of Andris Pukke (“Pukke”) and Peter Baker (“Baker”) valued at \$1,000 or more. The Court extended the duration of the TRO pursuant to an Extension of Temporary Restraining Order and Interim Preliminary Injunction on November 20, 2018. The FTC filed a motion to amend the Complaint and a proposed Amended Complaint for Permanent Injunction and Other Equitable Relief (“Amended

Complaint”) on December 28, 2018 adding Michael Santos and Newport Land Group, LLC (“NLG”) as defendants. The Court granted the motion to amend on January 11, 2019. On February 13, 2019 the Court entered a Stipulated Preliminary Injunction as to Defendants Rod Kazazi, Foundation Partners, Brandi Greenfield, BG Marketing LLC, Frank Costanzo, Deborah Connelly, Ecological Fox LLC, Michael Santos, Angela Chittenden, and Beach Bunny Holdings LLC (“Stipulated Preliminary Injunction”). Under the Stipulated Preliminary Injunction, the Receiver remained as receiver over the stipulating Receivership Entities BG Marketing, LLC, Ecological Fox, LLC, and Foundation Partners, and NLG was expressly added as a named Receivership Entity. The Receiver remains temporary receiver over the remaining Receivership Entities named in the TRO and over the assets of Pukke and Baker.

2. I have been one of the members of Robb Evans & Associates LLC primarily responsible for the supervision, management and administration of the receivership estate, the Receiver’s taking possession and control of the business and operations of the Receivership Entities, as defined in the TRO, the review and investigation of the business, operations and assets of the Receivership Entities and the individuals whose assets are under receivership, and the Receiver’s exercise of the other powers and duties set forth in the TRO and Stipulated Preliminary Injunction. I have been involved in the Receiver’s ongoing review and detailed analysis of the Receivership Entities’ financial records, banking records, and other business records and files. I was personally involved in the preparation and review of the Receiver’s Report of Activities for the Period From November 6, 2018 to February 21, 2019 (“Receiver’s Report”) filed on February 22, 2019. I have personal knowledge of the matters set forth in this declaration and if I were called upon to testify as to these matters I could and would competently testify thereto based on my personal knowledge.

3. Since the inception of the receivership estate, the Receiver has undertaken an extensive review and detailed analysis of the Receivership Entities' financial records, banking records, and other business records and files, including a review of financial records, banking records and other documents pertaining to 3905 Marcus LLC ("Marcus LLC") and Marcus LLC's acquisition of the real property commonly known as 3905 Marcus Avenue, Newport Beach, California ("Marcus Property"). In addition, the Receiver, through counsel, has subpoenaed the escrow file maintained by Orange Coast Title Company ("Orange Coast Title") in connection with Marcus LLC's acquisition of the Marcus Property. Orange Coast Title was the escrow company that handled the sales transaction pursuant to which Marcus LLC acquired the Marcus Property on November 1, 2017.

4. The initial phase of the Receiver's ongoing forensic accounting work is reflected in the Receiver's Report. The Receiver is in the process of completing its second report to the Court, which will be filed shortly. The second report will describe and provide evidence for the additional diversion of funds from the Receivership Entities to other persons and entities for Pukke's direct or indirect benefit, including payments made to acquire, pay the secured loan on, and improve the Marcus Property. These payments are described in detail in this declaration.

5. Based on the Receiver's review of public records and the Orange Coast Title escrow file, the Receiver confirmed that the holder of record title on the Marcus Property is Marcus LLC and that Marcus LLC acquired the Marcus Property on November 1, 2017. According to corporate documents which the Receiver located at the premises of the Receivership Entities at the inception of the receivership, including a document entitled "Limited Liability Company Agreement of 3905 Marcus, LLC A California Limited Liability Company" ("Marcus LLC Operating Agreement") and Board Resolution dated October 24, 2017 ("Marcus

Board Resolution”), the sole owner of record of Marcus LLC was Relief Defendant Angela Chittenden (“Chittenden”) and the sole Manager of Marcus LLC was Defendant Rod Kazazi (“Kazazi”). The Board Resolution provided that Kazazi had sole authority to sign all agreements related to the purchase of the Marcus Property, including the purchase agreement and loan documents. At all relevant times, Chittenden was the putative spouse of Pukke and mother of two of his children. Based on this information, as well as the Receiver’s preliminary forensic accounting investigation, early in the receivership the Receiver determined that Marcus LLC should be considered a non-party Receivership Entity. Section XVI.W of the TRO authorized the Receiver to determine if any non-party was a Receivership Entity and, if so, treat that entity as a Receivership Entity and exercise all of its rights and duties specified in the TRO as to that non-party Receivership Entity. On December 11, 2018, counsel for the Receiver advised the parties to the lawsuit and various other parties in interest of this determination as required by Section XVI.X of the TRO. In that letter, the Receiver advised the parties this determination could be challenged by filing a motion with the Court. No such motion was ever filed. A true and copy of this letter is attached hereto as Exhibit 1. The only known asset in the name of Marcus LLC is the Marcus Property.

6. Based on its review of the various records described above, including the Receivership Entities’ financial records, banking records, and Orange Coast Title escrow file, the Receiver determined that the Marcus Property was acquired by Marcus LLC from Hoag Hospital Foundation, a California nonprofit public benefit corporation, for \$1,500,000. The acquisition was funded by a down payment of \$70,000 and a loan from the Cloughesy Family Trust of 1996 by Timothy Cloughesy, its Trustee (“Cloughesy Loan”) in the amount of \$1,430,000. In addition to the down payment of \$70,000, Marcus LLC was obligated to pay various loan charges and

closing costs totaling \$53,041.48. The down payment, loan charges and closing costs totaled \$123,041.48. The Receiver has determined from its review of the Receivership Entities' financial records, banking records, and Orange Coast Title's escrow file that the entire \$123,041.48 payment was made by Buy International, Inc. ("Buy International"), a named Defendant in this action and a Receivership Entity.

7. Under the terms of the Cloughesy Loan, a copy of which was located in the Orange Coast Title escrow file, interest-only monthly payments of \$11,916.67 were due beginning December 1, 2017 for eleven months, with the loan fully maturing and all due on November 1, 2018, which was just days before the Receiver's appointment. Based on its review of the Receivership Entities' financial records, the Receiver also determined that all eleven monthly payments due for the period from December 1, 2017 through October 1, 2018 in the sum of \$131,083.37 were also paid by Receivership Entity Buy International. The actual amount paid on the Cloughesy Loan was \$131,218.37. The Receiver does not know why an additional \$135.00 was paid on the Cloughesy Loan by Buy International.

8. The Receivership Entities' financial records further evidence that during the period following the acquisition of the Marcus Property on November 1, 2017 until the Receiver's appointment on November 6, 2018, Buy International paid another \$87,065.52 for the benefit of the Marcus Property, including the payment of property taxes and payments to Wolf Design Studio, apparently for design fees. Therefore, all of the funding for the Marcus Property, other than the Cloughesy Loan, came from Buy International, a named Receivership Entity.

9. The Receiver attempted to enter into a stipulation with Kazazi as the Manager of Marcus LLC which would permit the Receiver to list for sale and market the Marcus Property. However, the Receiver determined that Kazazi resigned as Manager of Marcus LLC

approximately one week after the FTC's lawsuit was brought. It then sought a stipulation with Chittenden as the purported sole owner of record of the Marcus LLC. However, Chittenden has indicated to the Receiver, through counsel, that she never owned the Marcus LLC or the Marcus Property. She also has stated under oath that her signatures on the Operating Agreement and Board Resolution were forged and that she did not authorize anyone to sign on her behalf. Chittenden has provided a declaration to the Receiver attesting to the forged documentation pertaining to Marcus LLC. A true and correct copy of Chittenden's declaration stating that her signatures on the Operating Agreement and Board Resolution are forged and that she did not authorize anyone to sign them on her behalf is attached hereto as Exhibit 2. Therefore, there is no known Manager or Member of Marcus LLC of record that can validly sign a stipulation for an order to list for sale and market the Marcus Property and the Receiver brings this Motion to seek such an order.

10. By this Motion, the Receiver seeks an order providing that: (1) the Receiver be permitted to engage a qualified real estate broker with experience and expertise in the Newport Beach residential real estate market providing for a broker's commission not to exceed an aggregate of 6% of the sales price to list and market for sale the Marcus Property at a price to be determined in the Receiver's sole opinion and judgment, in consultation with its listing broker; (2) in setting a sales price and marketing the Marcus Property, the Receiver shall obtain no less than two certified appraisals and one broker's opinion of value for the Marcus Property; (3) the Receiver shall have sole authority with respect to the marketing and sale of the Marcus Property and be authorized to conditionally accept the highest and best offer for the property in the Receiver's sole opinion and judgment, provided however the acceptance of an offer and completion of a sale shall be subject to entry of an order of the Court in this action approving and

confirming such sale after a motion brought on notice to the parties pursuant to 28 U.S.C. §2001; and (4) the net proceeds from the sale of the Marcus Property shall be paid to the Receiver and be the sole and exclusive property of the receivership estate.

11. The Receiver believes that this relief is needed as soon as practicable. There are several reasons for this. Based on the current amount of unpaid debt owed on the Cloughesy Loan and the Receiver's preliminary value analysis, there is believed to be at least \$400,000 equity in the Marcus Property, but this is not an overwhelming equity cushion for the holder of the Cloughesy Loan based on the unpaid amount of the loan. The continued accrual of interest on the Cloughesy Loan and real property taxes erodes this equity to the detriment of the receivership estate. Payment of maintenance expenses and insurance further diminishes receivership estate resources. There is also an inherent risk in delay before liquidating real estate which is always subject to substantial market fluctuation. In addition, the Cloughesy Loan has fully matured by its terms on November 1, 2018. In late April 2019, the Receiver was contacted by Lisa Cloughesy, identifying herself and her husband Timothy Cloughesy as the lenders, and expressing concern and impatience regarding repayment. Also, the Receiver has had unsolicited expressions of interest from potential buyers of the Marcus Property. In my opinion and based on my business judgment and experience, all these factors support an order authorizing the Receiver to begin to market the Marcus Property without waiting for entry of an order making the Receiver a permanent receiver or waiting for a final judgment

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on June 13, 2019 at Sun Valley, California.


BRICK KANE

EXHIBIT 1

BARNES & THORNBURG_{LLP}

2029 Century Park East, Suite 300
Los Angeles, CA 90067-2904 U.S.A.
(310) 284-3880
Fax (310) 284-3894

www.btlaw.com

Gary Owen Caris
(424) 363-2920
gcaris@btlaw.com

December 11, 2018

Via Email or United States Mail As Noted On Attached Service List

**TO: THE PARTIES AND COUNSEL ON THE ATTACHED SERVICE LIST AND TO
NEWPORT LAND GROUP, LLC**

Re: Federal Trade Commission v. Ecological Fox LLC et al., United States District
Court, District of Maryland, Case No. 18-cv-3309-PJM
Our Client: Robb Evans & Associates LLC, Temporary Receiver ("Receiver")

Dear Ladies and Gentlemen:

This office represents the Receiver in connection with the above-referenced matter. This letter is being written pursuant to Section XVI.X of the Ex Parte Temporary Restraining Order With Asset Freeze, Writs *Ne Exeat*, Appointment of a Temporary Receiver, and Other Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should Not Issue ("TRO") issued on November 5, 2018. The terms of the TRO remain in effect pursuant to the Extension of Temporary Restraining Order and Interim Preliminary Injunction entered November 20, 2018.

Please be advised that the Receiver identifies 2729 Bristol LLC and 3905 Marcus, LLC each as a Receivership Entity, as that term is defined in the TRO at Definition H. The Receiver shall treat 2729 Bristol LLC and 3905 Marcus, LLC as Receivership Entities and exercise all of its rights and duties specified in the TRO as to those entities, as provided at Section XVI.W of the TRO. If either one of those entities challenges this determination, it may file a motion with the Court in this action, pursuant to Section XVI.X of the TRO.

Counsel and Parties
December 11, 2018
Page 2

Please feel free to contact the undersigned should you have any questions regarding the foregoing.

Very truly yours,

BARNES & THORNBURG LLP



Gary Owen Caris

GOC:cm

cc: Brick Kane, Robb Evans & Associates LLC (via e-mail)

Attachment: Service List

EXHIBIT 2

**UNITED STATES DISTRICT COURT
DISTRICT OF MARYLAND
SOUTHERN DIVISION**

In re SANCTUARY BELIZE LITIGATION

No: 18-cv-3309-PJM

DECLARATION OF ANGELA CHITTENDEN

I, Angela Chittenden, declare:

1. I am a Relief Defendant in the above-captioned matter. I have personal knowledge of the facts set forth in this declaration and if I were called upon to testify as to these facts, I could and would competently testify thereto based upon my personal knowledge.

2. I have been shown a copy of a document entitled “Board Resolution Of 3905 Marcus LLC, adopted on October 24, 2017” (“Board Resolution”), which I understand was provided to my attorney from counsel for the Temporary Receiver, Robb Evans & Associates LLC (“Receiver”). A true and correct copy of the Board Resolution which I was shown is attached hereto as Exhibit 1. The Board Resolution purports to bear my signature. I did not sign the original or any copy of the Board Resolution. My signature on this document is forged. I did not authorize anyone to sign my name on the Board Resolution.

3. I also have been shown a copy of a document entitled “Limited Liability Company Agreement of 3905 Marcus, LLC a California Limited Liability Company” (“Limited Liability Company Agreement”), which I understand was provided to my attorney from counsel for the Receiver. A true and correct copy of the Limited Liability Company Agreement which I was shown is attached hereto as Exhibit 2. The Limited Liability Company Agreement purports

to bear my signature on page 8. I did not sign the original or any copy of the Limited Liability Company Agreement. My signature on this document is forged. I did not authorize anyone to sign my name on the Limited Liability Company Agreement.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on May 10, 2019 at Costa Mesa, California.


ANGELA CHITTENDEN

14511304v1

BOARD RESOLUTION

Of 3905 Marcus LLC, adopted on October 24, 2017

The undersigned Member and Manager of 3905 Marcus LLC, hereby sign that the following resolution is adopted as of the date of this agreement:

Therefore, It is resolved that per the Operating Agreement Rod Kazazi has been granted the sole authority, as sole Manager of the company, to enter into the agreement to purchase the property at 3905 Marcus Ave, Newport Beach CA 92663.

It is further resolved that Rod Kazazi as the sole authority to sign any and all agreements related to the purchase of this property, including the purchase agreement, loan documents, and any other documents facilitating this property purchase.

Signed:



Angela Chittenden, Member



Rod Kazazi, Manager

LIMITED LIABILITY COMPANY AGREEMENT
OF
3905 MARCUS, LLC
A CALIFORNIA LIMITED LIABILITY COMPANY

LIMITED LIABILITY COMPANY AGREEMENT

OF

3905 MARCUS, LLC

A CALIFORNIA LIMITED LIABILITY COMPANY

The undersigned member (the "Member") hereby forms a limited liability company (the "Company") pursuant to and in accordance with the statute governing limited liability companies in the State of California (as amended from time to time, the "Act"), and hereby declares the following to be the limited liability company agreement of the Company (this "Agreement"):

1. Name. The name of the Company is 3905 Marcus, LLC.
2. Purpose and Powers. The purpose of the Company is to engage in any lawful activity for which limited liability companies may be formed in the State of California. Except to the extent limited by this Agreement, the Company shall possess and may exercise all of the powers and privileges granted by the Act, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the lawful business purposes or activities of the Company.
3. Formation; Term; Existence. Rod Kazazi, as an authorized person, has executed, delivered and filed the Articles of Organization of the Company with the Secretary of State of the State of California, the execution, delivery and filing of which are hereby ratified and confirmed in all respects. The term of the Company commenced on, and this Agreement shall be effective as of, the date on which the Articles of Organization of the Company was filed with the Secretary of State of the State of California, and the term of the Company shall continue until the dissolution of the Company pursuant to Section 14 hereof. The existence of the Company as a separate legal entity shall continue until the cancellation of the Articles of Organization of the Company pursuant to the Act and this Agreement.
4. Registered Office; Registered Agent. The Company shall maintain in the State of California a registered office and a registered agent for service of process at such registered office in accordance with the applicable requirements of the Act.
5. Member. The name, mailing address and Capital Contributions (as defined below) of the Member are set forth on Schedule A hereto, as amended from time to time. Schedule A shall be amended from time to time to reflect any changes in the information set forth therein.
6. Interests. The ownership interest in the Company of the Member is herein referred to as an "Interest," which may, if so determined by the Member, be evidenced by a certificate, and shall include any and all rights and benefits to which the Member is entitled under this Agreement and, except to the extent otherwise provided in this Agreement, under the

Act, including, without limitation, the Member's rights to allocations and distributions and the Member's rights, if any, to grant or withhold consents or approvals, together with all obligations of the Member to comply with the terms and provisions of this Agreement and, except to the extent otherwise provided in this Agreement, obligations under the Act.

7. Capital Contributions. The Member has made an initial capital contribution to the Company (as to each, its "Capital Contribution") in the amount of money or other property set forth opposite the Member's name on the attached Schedule A in exchange for its Interest. To the fullest extent permitted by applicable law, the Member is not required to make any additional Capital Contribution to the Company in excess of its initial Capital Contribution but may make additional Capital Contributions at any time or from time to time.

8. Tax Treatment. It is the intention of the Member that the Company shall be disregarded for federal and, where applicable, state, local and foreign income tax purposes and all items of income, gain, loss, deduction, credit or the like of the Company shall be treated as items of income, gain, loss, deduction, credit or the like of the Member.

9. Distributions. Distributions of cash or other assets of the Company shall be made to the Member at such time or times and in such amounts as the Managers shall determine.

10. Management

(a) Subject to the delegation of rights and powers as provided for herein and except as otherwise herein provided, management of the Company is vested in the Managers and the Managers shall have the sole right and authority to manage and conduct the business and affairs of the Company and shall have all powers and rights necessary, appropriate or advisable to effectuate and carry out the purposes, powers, business and other activities of the Company. The Managers may appoint, employ or otherwise contract with any persons or entities for the transaction of the business of the Company or the performance of services for or on behalf of the Company, and the Managers may delegate to any such person (who may be designated an officer of the Company) or entity such authority to act on behalf of the Company as the Managers may from time to time deem appropriate.

(b) The Member shall not, by reason of its status as such, have any authority to act for or bind the Company or otherwise take part in the management of the business or affairs of the Company; provided that the Member shall have the right to vote on or approve the actions specified herein or in the Act, or hereafter specified by the Managers, to be voted on or consented to by the Member.

(c) Without limitation of Section 11(a), the powers of the Managers shall include the power to do or cause the Company to do any of the following:

(i) expend Company funds in connection with the operation of the business of the Company or otherwise pursuant to this Agreement;

(ii) employ and dismiss from employment any and all officers, employees, agents, independent contractors, attorneys and accountants;

(iii) prosecute, settle or compromise all claims against third parties, defend, compromise, settle or accept judgment on claims against the Company and execute all documents and make all representations, admissions and waivers in connection therewith;

(iv) borrow money on behalf of the Company from any person, issue promissory notes, drafts and other negotiable and non-negotiable instruments and evidences of indebtedness, secure payment of any such indebtedness by mortgage, pledge or assignment of property of the Company, whether at the time owned or thereafter acquired, or guarantee the obligations of others;

(v) hold, receive, lend, mortgage, pledge, lease, transfer, exchange, otherwise dispose of, grant options with respect to, and otherwise deal in and exercise all rights, powers, privileges and other incidents of ownership or possession with respect to all property of whatever nature held or owned by, or licensed to, the Company;

(vi) have and maintain one or more offices at such place or places as is determined by the Managers;

(vii) open, maintain and close bank accounts, money market accounts or investment, custody or other financial accounts and draw checks and other orders for the payment of monies;

(viii) engage accountants, custodians, consultants and attorneys and any and all other agents and assistants (professional and nonprofessional) and pay such compensation in connection with such engagements that the Managers determine is appropriate;

(ix) maintain such insurance relating to the business of the Company, upon such terms, as the Managers determine is appropriate; and

(x) enter into, execute, make, amend, supplement, acknowledge, deliver and cause the Company to perform any and all contracts, agreements, licenses and other instruments, undertakings and understandings that the Managers determine are necessary, appropriate or incidental to carrying on the business and affairs of the Company.

(d) The Managers may authorize any Manager(s), Member(s), officer(s), agent(s) or employee(s) to enter into any contract, to execute any instrument or certificate (including any certificate to be filed on behalf of the Company with the Secretary of State of the California under the Act) or to take any other action in the name of and on behalf of the Company, and this authority may be general or confined to specific instances. Unless so authorized or ratified by the Managers or within the agency power of an officer, no Manager, Member, officer, agent or employee shall have any power or authority to bind the Company by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

(e) The number of Managers of the Company shall be 1 or such other number as the Managers shall determine from time to time. The initial Manager is Rod Kazazi. Managers shall serve until their death, resignation, incapacity, dissolution, bankruptcy or

removal. Managers may be removed with or without cause by the Member. Vacancies in the number of Managers from whatever cause shall be filled by the Member.

(f) Except as to actions herein specified to be taken by all of the Managers or by the Managers acting unanimously, the duties and powers of the Managers may be exercised by a majority in number of all Managers (or by any Manager acting pursuant to authority delegated by a majority in number of the Managers). Notwithstanding any other provision of this Agreement, at any time that there is only one Manager, (i) any and all actions provided for herein to be taken or approved by the "Managers" shall be taken or approved by the sole Manager and (ii) the taking of any lawful action by the Manager on behalf of the Company, including the execution and/or delivery of any instrument, certificate, filing or document by the Manager on behalf of the Company, or the adoption by the Manager of authorizing resolutions with respect to any matter, shall constitute and evidence the due authorization of such action or matter on behalf of the Company.

(g) Regular meetings of the Managers shall be held in accordance with a schedule of meetings to be adopted by resolution of the Managers and no notice of any such regular meeting shall be required. Special meetings of the Managers may be called by any Manager upon not less than two (2) business days prior written notice to all Managers stating the purpose or purposes thereof; provided that any Manager may waive such notice prior to, at or after the meeting. The presence in person of a majority in number of all Managers shall constitute a quorum for the transaction of business at any meeting of Managers, except that the presence of all Managers shall be required as to actions herein specified to be taken all of the Managers or by the Managers acting unanimously. Any meeting of Managers may be held by conference telephone or similar communication equipment so long as all Managers participating in the meeting can hear one another, and all Managers participating by telephone or similar communication equipment shall be deemed to be present in person at the meeting. In lieu of a meeting, any action to be taken by the Managers may be taken by a consent in writing setting forth the action so taken executed by such number of Managers as would be required to take such action in accordance with the terms of this Agreement or the Act. Any such written consent may be executed and delivered by telecopy or similar electronic means and may be signed in multiple counterparts. If any action is taken by the Managers by the written consent of less than all of the Managers, prompt notice of the taking of such action shall be furnished to each Manager who did not execute such written consent (provided that the effectiveness of such action shall not be impaired by any delay or failure to furnish such notice).

11. Member Approvals.

(a) Notwithstanding any other provision of this Agreement or the Act, the following actions shall require, in addition to the approval of the Managers, the approval of the Member:

(i) Any merger, consolidation, conversion or other reorganization of the Company; and

(ii) The sale of all or substantially all of the assets of the Company in any one transaction or in any related series of transactions.

12. Assignments. The Member may assign all or any part of its Interest at any time, and any assignee of the Interest of the Member shall automatically be admitted to the Company as a substituted Member in respect of the Interest assigned to it.

13. Additional Members. One or more additional Members may be admitted to the Company only upon the consent or approval of the Member, and upon such terms and conditions as shall be determined by the Member.

14. Dissolution. The Company shall dissolve, and its affairs shall be wound up, upon the first to occur of (a) the determination of the Member to dissolve the Company or (b) the occurrence of any event causing the dissolution of the Company under the Act, unless the Company is continued without dissolution as permitted under the Act. Upon the dissolution of the Company, the Company shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying, or making reasonable provision to satisfy, the claims of its creditors and the Member, and neither the Managers nor the Member shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company's business and affairs. A reasonable amount of time shall be allowed for the winding up in light of prevailing market conditions and so as to avoid undue loss in connection with any sale of Company assets. This Agreement shall remain in full force and effect and shall continue to govern the rights and obligations of the Managers and the Member and the conduct of the business of the Company during the winding up period. The Managers, or, if there is no Manager, any person(s) appointed by the Member to conduct the winding up, shall be responsible for overseeing the liquidation and winding up of the Company.

15. Distributions upon Dissolution. Upon the dissolution of the Company, the assets of the Company shall be distributed in accordance with the Act.

16. Cancellation. Upon completion of the winding up and liquidation of the Company in accordance with this Agreement and the Act, the Managers, or other person(s) appointed by the Member to conduct the winding up and liquidation, shall promptly cause to be executed and filed the necessary documents to terminate, cancel and/or dissolve the Company in accordance with the Act and the laws of any other jurisdictions in which the Managers or such other person(s) deems such filing necessary or advisable.

17. Limited Liability. The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and, except to the extent otherwise expressly required by this Agreement or the Act, neither any Manager nor the Member of the Company shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Manager or the Member.

18. Amendment. This Agreement may be amended only in a writing signed by the Member. In the event there is ever more than one Member, this Agreement shall be amended as agreed among the Members to contemplate multiple Members.

19. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF CALIFORNIA (EXCLUDING

ANY CONFLICTS OF LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION).

20. Severability. Except as otherwise provided in the succeeding sentence, every term and provision of this Agreement is intended to be severable, and if any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the remainder of this Agreement. The preceding sentence shall be of no force or effect if the consequence of enforcing the remainder of this Agreement without such illegal or invalid term or provision would be to cause any party to lose the benefit of its economic bargain hereunder.

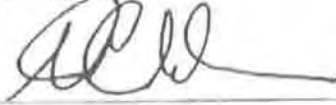
21. Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing or by electronic mail or facsimile and shall be deemed to have been delivered, given and received for all purposes (a) when the same is delivered, if delivered personally to the person or to an officer of the person to whom the same is directed, (b) when the same is actually received, if sent either by courier or delivery service or registered or certified mail, postage and charges prepaid, or (c) when the same is sent unless the sender has actual knowledge of non-receipt, if sent by electronic mail or facsimile, if such electronic mail or facsimile is followed by a hard copy of the emailed or facsimiled communication sent either by courier or delivery service or registered or certified mail, postage and charges prepaid, addressed to the recipient party at the address, electronic mail address and/or facsimile number set forth for such party in the books and records of the Company.

22. Relationship between the Agreement and the Act. Regardless of whether any provision of this Agreement specifically refers to particular Default Rules, (a) if any provision of this Agreement conflicts with a Default Rule, the provision of this Agreement shall control and the Default Rule shall be modified or negated accordingly and (b) if it is necessary to construe a Default Rule as modified or negated in order to effectuate any provision of this Agreement, the Default Rule shall be so construed. For purposes of this Section 22, "Default Rule" shall mean a rule stated in the Act that applies except to the extent it is negated or modified through the provisions of a limited liability company's Articles of Organization or limited liability company or operating agreement.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has caused this Limited Liability Company Agreement of 3905 Marcus, LLC to be executed as of the 26 day of Oct., 2017.

MEMBER:

A handwritten signature in black ink, appearing to read 'AC', written over a horizontal line.

Name: Angela Chittenden

3905 MARCUS, LLC

SCHEDULE A

Dated as of _____, 20__

Name and Address of Members:

Initial Capital Contributions:

Angela Chittenden
3333 Michelson Dr, Suite 500,
Irvine, CA , 92612, US

\$0.00