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8
9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA

11 Bureau of Consumer Financial Protection;
12 et al.,

13 Plaintiffs,

14 v.

15 Consumer Advocacy Center Inc., d/b/a
Premier Student Loan Center; et al.,

16 Defendants.

Case No. 8:19-cv-01998-MWF (KSx)

**JOINT MOTION TO APPROVE
SETTLEMENT AGREEMENT
WITH NON-PARTIES ADAM
STHAY AND THE BREA
FINANCIAL GROUP, LLC D/B/A
PUB CLUB LEADS**

JUDGE: Hon. Michael W. Fitzgerald
CTRM: 5A
DATE: September 13, 2021
TIME: 10:00 a.m.

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21 The Court-appointed Receiver, Thomas W. McNamara (“Receiver”) and
22 non-parties Adam Sthay and The Brea Financial Group, LLC d/b/a Pub Club Leads
23 (collectively, “Pub Club Parties”) jointly move the Court to approve the proposed
24 Settlement Agreement, attached hereto as Exhibit 1, resolving the dispute between
25 the Receiver and the Pub Club Parties concerning the Receiver’s interest in certain
26 receivership assets and alleged voidable conveyances. Provided the Court

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1 approves the Settlement Agreement, the Pub Club Parties will pay a total of Six-
2 Hundred Seventy-Five Thousand Dollars (\$675,000) to the Receiver.¹

3 Beginning in early 2020, the Receiver began his investigation of the Pub
4 Club Parties' relationship with the underlying defendants and its role as a service
5 provider for their operations. The Receiver subsequently obtained documents from
6 the Pub Club Parties and, on September 14, 2020, entered into a tolling agreement
7 with the Pub Club Parties in order to continue his investigation while exploring
8 potential settlement opportunities. Since that time, the Receiver and the Pub Club
9 Parties have continued to exchange information/documents and engaged in
10 settlement discussions. On July 28, 2021, the Receiver, the Pub Club Parties, and
11 the Chapter 7 Trustee for defendant Consumer Advocacy Center, Inc. (the
12 "Trustee") participated in a full day in-person/online hybrid mediation with the
13 Charles H. Dick, Jr., Esq. and reached settlements of both the Receiver's and the
14 Trustee's claims.

15 If the Receiver and the Pub Club Parties were unable to reach a settlement,
16 the Receiver would have filed a lawsuit alleging various legal theories to recover
17 assets that the Receiver contends belong to the Receivership Estate and for
18 damages allegedly caused to the Receivership Entities. Instead, after the full-day
19 mediation, the parties reached a settlement.

20 Provided the Court approves the Settlement Agreement, the Pub Club Parties
21 will pay \$675,000 to the Receiver, with \$600,000 paid up-front and \$75,000 paid
22 over a 9-month period. In addition, the Receiver will receive the Pub Club Parties'
23 assignment of rights to pursue claims against one of its insurers. The settlement is
24 attached as Exhibit 1 to the Declaration of Andrew M. Greene.

25 This settlement reflects a fair compromise of the Receiver's claims against
26 the Pub Club Parties and was reached after protracted arms-length negotiations

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28 ¹ The parties are aware of Local Rule 7-3, however, because there is no "opposing party" to this joint motion, said rule appears inapplicable in this context.

1 between the parties. The settlement also reflects the careful considerations of the
2 claims and defense and avoids the risk and expense of further litigation.

3 For the reasons set forth above, the Receiver and the Pub Club Parties
4 hereby jointly ask that the Court issue an order approving the Settlement
5 Agreement.

6 Dated: August 11, 2021

Dated: August 11, 2021

7 McNAMARA SMITH LLP

LEWIS BRISBOIS BISGAARD &
SMITH, LLP

8
9 By: /s/ Andrew M. Greene

By: 

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24 *Attorneys for Adam Sthay and The*
25 *Brea Financial Group, LLC d/b/a*
26 *Pub Club Leads*

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CERTIFICATE OF SERVICE

I hereby certify that on the 11th day of August, 2021, I caused the foregoing to be electronically filed with the Clerk of the Court using the CM/ECF system, which will send notification of the filing to all participants in the case who are registered CM/ECF users.

/s/ Andrew M. Greene
Andrew M. Greene
Attorney for Receiver,
Thomas W. McNamara