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U.S. BANKRUPTCY COURT  
NORTHERN DIST. OF CA.  
OAKLAND, CA.

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6 Attorney for Creditors,  
7 DWIGHT DIXON and  
8 KATHLEEN D. COLLINS,  
9 JOHN and JANE MCGUIRE

10 UNITED STATES BANKRUPTCY COURT  
11 NORTHERN DISTRICT OF CALIFORNIA

12 Case # 11-45175 RLE

13 In re:

Chapter 11

14 WALTER J. NG and

**STATUS REPORT: CULTURE TO CULTURE**

15 MARIBEL NG, Debtors  
16 \_\_\_\_\_ /

Date: August 23, 2011  
Time: 3:00 p.m.

17 **CREDITORS, DWIGHT AND KATHY COLLINS, AND JANE AND JOHN MCGUIRE,**  
18 **STATUS REPORT ON THE CULTURE TO CULTURE "GIFT" QUESTION**

19 **Introduction**

20 This status report contains the result of our independent investigation concerning Walter  
21 Ng's payment of \$257,749 to the Culture to Culture Foundation on November 11, 2010. Was the  
22 payment actually a gift or a charitable contribution (1) as reported by the Debtors in their initial  
23 June 2, 2011, Statement of Financial Affairs, (2) as testified to by Walter Ng at the June 6, 2011,  
24 meeting of the creditors, and (3) as restated in the June 21, 2011, revised and Amended Statement  
25 of Financial Affairs?

26 Our investigation determined that substantial evidence exists proving that every one of  
27 Walter Ng's statements, in which he described the \$257,749 payment as a "gift," or as a  
28 "contribution," or as a "donation," was false. We have concluded that Walter Ng's November 11,  
2010, payment of \$257,749 was for consideration and not a "gift."

///

1 The facts are:

2 (1) the Culture to Culture Foundation was an investor with two investment accounts in  
3 Mortgage Fund '08, an investment fund managed by Walter Ng;

4 (2) the two Culture to Culture investment accounts were closed on November 11, 2010, the  
5 same date as Walter Ng's \$257,749 payment to the Culture to Culture Foundation;

6 (3) the amount of the payment, \$257,749 was the difference between the book value of the  
7 two accounts, \$297,975.66, and the presumed market value of the accounts, which was just over  
8 \$40,000;

9 (4) a new Mortgage Fund '08 account in the name of Walter Ng, personally, was opened on  
10 November 11, 2010, with two deposits which exactly matched the balances in the two closed  
11 Culture to Culture accounts; and

12 (5) the new Walter Ng investment account was mentioned in the schedule of Mortgage  
13 Fund '08 investors with a date of 11/11/2010, but the two Culture to Culture investment accounts  
14 were omitted from Walter Ng's schedules and all of the financial reports filed in this case.

15 Even without knowledge of the above facts, Walter Ng's testimony at the 341 meeting, that  
16 he made a \$257,749 "charitable contribution" to the Culture to Culture Foundation (1:40:20) was  
17 suspicious to just about everyone because it was implausible. During the June 28, 2011, Status  
18 Conference, this Court inquired about the timing of the Debtors' decision to make a \$257,749  
19 "contribution" just prior to filing their bankruptcy petition. Recently, an investor posted a follow-  
20 up question about this suspicious "gift" on one of the Internet blogs that discusses this case:

21 It's good to hear that the judge articulated what many of us were wondering,  
22 because [this gift] made no sense. Someone who has really lost everything,  
23 has to sell his home and file bankruptcy, with an ill spouse to care for, doesn't  
24 rationally toss their last quarter million dollars to some obscure non-profit.

25 Finally, we do not attempt to attach a specific label to this payment and transaction beyond  
26 stating that it was "for consideration and not a gift." This is not debatable: the payment was part  
27 of a business deal between Walter Ng and David and Chia-Chia Chien, the trustees of the Culture  
28 to Culture Foundation, and not a gift, donation or charitable contribution.

1 We start this report with the events leading up to the November 11, 2010, transaction.  
2 These events are fairly simple and straightforward.

3  
4 **Mortgage Fund '08 and the Opening of the Chien's Five Investment Accounts**

5  
6 Mortgage Fund '08, LLC, was established in late 2007 as a supposedly legitimate  
7 replacement fund for R.E. Loans, LLC. Walter Ng and his co-managers had closed R.E. Loans,  
8 LLC, because it had been operating in violation of Federal law and the rules and regulations of  
9 the SEC. (For some background facts about the illegal operation of R.E. Loans, LLC, and the  
10 creation of Mortgage Fund '08 to replace it, see the Complaint in the Dr. Mendes Class Action,  
11 Adversary Proceeding No. 11-04249, ¶¶ 24 through 39, inclusive.)

12 New investors, David and Chia-Chia Chien, residents of Alamo, CA, who were probably  
13 unaware of any management or liquidity problems in R.E. Loans, LLC, opened five Mortgage  
14 Fund '08 accounts in 2008. They were sequentially end-numbered 10 – 14. (For easier reading,  
15 we have added a space in the account number, separating the "I" and the "1" of the number.)

16 Based upon their chronological opening dates, the five accounts are:

17 Account No. 08CHI 10, opened April 23, 2008

18 Account No. 08CHI 11, opened April 29, 2008

19 Account No. 08CHI 12, opened April 29, 2008

20 Account No. 084CHI 13, opened May 13, 2008

21 Account No. 084CHI 14, opened May 13, 2008

22 Three of these accounts, with end numbers 10, 13 and 14, appear on the Debtors' list of  
23 Mortgage Fund '08 Investors, Schedule F - Creditors Holding Unsecured Priority Claims. (Doc  
24 #62-10, filed June 2, 2011.)

25 Account No. 08CHI 10 is on page 22 of the schedule, with the creditors' name and address:

26 David & Chia-Chia Chien Ttees.  
27 Chien Living Trust  
28 1121 Douglas Court  
Alamo, CA 94507

1 According to the Debtors' schedule, the creditor claim for the Chien Living Trust account  
2 was incurred on "4/23/2008," confirming the date the account was opened.

3 Account No. 084CHI 13 is on pages 3 - 4 of the schedule, with the creditor's name and  
4 address:

5 IRA Services Trust Company, Custodian  
6 FBO David Chien IRA,  
7 1121 Douglas Court  
8 Alamo, CA 94507

9 Account No. 084CHI 14 is on page 4 of the schedule, with the creditor's name and  
10 address:

11 IRA Services Trust Company, Custodian  
12 FBO Chia-Chia Chien IRA,  
13 1121 Douglas Court,  
14 Alamo, CA 94507

15 According to the Debtors' schedule, the claims for David and Chia-Chia Chien's two  
16 pension accounts were incurred on "5/13/2008," which was the date the accounts were opened.

17 The two other accounts, end numbers 12 and 13, were held by Chia-Chia and David Chien  
18 in their capacity as trustees for the Culture to Culture Foundation.

19 Account No. 08CHI 11, which was opened on April 29, 2008, with two deposits totaling an  
20 investment of \$190,000, has the name and address:

21 Chia-Chia & David Chien, Trustees  
22 Culture to Culture Reg Act  
23 1121 Douglas Court  
24 Alamo, CA 94507

25 Account No. 08CHI 12, opened the same day with two deposits totaling an investment of  
26 \$200,000 in scholarship funds, has the name and address:

27 Chia-Chia & David Chien, Trustees  
28 Culture to Culture Scholarship  
1121 Douglas Court  
Alamo, CA 94507

These two Culture to Culture accounts are not listed on the Debtors' schedule and not  
mentioned anywhere else in the papers they have filed in this court. The account balance in each  
of these two trust accounts on November 11, 2010, was "sold" to Walter Ng that same day.

1            Comment: Putting aside any question about a trustee's decision  
2            to invest money held by a charitable foundation and a  
3            scholarship fund in a high-risk, hard-money real estate investment  
4            fund, Culture to Culture did not meet the investor qualifications  
5            for Mortgage Fund '08. Walter Ng should not have accepted the  
6            subscriptions for these two investments. In addition, since all of  
7            the scholarship money was held as temporary restricted assets, the  
8            trustees should not have placed these assets in Mortgage Fund '08,  
9            an investment vehicle designed and disclosed on paper to be illiquid.

### 7            The Collapse of Mortgage Fund '08

9            In June 2008, a month or so after the Chien's opened their five Mortgage Fund '08  
10           accounts, there were several Investor Appreciation Dinners at the Silver Dragon Restaurant in  
11           Oakland, California. At all of these dinners, Walter Ng gave a speech that encouraged the  
12           investors to make new investments or increase their existing investments in Mortgage Fund '08.

13           Walter Ng needed "new" money in his Mortgage Fund '08 operation in order to make  
14           disbursements to "old" investors in his closed fund, R.E. Loans, LLC, which was illiquid. At the  
15           dinners, Walter Ng read all of the following, a sales pitch, from his typewritten speech:

16           "The foundation of our company is the quality of our 1<sup>st</sup> mortgage portfolio."

17           "In choosing the right loan investment our motto is safety 1<sup>st</sup>, safety 2<sup>nd</sup>,  
18           and safety 3<sup>rd</sup>. There is no reason to take a risk. We get a great return for  
19           you because we provide a special service for the Borrowers."

20           "Our new 1<sup>st</sup> loan pool, Mortgage Fund '08, opened in January 2008. We have \$60  
21           million invested and a strong portfolio of 1<sup>st</sup> mortgages. Our investors are earning  
22           8%. What is your savings rate? Give yourself a raise. We welcome new investors  
23           and new investments in Mortgage Fund '08."

24           "Our portfolio of 1<sup>st</sup> mortgages is strong. We produce all our own loans. We  
25           physically inspect each and every property we lend on. Equity and location  
26           protects our investments. We are a national lender with loans in 17 states. We  
27           have chosen the best loans in the best locations for our investments. We will  
28           succeed in this soft real estate economy."

1            “We pledge all our experience of over 100 years to keep your money safe.”

2            Following these dinners, on July 1, 2008, David and Chia-Chia Chien made a substantial  
3 increase (\$250,000.00) in 08CHI 10, their “Chien Living Trust” account.

4            On April 29, 2010, Chia-Chia Chien signed Culture to Culture’s Short Form 990-EZ tax  
5 return for the foundation’s fiscal year ending June 30, 2009. There were no hints in that return  
6 that the trustees had any concern about the investments, including any concern about the  
7 temporary restricted assets set aside and held for the scholarship fund.

8  
9            Comment:     Because they were not investors in R.E. Loans, LLC,  
10                            it is not likely that the Chiens learned that principal  
11 and interest payments on the promissory notes issued by R.E. Loans,  
12 LLC, ceased in late 2008 and that the collateral agent had served a  
13 Notice of Default. There was a “Confidential” creditor’s meeting of  
R.E. Loans, LLC, noteholders and Mortgage Fund ‘08 noteholders  
on December 11, 2009, to discuss problems with the funds. The  
Chiens were not invited; they did not attend.

14            In May 2010, Walter Ng sent a two-page report to all of the Mortgage Fund ‘08 investors.  
15 Because they had five accounts, the Chiens presumably received five copies. The May 2010  
16 report was bad news.

17            Most of the loans in the Mortgage Fund ‘08 portfolio had tanked. As a result, Mortgage  
18 Fund ‘08 was illiquid and the Fund could not respond to investor requests for a withdrawal.  
19 Distributions to investors, if any, would be pro-rata to all investors when, and if, there was a loan  
20 paid off from a borrower. The amount of each investor’s loss was unknown.

21            More grim news arrived in September 2010. An appraiser had evaluated the loan portfolio  
22 as of December 31, 2009. For pension plan distribution purposes, the appraiser determined that  
23 Mortgage Fund ‘08 investments were worth \$13.50 per \$100. This appraisal meant that Culture  
24 to Culture’s two investment accounts in Mortgage Fund ‘08, worth approximately \$300,000 on  
25 paper, were now worth just over \$40,000 in cash.

26            Comment:     Because the charity and the scholarship fund do not have any  
27                            designated beneficiaries, they are subject to supervision and  
28 an audit by the Office of the Attorney General. An audit by the Attorney  
General’s CPA staff at that time would not have been good for the trustees.

1 The trustees would likely have been surcharged and ordered to personally  
2 replace all of the investment losses. The situation was bleak, a double  
3 whammy.

4 The Chiens had lost most of their substantial personal investment in  
5 their living trust account and had lost most of their two pension fund  
6 accounts. As trustees, they faced the realistic prospect of having to  
7 personally pay for the out-of-pocket losses of the charity and scholarship  
8 fund, another quarter million dollars. But they, of course, had a valuable  
9 tort claim against Walter Ng and Kelly Ng, the co-managers of Mortgage  
10 Fund '08, who should have rejected the subscriptions and returned the  
11 trust funds in the first place.

12 The trustees' position, however, would not have been dissimilar to  
13 most of the other investors, who were encouraged to invest all that they  
14 had, without regard to their qualifications and without regard to the  
15 consequences of investing with Walter Ng.

16 The Chiens in their capacity as trustees for the charity and the scholarship fund faced a  
17 very serious problem. Their problem was solved when Walter Ng sold his home in Lafayette.

#### 18 The November 11, 2010 Transaction

19 At the 341 meeting, Walter Ng testified that he had made a commitment to Mrs. Chien to  
20 make a charitable contribution to the Culture to Culture Foundation of \$257,749 when his home  
21 in Lafayette sold, which was on the market at the time. Walter Ng testified that the commitment  
22 to make this charitable contribution was "verbal." (1:40:30 – 1:41:06.)

23 Escrow for that sale closed on November 5, 2010, with net sale proceeds to the Debtors of  
24 \$528,052.57. Walter Ng testified that he used part of these funds, "my personal money," to honor  
25 the commitment he made to Mrs. Chien and that on November 11, 2010, he delivered a check in  
26 the amount of \$257,749 to Mrs. Chien at her home in Alamo. (1:11:02-08; 1:12:14-24.)

27 Although Walter Ng took an oath administered by Attorney McGee "to tell the truth, the  
28 whole truth, and nothing but the truth under penalty of perjury" at the 341 meeting, he omitted  
and concealed some significant parts of the November 11, 2010, transaction. He did not reveal  
that the payment was part of a business deal that included closing the two Culture to Culture  
investment accounts, mentioned above, and transferring those account balances to a new  
Mortgage Fund '08 account opened in Walter Ng's name.

Here are the facts Walter Ng concealed:

1 First, on November 11, 2010, Account No 08CHI 11, the first of the Culture to Culture  
2 investment accounts with an account balance of \$93,885.58 was closed. (A copy of the account  
3 statement showing the November 11, 2010 closure is attached as Exhibit No. 1.)

4 Second, on November 11, 2010, Account No. 08CHI 12, the second Culture to Culture  
5 account with an account balance of \$204,090.08 was closed. (A copy of the account statement  
6 showing the November 11, 2010 closure is attached as Exhibit No. 2.)

7 Third, on November 11, 2010, a new account in Walter Ng's name was opened. It was given  
8 account number 08NG\_05. That account appears on page 41 of Schedule F. (Doc #62-10, filed  
9 June 2, 2011.) (For convenience, a copy of that page, highlighted, is attached as Exhibit 3.)

10 There were two deposits in the new account: the first for \$93,885.58 and the second for  
11 \$204,090.08. The account balance for this new account was \$297,975.66. (A copy of the account  
12 statement showing the November 11, 2010 deposits is attached as Exhibit No. 4.)

13 *Comment:* Did Walter Ng pay \$257,749 to "buy" the two accounts?

14 Probably not. The accounts were not worth \$257,749.

15 Using the \$13.50 per \$100 figure, the value of the two accounts was  
16 just over \$40,000. \$257,749 is, however, almost exactly the difference  
17 between the book value of the two accounts, \$297,975.66, and about  
18 \$40,000, the appraised value of the two accounts. So there are likely  
19 two checks: one for around \$40,000 to "buy" the two accounts at  
20 their presumed market value, and one check for \$257,749, the "gift."  
21 Because Walter Ng did not tell the whole truth at the 341 meeting of  
22 the creditors, additional investigation will be required to understand  
23 this detail of the transaction. We also will need to know if the deal  
24 included a confidential settlement agreement and a release.

### 21 **The June 28, 2011, Status Conference**

22  
23 The first status conference was held on June 28, 2011. The Debtors were present and  
24 represented by Mr. Kaplan.

25 After a short discussion about ways to protect the confidentiality of documents produced by  
26 the Debtors to the Creditors Committee, Judge Efremsky turned everyone's attention to the  
27 \$257,749 charitable contribution to Culture to Culture. Mr. Kaplan reported his firm had not  
28 provided advice of counsel for Walter Ng's November transaction with Culture to Culture and



1 that he first learned of it when it appeared on the June 2, 2011, Statement of Financial Affairs.

2  
3 3:17:43 Judge Efremsky: Did the client give you any response why they, they  
4 basically, it would appear to me, and correct me if  
5 I am wrong, it would appear that your clients were insolvent for quite  
6 some time and 6 months before they file [the petition], they decide to  
7 make a contribution of \$257,000?

8  
9 3:17:58 Attorney McGee: Your Honor, if I could just interject that, that individual  
10 is also a creditor.

11  
12 3:18:02 Judge Efremsky: Which individual?

13  
14 3:18:04 Attorney McGee: The charity -- the individual who is the head of the  
15 charity, is a creditor.

16  
17 3:18:11 Attorney Kaplan: My understanding, Your Honor, and again I don't  
18 purport to have all the facts, my understanding  
19 though is that, it was actually made because the recipient was a creditor,  
20 had been an investor in either Walter Ng Investors or one of the other  
21 entities. So I don't think it was strictly a gift, I believe it was purportedly  
22 a repayment of debt, but whether it's . . .

23  
24 3:18:33 Judge Efremsky: Whoa, whoa, whoa, whoa, whoa. The Statement of  
25 Financial Affairs says it was a gift.

26  
27 3:18:38 Attorney Kaplan: Well, Your Honor, I believe that's, that's -- it fits in that  
28 category of donation because that, you know, it was to  
a charitable entity and I think it was given that way. I think the motivation  
for the gift, for the transfer, was because the entity was, or the person  
was an investor, but regardless, Your Honor, we've worded our demand  
letter very broadly to say that regardless of why it was given, we think  
it's avoidable and recoverable under the Bankruptcy Code under various  
statutes -- whether it's 544, 547, 548, or 550 of the Bankruptcy Code.

3:19:09 Attorney McGee: Well, I do want to point out that is contradictory to  
what the Debtor testified, Mr. Ng testified, at the 341.  
He clearly said it was a donation and that he agreed to give it when he sold  
his house. Now, we can just check into . . .

3:19:21 Judge Efremsky: That schedule is signed under the penalty of perjury  
saying it was a gift.<sup>1/</sup>

1. On October 8, 2010, Walter Ng retained Farella Brown + Martel. Between October 8, 2010, and May 12, 2011, Farella Brown + Martel billed Walter Ng for more than \$118,000 in fees, of which \$26,557 was allocated to this case. (Doc. #73-1, Page 2.) These fees apparently did not include time to investigate and learn the truth about any part of the "red flag" transaction with Culture to Culture before Walter Ng signed the Statement of Financial Affairs on June 2nd, before Walter Ng testified at the 341 meeting of creditors on June 6th, or before Walter Ng signed the revised and Amended Statement of Financial Affairs on June 21st, all done under the penalty of perjury.

1 Mr. Kaplan's recharacterization of the "gift" or "charitable contribution" to Culture to  
 2 Culture as a "purported repayment of a debt" does not fit the totality of the circumstances for the  
 3 November 11, 2010, business deal. Walter Ng did not owe any debt to the Culture to Culture  
 4 Foundation. Walter Ng is one of the co-managers of Mortgage Fund '08; Walter Ng was not,  
 5 and is not, the Fund. If the transaction was a "repayment of a debt," a debt that was owed by the  
 6 Fund and secured by promissory notes issued by the Fund, then the two account balances should  
 7 have been transferred from Culture to Culture to Mortgage Fund '08, not Walter Ng personally.  
 8 "Repayment of a debt" by Walter Ng is not a valid label for the transaction.

9  
 10 **The Word "None" Means "Not Any"**

11  
 12 In their Statement of Financial Affairs and their Amended Statement of Financial Affairs,  
 13 the Debtors reported that the Culture to Culture Foundation's "RELATIONSHIP TO DEBTOR,  
 14 IF ANY" was "None." (Docs. #64 and #88: See select and grab, pasted below.)

15  
 16 **7. Gifts**

List all gifts or charitable contributions made within one year immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than \$200 in value per individual family member and charitable contributions aggregating less than \$100 per recipient. (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON OR ORGANIZATION	RELATIONSHIP TO DEBTOR, IF ANY	DATE OF GIFT	DESCRIPTION AND VALUE OF GIFT
Culture To Culture Foundation 1121 Douglas Court Alamo, CA 9450	None	9/20/2010	\$ 250.00 Cash
Culture To Culture Foundation 1121 Douglas Court Alamo, CA 9450	None	11/11/2010	\$ 257,749.00 Cash

17  
 18  
 19  
 20  
 21  
 22 Given the true facts, namely that David and Chia-Chia Chien were investors with five  
 23 separate investment accounts with Mortgage Fund '08, and that two of those accounts had money  
 24 invested for the Culture to Culture Foundation, answering the question "RELATIONSHIP TO  
 25 DEBTOR, IF ANY" with "None" was designed to mislead the reader into believing "Not Any  
 26 Relationship."

27 That answer, "None," deflected proper questioning at the 341 meeting. At that meeting, held  
 28 just a few days after the financials were filed with the court, Walter Ng testified that he gave a

1 \$257,749 check to “a Mrs. Chin.” (1:12:04.) The questioners, Richard Brown and Maggie  
2 McGee, did not follow up on this answer because there was no reason for either of them to  
3 suspect that “a Mrs. Chin” was Chia-Chia Chien, the head of the charity, or that Chia-Chia Chien  
4 and her husband were investors in Mortgage Fund ‘08, or that the charity had two investment  
5 accounts with the Fund.

6 Regardless of the label stuck to, or wrapped around, the November 11, 2010, transaction,  
7 Walter Ng falsely reported it as a gift to a charity with which he had no relationship, “none.”  
8 There is only one conclusion from all of this: Walter Ng wanted to keep critical details of the  
9 transaction secret.

10  
11 **Conclusion: Secrets, Bankruptcy, and the Truth**

12  
13 In bankruptcy, certain types of secrets must be disclosed. If a person files for bankruptcy  
14 protection in order to hit the “RESTART” button for his/her financial affairs, then that person  
15 must reveal some secrets and tell the truth.

16 Take for example, the settlements with David Stewart and James Chiavatti, two of the  
17 Walter Ng Investors from Arizona. In October 2008, they filed lawsuits to obtain payments on  
18 their two promissory notes. These promissory notes, attached as Exhibits to the Complaints,  
19 were personal notes from Walter Ng, himself. (Doc #73-1, pages 15 – 38, filed June 7, 2011.)

20 Farella Brown + Martel settled these two cases for Walter Ng in January 2011. These two  
21 settlements were preferential distributions as to the other investors in Walter Ng Investors, who  
22 also held promissory notes from Walter Ng. (Schedule of the Walter Ng Investors, Doc #62-7.)  
23 The settlement agreements contained strict confidentiality clauses. They were secret.

24 At the 341 meeting, Mr. Kaplan disclosed to the other investors that these settlements were  
25 confidential. Regardless, Mr. Kaplan disclosed the terms of the settlements, i.e., monthly  
26 payments, which were made from January 2011 to May 2011 for a certain amount. Mr. Kaplan  
27 did not have the amount of the monthly payments with him at the meeting, but he said, “We can  
28 get you the exact number(s).” (1:07:50 – 1:10:22.) For those two preferential distributions,

1 bankruptcy and the truth trumped confidentiality and secrecy.

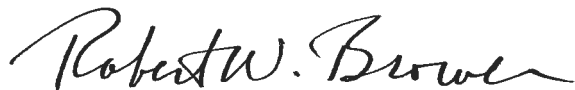
2 Unlike the Stewart and Stewart/Chiavatti “confidential” and secret settlements, which  
3 were disclosed in the Statement of Financial Affairs and at the 341 meeting, the details of the  
4 November 11, 2010, transaction between Walter Ng and the trustees of the Culture to Culture  
5 Foundation were not disclosed. Those details were concealed and kept secret.

6 Walter Ng had ample and adequate opportunity to tell the whole truth at the 341 meeting  
7 and in his Amended Statement of Financial Affairs filed after the meeting, but he declined.  
8 Walter Ng stuck with his lie: the November 11, 2010, transaction with Culture to Culture  
9 Foundation was a “gift,” no more - no less.

10 Throughout the halls of bankruptcy, there are warning signs telling those who pass by, that  
11 they are expected to tell the truth in all bankruptcy proceedings. If these signs have any meaning,  
12 then Walter Ng should be told that, unlike other debtors in bankruptcy who tell the truth, he does  
13 not get to punch the “RESTART” button.

14  
15 Dated: August 16, 2011

Respectfully submitted,

16  
17  
18 

19 Robert W. Brower, Attorney for  
20 Dwight Dixon & Kathleen D. Collins  
21 John & Jane McGuire

22 Addendum: After this report was formatted and finalized for client review, the Court approved a  
23 Stipulated Temporary Protective Order and Lien against the Culture to Culture Foundation and in  
24 favor of the Debtors. That Order was entered without notice to the Office of the Attorney General.  
25 Since the bank account that is subject to the Order and Lien holds trust funds earmarked for  
26 undesignated beneficiaries, the undesignated trust beneficiaries may be necessary parties to any  
27 proceeding to take their trust money and give it to the estate. The Court might consider adding the  
28 Office of the Attorney General, Charitable Trusts Section, 455 Golden Gate Avenue, Suite 11000,  
San Francisco, California 94102-7004, to the service list. The Office of the Attorney General  
could be invited to represent the undesignated trust beneficiaries, the real parties in interest, and  
protect their position when the parties to the now-called “fraudulent transfer” dispute (Doc # 252,  
¶ B, 1:26 - 2:2) resolve it by mediation or otherwise. At the moment, the undesignated trust  
beneficiaries have no representation and going ahead without representation, might be improper .

1 CERTIFICATE OF SERVICE

2 I, the undersigned, under penalty of perjury, declare and say:

3 I am a citizen of the United States. I am over 18 years of age and not a party to the within  
4 action.

5 On August 16, 2011, I served the within

6 **CREDITORS, DWIGHT AND KATHY COLLINS, AND JANE AND JOHN MCGUIRE,**  
7 **STATUS REPORT ON THE CULTURE TO CULTURE "GIFT" QUESTION**

8 by placing a true copy thereof, enclosed in a sealed envelope with postage thereon fully  
9 prepaid, addressed as follows and mailed, or hand delivered, or by electronic mail as indicated:

10 HAND DELIVERED

11 Margaret H. McGee, Trial Attorney  
12 Office of the US Trustee  
13 1301 Clay Street, Suite 690N  
14 Oakland, CA 94612-5231

15 AND BY U.S. MAIL

16 Gary M. Kaplan  
17 Farella Braun + Martel LLP  
18 235 Montgomery Street  
19 San Francisco, CA 94104

20 Tracy Green  
21 Wendel, Rosen, Black & Green LLP  
22 1111 Broadway, 24<sup>th</sup> Floor  
23 Oakland, CA 94607

24 COURTESY COPIES

25 Suzzanne Uhland  
26 O'Melveny & Myers, LLP  
27 Two Embarcadero Center, 28<sup>th</sup> Floor  
28 San Francisco, CA 94111-3823  
*(For Culture to Culture)*

Susan K. Sivok, Supervisory Special Agent  
Federal Bureau of Investigation  
Concord Resident Office  
1850 Gateway Blvd., Suite 1010  
Concord, CA 94520  
*(For the United States Attorney, N.D. Cal.)*

Executed on August 16, 2011 at Oakland, California



Robert W. Brower

**Exhibit No. 1**

**Mortgage Fund '08**

**Account No. 08CHI 11**

**Culture to Culture Reg Act**

**"11/11/2010 Sold Shares \$93,885.58"**



**R.E. LOANS, LLC**  
MORTGAGE FUND

**Investor Portfolio**  
**08CHI11**

**from 10/20/2009**  
**to 11/11/2010**

Investor: CHIA-CHIA & DAVID CHIEN, TTEES  
CULTURE TO CULTURE REG ACT  
Address: 1121 DOUGLAS COURT  
ALAMO, CA 94507

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<b>Date</b>	<b>Reference</b>	<b>Principal</b>	<b>Income</b>	<b>Disbursed</b>	<b>Balance</b>
10/20/2009	BALANCE FORWARD				
10/20/2009	BAL FWD	93,885.58	0.00	0.00	93,885.58
11/11/2010	SOLD SHARES	-93,885.58	0.00	0.00	0.00
	<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Exhibit No. 2**

**Mortgage Fund '08**

**Account No. 08CHI 12**

**Culture to Culture Scholarship**

**"11/11/2010 Sold Shares \$204,090.08"**





**R.E. LOANS, LLC**  
MORTGAGE FUND

**Investor Portfolio**  
**08CHI12**

**from 10/20/2009**  
**to 11/11/2010**

Investor: CHIA-CHIA & DAVID CHIEN, TTEES  
CULTURE TO CULTURE SCHOLARSHIP  
Address: 1121 DOUGLAS COURT  
ALAMO, CA 94507

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<b>Date</b>	<b>Reference</b>	<b>Principal</b>	<b>Income</b>	<b>Disbursed</b>	<b>Balance</b>
10/20/2009	BALANCE FORWARD				
10/20/2009	BAL FWD	204,090.08	0.00	0.00	204,090.08
11/11/2010	SOLD SHARES	-204,090.08	0.00	0.00	0.00
	<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Exhibit No. 3**

**Mortgage Fund '08 Investors**

**Doc # 62-10, filed June 2, 2011**

**Page 41**

**“Acct No.: 08NG\_05”**

**“Creditor’s Name: Walter Ng”**

**“Date Claim Was Incurred. 11/11/2010”**

08NG_05	WALTER NG 201 LAFAYETTE CIRCLE LAFAYETTE, CA 94549		H	11/11/2010	MORTGAGE FUND '08 INVESTOR	X	X	X	
08NIC00	DEAN NICKLES/KATHY DOYLE, TTEES NICKLES/DOYLE FAM TR DTD 1/02 90 INVERLEITH TERRACE PIEDMONT, CA 94611		H	8/5/2008	MORTGAGE FUND '08 INVESTOR	X	X	X	
08NOB00	ARLENE NOBLE PHD MONEY PUR PLAN 1676 SOLANO AVENUE BERKELEY, CA 94707		H	1/1/2008	MORTGAGE FUND '08 INVESTOR	X	X	X	
08NOB01	ARLENE NOBLE 940 HILLDALE AVENUE BERKELEY, CA 94708		H	5/28/2008	MORTGAGE FUND '08 INVESTOR	X	X	X	
08NOB02	ARLENE & JONATHAN NOBLE 940 HILLDALE AVENUE BERKELEY, CA 94708-1418		H	8/5/2008	MORTGAGE FUND '08 INVESTOR	X	X	X	
08NOR00	GARY SVEN NORDMARK 7303 BRUNSWICK CIRCLE BOYNTON BEACH, FL 33472		H	1/1/2009	MORTGAGE FUND '08 INVESTOR	X	X	X	
08NUN00	RON M. NUNN & HANNAH J. NUNN, TTEES NUNN FAMILY TRUST 1385 ST. JAMES DRIVE ST. HELENA, CA 94574		H	7/29/2008	MORTGAGE FUND '08 INVESTOR	X	X	X	
08OAC00	OAC GROUP LLC C/O PHILLIS COHEN ACCOUNTING 1401 NOVATO COURT WALNUT CREEK, CA 94597		H	3/1/2008	MORTGAGE FUND '08 INVESTOR	X	X	X	
08OBR01	MINDA O'BRIEN 322 WARREN WAY PITTSBURG, CA 94565		H	12/3/2007	MORTGAGE FUND '08 INVESTOR	X	X	X	
08OLI01	WILLIAM TAIT OLIVER 1380 VALLEY VIEW DRIVE TURLOCK, CA 95380		H	12/31/2009	MORTGAGE FUND '08 INVESTOR	X	X	X	

**Exhibit No. 4**

**Mortgage Fund '08**

**Account No. 08NG\_05**

**Walter Ng**

**"11/11/2010 Bought Shares \$93,885.58"**

**"11/11/2010 Bought Shares \$204,090.08"**



**R.E. LOANS, LLC**  
MORTGAGE FUND

**Investor Portfolio**  
**08NG\_05**

**from 11/11/2010**  
**to 11/11/2010**

Investor: WALTER NG

Address: 201 LAFAYETTE CIRCLE  
LAFAYETTE, CA 94549

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<b>Date</b>	<b>Reference</b>	<b>Principal</b>	<b>Income</b>	<b>Disbursed</b>	<b>Balance</b>
11/11/2010	BALANCE FORWARD				0.00
11/11/2010	BOUGHT SHARES	93,885.58	0.00	0.00	93,885.58
11/11/2010	BOUGHT SHARES	204,090.08	0.00	0.00	297,975.66
	<b>TOTAL</b>	<b>297,975.66</b>	<b>0.00</b>	<b>0.00</b>	<b>297,975.66</b>