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9 **UNITED STATES BANKRUPTCY COURT**  
10 **CENTRAL DISTRICT OF CALIFORNIA**  
11 **SANTA ANA DIVISION**

12 In re  
13 WJA ASSET MANAGEMENT, LLC,  
14 Debtor-in-Possession.

Case No. 8:17-bk-11996-SC

Chapter 11

(Jointly Administered with Case Nos.  
8:17-bk-11997-SC; 8:17-bk-11998-SC;  
8:17-bk-11999-SC; 8:17-bk-12000-SC;  
8:17-bk-12001-SC; 8:17-bk-12002-SC;  
8:17-bk-12003-SC; 8:17-bk-12004-SC;  
8:17-bk-12005-SC; 8:17-bk-12006-SC;  
8:17-bk-12008-SC; 8:17-bk-12009-SC;  
8:17-bk-12010-SC; 8:17-bk-12011-SC;  
8:17-bk-12012-SC; 8:17-bk-12013-SC;  
8:17-bk-12014-SC; 8:17-bk-12015-SC;  
8:17-bk-12016-SC; 8:17-bk-12018-SC;  
8:17-bk-12019-SC; 8:17-bk-12124-SC;  
8:17-bk-12125-SC; 8:17-bk-12126-SC;  
8:17-bk-12127-SC and 8:17-bk-12285-SC)

- 15  Affects 5827 WINLAND HILLS DRIVE DEVELOPMENT FUND, LLC
- 16  Affects ALABAMA HOUSING FUND, LLC
- 17  Affects CA EXPRESS FUND, LLC
- 18  Affects CA SEE JANE GO FUND, LLC
- 19  Affects CA WHIRL FUND, LLC
- 20  Affects CLAIRTON RESIDENTIAL RENEWAL, LLC
- 21  Affects EQUITY INDEXED MANAGED FUND, LLC
- 22  Affects LUXURY ASSET PURCHASING INTERNATIONAL, LLC
- 23  Affects LVNV MULTI FAMILY LLC
- 24  Affects PMB MANAGED FUND, LLC
- 25  Affects PROSPER MANAGED FUND, LLC
- 26  Affects PROSPER MANAGED FUND, LLC
- 27  Affects PROSPER MANAGED FUND, LLC

Chapter 11

**MOTION OF WJA ASSET MANAGEMENT, LLC, TO USE ITS INTEREST AS MANAGER TO WIND DOWN NON-DEBTOR CA EXPRESS FUND II, LLC AND DISTRIBUTE PROCEEDS PURSUANT TO 11 U.S.C. § 363(b)(1); MEMORANDUM OF POINTS AND AUTHORITIES; AND DECLARATION OF HOWARD GROBSTEIN IN SUPPORT THEREOF**

**[No hearing required pursuant to Local Bankruptcy Rule 9013-1(o)]**

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- 1  Affects TD OPPORTUNITY FUND, LLC
- 2  Affects TD REO FUND, LLC
- 3  Affects URBAN PRODUCE FUND, LLC
- 4  Affects WHIRL FUND, LLC
- 5  Affects WJA ASSET MANAGEMENT, LLC
- 6  Affects WJA EXPRESS FUND, LLC
- 7  Affects WJA REAL ESTATE OPPORTUNITY FUND I, LLC
- 8  Affects WJA REAL ESTATE OPPORTUNITY FUND II, LLC
- 9  Affects WJA SECURE REAL ESTATE FUND, LLC
- 10  Affects WJA SECURE REAL ESTATE FUND, LLC
- 11  Affects WJA SECURE INCOME FUND, LLC
- 12  Affects WILLIAM JORDAN INVESTMENTS, INC.
- 13  Affects CA REAL ESTATE OPPORTUNITY FUND I, LLC
- 14  Affects CA REAL ESTATE OPPORTUNITY FUND II, LLC
- 15  Affects CALIFORNIA INDEXED GROWTH FUND, LLC
- 16  Affects CALIFORNIA INDEXED GROWTH FUND, LLC
- 17  Affects SECURE CALIFORNIA INCOME FUND, LLC
- 18  Affects CA REAL ESTATE OPPORTUNITY FUND III, LLC
- 19  Affects CA REAL ESTATE OPPORTUNITY FUND III, LLC
- 20  Affects All Debtors

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1 **TO THE HONORABLE SCOTT CLARKSON, UNITED STATES BANKRUPTCY**  
2 **JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, AND OTHER PARTIES IN**  
3 **INTEREST:**

4 WJA Asset Management, LLC ("WJAAM"), one of the debtors-in-possession, is  
5 the manager of a handful of entities that did not file bankruptcy petitions because the  
6 requisite consents could not be obtained. However, WJAAM continues to act as  
7 manager for those entities and Howard Grobstein serves as WJAAM's chief restructuring  
8 officer. CA Express Fund II, LLC, one of those non-debtor entities, has now liquidated all  
9 of its assets and is preparing to make final distributions to its creditors and investors.  
10 WJAAM seeks authority under 11 U.S.C. § 363(b) to exercise its management rights in  
11 order to effectuate those final distributions and the dissolution of CA Express Fund II. In  
12 support of the motion (the "Motion"), WJAAM submits the following memorandum of  
13 points and authorities and the declaration of Howard Grobstein in support thereof, and  
14 respectfully represent as follows:

15  
16 **I. INTRODUCTION**

17 CA Express Fund II's primary assets were its limited partnership interest in (1) an  
18 entity that operated a car wash and (2) funds in a bank account at California Bank &  
19 Trust. CA Express Fund II liquidated its interest in the partnership in 2018 and, in late  
20 2018, after multiple demands, finally received funds that were on deposit with California  
21 Bank & Trust. It is now prepared to make distributions to creditors and interest holders.  
22 Because this may be considered a transaction outside the ordinary course of WJAAM's  
23 business, WJAAM seeks authority to exercise its management rights to make the  
24 distributions and dissolve CA Express Fund II under California law. All creditors and  
25 interest holders of CA Express Fund II are being served with the Motion.

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1 **II. BACKGROUND FACTS**

2 On May 18, 2017, the Manager and its above-captioned affiliates filed voluntary  
3 petitions under chapter 11 of the United States Bankruptcy Code. Over the following  
4 weeks, several affiliates also filed chapter 11 petitions (together, the Manager and its  
5 debtor-affiliates are referred to as the "Debtors"). The Debtors' cases are jointly  
6 administered and the Debtors continue to operate their businesses and manage their  
7 affairs as debtors-in-possession.

8 **A. Organization of the Debtors and CA Express Fund II**

9 William Jordan Investments, Inc. ("Advisor"), is a registered investment advisor,  
10 and WJAAM is the managing member of the Debtors, with the exception of itself and  
11 Advisor. It is also the manager for several entities, including CA Express Fund II, that did  
12 not file bankruptcy petitions because they did not have the requisite corporate authority to  
13 do so. A copy of CA Express II's operating agreement is attached as Exhibit "1." Prior to  
14 the bankruptcy filings, William Jordan was the president and sole owner of Advisor and  
15 was the sole member and manager of Manager. Pursuant to Court orders, Howard  
16 Grobstein is now serving as the chief restructuring officer of the Debtors and Mr. Jordan  
17 no longer has any ongoing role in the operations of the Debtors or their non-debtor  
18 affiliates.

19 CA Express Fund II is a nondebtor entity whose membership interests, based on  
20 its tax returns and other books and records, are held equally by two third-party investors:  
21 Texas Capital Holdings, L.P. and the Padova Trust as amended and restated 2008 (the  
22 "Padova Trust"). Each invested \$206,000 to acquire its interest in CA Express Fund II.  
23 However, the general ledger of CA Express Fund II reflects that in 2015, Texas Capital  
24 Holdings received \$16,537.40 more in distributions than the Padova Trust did.  
25 Specifically, it reflects the following distributions:

26

Investor	Date of Distribution	Amount of Distribution	Balance	Investment Percentage
The Padova Trust	11/5/15	\$100,000.00	\$106,000.00	54.23%
	9/13/16	\$25,000.00	\$81,000.00	55.68%
Texas Capital	11/2/15	\$116,537.40	\$89,462.60	45.77%

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Investor	Date of Distribution	Amount of Distribution	Balance	Investment Percentage
Holdings, LLC				
	9/13/16	\$25,000.00	\$64,462.60	44.32%

A copy of the general ledger is attached as Exhibit "2."

**B. Liquidation of its Assets and Interim Distribution**

In 2018, CA Express Fund II and its affiliate, WJA Express Fund, sold their respective limited partnership interests in Gothard Express Partners, L.P. to a third party for the total purchase price of \$1,950,000. The Court approved the sale and the investors in CA Express Fund II signed written consents. From that sale, CA Express Fund II received \$268,965.62. Under a settlement agreement with the other partners of Gothard Express, it also received a final distribution of \$20,937.93 from Gothard Express. In late December 2018, CA Express Fund II received \$42,680.71 in funds that were on deposit in its account at California Bank & Trust but that had been frozen by the bank since the Debtors filed their bankruptcy petitions. Other than its current operating account, CA Express Fund II has no other assets. As of the filing of the Motion and after making the interim distribution to interest holders discussed below, CA Express Fund II is holding \$175,090.76.

In January 2019, WJAAM made an interim distribution of 70% of the funds on hand after making reserves for outstanding accounts payable, taxes, and future professional fees and costs to formally dissolve the entity and winding down its affairs. The outstanding accounts payable that was reserved for includes \$16,537.40 for the Padova Trust in order to equalize the distributions that the two owners received from CA Express Fund II. The outstanding accounts also includes an item owed to WJAAM under the terms of the operating agreement, less a deduction for an overpayment of management fees. In particular, Section 2.2 of CA Express Fund II's operating agreements provides that "[t]he Manager has contributed Legal fees and other fees and services in the form of cash and loans to complete the start up of the Company and will be reimbursed for such expenses ("Initial Costs") in the amount of \$25,000." Based on

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1 the books and records of CA Express Fund II and WJAAM, this payment has not yet  
2 been made. However, the management fees have been recalculated based on actual  
3 assets values through the date that the CRO was appointed, and based on this  
4 calculation, CA Express Fund II has overpaid WJAAM management fees by \$5,428.32.  
5 A spreadsheet detailing the calculation is attached as the second page of Exhibit "3."  
6 Thus, WJAAM proposes to pay itself \$19,571.68, comprised of the \$25,000 in unpaid  
7 start-up fees, less the overpayment on the management fees. The CRO has determined  
8 that because he has performed the management functions for CA Express Fund II since  
9 his appointment and has collected fees for those services as permitted by the operating  
10 agreement, it would not be appropriate to also pay management fees to WJAAM. Thus,  
11 the calculation of the management fees due to WJAAM stops as of his appointment. The  
12 same determination has been made in connection with the Debtors' bankruptcy cases.  
13 The outstanding accounts payable also includes \$11,545.08 to be paid to WJA Express  
14 Fund, LLC, to reimburse it for legal fees and expenses incurred by Smiley Wang-Ekvall in  
15 connection with the sale of the interest in Gothard Express.<sup>1</sup> This sum was previously  
16 charged to and paid by WJA Express Fund.

17 After the Motion is approved, the CRO will cause CA Express Fund II to pay the  
18 outstanding accounts payable from the funds reserved for that purpose. The final tax  
19 return will be prepared and the paperwork to formally dissolve CA Express Fund II will be  
20 submitted to the California Secretary of State. CA Express Fund II will pay the actual  
21 cost of those tasks from the reserved funds. In addition, because this is a case where  
22 the investors will have received more than 110% of the amount that they invested from  
23 CA Express Fund II, the operating agreement contemplates that the amount in excess of  
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25 <sup>1</sup> Specifically, fees of \$4,891 were incurred preparing the consents of the investors in CA Express Fund  
26 II and obtaining those consents. These fees were initially billed to and paid by WJA Express in connection  
27 with the sale, but should fairly be borne by CA Express Fund II. In addition, total fees of \$48,218 were  
28 incurred in connection with the negotiation of the sale of the partnership interests, the obtaining of approval,  
and the closing. Those fees were similarly billed to and paid by WJA Express. The \$48,218 has now been  
allocated to WJA Express and CA Express Fund II based on their relative percentage interests in Gothard  
Express, so that CA Express Fund's share is \$6,654.08.

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1 110% be split with the Manager. Specifically, Section 3.11 of the operating agreement  
2 provides that "The Manager will be compensated a 2% annual asset management fee  
3 paid quarterly. If greater than a 10% return is achieved, the investors will be paid any  
4 remaining profits on a 80%/20% split with the Manager with the investors receiving 80%."  
5 Once the investors have received 110% of their investments in CA Express Fund II, the  
6 remaining funds on hand will be paid 20% to WJAAM and 80% to the two investors, with  
7 the Padova Trust and Texas Capital Holdings each receiving equal shares. Once all  
8 distributions are made, the CRO estimates that the two investors will have received at  
9 least 118.31% of their initial investment in CA Express Fund II.

10 A waterfall with the present reserves and calculations consistent with the foregoing  
11 is attached as Exhibit "3." It is not expected that the remaining tasks will take longer than  
12 six weeks to complete.

13  
14 **III. The Use of WJAAM's Management Rights to Make Distributions and**  
15 **Dissolve CA Express Fund II Is a Proper Exercise of Business Judgment and**  
16 **May Be Approved Pursuant to 11 U.S.C. § 363(b)**

17 Section 363(b) of the Bankruptcy Code empowers a trustee to "use . . . other than  
18 in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b). In  
19 deciding whether to approve the use of estate property by a debtor-in-possession, courts  
20 typically consider whether the proposed use is based on a sound business justification.  
21 *See, e.g., In re Walter*, 83 B.R. 14, 17 (9th Cir. BAP 1998); *In re Ernst Home Center, Inc.*,  
22 209 B.R. 974, 979 (Bankr. W.D. Wash. 1997); *In re Continental Air Lines, Inc.*, 78 F.2d  
23 1223 (5th Cir. 1986). Courts also look at whether the transaction is in the best interests  
24 of the estate based on the facts and history of the case. *In re America West Airlines*, 166  
25 B.R. 908, 912 (Bankr. D. Ariz. 1994)(*citing In re Lionel Corp.*, 722 F.2d 1063, 1071 (2d  
26 Cir. 1983)). Property of the estate includes intangible assets, such as shareholder voting  
27 rights, and a use of such rights may invoke 11 U.S.C. § 363. *See In re Modanlo*, 412  
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1 B.R. 715, 731 (Bankr. D. Md. 2006); *In re Consolidated Auto Recyclers, Inc.*, 123 B.R.  
2 130, 140 (Bankr. D. Me. 1991).

3 In this case, the use of WJAAM's authority as the manager of CA Express Fund II  
4 to make the proposed payments and final distributions and to dissolve that entity under  
5 California law is a proper exercise of business judgment. Because CA Express Fund II  
6 has no further ongoing operations and its assets have been reduced to cash, the  
7 operating agreement requires that it make distributions. WJAAM seeks to do so in a  
8 manner consistent with the operating agreement and on notice to the two investors so  
9 that they have a forum for reviewing the distributions made so far and that are proposed  
10 to be made and an opportunity to ask questions and raise any concerns that they have.  
11 Moreover, WJAAM seeks to rectify the overpayment of management fees to it by  
12 deducting the amount of the overpayment from the amount due to it under the operating  
13 agreement for start-up costs. Because WJAAM believes that all of these actions  
14 constitute a proper exercise of its business judgment, it requests that the Motion be  
15 approved.

17 **IV. CONCLUSION**

18 Based on the foregoing, WJAAM requests that the Court enter an order:

- 19 (1) Granting the Motion;
- 20 (2) Authorizing it to use its interest as the manager of CA Express Fund II to
- 21 wind down that entity and to make distributions, including those made since WJAAM filed
- 22 its case and those contemplated to be made consistent with the spreadsheet attached as
- 23 Exhibit "3" and as set forth in the Motion; and

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(3) Granting such other and further relief as the Court deems just and appropriate.

Respectfully submitted,  
SMILEY WANG-EKVALL, LLP

DATED: February 14, 2019

By:           /s/ Kyra E. Andrassy            
KYRA E. ANDRASSY  
Attorneys for Debtors-in-Possession

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**DECLARATION OF HOWARD GROBSTEIN**

I, Howard Grobstein, declare as follows:

1. I am a founder and partner of Grobstein Teeple, LLP. I know each of the following facts to be true of my own personal knowledge, except as otherwise stated and, if called as a witness, I could and would competently testify with respect thereto. I make this declaration in support of the motion (the "Motion") of WJA Asset Management, LLC ("WJAAM"), to use its interest as a manager of CA Express Fund II to make distributions and wind down that entity. Any capitalized terms not defined in this declaration shall have the meaning given to them in the Motion.

2. I was approached prior to the filing of the Debtors' bankruptcy cases to serve as the chief restructuring officer of the Debtors and their non-debtor affiliates in order to provide them with advice and guidance about their bankruptcy options and to oversee their daily operations. Although most of them filed chapter 11 petitions, a couple did not because the required authority could not be obtained. CA Express Fund II is one of the non-debtor entities. With respect to the entities that filed for chapter 11, including WJAAM, the Court has approved my retention as their chief restructuring officer. My firm and I are now in possession of the Debtors' books and records. A true and correct copy of the operating agreement for CA Express Fund II is attached as Exhibit "1." Although its contains typographical errors, including in the title of it on the first page that indicates that it is the operating agreement for "WJA Express Fund LLC," a reading of its text makes plain that it is in fact the operating agreement for CA Express Fund II, and it is the operating agreement that was attached to the private placement memorandum that was given to investors.

3. Although CA Express Fund II's tax returns reflect that its units are held equally by two investors, the Padova Trust and Texas Capital Holdings, LLC, we have reviewed its books and records, including its general ledger, and determined that when making distributions, Texas Capital Holdings, LLC, received a little more than the Padova

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1 Trust, although the reason is unclear. Specifically, the general ledger reflects the  
2 following:

Investor	Date of Distribution	Amount of Distribution	Balance	Investment Percentage
The Padova Trust	11/5/15	\$100,000.00	\$106,000.00	54.23%
	9/13/16	\$25,000.00	\$81,000.00	55.68%
Texas Capital Holdings, LLC	11/2/15	\$116,537.40	\$89,462.60	45.77%
	9/13/16	\$25,000.00	\$64,462.60	44.32%

7 A true and correct copy of the general ledger for CA Express Fund II is attached  
8 as Exhibit "2." Because the Padova Trust received \$16,537.40 less than Texas Capital  
9 Holdings, LLC, I believe that it is appropriate to make a "catch up" payment to the  
10 Padova Trust so that they ultimately each receive the same amount on account of their  
11 investments in this entity. I am reserving this amount pending Court approval of the  
12 Motion.

13 4. In January 2019, WJAAM made an interim distribution of approximately  
14 70% of the funds on hand after making reserves for outstanding accounts payable  
15 (including the proposed "catch up" payment to the Padova Trust, future professional fees  
16 for the costs associated with formally dissolving the entity and winding down its affairs,  
17 and taxes. Specifically, The Padova Trust received \$75,727.20 and Texas Capital  
18 Holdings received \$75,727.20. The outstanding accounts payable include the following:  
19 (1) \$4,989.47 owed to Menchaca & Co. for accounting services related to the preparation  
20 of tax returns and K-1s; (2) \$4,630.50 for Grobstein Teeple for fees and costs related to  
21 management services that they have provided to CA Express Fund II; (3) \$11,545.08 in  
22 legal fees and costs from Smiley Wang-Ekvall for services related to the sale of the  
23 limited partnership interest in Gothard Express. I understand that Smiley Wang-Ekvall  
24 included the \$11,545.08 in fees on its bills to WJA Express Fund, LLC, the other limited  
25 partner in Gothard Express, and received payment from WJA Express for those fees, so  
26 WJA Express Fund will receive reimbursement for them. In addition, \$25,000 will be paid  
27 to WJAAM as required by Section 2.2 of the operating agreement for costs it incurred  
28 with the formation of CA Express Fund II. We have verified that the \$25,000 was not

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1 previously paid. In addition, we have recalculated management fees based on actual  
2 asset values through the date I was appointed, and determined that CA Express Fund II  
3 overpaid management fees by \$5,428.32. I propose to repay that by deducting it from  
4 the \$25,000 for costs related to the formation. I have determined that because my firm  
5 and I have performed the management functions for CA Express Fund II since my  
6 appointment and my firm's retention and we have collected fees for those services as  
7 permitted by the operating agreement, it would not be appropriate to also pay  
8 management fees to WJAAM. The same determination has been made in connection  
9 with the Debtors' bankruptcy cases.

10 5. In calculating the amount of the interim distribution to be paid, we created  
11 reserves for the anticipated costs of completing the winding down of this fund and were  
12 conservative with our amounts. We reserved \$21,000 for professional fees for the  
13 accountant to prepare the final tax return, for Smiley Wang-Ekvall to complete and file the  
14 dissolution paperwork with the California Secretary of State, and for my firm's fees and  
15 costs related to the dissolution and final distribution. After consulting with Menchaca &  
16 Co., the accountants, we have reserved \$3,600 for taxes. Only the actual fees and costs  
17 incurred will be paid, and any unused funds in these reserves will become available for  
18 distribution in a manner consistent with the operating agreement and this Motion. A true  
19 and correct copy of the "waterfall" analysis that my office prepared is attached hereto as  
20 Exhibit "3" and it, in turn, includes information about the calculation of the management  
21 fee to WJAAM and the investments received from the investors and the distributions  
22 made to them. I expect that the final distribution to the investors will be in the amount of  
23 approximately \$34,720 each, with the amount potentially increasing if the reserves were  
24 too high.

25 6. Assuming the Motion is approved, after the order is entered, I will cause CA  
26 Express Fund II to pay the outstanding accounts payable. The final tax return will be  
27 prepared and the paperwork to formally dissolve CA Express Fund II will be submitted to  
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1 the California Secretary of State. CA Express Fund II will pay the actual cost of those  
2 tasks from the reserved funds. In addition, because this is a case where the investors  
3 will have received more than 110% of the amount that they invested from CA Express  
4 Fund II, the operating agreement contemplates that the amount in excess of 110% be  
5 split with the Manager, with the investors receiving 80% of the excess and WJAAM  
6 receiving 20% of the excess. In other words, once the investors have received 110% of  
7 their investments in CA Express Fund II, the remaining funds on hand will be paid 20% to  
8 WJAAM and 80% to the two investors, divided equally between them. Based on our  
9 calculations, once all distributions are made, the two investors will have received at least  
10 118.31% of their initial investment in CA Express Fund II. This will increase slightly if the  
11 reserves were higher than the actual costs. I do not expect the remaining tasks to take  
12 longer than six weeks from the granting of the Motion to complete.

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

15 Executed on this 13 day of February, 2019, at Woodland Hills, California.

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19 HOWARD B. GROBSTEIN  
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# EXHIBIT "1"

## EXHIBIT "A"

### OPERATING AGREEMENT OF

### WJA EXPRESS FUND LLC, a California limited liability company

THIS Operating Agreement governs **WJA EXPRESS FUND LLC**, a California limited liability company, (the "Company") and is made and entered into as of September 24, 2013 by and among those Members admitted to the Company pursuant to the requirements and procedures set out in this Operating Agreement.

#### ARTICLE I FORMATION, NAME, PURPOSES AND DEFINITIONS

1.1 Formation. Pursuant to the limited liability provisions of the Beverly Killea Limited Liability Company Act, codified in the California Corporations Code, Section 17000 et seq. ("Act"), the parties have formed a California limited liability company by filing Articles of Organization with the California Secretary of State on August 8, 2013. The parties now adopt this Operating Agreement (the "Agreement") to provide for the regulation and management of the affairs of the Company. This Agreement is subject to, and governed by the Act and the Articles of Organization. In the event of a direct conflict between the provisions of this Agreement and the mandatory provisions of the Act, the mandatory provisions of the Act will be controlling.

1.2 Intent. It is the intent of the Members that the Company shall always be operated in a manner consistent with its treatment as a partnership under the Internal Revenue Code of 1986 ("Code") for federal and state income tax purposes. It also is the intent of the Members that the Company not be operated or treated as a partnership for purposes of Section 303 of the federal Bankruptcy Code. No Member shall take any action inconsistent with the express intent of the parties hereto.

1.3 Name. The name of this limited liability company is CA Express Fund II, LLC

1.4 Place of Business. The principal place of business of the Company is 23046 Avenida De La Carlota, Suite 150, Laguna Hills, CA 92653, or such other place as the Manager shall determine.

1.5 Purpose. The Company has been formed to engage in the purchase and/or operation of businesses and/or real estate and related activities, to conduct and transact any lawful business for which limited liability companies may be formed under the laws of the State of California and to exercise all powers permitted thereby, and to engage in any activities that are

related to the accomplishment of such purposes.

1.6 Term. The Company shall commence upon the filing of Articles of Organization and shall continue until such time as it shall be terminated under the provisions of Article XI hereof.

1.7 Members. The names of the Company's Members shall be kept by the Company or by a transfer agent appointed by the Manager.

1.8 Agent for Service of Process. The name and business address of the agent for service of process on the Company shall be such other person as the Manager shall appoint.

## **ARTICLE II**

### **CAPITALIZATION OF THE COMPANY**

2.1 Units. The Company is authorized to issue a total of One Thousand Investment Units each consisting of 10,000 Common Units ("Units"). The rights, duties, and obligations of the Members of the Company shall be governed by the terms and conditions of this Agreement and shall be represented by Units. The Company does intend to pay dividends from cash flows, and/or from business operations. Each Unit shall carry the right to cast one vote on any matter submitted to the Members of the Company and be entitled to profit and loss distributions and allocations.

2.2 Payments made by Manager subsequent to funding. The Manager has contributed Legal fees and other fees and services in the form of cash and loans to complete the start up of the Company and will be reimbursed for such expenses ("Initial Costs") in the amount of \$25,000.

2.3 Additional Units. Additional Members may join the Company by purchasing a required minimum of ten (10) Units, which minimum can be waived at the Manager's sole discretion. The cost of such units ("Initial Capital Contribution") shall be One Hundred Thousand Dollars (\$100,000.00). The purchasers of Units shall be admitted as Members of the Company upon the acceptance of their Subscription Agreements, if any, to purchase Units, receipt of their executed Operating Agreement Counterpart Signature Page and Power of Attorney (the "Counterpart Signature Page") indicating their agreement to be bound by all the terms and conditions of this Agreement, and receipt of their respective Capital Contributions. New Members may be admitted upon the affirmative, written approval of the Company's Manager.

2.4 Additional Capital Contributions. No additional Capital Contribution shall be required of any Member after the Member's Initial Capital Contribution.

2.5 Withdrawal of Contributions. No Member shall have the right or be permitted to withdraw from the Company or demand the return of all or any part of its Capital Contribution except as agreed in writing by the Manager.



2.6 Transfer of Units. Units are held, and may only be transferred, assigned, pledged, hypothecated, sold, or otherwise disposed of, in accordance with all of the terms and conditions of this Agreement.

2.7 Admission of Additional Members. On the issuance of newly authorized Units in accordance with the provisions of Section 2.3 and on receipt of the Capital Contribution specified and the delivery to the Company of an executed Counterpart Signature Page indicating the holder's agreement to be bound by all of the terms and conditions of this Agreement, such holder shall become an additional Member of the Company (an "Additional Member").

2.8 Transfer Limitations. In addition to other limitations on transfer or disposition of a Unit set forth herein, no disposition of any Unit by a Member may be made if the Unit or any part thereof sought to be transferred, when added to the total of all other Units disposed of within the period of 18 consecutive months prior to the proposed date of disposition, in the opinion of counsel for the Company, results in the termination of the Company under the Code. Further, no disposition of any Unit may be made without registration under the Securities Act of 1933, as amended, and under state securities laws or unless the Company receives an opinion of counsel satisfactory to it that an exemption from registration is available. In addition, no disposition of any Unit may be made if, in the opinion of counsel of the Company, such disposition would cause the Company to be treated as an association taxable as a corporation rather than as a limited liability company subject to the provisions of Subchapter K of the Code, or any comparable provisions then in effect.

### **ARTICLE III**

#### **POWERS AND DUTIES OF MANAGER; OFFICERS**

3.1 Management. The Manager shall manage the business and affairs of the Company. The Manager is entitled to hire a third party, persons or business organization to manage the business and affairs of the Company on its behalf. As of the date of this Operating Agreement, a majority of the Members have consented to the appointment of WJA Asset Management, LLC to manage the Company. The Manager, or its appointee, shall direct, manage and control the business of the Company to the best of its ability and shall have full and complete authority, power and discretion to make any and all decisions and to do any and all things which the Manager shall deem to be reasonably required to accomplish the business and objectives of the Company. No Member, other than the Manager or its appointee, shall have the authority to bind the Company.

3.2 Number, Tenure and Qualifications. WJA Asset Management, LLC, shall be the Manager of the Company. In the event the Manager resigns, a new manager shall be elected by the vote of Members owning in the aggregate a simple majority of the Percentage Interests ("Majority-In-Interest") at a meeting of the Members and shall hold office until the next

meeting of Members at which an election of the Manager is held, or such longer period as shall be approved by such vote, and until its successor shall have been duly elected and qualified. The Company may engage the Manager pursuant to a written management agreement for the period to which the Manager was elected. The Manager need not be a resident of the State of California. The Manager shall not be precluded from serving the Company in capacities other than management of the Company, for which the Manager receives compensation from the Company.

3.3 Certain Powers of Manager. Without limiting the generality of Section 3.1 hereof, the Manager shall have power and authority, on behalf of the Company, to do the following:

(a) To invest in businesses or real estate projects, including those the Manager may determine even if a Member is directly or indirectly affiliated or connected with such businesses or real estate project and even if the project or investment is partially or totally owned, managed or controlled by the Manager;

(b) To purchase insurance to protect the Company's property and business;

(c) To hold and own, directly or as collateral, any real and/or personal properties in the name of the Company;

(d) To invest any of the Company's funds temporarily in time deposits, short-term governmental obligations, commercial paper or other investments;

(e) To sell or otherwise dispose of or transfer assets of the Company in the ordinary course of business;

(f) To execute on behalf of the Company all contracts, instruments, and documents including, without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, deeds, security agreements and financing statements, documents providing for the acquisition, mortgage or disposition of the Company's property, assignments, bills of sale, stock powers, leases, Operating Agreements, and any other instruments or documents necessary, in the opinion of the Manager, to the business of the Company; and, subject to any limitation contained in the Articles of Organization or in this Agreement, authorize in writing an agent, generally or specifically, to execute and deliver any contract or other instrument in the name and on behalf of the Company;

(g) To cause the Company to change its domicile to a jurisdiction other than California;

(h) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from the Company funds;

(i) To act as "tax matters partner" pursuant to Section 6221 of the Code;

(j) To make an assignment for the benefit of creditors of the Company, file a voluntary petition in bankruptcy or appoint a receiver for the Company, provided such action has been approved in advance in writing by a Majority-In-Interest;

(k) To enter into any and all other agreements on behalf of the Company, with any other person or entity for any purpose, in such form as the Manager may approve; and

(l) To do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business.

3.4 General Duties of Manager. In addition to the Manager's responsibilities resulting from its empowerment in Section 3.3 hereof and the Manager's duties under any pertinent agreement with the Company, the Manager shall be responsible for:

- (a) The day-to-day management and control of the Company;
- (b) The business affairs of the Company, dominion and control of the Company assets and general supervision over its employees and agents, and professional advisors;
- (c) Signing and executing the official documents and other instruments for and on behalf of the Company;
- (d) Keeping or causing to be kept a record of all proceedings and meetings of the Members;
- (e) Causing all notices to be duly given in accordance with the provisions of this Agreement and as required by law;
- (f) Storing the records of the Company;
- (g) Assuring that the books, reports, statements, certificates, and other documents and records required by law are properly kept and filed;
- (h) Maintaining the Unit ledger and books of the Company and causing such books to be kept in such manner as to show at any time the number of Units of the Company issued and outstanding, the manner in which and date when such Units were paid for, the names, alphabetically arranged, and the addresses of the Members of record, the number of Units held by each Member, and the date when each became a Member of record;
- (i) Causing the records required to be maintained pursuant to The Act to be kept and exhibited at the principal place of business of the Company and in the manner and for the

purpose provided in such section;

(j) Having charge and supervision over and being responsible for the monies, securities, receipts, and disbursements of the Company;

(k) Causing the monies and other valuable effects of the Company to be deposited in the name and to the credit of the Company in such banks or trust companies or with such banks or other depositories as shall be selected by the Manager;

(l) Causing the monies of the Company to be disbursed by checks or drafts drawn on the authorized depositories of the Company;

(m) Rendering, when reasonably requested, a statement of the financial condition of the Company, and rendering a full financial report at least annually;

(n) Causing to be kept correct books of account of all the business and transactions of the Company and exhibiting such books to any Member on request during ordinary business hours;

(o) Designating an agent for service of process on the Company in compliance with The Act; and

(p) Performing such other duties as from time to time may be assigned to it by the Company.

(q) Appointing other officers to serve the Company.

(r) Buying, Selling, Transferring, Mortgaging and Hypothecating Real Property in the name of the Company.

3.5 Authority to Bind the Company. Unless authorized, in writing, to do so by this Agreement or by the Manager, no Member, agent, or employee of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable for any purpose. The Manager may act, however, by a duly authorized attorney-in-fact.

3.6 The Company Records and Accounts. The Manager shall maintain a principal place of business where it shall preserve the records and accounts of the operations and expenditures of the Company including the following:

(a) a current list of the full name and last known business, residence or mailing address of each Member, both past and present;

(b) a copy of the stamped Articles of Organization of the Company and

all amendments thereto together with executed copies of any powers of attorney pursuant to which any amendment has been executed;

(c) copies of the Company's federal, state, and local income tax and ad valorem returns and reports, if any, for the three most recent years;

(d) copies of the Company's currently effective Operating Agreement and all amendments thereto, copies of any prior written Operating Agreement no longer in effect, copies of any writings permitted or required with respect to a Member's obligation to contribute cash, property or services;

(e) the financial statements of the Company;

(f) copies of all executed Subscription Agreements, executed Suitability Questionnaires, and executed Counterpart Signature Pages and a statement of:

(i) the amount of cash and a description and statement of the agreed value of the other property or services contributed by each Member;

(ii) the date on which, or events on the happening of which, any additional contributions agreed to be made by each Member are to be made;

(iii) any right of a Member to receive distributions which include a return of all or any of the Member's contributions; and

(iv) any event upon the happening of which the Company is to be dissolved and its affairs wound up;

(g) minutes or other records of every meeting or other action of the Members.

Upon reasonable request, each Member shall have the right, during ordinary business hours, to inspect and copy the Company's records and accounts at the Member's expense. The Manager shall keep the records and accounts of the Company at the Company's principal place of business unless otherwise required by The Act

3.7 Bank Accounts; Brokerage Accounts. The Manager may, from time to time, open bank accounts and brokerage accounts in the name of the Company.

3.8 Tax Returns and other Elections; Financial Statements. The Manager shall at the expense of the Company cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns or pertinent information shall be furnished to the Members within a reasonable time after the end of the Fiscal Year. All elections permitted to be made by the Company under federal or state laws may be made by the Manager. The Manager may cause the Company's annual financial statements to be reviewed or audited at the expense of the Company on an annual basis by an

accounting firm selected by the Manager.

3.9 Removal. The Manager may only be removed if cause shall exist, and then only by the affirmative vote of a group of Members together owning more than ninety percent (90%) of the Units (“Supermajority-In-Interest”) at a meeting duly called expressly for that purpose. Cause shall only be deemed to exist if the Manager has been grossly negligent in the performance of its duty or engaged in willful misconduct or fraud against the Company.

3.10 Vacancies. Any vacancy occurring for any reason in the office of the Manager may be filled by the affirmative vote of the Majority-In-Interest. The Manager elected to fill a vacancy shall be elected for the unexpired term of its predecessor in office and shall hold office until the expiration of such term and until its successor shall be elected and shall qualify or until the Manager’s earlier death or dissolution, resignation or removal. The Manager chosen to fill a position resulting from an increase in the number of officers and directors shall hold office until its successor shall be elected and shall qualify, or until the earlier death or dissolution, resignation or removal of such officer or director. If no officer or director is elected, the business of the Company shall be managed by the Majority-In- Interest.

3.11 Salary. The Manager will be compensated a 2% annual asset management fee paid quarterly. If greater than a 10% investor return is achieved, the investors will be paid any remaining profits on a 80%/20% split with the Manager with the investors receiving 80%.

3.12 Program Administrator. The Manager will act as the administrator and disburse working capital to purchase real properties from banks and other third parties. The Manager will direct the Company’s assets in identifying properties to be purchased and may hire other third parties to assist in selection of the properties to be purchased.

3.13 Management Team. The day-to-day management and control of the Company may be delegated by the Manager to one or more persons as may be appointed by the Manager. The Manager from time to time may delegate to any agent the power to appoint and remove any such subordinate or agent and to prescribe their respective authorities and duties.

#### **ARTICLE IV**

#### **BORROWINGS, DEPOSITS, CHECKS, AND SECURITIES**

4.1 Loans. No loan or advance shall be contracted on behalf of the Company except for acquisition of real estate or real estate related assets such as notes and partnerships, no negotiable paper or other evidence of its obligation under any loan or advance shall be issued in its name, and no property of the Company shall be mortgaged, pledged, hypothecated, transferred, or conveyed as security for the payment of any loan, advance, indebtedness, or liability of the Company, unless and except as authorized by the Manager in exceptional or

unexpected circumstances. Any such authorization may be general or confined to specific instances.

4.2 Deposits. All monies of the Company not otherwise employed shall be deposited from time to time to its credit in such banks or trust companies or with such bankers or other depositories, including brokerage companies duly qualified and licensed under federal and state law, as the Manager may select, or as from time to time may be selected by any agent authorized to do so by the Manager.

4.3 Checks, Drafts, Etc. All notes, drafts, acceptances, checks, endorsements and, subject to the provisions of this Agreement, evidences of indebtedness of the Company, shall be signed by the Manager or such duly authorized agent or agents of the Company in such manner as the Manager from time to time may determine. Endorsements for deposit to the credit of the Company in any of its duly authorized depositories shall be in such manner as the Manager from time to time may determine.

4.4 Bonds and Debentures. Every bond or debenture duly authorized by the Manager and issued by the Company shall be evidenced by an appropriate instrument which shall be signed by the Manager.

4.5 Sale, Transfer, Etc. of Securities. Sales, transfers, endorsements, and assignments of stocks, bonds, and other securities owned by or standing in the Company's name, and the execution and delivery on the Company's behalf of any and all instruments duly authorized by the Manager in writing incident to any such sale, transfer, endorsement, or assignment, shall be executed by the Manager or by any agent thereunto authorized by the Manager.

## **ARTICLE V**

### **RIGHTS AND OBLIGATIONS OF MEMBERS**

5.1 Limitation of Liability. Each Member's liability for the debts and obligations of the Company shall be limited as set forth in The Act and other applicable law.

5.2 List of Members. Upon written request of any Member, the Manager shall provide a list showing the names, last known addresses and each Member's right to share in distributions of cash and other property from the Company ("Interest").

5.3 Return of Capital. Members shall receive the return of their Initial Capital Contributions solely out of the net Profits as set out in Article VIII. Requests for a return of capital shall be met on a good faith basis in the sole discretion of the manager.

## **ARTICLE VI**

## MEETINGS OF MEMBERS

6.1 Annual Meetings. There shall not be annual meetings of the Members. Actions to be taken by the Members may be taken by written consent of Members in lieu of meeting.

6.2 Special Meetings. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called at any time by the Manager or on the written request of a Majority-In-Interest of the membership, with such written request specifying the purpose or purposes of the meeting. In case of failure to call such meeting within 30 days after such request, the Member or Members holding not less than 25% of the Units may call such special meeting.

6.3 Place of Meetings. The Manager may designate any place, either within or outside the State of California, as the place of meeting for any meeting of the Members. If no designation is made, or if a special meeting is otherwise called, the place of meeting shall be held at the offices of the Company. Any or all Members may participate in any special meeting of the Members by, or through the use of, any means of communication by which all Members participating may simultaneously hear each other during the meeting. A Member so participating is deemed to be present in person at the meeting.

6.4 Other Meeting Procedures. Meeting procedures and notices shall be conducted as set out by the Manager consistent with The Act.

6.5 Action by Members Without a Meeting. Unless otherwise provided under law or in the Articles of Organization, any action which may be, or is required to be, taken at a meeting of the Members, may be taken without a meeting, without prior notice, and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by Members with outstanding Units entitled to vote with respect to the subject matter thereof sufficient to take such action if voted on at a meeting of Members at which all Members holding Units were in attendance. Notice of such action shall be provided to all Members not signing the consent within ten (10) days of such action.

6.6 Actions Requiring Supermajority-In-Interest Vote. Notwithstanding anything herein to the contrary, the following decisions and actions by the Company shall be made only by the approval of the Supermajority-In-Interest:

- (a) Any act in contravention of this Operating Agreement;
- (b) Any act which would make it impossible to carry on the ordinary business of the Company;
- (c) Any change of the Company into any other legal form;
- (d) Any amendment of this Operating Agreement, except as may otherwise be provided in Article X hereof;
- (e) The merger of the Company with and into another entity; and



(f) The removal of the Manager, except as otherwise provide herein.

## **ARTICLE VII**

### **MEMBERSHIP CERTIFICATES**

7.1 Membership Certificates. The Investment Units of the Company shall be represented by certificates, or shall be un-certificated Units that may be evidenced by a book-entry system maintained by the registrar of such Units, or a combination of both. To the extent that Units are represented by certificates, such certificates whenever authorized by the Manager, shall be in such form as shall be approved by the Manager. The certificates representing Units shall be signed by, or in the name of, the Company by the Manager. Any or all such signatures may be facsimiles if countersigned by a transfer agent or registrar. Although any person whose manual or facsimile signature is affixed to such a certificate ceases to be an authorized agent of the Company before such certificate has been issued, it may nevertheless be issued by the Company with the same effect as if such person were still such at the date of its issue.

The Investment Unit ledger and blank Unit certificates shall be kept by the Manager or by a transfer agent or by a registrar or by any other agent designated by the Manager.

7.2 Transfer of Units. Transfer of Investment Units of the Company shall be made on the books of the Company by the Member, or by its attorney thereunto duly authorized by a power of attorney duly executed in writing and filed with the Manager or any of its transfer agents, and on surrender of the certificate or certificates, properly endorsed or accompanied by proper instruments of transfer, representing such Units. Except as provided by law, the Company and transfer agents and registrars, if any, shall be entitled to treat the holder of record of any Units as the absolute owner thereof for all purposes and, accordingly, shall not be required to recognize any legal, equitable or other claim to or interest in such Units on the part of any other person whether or not it or they shall have express or other notice thereof.

7.3 Maintenance of Units Ledger at Principal Place of Business. A Unit ledger shall be kept at the principal place of business of the Company, or at such other place as the Manager shall determine, containing the names, alphabetically arranged, of all Members of the Company, their addresses, their units, the amount paid on their Units, and all transfers thereof and the number of Units held by each. Such Unit ledger shall at all reasonable hours is subject to inspection by the Members and by other persons entitled by law to inspect the same.

7.4 Transfer Agents and Registrars. The Manager may appoint one or more transfer agents and one or more registrars with respect to the certificates representing Units of the Company, and may require all such certificates to bear the signature of either or both. The Manager may from time to time define the respective duties of such transfer agents and registrars. No certificate for Units shall be valid until countersigned by a transfer agent, if at the

date appearing thereon the Company had a transfer agent for such Units, and until registered by a registrar, if at such date the Company had a registrar for such Units.

7.5 Closing of Transfer Books and Fixing of Record Date.

(a) The Managing Member shall have power to close the Unit ledger of the Company for a period not to exceed fifty (50) days preceding the date of any meeting of Members, or the date for payment of any distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of Units shall go into effect, or a date in connection with obtaining the consent of Members for any purpose.

(b) In lieu of closing the Unit ledger as aforesaid, the Manager may fix in advance a date, not exceeding thirty (30) days preceding the date of any meeting of Members, or the date for the payment of any distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of Units shall go into effect, or a date in connection with obtaining any consent, as a record date for the determination of the Members entitled to a notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such distribution, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of Units, or to give such consent.

(c) If the Unit ledger shall be closed or a record date set for the purpose of determining Members entitled to notice of or to vote at a meeting of Members, such books shall be closed for, or such record date shall be, not less than ten (10) days immediately preceding such meeting.

7.6 Lost or Destroyed Certificates. The Company may issue a new certificate for Units of the Company in place of any certificate theretofore issued by it, alleged to have been lost or destroyed, and the Manager may, in its discretion, require the owner of the lost or destroyed certificate or its legal representatives, to give the Company a bond in such form and amount as the Manager may direct, and with such surety or sureties as may be satisfactory to the Manager, to indemnify the Company and its transfer agents and registrars, if any, against any claims that may be made against it or any such transfer agent or registrar on account of the issuance of such new certificate. A new certificate may be issued without requiring any bond when, in the judgment of the Manager, such is proper.

**ARTICLE VIII**  
**PROFITS, LOSSES, DISTRIBUTIONS, AND EXPENSES**

8.1 Distributions. Subject to this Section 8.1, Section 13.3 (Curative Allocations) and Section 2.1 (Units), the Company's Net Profits and Net Losses shall be allocated to the Members

in that proportion which is equal to the total number of Units owned or held by each respective Member at the time such allocations are made, as recorded in the Company's Unit ledger, divided by the total number of Units owned or held by all of the Members at the time of such allocations, as recorded in the Company's Unit ledger, subject to adjustment for amount of paid in capital (the "Percentage Interest"). The proceeds from the sale and cash flow of the assets is to be split by the Members and Manager at the time specified by the Company, dependent upon the final sale of the properties and the provisions of the PPM and Operating Agreement. The profit allocation will be based on the number of Units owned at the time the allocation is made.

8.2 Priority of Distribution of Assets by the Company. Subject to applicable law and any limitations contained elsewhere in this Agreement, the Manager from time to time shall distribute Distributable Cash to the Members, in an amount equal to the profits of the Company determined on a cash receipts and disbursements basis, less reasonable reserves as determined by the Manager which distributions shall be in the following order of priority:

(a) To the Members in proportion to their unreturned Capital Contributions until each Member has recovered its Capital Contributions; and

(b) To the Members in proportion to their Percentage Interests.

All such distributions shall be made only to the Persons who, according to the books and records of the Company, are the holders of record of the Economic Interests in respect of which such distributions are made on the actual date of distribution. Neither the Company nor any Manager shall incur any liability for making distributions in accordance with this Section 8. In no event shall distributions of distributable cash for a fiscal year be less than the Net Profits of the Company times the highest federal individual income tax rate for such fiscal year. Such distributions will be made quarterly unless the Manager, in its sole discretion, elects to make distributions at some other interval, but not less than annually.

**ARTICLE IX**  
**ADMISSIONS AND WITHDRAWALS**  
**OBLIGATION TO PURCHASE AND SELL**

9.1 Admission of Member. No person shall be admitted as an additional member ("Additional Member") of the Company without the written consent of the Manager at the time of such admission and compliance with Section 2.9 regardless of whether such person has acquired a Unit in the Company from another Member or from the Company as an original issuance. An Additional Member shall execute a Counterpart Signature Page prior to admission.

9.2 Expulsion of Member. Any Member may be expelled from the Company on 10 day's prior notice to the Member if the board Manager in its sole discretion determines that

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expulsion of the Member would be in the best interests of the Company or the Members. Such expulsion shall constitute a voluntary act of a Member that constitutes a withdrawal from the Company for purposes of Section 2.7 of this Agreement.

9.3 Rights of Member Upon Death or Expulsion. Following the death or expulsion of a Member, the Member (and the Member's successor, personal representatives and assigns) shall cease to have any rights of a Member except only the right to receive distributions to the same extent as a permitted assignee of the Member's Units in the Company, in accordance with the terms of this Agreement, until such time as the Company is wound up and terminated. Distributions to such Member or a return of such Member's Capital Account shall be made by the Manager at such time as a distribution or a return of Member Capital Accounts is made to all Members.

9.4 No Withdrawal. No Member shall have the right or be permitted to withdraw from the Company unless otherwise permitted by the Manager. If a Member attempts to withdraw from the Company, the Member shall not be entitled to receive a distribution of its share of Net Profits following the date of the attempted withdrawal and shall not receive any return of its Capital Account until all Members receive a return of their Capital Accounts. The Manager may, at its sole discretion, allow an early withdrawal upon the Member agreeing to accept a discounted amount for its Membership Certificates.

9.5 Addition or Withdrawal of Funds. Notwithstanding the provisions herein, to the extent funds are allowed by the Manager to be withdrawn or added, such withdrawals or additions can only be made in the first week of the quarter, and only upon thirty (30) days advance notice. However, if a Member or prospective Member wishes to deposit funds at any time after the first week of the quarter, the Manager may allow such deposit upon condition that no interest or other return be made to the Member for that quarter.

9.6 Liquidity. Distributions of income and principal are paid the first week of each quarter at the discretion of the Manager who may choose to make no such distributions. The investor may request any of the following distribution options and such options maybe be changed by the investor each quarter. Distribution options are as follow:

- Option 1. Reinvestment of all income within the fund.
- Option 2. Distribution of all income, no principal distribution.
- Option 3. Distribution of all income and a specific amount of principal.

Distribution options may be changed within 10 days of receipt of the quarterly statement and will then take effect with the following quarter's distribution.

**ARTICLE X**  
**AMENDMENTS**

10. Amendments. This Agreement and the Company's Articles of Organization may be amended from time to time by the Manager with no vote of the Members. A proposed amendment shall be effective on the date it is duly approved by the Manager and shall be binding on all Members.

**ARTICLE XI**  
**DISSOLUTION AND TERMINATION**

11.1 Dissolution. The Company shall be dissolved upon any of the following events:

- (i) 99 years from the date of the Company's organization;
- (ii) written consent of the Supermajority-In-Interest to dissolve the Company;
- (iii) written action of the Manager to dissolve the Company;
- (iv) entry of a judicial decree of dissolution;
- (v) the Company being adjudged bankrupt;
- (vi) the disposal of the final asset of the Company.

11.2 Effect of Filing Cancellation of Articles of Organization. The Company shall cease to carry on its business, except insofar as may be necessary for the winding up of limited liability company business, as of the date designated by the Manager on the Cancellation of Articles of Organization form filed with the California Secretary of State.

11.3 Winding Up, Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager shall immediately proceed to wind up the affairs of the Company.

(b) Unless the business of the Company is to continue pursuant to Section 11.1, the Manager shall proceed to liquidate the Company's assets (except to the extent the Manager may determine to distribute any assets to the Members in kind), discharge the Company's obligations, and wind up the Company's business and affairs as promptly as is consistent with obtaining the fair value thereof. The proceeds of liquidation of the Company's assets, to the extent sufficient therefore, shall be applied and distributed as follows:

- (i) First, to the payment and discharge of all of the Company's debts

and liabilities to third parties except those owing to Members or to the establishment of any reasonable reserves for contingent or un-liquidated debts and liabilities;

(ii) Second, to the payment of any debts and liabilities owing to Members; and

(iii) Third, to the Members, either in cash or in kind, as determined by the Manager, in accordance with the positive balance of each Member's Capital Account as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs. Any assets distributed in kind shall be both valued by the Manager for this purpose at their net fair market value and deemed to have been sold as of the date of dissolution. Any such distributions to the Members in respect of their Capital Accounts shall be made within the time requirements of Section 1.704-1 (b) (2) (ii) (b) (2) of the Regulations.

(c) Notwithstanding anything to the contrary in this Agreement, upon a liquidation within the meaning of Section 1.704-1 (b)(2)(ii)(g) of the Regulations, if any Member has a negative deficit Capital Account balance (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any contribution to the capital of the Company's, and the negative balance of such Member's Capital Account shall not be considered a debt owed by such Member to the Company or to any other person for any purpose whatsoever.

(d) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(e) The Manager shall comply with any requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

11.4 Notice of Dissolution. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefore and all of the remaining property and assets have been distributed to the Members, a Notice of Dissolution shall be filed with the California Secretary of State.

11.5 Return of Contribution Non-Recourse to Other Members. Except as provided by law, upon dissolution, each Member shall look solely to the assets of the Company for the return of its Capital Contribution.

## **ARTICLE XII** **ACCOUNTS**

12.1 Books. The Manager shall maintain complete and accurate books of account of all transactions of the Company, which books of account shall be kept at the Company's principal place of business. All decisions regarding accounting matters, except as otherwise set forth herein, shall be made by the Manager.

12.2 Member's Accounts. A capital account shall be established and maintained on the Company's books with respect to each member related to his or her Units. Each Member's Capital Account consist of such Member's initial Capital Contribution increased by any additional Capital Contributions made by such Member and decreased by (a) distributions to such Member in reduction of the Company's capital. The Manager shall (a) maintain the Member's Capital Accounts at all times as determined above. Payment of any amount owed to the Company shall be made at such time and in such manner as the Managing Member may determine.

12.3 Reports. The Manager shall close the books of account promptly after the close of each Fiscal Year, and shall prepare and send to each Member a statement of such Member's distributive share of income and loss for federal income tax reporting purposes. The Manager will issue quarterly reports within 60 days of the close of the quarter. The quarterly reports will contain basic financial data and written summaries if necessary. The Manager may issue more frequent reports with more detail to Members at the sole discretion of the Manager.

## **ARTICLE XIII** **ALLOCATION OF PROFITS AND LOSSES**

13.1 Accounting Definitions. The following terms, which are used predominately in this Article, shall have the meanings set forth below for all purposes under this Agreement:

"Adjusted Capital Account Balance" means, with respect to any Member, the balance of such Member's Capital Account as of the end of the relevant Fiscal Year.

"Book Value" means, with respect to any asset, the assets adjusted basis for federal income tax purposes.

"Depreciation" means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Book Value of any asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Book Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period

bears to such beginning adjusted tax basis; provided, however, that if such depreciation, amortization or other cost recovery deductions with respect to any such asset for federal income tax purposes is zero for any Fiscal Year, Depreciation shall be determined with reference to the asset's Book Value, at the beginning of such year using any reasonable method selected by the Manager.

"Member Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Minimum Gain of the Company that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with section 1.704-2(i)(3) of the Regulations.

"Member Nonrecourse Debt" has the meaning set forth in section 1.704-2(b) (4) of the Regulations.

"Member Nonrecourse Deductions" has the meaning set forth in Regulation section 1.704-2(i) (1) and (2) and shall be determined in accordance with the provisions of Regulations section 1.704-2(i) (2).

"Minimum Gain" means an amount determined by computing, with respect to each Nonrecourse Liability of the Company, the amount of gain (of whatever character), if any, that would be realized by the Company if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction thereof, and by then aggregating the amounts so computed, such computation to be made in accordance with Regulations section 1.704-2(b) (2) and 1.704-2(d).

"Nonrecourse Deductions" has the meaning set forth in section 1.704-2(b) (1) of the Regulations.

"Profits" or "Losses" means, for each Fiscal Year or other period, the taxable income or taxable loss of the Company's as determined under Code Section 703(a) (including in such taxable income or taxable loss all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code)

13.2 Profits and Losses. Subject to Section 13.3, 13.4, 13.5, 13.6, 13.7, 13.8, 13.9, and 13.10 hereof, each Member shall share in the Profits and Losses of the Company according to its Percentage Interest, as follows:

a) Allocation of profits shall be made as follows:

(i) First, to the Members, up to the aggregate of, and in proportion to, any Losses previously allocated to each Member, to the extent not previously offset by allocations of Profits pursuant to this Section;



(ii) Second, to Members, subject to the Manager's election to redeem the Membership Units pursuant to Section 2 (return of capital);

(iii) Third, to the Members, in proportion to their unredeemed Percentage Interest based on the allocation of profit and loss to investors and manager.

b) Allocation of losses shall be made as follows:

(i) First, to the Members, up to the aggregate of, and in proportion to, any Profits previously allocated to each Member in accordance with Section 13.2(a)(iii) hereof and not previously offset by Losses allocated pursuant to this Section until their capital account balances have been reduced to zero;

(ii) Second, to the Members until their capital account balances have been reduced to zero;

(iii) Third, to the Members, in proportion to their unredeemed Percentage Interest.

c) Authority to Vary Allocations. The Manager has the authority to vary these allocations to the extent necessary to comply with federal income tax laws.

13.3 Curative Allocations. Certain allocations may be required to comply with the requirements of Regulations Sections 1.704-1(b) and 1.704-2 (the "Regulatory Allocations").

13.4 General Allocation Rules.

(a) Generally, all Profits and Losses allocated to the Members shall be allocated among them in proportion to their unredeemed Percentage Interest.

**ARTICLE XIV**  
**INDEMNIFICATION OF MEMBERS AND MANAGER; OFFICER**  
**AND MANAGER CONTRACTS; LIMITATION OF LIABILITY**

14.1 Indemnification of Members and Manager.

(a) Third Party Actions. To the greatest extent possible, the Company will indemnify the Management team and any Member who was or is a party or is threatened to be made a party to any threatened, pending or completed proceeding because such individual is or was part of the Management team or a Member, as a matter of right, against all liability

incurred by such individual in connection with any proceeding; provided that it is determined that the specific indemnification of such individual is permissible in the circumstances because the individual has met the standard of conduct for indemnification set forth in subsection (d) of this Section. The Company will pay for or reimburse the reasonable expenses incurred by such person or entity in connection with any such proceeding in advance of final disposition thereof if (i) the individual or entity furnishes the Company a written affirmation of the standard of conduct for indemnification described in subsection (d) of this Section, (ii) the individual or entity furnishes the Company a written undertaking, to repay the advance if it is ultimately determined that such individual or entity did not meet such standards of conduct, and (iii) a determination is made in accordance with subsection (e) that, based upon facts then known to those making the determination, indemnification would not be precluded under this Section. The undertaking described in subsection (a) (ii) above must be a general obligation of the individual or entity subject to such reasonable limitations as the Company may permit, but need not be secured and may be accepted without reference to financial ability to make repayment. The Company will indemnify an individual or entity who is successful, on the merits or otherwise, in the defense of any such proceeding or in defense of any claim, issue, or matter therein, without the requirement of a determination as set forth in subsection (d) of this Section. Upon demand by an individual or entity for indemnification or advancement of expenses, as the case may be, the Company will expeditiously determine whether the individual or entity is entitled thereto in accordance with this Section. The indemnification and advancement of expenses provided for under this Section will be applicable to any proceeding arising from acts or omissions occurring before or after the adoption of this Section.

(b) The Company Actions. To the greatest extent possible, the Company will indemnify any individual or entity who was or is a party or is threatened to be made a party to any threatened, pending or completed proceeding by or in the right of the Company because such individual is or was part of the Management team or a Member against all liability incurred by such individual in connection with proceeding; provided that it is determined that the specific indemnification of such individual is permissible in the circumstances because the individual or entity has met the standard of conduct for indemnification set forth in subsection (d) of this Section, except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for gross negligence or misconduct in the performance of its duty to the Company unless and only to the extent that the court in which the action or suit was brought shall determine on application that, despite the adjudication of liability, but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper. The Company will pay for or reimburse the reasonable expenses incurred by the Management team or a Member, in connection with any such proceeding in advance of final disposition thereof if, (i) the individual or entity furnishes the Company a written affirmation of the standard of conduct for indemnification described in subsection (d) of this Section, (ii) the individual furnishes the Company a written undertaking, executed personally or on such individual's behalf, to repay the advance if it is ultimately determined that such individual did not meet such standards of conduct, and (iii) a determination is made in accordance with subsection (e) that, based upon facts then

known to those making the determination, indemnification would not be precluded under this Section. The undertaking described in subsection (b)(ii) above must be a general obligation of the individual or entity subject to such reasonable limitations as the Company may permit, but need not be secured and may be accepted without reference to financial ability to make repayment. The Company will indemnify the individual or entity who is successful, on the merits or otherwise, in the defense of any such proceeding or in defense of any claim, issue, or matter therein, without the requirement of a determination as set forth in subsection (d) of this Section. Upon demand by the individual or entity for indemnification or advancement of expenses, as the case may be, the Company will expeditiously determine whether the individual or entity is entitled thereto in accordance with this Section. The indemnification and advancement of expenses provided for under this Section will be applicable to any proceeding arising from acts or omissions occurring before or after the adoption of this Section.

(c) Additional Capacities. The Company will have the power, but not the obligation, to indemnify any individual or entity who is or was an employee, officer or agent of the Company or the Management team, or is or was serving at the request of the Company as an officer, director, member, trustee, employee, or agent of another limited partnership, limited liability company, association, corporation, joint venture, trust, employee benefit plan, or other enterprise to the same extent as if such individual is or was a part of the Management team or a Member.

(d) Required Conduct. Indemnification is permissible under this Section only if (i) the subject party conducted himself or itself in good faith, (ii) the subject party reasonably believed that its conduct was in or at least not opposed to the Company's best interest; and (iii) in the case of a criminal proceeding, the subject party had no reasonable cause to believe its conduct was unlawful. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent is not, of itself, demonstrative or sufficient to create a presumption that the individual did not meet the standard of conduct described in this subsection.

(e) Determination. A determination as to whether indemnification or advancement of expenses is permissible shall be made by one of the following procedures; (i) by the Manager, if not a party to such proceeding; (ii) if the Manager is party to the proceeding, by the Majority-In-Interest, not at the time party to such proceedings, at any meeting duly called for such purpose; or (iii) by independent legal counsel selected by the Majority-In-Interest at any meeting duly called for such purpose.

(f) Application to the Court. A Member or Manager who is a party to a proceeding may apply for indemnification from the Company to the court, if any, conducting the proceeding or to another court of competent jurisdiction. On receipt of an application, the court, after giving notice the court considers necessary, may order indemnification if it determines: (i) in a proceeding in which the Member or the Manager is wholly successful, on their merits or otherwise, the Member, or the Manager is entitled to indemnification under this Section, in which

case the court will order the Company to pay the Member, or the Manager his reasonable expenses incurred to obtain such court ordered indemnification; or (ii) the Member or the Manager is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the Member, or the Manager meets the standard of conduct set forth in subsection (d) of this Section.

(g) Employee Benefit Plan. Indemnification will be provided for an individual's or Manager's conduct with respect to an employee benefit plan if the individual or Manager reasonably believed his conduct to be in the interests of the participants and beneficiaries of the plan.

(h) General Indemnification. Nothing contained in this Section will limit or preclude the exercise or be deemed exclusive of any right under the law, by contract or otherwise, relating to indemnification of or advancement of expenses to any individual or entity who is or was a Member or Manager, or is or was serving at the Company's request as a manager, officer, director, member, trustee, employee, or agent of another, limited partnership, association, limited liability company, corporation, joint venture, trust, employee benefit plan, or other enterprise. Nothing contained in this Section will limit the ability of the Company to otherwise indemnify or advance expenses to any individual or entity. It is the intent of this Section to provide indemnification to Members and the Manager to the fullest extent now or hereafter permitted by the law consistent with the terms and conditions of this Section. Indemnification will be provided in accordance with this Section irrespective of the nature of the legal or equitable theory upon which a claim is made including, without limitation, negligence, breach of duty, mismanagement, waste, breach of contract, breach of warranty, strict liability, violation of federal or state securities law, as amended, or violation of any other state or federal law.

(i) General Definitions for Purposes of This Section:

(i) The term "expenses" includes all direct and indirect costs (including, without limitation, counsel fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or out-of-pocket expenses) actually incurred in connection with the investigation, defense, settlement, or appeal of a proceeding or establishing or enforcing a right to indemnification under this Section, applicable law or otherwise.

(ii) The term "liability" means the obligation to pay a judgment, settlement, penalty, fine, excise tax (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding.

(iii) The term "party" includes an individual who was, is, or is

threatened to be made a named defendant or respondent in a proceeding.

(iv) The term “proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

(j) Scope of Indemnification. The indemnification authorized by this section shall apply to all present and future managers, officers, employees, and agents of the Company and shall continue as to such persons who cease to be managers, officers, employees, or agents of the Company, and shall inure to the benefit of the heirs, executors, and administrators of all such persons and shall be in addition to all other indemnification permitted by law.

(k) Insurance. The Company may purchase and maintain insurance for its benefit, the benefit of any individual or entity who is entitled to indemnification under this Section, or both, against any liability asserted against or incurred by such individual in any capacity or arising out of such individual’s service, whether or not the Company would have the power to indemnify such individual against liability.

14.2 Manager Contracts; Limitation of Liability. No contract or other transaction between the Company and any other person, firm, or entity shall be affected by the fact that a manager, officer, employee, or agent of the Company has an interest in, or is a manager or officer of the Company or any such other entity. Any officer or manager, individually or with others, may be a party to, or may have an interest in, any transaction of the Company or any transaction in which the Company is a party or has an interest. Each person who is now or may become an officer or manager of the Company is hereby relieved from liability that such person might otherwise obtain in the event such officer or manager contracts with the Company for the benefit of himself or any firm or other entity in which it may have an interest; *provided*, such officer or manager acts in good faith. The foregoing limitation on liability extends to any and all actions referred to in Section 3.6 of this Agreement taken by the Company agents of the Company and by the Manager and its agents. The Manager may act as a Financial Advisor to some or all of the Members and may charge a separate fee for acting in that capacity.

## **ARTICLE XV** **MISCELLANEOUS**

15.1 Complete Agreement. This Operating Agreement constitutes the complete and exclusive statement of agreement among the Members. This Agreement supersedes any other contradictory agreement between the parties.

15.2 Notices. Any notice, demand, or communication required or permitted to be given by any provision of this Agreement shall be deemed to have been sufficiently given or served for

all purposes if delivered personally to the party or to an executive officer of the party to whom the same is directed or, if sent by registered or certified mail, postage and charges prepaid, addressed to the Member's and/or the Company's address, as appropriate, which is set forth in this Agreement or in the Counterpart Signature Page signed by the Member. Except as otherwise provided herein, any such notice shall be deemed to be given two (2) business days after the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as aforesaid or, if transmitted by way of facsimile or email, such notice shall be deemed to be delivered on the date of such facsimile or email transmission to the fax number or email address for the Member or the Company, as the case may be. Each member shall be responsible for maintaining current mailing, telephone, facsimile and email contact information with the Company by sending changes to the same in writing to the Company, attention office of the Manager.

15.3 Governing Law. This Agreement and its application and interpretation shall be governed exclusively by its terms and by the laws of the State of California.

15.4 Waiver of Action for Partition. Each Member irrevocably waives during the term of the Company any right that the Member may have to maintain any action for partition with respect to the property of the Company.

15.5 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

15.6 Construction. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders and vice versa; and the word "person" or "party" shall include a corporation, firm, limited liability company, proprietorship or other form of association. Any reference to the Code or the statutes or laws will include all amendments, modifications, or replacements of the specific sections and provisions concerned.

15.7 Headings. The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision hereof.

15.8 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

15.9 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Said rights and remedies are given in addition

to any other rights the parties may have by law, statute, ordinance or otherwise.

15.10 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

15.11 Title to the Company Property. Legal title to all property of the Company will be held and conveyed in the name of the Company.

15.12 Reliance on Authority of Person Signing Agreement. In the event that a Member is not a natural person, neither the Company nor any Member will (a) be required to determine the authority of the individual signing this Agreement to make any commitment or undertaking on behalf of such entity or to determine any act or circumstance bearing upon the existence of the authority of such individual or (b) be required to see to the application or distribution of proceeds paid or credited to individuals signing this Agreement on behalf of such entity.

15.13 Heirs, Successors, and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted herein, their respective heirs, representatives, successors and assigns.

15.14 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company.

15.15 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Agreement effective as of October 14, 2010.

WJA MANAGEMENT ASSOCIATES, INC.



By: WILLIAM JORDAN, President Managing Mbr

**MEMBERS, UNITS AND PERCENTAGES**

**Members**

**Common Units  
Held**

**Percentage  
Common  
Units Held**



# EXHIBIT "2"

**CA Express Fund II, LLC  
General Ledger  
As of January 28, 2019**

4:29 PM  
01/28/19  
Accrual Basis

BoW - 7729

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
General Journal	08/16/2018	GT0002	WJA Asset Management LLC	WJAAM holding sale proceeds until bank account c Due from Manager		268,965.52		0.00
Deposit	08/17/2018			Deposit	-SPLIT-	20,937.93		268,965.52
Check	08/31/2018			Service Charge	Bank Service Charges		20.00	289,903.45
Transfer	12/20/2018			Funds Transfer to close out CB&T	California Bank & Trust	42,680.71		289,883.45
Bill Pmt -Check	01/02/2019	1002	Smiley Wang Ekvali		Accounts Payable		3,255.00	332,564.16
Bill Pmt -Check	01/02/2019	1001	Smiley Wang Ekvali		Accounts Payable		463.00	329,309.16
Bill Pmt -Check	01/14/2019	1003	Smiley Wang Ekvali		Accounts Payable		2,301.00	328,846.16
						332,564.16	6,039.00	326,545.16
								0.00
Deposit	11/05/2014		Deposit	Deposit	Padova, James & Marilyn	2,060.00		2,060.00
Check	11/05/2014		Check	Deposit	TD REO Fund, LLC		168.95	1,891.05
Deposit	11/06/2014		Transfer	Deposit	TD REO Fund, LLC	100.00		1,991.05
Deposit	11/06/2014		Deposit	Deposit	Padova, James & Marilyn	203,940.00		205,931.05
Deposit	11/06/2014		Deposit	Deposit	Texas Capital Holding, LLC	206,000.00		411,931.05
Deposit	11/06/2014		Transfer	Deposit	Error	198,540.00		610,471.05
Check	11/06/2014		Transfer	Deposit	Error		198,540.00	411,931.05
Check	11/06/2014		Gothard Express Partners LP	Deposit	H2GO Express		412,000.00	-68.95
Check	11/06/2014		Transaction Cost	Bank Service Charges	Bank Service Charges		12.00	-80.95
Check	11/10/2014		Transaction Cost	Bank Service Charges	Bank Service Charges		12.00	-92.95
Check	11/12/2014		Transaction Cost	Bank Service Charges	Bank Service Charges		6.00	-98.95
Check	11/13/2014		Transaction Cost	Bank Service Charges	Bank Service Charges		6.00	-104.95
Check	11/14/2014		Transaction Cost	Bank Service Charges	Bank Service Charges		18.00	-122.95
Check	11/17/2014		Transaction Cost	Bank Service Charges	Bank Service Charges		6.00	-128.95
Check	11/18/2014		Transaction Cost	Bank Service Charges	Bank Service Charges		6.00	-134.95
Check	11/19/2014		Transaction Cost	Bank Service Charges	Bank Service Charges		6.00	-140.95
Check	11/20/2014		Transaction Cost	Bank Service Charges	Bank Service Charges		6.00	-146.95
Check	11/21/2014		Transaction Cost	Bank Service Charges	Bank Service Charges		18.00	-164.95
Deposit	11/24/2014		Transfer	Deposit	TD REO Fund, LLC	164.95		0.00
Deposit	11/24/2014		Transaction Cost	Deposit	Bank Service Charges	78.00		78.00
Deposit	11/24/2014		Transaction Cost	Deposit	Bank Service Charges	12.00		90.00
Check	01/07/2015	1	Secretary of State	File # 201430110117	CA Tax		20.00	70.00
Check	02/28/2015		Transaction Cost	Bank Service Charges	Bank Service Charges		20.00	50.00
Check	03/16/2015	2	Cooksey, Tooten, Gage, Duffy & Woog	invoice # 345666	Attorney Fee		3,045.00	-2,995.00
Check	03/16/2015	3	Franchise Tax Board	SOS# 201430110117	Tax Expense		800.00	-3,795.00
Deposit	03/16/2015		Transfer	Deposit	TD REO Fund	5,000.00		1,205.00
Check	04/01/2015	4	Franchise Tax Board	SOS# 201430110117	Tax Expense		800.00	405.00
Check	04/01/2015	5	Franchise Tax Board	SOS# 201430110117	Tax Expense		800.00	-395.00
Check	04/01/2015	6	BCH Consulting, Inc.	SOS# 201430110117	CPA		866.25	-1,261.25
Deposit	04/01/2015		Transfer	Deposit	TD REO Fund	2,000.00		738.75
Check	04/01/2015		Transaction Cost	Bank Service Charges	Bank Service Charges		10.00	728.75
Check	04/30/2015		Transaction Cost	Bank Service Charges	Bank Service Charges		10.00	718.75
Check	05/29/2015		Transaction Cost	Bank Service Charges	Bank Service Charges		10.00	708.75
Check	06/30/2015		Transaction Cost	Bank Service Charges	Bank Service Charges		10.00	698.75
Check	07/31/2015		Transaction Cost	Bank Service Charges	Bank Service Charges		10.00	688.75
Deposit	08/17/2015		Secretary of State	tax refund	CA Tax	748.11		1,436.86

CA Express Fund II, LLC  
General Ledger  
As of January 28, 2019

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Check	08/31/2015		Transaction Cost		Bank Service Charges		10.00	1,426.86
Check	09/25/2015	7	Cooksey, Toolen, Gage, Duffy & Woog	Invoice # 355345	Attorney Fee		120.00	1,306.86
Check	09/30/2015		Transaction Cost		Bank Service Charges		10.00	1,296.86
Deposit	10/29/2015		Gothard Express Partners LP	Deposit	-SPLIT-	246,184.11		247,480.97
Check	10/29/2015		Transaction Cost		Bank Service Charges		13.00	247,467.97
Check	11/02/2015		Texas Capital Holdings	(246184,11-13)*47.34%	Texas Capital Holding, LLC		116,537.40	130,930.57
Check	11/02/2015		Transfer		-SPLIT-		7,399.97	123,530.60
Check	11/02/2015		Transaction Cost		Bank Service Charges		30.00	123,500.60
Check	11/02/2015		Transfer		TD REO Fund, LLC		1,058.90	122,441.70
Check	11/05/2015	8	Padova, James & Marilyn		Padova, James & Marilyn		100,000.00	22,441.70
Check	11/05/2015	9	Cooksey, Toolen, Gage, Duffy & Woog	VOID:	Attorney Fee	0.00		22,441.70
Check	11/17/2015	10	CA Department of Business Oversight	Code section 25102(n)	Professional Fees		600.00	21,841.70
Check	12/09/2015		WJA Asset Management LLC		-SPLIT-		20,000.00	1,841.70
Deposit	12/16/2015		Gothard Express Partners LP	Deposit	H2GO Express	1,862.47		3,704.17
Deposit	01/07/2016		Gothard Express Partners LP	Deposit	H2GO Express	1,749.59		5,453.76
Deposit	03/04/2016		Gothard Express Partners LP	Deposit	H2GO Express	1,716.67		7,170.43
Check	03/30/2016	11	Franchise Tax Board	SOSL 201430110117	Tax Expense		800.00	6,370.43
Deposit	04/01/2016		Gothard Express Partners LP	2/8 deposit missed	H2GO Express	1,716.67		8,087.10
Deposit	04/04/2016		Gothard Express Partners LP	Deposit	H2GO Express	1,716.67		9,803.77
Deposit	05/17/2016		Gothard Express Partners LP	Deposit	H2GO Express	1,716.67		11,520.44
Deposit	06/03/2016		Gothard Express Partners LP	Deposit	H2GO Express	1,716.67		13,237.11
Deposit	07/08/2016		Gothard Express Partners LP	Deposit	H2GO Express	1,716.67		14,953.78
Deposit	07/08/2016		Gothard Express Partners LP	Deposit	H2GO Express	41,200.00		56,153.78
Check	07/14/2016		WJA Asset Management LLC		WJA Management Fee		11,000.00	45,153.78
Deposit	08/09/2016		Gothard Express Partners LP	Deposit	H2GO Express	1,373.34		46,527.12
Check	08/18/2016	12	Jordan Millard LLC	Invoice # 1081	CPA		3,560.00	42,967.12
Deposit	08/18/2016		Gothard Express Partners LP	Deposit	H2GO Express	8,734.40		51,701.52
Deposit	09/09/2016		Gothard Express Partners LP	Deposit	H2GO Express	1,344.63		53,046.15
Check	09/13/2016	13	Equity Trust Company	Capital Distribution - D006000684	Padova, James & Marilyn		25,000.00	28,046.15
Check	09/13/2016	14	Texas Capital Holdings	Distribution	Texas Capital Holding, LLC		25,000.00	3,046.15
Check	09/13/2016	15	Secretary of State	SOSL 201430110117	CA Tax		20.00	3,026.15
Deposit	09/19/2016		Gothard Express Partners LP	Deposit	H2GO Express	6,866.89		9,893.04
Deposit	10/05/2016		Gothard Express Partners LP	Deposit	H2GO Express	1,248.87		11,141.91
Deposit	10/25/2016		Gothard Express Partners LP	Deposit	H2GO Express	8,951.92		20,093.83
Deposit	10/25/2016		Gothard Express Partners LP	Deposit	H2GO Express	1,242.64		21,336.47
Check	11/15/2016	16	Kroeche Schindler LLP	File # 37-011	Attorney Fee		35.00	21,301.47
Deposit	11/28/2016		Gothard Express Partners LP	Deposit	H2GO Express	5,609.87		26,911.34
Check	12/08/2016	18	Rutan & Tucker LLP	reimbursement	Attorney Fee		198.10	26,713.24
Check	12/08/2016	17	William Jordan Investments, Inc.		Attorney Fee		127.49	26,585.75
Deposit	12/09/2016		Gothard Express Partners LP	Deposit	H2GO Express	1,134.27		27,720.02
Deposit	01/05/2017		Gothard Express Partners LP	Deposit	H2GO Express	1,143.49		28,863.51
Check	02/02/2017	20	Rutan & Tucker LLP		Attorney Fee		362.00	28,501.51
Deposit	02/14/2017		Gothard Express Partners LP	Deposit	H2GO Express	1,121.97		29,623.48
Deposit	03/09/2017		Gothard Express Partners LP	Deposit	H2GO Express	1,121.97		30,745.45
Check	03/23/2017	21	Jordan Millard LLC	Invoice # 1245	CPA		3,102.48	27,642.97
Deposit	04/05/2017		Gothard Express Partners LP	Deposit	H2GO Express	1,121.97		28,764.94

**CA Express Fund II, LLC  
General Ledger  
As of January 28, 2019**

4:29 PM  
01/28/19  
Accrual Basis

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Deposit	04/18/2017		Gothard Express Partners LP	Deposit	H2GO Express	4,443.02		33,207.96
Deposit	05/02/2017		Gothard Express Partners LP	Deposit	H2GO Express	1,082.26		34,290.22
Deposit	05/02/2017		State of California	Deposit	CA Tax	800.00		35,090.22
Deposit	06/01/2017		Gothard Express Partners LP	Deposit	H2GO Express	6,509.70		41,599.92
Deposit	06/01/2017			Deposit	Ask My Accountant	1,080.79		42,680.71
Transfer	12/20/2018			Funds Transfer to close out CB&T	BoW - 7729		42,680.71	0.00
						974,871.25	974,871.25	0.00

Total California Bank & Trust

# EXHIBIT "3"

**CA Express Fund II, LLC, Debtor ("CA Express II")**  
**Waterfall Analysis**

	<b>Waterfall</b>
<b>Cash as of 1/18/2019</b>	<b>\$326,545.16</b>
<b>Total Assets</b>	<b>\$326,545.16</b>
<b>Liabilities Payable</b>	
Accounts Payable	\$21,165.05
Reserve for Future Professional Fees	\$21,000.00
Reserve for taxes	\$3,600.00
Management Fees Owing	-\$5,428.32
Management reimbursement for Start-Up not Paid	\$25,000.00
Reserve for Padova True Up	\$16,537.40
<b>Total Liabilities Paid</b>	<b>\$81,874.13</b>
<b>Net Proceeds Available for Equity Members</b>	
Equity Contribution Balance	\$84,598.60
<b>Total Equity Payment to Return Capital Contributed</b>	<b>\$84,598.60</b>
<b>Cash Available for Additional Equity Payment</b>	
Equity Member Additional Payment up to 10% return	\$41,200.00
<b>Additional Equity Payment for 10% Return</b>	<b>\$41,200.00</b>
<b>Cash Available for Bonuses</b>	
Bonus for Investors (80% of excess amount)	\$95,097.95
Bonus for Manager (20% of excess amount)	\$23,774.49

**Total to Pay on 1st Interim**

Total Equity Contributions made	412,000.00
Total Equity Dividends made before CRO	266,537.40
Threshold for 10% Return	453,200.00
Amount of 10% Return	41,200.00
Proposed total pay out to Equity Members	\$487,433.95
Return on Total Equity Contribution	118.31%



**CA Express Fund II, LLC, Debtor ("CA Express II")**  
**Accrued Management Fees Owed to WJA Asset Management, LLC ("WJAAM")**

3.11 of Operating Agreement:

Salary. The Manager will be compensated a 2% annual asset management fee paid quarterly. If greater than a 10% investor return is achieved, the investors will be paid any remaining profits on a 80%/20% split with the Manager with the investors receiving 80%.

<b>Management Fee on Operating Agreement</b>					2.0%
	<u>Start of Period</u>	<u>End of Period</u>	<u>Days</u>	<u>Period End Value</u>	<u>Accrued Management Fees</u>
<b>Pre-Petition</b>					
	10/27/2014	12/31/2014	66	329,829.52	1,192.81
	1/1/2015	12/31/2015	365	577,876.10	11,557.52
	1/1/2016	12/31/2016	366	461,632.54	9,257.95
	1/1/2017	5/16/2017	136	478,176.92	3,563.40
<b>Total Pre-Petition</b>					<b>\$ 25,571.68</b>
					<b>\$ (31,000.00)</b>
					<b>\$ (5,428.32)</b>

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
**3200 Park Center Drive, Suite 250, Costa Mesa, CA 92626**

A true and correct copy of the foregoing document entitled (*specify*): **MOTION OF WJA ASSET MANAGEMENT, LLC, TO USE ITS INTEREST AS MANAGER TO WIND DOWN NON-DEBTOR CA EXPRESS FUND II, LLC AND DISTRIBUTE PROCEEDS PURSUANT TO 11 U.S.C. § 363(b)(1); MEMORANDUM OF POINTS AND AUTHORITIES; AND DECLARATION OF HOWARD GROBSTEIN IN SUPPORT THEREOF** 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 (*date*) **February 14, 2019**, 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:

Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On (*date*) **February 14, 2019**, 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.

The Hon. Scott C. Clarkson  
United States Bankruptcy Court  
411 West Fourth Street, Suite 5130  
Santa Ana, CA 92701-4593

James & Marilyn Padova  
1209 N. Bay Front  
Balboa Island, CA 92662

Texas Capital Holding, L.P.  
Attn: William Dodd, General Partner  
19627 I-45 North, Suite 4220  
Spring, TX 77388

Texas Capital Holdings, LLC  
Attn: General Partner  
118 Vintage Park Blvd, Suite W451  
Houston, TX 77070

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 (*date*) **February 14, 2019**, 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 that the foregoing is true and correct.

February 14, 2019  
*Date*

Carol Sheets  
*Printed Name*

*/s/ Carol Sheets*  
*Signature*

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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.



**TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):**

- Kyra E Andrassy kandrassy@swelawfirm.com,  
csheets@swelawfirm.com;gcruz@swelawfirm.com;jchung@swelawfirm.com
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