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10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**

12
13 **SECURITIES AND EXCHANGE
COMMISSION,**

14 Plaintiff,

15 vs.

16 **PACIFIC WEST CAPITAL GROUP,
INC., et al.,**

17 Defendants.
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19
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Case No. 2:15-CV-02563-FMO-FFM

**RESPONSE OF SECURITIES AND
EXCHANGE COMMISSION TO
MOTION FOR ORDER IN AID OF
RECEIVERSHIP**

Date: April 19, 2018
Time: 10:00 a.m.
Place: Ctrm 6D
Hon. Fernando M. Olguin

1 Plaintiff Securities and Exchange Commission (“SEC”) supports the motion by
2 the Court-appointed receiver, Thomas Hebrank, for an Order in Aid of Receivership
3 (Dkt. No. 150).

4 First, the receiver seeks relief from the provisions of Local Rule 66-5 requiring
5 him to file a schedule of names, addresses, and amounts of claims of all known
6 creditors, and Local Rule 66-7 requiring the receiver to provide notices by mail to
7 known creditors of certain documents. Given that the potential investor claimants
8 exceed 2,000 in number, and it will take some time to determine the amounts of the
9 claims, providing relief from Local Rule 66-5 is a reasonable request to help manage
10 the case efficiently. Similarly, the receiver has set up a website and email
11 subscription service for investors, which has worked successfully in other
12 receiverships and helps mitigate costs. Accordingly, for the reasons stated in the
13 receiver’s motion, the SEC supports this request.

14 Second, the receiver seeks authority to engage a law firm, Allen Matkins, to
15 serve as his general receivership counsel. Given the size and complexity of the
16 receivership estate, which involves the management and possible disposition of about
17 120 different insurance policies with a benefit value of over \$230 million, it will
18 benefit the Court, the investors, and all other interested parties for the receiver to have
19 experienced and competent counsel. Counsel will be able to provide advice on
20 various legal questions that will undoubtedly arise during course of the administration
21 of a large and complex receivership estate. Moreover, this receivership is complex in
22 that each of the policies ostensibly constitutes a separate investment, and some of the
23 policies have exhausted the primary reserves, which involves both business and legal
24 questions concerning whether and how to finance payment of premiums. Under the
25 circumstances, it will be most efficient to have counsel involved for the benefit of the
26 investors and to assist the Court.

27 Third, the SEC supports interim quarterly reports and fee applications to keep
28 the Court and parties informed of the progress, and cost, of the administration of the

1 receivership estate. Quarterly reports allow the receiver to manage the estate while
2 still reporting regularly to the Court. Of course, the receiver may appear before the
3 Court between reports as needed in connection with motions seeking approval of the
4 Court for various actions. Quarterly interim fee applications allow the Court and all
5 interested parties, including the SEC, to monitor the cost of the administration of the
6 estate to make sure that it is being administered in an efficient manner. *See, e.g., In*
7 *re Washington Public Power Supply Systems Sec. Litig.*, 19 F.3d 1291, 1296 (9th
8 Cir.1994) (district court has discretion to determine reasonable compensation for
9 receiver); *In re San Vicente Medical Partners, Ltd.*, 962 F.2d 1402, 1409 (9th Cir.
10 1992) (trial court has discretion to determine reasonable compensation for receiver).

11 These are reasonable requests designed to promote the orderly and efficient
12 administration of this large and complex estate, and therefore are entirely within the
13 discretion of the Court. *See, e.g., SEC v. Capital Consultants, LLC*, 397 F.3d 733,
14 738 (9th Cir. 2005) (recognizing district court's broad powers to supervise an equity
15 receivership); *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986) (district court has
16 broad powers for orderly and efficient administration of receivership estate).

17 Accordingly, the SEC supports the relief requested by the Court-appointed
18 receiver in its Motion for Order in Aid of Receivership.

19
20 Respectfully submitted,

21
22 Dated: March 23, 2018

23 /s/ John B. Bulgozdy
24 John B. Bulgozdy
25 Gary Y. Leung
26 Attorneys for Plaintiff
27 Securities and Exchange Commission
28

PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION,
444 S. Flower Street, Suite 900, Los Angeles, California 90071
Telephone No. (323) 965-3998; Facsimile No. (213) 443-1904.

On March 23, 2018, I caused to be served the document entitled **RESPONSE OF SECURITIES AND EXCHANGE COMMISSION TO MOTION FOR ORDER IN AID OF RECEIVERSHIP** on all the parties to this action addressed as stated on the attached service list:

OFFICE MAIL: By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency’s practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

PERSONAL DEPOSIT IN MAIL: By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

EXPRESS U.S. MAIL: Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

HAND DELIVERY: I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

UNITED PARCEL SERVICE: By placing in sealed envelope(s) designated by United Parcel Service (“UPS”) with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Los Angeles, California.

ELECTRONIC MAIL: By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

E-FILING: By causing the document to be electronically filed via the Court’s CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

FAX: By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare under penalty of perjury that the foregoing is true and correct.

Date: March 23, 2018

/s/ John B. Bulgozdy
John B. Bulgozdy

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