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ALAN S. WEINGER
Deputy Commissioner
EDWARD KELLY SHINNICK (CA Bar No. 96209)
Corporations Counsel
DOUGLAS GOODING (CA Bar No. 83518)
Corporations Counsel
One Sansome Street, Suite 600
San Francisco, CA 94104
Tel: 415/972-8544
Fax: 415/972-8550

Attorneys for the People of the State of California

ENDORSED
FILED
San Francisco County Superior Court
MAY 14 2012
CLERK OF THE COURT

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN FRANCISCO

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through the CALIFORNIA CORPORATIONS COMMISSIONER,

Plaintiff,

v.

INVESTCO MANAGEMENT & DEVELOPMENT LLC; CHRISTOPHER P. EPSHA; STEVEN G. THOMPSON; BARRY D. LeBENDIG; DOUGLAS R. HANSON; INVESTCO AV7 LLC; INVESTCO AV8 LLC; INVESTCO AV9 LLC; INVESTCO AV10 LLC; INVESTCO AV11 LLC; INVESTCO AV12 LLC; INVESTCO AV14 LLC; INVESTCO AV15 LLC; INVESTCO AV16 LLC; INVESTCO AV17 LLC; INVESTCO AV18 LLC; INVESTCO AV19 LLC; INVESTCO AV20 LLC; INVESTCO AV21 LLC; INVESTCO AV22 LLC; and DOES 1-100, inclusive,

Defendants.

CASE NO. CGC-11-507316
STIPULATED INTERLOCUTORY JUDGMENT

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1 On January 13, 2011, Plaintiff the People of the State of California by and through the
2 California Corporations Commissioner (“Plaintiff”) filed a complaint in the Superior Court of
3 California, County of San Francisco, entitled *People v. Investco Management & Development LLC.,*
4 *et al.*, Case No. CGC-11-507316 (the “Complaint”) against Defendants Investco Management &
5 Development LLC (“IMD”), Christopher P. Epsha, Steven G. Thompson, Barry D. Lebendig,
6 Douglas R. Hanson, and Investco AV7 LLC, Investco AV8 LLC, Investco AV9 LLC, Investco
7 AV10 LLC, Investco AV11 LLC, Investco AV12 LLC, Investco AV14 LLC, Investco AV15 LLC,
8 Investco AV16 LLC, Investco AV18 LLC, Investco AV19 LLC, Investco AV20 LLC and Investco
9 AV21 LLC (collectively, “Defendants”). Plaintiff and Defendants are referred to herein collectively
10 as the “Parties.”

11 This Interlocutory Judgment is made with reference to the facts, transactions, allegations,
12 claims, assertions and defenses underlying, relating to, or arising from the Complaint filed by
13 Plaintiff in the above-captioned lawsuit. In the Complaint, Plaintiff alleged that Defendants violated
14 California Corporations Sections 25110, 25401 and 25532. In addition, Plaintiff alleges that
15 Defendants owe \$280,000 to the Investco AV LLCs for improper payment of legal fees out of
16 investor funds. Defendants deny the allegations in the Complaint and assert that the legal fees paid
17 were properly incurred on behalf of the Investco AV LLCs.

18 The Parties wish to avoid the delay, expense, inconvenience and uncertainty of litigation and
19 now desire to finally compromise, settle and discharge all claims, controversies, demands, actions, or
20 causes of action asserted by Plaintiff in this Action. The Parties therefore have resolved all issues
21 and disputes between them underlying and related to the facts and circumstances that led to this
22 action and have settled this case pursuant to Code of Civil Procedure section 664.6 under the terms
23 of a Confidential Settlement Agreement and General Release (the “Settlement Agreement”).

24 To resolve their differences and to avoid the uncertainty and expense of further litigation, the
25 Parties have agreed to and hereby stipulate to immediate entry of this Interlocutory Judgment and
26 waive trial or adjudication of any fact or law herein, including the entry of findings of fact and
27 conclusions of law under California Code of Civil Procedure section 632. The Parties have
28 stipulated to this Interlocutory Judgment in connection with the compromise and settlement of

1 disputed claims and therefore this Interlocutory Judgment does not constitute an admission of
2 liability on the part of the Defendants for any purpose and may not be offered into evidence in any
3 proceeding other than to enforce the terms of the Settlement Agreement or, if otherwise admissible,
4 in any future actions brought by the Commissioner against the Defendants

5 Plaintiff hereby releases Defendants and their officers, directors, successors in interest,
6 employees, and agents from all claims that were or could have been brought by Plaintiff in this
7 action and hereby waives any rights under California Civil Code Section 1542 regarding unknown
8 claims except the right to enforce the provisions of this Interlocutory Judgment and the terms of the
9 Settlement Agreement.

10 In light of the foregoing and based upon good and valuable consideration, the Parties hereby
11 agree as follows:

12 IT IS HEREBY STIPULATED AND AGREED BETWEEN THE PARTIES THAT:

13 A. The trial currently scheduled for May 14, 2012 is vacated.

14 B. Defendants, their officers, directors, successors in interest, employees, and agents are
15 hereby enjoined, as of the date of this Interlocutory judgment and permanently thereafter, from
16 directly or indirectly:

17 1. Violating California Corporations Code section 25110 by offering to sell, selling,
18 arranging for the sale of, issuing, engaging in the business of selling, or negotiating for the sale of
19 any security of any kind, including at public venues such as fairs and festivals and websites, unless
20 such security or transaction is qualified or exempt;

21 2. Violating Corporations Code section 25401 by offering to sell or selling any security
22 of any kind, including but not limited to interests in limited liability companies, by means of any
23 written or oral communication which includes any untrue statement of material fact or omits or fails
24 to state any material fact necessary in order to make the statements made, in the light of the
25 circumstances under which they are made, not misleading;

26 3. Violating the Desist & Refrain Order issued by the California Corporations
27 Commissioner on February 18, 2009.
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C. The Parties agree that until Final Judgment is entered, the terms of the Settlement Agreement executed by the Parties in this action shall be kept confidential except as to the Investors and as provided in the Settlement Agreement. The Parties further agree that the Settlement Agreement constitutes a record pertaining to pending litigation under Government Code Section 6254(b), and therefore is not subject to disclosure. Nothing in this provision shall prohibit either Party from submitting the Settlement Agreement to a court if necessary to enforce its terms.

D. The Parties request and consent to the reservation of jurisdiction by this Court for the purpose of enforcement of this Interlocutory Judgment and the Settlement Agreement and for entry of Final Judgment in case of uncured default under the terms of the Settlement Agreement or after full compliance with its terms by Defendants. In the event of an uncured default by Defendants of their obligations under the terms of the Settlement Agreement or after compliance with its terms, Plaintiff will seek a Final Judgment from the Court by noticed motion that shall be sent by first class-mail to the last known addresses of the Defendants and their attorneys. Defendants hereby waive any additional notice requirements. The Parties request and consent to the entry by this Court of an Order confirming the stipulations herein.

APPROVED AS TO FORM:

Dated: Dated: May 11, 2012

SPARER LAW GROUP

By: _____

Alan W. Sparer Esq.

Attorneys for all Defendants except Christopher Epsha

APPROVED AND AGREED:

Dated: May 11, 2012

By: _____

Steven G. Thompson, individually and on behalf of Investco Management & Development LLC, Investco AV7 LLC, Investco AV8 LLC, Investco AV9 LLC, Investco AV10 LLC, Investco AV11 LLC, Investco AV12 LLC, Investco AV14 LLC, Investco AV15 LLC, Investco AV16 LLC, Investco AV18 LLC, Investco

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AV19 LLC, Investco AV20 LLC, and Investco AV21 LLC

By: _____
Douglas R. Hanson, individually and on behalf of Investco Management & Development LLC, Investco AV7 LLC, Investco AV8 LLC, Investco AV9 LLC, Investco AV10 LLC, Investco AV11 LLC, Investco AV12 LLC, Investco AV14 LLC, Investco AV15 LLC, Investco AV16 LLC, Investco AV18 LLC, Investco AV19 LLC, Investco AV20 LLC, and Investco AV21 LLC

By: _____
Barry D. LeBendig

By: _____
On behalf of Investco AV14 LLC though AV21 LLC

Dated: May 11, 2012

By: _____
Christopher P. Epsa

APPROVED AS TO FORM:

Dated: May 11, 2012

CALIFORNIA CORPORATIONS COMMISSIONER

By: _____
Edward Kelly Shinnick, Esq.
Department of Corporations Counsel

APPPROVED AND AGREED:

Dated: May 11, 2012

CALIFORNIA CORPORATIONS COMMISSIONER

By: _____
ALAN S. WEINGER
Deputy Commissioner

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ORDER

The Court has reviewed the stipulations of the Parties set forth above. Good cause appearing therefore, the Stipulations and Agreements of the Parties as set forth above are hereby adopted as the ORDER AND DECREE of this Court.

Dated: MAY 14, 2012

By: HAROLD KAHN
Judge of the Superior Court