

JULIET Y. OH (SBN 211414)
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 LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.
 10250 Constellation Boulevard, Suite 1700
 Los Angeles, California 90067

**UNITED STATES BANKRUPTCY COURT
 CENTRAL DISTRICT OF CALIFORNIA**

In re:
 SANCTIONED AUTOMOTIVE GROUP, LLC,

Debtor(s).

CASE NO.:
 2:13-bk-30217-ER

NOTICE OF SALE OF ESTATE PROPERTY

Sale Date: 8/5/15

Time: 10:00 a.m.

Location: Courtroom "1568" 255 East Temple Street, Los Angeles, California 90012

Type of Sale: ☒ Public ☐ Private

Last date to file objections:

7/22/15

Description of Property to be Sold: Estate's interests in (i) inventory, accounts receivable, social media accounts,
domain names, trademarks and other intellectual property, books and records (all in as-is, where-is condition, with no
representations and warranties) which are within the control and/or possession of Trustee, and (ii) all claims and causes of
action belonging to the Estate (with no representations or warranties)

Terms and Conditions of Sale: Please see Exhibit "1" attached hereto for detailed information.

Proposed Sale Price: \$100,000.00

Overbid Procedure (If Any): Please see Exhibit "1" attached hereto.

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

JULIET Y. OH, ESQ.

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

10250 Constellation Blvd., Ste. 1700, Los Angeles, CA 90067

Tel. 310-229-1234 Fax: 301-229-1244

Email: jyo@lnbyb.com

Date: 7/14/15

EXHIBIT “1”

JULIET Y. OH (SBN 211414)
LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.
10250 Constellation Boulevard, Suite 1700
Los Angeles, CA 90067
Telephone: (310) 229-1234
Facsimile: (310) 229-1244
Email: JYO@LNBYB.com

Attorneys for Edward M. Wolkowitz,
Chapter 7 Trustee

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re

SANCTIONED AUTOMOTIVE GROUP,
LLC,

Debtor.

Case No. 2:13-bk-30217-ER

Chapter 7

**NOTICE OF CHAPTER 7 TRUSTEE'S
MOTION FOR ORDER:
(A) AUTHORIZING SALE OF
SUBSTANTIALLY ALL ASSETS OF
THE DEBTOR'S BANKRUPTCY
ESTATE, FREE AND CLEAR OF
LIENS, CLAIMS AND
ENCUMBRANCES; (B) APPROVING
OVERBID PROCEDURES; AND (C)
APPROVING COMPROMISE OF
CONTROVERSY**

Hearing:

Date: August 5, 2015

Time: 10:00 a.m.

Place: Courtroom "1568"

255 East Temple Street

Los Angeles, California 90012

1 **PLEASE TAKE NOTICE** that a hearing will be held on August 5, 2015, at 10:00 a.m.,
2 before the Honorable Ernest M. Robles, United States Bankruptcy Judge for the Central
3 District of California, Santa Ana Division, in Courtroom “1568” located at 255 East Temple
4 Street, Los Angeles, California 90012, for the Court to consider the motion (the “Motion”) filed
5 by Edward M. Wolkowitz, the duly appointed Chapter 7 Trustee (the “Trustee”) for the
6 bankruptcy estate (the “Estate”) of Sanctioned Automotive Group, LLC (the “Debtor”),
7 pursuant to 11 U.S.C. §363(b) and Rules 6004 and 9019 of the Federal Rules of Bankruptcy
8 Procedure, for an order: (A) authorizing the Trustee to sell substantially all of the assets of the
9 Estate, as more specifically described in that certain *Asset Purchase Agreement* (the “APA”)
10 between the Trustee and Casual Investments, LLC (“Casual”), a true and correct copy of which
11 is attached as Exhibit “1” to the Declaration of Edward M. Wolkowitz annexed to the Motion
12 (the “Wolkowitz Declaration”), free and clear of all liens, claims and encumbrances, and
13 pursuant to the terms and conditions set forth in the APA; (B) approving the overbid procedure
14 set forth in the APA and this Motion (the “Overbid Procedures”); and (C) approving the
15 settlement of claims and compromise of controversy provided by the terms of the APA. The
16 complete relief requested and the bases for the Motion are set forth in the Motion and the
17 Memorandum of Points and Authorities and Wolkowitz Declaration annexed to the Motion.

18 **PLEASE TAKE FURTHER NOTICE** that the Trustee is seeking authority to sell the
19 Estate’s right, title and interest in (i) all inventory, accounts receivable, social media accounts,
20 domain names, trademarks and other intellectual property, books and records of the Debtor (all
21 in “as is, where is” condition, with no representation or warranty) which are within the control
22 and/or possession of the Trustee as of the Closing Date (as that term is defined in the APA),
23 and (ii) all claims and causes of action belonging to the Estate, including, without limitation, all
24 causes of action arising under Chapter 5 of the Bankruptcy Code and all claims and causes of
25 action arising under or relating to that certain adversary proceeding commenced by the Debtor
26 against certain defendants, including Casual Investments, LLC (“Casual”), bearing the
27 adversary proceeding number 2:13-ap-01983-ER (the “Adversary Proceeding”) (with no
28 representations or warranties) (collectively, the “Assets”) to Casual for cash in the sum of

1 \$100,000 (the “Purchase Price”) and other consideration as set forth in the APA, subject to
2 overbid, and in accordance with the terms and conditions set forth in the APA.¹ The proposed
3 sale of the Assets is subject to notice to creditors, approval by the Court, and higher and better
4 bids received by the Trustee in accordance with the proposed Overbid Procedures described in
5 the Motion and below.

6 **PLEASE TAKE FURTHER NOTICE** that, in order to maximize the value obtained
7 by the Estate for the Assets, the Trustee is seeking Court approval of the following Overbid
8 Procedures in connection with the proposed sale of the Assets:

9 1. **Overbid Requirements.** Any party interested in submitting an overbid for the
10 Assets (“Overbid”) must, not later than 4:00 p.m. (Pacific time) on the date that is two (2)
11 business days before the hearing on the Motion (the “Overbid Deadline”), deliver such Overbid
12 in writing to counsel for the Trustee (Juliet Y. Oh, Esq., Levene, Neale, Bender, Yoo & Brill
13 L.L.P., 1025 Constellation Blvd., Suite 1700, Los Angeles, CA 90067, Email:
14 JYO@LNBYB.com, Facsimile: (310) 229-1244), in accordance with the requirements set forth
15 below:

16 a. The purchase price for the Assets in any Overbid must be in the sum of
17 at least \$105,000. Any Overbid must otherwise be on the same terms and conditions set
18 forth in the APA.

19 b. Each party submitting an Overbid must, by the Overbid Deadline: (x)
20 deliver a deposit in the sum of \$10,000 (the “Deposit”), in the form of a cashier’s check
21 to the Trustee or a wire transfer payment to an account of the Trustee’s designation, so
22 that such Deposit is actually received by the Overbid Deadline, and (y) deliver to
23 counsel for the Trustee proof of committed funds available to the bidder sufficient to
24 enable such bidder to consummate the sale of the Assets, which proof shall be in the
25 form of a letter of credit, loan commitment or other form acceptable to the Trustee in
26 the Trustee’s sole discretion. In the event that the bidder fails to timely make the

27 _____
28 ¹ A copy of the APA may be requested in writing to the Trustee’s bankruptcy counsel, whose name and contact
information are set forth on the upper left-hand corner of the first page of this Notice.

1 Deposit or timely provide proof of committed funds, or the Trustee determines, in his
2 sole discretion, that the proof of funds provided to Trustee by a bidder is unacceptable,
3 the Trustee may, at his sole discretion, disqualify such bidder from participating in the
4 auction of the Assets (the "Auction") to be conducted by the Trustee at the time of the
5 hearing on the Motion. In the event that the Trustee exercises his discretion and
6 disqualifies a bidder from participating in the Auction, the Deposit made by such bidder
7 (if any) shall be returned to the bidder.

8 2. **Bidding At Auction.** If at least one qualified bidder who has submitted an
9 Overbid appears at the Auction, the Trustee shall designate what he determines to be the best
10 and highest Overbid received for the Assets to be the leading bid at the Auction. Thereafter,
11 the Trustee shall solicit better and higher bids for the Assets, in bidding increments of at least
12 \$3,000, from the qualified bidders participating in the Auction (including Casual, if it chooses
13 to participate) until the best and highest bid for the Assets has been determined by the Trustee.

14 3. **Credit Bid Right of Casual:** In the event there is at least one qualified
15 overbidder at the Auction and Casual chooses to participate in such Auction, Casual shall be
16 entitled to credit bid (i) the amount of its allowed administrative claim in the sum of \$2,395.00,
17 and (ii) the amount of the Breakup Fee (as that term is defined in the APA and below) in the
18 sum of \$2,000.00 in connection with any bids submitted by Casual for the Assets at the
19 Auction.

20 4. **Backup Bidder.** In the event that there at least one qualified overbidder at the
21 Auction, the qualified bidder who submits the second best/highest bid for the Assets at the
22 Auction shall be designated as the backup bidder. In the event that the successful bidder for the
23 Assets cannot timely complete its/his/her purchase of the Assets, the Trustee shall be authorized
24 to proceed with the sale of the Assets to the backup bidder without further notice, hearing or
25 order of the Court.

26 5. **Breakup Fee:** In the event that the winning bidder of the Assets following the
27 Auction is a party other than Casual, Casual shall be entitled to the payment of a breakup fee
28

1 (the “Breakup Fee”) in the sum of \$2,000.00 from the proceeds of the sale of the Assets on or
2 about the Closing Date (as that term is defined in the APA).

3 6. **Closing of Sale and Forfeiture of Deposits:** The winning bidder shall have
4 until the first business day that is fourteen (14) days after the date of entry of an order granting
5 the Motion (the “Sale Order”) to consummate the sale of the Assets. If the winning bidder fails
6 to do so, the winning bidder will be deemed to have forfeited his/her/its Deposit unless the
7 Court or the Trustee agrees to provide the winning bidder with an extension of time to close the
8 sale. If the winning bidder fails to close and forfeits his/her/its Deposit, the backup bidder will
9 be notified and will then have until the first business day that is fourteen (14) days after the date
10 of such notification to close his/her/its purchase of the Assets or will be deemed to have
11 forfeited his/her/its Deposit unless the Court or the Trustee agrees to provide such backup
12 bidder with an extension of time to close the sale. The Deposit of the backup bidder will be
13 retained by the Trustee following the conclusion of the Auction and will be returned to the
14 backup bidder on the earlier to occur of (i) the closing by the winning bidder of its purchase of
15 the Assets or (ii) September 10, 2015, unless the backup bidder has forfeited his/her/its Deposit
16 pursuant to the terms and conditions set forth in the APA.

17 **PLEASE TAKE FURTHER NOTICE** that, given the nature of the Assets, as
18 discussed in the Motion, the Trustee believes that the only parties who will have any interest in
19 acquiring the Assets are Casual, liquidation companies, Atticus Firey (the principal of the
20 Debtor, who recently filed a personal Chapter 7 bankruptcy case and is therefore not likely to
21 be a viable purchaser for the Assets), and possibly industry competitors of the Debtor (to whom
22 the Assets were marketed at the Chapter 11 stage of the Debtor’s case). Accordingly, the
23 Trustee does not believe that any extensive marketing effort is required or warranted in
24 connection with the sale of the Assets. However, as noted above, the Trustee is inviting
25 overbids for the Assets, in accordance with the proposed Overbid Procedures, to obtain the
26 highest purchase price possible for the Assets.

27 **PLEASE TAKE FURTHER NOTICE** that the Trustee anticipates that the
28 proposed sale of the Assets will generate unencumbered funds of at least \$100,000 for the

1 benefit of the Estate. On the other hand, if the Trustee is not able to consummate a sale of the
2 Assets to Casual (or to a successful overbidder), the Trustee will likely be forced to liquidate the
3 Assets for a sum significantly lower than \$100,000. Based upon discussions that the Trustee
4 has had with at least one liquidation company (Tiger Capital), the Trustee believes that the
5 liquidation of the Assets will result in net proceeds of \$25,000 or less. Moreover, if the Trustee
6 is not able to consummate the sale of the Assets pursuant to the terms of the APA, the Trustee
7 will be forced to retain counsel and prosecute the Adversary Proceeding against Casual, which
8 (at least under the current form of the complaint) does not provide for any affirmative recovery
9 for the Estate. Accordingly, even if the Trustee were to pursue and succeed in the Adversary
10 Proceeding, the result would be a reduction in the amount of secured claims against the Estate
11 (since Casual would be deemed an equity holder and not a secured creditor), but not any actual
12 recovery for the benefit of the Estate. Given the risks and costs associated with any litigation,
13 and the fact that the litigation of the Adversary Proceeding will likely not result in any
14 affirmative recovery for the Estate, the Trustee submits that the proposed sale of the Assets,
15 which will result in the recovery of at least \$100,000 in unencumbered cash for the Estate, is
16 overwhelmingly in the best interests of the Estate and therefore represents a sound exercise of
17 the Trustee's business judgment.

18 **PLEASE TAKE FURTHER NOTICE** that, to the extent the proposed sale of the
19 Assets under the terms of the APA (including, without limitation, the provision under the APA
20 which provides for the dismissal of the Adversary Proceeding, with prejudice) is deemed a
21 settlement of claims, the Trustee is seeking Court approval of the proposed sale of the Assets,
22 in accordance with the terms substantially set forth in the APA, pursuant to Rule 9019 of the
23 Federal Rules of Bankruptcy Procedure.

24 **PLEASE TAKE FURTHER NOTICE** that a complete copy of the Motion may be
25 requested in writing to Levene, Neale, Bender, Yoo & Brill L.L.P., 10250 Constellation Blvd.,
26 Suite 1700, Los Angeles, California 90067, Attention: Juliet Y. Oh, Fax: (310) 229-1244,
27 Email: JYO@LNBYB.com.

1 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Bankruptcy Rule 9013-
2 1(f), any interested party that wishes to oppose the relief requested in the Motion must, not later
3 than fourteen (14) days prior to the scheduled hearing date set forth above, file with the Clerk of
4 the Bankruptcy Court and serve upon counsel for the Trustee (whose name and address are set
5 forth on the upper left-hand corner of the first page of this Notice) and the Office of the United
6 States Trustee, “[a] complete written statement of all reasons in opposition thereto ...,
7 declarations and copies of all photographs and documentary evidence on which the responding
8 party intends to rely, and any responding memorandum of points and authorities.”

9 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Bankruptcy Rule 9013-
10 1(h), the failure to file and serve a timely opposition to the Motion may be deemed by the Court
11 to constitute consent to the relief requested in the Motion.

12 Dated: July 14, 2015

EDWARD M. WOLKOWITZ, CHAPTER 7 TRUSTEE

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14 

15 By: _____

16 JULIET Y. OH
17 LEVENE, NEALE, BENDER, YOO
18 & BRILL L.L.P.
Attorneys for Edward M. Wolkowitz, Trustee

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: 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled **NOTICE OF SALE OF ESTATE PROPERTY** 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 **July 14, 2015**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Dustin P Branch** dustin.branch@kattenlaw.com, jessica.mickelsen@kattenlaw.com; brian.huben@kattenlaw.com; adelle.shafer@kattenlaw.com; onna.carolo@kattenlaw.com
- **Dan E Chambers** dchambers@clfca.com
- **Natalie B. Dagbandan** natalie.dagbandan@bryancave.com, raul.morales@bryancave.com; theresa.macaulay@bryancave.com
- **Robert Klamser** ecf@upshotservices.com
- **Juliet Y Oh** jyo@lnbrb.com, jyo@lnbrb.com
- **Penelope Parmes** penelope.parmes@troutmansanders.com
- **John P Schafer** jschafer@jpschaferlaw.com, pttnaegely@gmail.com
- **Jeffrey S Shinbrot** jeffrey@shinbrotfirm.com, sandra@shinbrotfirm.com
- **Jeffrey L Sumpter** jsumpter@epiqtrustee.com, jsumpter@cbiz.com
- **United States Trustee (LA)** ustpreion16.la.ecf@usdoj.gov
- **Sharon Z. Weiss** sharon.weiss@bryancave.com, raul.morales@bryancave.com
- **Jeffrey C Wisler** jwisler@connollygallagher.com, dperkins@connollygallagher.com
- **Edward M Wolkowitz (TR)** emwtrustee@lnbrb.com, ewolkowitz@ecf.epiqsystems.com; marisol@ecf.inforuptcy.com
- **Hatty K Yip** hatty.yip@usdoj.gov

2. SERVED BY UNITED STATES MAIL: On **July 14, 2015**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ 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 **July 14, 2015**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

1 **Served via Attorney Service**

2 Hon. Ernst M. Robles
3 United States Bankruptcy Court
4 Edward R. Roybal Federal Building and Courthouse
5 255 E. Temple Street, Suite 1560 / Courtroom 1568
6 Los Angeles, CA 90012

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

9 July 14, 2015	Stephanie Reichert	/s/ Stephanie Reichert
<i>Date</i>	<i>Type Name</i>	<i>Signature</i>

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