Case	5:18-cv-02104-DMG-PLA Document 365 #:16496	Filed 06/29/20 Page 1 of 43 Page ID						
1 2 3 4 5 6	Michael Gerard Fletcher (State Bar No. 0' mfletcher@frandzel.com Craig A. Welin (State Bar No. 138418) cwelin@frandzel.com Hal D. Goldflam (State Bar No. 179689) hgoldflam@frandzel.com FRANDZEL ROBINS BLOOM & CSAT 1000 Wilshire Boulevard, Nineteenth Floo Los Angeles, California 90017-2427 Telephone: (323) 852-1000 Facsimile: (323) 651-2577							
7 8 9	Attorneys for Receiver ROBB EVANS & ASSOCIATES LLC UNITED STATES	DISTRICT COURT						
10		CT OF CALIFORNIA						
11	WESTERN DIVISION							
12								
13	EEDED AL TDADE COMMISSION	Case No. 5:18-cv-02104-DMG-PLA						
14	FEDERAL TRADE COMMISSION,							
15 16	Plaintiff, v.	REPORT OF THE TEMPORARY RECEIVER ROBB EVANS & ASSOCIATES LLC OVER AND REGARDING VPL MEDICAL, INC.						
17	JASON CARDIFF, etc., et al.,	Date: No Hearing Required						
18 19	Defendants.	Time: No Hearing Required Place: Courtroom 8C, West 1st Street Judge: Hon. Dolly M. Gee						
20 21 22	TO THE HONORABLE DOLLY M. GEE, JUDGE OF THE UNITED STATES DISTRICT COURT.							
23	Receiver Robb Evans & Associates	LLC ("Receiver") has been appointed by						
24		er and concerning, among other things and						
25								
26	persons, VPL Medical, Inc. ("VPL") by th							
27	With Asset Freeze And Other Equitable R							
28	Preliminary Injunction Should Not Issue U	Under Seal And In Camera, entered by the						
	3818533.1 078410-0061	1						
	INITIAL REPORT OF RECEIVER ROBB EVANS & A	ASSOCIATES LLC REGARDING VPL MEDICAL, INQ.						

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 2 of 43 Page ID #:16497

Court on June 24, 2020 (Dkt. no. pending). The Receiver hereby submits to this 1 Court the initial Report Of Receiver's Immediate Access To The Premisies Of VPL Medical, Inc., 2 concerning VPL ("VPL Initial Receiver's Report"). The VPL Initial Receiver's 3 Report is attached hereto as Exhibit A, together with its accompanying report 4 exhibits. 5 6 DATED: June 29, 2020 Respectfully submitted, 7 8 FRANDZEL ROBINS BLOOM & 9 CSATO, L.C. MICHAEL GERARD FLETCHER 10 CRAIG A. WELIN 11 HAL D. GOLDFLAM 12 13 By: /s/ Michael Gerard Fletcher 14 MICHAEL GERARD FLETCHER 15 Attorneys for Receiver ROBB EVANS AND ASSOCIATES LLC 16 17 18 19 20 21 22 23 24 25 26 27 28

323) 852-1000

3818533.1 | 078410-0061

INITIAL REPORT OF RECEIVER ROBB EVANS & ASSOCIATES LLC REGARDING VPL MEDICAL, ING.

	Case	5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 3 of 43 Page ID #:16498
	1	<u>EXHIBIT A</u>
	2	[VPL Initial Receiver's Report Attached]
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		3818533.1 078410-0061 3 INITIAL REPORT OF RECEIVER ROBB EVANS & ASSOCIATES LLC REGARDING VPL MEDICAL, ING.

Robb Evans & Associates LLC Receiver of Redwood Scientific Technologies, Inc. et al. and Temporary Receiver of VPL Medical, Inc.

REPORT OF RECEIVER'S IMMEDIATE ACCESS TO THE PREMISIES OF VPL MEDICAL, INC. Dated June 29, 2020

Overview

This report will describe the steps taken by the Receiver to implement the terms of the Temporary Restraining Order (TRO) issued on June 24, 2020.

Business Locations

On June 25, 2020, the Receiver entered the premises of VPL Medical Inc. (VPL) located at 9007 Arrow Route, Suite 290 in Rancho Cucamonga, CA. Mr. Bobby Bedi (Bedi) was at the business premises. Mr. Jason Cardiff (Cardiff) was not at the business premises. The premises consist of a common area with several desks and two offices. Bedi occupies one office and Cardiff occupies the other office. The premises located at 9087 Arrow Route, Suite 150 in Rancho Cucamonga are not completed. Suite 150 contains 1 machine that is for the assembly of surgical face masks. Bedi told the Receiver that this machine will be used for training staff to operate similar machines that are being delivered from China.

Bedi told the Receiver about a third 9,953 SF location at 12182 Santa Margareta Court, Rancho Cucamonga. VPI executed a five-year triple net lease and paid a six-month security deposit of \$55,064.76 and two months' rent totaling \$13,430.24 for this location. Bedi told the Receiver this location is currently being prepared for the installation of six surgical mask assembly machines. The preparation of this facility includes construction underway of a "clean room."

Access to Documents

Bedi provided the Receiver access to all documents requested by the Receiver as defined in the TRO. Those documents included:

- All paper documents in the office
- All VPL email accounts
- Access to the JPMorgan Chase bank account
- Access to the accounting records

Corporate Structure of VPL

Bedi told the Receiver that VPL is his company, he holds 100% ownership, and that he brought Cardiff into the company to handle logistics. Bedi stated Cardiff has no corporate shares or any ownership in VPL. The official corporate records verified by the Receiver validate Bedi's assertion. However, upon review and analysis of documents obtained by the Receiver, Cardiff appears to be more than a logistics coordinator. These other documents, perhaps produced before the official corporate records were completed, and the exactly equal distributions of projected net profits and weekly \$5,000 advances, support a co-equal ownership and management arrangement documented by agreement between Bedi and Cardiff, but not recorded in writing.

Under Exhibit 1 is an April 5, 2020 email from Cardiff to Jim White. The email states in part "I don't want what happened to me with pharma strip to happen again with VPL. I am not going to lose another company." The email goes on to state "I would like to make sure the he [sic] Super majority shares in the company belong to my company I would also like a trigger provision that I can call all bobby's stock at any time at 00.01 cost basis."

The body of the email under Exhibit 1 lists Cardiff as Chairman and President and Bedi as CEO. The email closes by stating in part "As I ahve [sic] raised all the capital and done all the work once again I am not going to lose out on perhaps by biggest company todate [sic]."

Bedi told the Receiver that he and Cardiff split the net profit 50/50 of a recently completed contract with the US Veterans Administration. He estimated that split was approximately \$350,000 for each of them. Bedi also told the Receiver that a pending \$14 million contract with the US Department of Health and Human Services (HHS) to produce and deliver 20 million surgical masks should produce net profit of \$1.8 to \$2.4 million, most likely to be \$2.0 million, and that net profit would also be split 50/50 between Cardiff and him. Bedi stated that profit sharing for future contracts has not yet been determined. Bedi further told the Receiver that there were no documents memorializing the profit-sharing arrangement between Cardiff and him. Bedi also told the Receiver that Cardiff did not want to be a signatory on the VPL bank account.

Under Exhibit 2 is a picture taken by the Receiver in Cardiff's office of an organization chart. Bedi and Cardiff are at the top of the chart.

Under Exhibit 3 is a lease application form completed by Cardiff. On page one of the form, Bedi is listed as Cardiff's business partner. On page two of the form, Cardiff lists his title at VPL as President.

Under Exhibit 4 is an April 21, 2020 email and attachment from Jim White to Bedi and Cardiff regarding an organizational meeting of VPL. The draft minutes of the first board meeting of the board of directors appoint Bedi and Cardiff as the sole directors of the corporation. The draft minutes also list Bedi and Cardiff as equal shareholders of the corporation.

While the draft minutes are not signed, Bedi's statement to the Receiver that there were no documents memorializing the arrangement between Cardiff and him strains credibility.

Under Exhibit 5 is a June 8, 2020 email and attachment from Cardiff to Bedi and Edward Jimenez. Bedi told the Receiver that Mr. Jimenez is his bookkeeper. The email is authorizing payment for a face mask machine and associated product. The attached invoice is signed by Cardiff.

Under Exhibit 6 is an April 17, 2020 email from Stacey Barker¹ to an employee of the Veterans Administration. The email states in part "I have CC'd the President (Bobbi) and CEO (Jason) so you can familiarize your self with them as well."

Financial Information

Under Exhibit 7 is a compilation of VPL's Chase bank account prepared by the Receiver. Total receipts from the Veterans Administration contract were approximately \$5.4 million. From March 30, 2020 to June 26, 2020 Cardiff and Bedi were each paid \$420,000 from this account. At June 26, 2020 \$2,660,975 remained in the account and was frozen by the TRO. The Receiver believes an additional \$100,000 is frozen in a VPL account at Citizens Business Bank².

Under Exhibit 8 is a Memorandum of Agreement between VPL and Wave Crest Management to finance the transaction with the Veterans Administration. Under the terms of the agreement, Wave Crest Management advanced \$2.920 million and was to have the advances repaid plus \$500,000 in fees. Part of the first advance has been paid back. The agreement states that parties shall cooperate in filing an appropriate UCC-1 Financing Statement in all appropriate jurisdictions. The Receiver has not located a UCC-1 recording in California but has not yet checked other jurisdictions. The outstanding balance under the agreement is approximately \$2.6 million.

In addition to the outstanding balance due Wave Crest Management, Bedi provided other accounts payable to the Receiver. The other accounts payable, \$404,190, are for equipment and transportation charges for surgical mask manufacturing equipment and leasehold improvements in the proposed manufacturing location on Santa Margareta Court. This total does not include transportation and other charges for two additional manufacturing machines scheduled to arrive next week.

¹ As shown on Exhibit 7, VPL paid Stacey Barker over \$257,000.

² Citizens Business Bank has not yet confirmed this balance.

The table below illustrates the current financial condition of VPL. Absent additional funding, VPL does not have sufficient cash to meet its current obligations or complete its contract with HHS.

Preliminary funds - Chase Preliminary funds - Citizen Business Bank	\$2,660,975.51 100,000.00
Total Funds Available	\$2,760,975.51
Taizhou Beiping Machine Tool Co. LTD	\$6,664.00
Powerzone Construction	11,485.00
Wave Crest Management	2,620,000.00
Snyder & Snyder Construction	48,600.00
Everwan International Corp.	21,548.00
Everwan International Corp.	21,140.00
EDM International Logistics Inc	294,753.00
Total Funds required	\$3,024,190.00
Shortfall	(\$263,214.49)

Bedi advised the Receiver that interested investors are ready to inject the necessary capital to continue operations and complete the HHS contract.

The HHS contract requires all of the surgical masks to be made in the USA. Bedi told the Receiver that all of the material required to assemble the surgical masks for HHS is to be imported from China. The Receiver has not researched if assembled in the USA legally qualifies under HHS guidelines as made in the USA.

Additionally, Bedi has not discussed or produced any projections of the labor and material cost to produce the surgical masks under the specifications required by the HHS. He has not discussed or produced a complete cash flow projection, including all cash payments for manufacturing labor and material, for purchasing equipment, for completing leasehold improvements, and for rent and other occupancy expenses.

Conclusion

VPL is currently operating under the supervision of the Receiver. The Receiver is aware of its obligations under section VI D (p 13) of the TRO to "Conserve, hold, manage, and prevent the loss of all VPL Assets, and perform all acts necessary or advisable to preserve the value of those Assets." The Receiver intends to follow-up and evaluate several issues detailed in this report which include:

- Determining the priority of the payment due to Wave Crest Management.
- Determining if UCC-1 Financing Statements have been recorded in other jurisdictions.
- Vetting any proposed investors/lenders to fulfill the HHS contract.
- Researching HHS guidelines to clarify what is considered as Made in the USA.
- Determining and analyzing the potential positive net cash flow from the completed HHS surgical mask contract.

Respectfully submitted,

/s/

Robb Evans & Associates LLC Receiver Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 9 of 43 Page ID #:16504

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 10 of 43 Page ID #:16505

Subject: private From: Jason Cardiff <jc@vplmedical.com> Date: 4/5/2020, 12:21 PM To: Jim White <jdw@jamesdwhitelaw.com>

Jim

I don't want what happened to me with pharma strip to happen again with VPL I am not going to lose another company

that being said

I would like to make sure that he Super majority shares in the company belong to my company I would also like a trigger provision that I can call all bobby's stock at any time at 00.01 cost basis

I would also like super majority voting power at a 2 to 1 vote

For the Board Jason Cardiff (Chairman and President) Bobby Bedi CEO James D white Brian Travis Keneddy (ADvisor to the White house) Dr Reddy (medical doctor)

Jim

As I ahve raised all the capital and done all the work once again I am not going to lose out on perhaps my biggest company todate.

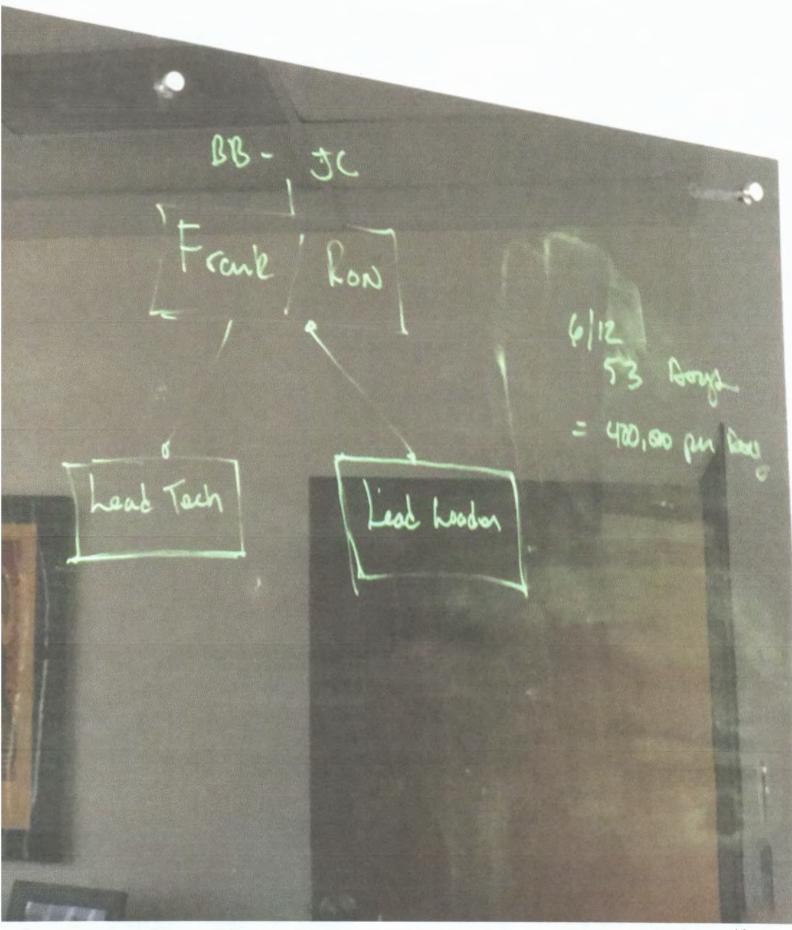
Further I have a meeting with a group that wants to put in 10 mil this week.

--

Jason Cardiff Here to Help, Viral Protection Labs

Rancho Cucamonga Ca Cell Office www.vplmedical.com Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 11 of 43 Page ID #:16506

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 12 of 43 Page ID #:16507



Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 13 of 43 Page ID #:16508

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Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 15 of 43 Page ID #:16510

	If yes, please explain: NO - News.
EMPLOYMENT HISTORY:	
Primary Applicant (PLEAS	SE FURNISH VERIFICATION LETTER OR CONTRACT FROM EMPLOYER)
Current Employer: 39	1 med.cal Address:
Phone:	urrent Title/Position Held: President
Annual Salary:\$ 25.0	Bonus/Other Additional Income: 500, 500 -Years at present job:
IF LESS THAN 3 YEARS:	
Previous Employer/Addr	ress: Red wood Sant fic Tuch. Years at previous job: 6
EMPLOYMENT HISTORY	FOR CO-APPLICANT:
Current Employer:	Address:
Phone:	Current Title/Position Held:
Annual Salary:\$	Bonus/Other Additional Income: Years at present job:
BANKING HISTORY: *Please furnish recent Ba	ank Statement and/or most recent Trading/Stock Account Statement or 401K, if applicable.
Name of Primary Financia	al Institution: Chine Buk Address:
Account Manager:	Phone: Email:
REFERENCES REQUIRED F	FOR APPLICANT AND CO-APPLICANT, IF MARRIED:
	ress/Phone: Robert Shapiro
Reference #2 Name/Add	ress/Phone: Aland ised Phillipping
Name/Address/Phone of	f Attorney (if applicable):
	f Accountant (if applicable):
Name/Address/Phone of	
	chill Atking
Name/Address/Phone of	chill Atking
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CREDIT CHECK AUTHORIZATION/ BROKER FEE AGREEMENT:

Please read thoroughly before signing:

The Landlord will in no event be bound, nor will possession be given until a lease is fully executed AND signed by the Landlord, and thus returned to Tenant/Applicant. The Tenant/Applicant and all references must be satisfactory to the Landlord.

Christopher Duncan Marr/The Office of Realty Holdings, Ltd. Broker shall in no event be liable in respect to any matter concerning this application, now or ever, concerning any act of the Landlord or Management Company, or failure to act on the part of the Landlord in connection with this application, or in connection with any lease or contemplated lease herein. No representations or agreements by Agents, Brokers or Others are binding on the Landlord or Agent, unless included and made part of the written lease proposed to be executed. Parties signing this agreement shall hold the above party harmless now and forever.

I, Client/Tenant/Applicant herein represent that all of the above statements and inclusions set forth by my hand have been true and accurate to the best of my knowledge. I further represent that I am not leasing another space under any other name, nor am I now, or have I ever been dispossessed from a residence or commercial property. I am of legal age to sign below and/or on behalf of others. I am a valid U.S. Citizen and/or have sufficient Green Card/Visa status to live and/or work in the U.S., of which I have furnished to the Broker sufficient proof upon request. Further, if in the event of a commercial or professional lease (if applicable), I am authorized by the corporate charter to sign on behalf of my company.

Finally, I understand and agree that Christopher D. Marr of Office of Realty Holdings has been the procuring and sole Broker of Record in this transaction, unless stated otherwise, and that no other Broker was involved with showing me or directing me to the space. No claims may be made to Broker by any outside Broker and/or Agency. I understand that the compensation to the Broker for securing the space for me shall come in the manner of a broker fee (or commission). The broker commission structure is as follows: A one-time fee of 15% of the-first-years-rent on a one or two year lease. 17% of the first years rent on a multiple-year lease. Meaning 3 years or more. One-month's-rent on a lease less than a one year lease. I fully understand that this fee is due at the signing of the lease, and is to be paid in the form of bank check or wire transfer, with wire instructions to be provided by Broker prior to signing of the lease.

With application, Tenant/Applicant shall be required to put down a refundable good-faith deposit equal to the sum of 10% of the monthly rent or \$______, together with a non-refundable credit check fee in the amount of \$125.00 for residential applicants and \$205 for commercial & professional applicants, per applicant. Said deposit shall ensure that the space be taken off the market, shown to no other prospective parties during a reasonable period of time whilst undergoing negotiations. Any and all funds held by the Broker shall be held in a separate account in the name of the client / applicant for a period not to exceed 30 days. Any and all funds held shall be applied towards either rent and security deposit, or the commission. This information shall further be reflected on the final invoice.

Any deposit refunds can take up to 21 days for processing paid by company check or transfer. Broker shall not be held liable in the event of delay due to unforeseen holiday or strike or situation beyond reasonable control.

SIGNED AND AGREED TO,

Co-Applicant Signature/Date

BY: Christopher Marr, President Office of Realty Holdings. Ltd. 909 Third Avenue, #6293 New York, NY 10150 Tel: 917.597.0994 EFax: 917.546.2394 realtyholdings@aol.com

3

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 17 of 43 Page ID #:16512

Draft of Organizational Minutes for discussion...

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 18 of 43 Page ID #:16513

Subject: Draft of Organizational Minutes for discussion...
From: Jim White <jdw@jamesdwhitelaw.com>
Date: 4/21/2020, 6:29 PM
To: "bb@vplmedical.com" <bb@vplmedical.com>, Jason Cardiff <jc@vplmedical.com>

... attached. Also attached is Minutes of Sole Incorporator which Edward needs to sign and return to me. Chat tomorrow about the First Minutes. JDW

 Attachments:	
DRAFT FIRST MINUTES FOR DISCUSSION.pdf	66.5 KB
MINUTES OF ACTION OF SOLE INCORPORATOR of VPL MEDICAL.pdf	33.7 KB

MINUTES OF ACTION OF SOLE INCORPORATOR of VPL MEDICAL, INC. a California corporation TAKEN WITHOUT A MEETING BY WRITTEN CONSENT

The following actions are hereby taken by the incorporator of VPL MEDICAL, INC. a California corporation, by written consent, without a meeting.

The following resolutions for the governance of this corporation are hereby adopted:

RESOLVED, that the NUMBER OF DIRECTORS OF THE CORPORATION SHALL BE SET AT TWO, subject to change as may allowed by law.

RESOLVED The following resolution appointing the directors of the corporation is adopted: the following persons are hereby appointed as directors of this corporation for the ensuing year and until their successors have been elected and qualified:

Bobby Bedi Jason Cardiff

The undersigned, the sole incorporator of this corporation, consents to the foregoing action.

DATED: _____

EDWARD JIMENEZ

MINUTES OF FIRST MEETING OF BOARD OF DIRECTORS OF VPL MEDICAL, INC.

The directors of the above corporation held their first meeting on 2020 commencing at 10:00 a.m. PST by telephonic conference call.

The following Directors, constituting the entire Board of Directors previously named by the Incorporator, were present:

Bobby Bedi Jason Cardiff

James D. White, Esquire was also present.

Upon motion duly made, seconded and unanimously carried, Bobby Bedi was elected Chairperson of the meeting and Jason Cardiff was elected Secretary of the meeting.

The Chairperson stated that the Articles of Incorporation of the Corporation were filed in the office of the California Secretary of State on 2020. The Chairperson presented to the meeting a certified copy of the Articles of Incorporation and the Secretary was directed to insert the copy in the Minute Book of the Corporation.

The meeting proceeded to the completion of the organization of the corporation, and, upon motion duly made, seconded, and unanimously carried, the following resolutions were adopted:

RESOLVED: That Edward Jimenez, named as this corporation's initial agent for service of process in the Articles of Incorporation, is hereby confirmed in such capacity.

RESOLVED FURTHER: That the Bylaws presented to this meeting be, and the same hereby are, adopted as and for the bylaws of this corporation, and the Secretary is directed to certify the adoption of said Bylaws and to maintain a copy of the Bylaws, so certified, at the corporation's principal executive or business office in California in accordance with Section 213 of the California General Corporation Law.

RESOLVED FURTHER: That the corporate seal in the form, words, and figures presented to this meeting and impressed upon the last page of these minutes, be, and it hereby is, adopted as the seal of this corporation.

RESOLVED FURTHER: That the form of stock certificate(s) presented to this meeting be, and it hereby is, approved and adopted, and the Secretary is directed to insert a specimen certificate in the Minute Book immediately following these minutes.

RESOLVED FURTHER: That 9007 Arrow Rte. Suite 290, Rancho Cucamonga, California shall be, and the same hereby is, designated and fixed as the principal executive office for the transaction of the business of this corporation.

ELECTION OF OFFICERS

The Chairperson stated the next item of business would be to elect officers of the corporation for the coming year. After discussion, and upon nominations duly made and seconded, the following persons were unanimously elected to the offices and at the annual salaries respectively set forth:

Name	Position	Salary
Bobby Bedi	President/CEO	\$35,000 / Mo. To Be Accrued pending available funds
Vacant	Vice President	To Be Determined Later
Jason Cardiff	Secretary	\$35,000 / Mo. To Be Accrued pending available funds
Edward Jimenez	Treasurer/ CFO	To Be Determined Later
	• • • • • • • •	0.11 1 1 1

The directors thereupon unanimously adopted the following resolution:

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 22 of 43 Page ID #:16517

RESOLVED: That the corporate officers are hereby directed to prepare and file with the California Secretary of State the Information Statement as required by Section 1502 of the California General Corporation Law.

INSURANCE

The directors thereupon unanimously adopted the following resolution:

RESOLVED: That the corporate officers are authorized and directed to obtain forthwith and maintain D&O insurance coverage and such other insurance coverages as they deem prudent.

FISCAL YEAR

The Chairperson stated it would be advisable for the corporation to establish a fiscal year. Upon motion duly made, seconded, and unanimously carried, the following resolution was adopted:

RESOLVED: That the fiscal year of this corporation shall end on December 31 of each year.

ESTABLISH BANK ACCOUNTS

The Chairperson next proposed the Board make provision for the establishing of banking relations including the deposit of the funds of the corporation and their withdrawal. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

> RESOLVED: The Officers and Directors are authorized and directed to establish banking relations, including such accounts as they deem advisable, with Chase Bank.

PAYMENT OF INCORPORATION EXPENSES

In order to provide for the payment of the expenses of the incorporation and organization of the corporation, upon motion duly made, and seconded, the following resolution was unanimously adopted:

RESOLVED: That the officers of the corporation are authorized and directed to pay the expenses of its incorporation and organization, including effecting reimbursement to any persons who have advanced funds to the corporation for such purposes and payment of any amounts owing to the corporation's attorney and accountants for services in connection therewith.

RATIFICATION OF CONTRACTS

The board next considered the ratification of commitments made on behalf of the corporation prior to the completion of its organization. Bobby Bedi and Jason Cardiff explained the status of their respective efforts to organize the corporation and efforts to acquire certain purchase orders and financing arrangements for such orders.

Upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED: That the contracts and transactions entered into on behalf and for the benefit of this corporation, listed below, be and they hereby are accepted, adopted and ratified by this corporation:

Informal Consulting Agreement with Jason Cardiff for which no compensation arrangement has as yet been made;

Agreement/ order for sale of product to The Department of Veterans Affairs; and

Memorandum of Agreement with Wave Crest Management to finance an order for product from The Department of Veterans Affairs

and

Agreements with the vendor of the masks and all related agreements with shipping and customs brokers and insurance agents.

RESOLVED FURTHER to provide as security for the repayment of the funds to be advanced by Wave Crest Management, pursuant to the foregoing Memorandum of Agreement, the Secretary is authorized and directed to proved to Wave Crest Management a UCC-1 Security Interest in the goods ordered from the manufacturer and proceeds thereof as described in and pursuant to the terms of the said Memorandum of Agreement.

RESOLVED FURTHER: That this corporation save, defend, indemnify and hold harmless the persons who entered into said contracts and transactions on behalf and for the benefit of this corporation, from and against any liability or expense arising therefrom and thereunder.

AUTHORIZE ISSUANCE OF SHARES

The matter of issuing shares of the corporation's capital stock was then considered, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED: That the officers of this corporation be, and they hereby are, authorized to sell and issue to the following persons the number of shares of capital stock of this corporation and for the consideration indicated opposite each name:

VERSAA Group, LLC Nominee of Bobby Bedi	50,000 shares	for non-cash services rendered at \$10,000.00
Biztank Group, LLC, Nominee of Jason Cardiff	50,000 shares	for non-cash services rendered at \$10,000.00

RESOLVED FURTHER: That the Board hereby determines the fair value to the corporation of the above-referenced non-cash consideration received by it for the issuance of its shares of capital stock is not less than the amounts respectively set forth above.

RESOLVED FURTHER: That all such shares authorized above shall

be sold and issued without the publication of any advertising or general solicitation.

RESOLVED FURTHER: That such shares shall be issued within the exemption from qualification afforded by <u>Section 25102(f) of the</u> <u>California Corporate Securities Law</u> of 1968 and shall, in all respects, meet the requirements thereof:

RESOLVED FURTHER: That each of the proposed issuees shall execute an investment representation letter with respect to the purchase of the securities of the corporation, and set forth therein their respective preexisting personal or business relationship with one or more of the corporation's directors or officers, or business or financial experience (or that of their professional advisors who are not in any way affiliated with or compensated by this corporation or its agents) by reason of which they can reasonably be assumed to have the capacity to protect their own interests in connection with the transaction.

RESOLVED FURTHER: The officers and directors of this corporation shall cause to be prepared, executed and timely filed with the California Commissioner of Business Oversight, a Notice in the form prescribed pursuant to <u>Section 25102(f)</u>, and shall take such other further action as may be necessary or desirable to effectuate the foregoing resolutions.

RESOLVED FURTHER: That this corporation is a small business corporation as defined in <u>Section 1244 of the Internal Revenue Code</u>, and that the shares of its capital stock to be sold and issued hereunder shall be sold and issued to the extent they qualify as such pursuant to <u>Section 1244 of the Internal Revenue Code</u>.

SUB-CHAPTER S ELECTION

The matter of electing to be taxed pursuant to <u>Section 1362(a) of the</u> <u>Internal Revenue Code</u> was next considered, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

WHEREAS, the directors of this corporation deem it appropriate for

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 26 of 43 Page ID #:16521

the corporation to elect to be a small business corporation pursuant to <u>Section 1362(a) of the Internal Revenue Code</u> and to be an "S" corporation for tax purposes.

RESOLVED: That this corporation hereby elects, pursuant to <u>Section</u> <u>1362(a) of the Internal Revenue Code</u>, to be an "electing small business corporation" and to be taxed under the Internal Revenue Code Subchapter S, such election to be effective for the current fiscal and thereafter unless changed by Board action.

RESOLVED FURTHER: That the officers of this corporation are hereby authorized and directed to prepare, cause to be executed and to be filed with the appropriate office of the Internal Revenue Service, IRS Form 2553 together with the statement of each shareholder consenting to the Subchapter S election (together with a similar consenting statement by each shareholder's spouse), on or before *(date)*, and to execute such documents and take such other action as they may deem necessary or desirable to make the Subchapter S election effective.

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

Jason Cardiff, Secretary

ATTEST:

Bobby Bedi, Chairperson

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 27 of 43 Page ID #:16522

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 28 of 43 Page ID #:16523

Subject: please find for payment amde on 6-8 From: Jason Cardiff <jc@vplmedical.com> Date: 6/8/2020, 1:15 PM To: Bobby Bedi <bb@vplmedical.com>, Edward Jimenez <ed@vplmedical.com>

Jason Cardiff Here to Help, Viral Protection Labs

Rancho Cucamonga Ca Cell Office www.vplmedical.com

- Attachments: ----

(2020-06-09, ZhiYANG) Proformal nvoice.pdf

120 KB



; Yiyang Machinery Technology Co.,Ltd North Zhenghan Street,Xietang Industrial Park,

R

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 29 of 43 Page ID Zhejiang Yiyang Machinery Technology Co.,Ltd

No.288 North Zhenghan Street, Xietang Industrial Park, Jindong District, Jinhua 321036, China Phone:+8613757949968 Email: Sales@yiyang-machine.com

PROFORMA INVOICE

		INVOICE NO. DATE	PI-YYM20200609 09th of June, 2020			
3. Delivery Address	 6. Special Remarks (1) BUYER shall pay in accordance with the terms and condition agreed. 					
4. Price Term	(2) SELLER shall build specifications and	fulfil the machine per	-			
FOB SHANGHAI	(3) Both BUYER and S information	ELLER shall not disclo	se the Confidential			
5. Payment Term Payment shall be made by Bank wire transfer						

ITEM	DESCRIPTION	SEPCIFICATION	PICTURES			
		50% Before Shipment				
o Cucamonga						
row Route Suite 290		Order confirmation				
		50% Down payment upon				
edical Inc		Payment shall be made by Bank wire transfer				
R		5. Payment Term				
ang-machine.com						
82982055 F.86 579 82	982055	FOB SHANGHAI				
District, Jinhua 321036,0	China	4. Price Term				

ITEM	DESCRIPTION	SEPCIFICATION	PICTURES	Q'TY	Unit Price	Amount	SPECIAL REMARKS
M-1-2	Flat Face Mask Machine Set	- 3 & 4 Ply face mask manufacturing machine -		1 SET	\$40,000/SET	<u>\$40</u> ,000	
al For Face Mask	Melt blown Non-woven Fabric Non-woven Fabric Ear loop String Plastic Nose Piece			2 T 4T 0.7T 0.4T	\$30,000 \$6,000 \$11,500 \$7,600	\$60,000 \$24,000 \$8,,050 \$3,040	

IN TOTAL: \$135,090

ial Terms and Conditions

it Terms B

BY T/T 0%, Down payment upon Order Confirmation 100%, Before Shipment / Upon receipt of Shipping documents

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 30 of 43 Page ID #:16525

ACCOUNT WITH INSTITUTION:

NAME: CHINA CONSTRUCTION BANK JINHUA BRANCH SWIFT:PCBCCNBJZJG ADD:NO. 1 JIEFANG EAST ROAD,JINHUA,ZHEJIANG, CHINA A/C NO.: 33050167113500000377 BENEFICIARY NAME: ZHEJIANG YIYANG MACHINERY TECHNOLOGY CO.,LTD

INTERMEDIARY BANK:

NAME:CITIBANK N.A. , NEWYORK SWIFT CODE:CITIUS33

erm of Delivery FOB SHANGHAI port (Incoterms 2010)

elivery Time The Goods shall be ready for shipment within 7days after receipt of the Down payment.

elivery Address VPL Medical Inc 9007 Arrow Route Suite 290 Rancho Cucamonga 91730

 'arrnaty The warratny period of 12 months starts after final acceptance upon the successful installation of the machine. Consumables and parts that are subject to wear and tear are excluded from the warranty Zhejiang Yiyang Machinery technology
 8. SELLER Co., Ltd



Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 31 of 43 Page ID #:16526

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 32 of 43 Page ID #:16527

Subject: VPL Medical + VA Contract Award #36C10X20P0050 From: Stacey Barker <sb@vplmedical.com> Date: 4/17/2020, 1:44 PM To: sandra.bullock@va.gov CC: Jason Cardiff <jc@vplmedical.com>, Bobby Bedi <bb@vplmedical.com>

Hello Sandra,

Nice to e-meet you. Know that VPL Medical is elated to be working with the VA on contract # 20050 and collectively help save lives. I have CC'd the President (Bobbi) and CEO (Jason) so you can familiarize yourself with them as well. Enjoy your day and looking forward to our future communications.

Stacey D. Barker VPL, Enterprise Account Executive <u>sb@vpImedical.com</u> c: 323.833.8358

Case 5:18-cv-02104-DMG-PLA Document 365, Filed 06/29/20 Page 34 of 43 Page ID

Cash Receipts & Disbursements - Chase Account#5799

All Transactions from March 30, 2020 to June 26, 2020 Based on its Banking Records

	Mar 31, 20	Apr 30, 20	May 31, 20	Jun 26, 20	TOTAL
Beginning Balance	0.00	10,500.00	100,661.54	1,039,988.12	0.00
Receipts					
VA Services & Distribution Center (via ACH)	0.00	0.00	3,183,975.00	2,218,675.87	5,402,650.87
Potential Investors/Lenders					
Wave Crest Management					
Receipt	0.00	0.00	860,000.00	0.00	860,000.00
Payment	0.00	0.00	(860,000.00)	0.00	(860,000.00)
	0.00	0.00	0.00	0.00	0.00
Keith Langlands Ttee	0.00	301,375.00	1,818,629.00	0.00	2,120,004.00
Total Wave Crest Management	0.00	301,375.00	1,818,629.00	0.00	2,120,004.00
Aries Funding Source LLC	0.00	0.00	111,633.95	0.00	111,633.95
Professional Rx Pharmacy LLC					
Receipt	0.00	800,000.00	0.00	0.00	800,000.00
Payment	0.00	0.00	(800,000.00)	0.00	(800,000.00)
Total Professional Rx Pharmacy LLC	0.00	800,000.00	(800,000.00)	0.00	0.00
Dipak Patel & Dipti Patel					
Receipt	0.00	0.00	350,000.00	0.00	350,000.00
Payment	0.00	0.00	(385,000.00)	0.00	(385,000.00)
Total Dipak Patel & Dipti Patel	0.00	0.00	(35,000.00)	0.00	(35,000.00)
Total Potential Investors/Lenders	0.00	1,101,375.00	1,095,262.95	0.00	2,196,637.95
M. Boynton	0.00	0.00	0.00	79,500.00	79,500.00
Square Inc.	0.00	34,130.24	21,442.65	0.00	55,572.89
Medx Airone LLC	10,500.00	15,750.00	24,750.00	0.00	51,000.00
Auditor's Warrant	0.00	44,382.50	0.00	0.00	44,382.50
F. Fardad	0.00	29,499.44	0.00	0.00	29,499.44
Stripe					
Receipts	0.00	6,070.37	4,218.39	5,896.10	16,184.86
Payments	0.00	0.00	0.00	(6,072.50)	(6,072.50)
Total Stripe	0.00	6,070.37	4,218.39	(176.40)	10,112.36
Chase Accounts					
СНК 2165	0.00	265.00	0.00	0.00	265.00
CHK 2882					
Receipt	1,000.00	0.00	0.00	0.00	1,000.00
Payment	(1,000.00)	0.00	0.00	0.00	(1,000.00)
Total CHK 2882	0.00	0.00	0.00	0.00	0.00
СНК 9138	0.00	0.00	(4,100.00)	(4,600.00)	(8,700.00)
CHK 5178	0.00	0.00	0.00	(11,000.00)	(11,000.00)
Total Chase Accounts	0.00	265.00	(4,100.00)	(15,600.00)	(19,435.00)
Total Receipts	10,500.00	1,231,472.55	4,325,548.99	2,282,399.47	7,849,921.01

Case 5:18-cv-02104-DMG-PLA Document 365, Filed 06/29/20 Page 35 of 43 Page ID

Cash Receipts & Disbursements - Chase Account#5799

All Transactions from March 30, 2020 to June 26, 2020 Based on its Banking Records

	Mar 31, 20	Apr 30, 20	May 31, 20	Jun 26, 20	TOTAL
Disbursements					
Significant Vendors					
Qingdao Tianyiquan Trading Co. (China)	0.00	1,121,439.00	1,143,235.00	0.00	2,264,674.00
EDM International Logistics Inc.	0.00	0.00	1,070,703.59	120,662.50	1,191,366.09
Zhejiang Yiyang Machinery Technology (China)	0.00	0.00	0.00	165,090.00	165,090.00
Taizhou Beiping Machine Tool Co (China)	0.00	0.00	0.00	120,000.00	120,000.00
Total Significant Vendors	0.00	1,121,439.00	2,213,938.59	405,752.50	3,741,130.09
Related Parties					
Versaa Group LLC (Bedi)	0.00	0.00	400,000.00	10,000.00	410,000.00
Bobby Bedi	0.00	5,000.00	5,000.00	0.00	10,000.00
Biztank Group LLC (Cardiff)	0.00	0.00	400,000.00	10,000.00	410,000.00
Jason Cardiff	0.00	5,000.00	5,000.00	0.00	10,000.00
VPL new account at Citizens Business Bank	0.00	0.00	0.00	100,000.00	100,000.00
Total Related Parties	0.00	10,000.00	810,000.00	120,000.00	940,000.00
Lease					
Dett Properties Inc.	0.00	0.00	0.00	68,495.00	68,495.00
Teamrise Bell Tower AP LLC	0.00	0.00	5,000.00	0.00	5,000.00
Total Lease	0.00	0.00	5,000.00	68,495.00	73,495.00
Employees/Contractors					
S. Barker (including \$250K commission)	0.00	0.00	257,587.84	0.00	257,587.84
J. Byun	0.00	0.00	35,450.00	1,040.00	36,490.00
J. Wan	0.00	5,070.98	8,577.84	0.00	13,648.82
S. Holguin	0.00	4,400.00	5,000.00	0.00	9,400.00
E. Jimenez	0.00	0.00	300.00	865.00	1,165.00
O. Mendez	0.00	0.00	950.00	200.00	1,150.00
Total Employees/Contractors	0.00	9,470.98	307,865.68	2,105.00	319,441.66
Everwan International Corp.	0.00	0.00	0.00	21,607.50	21,607.50
ZAPP Packaging	0.00	0.00	0.00	17,710.00	17,710.00
Unknown Freight Vendor	0.00	0.00	15,980.00	0.00	15,980.00
Luxury Escrow Inc.					
Payment	0.00	0.00	12,999.99	0.00	12,999.99
Receipt	0.00	(625.00)	0.00	0.00	(625.00)
Total Luxury Escrow Inc.	0.00	(625.00)	12,999.99	0.00	12,374.99
Snyder & Snyder Construction	0.00	0.00	0.00	10,800.00	10,800.00
FDA User Fee	0.00	0.00	5,236.00	0.00	5,236.00
Bahr LLC	0.00	0.00	4,500.00	0.00	4,500.00
P. Caufield	0.00	0.00	3,500.00	0.00	3,500.00
Dunkel Bros Machinery Moving	0.00	0.00	0.00	2,740.00	2,740.00
Venmo	0.00	565.00	0.00	2,000.00	2,565.00
J. Singh	0.00	0.00	0.00	2,520.00	2,520.00
CBIO Brand Distribution Int'l Inc.	0.00	0.00	2,267.20	0.00	2,267.20

Case 5:18-cv-02104-DMG-PLA Document 365, Filed 06/29/20 Page 36 of 43 Page ID

Cash Receipts & Disbursements - Chase Account#5799

All Transactions from March 30, 2020 to June 26, 2020 Based on its Banking Records

	Mar 31, 20	Apr 30, 20	May 31, 20	Jun 26, 20	TOTAL
UPS	0.00	386.03	756.48	677.36	1,819.87
Wise Owl Media Group	0.00	0.00	1,250.00	450.00	1,700.00
C. Rogers	0.00	0.00	1,500.00	0.00	1,500.00
T-Mobile	0.00	0.00	0.00	1,284.54	1,284.54
Braunwalder Insurance	0.00	0.00	0.00	1,262.66	1,262.66
Print Connection LLC	0.00	0.00	0.00	1,000.00	1,000.00
Apple.Com	0.00	0.00	20.47	972.67	993.14
R. Emperado	0.00	0.00	0.00	800.00	800.00
Small unknown payments	0.00	0.00	750.00	0.00	750.00
Reliance Transport	0.00	0.00	0.00	575.00	575.00
Sierra Lakes Golf Club	0.00	0.00	340.00	0.00	340.00
Goose Creek Golf Club	0.00	0.00	318.00	0.00	318.00
Vision Security Systems	0.00	0.00	0.00	230.00	230.00
Lowe's	0.00	0.00	0.00	189.16	189.16
Freshbooks	0.00	75.00	0.00	75.00	150.00
Bank Service Fees	0.00	0.00	0.00	125.00	125.00
The Hitch Burger Grill	0.00	0.00	0.00	22.70	22.70
Stamp.com	0.00	0.00	0.00	17.99	17.99
Total Disbursements	0.00	1,141,311.01	3,386,222.41	661,412.08	5,188,945.50
Net Receipts During the Month	10,500.00	90,161.54	939,326.58	1,620,987.39	2,660,975.51
Month-End Balance	10,500.00	100,661.54	1,039,988.12	2,660,975.51	2,660,975.51

Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 37 of 43 Page ID #:16532

*Case 5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 38 of 43 Page ID #:16533

V7/ April 21, 2020 (10:12am)

P.

Memorandum of Agreement

THIS MEMORANDUM OF AGREEMENT is made this <u>21st</u> day of April, 2020 in Laguna Beach, California by and between VPL Medical, Inc. a California corporation ("VPLMI"), with its office at 9007 Arrow Route, Suite 290, Rancho Cucamonga, CA 91730 and Wave Crest Management ("WCM") with its office at 8905 W Post Rd., Suite 210 Las Vegas, NV 89148.

The undersigned confirm and agree as follows:

1. VPL Medical, Inc. a California corporation ("VPLMI") has procured a substantial order (the "Order") from the United States Department of Veterans Affairs ("The Department") for certain personal property goods, specifically, the following surgical masks:

4,000,000 3 ply level II masks, and 4,000,000 3 ply level III masks.

2. The Order calls for the goods to be manufactured in China and calls for a tight delivery schedule of the product over time and in two tranches.

3. If VPLMI is able to satisfy The Department *vis a vis* the Order, then VPLMI envisions a high probability that The Department may place additional orders for masks and other products with VPLMI.

4. VPLMI has arranged for the masks to be manufactured in China by a company known to VPLMI which has previously provided quality mask products.

5. To commence manufacture and shipment of the first tranche of product for the Order, the manufacturer and shipping and customs agents require a total amount of \$1,460,000 by wire as soon as possible to lock in the price of the product for the Order.

6. WCM has agreed to forthwith wire funds sufficient to make the deposit required to timely manufacture and ship the first tranche of the Order.

7. To commence manufacture and shipment of the second tranche of product for the Order, the manufacturer and shipping and customs agents are expected to require a further deposit of \$1,460,000 by wire as soon as possible to manufacture and ship the second tranche.

8. The parties contemplate that The Department will pay for the first tranche of

product in advance of the time when the second deposit needs to be made and in that event, the second deposit will be paid from VPLMI funds, but in the event that the second deposit cannot be made from VPLMI funds, then for the additional consideration described below, WCM has agreed to forthwith wire funds sufficient to make the deposit required to timely manufacture and ship both tranches of the Order.

9. VPLMI shall provide to WCM bank wiring instructions forthwith.

10. The Order provides that The Department will pay for all conforming product received within three days of receipt by The Department.

11. The parties have agreed that within 24 hours of payment by The Department for the first tranche of product, VPLMI shall reimbursed WCM for the amount advanced by WCM for the first tranche, (together with a fee calculated at five cents per mask which fee is contemplated to be \$200,000).

12. The parties have further agreed that in the event that WCM is called upon and is required to make the second deposit, then within 24 hours of payment by The Department for the second tranche of product, VPLMI shall reimburse WCM for the amount advanced by WCM for the second tranche, together with a fee calculated at seven and 1/2 cents per mask contemplated to be \$300,000 fee for such advance deposit made by WCM.

13. Because the parties contemplate the potential for future orders from The Department and the need to finance those orders with deposits as needed, WCM shall have a right of first refusal to provide financing for all future capital investment needs for future orders or products. In the event of an extension of the present contract with The Department past the current Order for two tranches, WCM retains the right to roll its \$1,460,000 investment into future tranches with the continued return of \$0.05 per mask per tranche. In the event there is no extension of the present contract with The Department for additional product or at the expiration of the contract, the \$1,460,000 advanced by WCM shall be reimbursed to WCM within 48 hours, if not already previously returned.

14. The parties further agree that as security for the repayment of funds advanced by WCM and for its fees, VPLMI hereby grants to WCM a first lien personal property security interest in the goods and proceeds therefrom and the parties shall cooperate in forthwith filing an appropriate UCC-1 Financing Statement in all appropriate jurisdictions.

15. The parties further agree that in the event The Department rejects all or a material portion of the tendered goods, then WCM and VPLMI shall jointly take possession and coownership of rejected goods, if any, and the parties will cooperate in an effort to sell the product so as to mitigate their respective losses. In the event that the factory fails to ship the product, VPLMI shall provide WCM with an additional 4,000,000 masks within 120 days to compensate WCM for its losses.

The parties further agree that VPLMI shall keep WCM fully informed of the progress 16. of the fulfilment of the Order, including full transparency of the status of the manufacturing process and the status of transit and tender.

At the present time, it is contemplated that the goods will be shipped by air to The 17. Department and presented in Chicago, Illinois for US Customs Clearance and thereafter, it is contemplated that the goods will then be onward shipped for tender to The Department at a receiving depo as directed by The Department.

The parties further agree to maintain all aspects of this transaction as confidential 18. information except as to their respective advisors and counsel and to make appropriate disclosures if required by applicable law or with the consent of the other party; that this MOU shall be governed by the laws of the State of California; and that this MOU shall be construed according to its fair meaning and not strictly for or against any Party.

CONFIRMED AND AGREED

VPL Medical, Inc. a California corporation

By: v Bedi, its President

Wave Crest Management

By: Keith Langlands Keith Langlands, its Managing Member

	Case	5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 41 of 43 Page ID #:16536					
	1	PROOF OF SERVICE					
	2 3	FTC v. Jason Cardiff Case No. 5:18-cv-2104					
	3 4	I, the undersigned, declare and certify as follows:					
	5	I am over the age of eighteen years, not a party to the within action and employed in the County of Los Angeles. State of California. I am employed in the					
	6	I am over the age of eighteen years, not a party to the within action and employed in the County of Los Angeles, State of California. I am employed in the office of Frandzel Robins Bloom & Csato, L.C., members of the Bar of the above- entitled Court, and I made the service referred to below at their direction. My					
	7	business address is 1000 Wilshire Boulevard, Nineteenth Floor, Los Angeles, CA 90017-2427.					
	8 On June 29, 2020, I served true copy(ies) of the REPORT OF TH TEMPORARY RECEIVER ROBB EVANS & ASSOCIATES, LLC 9 AND REGARDING VPL MEDICAL, INC , the original(s) of which is affixed hereto. to the party(ies) on the attached service list.						
	10 11 12	SEE ATTACHED SERVICE LIST					
		BY CM/ECF NOTICE OF ELECTRONIC FILING: I electronically filed					
1000	12 13	BY CM/ECF NOTICE OF ELECTRONIC FILING: I electronically filed the document(s) with the Clerk of the Court by using the CM/ECF system. Participants in the case who are registered CM/ECF users will be served by the CM/ECF system. Participants in the case who are not registered CM/ECF users will be served by mail or by other means permitted by the court rules.					
323) 852-1000	14						
(323)	15						
	16						
	17	/s/ San tra Vanna Kina					
	18 19	/s/ Sandra Young-King Sandra Young-King					
	20						
	20						
	22						
	23						
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	27						
	28						
		<u>3818533.1 078410-0061</u> <u>A</u>					
		INITIAL REPORT OF RECEIVER ROBB EVANS & ASSOCIATES LLC REGARDING VPL MEDICAL, ING.					

FRANDZEL ROBINS BLOOM & CSATO, L.C. 1000 WILSHIRE BOULEVARD, NINETEENTH FLOOR LOS ANGELES, CALIFORNIA 90017-2427

Са	ase	5:18-cv-02104-DMG-PLA Document 365 Filed 06/29/20 Page 42 of 43 Page ID #:16537
	1 2	SERVICE LIST FTC v. Jason Cardiff Case No. 5:18-cv-2104
(323) 852-1000	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Case No. 5:18-cv-2104 Electronic Mail Notice List Elizabeth J Averill eaverill@ftc.gov Peter Bisno pbisno@bisnolaw.com Michael Anthony Brown tbrown@spertuslaw.com Witt W Chang wwchang@venable.com,wchang@venable.com,rrubio@venable.com Stephen R Cochell srcochell@gmail.com Roger A Colaizzi rcolaizzi@venable.com,SHRoss@venable.com,VGBranch@Venable.com,DC LitigationDocketing@Venable.com Christopher David Crowell ccrowell@hrhlaw.com Michael Gerard Fletcher mfletcher@frandzel.com,sking@frandzel.com Hal D Goldflam hgoldflam@frandzel.com,bwilson@frandzel.com Allan Howard Grant allan@grants-law.com
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(Case	5:18-c	v-02104-DMG-PLA Document 365 Filed 06/29/20 Page 43 of 43 Page ID #:16538
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