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Hon. John E. Ryan, Ret.

## A Final View From the Bench:

**AN INTERVIEW WITH  
RETIRED BANKRUPTCY JUDGE  
JOHN E. RYAN**

BY WILLIAM N. LOBEL, ESQ.\*

*(Author's note: Judge John Ryan, whose judicial career spanned 21 years, is one of the most respected bankruptcy judges in the nation. Those many attorneys, including myself, who appeared before him know that Judge Ryan possesses all of the qualities one could hope to find in a judge. After a brief biographical note, the following is an interview it was my privilege to conduct with Judge Ryan on the occasion of his retirement from the bench.)*

**T**he Bankruptcy Bench lost one of its most distinguished members when Judge John E. Ryan left the bench in February, 2007 ending twenty-one years of service.

Judge Ryan sat in the Orange County Division of the United States Bankruptcy Court for the Central District of California for his entire career as a bankruptcy judge, presiding over many high profile bankruptcy cases, the most noteworthy of which was probably the groundbreaking Orange County Chapter 9 proceeding, the largest municipal bankruptcy in history to adjust the debts of that municipality. The case was spawned when the County lost more than \$2 billion on high-risk leveraged investments. That 17-month case involved some 3000 court filings and more than 470 judicial orders and nearly 7000 creditors' claims.

Judge Ryan was also selected to sit on the Ninth Circuit Bankruptcy Appellate Panel from 1996 to 2003, and was unanimously elected Chief Presiding Judge of that appellate group -- which hears some 600 cases each year -- in November, 2001. Judge Ryan authored many notable opinions, both as a trial judge and as a member of the BAP.

Judge Ryan graduated from the United States Naval Academy in the class of 1963 and served in the Navy for six years as a combat pilot, flying an F-4 Phantom off the USS Ranger during the Vietnam conflict. He thereafter attended and received his law degree from Georgetown University School of Law in 1972.

Judge Ryan joined the Hale & Dorr law firm in Boston, Massachusetts in 1972, where he practiced corporate and insolvency law through 1975. He thereafter was on in-house legal teams of the New York Stock Exchange and American Stock Exchange from 1976 through 1984. Judge Ryan joined Jennings, Engstrand & Hendrickson in San Diego, California in 1984, where he practiced securities and corporate law until 1986, when he was appointed to the Bankruptcy Bench.

Judge Ryan was instrumental in the founding of the Orange County Bankruptcy Forum and the California Bankruptcy Forum and has given extraordinary amounts of his time and energy over the years in an effort to improve and elevate the practice of bankruptcy law throughout the State. His wry, candid commentary as moderator of the Judges' Panel and Bankruptcy Squares game at the

# Publisher's Comments

BY ROBERT MOSIER, PUBLISHER\*

**T**his issue of the Receivership News is being published to coincide with the 19th Annual California Bankruptcy Forum Conference commencing May 17 in the wine country at Yountville, California. More than 500 insolvency attorneys, accountants, assorted bankruptcy professionals and bankruptcy judges (and, not incidentally, many receivers) will gather to discuss bankruptcy developments and trends that may have a trickle down effect on many areas of financial law practice, including receiverships.

The newly revised Code, the massive fall-out in sub prime lending and consequent plunge in new home sales, and increasing use of the "R" word (recession) should combine to make this year's conference an interesting one for both bankruptcy and receivership professionals alike.

The stampede of Chapter 11 cases to the more accommodating bankruptcy judges in the Southern District of New York and Delaware and how to restore balance and integrity to the Bankruptcy Courts will be a major topic discussed in conference events.

The lead article is an interview with recently retired Bankruptcy Judge John J. Ryan, a 21-year mainstay of the Ninth Circuit Bankruptcy Courts, formerly sitting in the Orange County Division of the Central District. Longtime bankruptcy attorney William Lobel acted as the RN's guest interviewer, and we thank him.

The subject of our member profile this issue is Bill Brandt, a prominent member of the receivership community and President and CEO of DSI, Inc., a highly regarded international business turnaround and consulting firm with California offices in San Francisco and Los Angeles. Bill also is education co-chair for the National Bankruptcy Forum conference.

Mr. Brandt's long and prominent involvement in state and national politics makes him one of the most interesting professionals profiled in these pages.

We hope you enjoy the issue.



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954 La Mirada St.  
Laguna Beach, CA 92651  
949.497.3673 x 200

### Publisher

Robert P. Mosier  
Rmosier@Mosierco.com

### Editor

Kirk S. Rense, Editor  
KRense@renselaw.com  
Craig Collins, CPA  
Associate Editor

### Associate Publishers

Kenton Johnson  
Beverly McFarland  
Ron Oliner  
Rob Warren, III

### Contributing Columnists

Alan Mirman  
*Heard in the Halls*  
Peter Davidson  
*Ask the Receiver*  
Charles F. Rosen  
*Taxes and the Receiver*

### Officers

Marilyn R. Bessey, Chair  
Martin Goldberg, Chair Elect  
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Robert Mosier, Secretary  
James Lowe, Project Director

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www.mckennalong.com



Robert P. Mosier

*\*Robert P. Mosier is a Southern California trustee and receiver and principal of Mosier & Company, Inc., a firm that has specialized in managing and turning around troubled companies for more than 25 years.*



Kirk Rense

*Mr. Rense is a lawyer specializing in insolvency and in representing court-appointed fiduciaries, with more than 20 years' experience. He was a journalist before attending law school at the University of Southern California Law Center. Kirk is a California Receivers Forum, LA/OC Chapter Board Member.*

Continued from page 1.

annual CBF Conferences is always memorable and will be sorely missed.

Judge Ryan's qualities as a bankruptcy judge and as a person have been widely recognized, including (but certainly not limited to) his confirmation as a fellow of the American College of Bankruptcy.

True to his Irish Catholic Boston roots, Judge Ryan is an avid fan of the Boston Red Sox as well as the Fighting Irish of the University of Notre Dame.

WL: Judge, in your career on the bench, do you have any memorable moments, either good or bad, that occurred in your courtroom, things that happened that stand out in your mind?

Judge Ryan: Well yes, a couple of things. One you are very familiar with and that was the Entertainment Specialties case involving Michael Goodwin and it was interesting that Entertainment Specialties was my first major chapter 11. It was filed right after I took the bench in 1986. You represented Entertainment Specialties, which was a company that put on motor cross events in venues like the Los Angeles Memorial Coliseum and Angels Stadium.

The interesting aspect of that case was the animosity between the two principals of that company, Michael Goodwin and Mickey Thompson. Mickey Thompson had gotten a \$500,000 judgment against Michael Goodwin and he was going to collect that judgment come hell or high water, and I guess there had been some problems of fraud that were part of the allegations in the state court leading to this high intensity level of animosity.

I remember it being a very difficult situation to have to handle as a new judge because the emotions were running so high. Ultimately, as you know Micky Thompson and his wife Trudy were murdered and just recently Michael Goodwin was convicted of the murders. That

litigation went on and on and on, with numerous appeals. The animosity of the parties in that litigation never ended. It continued and ultimately may have been a factor in the conviction of Michael Goodwin for those murders.

That was a memorable situation. A funnier memorable situation in court involved a Debtor who I think was called Sister Love. When I came into chambers on the day of the first proceeding that I had with Sister Love, Nancy [Nancy Garoutte, Judge Ryan's long-time assistant, whose retirement coincided with that of Judge Ryan] had this weird smile on her face. I asked "what's going on here" and she said "well, you got Sister Love's case today." I said, "I know, but why is that of interest." She said, "Well, you'll see."

So I went to the Courtroom and called the case and up walked Sister Love. Sister Love was about a 250 lb. man dressed as a woman with red rouge all over his face. In the back of the Courtroom was half the court's office laughing at my having to keep a straight face as Sister Love approached the lectern. So that's the spectrum, humor and tragedy.

WL: Do you have memorable moments in your career apart from when you were sitting as a Bankruptcy Judge?

Judge Ryan: While I was working for a company called Oak Industries, as their senior attorney in San Diego, Oak Industries was involved in providing over the air subscription television. It was the first company to do that and it was first to scramble those signals so that they could offer pay per-view. The pay per-view that you see on television today was pioneered by Oak Industries.

As senior attorney, I had to work out the contracts with the various promoters that we were doing business with in terms of putting on pay per-view events. Most of the events were title fights. They involved, for example, boxers like Larry Holmes, Sugar Ray Leonard and Roberto

Continued on page 4...



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*Continued from page 3.*

Duran. It was very interesting handling the contract issues with promoters like Don King and Bob Arum. That's the type of negotiation that really keeps you on your toes and is very entertaining.

I tell you, Don King was an incredible person and had an amazing presence. He invited my wife Terri and I to attend a Bob Hope event that the City of Hope Hospital was putting on. We were sitting at a table with Don King, Larry Holmes and the great running back for the Cleveland Browns, Jim Brown, and, of course, Don King's bodyguards.

A photographer came up while Terri was sitting close to Don King talking to him. The photographer took a picture and Don King snapped his fingers. Two bodyguards ran up and grabbed the photographer and came back with the film and camera. You didn't fool around with Don King.

**WL:** Judge, perhaps the career case of a lifetime was the Orange County Chapter 9 bankruptcy case.

**Judge Ryan:** I do Bill. When I came back from San Antonio after hearing that I had the case, I walked into chambers and the desk was full of these pink notes for me to call various news outlets and media people. I made an immediate decision that I wasn't going to talk to anyone about the case?

Everything that I did or said was going to occur in the courtroom. I set the first hearing in the case and we knew that there was going to be a tremendous demand for access to the courtroom and my courtroom only

handled about 70 people. So we handed out different colored passes, passes for media, passes for attorneys and the parties to the proceeding and then some for the general public.

For the overflow, we piped the proceedings into Judge Wilson's courtroom and into a library area.

I entered the courtroom and of course it was packed. I didn't know what was going to happen and how I was going to control the situation.

I first had to get into the record the identity of everyone who was there. I set up a procedure where the clerk would have a roving microphone in order to pick up the sound so everybody could hear. The problem was that it was not a cordless microphone and as she was moving around to get the various people who were there to identify themselves, she nearly ended up strangling a few people up front with the cord. That added a little humor to the first major hearing of that case. We never went back to the microphone with a cord.

**WL:** Judge, do you have any advice for lawyers in terms of do's and don'ts in the courtroom, based on your experiences of being a judge for all these years.

**Judge Ryan:** A couple of do's. You were one of my favorite attorneys in the courtroom.

I remember a number of times when a fact or an interpretation was less than clear, you would go back over that and make sure that I understood exactly what the facts were and what you were trying to say in connection with the matter. You never left an issue of law or a factual issue grey in the courtroom.

That caused me to have a high level of confidence in what you were presenting to the court. Credibility is the most important element that an attorney brings to the courtroom. You build that credibility by the way you make your presentation and by the way you clarify issues of fact and law to the court.

The other issue that I would emphasize is try and simplify your facts and the issues. That is very helpful. If there is some area of doubt, you raise it in terms of asking the court if there is any additional factual information or legal argument that the court would like, to assist the court in coming to a decision. It is important for the attorney to not just act as an advocate, but to keep the perspective that the attorneys are officers of the court and are there to help the judge come to a fair and just result.

I always admired the way you handled your cross examination as well. You didn't spend a lot of time on insignificant issues. You honed in on certain key factual issues and you used your cross examination to assist in clarifying those facts. Those are some of the do's that I always felt were very helpful to me.

**WL:** By the way, I don't know if you recall one of the first times I personally appeared in front of you. It was either on a motion to pay critical vendors or a motion to pay pre-petition payroll. You were brand new on the bench and I remember you saying to me, "Counsel, show me where in the Code you are given the right to do that."

It caught me totally by surprise because we practitioners had gotten used to getting such motions approved without supporting authority and it kind of brought me back to home base. Judge, I know we have had a recent modification of the Bankruptcy Code. Do you have any suggestions for other changes that might be made with respect to the Code?

**Judge Ryan:** I do. I'm going to hit this very hard because I believe that the most destructive provisions in the Bankruptcy Code right now deal with venue. I believe that the venue

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# ASK THE RECEIVER

BY PETER A. DAVIDSON, ESQ.

**Q** I have been asked to be a receiver to help collect a judgment. The judgment debtor has intellectual property assets. Plaintiff's counsel has asked me how hard it will be to get me appointed and if I would be able to sell the judgment debtor's intellectual property to satisfy the judgment. What should I tell her?

**A** The statutory showing to get a receiver in aid of execution appointed is often high, but it should not be. The problem, in most cases, is the reluctance of many judges to appoint receivers to enforce judgments because of the perceived costs and the unfortunate language used by the State Legislature in amending the statute regarding appointment of post-judgment receivers in 1982. Indeed, the 1982 amendment was intended to make it easier to get post-judgment receivers appointed, but it appears to have had the opposite effect.

Code of Civil Procedure §708.620 states the circumstances under which the appointment of a receiver in aid of execution is appropriate. "The court may appoint a receiver to enforce the judgment where the judgment creditor shows that, considering the interests of both the judgment creditor and the judgment debtor, the appointment of the receiver is a reasonable method to obtain the fair and orderly satisfaction of the judgment." The 1982 amendment to the statute eliminated a former prerequisite of showing that a writ of execution had been returned unsatisfied or that the judgment creditor refused to apply property in satisfaction of the judgment. When the statute was amended the Legislature, for some reason, also added the language that the court should consider the "interests of both the judgment creditor and the judgment debtor". One has to wonder what the legislators were thinking. When would it ever be in the judgment debtor's interests to have a receiver appointed to help collect a judgment that the judgment debtor refused to pay? The concept is so odd that the Rutter Guide on Enforcing Judgments and Debts simply leaves this requirement out of its discussion of the statute, focusing instead on the requirement that the appointment is a "reasonable method to obtain the fair and orderly satisfaction of the judgment".

The strongest argument to use in seeking appointment of a receiver in aid of execution is that the judgment debtor has assets that could be liquidated to satisfy the judgment, in whole or in part, but that those assets cannot be reached by a writ of execution. Indeed, the Legislative Committee Comments to C.C.P. §720.620 states: "A receiver may be appointed where writ of execution would not reach certain property and other remedies appear inadequate". The primary examples are an alcoholic beverage license — because C.C.P. §708.630 provides the appointment of a receiver is the only method to apply a judgment debtor's interests in such a license to the satisfaction of a judgment — and intellectual property, such as patents, trademarks, copyrights and (more recently) websites and domain names, because no method of levy exists for general intangibles such as intellectual property.

\*PETER A. DAVIDSON, with Moldo Davidson Fraioli Seror & Sestanovich LLP located in Los Angeles, is a receiver and an attorney who specializes in representing receivers in state and federal court.



Peter A. Davidson

The order appointing the receiver should specifically provide that the intellectual property (spell-it-out: patents, trademarks, domain names, etc.) are vested in the receiver, who is authorized and directed to take control of and sell the intellectual property to satisfy the judgment. Once appointed, there are various methods of selling intellectual property. Beside contacting others in the judgment debtor's industry to see if they might be interested in the assets, there are many websites that can be used to sell such assets such as Ebay and [www.bankruptcysales.nabt.com](http://www.bankruptcysales.nabt.com) (used by bankruptcy trustees to sell assets). A number of websites specialize in holding on-line auctions specifically for intellectual property. For example, [www.afternic.com](http://www.afternic.com) and [www.sedo.com](http://www.sedo.com) specialize in sale of domain names. For patents try [www.freepatentauction.com](http://www.freepatentauction.com). There are many more on the web. You may want to seek instructions from the court as to the method you intend use to sell the intellectual property so that all parties have notice of what you intend to do. In addition, if possible, you may want to have the sale subject to court confirmation where overbids may be permitted so as to maximize the value of the assets you are selling.

Another advantage of using a receiver in aid of execution is that the receiver's fees and costs can be added to the judgment, so the judgment debtor ends up paying for them. C.C.P. §685.070(a)(5).

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# Heard in the Halls

## NOTES, OBSERVATIONS, AND GOSSIP RELAYED BY ALAN M. MIRMAN

Welcome to the latest edition of *Heard in the Halls*. Please provide your snippets of news, questions or comments about receivership issues or the professional community by telephone, mail, fax, or email to: Alan M. Mirman, Horgan, Rosen, Beckham & Coren at 23975 Park Sorrento, Suite 200, Calabasas, California 91302. Phone: (818) 591-2121; Fax: (818) 591-3838; email: amirman@horganrosen.com

### Here is what we have Heard in the Halls ...

Check it out: The revamped Receiver's Forum website is up and running. The directory includes extensive search capabilities. It is open to non-members, and would seem to be a good opportunity for receivers, lawyers, vendors, etc. to get referrals, etc. Go to [www.receivers.org](http://www.receivers.org)

Last month, just before the Academy Awards show, Edythe Bronston of the LA/OC Chapter was interviewed about the California Jazz Foundation by an Atlanta television station which was out here for the Oscars. The interview went very well, so they asked her to do another segment, and she agreed, learning later that it was for a series they were doing called "Tough Chicks of L.A.".....She is still chuckling! Then, that went so well that she was asked to do an hour live interview on the American Radio Network. Could be a whole new career in the media for Edy.

Do you think that a Receiver can issue a subpoena or SDT? Kirk Rense came up with this question, and found no reported

cases dealing with the subject. My view is that California Code of Civil Procedure Section 1985 authorizes an attorney of record to issue a subpoena. I don't see a requirement that the attorney be counsel for a "party" in the action. So I say that the Receiver's attorney of record in the case can issue the subpoena or SDT. What do you say?

Program Recap: On March 14, the LA/OC Chapter presented a lunch program that was "simulcast" via video link to the San Francisco offices of Buchalter Nemer. The subject was Sale of Business, Real Property and Personal Property Assets by a Fiduciary. Gary Plotkin moderated a fine presentation by panelists Byron Moldo (of Moldo Davidson), Ted Phelps (of Phelps Consulting Group) and Joel Weinberg (of ASK Financial/Insolvency Services Group). It was a well attended program, with more content than could be squeezed into a lunch program. See the photos of the event, below.

Welcome to another new Receivers Forum member: Michael A. Fiscina, CPM, of Los Angeles. Michael has been in the property management business for 27 years, the last 20 years in Southern California. He founded RE/MIC, Inc, a full service real estate company, in 2004 and currently is President and Broker for its subsidiaries: Home Solution (Real Estate Sales), Rent Solution (Real Estate Leasing), Loan Solutions (Real Estate Mortgages), and REMIC Properties (Property Management).



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Panel participants at the March 14 program on sale of assets by a fiduciary were (L-R): Theodore G. Phelps (president, Phelps Consulting Group); Joel Weinberg (Insolvency Services Group, Inc.); moderator Gary A. Plotkin, Esq. (Plotkin, Rapoport & Nahmias) and Byron Z. Moldo, Esq. (Moldo, Davidson, Fraioli Seror & Sestanovich, LLP). Some 45 persons attended the program either in person at the Buchalter, Nemer, Fields & Younger offices in Los Angeles or via video link to the firm's San Francisco office.

Alan M. Mirman is a partner in the Calabasas law firm of Horgan, Rosen, Beckham & Coren, LLP, and specializes in creditor's rights. His practice includes aspects of provisional remedies, representation of receivers, litigation, loan and lease documentation, and the like.

*Continued from page 4.*

provisions are so inadequate that they distort the whole bankruptcy process and I believe it is very destructive. The forum shopping that is going on in the Bankruptcy Court ought to be an embarrassment for the judiciary as a whole as well as the legislative branch of our government.

The fact that Chapter 11's for companies located here in California, which have most of their creditors and assets here in California, are not filed here but are filed instead in Delaware or the Southern District of New York is a travesty. Just look at the human aspects of it, rather than from the standpoint of the use of forum shopping to get certain results because of the approaches taken in those two venues.

The movement of major cases from California has had a destructive impact on lawyers, their families, the kinds of cases that come before the Bankruptcy Courts in California and the lifestyles of the attorneys who have to travel across country in order to have a practice equivalent to what they had before. These are things that are very negative about the venue provisions of the Bankruptcy Code today.

I think they have had a very detrimental impact on bankruptcy practice in the Central District of California. I think they have limited the opportunities of young attorneys in the practice of bankruptcy law and, again, I think they have had adverse impacts on those attorneys that have practiced in the area over the years in terms of having to travel to the East Coast in order to have quality cases.

**WL:** So your specific suggestion would be to eliminate the state of incorporation as a basis for venue?

**Judge Ryan:** Absolutely. When a case like Enron can leave Texas and be handled in the Southern District of New York, just because certain power groups want it that way and the judge wants to handle the case in the Southern District of New York, that is the worst kind of forum shopping and it should be eliminated.

**WL:** Now that you have had the opportunity to do what we all dream of, of being able to retire, would you please tell us what you have been doing since leaving the bench.

**Judge Ryan:** Well first, I have a happy dog. The dog is walked in the morning and gets walked in the evening. My German Sheppard puppy of about seven months is a very happy dog.

Actually, I have been able to spend quite a bit of time as a director of the Armed Services of the YMCA at Camp Pendleton trying to help that organization raise funds to assist young Marines and Navy personnel and their families. Just think for a minute of the impact of the war in Iraq on these young men and women and their families. We are seeing Marines and Navy personnel now being deployed to that war zone for a fourth time. You can just imagine not only the impact on the young Marine and Navy personnel, but the impact on the families of those individuals. The young children of these Marines do not have the presence of their mom or dad for a significant amount of time in terms of their development.

One of the things the Armed Services of the YMCA does is to provide extra schooling and teachers on an eight to one ratio for those

young kids who are having problems in school. It also provides a parenting skills type of service to help the spouses deal with some of the ramifications of single parenthood. In terms of the individual Marines, the YMCA helped over two thousand of them on Super Bowl Sunday so that they were able to enjoy the Super Bowl and get well fed on hamburgers, hot dogs and so forth. I do a lot of things at the Armed Services YMCA, and I feel privileged to have an opportunity as a director to participate in those services.

I also got to ski for the first time in over twenty years with my brothers back in Colorado at Winter Park. I think I surprised them. I know I surprised myself in that I didn't do too badly. As my brother said, "it's just like getting back riding a bicycle." Those are some of the things that I've been doing in retirement and enjoying.

**WL:** I think you also had the opportunity to be on one of our nuclear carriers.

**Judge Ryan:** Thanks for reminding me about that. Terri's dad was a bomber pilot in World War II and flew off of the Hornet, so she has always wanted to see what it was like to be aboard a carrier. We got the opportunity a couple of weeks ago to fly out to the Nimitz before it deployed to Iraq. It was a great experience and she had a smile on her face from ear to ear as we hit the deck. As a matter of fact, as

you probably know, I flew F-4 Phantoms off the Ranger during the Viet Nam period.

On the Nimitz, Terri and I were able to get to within probably twenty feet of the F-18 Hornets as they were taking off during the day. We had a great time and it ended in our getting shot off the carrier by catapult. You are going about 130 knots within a second or two. Now, that is exciting.

It's amazing that these young men and women are out there moving multi-million dollar aircraft around safely with the lives of these pilots in their hands. It's quite a testament to the quality of our young people in the armed services. You might be interested to know that 25% of the ship's personnel are women. Quite a change from when I was flying.

**WL:** One final question, and the most important question of the interview. A prediction in football, Notre Dame v. USC next year.

**Judge Ryan:** They are always great games. I'm going to say this year there is going to be an upset. The game is back in Indiana and I have a feeling that this may be Norte Dame's year for an upset. There have been great upsets in this series, so I'm calling it this year.

**WL:** That's great, thank you very much Judge Ryan.



*Judge Ryan and his lovely bride Terri Reynolds Ryan will celebrate their 35th wedding anniversary July 31st. This snap was taken during their recent visit with Judge Ryan's brother Mark in New Cannan, Connecticut.*

---

*\*William N. Lobel, Esq. is a partner with the national firm Irell & Manella LLP in its Newport Beach, California office. Mr. Lobel specializes in representation of borrowers in connection with informal financial restructuring and debtors in possession in Chapter 11 bankruptcy cases (as well as bankruptcy trustees and creditors committees in complex matters). Mr. Lobel practiced before Judge Ryan for many years.*



*William N. Lobel,*

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Corporate Monitor for Securities and  
Exchange Commission v. Global  
Online Direct, Inc., Bryant E.  
Behrmann and Larry "Buck" E.  
Hunter, 1:07-CV-0767

U.S. District Court  
District of Georgia  
Atlanta Division

**MICHAEL A. GRASSMUECK**

Grassmueck Group  
Tel: 213-999-7821  
mgrassmueck@grassmueckgroup.com

is pleased to announce  
his appointment as

Federal Equity Receiver for Federal  
Trade Commission v. Merchant  
Processing, Inc.; Vequity Financial  
Group, Inc.; Direct Merchant  
Processing, and Aaron Lee Rian, CV  
07-0533-BR

U.S. District Court  
District of Oregon

**KEVIN J. WHELAN AND  
BEVERLY N. MCFARLAND**

The Beverly Group, Inc.  
Tel: 916-783-3552  
kwhelan.beverlygroup@att.net

is pleased to announce  
their selection as

Consultant for limited claims  
analysis for Tri Valley Growers, a  
California Cooperative Association

U.S. Bankruptcy Court  
Northern District of California

**DAVID J. PASTERNAK**

Pasternak, Pasternak, & Patton  
A Law Corporation  
Tel: 310-553-1500  
djp@paslaw.com

Is pleased to announce  
his appointment as

Health and Safety Code Receiver  
in City of La Habra Heights  
v. Dean Smith

Superior Court  
County of Los Angeles  
Southeast District

**DAVID J. PASTERNAK**

Pasternak, Pasternak, & Patton  
A Law Corporation  
Tel: 310-553-1500  
djp@paslaw.com

Is pleased to announce  
his appointment as

Operating Company Receiver for ten  
Equipment Leasing Companies  
In Re the Marriage of Sharon  
Steffien and Alvin T. Steffien

Superior Court  
County of Orange

**ROBERT C. GREELEY**

Greeley, Lindsay Consultant Group  
Tel: 916-484-4800  
RGreeley@Greeley-Group.com

Is pleased to announce  
his appointment as

Operating Company Receiver for  
HAPSCO, INC.

Superior Court  
County of Sacramento



**DOUGLAS P. WILSON**

Douglas Wilson Companies

Tel: 619-641-1141

dwilson@douglaswilson.com

is pleased to announce  
his appointment as

Receiver for The Element, a luxury  
condominium conversion

Circuit Court of Florida  
County of Orange

**DOUGLAS P. WILSON**

Douglas Wilson Companies

Tel: 619-641-1141

dwilson@douglaswilson.com

is pleased to announce  
his appointment as

Receiver for Emeryville, LLC.  
industrial office building

Superior Court  
County of Alameda

**ROBB EVANS & ASSOCIATES LLC**

Tel: 818-768-8100

Robb\_evans@robbevans.com

Is pleased to announce  
its appointment as

Temporary Receiver of  
Penca Capital Inc., et al.  
A Penal Code 186.11 Receivership

Superior Court  
County of Riverside

**ROBERT P. MOSIER**

Mosier & Company, Inc.

Tel: 714 432-0800 x222

rmosier@mosierco.com

is pleased to announce  
his appointment as

Partition Referee in the matter of  
Lee vs. Mission to divide 45 acres in  
San Bernardino County

Superior Court  
County of San Bernardino  
Victorville District

**ROBERT P. MOSIER**

Mosier & Company, Inc.

Tel: 714 432-0800 x222

rmosier@mosierco.com

is pleased to announce  
his appointment as

Expert Witness for  
Community Hospital Regarding  
payroll withholding procedures and  
related requirements in a  
bankruptcy case

U.S. Bankruptcy Court  
Central District of California  
Santa Ana Division

**ROBERT P. MOSIER**

Mosier & Company, Inc.

Tel: 714 432-0800 x222

rmosier@mosierco.com

is pleased to announce  
his appointment as

Receiver for Diaz vs. Diaz  
to prepare an accounting for  
a three-office dental practice and  
related assets

Superior Court  
County of Orange  
Family Law Center

**EDYTHE L. BRONSTON**

Law Offices of Edythe L. Bronston

Tel: 818 528-2893

ebronston@bronstonlaw.com

is pleased to announce  
her appointment as

Operating Company Receiver for  
Service Air Control, Inc

Superior Court  
County of Los Angeles

**STEPHEN J. DONELL**

Offices of Receiver Stephen J. Donell

Tel: 310 207-8481

steve.donell@jalmar.com

is pleased to announce  
his appointment as

a Rents & Profits Receiver  
for Soffen Enterprises, Inc  
vs. Neal R. Woods, et al

Superior Court  
County of Kern  
Bakersfield Division

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# Receivers: The IRS Wants You... To Do Its Job For It and Then Some!

*“Regrettably - and technically - a receiver is generally responsible for preparing and filing all current and prior unfiled returns for a taxpayer” C. Rosen, 2007*

Caveat [*Latin for “watch out!” - Ed.*]: The following tax questions have been submitted to me for response. My answers are generic. Real life situations may dictate variations from the answers, depending upon all of the facts.

**Q:** A receiver is appointed for a company that has just ceased operations. The appointment was in the middle of the company’s fiscal year. The defendant destroyed all of the accounting records on the eve of the appointment. The receiver recovers \$500,000 for the benefit of creditors. Without prior accounting records how does the receiver prepare a corporate tax return for the current fiscal year? Should the Receiver just file a receiver’s informational return for the period from the date of appointment forward?

**A:** A motivated receiver almost always has some way to reconstruct the taxpayer’s tax related information. It may take time, patience, a great deal of money and a good forensic accountant, but most of the time it can be done. However, since the records are likely to be incomplete, it is always recommended that a separate statement be appended to any tax or information return to make it

clear that each return has been prepared using the best available information, and explaining (a) why the delay in filing the return, (b) what/how records were destroyed or otherwise made unavailable, and (c) what steps were taken to identify and use information to reconstruct the records.

That having been said, what can a receiver do to locate taxpayer related information? Here are a few possible sources of initial information. Some of these will likely lead to other sources of income and/or expenses.

1. Order a copy of the last IRS income or information (i.e. partnership, LLC, 1120S, etc.) return that was actually filed.
2. Locate the bank(s) or other accounts that were used by the business:

Ask the landlord, mortgage company or auto lender for last payment information (plus information from loan applications). On what account was the payment written? If real property is owned, contact the county assessor to get a copy of the check used for the last tax payment (most of the payments are microfilmed or scanned) - to get the bank name and account number. If there is a personal property tax responsibility, do the same for that last tax payment.

*Continued on page 11...*

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Continued from page 10.

3. If real property was owned in California, pull a copy of the actual transfer deed to the taxpayer and determine the purchase price by taking the dollar amount of tax stamps on the deed, divide by \$1.10 and multiply by \$1000. This will give you a starting point for the taxpayer's original basis in the property, especially if it has been sold or is to be sold by the receiver. Also locate from the county recorder or a title company a copy of any/all deeds of trust recorded immediately after the transfer deed was filed. This will give you a start on other costs incurred at the time of purchase and help determine the adjusted basis in the property.
4. If records were kept via computer, determine if they were kept on some third party's mainframe, if not on the taxpayer's own computer, especially if a proprietary bookkeeping system was used other than QuickBooks, Quicken or a similar program. See if there were back-up discs kept, even if for prior periods of time.
5. Pull a credit report on the taxpayer either from Experian, TransUnion, Equifax, Choicepoint, Dunn & Bradstreet, etc. and identify other potential leads for income and expense information.
6. If a corporation, LLC or partnership, check the California Secretary of State's web site for the name and address of the agent for service of process as it might be someone other than the bad actor in this drama.
7. Contact the Better Business Bureau, local chamber of commerce, competitors, and/or neighbors as they may also have helpful information.
8. An ex-spouse of the principal of a defendant is quite often a good source of information. Hate can be a wonderful and useful tool. [Ed. Note: You can tell Chuck used to work for the IRS can't you!]

Once all of these sources and others have been surveyed, you can start to secure original source documents to help rebuild the taxpayer's financial records. In today's day and age it is very difficult to destroy all records. There should be some evidence of an audit trail that can be followed. And yes, I realize that available funds may limit the search, but a conscientious receiver will try, within fiscal reason, to do as much as possible to justify the returns that are to be prepared and thus avoid later potential tax audit pitfalls.

**Q:** Is a regulatory receiver who takes over a defunct (or about to become defunct) operation that was committing fraud required to file a tax return?

**A:** Yes, there is no difference in responsibilities with respect to the filing and paying of current tax liabilities of the receivership and preparing, filing and paying past tax returns and liabilities of the defendant. It might be tougher to validate information to be included on a return, but it might also be very possible to do it. (It may also be incumbent on the receiver to prepare and file amended returns for prior tax years to correct erroneous or fraudulently filed returns. Sometimes this is necessary if it is believed there are net loss carryforwards that a receiver can use for later years.)

**Q:** What is the liability of a receiver who fails to file a final tax return if there are no taxes due.

**A:** Technically, nothing would likely happen to the receiver if the tax is zero. However, if a final return is not filed how does the

I.R.S. know that the tax return will have no tax due? Most experienced personnel with the Service know that if they receive a letter or a telephone call and are informed the return is unfiled, but that no tax will be due, they will simply program the IRS computer that no return is due. Insolvency situations normally do not generate income that would be taxable. Want a shortcut? If the entity will be completely defunct after the receivership ends, take a copy of the most recent notice from the IRS demanding the unfiled return and draw a thick line diagonally across the notice; and with a felt pen or red pen mark it ATC 591 - no longer liable, then sign and date it including the title or position of the signer, and mail it back to the address on the notice. That will be that. If, on the other hand it is not clear whether the taxpayer entity will continue to exist after the receivership, do the same as above for a no tax due return, but mark it ATC 590 - not liable for this tax period only. Call it magic, if you will, but this usually works.

Many employees at the IRS and the state taxing agencies are cognizant of the difficulties faced by a receiver in preparing tax returns or even in having funds from which such returns can be prepared. Some personnel are not as knowledgeable. Regrettably - and technically - a receiver is generally responsible for preparing and filing all current and prior unfiled returns for a taxpayer. There are some exceptions. First, the receiver is only responsible for filing returns if the receiver has custody or control over all - or substantially all - of the taxpayer's assets. If the receiver does not

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Continued from page 11.

have control over the assets, then the receiver has to make the records available to the defendant-taxpayer so they can prepare the returns. My recommendation: Send a certified mail letter, return receipt requested, to the individual responsible for the taxpayer entity and to counsel, making the records available for review. If the offer is accepted, allow full and unfettered access to the records, no matter how voluminous, but keep an eagle-eye on the taxpayer during access to the records, and don't let anyone take anything except copies. Be prepared to document that access was granted and obtained by the taxpayer.

**Q:** A receiver discovers that a company has been defrauding the taxing authorities for years by under-reporting income. What are the Receiver's responsibilities: do nothing; inform the proper taxing agencies; prepare and file amended returns; or file informational returns for the tax periods of the Receivership?

**A:** A receiver is an officer of the court that appointed him/her. Unlike an attorney

who is an officer of the court and who is supposed to zealously represent his client (hopefully without lies or deceit - but not so sure even that is required under the ABA's Canon of Ethics), the receiver is to do the right thing. Therefore, a receiver is charged with filing accurate returns. Accordingly, the receiver should review previously filed income tax returns and if they are found to be grossly erroneous, the receiver should have amended returns prepared and filed.

Keep in mind that if income is under-reported on a return by 25% or more, the Internal Revenue Code holds that it is the same thing as not having filed a tax return. Normally, the IRS will only require returns or amended returns for the immediate three years past, since this is the normal maximum time frame for which an audit would be conducted. However, if it is determined that fraud was involved, the IRS may and often does extend an audit to include a total of six years. The same is true for grossly under-reported payroll tax liabilities. Further, for either under-reported income or payroll tax

liabilities if fraud is found, the Service may seek a Federal criminal indictment of the offending parties, but this should not be the concern of the receiver unless he/she continues to perpetuate the scam. Also keep in mind that under the Federal sentencing guidelines a convicted person will serve significant prison time. Times have changed. It's not as it was, where a very light or suspended sentence was often given.



Charles F. Rosen

\*Charles F. Rosen is an attorney with the firm Law Offices of A. Lavar Taylor and is an expert in receivership and bankruptcy tax law. Mr. Rosen served as bankruptcy advisor for the Special Procedures Branch of the Internal Revenue Service for more than twenty years.

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# A Man for all Seasons— Bill Brandt

RECEIVER/TURNAROUND

CONSULTANT/TRUSTEE/AUTHOR/TELEVISION

COMMENTATOR AND ADVISOR TO CONGRESS ON ALL  
THINGS INSOLVENT (OR ABOUT TO BECOME SO)

BY BILL BRANDT\*

*[Editor's Note: William A. Brandt, Jr., is President and CEO of Development Specialists, Inc., a firm specializing in providing management, consulting and turnaround assistance to troubled and reorganizing entities with offices in New York, Chicago, Los Angeles, London, Miami, San Francisco, Columbus and Boston. He is a noted writer, lecturer, television commentator and advisor to the United States Congress on matters of insolvency and bankruptcy policy. He describes for readers of the RN the curious circumstance of his entry into the profession, and some of the notable moments of his career in finance, turnarounds, bankruptcy and politics.]*

Perhaps as a result of my original roots in academia, I have made it a conscientiously adopted habit for a little more than three decades to try and keep up with all of the literature in our field. As a consequence, I've been a frequent reader of Receivership News since its earliest editions, and more than a few times, in viewing the various profiles of individuals that have been featured, have taken note that one of the common threads in all their stories seems to have much in common with the screenplay from that 1988 movie *The Accidental Tourist*.

I say that not because the wonderful individuals who've been profiled could be accused of doing what William Hurt did in that movie, which was sleepwalking through life, but rather for the other premise of the movie, which, loosely framed, would be "no matter what you plan for, it's something else you're going to wind up doing."

If my compatriots and colleagues who've been profiled in this fine column previously offer a strong hint of that, then I've got to say I'm a prime candidate for Exhibit A, in that I'm a classic example of someone who started out aiming to do one thing but wound up doing something entirely different.

Well more than thirty years ago, I was on my way to becoming a college professor in the arcane fields of Demography, Statistics, and Mathematical Models of Labor Force Analysis (which certain of you will recognize as being

roughly akin to what some insurance actuaries do). In this endeavor, I was the black sheep of the family, as for more than a century my forebears and siblings had been engaged in the mining and minerals industry. Rather than pursue that vocation, I had decided to opt for a life in academe.

Following the completion of all of my studies toward the goal of a Ph.D., but short of completing the written dissertation needed to get that degree, I was casting about—as academic beggars often do—for a way to scrounge up an office, some secretarial staff, and what in those days passed for a rudimentary photocopy machine in order to work on my dissertation. Alas, I had been fortunate through my entire graduate school experience of being the beneficiary of academic scholarships which not only paid my tuition, but also paid my living expenses in full. What a shock it was then to finish the formal schooling portion of my degree program only to discover that not only was the flow of tuition money now over, but with it, as well, the monthly stipend that had kept me in victuals and libations through the course of my academic career to that date. Well, here's where fate intervenes, as it often seems to have done many times for the other authors of similar profiles I've read in this wonderful publication.

One of the nation's most prominent bankruptcy lawyers and, by chance, a passing social acquaintance, knew of my family's background, knew that I understood the mining and minerals business, and proposed a deal (continuing with our cinematic theme) similar to the one that enticed Tab Hunter in *Damn Yankees*. The bargain was such that he would find me an office, a reasonably alert secretarial staff, and one of them newfangled Xerox machines (where each sheet went in separately in a plastic-coated sheath), and all I would have to do would be to serve as his and his firm's "eyes and ears" in connection with the daily operation of a business—a mining and mineral enterprise undergoing reorganization under the regime of the then-in-force Bankruptcy Act.



*Prominent New York Democratic Senator Hillary Clinton and Mr. Brandt share a photo-op. Mr. Brandt advises that he is "...likely to be heavily involved..." in Senator Clinton's presidential campaign.*

But there was another aspect to this arrangement. Given what I was studying in my academic endeavors, and this lawyer's interest in discussing some of the more arcane aspects of demography, he'd teach me more than a little about a business operating in bankruptcy if I'd return the favor and teach him a bit about statistical inference as related to the probability of success in business decision making. Copping another phrase from the cinema (this one from *The Wizard of Oz* when the wizard explains to Dorothy how he managed to wind up with the gig), "times being what they were," I readily accepted this deal.

The short version of the success story thereafter is that there were deep-pocketed money folks roaming about the country in that era doing roll-ups in the mining and minerals industry, for that was the time of the first fabled oil embargo. These same people, having accumulated a number of deals over the years, later were the same folks that brought down the Penn Square Bank in Oklahoma, and caused the subsequent banking crisis of the mid- to late-1970s. However, at the time our paths crossed, they were still, as Eddie Murphy said in *Trading Places*, "buying."

I didn't know I was supposed to be selling the business, for after all, I was merely the "eyes and ears guy." I had noticed, however, many of the senior executives had headed out the door and I was by default one of the few people left who understood anything about the business. So these money people started calling me, telling me they wanted to buy the business. Unsure of myself, and wanting to get back to paying attention to writing my dissertation, I simply said that I couldn't talk about selling the business.

*Continued on page 14...*

*Continued from page 13.*

These deep-pocketed money men, being as most of them were from Texas and all, evidently considered my response to be the epitome of a shrewd bargaining technique and took to calling me about every four to five days and raising the price. After one of the last such calls, even I (given my background in the mining and minerals industry) had come to the conclusion that, at the price level they were lately offering, they would be massively overpaying for these assets.

So I dialed up my old friend the bankruptcy attorney, humbly offered in advance an apology that I was probably sticking my nose in where it didn't belong, but that these fools kept calling me back, raising the price to a level where, even though I wasn't supposed to be doing anything about selling, I felt an obligation to apprise my friend that, from my limited perspective in the industry, the purchase price had now gone to a height that just couldn't be ignored. Piqued with curiosity, he seemed not too concerned that I had meddled in what was becoming a sales process (albeit heretofore unknown to him), and he inquired as to what price the offers had grown.

**“...the thud I heard...was him fainting and falling...”**

As I later found out, the thud I heard at the other end of the phone when I related the latest price offering was him about fainting and falling out of his chair. To shorten the story, the deal was concluded, creditors received an unimagined recovery, the case was proclaimed an incredible success, and I was proclaimed a genius. Much like Peter Sellers in the movie *Being There*, and since I was now a recognized genius (through no fault of my own), I was asked if I could do it again. I merely adopted the word that Cary Grant often invoked in his movies with the simple answer, “Sure.”

So here we are, almost thirty-three years later, and what I've realized is that I got into this industry at the beginning of an era when the business of turnaround and workout consulting, as well as receiverships, wasn't a business. For the next few years, I learned and learned well, and as you might guess, never got around to finishing that dissertation.

I've acted as a Chapter 11 trustee or Chapter 7 trustee, as an Assignee for the Benefit of Creditors, or as a receiver in state or Federal court matters in more than seven thousand cases in those thirty-three years. Once, in 1984, stuck for a way to get into a case but not be called a trustee, I used my experience with friends from my days working under the Bankruptcy Act to resurrect a variation of the concept of the “Designated Party for the Debtor in Possession” that had been occasionally employed in cases under the Act. It was about the first time that a senior outside individual was more or less imposed on the management and operations of a company without having had to pass the judicial hurdle of being appointed as either a Trustee or Receiver. That decision, in a case called *Gaslight Clubs*, went up to the 7th Circuit Court of Appeals in the early 1980s and was affirmed. Twenty-five years on, its progeny are what we now call the “Responsible Party,” the “Chief Restructuring Officer,” or any other variation on the theme that professionals employ around the country.

Along with these new business pursuits, and probably as an offshoot of the field of study I had been pursuing in graduate school, I was active in both the Civil Rights Movement and politics. While I had joined the NAACP in 1964 in order to ride buses in the South, both my work in causes connected to that movement and in politics were unrelated to what I was doing in the business world, and essentially served as my

hobby. Where others may have gravitated to golf, I liked to tinker with political campaigns. One of the offshoots of doing this was that I got to know a lot of folks in the political world, and as the 80s progressed, those contacts served me well.

For example, in the early 1980s, in a case in Central California, I got the chance to bargain across the table from my old friend Cesar Chavez, who was then leading the negotiations on behalf of the agricultural workers union at a series of mushroom farms that I was helping to administer for the bankruptcy court and the lender. Since he and I knew each other from the political wars, a bond of trust existed between us that isn't usually evinced when management sits down with its unions. That bond of trust helped us to rapidly conclude a negotiation on terms sufficiently favorable to both sides that the agricultural concerns were promptly sold to a buyer whose purchase price reflected the fact that the farms were getting long term labor peace.

My political work has led to other requests from time to time. After former Alabama Supreme Court Justice Howell Heflin left the bench and ran for the U.S. Senate, I worked on some of his campaigns. I also worked on those of Mike Synar, the Congressman from the 2nd District of Oklahoma; he and Senator Heflin were the individuals in Congress that knew the most about bankruptcy during the late 80s and early 90s. Reacting to the criticism that the Bankruptcy Code was engendering five to seven years after its enactment as its “shake-out period” was coming to an end, Senator Heflin and Congressman Synar asked me to take a hand in discussing with them selected minimal changes and alterations to the Code that, while not representing wholesale change, would still offer refinements to its operation so as to preserve the integrity of what the Bankruptcy Code was seeking to achieve at the time of its enactment but yet mitigate certain critical glitches.

To that end, I wound up writing amendments to the Code on various technical matters with perhaps the best known piece of my authorship being something that was adopted in the 1994 amendments to the Code, the then-§1104 (b), which created the method for election of Trustees in a Chapter 11. My work in politics continues to this day and I'm about to embark on my fifth presidential campaign.

**“...I'm about to embark on my fifth presidential campaign.”**

During the Clinton administration I served as a member of the President's National Finance Board as well as serving as a delegate from the State of Florida to the 1996 Democratic Convention. In 2000, I served as a member of the Democratic Party's Platform Committee, and in 2002 served the newly elected Democratic Governor of Illinois as a senior member of his gubernatorial transition team. Governor Davis of California dispatched me, along with Willie Brown, Tony Coelho, and others, to meet with Fidel Castro in the early part of this decade as a member of one of the first business delegations to Cuba from the State of California.

Although I have mixed feelings about the intrusion of politics into our industry, I can tell you from long experience that such an intrusion was probably inevitable, is certainly irreversible, and will only grow in extent as time passes. To that end, and given the fact that my endeavors bridge both worlds, I have recently begun to see elected officials and state agencies reach out to me and my firm more and more in connection with bankruptcy and quasi-insolvency matters. For example, my firm and I

# THE LIST

WHILE THERE IS NO COURT-APPROVED LIST OF RECEIVERS, THE FOLLOWING IS A PARTIAL LIST OF RECEIVERS WHO ARE MEMBERS OF THE CALIFORNIA RECEIVERS FORUM AND HAVE CONTRIBUTED TO THIS PUBLICATION.

AREA	PHONE	E-MAIL	AREA	PHONE	E-MAIL
<b>BAY AREA</b>			<b>LOS ANGELES/ORANGE COUNTY/INLAND EMPIRE</b>		
♦ David A. Bradlow	415-206-0635	bradlow@davidbradlow.com	Michael D. Myers	909-398-4200	mmyers3395@aol.com
♦ Dennis P. Gemberling	415-434-0135	dpg@perrygroup.com	♦♦ George R. Monte	626-930-0083	montegr@aol.com
♦♦ Beverly N. McFarland	916-783-3552	beverlygroup@att.net	♦♦ Robert P. Mosier	714-432-0800	rmosier@mosierco.com
Robert M. Rouse	650-802-1629	brouse@wres.com	♦♦ David J. Pasternak	310-553-1500	djp@paslaw.com
♦ Kevin Singer	415-848-2984	Kevin@receivershipspecialists.com	♦♦ James L. Peerson, Jr.	323-954-7575	peergroupcrop@sbcglobal.net
David A. Summers	925-933-2875	davidsummers8@aol.com	♦ Theodore G. Phelps	213-629-9211	tphelps@phelpsconsulting.com
<b>SACRAMENTO VALLEY</b>			♦♦ Gary A. Plotkin	818-906-1600	gplotkin@prnlaw.com
♦♦ Marilyn Bessey	916-930-9900	Marilyn.Bessey@eFMT.com	John Rachlin	310-552-9064	John@receivershipspecialists.com
Robert C. Greeley	916-484-4800	rgreeley@greeley-group.com	♦♦ David L. Ray	310-481-6700	dlr@srblaw.com
♦♦ J. Benjamin McGrew	916-482-5100	jbmcgrew@receivertrustee.com	♦ Thomas A. Seaman	949-222-0551	tom@thomasseaman.com
♦♦ Scott Sackett	916-930-9900	Scott.Sackett@eFMT.com	♦ Kevin Singer	310-552-9064	Kevin@receivershipspecialists.com
♦ Kevin J. Whelan	916-783-3552	kwhelan.beverlygroup@att.net	♦ Steven M. Speier	949-222-2999	sspeier@squarmilner.com
<b>FRESNO AREA</b>			♦♦ William E. Turner	714-228-9153	wturner145@aol.com
♦ Clifford Bressler	559-298-1089	cliffordbressler@earthlink.net	♦♦ David D. Wald	310-979-3850	dwald@waldrealtyadvisors.com
♦♦ Steve Franson	559-930-8119	steve@stevefranson.com	♦♦ Robert C. Warren III	949-585-7660	rob@investorsHQ.com
♦ James S. Lowe II	559-269-0484	jslowe@lemoorenet.com	♦♦ Richard Weissman	818-226-5434	rweissman@rwreceiver.com
♦♦ Hal Kissler	559-435-1756	hkissler@mancoabbott.com	♦ John M. "Jack" Wolfe	949-476-2696	jackwolfe@sbcglobal.net
<b>LOS ANGELES/ORANGE COUNTY/INLAND EMPIRE</b>			♦♦ Adrian Young	909-945-4586	adrian@delmar1.com
♦♦ Edythe L. Bronston	818-528-2893	ebronston@bronstonlaw.com	Andrew R. Zimbaldi	714-751-7858	azimbaldi@aldenmanagement.com
Robert Crane	949-646-2903	rcrane6586@aol.com	<b>SAN DIEGO AREA</b>		
♦ James H. Donell	310-207-8481	james.donell@jalmar.com	♦♦ M. Daniel Close	858-792-6800	closeedr@msn.com
♦ Steve Donell	310-207-8481	steve.donell@jalmar.com	♦♦ Martin Goldberg	858-560-7515	marty@cni4you.com
♦ Robb Evans & Assoc.	818-768-8100	robb_evans@robbevans.com	♦ William J. Hoffman	858-720-6701	bill.hoffman@trigild.com
♦ Louis A. Frasco	818-449-5129	uclabill@yahoo.com	♦ Richard M. Kipperman	619-668-4500	rmk@corpmtg.com
Burdette Garvin	909-885-0934	awlbudgarvin@aol.com	Douglas P. Wilson	619-641-1141	dwilson@douglaswilson.com
♦♦ David A. Gill	310-277-0077	dag@dgdk.com	<b>VENTURA COUNTY AREA</b>		
Michael Grassmueck	213-999-7827	mgrassmueck@grassmueckgroup.com	Robert Gonzales	805-445-9182	robert@sedquere.com

♦ The bullet indicates those receivers who completed a comprehensive 16-hour course on receivership administration and procedures presented at Loyola Law School in April 2000. ♦♦ The diamond indicates those receivers who completed a comprehensive 16-hour course on receivership Administration and procedures presented at Loyola Law School in October 2004. ■ The square indicates those who facilitated the October 2004 Loyola Law School course.

## Bill Brandt...

Continued from page 14.

were asked by a variety of senior State of Ohio government officials to quickly step in and manage two rare coin funds which received \$50 million in investments from the Ohio Bureau of Workers' Compensation and are at the center of a major national political and financial scandal. Similarly, the Controller of the State of New York requested that my firm and I assist it in the windup of the affairs surrounding the plea and sentencing agreement for Bernie Ebbers and, in connection with that, oversee the operation and disposition of almost \$1 billion in business interests.

While I continue my business efforts apace, I've also found time recently to join the National Advisory Council for the Institute of Governmental Studies at the University of California at Berkeley. I've even found time in the past few years to appear in a documentary movie entitled What Happened, which humorously chronicled the dot-com bust and premiered at the New York City Film Festival a few years back. One of my "co-stars" in that adventure was my good friend Peter Gilhuly from the Los Angeles office of Latham & Watkins.

I married a lady who at the time was a press secretary to a Republican Senator. Today we have four kids, with the oldest two in college, and one

of those at the University of San Francisco. I'm proud to report to all that after several decades of marriage, I've been able to convert my wife to the "Dark Side" (as George Lucas would say), and she's now maybe a more staunch Democrat than I.

As I look back now, I realize that I was literally there at the inception of the modern era of our industry. I've been fascinated to watch it grow, develop and mature over these last three and a half decades. These are exciting times in our business and if I have a regret, it's only that I'm not just now starting out and won't have a chance to relive three and a half decades all over again as this business evolves into its next heady formulations.

An "accidental tourist" I was, but the ride's been fantastic.

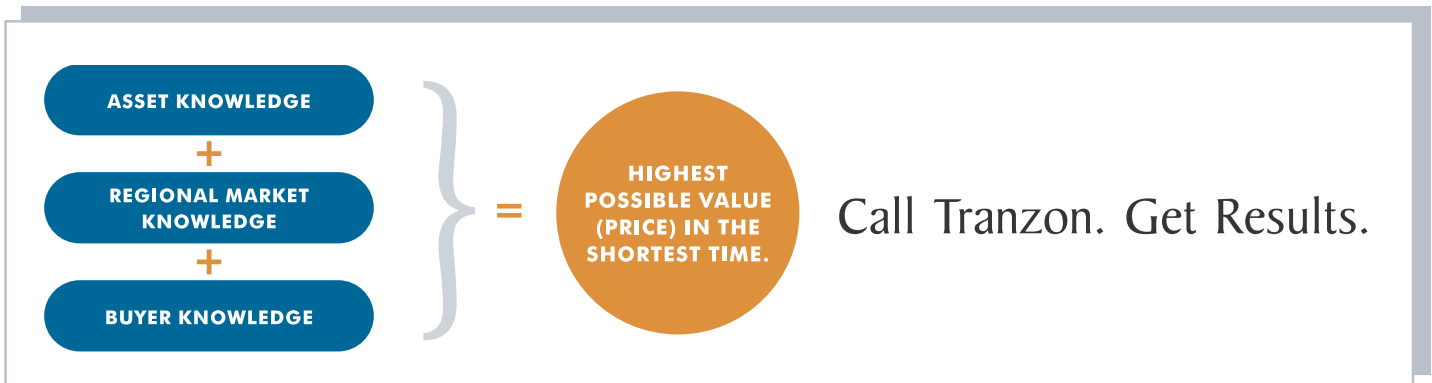
\* William A. Brandt, Jr. is President and CEO of Development Specialists, Inc., an international firm that provides turnaround, management, consulting assistance to troubled or reorganizing enterprises. He splits his time between his firm's San Francisco and Los Angeles offices and is a new member of the CRF. For more information about Mr. Brandt and his firm, visit [www.dsi.biz](http://www.dsi.biz).

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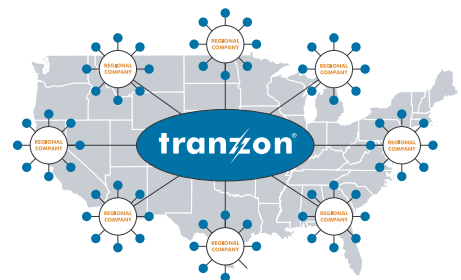
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