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7 Proposed Attorneys for Debtor and Debtor in Possession

8 **UNITED STATES BANKRUPTCY COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**  
10 **LOS ANGELES DIVISION**

11 In re: ) Case No.: 2:15-bk-10691-TD  
12 GOLD RIVER VALLEY, LLC, ) Chapter 11 Case  
13 Debtor and Debtor in Possession. ) **STIPULATION FOR USE OF CASH**  
14 **COLLATERAL**  
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1 This Stipulation for Use of Cash Collateral (the "Stipulation") is entered into by and  
2 between Gold River Valley, LLC, the debtor and debtor in possession in the above-captioned  
3 chapter 11 case (the "Debtor"), by and through its proposed attorneys; senior secured creditor  
4 Lone Oak Funding, LLC ("Lone Oak"), by and through its attorneys; and Kevin Singer (the  
5 "Receiver," and together with the Debtor and Lone Oak, the "Parties"), the receiver appointed in  
6 the state court action, with reference to the following facts:  
7

8 **RECITALS**

9 A. The Debtor is the owner of the property located at 650-652 S. Lake Avenue,  
10 Pasadena, California 91105 (the "Property") by virtue of a Grant Deed recorded on April 4,  
11 2011, in the Los Angeles County Recorder's Office as instrument number 2011-0494633.  
12

13 B. On or about September 16, 2011, Lone Oak loaned the Debtor \$3,950,000.00 (the  
14 "Loan"). The Loan is evidenced by a promissory note (the "Note") dated September 16, 2011.  
15 The Note provided for payments from the Debtor equal to all accrued interest per month on the  
16 first (1st) day of each month commencing on November 1, 2011, with the balance due and  
17 payable on September 30, 2012 (the "Maturity Date").

18 C. The Loan is secured by a Deed of Trust With Absolute Assignment of Leases and  
19 Rent, Security Agreement and Fixture Filing (the "Deed of Trust") in a first position recorded  
20 against the Property. The Deed of Trust was recorded on September 21, 2011, as instrument  
21 number 2011-1281776 in the Los Angeles County Recorder's Office  
22

23 D. The Deed of Trust provides that all rights to receive rentals, income, receipts,  
24 issues and profits from the Property have been assigned to Lone Oak.

25 E. The Deed of Trust further provides, pursuant to California Civil Code §2938, for  
26 the appointment of a receiver to take possession of and manage the Property and to collect all  
27 rents therefrom upon application of Lone Oak.  
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1 F. On or about September 13, 2012, the Debtor and Lone Oak entered into a loan  
2 modification agreement (the "Loan Modification") whereby the Maturity Date of the Loan was  
3 extended to September 30, 2013 and beginning on April 1, 2013, the interest rate was modified  
4 to nine and three tenths per cent (9.30%) per annum.

5  
6 G. On or about November 7, 2012, the Debtor and Lone Oak entered into a  
7 forbearance agreement (the "1st Forbearance Agreement") whereby Lone Oak agreed to "...not  
8 institute any legal action to enforce the Loan Documents or cause the trustee to sell the Property  
9 at a public sale pursuant to a judicial or non-judicial foreclosure under the Deed of Trust..." until  
10 October 31, 2013, provided that the Debtor was in compliance with the terms of the 1st  
11 Forbearance Agreement.

12  
13 H. On or about November 6, 2013, the Debtor and Lone Oak entered into another  
14 forbearance agreement (the "2nd Forbearance Agreement") whereby Lone Oak agreed to "...not  
15 institute any legal action to enforce the Loan Documents or cause the trustee to sell the Property  
16 at a public sale pursuant to a judicial or non-judicial foreclosure under the Deed of Trust..." until  
17 April 30, 2014, provided that the Debtor was in compliance with the terms of the 2nd  
18 Forbearance Agreement.

19  
20 I. The Debtor failed to pay the Loan when it came due and matured on April 30,  
21 2014.

22 J. After April 30, 2014, Lone Oak also discovered that a forged deed of full  
23 reconveyance of its Deed of Trust had been executed with the purported signature of James A.  
24 Rothstein, president of Lone Oak Industries, Inc., which is the manager of Lone Oak (the  
25 "Forged Reconveyance"). At no time whatsoever did Lone Oak authorize, consent,  
26 acknowledge or provide any authority to anyone to execute a reconveyance of its Deed of Trust.  
27 The Forged Reconveyance was recorded on September 19, 2012, as instrument number 2012-  
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1 1403707 in the Los Angeles County Recorder's Office.

2 K. On July 14, 2014, upon the discovery of the fraudulent reconveyance, Lone Oak  
3 caused to be recorded a notice and rescission of deed of full reconveyance (the "Notice of  
4 Rescission") of the Forged Reconveyance as instrument number 2014-0722907 in the Los  
5 Angeles County Recorder's Office.  
6

7 L. The Debtor also discovered that the Property was fraudulent transferred to  
8 Goldenman Venture Capital Group, Kenneth R. Redding and Hellen Li; this resulted in litigation  
9 commenced by the Debtor and a resulting judgment cancelling and voiding such fraudulent  
10 transfer.

11 M. On or about July 14, 2014, Lone Oak also discovered that the Debtor had failed to  
12 pay real property taxes related to the Property in an amount exceeding \$215,000.00.  
13

14 N. On July 21, 2014, Lone Oak commenced an action for judicial foreclosure,  
15 appointment of receiver, fraud and related causes of action in the Los Angeles Superior Court  
16 entitled *Lone Oak v. Gold River Valley, LLC et al.* (Case No. BC552238) (the "State Court  
17 Action").

18 O. On July 30, 2014, Lone Oak filed an *Ex Parte* Application for the appointment of  
19 a receiver to take control of the Property in the State Court Action. The Court continued the  
20 hearing on the *Ex Parte* Application to September 2, 2014.  
21

22 P. On September 2, 2014, the Court in the State Court Action issued an order  
23 appointing Singer as the Receiver (the "Receiver") of the Property (the "Receivership Order").  
24 The Receiver was charged with collecting rents, maintaining the Property, ensuring taxes,  
25 utilities etc. are paid, maintaining the bank accounts for the Property, ensuring that the Property  
26 remains leased, and related functions.

27 Q. On September 2, 2014, pursuant to the Receivership Order, after filing his oath  
28

1 and bond, the Receiver took possession, custody and control of the Property, and began to collect  
2 the rents, issues and profits (collectively the "Rents") arising therefrom and complying with his  
3 duties under the Receivership Order.

4 R. On September 19, 2014, Lone Oak caused to be recorded a new notice of default  
5 as instrument number 2014-0993234 in the Los Angeles County Recorder's Office.

6 S. On October 21, 2014, the Receiver made *Ex Parte* Application in the State Court  
7 Action to Expand The Powers Under the Receivership Order et al. The court granted the  
8 Receiver's *Ex Parte* Application (the "Expanded Receivership Order").

9 T. On December 29, 2014, Lone Oak caused to be recorded a notice of trustee's sale  
10 as instrument number 2014-1411613 in the Los Angeles County Recorder's Office, pursuant to  
11 which the sale of the Property was set for January 20, 2015 at 11:00 a.m.

12 U. On January 14, 2015, Elaine Tsang and Lana Tsang filed an *Ex Parte* Application  
13 to Intervene in the State Court Action and for Issuance of a Temporary Restraining Order to  
14 prevent the foreclosure of the Property.

15 V. On January 16, 2015, the Judge in the State Court Action issued an order denying  
16 the Tsang's *Ex Parte* Application.

17 W. On January 16, 2015, (the "Petition Date"), the above-captioned bankruptcy case  
18 (the "Case") was commenced by the Debtor when it filed a voluntary petition under Chapter 11  
19 of Title 11 of the United States Code. As a result of the filing of the Case, the foreclosure sale of  
20 the Property is stayed.

21 X. The Debtor's primary asset is the Property.

22 Y. The Receiver remains in possession of the Property.

23 Z. The Parties have stipulated and the Court has entered an Order [Doc. #22] to  
24 excuse the Receiver from compliance with the turnover requirements set forth in 11 U.S.C.  
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1 §543(a) and (b).

2 AA. The Receiver requires the use of certain funds currently in his possession, as well  
3 as any further Rents that may be collected for the purposes of funding expenses with respect to  
4 the operation and maintenance of the Property.

5 BB. Lone Oak claims that the Rents from the Property constitute cash collateral within  
6 the meaning of 11 U.S.C. §363(a) ("Cash Collateral"). Lone Oak and the Debtor are willing to  
7 expressly consent to the Receiver's use of Cash Collateral for the limited purposes and in  
8 accordance with the terms and conditions of this Stipulation.

9  
10 **NOW, THEREFORE**, based upon the foregoing recitals, the Parties stipulate and agree  
11 as follows:

12 **STIPULATION**

13  
14 1. Definition of Cash Collateral. The term "Cash Collateral," as used in this  
15 Stipulation, is defined within the meaning of Section 363 of the Bankruptcy Code as all of the  
16 prepetition and postpetition proceeds, revenue, profits, products, offspring, rents, fees, charges,  
17 accounts, and payments derived from or in connection with Lone Oak's pre-petition collateral  
18 (i.e., the Property).

19 2. Term. The Receiver's authority to use Cash Collateral shall immediately and  
20 automatically terminate (the "Termination Event") on the earlier of: (i) the effective date of any  
21 confirmed plan of reorganization; (ii) dismissal of this case; (iii) conversion of this case to one  
22 under Chapter 7 of the Bankruptcy Code; (iv) appointment of a Chapter 7 or Chapter 11 Trustee;  
23 or (v) the consummation of a sale of the Property that results in payment in full to Lone Oak.  
24 Notwithstanding a Termination Event, the Parties may extend the term of this Stipulation to  
25 allow for the Receiver's continued use of Cash Collateral under the terms and conditions of this  
26 Stipulation by written agreement of the Parties and without further order of the Court or a  
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1 hearing.

2 3. Use of Cash Collateral. Subject to the foregoing, the Receiver is authorized to use  
3 Cash Collateral solely to pay the reasonable, ordinary, and necessary expenses of operating and  
4 maintaining the Property (the "Ordinary Expenses") solely in accordance with the budget (the  
5 "Budget") attached hereto as **Exhibit "1"** and incorporated herein by this reference. Receiver's  
6 regular compensation is included in the Budget and he is hereby authorized to be paid in the  
7 ordinary course of business.  
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9 4. Replacement Lien. During the term of this Stipulation and as adequate protection  
10 of Lone Oak's interest in the Property, pre-petition collateral, Cash Collateral and the Receiver's  
11 use of the same during the Case, Lone Oak is hereby granted replacement liens ("Replacement  
12 Liens") upon all postpetition assets of the Debtor's estate (except any avoidance actions arising  
13 under Bankruptcy Code Sections 544, 545, 546, 547, 548, 549, 550 or any similar provisions of  
14 the Bankruptcy Code) to the same extent, validity and priority of Lone Oak's prepetition liens  
15 upon and security interests in the Debtor's assets, to the extent the Cash Collateral of Lone Oak  
16 is actually used by the Receiver, and suffers a diminution in the value of its prepetition collateral  
17 as of the Petition Date.  
18

19 5. Perfection of Replacement Liens. The Replacement Liens are hereby deemed  
20 duly perfected and recorded under all applicable federal, state and/or other laws as of the date of  
21 entry of an Order approving this Stipulation, and no notice or filing shall be required to effect  
22 such perfection; provided however, that notwithstanding the provisions of 11 U.S.C. § 362, Lone  
23 Oak may, at its sole option, file or record any such UCC financing statements, notices of lien and  
24 security interests, and other similar documents as Lone Oak may desire, and the Debtor is hereby  
25 obligated to cooperate with Lone Oak to the extent Lone Oak desires any related signatures of or  
26 filing by the Debtor.  
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1           6.     Reporting. Receiver will continue to provide reporting in accordance with that  
2 certain "Stipulation For Order Excusing Turnover Of Property Pursuant To 11 U.S.C. § 543(a)  
3 And Maintaining Kevin Singer As Receiver" [Doc. #16].

4           7.     Extension of 11 U.S.C. § 362(d)(3). Lone Oak (and any party in interest acting  
5 on behalf of Lone Oak) hereby agrees to forbear from moving for a determination that the the  
6 Property is a parcel of single asset real estate, provided, however, Lone Oak may terminate this  
7 agreement to forbear upon thirty (30) days written notice to counsel to the Debtor.

8           8.     Stipulation Binding on Successors. This Stipulation and its provisions, once  
9 approved by an Order of the Bankruptcy Court, shall be binding upon and inure to the benefit of  
10 Lone Oak and the Debtor and their respective successors and assigns (including any trustee or  
11 estate representative appointed as a representative of Debtor's estate). No third parties are  
12 intended to be or shall be deemed to be third party beneficiaries of this Stipulation.  
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14           9.     No Waiver. Except as set forth in this Stipulation and the order thereon, Lone  
15 Oak and the Debtor shall not be deemed or construed to waive, reduce, or otherwise diminish  
16 their respective rights and claims.  
17

18  
19 DATED: February 25, 2015

WOLF, RIFKIN, SHAPIRO,  
SCHULMAN & RABKIN, LLP

20  
21 By: 

SIMON ARON

ELSA HOROWITZ

Attorneys for Secured Creditor Lone Oak Fund, LLC

22  
23  
24 DATED: February 27, 2015

LEVENE, NEALE, BENDER, YOO & BRILL, L.L.P.

25  
26 By: 

DAVID B. GOLUBCHIK

JEFFREY S. KWONG

Attorneys for Debtor GOLD RIVER VALLEY, LLC  
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DATED: February 24, 2015

RECEIVERSHIP SPECIALISTS,

By: 

KEVIN SINGER

State Court Appointed Receiver of the Property

**EXHIBIT 1**

652 Lone Oak V Gold River															
Budgeted Profit and Loss - 2015															
2015															
	Month														
	Avg	Total	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Basic Rent - Apartments	38,000	456,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000
Bank Service Charge	16	192	16	16	16	16	16	16	16	16	16	16	16	16	16
Fire Prev - Contract	16	195													195
Insurance Expense	867	10,400			10,400										
Bond Premium	23	270									270				
Total Property Management Fees	2,300	27,600	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Property Taxes	10,698	128,375				63,375									65,000
Total Repairs and Maintenance	2,000	24,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Unit Prep - Painting	250	3,000	250	250	250	250	250	250	250	250	250	250	250	250	250
Electricity	250	3,000	250	250	250	250	250	250	250	250	250	250	250	250	250
Sewer	100	1,200	100	100	100	100	100	100	100	100	100	100	100	100	100
Water	1,000	12,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Utilities	1,350	16,200	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350
Waste Removal	300	3,600	300	300	300	300	300	300	300	300	300	300	300	300	300
Total Expense	19,169	230,032	7,566	7,566	17,966	70,941	7,566	7,566	7,566	7,566	7,836	7,566	7,566	72,761	
Net Ordinary Income	18,831	225,968	30,434	30,434	20,034	(32,941)	30,434	30,434	30,434	30,434	30,164	30,434	30,434	(34,761)	
Receivers Fees and Expenses	3,000	36,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Net Other Income	(3,000)	(36,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Net Income	15,831	189,968	27,434	27,434	17,034	(35,941)	27,434	27,434	27,434	27,434	27,164	27,434	27,434	(37,761)	

### PROOF OF SERVICE OF DOCUMENT

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I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled: **STIPULATION FOR USE OF CASH COLLATERAL** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **March 2, 2015**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Simon Aron saron@wrslawyers.com
- Marianne M Dickson MDickson@seyfarth.com, shobrien@seyfarth.com
- David B Golubchik dbg@lnbyb.com, dbg@ecf.inforuptcy.com;stephanie@lnbyb.com
- Elsa M Horowitz ehowitz@wrslawyers.com
- Jeffrey S Kwong jsk@lnbyb.com
- Queenie K Ng queenie.k.ng@usdoj.gov
- United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov

**2. SERVED BY UNITED STATES MAIL:** On **March 2, 2015**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Hon. Thomas B. Donovan United States Bankruptcy Court Edward R. Roybal Federal Building and Courthouse 255 E. Temple Street, Suite 1352 / Courtroom 1345 Los Angeles, CA 90012	Kevin Singer Superior Court Receiver 11150 West Olympic Boulevard Suite 810 Los Angeles, CA 90064
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Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **March 2, 2015**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

March 2, 2015	Lourdes Cruz	/s/ Lourdes Cruz
<i>Date</i>	<i>Type Name</i>	<i>Signature</i>