

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address

☐ Individual appearing without attorney  
☒ Attorney for: Debtor

CASE NO.: 2:16-bk-13575-ER  
CHAPTER: 11

In re:

Debtor(s).

## NOTICE OF SALE OF ESTATE PROPERTY

**Sale Date:** 10/18/2017 (Sale hearing date, see below for Auction details).

Time: 11:00 am

**Location:** 255 E. Temple St., Courtroom 1568, Los Angeles, CA 90012

**Last date to file objections: 10/04/2017**

Real property and improvements located at 1001 East Road, La Habra Heights, CA 90631

Auction to be held in Court on October 18, 2017 at 11:00 a.m.

Please see Notice attached hereto with proposed bid procedures.

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

**Overbid procedure (if any):** Stalking Horse Bidder is 3Sig Investments, LLC with \$625,000 bid.

The initial bid increment is \$5,000 for an overbid of \$630,000, with \$5,000 incremental bids at Auction. Alternative Bids are due October 16, 2017. Deposit of \$20,000 required by October 16, 2017.

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

October 18, 2017 at 11:00 a.m.

United States Bankruptcy Court, Central District of California, Los Angeles Division

Courtroom 1568

255 East Temple Street

Los Angeles, California

**Contact person for potential bidders (include name, address, telephone, fax and/or email address):**

GREG BINGHAM, The Smith Group | Coldwell Banker

p: 949.759.3760 f: 866.532.6985 m: 562.335.0145

w: smithgrouprealestate.com e: greg@timsmithgroup.com

Date: 09/27/2017

DAVID B. GOLUBCHIK (State Bar No. 185520)  
JEFFREY S. KWONG (State Bar No. 288239)  
LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.  
10250 Constellation Boulevard, Suite 1700  
Los Angeles, California 90067  
Telephone: (310) 229-1234  
Facsimile: (310) 229-1244  
Email: DBG@LNBYB.com; JSK@LNBYB.COM

Attorneys for Debtor and Debtor in Possession

**UNITED STATES BANKRUPTCY COURT**

**CENTRAL DISTRICT OF CALIFORNIA**

**LOS ANGELES DIVISION**

In re	)	Case No. 2:16-bk-13575-TD
	)	Chapter 11
LIBERTY ASSET MANAGEMENT	)	
CORPORATION	)	<b>NOTICE OF AUCTION AND HEARING</b>
	)	<b>ON MOTION FOR ORDER (A)</b>
Debtor and Debtor in Possession.	)	<b>APPROVING SALE OF PROPERTY FREE</b>
	)	<b>AND CLEAR OF LIENS, CLAIMS AND</b>
	)	<b>INTERESTS; (B) APPROVING</b>
	)	<b>EMPLOYMENT OF COLDWELL</b>
	)	<b>BANKER; AND (C) GRANTING</b>
	)	<b>RELATED RELIEF</b>
	)	
	)	
	)	<u>Auction and Hearing</u>
	)	Date: October 18, 2017
	)	Time: 11:00 a.m.
	)	Place: Courtroom 1568
	)	255 E. Temple Street
	)	Los Angeles, CA
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1           **PLEASE TAKE NOTICE** that, on October 18, 2017 at 11:00 a.m., before the  
2 Honorable Ernest Robles, United States Bankruptcy Judge, Liberty Asset Management  
3 Corporation (“Debtor”), debtor and debtor in possession in the above-captioned, chapter 11  
4 bankruptcy case, will move the Bankruptcy Court for an order (a) approving sale of property free  
5 and clear of liens, claims and interests; (b) employing Coldwell Banker; and (c) granting related  
6 relief (the “Motion”). The Motion applies to the following single family residences:

7           **1001 East Road, La Habra Heights, CA 90631 (“Property”).**

8           In summary, the Property was owned by an entity known as East Heights, LLC (“EH”),  
9 which was allegedly 100% owned by Lucy Gao. Among other proceedings in this case, the  
10 estate pursued claims against EH and Ms. Gao which resulted in, among other things, a judgment  
11 determining that the Debtor is 100% member of EH. Shortly after the entry of the judgment, Ms.  
12 Gao turned over the Property to the Debtor. Further, the Debtor, as the now 100% member of  
13 EH, executed a resolution designating Lawrence Perkins, Debtor’s Chief Restructuring Officer,  
14 as the sole manager of EH with all management powers related thereto.

15           EH, through Mr. Perkins, engaged Coldwell Banker to market and sell the Property.  
16 Coldwell Banker evaluated the Property and commenced marketing efforts which resulted in  
17 numerous offers. The Debtor, in consultation with the Committee, selected the best offer for the  
18 Property: \$625,000 from 3Sig Investments, LLC (“Buyer”). The contingency period has  
19 expired and Buyer is prepared to proceed with a sale to closing.

20           Escrow has been opened in connection with the sale transaction. A Preliminary Title  
21 Reports (“PTR”) was ordered and reviewed. Pursuant to the PTR, Shanghai Bank asserts a first  
22 priority secured interest cross-collateralized by the Property and a related property in Claremont  
23 also owned by EH, which, currently, has a balance of approximately \$625,000 and is expected to  
24 be paid in full from the sale proceeds.

25           In addition, the PTR revealed that a person by the name of Yonggang Pan purportedly  
26 holds a deed of trust on the Property to secure an obligation of \$1,200,000. The Debtor is  
27 familiar with this name as someone associated with Ms. Gao. In fact, Yonggang Pan held a  
28

1 similar deed of trust in a related Chapter 11 bankruptcy case of Crystal Waterfalls (2:15-bk-  
2 27769-ER), which Yonggang Pan stipulated to remove based on the fact that there was no  
3 extension of financing of any kind to warrant the obligation. Consistent with the foregoing  
4 mechanism previously employed, the Debtor sent a letter to Yonggang Pan together with a draft  
5 agreement to remove the deed of trust. No response was received.

6 Outside of the bankruptcy process, EH would be required to commence litigation in state  
7 court against Yonggang Pan to invalidate the obligation. Such litigation will take time, which  
8 may impact the market value of the Property. Such litigation will cost money which EH lacks.  
9 Finally, such litigation will delay and impede the sale efforts, which are critical to the  
10 administration of the Debtor's estate in light of the fact that the Debtor is the 100% member of  
11 EH and, therefore, the beneficial owner of the Property.

12 Based on the foregoing, EH executed a quitclaim deed for the Property, transferring it to  
13 the Debtor. The Debtor, as Debtor in Possession, seeks to use the benefits of the Bankruptcy  
14 Code to sell the Property free and clear of all liens and encumbrances, with all such interests to  
15 attach to the proceeds of the sale. The Debtor will then prosecute claims against Yonggang Pan  
16 to invalidate the obligations without impeding the estate's sale efforts.

17 Based on all of the foregoing, the Debtor seeks to sell the Property, pursuant to 11 U.S.C.  
18 § 363, free and clear of all liens, claims and encumbrances, with such interests to attach to the  
19 proceeds of the sale. Moreover, based on the fact that this is now a bankruptcy sale, the Debtor  
20 invites overbids for the Property, the opportunity for which is provided for in the sale agreement.  
21 The Debtor proposes to implement the following overbid procedures to be employed in the sale  
22 to be conducted before this Court:

23 a. **Date for Auction.** The auction ("Auction") shall be scheduled for the date  
24 and time of the hearing on the Motion, which is October 18, 2017 at 11:00 a.m. in this  
25 Courtroom.

26 b. **Alternative Bid Requirements.** Any party interested in submitting an  
27 alternative bid for the Property (an "Alternative Bid") must, not later than 5:00 p.m.  
28 (prevailing Pacific Time) on October 16, 2017 (the "Alternative Bid Deadline"), deliver  
such Alternative Bid in writing to counsel for the Debtor (David B. Golubchik, Esq.,  
Levene, Neale, Bender, Yoo & Brill L.L.P., 10250 Constellation Blvd., Suite 1700, Los

Angeles, California 90067, Email: DBG@LNBYB.com, Facsimile: (310) 229-1244), in accordance with the requirements set forth below:

i. The purchase price for the Property in any Alternative Bid must be in the sum of at least \$5,000 over the Purchase Price. For example, an initial overbid for the Property would be \$630,000 (\$625,000 current bid plus \$5,000). Any Alternative Bid must otherwise be on the same or better material terms and conditions than as set forth in the sale agreement, or as the Bankruptcy Court may determine are in the best interest of creditors and the estate.

ii. Only Qualified Bidders may tender an Alternative Bid. For the purposes of this provision, a Qualified Bidder shall be any party that, not later than the Alternative Bid Deadline, delivers to LNBYB: (I) a good funds deposit in the amount of \$20,000; (II) written evidence reasonably satisfactory to the Debtor of its financial ability to perform the obligations to close the sale of the Property before, on, and after the closing; and (III) a written statement signed by the Alternate Bidder agreeing that such Alternate Bidder, if successful at the hearing on the Motion, shall be bound by the terms of its agreement. No Alternative Bids that are contingent as to due diligence or financing shall be considered. If the Debtor determines, in its sole discretion, that the proof of funds or other submission provided by the bidder to Debtor is unacceptable, the Debtor may, in its sole discretion, disqualify such proposed bidder from participating in Auction. In the event that the Debtor exercises its discretion and disqualifies a bidder from participating in the Auction, the deposit made by such bidder (if any) shall be returned to the bidder.

c. **Bidding At Auction.** If at least one Qualified Bidder who has submitted an Alternative Bid appears at the Auction, the Debtor shall designate what it determines, in its reasonable judgment, to be the best and highest bid received for the Property to be the leading bid at the Auction. Thereafter, the Debtor shall solicit better and higher bids for the Property, in bidding increments of at least \$5,000 from the Qualified Bidders participating in the Auction (including the Buyers if Buyer chooses to participate) until the best and highest bid for the Property has been determined.

d. **Closing of Sale and Forfeiture of Deposits:** The winning bidder will have until the fifteenth (15<sup>th</sup>) day after the date of entry of a Court order granting this Motion (the "Sale Order") to consummate the sale of the Property. If the winning bidder fails to do so, the winning bidder will be deemed to have forfeited its deposit unless the Court or the Debtor agrees to provide the winning bidder with an extension of time to close the sale.

As discussed above, EH retained Coldwell Banker to market and sell the Property. Based on the recent developments requiring the transfer of the Property to the Debtor, pursuant to the Motion, the Debtor seeks Court authority to employ Coldwell Banker upon the same terms and conditions as agreed upon with EH. Specifically, the listing agreement for the Property provides

1 that Coldwell Banker shall be compensated for its services in an amount equal to six percent  
2 (6%) of the gross sales price for the sale of the Property. The Debtor is informed and believes  
3 that the commission represents the standard commission rates used within the local real estate  
4 industry for sales of similar residential real property.

5 In addition, Coldwell Banker has already been employed in the Debtor's case as real  
6 estate broker and has assisted the Debtor in selling other real property for the benefit of the estate  
7 and all creditors. Based on the foregoing, and the fact that the Property is already in escrow as a  
8 result of Coldwell Banker's efforts, the Debtor believes that Coldwell Banker is well qualified to  
9 be employed as real estate broker in this case. Coldwell Banker will be paid from the sale  
10 proceeds upon close of escrow and will not file a fee application.

11 **PLEASE TAKE FURTHER NOTICE** that if any party desires a copy of the Motion  
12 and all supporting pleadings filed by the Debtor, such copy will be promptly provided upon  
13 written request to the Debtor's counsel, whose contact information is set forth in the upper left  
14 hand corner of the first page of this Notice.

15 **PLEASE TAKE FURTHER NOTICE** that any objection to the entry of an order  
16 granting the Motion must be in writing in accordance with Local Bankruptcy Rule 9013-1(f)(1)  
17 and served, with a courtesy copy delivered to Chambers, no later than fourteen (14) days before  
18 the hearing on the Motion.

19 **PLEASE TAKE FURTHER NOTICE** that, pursuant to Local Bankruptcy Rule 9013-  
20 1(h), the failure to file a timely opposition or response to the Motion may be deemed by the Court  
21 to be consent to the granting of the relief requested in the Motion.

22 Dated: September 27, 2017 LIBERTY ASSET MANAGEMENT CORPORATION

23  
24 By: /s/ David B. Golubchik  
25 DAVID B. GOLUBCHIK  
26 JEFFREY S. KWONG  
27 LEVENE, NEALE, BENDER, YOO  
28 & BRILL L.L.P.  
Attorneys for Debtor and Debtor in Possession