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OF ORIGINAL FILED
LOS ANGELES SUPERIOR COURT

APR 13 2012

John A. Clarke, Executive Officer/Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through the California Corporations Commissioner,

Petitioner,

vs.

DIVERSITY ESCROW, INC., a California Corporation,

Respondent.

) Case No.: BS134647

) ~~PROPOSED~~ ORDER APPOINTING
) LIMITED RECEIVER TO LIQUIDATE
) AND WIND UP TRUST ACCOUNT
) AFFAIRS

) DATE: April 13, 2012
) TIME: 9:30 a.m.
) DEPT: '85'

) No Trial Date
) Action Filed: November 10, 2011
) Assigned To: Hon. James C. Chalfant

1 The Motion for an Order Appointing a Limited Receiver to Liquidate and Wind Up Trust
2 Account Affairs was heard this date, April 13, 2012 at 9:30 a.m. by this Court, the Honorable James
3 C. Chalfant presiding. Petitioner appeared by Senior Corporations Counsel, attorney Blaine A.
4 Noblett. Respondent appeared by Counsel _____.

5 This Court having considered the motion, petition, points and authorities and supporting
6 declarations and exhibits filed in the above-captioned matter by the California Corporations
7 Commissioner, the opposition filed by Respondent Diversity Escrow, Inc. and upon a hearing before
8 this Court, and GOOD CAUSE APPEARING THEREFOR:

9 IT IS HEREBY ORDERED:

10 That Peter A. Davidson be appointed as receiver over the escrow trust funds of Diversity
11 Escrow, Inc. ("Diversity Escrow"), including, but not limited to, the escrow trust account and any
12 indemnity funds paid by Escrow Agents' Fidelity Corporation pursuant to an anticipated proof of
13 claim filing, any bond or insurance policy maintained by Diversity Escrow or which it is a
14 beneficiary of, and all bank and escrow records pertinent thereto (collectively "trust property"),
15 whether directly or indirectly, owned beneficially or otherwise by, or in the possession, custody or
16 control of Diversity Escrow or David Z. Jimenez, or to which Diversity Escrow or David Z. Jimenez,
17 has any right of possession, custody or control, irrespective of whomsoever holds such property, in
18 order to obtain an adequate accounting of the trust property and trust liabilities; secure a marshaling
19 of such property; and to forthwith begin winding up and liquidating the trust property affairs of
20 Diversity Escrow in accord with the provisions of the Escrow Law (Fin. Code, § 17000 et seq.).

21 IT IS FURTHER ORDERED THAT:

22 1. Peter A. Davidson (the "receiver") prior to entry upon the duties described herein,
23 take an oath to faithfully perform the duties of a receiver and to observe all of the instructions of this
24 Court.

25 2. The receiver is authorized, empowered, and directed:

26 (a) To review, observe, discover and make notes regarding all the trust property of, or in
27 the possession of Diversity Escrow, wherever situated, including all trust accounts of Diversity
28 Escrow in financial depository institutions and of any other trust property in which Diversity Escrow

1 has an interest regardless by whom it may be held on an ongoing basis pursuant to this Court's order;

2 (b) To undertake an independent review into the financial condition of the trust property
3 and escrow transactions of Diversity Escrow and render a report within 90 days reflecting the
4 existence and value of all trust property subject to the review, observation and/or discovery by the
5 receiver and of the extent of the trust liabilities, both those claimed by others to exist and those
6 which the receiver believes to be the legal trust obligations of Diversity Escrow, and any further
7 information the receiver believes may assist in an equitable disposition of this matter, and to include
8 in its report the receiver's opinion regarding the ability of Diversity Escrow to meet its trust
9 obligations, and his recommendation regarding the best method of distributing the trust property to
10 the owners thereof;

11 (c) To file within 30 days of his qualification and appointment hereunder, a preliminary
12 inventory of all trust property of which he shall then have reviewed, observed and/or discovered
13 pursuant to this Court's order. Additionally, the receiver is to file one or more supplemental
14 inventories when and if he shall subsequently come into knowledge of additional items appropriate
15 to said inventory;

16 (d) To retain and employ such attorney(s) to assist, advise and represent the receiver in
17 the performance of his duties and responsibilities as the Court may approve upon written application
18 of the receiver;

19 (e) To retain and employ LoBuglio & Sigman as his accountants, and such other such
20 persons, clerical and professional, to perform such tasks as may be necessary to aid the receiver in
21 the performance of his duties and responsibilities;

22 (f) To be the sole signator on all trust bank accounts and bank accounts of Diversity
23 Escrow;

24 (g) To bring such proceedings as are necessary to enforce the provisions hereof;

25 (h) To bring such actions as are necessary to modify the provisions hereof;

26 (i) To make such payments and disbursements from the trust property so taken into
27 custody, control, and possession of the receiver or otherwise received by him, as may be necessary
28 and advisable in discharging his duties as receiver;

1 (j) To preserve trust property;
2 (k) To institute, prosecute, defend, compromise, intervene and become a party either in
3 his own name or in the name of Diversity Escrow to such suits, actions, or proceedings as may be
4 necessary for the protection, maintenance, recoupment or preservation of the trust property of
5 Diversity Escrow and its escrow parties, with prior court approval; and

6 (l) To divert, take possession of and secure all mail of Diversity Escrow in order to
7 screen such mail for correspondence relating to the trust property, returning non-property mail to the
8 David Z. Jimenez, the president, vice president, chief executive officer, chief financial officer,
9 treasurer, secretary, director, sole shareholder, and agent for service of process of Diversity Escrow,
10 and to effect a change in the rights to use any and all post office boxes and other mail collection
11 facilities used by Diversity Escrow.

12 3. The receiver is hereby vested with, and is authorized, directed, and empowered to
13 exercise, all of the powers of Diversity Escrow's officers and directors or persons who exercise
14 similar powers and perform similar duties, with respect to the trust property, whose authority is
15 hereby suspended; and Diversity Escrow's officers, agents, employees, representatives, directors,
16 successors in interest, attorneys in fact and all persons acting in the concert or participating with it,
17 are hereby divested of, restrained and barred from exercising any of the powers herein vested in this
18 receiver.

19 4. Any local, state or federal law enforcement and regulatory agency having jurisdiction
20 over matters relating to Diversity Escrow's business shall be entitled to review, without exception,
21 all reports of the receiver and all books, records, and files on Diversity Escrow in the possession of
22 the receiver at any time during normal business hours, and to make any abstract or copies of said
23 documents as it desires.

24 5. Diversity Escrow and its respective officers, directors, agents, servants, employees,
25 successors, assigns, affiliates, and other persons or entities under its control and all persons or
26 entities in active concert or participation with it, and each of them, to turn over to the receiver
27 records, documentation, charts and/or descriptive material, which relate, directly or indirectly, to the
28 trust property of Diversity Escrow or otherwise belonging to their escrow transaction parties, now

1 held by Diversity Escrow or any of them.

2 6. This Court will retain jurisdiction of this action in order to implement and carry out
3 the terms of all orders and decrees that may be entered herein or to entertain any suitable application
4 or motion by Petitioner and/or receiver for additional relief or modification of any order made herein
5 within the jurisdiction of this Court.

6 7. During the pendency of this receivership, except by leave of court, all parties to
7 escrows held by Diversity Escrow and any other persons seeking relief of any kind, in law or in
8 equity, from Diversity Escrow relating to the trust property, and all others acting on behalf of any
9 such parties or other persons including sheriffs, marshals, servants, agents and employees are
10 restrained from:

11 (a) Commencing, prosecuting, continuing or enforcing any suit or proceeding;

12 (b) Executing or issuing or causing the execution or issuance of any court attachment,
13 subpoena, replevin, execution or other process for the purpose of impounding or taking possession of
14 or interfering with or creating or enforcing a lien upon any trust property owned or in the possession
15 of Diversity Escrow or its affiliates, or the receiver appointed herein, wherever situated;

16 (c) Taking, retaining, retaking or attempting to retake possession of any trust property;

17 (d) Withholding or diverting any trust property obligation;

18 (e) Doing any act or other thing whatsoever to interfere with the possession of or
19 management by the receiver herein and of the trust property, controlled by or in the possession of
20 Diversity Escrow or to in any way interfere with said receiver or to interfere in any manner during
21 the pendency of this proceeding with the exclusive jurisdiction of this Court over Diversity Escrow
22 trust property.

23 8. At such time as the financial condition of the property has been ascertained by the
24 receiver and at such time as the trust property has been marshaled and all trust liabilities have been
25 determined, the receiver shall file an application with the Court for disposition of such trust property.
26 The application shall propose in detail the winding up and the distribution of trust funds. If
27 necessary, the receiver shall be authorized to propose and carry out a partial distribution, retaining
28 such funds pending final distribution as are necessary to finance any pertinent litigation or the

1 remaining operation of the receivership.

2 9. The receiver shall be paid an hourly rate of \$475.00 for his services and shall be
3 entitled to reimbursement for usual and customary expenses, including out-of-pocket expenditures
4 on behalf of the receivership estate, which shall be paid from the trust funds of Diversity Escrow and
5 that the State of California shall have no liability whatsoever for any costs, fees and/or out pocket
6 expenses that may result from such receivership. The receiver and any professional hired by him
7 shall make application to this Court ~~on a monthly basis~~ for payment of reasonable fees and expenses
8 incurred by the receiver or such professional, and shall be entitled to payment of said fees and
9 expenses on account as hereinafter provided. Copies of such applications to the Court shall be
10 promptly served on all attorneys of record for parties in this action, who shall have ten (10) calendar
11 days following the filing and service of such application to ~~file any objections thereto with the Court,~~
12 and serve any such objections by facsimile and mail on the receiver. If no objections are filed with
13 the Court and served within the ten (10) calendar day period, the receiver shall thereupon draw funds
14 from the receivership estate sufficient to pay one-hundred percent (100%) of out-of-pocket expenses
15 and seventy-five percent (75%) of such fees, including all professional fees, and other expenses such
16 as in office copying and facsimile charges, without further order of the Court. If any objections are
17 filed, the receiver may draw funds from the receivership estate sufficient to pay any amounts as to
18 which there is no objection, will move for payment of remaining fees by noticed motion ~~and the~~
19 ~~Court will conduct a hearing on any objections upon motion of the receiver or the objecting party.~~
20 ~~At such hearing, the compensation of the receiver or other professional making application, as well~~
21 ~~as allowable disbursements and expenses, will be determined by the Court,~~ and the receiver will be
22 directed to draw funds from the receivership estate to pay one-hundred percent (100%) and seventy-
23 five percent (75%), respectively, of the amounts so determined by the Court. Notwithstanding such
24 interim monthly payments of fees and expenses, all fees and expenses shall be submitted to the
25 Court for its approval by a properly noticed request for fees, stipulation of all parties or the receiver's
26 Final Account and Report. Upon approval of the fees and expenses of the receiver or other
27 professional, any hold back amounts still due and owing to the receiver or other professional shall be
28 paid from the receivership estate.

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10. The disbursement of Diversity Escrow's trust account funds is prohibited until a reconciliation of Diversity Escrow's account(s) has been completed and Petitioner has approved the reconciliation of which said approval shall not be unreasonably withheld, except to pay the costs and expenses of the receivership as provided for in paragraph 9., above.

11. The receiver shall file a bond with the Court in this matter in the amount of \$25,000.00.

Dated: APR 13 2012

JAMES C. CHALFANT
JUDGE OF THE SUPERIOR COURT

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