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7 General Bankruptcy and Restructuring Counsel
for Debtor and Debtor-in-Possession

8
9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION**

11 In re
12 **COLDWATER DEVELOPMENT LLC,**
13 a California limited liability company,
14 Debtor and Debtor-in-Possession.

Lead Case No.: 2:21-bk-10335-BB
Chapter 11
Jointly Administered with
Case No.: 2:21-bk-10336-BB

15
16 In re
17 **LYDDA LUD, LLC,** a California limited
liability company,
18 Debtor and Debtor-in-Possession.

**NOTICE REGARDING STATUS OF
DEPOSIT PROVIDED BY PACIFIC
GREEN VISTA, LLC**

Hearing Date

Date: November 30, 2021
Time: 10:00 a.m. PPT
Place: Courtroom 1539
255 E. Temple Street
Los Angeles, CA 90012

19
20
21 Affects Both Debtors.
 Affects Coldwater Development LLC
Only.
22 Affects Lydda Lud, LLC Only

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24 Debtors and Debtors-in-Possession.
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1 **TO THE HONORABLE SHERI BLUEBOND UNITED STATES BANKRUPTCY**
2 **JUDGE; AND ALL INTERESTED PARTIES:**

3 Pursuant to the Court’s order entered on September 17, 2021 [Dkt. No. 146], wherein
4 Closing Agents Escrow is directed to transfer the \$1.5 million deposit (“Deposit”) provided by
5 Pacific Green Vista, LLC (“PGV”) to a segregated DIP bank account, Debtors’ counsel made
6 repeated requests to Closing Agents Escrow for the Deposit to be transferred to the Coldwater
7 Debtor’s DIP account.¹

8 On October 22, 2021, Debtors’ counsel had a discussion with Robert Yaspan, counsel for
9 Closing Agents Escrow. Mr. Yaspan raised certain issues with the Court’s order that prevented the
10 escrow company from releasing the funds and proposed interpleading the Deposit with the Court
11 as a resolution. Thereafter, Debtor’s counsel informed Mr. Yaspan that interpleading the funds
12 would suffice under the circumstances and inquired as to timing for the filing of the interpleader
13 action. Debtors’ counsel informed the Court and interested parties of the expected interpleader
14 action in open court. An interpleader was never filed.

15 Without Debtors’ and Debtors’ counsel’s consent or knowledge, the Debtors’ principal,
16 Mohamed Hadid, instructed Closing Agents Escrow to return the Deposit to PGV. Mr. Hadid then
17 secured replacement funds in the amount of \$1.1 million, which is now being held in the Coldwater
18 Debtor’s DIP account.

19 Debtors’ counsel was very recently informed (most recently at 11 am this morning) of what
20 happened to the Deposit and counsel is duty bound to immediately inform the Court and interested
21 parties. This Notice is also filed at Mr. Hadid’s request to provide the context and explain his
22 actions and beliefs, which he believes are and were in the best interests of the creditors of these
23 estates. Accordingly, Mr. Hadid asks that the following be considered as the context of why the
24 Deposit was moved:

25 _____
26 ¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the *First*
27 *Amended Motion for an Order (1) Authorizing Bidding Procedures for Coldwater Development LLC’s Two Lots; (2)*
28 *Approving the Sale of Property Under 11 U.S.C. § 363 Free and Clear of Liens, Claims, and Encumbrances, Subject*
to Higher and Better Offers; and (3) Approving the Form and Manner of Notice, or Alternatively (1) Authorizing
Bidding Procedures for the Debtors’ Six Lots; (2) Approving the Sale of Property Under 11 U.S.C. § 363 Free and
Clear of Liens, Claims, and Encumbrances, Subject to Higher and Better Offers; and (3) Approving the Form and
Manner of Notice [Dkt. No. 95] (“Amended Sale Motion”).

1 On May 27, 2021, Mr. Hadid and a counterparty in Saudi Arabia who intended to purchase
2 two, or ultimately six, of the Debtors' APNs, signed an agreement with PGV (the "NDA"). This
3 counterparty was the ultimate owner of PGV, and PGV was intended to be the public-facing buyer
4 of the assets. The May 27, 2021, agreement required that the identity of the ultimate owner of PGV
5 remain strictly confidential.

6 On May 28, 2021, a Purchase Agreement was signed by PGV to purchase two, and
7 ultimately possibly six, APNs from the estate. That agreement required a \$1.5 million deposit (the
8 "Escrow Deposit"). Among other provisions in the Purchase Agreement, the agreement provided
9 in section 3.1.1. that the full amount of the Escrow Deposit would be returned to PGV if the
10 transaction failed to close for any reason other than default of the Buyer, PGV.

11 On June 22, 2021, the counterparty to the NDA, for the benefit of PGV, placed the \$1.5
12 million Escrow Deposit into escrow with Closing Agents Escrow in Burbank. Debtors' counsel
13 reported this development to the Court, and the fact that the Escrow Deposit had been made
14 infuriated Ron Richards, counsel and manager for the largest secured creditor, Give Back. Mr.
15 Richards had planned to get relief from stay early in the case, or to foreclose on Mr. Hadid's
16 ownership interests through Article 9 of the UCC in state court, and the fact that PGV had made
17 the Escrow Deposit was getting in the way of his plans.

18 The very next day, on June 23, 2021, Mr. Richards emailed and repeatedly called Judith
19 Sender at the escrow company and ultimately duped her into telling him the identity of the ultimate
20 source of the funds, which was the counterparty to the NDA from Saudi Arabia. Very soon
21 thereafter, the anti-Hadid website "www.HillsidesagainstHadid.com" publicly declared that
22 interests in the Saudi Royal Family were planning to buy the property. That was directly contrary
23 to the NDA.

24 Meanwhile, the ultimate source of the Escrow Deposit in Saudi Arabia, unaware that Mr.
25 Richards had forced the disclosure of the ultimate buyer's identity in violation of the NDA,
26 authorized Mr. Hadid to continue to secure and maintain the property using up to \$400,000 of the
27 Escrow Deposit for those purposes.

28 The intended use of the Escrow Deposit for these purposes, up to \$400,000, is something

1 Debtors mentioned in one or more filings in this case, and it was also mentioned in Mr. Hadid's
2 June 25, 2021 declaration. So, that has never been a secret.²

3 The counterparty to the NDA eventually learned that his family's role in the contemplated
4 purchase had been made public, and he demanded the return of the Escrow Deposit. He was entitled
5 to return of the Escrow Deposit under the Purchase Agreement, section 3.1.1., and because the
6 NDA was breached. This individual became increasingly insistent, and Mr. Hadid at some point
7 relented, directing the escrow officer to return the funds to the counterparty. Mr. Hadid then
8 secured replacement funds in the amount of \$1.1M (\$1.5M less the \$400,000+ he had spent on
9 property upkeep and protection), which is now in the DIP account.³

10 Much of this is chronicled in more detail in the Hadid declaration filed on June 25, 2021.

11 Mr. Hadid believes that creditors remain protected by the funds held in the DIP account and
12 by the funds used to maintain and secure the real property assets of the estates.

13
14 Dated: November 12, 2021

ARENT FOX LLP

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16
17 By: */s/ Aram Ordubegian*

Aram Ordubegian

M. Douglas Flahaut

Annie Y. Stoops

General Bankruptcy and Restructuring

Counsel for Debtor and Debtor-in-

Possession

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28 ² The intended use of the Deposit for these purposes was discussed in Paragraph 34 of Mr. Hadid's June 25, 2021
declaration attached to the Debtors' response filed on June 25, 2021 [Dkt. No. 98].

³ A breakdown of these expenses is attached hereto as **Attachment A**.

ATTACHMENT A

9:40 AM
10/25/21
Accrual Basis

**Royalton Property
Expenses
As of October 25, 2021**

	<u>Date</u>	<u>Description</u>	<u>Memo</u>	<u>Amount</u>	<u>Balance</u>
Expense					
Royalton					
Landscaping/Gardeners					
	05/28/2021	Labor	2 weeks payroll	1,840.00	
	06/11/2021	Labor	2 weeks payroll	1,840.00	
	06/25/2021	Labor	2 weeks payroll	1,840.00	
	07/09/2021	Labor	2 weeks payroll	1,840.00	
	07/23/2021	Labor	2 weeks payroll	1,840.00	
	08/06/2021	Labor	2 weeks payroll	1,840.00	
	08/20/2021	Labor	2 weeks payroll	1,840.00	
	09/03/2021	Labor	2 weeks payroll	1,840.00	
	09/17/2021	Labor	2 weeks payroll	1,840.00	
	10/01/2021	Labor	2 weeks payroll	1,840.00	
	10/15/2021	Labor	2 weeks payroll	1,840.00	20,240.00
Property Administration					
	05/28/2021	Office Staff	2 weeks payroll	2,200.00	
	06/11/2021	Office Staff	2 weeks payroll	2,200.00	
	06/25/2021	Office Staff	2 weeks payroll	2,200.00	
	07/09/2021	Office Staff	2 weeks payroll	2,200.00	
	07/23/2021	Office Staff	2 weeks payroll	2,200.00	
	08/06/2021	Office Staff	2 weeks payroll	2,200.00	
	08/20/2021	Office Staff	2 weeks payroll	2,200.00	
	09/03/2021	Office Staff	2 weeks payroll	2,200.00	
	09/17/2021	Office Staff	2 weeks payroll	2,200.00	
	10/01/2021	Office Staff	2 weeks payroll	2,200.00	
	10/15/2021	Office Staff	2 weeks payroll	2,200.00	24,200.00
Property Maintenance					
Maintenance/Cleaning					
	05/28/2021	Labor	2 weeks payroll	1,760.00	
	06/11/2021	Labor	2 weeks payroll	1,760.00	
	06/25/2021	Labor	2 weeks payroll	1,760.00	
	07/09/2021	Labor	2 weeks payroll	1,760.00	

9:40 AM
10/25/21
Accrual Basis

**Royalton Property
Expenses
As of October 25, 2021**

	<u>Date</u>	<u>Description</u>	<u>Memo</u>	<u>Amount</u>	<u>Balance</u>
	07/23/2021	Labor	2 weeks payroll	1,760.00	
	08/06/2021	Labor	2 weeks payroll	1,760.00	
	08/20/2021	Labor	2 weeks payroll	1,760.00	
	09/03/2021	Labor	2 weeks payroll	1,760.00	
	09/17/2021	Labor	2 weeks payroll	1,760.00	
	10/01/2021	Labor	2 weeks payroll	1,760.00	
	10/15/2021	Labor	2 weeks payroll	1,760.00	
	5/21-10/21	Haul Trash	May-Oct 2021	4,425.00	23,785.00
Property Management	05/28/2021	Site Manager	2 weeks payroll	5,769.24	
	06/11/2021	Site Manager	2 weeks payroll	5,769.24	
	06/25/2021	Site Manager	2 weeks payroll	5,769.24	
	07/09/2021	Site Manager	2 weeks payroll	5,769.24	
	07/23/2021	Site Manager	2 weeks payroll	5,769.24	
	08/06/2021	Site Manager	2 weeks payroll	5,769.24	
	08/20/2021	Site Manager	2 weeks payroll	5,769.24	
	09/03/2021	Site Manager	2 weeks payroll	5,769.24	
	09/17/2021	Site Manager	2 weeks payroll	5,769.24	
	10/01/2021	Site Manager	2 weeks payroll	5,769.24	
	10/15/2021	Site Manager	2 weeks payroll	5,769.24	63,461.64
Property Taxes					
Post-Petition Tax	04/07/2021	Give Back/Ron Richards	Coldwater and Lydda Lud	55,261.26	55,261.26
Protection Pmts Past Due Tax	04/15/2021	Give Back/Ron Richards	Coldwater and Lydda Lud	22,972.26	
	05/15/2021	Give Back/Ron Richards	Coldwater and Lydda Lud	7,657.42	
	06/15/2021	Give Back/Ron Richards	Coldwater and Lydda Lud	7,657.42	
	07/15/2021	Give Back/Ron Richards	Coldwater and Lydda Lud	7,657.42	
	08/15/2021	Give Back/Ron Richards	Coldwater and Lydda Lud	7,657.42	
	09/15/2021	Give Back/Ron Richards	Coldwater and Lydda Lud	7,657.42	
	10/15/2021	Give Back/Ron Richards	Coldwater and Lydda Lud	7,657.42	68,916.78

9:40 AM
10/25/21
Accrual Basis

**Royalton Property
Expenses**

As of October 25, 2021

	<u>Date</u>	<u>Description</u>	<u>Memo</u>	<u>Amount</u>	<u>Balance</u>
Current Taxes	11/01/2021	Give Back/Ron Richards	Coldwater and Lydda Lud	55,261.31	55,261.31
Security					
Fencing	Jun-21	Home Depot	materials	12,975.00	
	Jun-21	Labor	June 2021	3,600	16,575.00
Security					
Equipment	Jul-21	Best Buy	wifi system	1,875.00	
			solar panels	4,795.00	
			cameras	2,583.00	
	Jul-21	Labor	Security installation	5,000.00	14,253.00
Royalton - Other					
Erosion Control	5/21-10/21	Erosion control	May - Oct 2021 (24 weeks)	24,000.00	
	5/21-10/21	Erosion control	May - Oct 2021 (24 weeks)	24,000.00	
	5/21-10/21	Erosion control	May - Oct 2021 (24 weeks)	24,000.00	72,000.00
				<u>413,953.99</u>	

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

Arent Fox LLP, Gas Company Tower, 555 West Fifth Street, 48th Floor, Los Angeles, CA 90013.

A true and correct copy of the foregoing document entitled (*specify*): **NOTICE REGARDING STATUS OF DEPOSIT PROVIDED BY PACIFIC GREEN VISTA, LLC** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)**: Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (date) **11/12/2021**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

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

Service information continued on attached page

3. **SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) **11/12/2021**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA E-MAIL:

Jeffrey H. Reeves Attorney to Mohamed Hadid - jreeves@tocounsel.com
Hamid Soleimanian Counsel to Pacific Green Vista, LLC - lawwiz@gmail.com
Jesse Finlayson Counsel For Sahara Construction Co., Inc. - jfinlayson@ftrfirm.com

Service information continued on attached page

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

11/12/2021
Date

YVONNE LI
Printed Name

/s/ Yvonne Li
Signature

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

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

Eryk R Escobar on behalf of U.S. Trustee United States Trustee (LA)
eryk.r.escobar@usdoj.gov

M Douglas Flahaut on behalf of Debtor Coldwater Development LLC
flahaut.douglas@arentfox.com

M Douglas Flahaut on behalf of Debtor Lydda Lud, LLC
flahaut.douglas@arentfox.com

Eric J Fromme on behalf of Interested Party Courtesy NEF
efromme@tocounsel.com, stena@tocounsel.com

Asa S Hami on behalf of Interested Party Courtesy NEF
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charney@tocounsel.com, stena@tocounsel.com

Daniel A Lev on behalf of Creditor Give Back LLC
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Daniel A Lev on behalf of Interested Party Courtesy NEF
dlev@sulmeyerlaw.com, ccaldwell@sulmeyerlaw.com;dlev@ecf.inforuptcy.com

Aram Ordubegian on behalf of Debtor Coldwater Development LLC
ordubegian.aram@arentfox.com

Aram Ordubegian on behalf of Debtor Lydda Lud, LLC
ordubegian.aram@arentfox.com

Ronald N Richards on behalf of Creditor Give Back LLC
ron@ronaldrichards.com, morani@ronaldrichards.com

Ronald N Richards on behalf of Interested Party Courtesy NEF
ron@ronaldrichards.com, morani@ronaldrichards.com

Annie Y Stoops on behalf of Debtor Coldwater Development LLC
annie.stoops@arentfox.com, yvonne.li@arentfox.com

Annie Y Stoops on behalf of Debtor Lydda Lud, LLC
annie.stoops@arentfox.com, yvonne.li@arentfox.com

United States Trustee (LA)
ustpreion16.la.ecf@usdoj.gov

Dylan J Yamamoto on behalf of Debtor Coldwater Development LLC
dylan.yamamoto@arentfox.com

Robert M Yaspan on behalf of Interested Party Closing Agents Escrow, Inc
court@yaspanlaw.com, tmenachian@yaspanlaw.com