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Debtor-In-Possession

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

SAN FERNANDO VALLEY DIVISION

In re:

RELIANT LIFE SHARES, LLC, a California
limited liability company,

Debtor and
Debtor-In-Possession.

Case No. 1:24-bk-11695-MB

Chapter 11

**MOTION PURSUANT TO
FEDERAL RULE OF
BANKRUPTCY PROCEDURE 9019
TO APPROVE STIPULATION
RESOLVING MOTION TO
DISMISS FILED BY THE
JUDGMENT CREDITORS;
DECLARATION OF NICHOLAS D.
RUBIN IN SUPPORT THEREOF**

Hearing Information:

DATE: February 6, 2025

TIME: 1:30 p.m.

**CTRM: 303, 21041 Burbank Blvd.
Woodland Hills, CA 91367**

**[Zoom hearing instructions available
on the Court's calendar at
www.cacb.uscourts.gov]**

**TO THE HONORABLE MARTIN R. BARASH, UNITED STATES BANKRUPTCY
JUDGE, AND PARTIES IN INTEREST:**

Reliant Life Shares, LLC, the debtor and debtor-in-possession in the above-captioned case
(the "**Debtor**"), moves this Court for an order approving the *Stipulation Resolving Motion to*

1 *Dismiss Filed by the Judgment Creditors* (the “Stipulation”) that has been entered into between
2 the Debtor, the Official Committee of Unsecured Creditors (the “Committee”), and judgment
3 creditors Daniel Cooper and Richard Cooper, Trustee (together, the “Judgment Creditors”). If
4 approved, the Stipulation will resolve the Judgment Creditors’ motion to dismiss the Debtor’s
5 bankruptcy case, the adversary action filed by the Committee against the Judgment Creditors, the
6 removal of the state court proceeding, and related issues and will pave the way for the Debtor’s
7 chapter 11 plan. In support of the Motion, the Debtor submits the following memorandum of
8 points and authorities, and the declaration of Nicholas D. Rubin in support and respectfully
9 represents as follows:

10
11 **I. INTRODUCTION**

12 This chapter 11 was filed so that all constituents could assert their interest in the Debtor’s
13 assets in one forum. In the underlying state court action (the “State Court Action”), the Judgment
14 Creditors had taken the position that they were secured by all of the life insurance policies held by
15 a trust that was not a defendant in the State Court Action. However, the creditors who purchased
16 the fractional death benefits in the life insurance policies objected to that position because the
17 Debtor does not hold title to the policies. These competing interests had started to play out in the
18 Debtor’s bankruptcy case. The Judgment Creditors filed a motion to dismiss the Debtor’s
19 bankruptcy case, arguing that the Receiver did not have the requisite authority to file the case.
20 The Debtor removed the State Court Action to this Court; the Judgment Creditors were expected
21 to seek remand of that action. The Committee filed an adversary proceeding in this Court against
22 the Judgment Creditors seeking, among other things, to equitably subordinate the Judgment
23 Creditors’ claim to that of all other creditors. The first three months of this case have been marred
24 by litigation between the Debtor, the Committee, and the Judgment Creditors. This litigation not
25 only caused the estate to incur significant legal fees but also delayed the process of (a) updating
26 the medical records for the life insurance policies, (b) collecting past-due premium payments
27 which are critical to the maintenance of the life insurance policies and funding the administrative
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1 expenses of the bankruptcy case; and (c) implementing billing practices for the collection of
2 monthly premium payments to fund the life insurance policies.

3 The Stipulation not only settles the disputes between the Debtor, the Committee and the
4 Judgment Creditors but also paves the way for the Debtor to reorganize its operations on a more
5 consensual basis. As set forth below, the Stipulation resolves the issues regarding the Judgment
6 Creditors' source and amount of recovery and creates a path for the investors to recover some or
7 all of their investment. The Debtor believes that the settlement is in the best interests of all
8 concerned and requests that it be approved.

9
10 **II. STATEMENT OF FACTS**

11 **A. General Background**

12 The Debtor was formed in 2011 to buy life insurance policies from the holders of policies
13 who could no longer afford or who no longer wanted to pay the premiums. The Debtor would
14 then sell fractional interests in the policies to investors, who were promised a proportional share of
15 the death benefit when the insured dies. The Debtor formed the Reliant Life Shares Series
16 Statutory Trust, which had a series of sub-trusts, each of which held one life insurance policy and
17 has a third-party trustee. The investors purchased an interest in a specific policy and became
18 holders of beneficial interests in the sub-trust that owned their policy.

19 **B. Events Leading to the Filing of the Chapter 11**

20 The filing of this case was precipitated by the need for one forum to resolve the competing
21 interests of (1) the Judgment Creditors, one of whom was a former owner of the Debtor, and who
22 assert a lien against certain assets of the Debtor and (2) the investors holding fractional beneficial
23 interests in life insurance policies held by a series of sub-trusts, some of whom have litigation
24 pending against the Debtor. The Debtor is the grantor of the trusts.

25 In 2023 and after several years of judgment enforcement efforts, the judgment creditor
26 sought the appointment of a receiver from the Los Angeles Superior Court (the "State Court").
27 The State Court appointed the Receiver, an expert in the life settlement field, as the receiver.

1 Although the Receiver's role was initially limited, as discussed below, it expanded over the course
2 of two months and in August 2023, the State Court vested the Receiver with sole authority to act
3 on behalf of the Debtor and suspended the authority of all members, officers, directors, and
4 employees.

5 The Receiver found that the Debtor had no operating bank account, no access to
6 accounting records because access had been turned off for nonpayment, and life insurance policies
7 that had already lapsed or were on the verge of lapsing, to the detriment of all involved. The
8 Receiver worked to stabilize the portfolio but, after a year in the receivership, his plan to pool the
9 assets of the sub-trusts into one trust and reallocate beneficial interests was opposed by the
10 Judgment Creditors, who sought an order from the State Court to require payments to be made to
11 the Judgment Creditor, an assignment of forfeited interests in the sub-trusts, and an order requiring
12 the Receiver to pay the premiums associated with those forfeited interests, although the Receiver
13 had no ability to do so. The State Court had not yet ruled on these requests. Because the Bank of
14 Utah, the trustee of the trust, wanted to resign as trustee, the Receiver exercised the authority
15 granted him by the Receivership Order and formed the Reliant Life Shares Receivership Statutory
16 Trust with Odyssey Transfer & Trust as the trustee, and this trust now owns all but one of the
17 policies.

18 Although the Receiver was initially a limited receiver with limited powers, by August
19 2023, the scope of his appointment evolved into that of an equity receiver with sole authority to
20 act on behalf of the Debtor, to the exclusion of the Debtor's members, officers, directors, and
21 employees. As an equity receiver, the receiver bore a fiduciary obligation to all of the Debtor's
22 creditors, not just the Judgment Creditors. The Judgment Creditors had long ignored, and
23 continued to ignore, the fact that the Debtor does not own the life insurance policies: the sub-
24 trusts do. The Debtor's clients are, in turn, the beneficiaries of those sub-trusts. The clients are
25 also creditors of the Debtor because they signed a contract with the Debtor when they invested
26 with the Debtor.

1 In the meantime, various clients of the Debtor who are or were beneficiaries of the sub-
2 trusts of the Trust have sued the Debtor and other parties in state and federal court for various
3 fraud, breach of fiduciary duty, and elder abuse claims, and expressed concern to the Receiver that
4 the Judgment Creditors' efforts sought to eviscerate any value associated with their beneficial
5 interests in the sub-trusts. Although their interests were being impacted by the Judgment
6 Creditors' judgment enforcement efforts, the clients were not parties in that litigation and were not
7 given the opportunity to assert their interests. There are also a couple of other significantly
8 smaller judgment liens against the Debtor.

9 Because of the competing positions and in recognition of the fact that he was a fiduciary to
10 all creditors of the Debtor and so that all claims and assets could be dealt with in one forum
11 instead of multiple forums, the Receiver determined that placing the Debtor into a chapter 11 case
12 would be in the best interests of all parties.

13 As set forth in more detail in the Debtor's opposition to the Judgment Creditors' motion to
14 dismiss the Debtor's case, as the sole person authorized to act on behalf of the Debtor, the
15 Receiver amended the Debtor's articles of organization to make the Debtor a manager-managed
16 limited liability company instead of a member-managed liability company and to formally remove
17 Scott Grady as the manager. The Debtor filed Restated Articles of Organization with the
18 California Secretary of State. The Receiver then retained Nathan Cook of Teneo as the
19 independent manager of the Debtor. In his role as the independent manager, Mr. Cook then signed
20 the engagement agreements for Force 10, Stretto, and Raines Feldman Littrell with their retainers
21 paid from funds that were derived from the proceeds from the sale of three insurance policies
22 pursuant to an order of the State Court. The Debtor filed its case on October 7, 2024 (the
23 "Petition Date").

24 **C. Disputes with the Judgment Creditors During the Bankruptcy Case**

25 Because there was sufficient interest among creditors in serving on a committee of
26 unsecured creditors, the Office of the United States Trustee formed the Committee.

1 Shortly after that, the Judgment Creditors filed a motion to dismiss the Debtor's
2 bankruptcy case (the "Dismissal Motion"), arguing that the Receiver did not have the requisite
3 authority to cause the Debtor to file the chapter 11 petition. The Debtor and the Committee
4 opposed the Dismissal Motion. After oral argument by the Judgment Creditors, the Court agreed
5 to adjourn the hearing in order to permit the parties to engage in settlement discussions. The same
6 day as that initial hearing, the Committee filed a complaint against the Judgment Creditors seeking
7 equitable subordination of their judgment to the claims of unsecured creditors and seeking
8 damages for various other causes of action, including breach of contract, unjust enrichment,
9 avoidance and recovery of fraudulent transfers, and disallowance of their claim. The Judgment
10 Creditors have not yet responded to the complaint. A copy of the complaint is attached as Exhibit
11 "1."

12 In addition, the Debtor removed the State Court Action to the Bankruptcy Court. A copy of
13 the notice of removal is attached as Exhibit "2".

14 After the initial hearing, settlement discussions ensued and resulted in the Stipulation, a
15 copy of which is attached as Exhibit "3."¹

16 **D. Summary of the Stipulation**

17 Subject to the approval of the Court, the Stipulation provides for the following:²

18 (1) The Dismissal Motion will be withdrawn with prejudice. For purposes of the
19 Stipulation, the Judgment Creditors have agreed to no longer contest the Debtor's authority to file
20 the chapter 11 petition and to not object to any ratification of the bankruptcy filing by any
21 applicable court;

22 (2) The Judgment Creditors will be allowed a secured claim of \$5 million (the "Cooper
23 Secured Claim") and an unsecured claim of \$10 million (the "Cooper Unsecured Claim"). Unless
24 unsecured creditors are paid in full, the Judgment Creditors recovery on account of these two
25

26 ¹ The attached Stipulation is not signed but the fully executed Stipulation will be filed with the
27 Court before the hearing.

28 ² In the event of an inconsistency between the Stipulation and the summary in this Motion, the
Stipulation shall control.

1 claims shall not exceed \$10 million. If the Debtor's case is a surplus case because unsecured
2 claim have been paid in full under 11 U.S.C. § 726(a)(1)-(4), then the cap on recovery will not
3 apply and the Judgment Creditors will share in recoveries until their judgment is paid in full. The
4 Cooper Secured Claim and the Cooper Unsecured Claim will not be subject to objection,
5 reduction, or recharacterization, and the Judgment Creditors do not need to file a proof of claim.

6 (3) The Debtor's bankruptcy estate (the "Estate") will receive the first \$1.5 million in
7 Excess Cash, which is defined as the past-due premiums due as of the Petition Date (estimated to
8 have a face value of approximately \$7 million), recoveries from claims or causes of action brought
9 or settled by the Debtor or the Committee, and proceeds from the maturity or sale of the
10 unallocated, forfeited, or retained shares of the life insurance policies that are held by either the
11 Reliant Life Shares Statutory Trust dated as of March 16, 2023, or the Reliant Life Shares
12 Receivership Statutory Trust dated June 27, 2024;

13 (4) The Cooper Unsecured Claim will share pro rata with other allowed general
14 unsecured claims, subject to any applicable cap on recovery as set forth above;

15 (5) The Cooper Action filed by the Committee will be dismissed with prejudice;

16 (6) The Judgment Creditors will not oppose and will vote in favor of any chapter 11
17 plan that proposes treatment of the Cooper Secured Claim and the Cooper Unsecured Claim that is
18 consistent with the Stipulation;

19 (7) The Judgment Creditors, on the one hand, and the Debtor and the Committee, on
20 the other hand, will exchange mutual general releases of all claims other than obligations arising
21 under the Stipulation. However, if the Cooper Secured Claim is not paid in full, the releases will
22 be of no further force or effect;

23 (8) If a chapter 7 or chapter 11 trustee is appointed, the Stipulation will be binding
24 upon them; and

25 (9) After the Court has an opportunity to ratify the Receiver's actions in causing the
26 Debtor's bankruptcy case to be filed, the State Court Action will be remanded to the State Court as
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1 to all judgment debtors other than the Debtor. This Court will retain jurisdiction over the portion
2 of the Removed Action that pertains to the Debtor.

3
4 **III. LEGAL ARGUMENT**

5 Federal Rule of Bankruptcy Procedure ("FRBP") 9019(a) provides, in part, that a court
6 may approve a compromise per motion by the trustee and after a hearing on notice to the debtor,
7 all creditors, and all interested parties. The standard to be applied to the approval of a settlement
8 includes the probability of success of any litigation, the difficulties in collection on a judgment,
9 the complexity of the matter, the expense, inconvenience or delay occasioned by resolution
10 through litigation, and interests of creditors, and the reasonableness of the compromise. *In re*
11 *A & C Properties*, 784 F.2d 1377, 1380-81 (9th Cir. 1986).

12 "The bankruptcy court has great latitude in approving compromising agreements." *See id.*
13 In approving a settlement agreement, the court must find that it is fair and equitable and the
14 product of good-faith negotiations. *See id.* Generally speaking, the court may defer to the
15 business judgment of the debtor-in-possession or trustee in deciding whether to settle a matter.
16 *See In re Mickey McLean Entertainment Group, Inc.*, 292 B.R. 415, 420 (B.A.P. 9th Cir. 2003).
17 The court need not conclude that the proposed settlement is the best possible compromise, but
18 only that the settlement is "within the reasonable range of litigation possibilities." *See In re World*
19 *Health Alternatives, Inc.*, 344 B.R. 291, 296 (Bankr. D. Del. 2006). Similarly, the court need not,
20 and should not conduct a "mini-trial" on the compromised claims but simply determine that
21 disputes related to those claims exist. *See In re Schmitt*, 215 B.R. 417, 423 (B.A.P. 9th Cir. 1997)
22 ("When assessing a compromise, courts need not rule upon disputed facts and questions of law,
23 but rather only canvass the issues. A mini-trial on the merits is not required."); *see also In re*
24 *Hermitage Inn, Inc.*, 66 B.R. 71, 72 (Bankr. D. Colo. 1986) ("[T]he court's assessment does not
25 require resolution of the issues, but only their identification, so that the reasonableness of the
26 settlement may be evaluated."). It is enough that the court conclude the probability of success is
27 uncertain. *See, e.g., In re America West Airlines, Inc.*, 214 B.R. 382, 386 (Bankr. D. Ariz. 1997).

1 The Debtor and the Committee believe that the Stipulation is in the best interests of the
2 Debtor's creditors, is fair and equitable, and a proper exercise of the Debtor's business judgment.
3 It resolves a myriad of disputes with the Judgment Creditors and represents a fair compromise by
4 the parties. The issue presented in the Dismissal Motion requires an interpretation of an order of
5 the State Court regarding the scope of the Receiver's authority and the ultimate resolution of the
6 dispute would have been dismissal of the Debtor's case, which the Debtor believes would harm
7 creditors other than the Judgment Creditors, or this Court's retention of jurisdiction over the case,
8 either because its interpretation supported the Debtor's position or because it ratified the
9 Receiver's actions in causing the Debtor to file this case. Either way, uncertainty would have
10 continued as would the increase in legal fees for litigating the issue. With respect to the equitable
11 subordination claim, although the Debtor and the Committee believe that the facts and the law
12 support the relief that they were seeking, the Judgment Creditors would have disagreed. Whether
13 a claim can be equitably subordinated under either 11 U.S.C. § 510(b) or (c) depends on whether
14 the claim arises from a purchase or sale of a security such that it is essentially an equity transaction
15 or whether the Committee could prove that the Judgment Creditors had engaged in inequitable
16 conduct. Although the Debtor and the Committee believe that they would be able to establish the
17 grounds for subordination, the Judgment Creditors would take the opposite view. The legal fees to
18 litigate the issues would be significant, as would the delay in the administration of the case, and
19 the outcome would not be guaranteed. Similar uncertainty surrounded the other claims.

20 In addition to eliminating the uncertainty and the increased legal fees described above, the
21 settlement benefits all other creditors. If the Committee were to litigate the claims against the
22 Judgment Creditors and lose, then the Judgment Creditors would have had a lien against the
23 Excess Cash in excess of \$10 million, and this amount would have to be paid in full before the
24 unsecured creditors received any distribution from the Estate. The settlement enables the Estate to
25 retain the first \$1.5 million and then splits the Excess Cash equally between the Estate and the
26 Judgment Creditors until the Cooper Secured Claim is paid in full. After the Cooper Secured
27 Claim is paid in full, then the Excess Cash is available for the Estate and for *pro rata* distribution
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1 to allowed general unsecured claims, including the Cooper Unsecured Claim. Thus, unsecured
2 creditors share in the Excess Cash sooner than they would if the Judgment Creditors prevailed in
3 defending the Committee's lawsuit.

4 Because the Judgment Creditors are required to support any plan proposed by the Debtor
5 that is consistent with the Stipulation, it will also reduce the legal fees that would otherwise have
6 been incurred responding to the objections the Judgment Creditors would likely have raised, and it
7 provides a greater degree of certainty to the outcome of the Debtor's case. It also ensures that the
8 Judgment Creditors will not object to other motions filed by the Debtor to facilitate its
9 reorganization.

10 For all of these reasons, both the Debtor and the Committee believe that the Stipulation
11 represents a positive outcome for the Estate that will inure to the benefit of all of the Debtor's
12 creditors. For these reasons, the Debtor requests that the Stipulation be approved.

13
14
15 **IV. CONCLUSION**

16 The Stipulation is the result of days of negotiation between the Debtor, the Committee, and
17 the Judgment Creditors and represents a fair and reasonable outcome for all concerned. For the
18 reasons set forth above, the Debtor believes it is in the best interests of the Estate and a proper
19 exercise of its business judgment and requests that the Stipulation be approved.

20
21 Respectfully submitted,

22 DATED: January 28, 2025

RAINES FELDMAN LITTRELL LLP

23
24 By: /s/ Kyra E. Andrassy

25 HAMID R. RAFATJOO

26 KYRA E. ANDRASSY

27 Counsel for Debtor and Debtor-in-Possession
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DECLARATION OF NICHOLAS RUBIN

I, Nicholas Rubin, declare as follows:

1. I am the Chief Restructuring Officer ("**CRO**") of Reliant Life Shares, LLC, a California limited liability company, the debtor and debtor-in-possession in the above-captioned case (the "**Debtor**"). I know each of the following facts to be true of my own personal knowledge, except as otherwise stated and, if called as a witness, I could and would competently testify with respect thereto. I make this declaration in support of the Debtor's motion to approve the *Stipulation Resolving Motion to Dismiss Filed by the Judgment Creditors* (the "Stipulation"). Unless otherwise defined in this declaration, all terms defined in the Stipulation are incorporated herein by this reference.

2. I was appointed as CRO on October 5, 2024, to manage the Debtor's restructuring affairs. On October 7, 2024 (the "**Petition Date**"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor's filing was precipitated by judgment enforcement efforts and the need to balance investor interests.

3. As set forth in greater detail in my declaration in support of the Debtor's opposition to the Dismissal Motion, as the sole person authorized to act on behalf of the Debtor, the Receiver amended the Debtor's articles of organization to make the Debtor a manager-managed limited liability company instead of a member-managed liability company and to formally remove Scott Grady as the manager. The Debtor filed Restated Articles of Organization with the California Secretary of State. The Receiver then retained Nathan Cook of Teneo as the independent manager of the Debtor and in his role as the independent manager, Mr. Cook then signed the engagement agreements for Force 10, Stretto, and Raines Feldman Littrell and caused their retainers to be paid from funds that were derived from the Receiver's sale of three insurance policies.

4. A few weeks after the Debtor's bankruptcy filing, the Judgment Creditors filed the Dismissal Motion, arguing that the Receiver did not have the requisite authority to cause the Debtor to file the chapter 11 petition. The Debtor and the Committee opposed the Dismissal Motion. After oral argument by the Judgment Creditors, the Court agreed to adjourn the hearing

1 in order to permit the parties to engage in settlement discussions. The same day as that initial
2 hearing, the Committee filed a complaint against the Judgment Creditors seeking equitable
3 subordination of their judgment to the claims of other unsecured creditors and seeking damages
4 for various other causes of action, including breach of contract, unjust enrichment, avoidance and
5 recovery of fraudulent transfers, and disallowance of their claim. The Judgment Creditors have
6 not yet responded to the complaint. A true and correct copy of the complaint is attached as
7 Exhibit “1.”

8 5. In addition, the Debtor removed the State Court Action to the Bankruptcy Court.
9 A true and correct copy of the Notice of Removal, without the docket that was attached as an
10 exhibit, is attached as Exhibit “2.”

11 6. After the adjournment of the initial hearing on the motion to dismiss, we engaged
12 in settlement discussions with the Committee and the Judgment Creditors that resulted in the
13 Stipulation that was signed by the Judgment Creditors on Friday, January 24. A true and correct
14 copy of the Stipulation is attached as Exhibit “3.”

15 7. The Stipulation resolves a myriad of disputes with the Judgment Creditors, and I
16 believe that it represents a fair compromise by the parties. The issue presented in the Dismissal
17 Motion requires an interpretation of an order of the State Court regarding the scope of the
18 Receiver’s authority and if the Cooper Parties had prevailed, it could have resulted in the dismissal
19 of the Debtor’s case, which I believe would harm creditors other than the Judgment Creditors.
20 Alternatively, the Court might have retained jurisdiction over the case, either because its
21 interpretation supported the Debtor’s position or because it ratified the Receiver’s actions in
22 causing the Debtor to file this case. Either way, uncertainty would have continued as would the
23 increase in legal fees for litigating the issue. With respect to the equitable subordination claim,
24 although we believe that the facts and the law support the relief that the Committee is seeking, the
25 Judgment Creditors surely would have disagreed. Although we believe that the Committee would
26 be able to establish the grounds for subordination, the Judgment Creditors would certainly take the
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1 opposite view. The legal fees would be significant, as would the delay in the administration of the
2 case, and the outcome would not be guaranteed. Similar uncertainty surrounded the other claims.

3 8. In addition to eliminating the uncertainty and the increased legal fees described
4 above, the settlement benefits all other creditors. If the Committee were to litigate the claims
5 against the Judgment Creditors and not prevailed, then the Judgment Creditors would have had a
6 lien against the Excess Cash in excess of \$15 million, and this amount would have to be paid in
7 full before the unsecured creditors received any distribution from the Estate. The settlement
8 enables the Estate to retain the first \$1.5 million and then splits the Excess Cash equally between
9 the Estate and the Judgment Creditors until the Cooper Secured Claim is paid in full. After the
10 Cooper Secured Claim is paid in full, then the Excess Cash is available for the Estate and for pro
11 rata distribution to allowed general unsecured claims, including the Cooper Unsecured Claim.
12 Thus, unsecured creditors share in the Excess Cash sooner than they would if the Judgment
13 Creditors prevailed in defending the Committee's lawsuit.

14 9. Because the Judgment Creditors are required to support any plan proposed by the
15 Debtor that is consistent with the Stipulation, it will also reduce the legal fees that would
16 otherwise have been incurred responding to the objections the Judgment Creditors would likely
17 have raised, and it provides a greater degree of certainty to the outcome of the Debtor's case. It
18 also ensures that the Judgment Creditors will not object to other motions filed by the Debtor to
19 facilitate its reorganization.

20 10. For all of these reasons, I believe that the Stipulation represents a positive outcome
21 for the Estate that will inure to the benefit of all of the Debtor's creditors.

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

24 Executed on this 28th day of January, 2025, at New York City, New York.

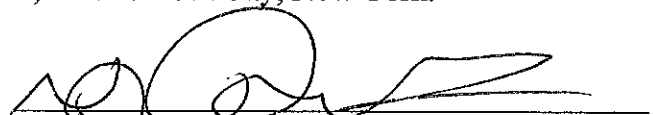
25
26 
27 NICHOLAS D. RUBIN
28

EXHIBIT "1"

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Counsel to Official Committee

Of Unsecured Creditors of Reliant Life Shares, LLC

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

SAN FERNANDO VALLEY DIVISION

In re

RELIANT LIFE SHARES, LLC,

Debtor.

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF RELIANT LIFE SHARES,
LLC

Plaintiff,

v.

DANIEL COOPER, an individual, and
RICHARD D. COOPER, in his capacity as
trustee for 2010 Irrevocable Trust of BBC,

Defendants.

Chapter 11

Case No. 1:24-bk:11695-MB

Adv. No. _____

COMPLAINT FOR:

- 1. SUBORDINATION PURSUANT TO 11 U.S.C. §510(b);**
- 2. SUBORDINATION PURSUANT TO 11 U.S.C. §510(c);**
- 3. BREACH OF CONTRACT;**
- 4. UNJUST ENRICHMENT/RESTITUTION;**
- 5. AVOIDANCE AND RECOVERY OF FRAUDULENT TRANSFERS PURSUANT TO 11 U.S.C. §§ 548(b) and 550;**
- 6. DISALLOWANCE OF CLAIM PURSUANT TO 11 U.S.C. § 502(d);**
- AND**
- 7. DECLARATORY RELIEF**

Golden Goodrich LLP
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1 The Official Committee of Unsecured Creditors of Reliant Life Shares, LLC (the
2 “Committee”), derivatively on behalf of the estate of Reliant Life Shares, LLC (the “Debtor”
3 or “Reliant”), files this Complaint against Daniel B. Cooper, individually (“Cooper”) and
4 Richard D. Cooper in his capacity as trustee for 2010 Irrevocable Trust of BBC (together
5 with Cooper, the “Cooper Parties” or the “Defendants”). In support of the Complaint, the
6 Committee alleges upon information and belief that:

8 **PRELIMINARY STATEMENT**

9 1. *In re Reliant Life Shares, LLC*, Central District of California Bankruptcy case
10 no. Case No. 1:24-bk:11695-MB, was commenced on October 7, 2024, by voluntary petition
11 under Chapter 11.

12 2. The Committee brings this Complaint to prevent the inequitable prioritization
13 of a Judgment in *Reliant Life Shares, LLC v. Cooper* (and related cross-complaints), Los
14 Angeles Superior Court case no. BC604858 (the “Reliant/Cooper Action”) in favor of the
15 Cooper Parties and against the Debtor and others, which has been amended several times,
16 such that the currently operative Judgment at issue in the present action is the Third
17 Amended Judgment, entered May 12, 2021, in the Reliant/Cooper Action (the “Third
18 Amended Judgment” or “Judgment”). A true and correct conformed copy of the Third
19 Amended Judgment is attached hereto as Exhibit A.

20
21 3. The Third Amended Judgment entered judgment for damages based on
22 claims that arose from the purchase and sale of a security, namely, Cooper’s purchase of a
23 membership interest in the Debtor and damages resulting from other members’ (and the
24 Debtor’s) failure to abide by the Debtor’s operating agreement relative to Cooper’s
25 membership interest. Since the Third Amended Judgment awards damages from the
26 Debtor (and others) based on Cooper’s purchased equity/membership interest in the
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Debtor, the Third Amended Judgment should be equitably subordinated pursuant to 11 U.S.C. § 510(b). Specifically, the Third Amended Judgment should be subordinated (in whole or in part) to claims by the general unsecured creditors and should be subordinated to the level of equity, such that a claim under the Third Amended Judgment would be paid (if at all) after general unsecured creditors are paid in full.

4. Additionally, Cooper and/or the Cooper Parties engaged in inequitable conduct, said conduct injured general unsecured creditors or conferred an unfair advantage on Cooper and/or the Cooper Parties over said creditors, and subordination would not only be consistent with the Bankruptcy Code, it is necessary to prevent an inequitable result in the ultimate distribution of the estate in this action. As such, the Third Amended Judgment should be equitably subordinated pursuant to 11 U.S.C. § 510(c) to claims by general unsecured creditors, and any lien securing such a subordinated claims should be transferred to the Debtor's estate.

5. As a result of Defendants' conduct, The Third Amended Judgment and the nature of the claims that led to the Third Amended Judgment, the Committee now seeks to subordinate Defendants' Judgment against the Debtor, which arose from Cooper's equity interests, pursuant to sections 510(b) and (c) of the Bankruptcy Code.

6. The Committee also seeks to recover damages from Defendants' wrongful conduct relative to the Debtor's payment of \$500,000 less than one year prior to the Debtor's filing of its bankruptcy petition. Specifically, Defendants misled the Receiver (as defined below) into paying them \$500,000 in exchange for what the Receiver believed was an agreement to cooperate in a path to recovery for Reliant and its general unsecured creditors – namely, obtaining Court approval for the pooling of insurance policies (and funds generated from those policies). After receiving the payment, the Cooper Parties reneged

8. Finally, the Committee is asking that the Court declare not only that the Defendants' Judgment is subordinated to the level of equity but also that the Judgment and the lien it purported to create by the filing of a UCC-1 is transferred to the estate, or is otherwise expunged, limited or subordinated – so that the Debtor's use of its assets to maintain and preserve estate assets is not impeded.

9. The Court has subject matter jurisdiction over this adversary proceeding, which arises under title 11, arises in, and relates to a case under title 11, in the United States Bankruptcy Court the Central District of California, San Fernando Valley Division (the “Court”), pursuant to 28 U.S.C. §§ 157 and 1334(b).

COMPLAINT

11. This adversary is a “core” proceeding to be heard and determined by the Court pursuant to 28 U.S.C. § 157(b)(2) and the Court may enter final orders for matters contained herein.

12. Venue is proper in the Central District of California, San Fernando Valley Division pursuant to 28 U.S.C. § 1409.

13. Regardless of whether this proceeding is core, non-core, or otherwise, the Committee consents to the entry of a final order and judgment by the Court, Defendants are hereby notified that Bankruptcy Rule 7008 requires them to plead whether consent is given to the entry of a final order and judgment by the Court.

PARTIES

14. Reliant is a limited liability company organized under the laws of the State of California.

15. The Plaintiff/Committee was appointed by the United States Trustee on November 6, 2024 pursuant to the authority granted to him under section 1102 of the Bankruptcy Code.

16. The Debtor has standing and authority to file the instant Complaint pursuant to a Stipulation with the Debtor.

17. Defendant Daniel B. Cooper is a resident of Kirkland, Washington.

18. Richard D. Cooper is the father of Daniel B. Cooper and the trustee of the 2010 Irrevocable Trust of BBC (the “BBC Trust”).

19. Daniel B. Cooper and Richard D. Cooper as trustee of the 2010 Irrevocable Trust of BBC have acted jointly and collectively as one and are liable for each other’s misconduct relative to the misconduct alleged herein, either as agents of each other, or otherwise.

FACTS COMMON TO ALL COUNTS

A. Reliant's Formation and Business

20. Reliant was formed in 2011 by Cooper, Sean Michaels ("Michaels"), and Joel Kleinfeld ("Kleinfeld").

21. Reliant formed Reliant Life Shares Series Statutory Trust (the "Trust") to hold the life insurance policies that had been purchased from insureds who no longer wanted to pay or could no longer afford to pay the premiums for their policies, and Reliant then sold those policies in fractional interests to investors. In exchange for their purchase of a fractional interest position, the investors were supposedly guaranteed a proscribed portion of the future death benefit of the policy proceeds when the insured died.

22. Reliant did not and does not directly own the life insurance policies that it purchased and thereafter sold to investors. Rather, Reliant's business model was set up so that the legal ownership of the policies was held by the trust. Reliant's trust structure involves multiple separate series trusts (each of which held one policy), and all of which are sub-trusts of the primary Trust.

B. Reliant's Ownership and Member Disputes

23. As of April 2012, Michaels and Cooper jointly held a majority (51%) interest in Reliant through a company called Monaco Holding Company, Inc. ("Monaco") and Kleinfeld held a 49% interest in the company on behalf of Scott Grady.

24. As of December 2012, Monaco owned two-thirds and Kleinfeld owned one-third of the ownership interest in Reliant.

25. Cooper and Michaels were longtime friends who jointly owned other businesses in addition to their interests in Reliant. Cooper was a member/owner of Reliant (indirectly through Monaco) from Reliant's inception, and later became a direct

1 member/owner of Reliant. Cooper acquired a one-third membership interest directly in
2 Reliant on or before November 5, 2013.

3 26. In 2013, after Cooper experienced health issues and stopped working for
4 Reliant, Cooper and Michaels entered into a separation agreement regarding Reliant and
5 other businesses that they jointly owned, which contemplated that Monaco would be
6 dissolved and that "Cooper would maintain a one-third ownership interest" in Reliant. (the
7 "Separation Agreement"). The effective date of the Separation Agreement was December
8 31, 2013.

9 27. Thereafter, Michaels and Kleinfeld stopped paying distributions to Cooper,
10 made hiring decisions and agreed to compensation without consulting Cooper and stopped
11 providing him with regular financial information.

12 28. In November 2015, pursuant to a provision of a third amended operating
13 agreement (purportedly adopted without Cooper's consent) enabling a majority of the
14 members to require a minority member to surrender their ownership interest, Michaels and
15 Kleinfeld (on behalf of Grady) voted to approve the termination of Cooper's membership
16 interest in Reliant.

17 29. Reliant then filed a lawsuit against Defendants in the Superior Court of
18 California County of Los Angeles (the "State Court") seeking a judgment declaring that
19 Reliant had properly terminated Cooper and alleging that Cooper had improperly converted
20 certain company assets.

21 30. Defendants then filed a cross complaint against Reliant, Michaels, Kleinfeld
22 and Grady asserting that Michaels had breached the Separation Agreement, that the other
23 members of Reliant had breached the operating agreement, as well as various other claims
24 of fraud, breach of fiduciary duty of loyalty, fraudulent transfers and an accounting.
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31. Ultimately after a trial and multiple amended judgments, on May 12, 2021, the State Court awarded the following, *inter alia*, to the Cooper Parties through its Third Amended Judgment: (1) damages for breach of Reliant's operating agreement and the Separation Agreement based on Cooper's one-third membership interest in the amount of \$6,028,786.00, plus prejudgment interest of \$1,492,747.98 jointly and severally against Reliant, Michaels, Grady and other trusts of Michaels; (2) \$4,200,000.00, plus pre-judgment interest of \$494,794.52 against various defendants, including Reliant; (3) \$500,000.00 in punitive damages against Grady and his various trusts; and (4) post-judgment interest at ten percent (10%) and fees and costs of \$838,912.89 granted as of June 26, 2020 (the "State Court Judgment").¹ See Exhibit A hereto.

32. On April 4, 2023, the Court of Appeals affirmed the State Court Judgment through published opinion *Reliant Life Shares, LLC v. Cooper*, 80 Cal.App.5th 14 (2023) (the "Reliant Opinion"). The facts established at trial and recognized in the Reliant Opinion (as well as those set out in the Third Amended Judgment) establish that the damages awarded in the State Court Judgment arise out of Cooper's membership/ownership interest in Reliant and rest principally on two grounds: (1) distributions/payments made to members/owners under Reliant's then-existing operating agreement, without payment to Cooper of the (like) amounts owed to him under Reliant's then – existing operating agreement; and (2) failure to pay Cooper a forced buyout price, when the other owners of Reliant forced Cooper out. As such, damages in the State Court Judgment arose out of the purchase and sale of securities, namely, the purchase of Cooper's membership interest in Reliant, as well as the forced buyout of Cooper's membership interest in Reliant. Simply stated, the State Court

¹ The State Court Judgment added PB Consulting # 1, LLC, PB Consulting #2, LLC, 18LS Holdings, LLC, LaForce Holdings, LLC, and the trustees of three of Michaels' trusts as additional judgment debtors.

Judgment awards damages to Cooper based on both the purchase and subsequent sale of Cooper's equity/membership interest in Reliant.

C. Reliant's Receivership

33. The Defendants sought the appointment of a receiver over Reliant. At the Cooper Parties' request and with their consent, in June 2023, the State Court appointed Christopher Conway as the limited receiver over Reliant (the "Receiver"). The State Court also placed a freeze order on Reliant's assets at the same time. The initial limited receivership orders were amended multiple times during the weeks that followed.

34. On August 2, 2023, the State Court granted the Receiver's request for expanded powers and awarded the Receiver sole and exclusive jurisdiction and control over Reliant's assets, management, and business operations (the "Receivership Order"). The Receivership Order specifically suspended the power and authority of any existing members, officers and employees of Reliant.

35. As noted above, Reliant managed its business through a master Trust, which controlled multiple sub-trusts. Each sub-trust held a single insurance policy and had 2 associated accounts with the trustee bank: (1) an operating account; and (2) a reserve account that supposedly held funds from investors for payment of future premiums, costs and expenses required to maintain that policy through a certain period of time. If the funds held in these trust accounts turned out to be insufficient to pay the premium and carrying costs of the policies to keep the policies in force, then investors would be billed for their proportional fractional share of the money needed to pay those premiums, costs, and expenses.

36. All of the sub-trusts under the Trust are separate and distinct from one another, and each sub-trust holds only one life insurance policy. Individual customers of

1 Reliant would purchase specific fractional interest positions as beneficiaries of a specified
2 sub-trust (“FIP” or “FIPs”).

3 37. Under Reliant’s business model, these FIPs entitled those customers in good
4 standing to receive, at some point in the future, a specified monetary payout of a portion of
5 the death benefit of the insurance policy at issue, which amount was fixed upon purchase
6 of the FIPs, assuming the insurance policy remained in force at the time the time of the
7 insured’s death, the insurer paid out on the policy, and the customer paid his or her *pro rata*
8 share of premiums relative to the fractional interest position purchased.

10 38. Importantly, based on the Reliant structure, each FIP in one-particular policy
11 was co-dependent upon all of the other FIPs invested in that policy, such that if one fractional
12 interest position holder did not pay their *pro rata* portion of the premiums, fees or expenses
13 for the policy in their sub-trust, then the entire policy would be at risk of lapsing—which
14 would then cause the entire death benefit to be lost to each and every other fractional
15 interest position holder in that sub-trust.

17 39. Unfortunately, as the Receiver later discovered, Reliant’s business model
18 appears to have been set up to mislead customers about the amount of money they might
19 ultimately have to pay in order to maintain their investment, so that Reliant could count on
20 many of these customers failing or refusing to pay in additional funds to maintain their
21 respective investments, thereby causing the customer’s investment to revert back to Reliant
22 when the customer defaulted after being billed for additional premiums, costs, and fees.
23 This meant that Reliant could then either keep and maintain the customers’ forfeited interest
24 that had reverted back to the Company, or Reliant could resell these same fractional interest
25 positions to a new customer under the model described above). As such, Reliant was
26 designed to (and did) sell fractional shares of life insurance policies using inequitable means
27
28

1 and practices, including during the time when Cooper was a member, owner, officer and/or
2 director of Reliant.

3 40. Worse still, Reliant, the Trust and its sub-Trusts were mismanaged and looted
4 by Cooper's fellow members, owners, officers and/or directors. Among other things, this,
5 resulted in: (a) Reliant's members, owners, officers and/or directors misusing funds held in
6 trust to pay premiums on one policy being used to pay premiums on other policies; (b) billing
7 of even higher "unanticipated" premiums/carrying costs to customers; and (c) creating an
8 accelerated increase of reversion of defaulted/forfeited policy interests to Reliant.
9

10 41. The Reliant business model is further complicated by the fact that for some of
11 the policies, there are unallocated interests which have not been sold—meaning, all of the
12 fractional interests in the policy's net death benefit are not held by customers This is
13 problematic—particularly now—because Reliant does not have any independent operating
14 income available to cover the shortfalls of premiums for those unallocated portions, which
15 is necessary to keep those policies in place and prevent any lapses.
16

17 42. Additionally, some fractional interest position holders have forfeited their
18 positions (which have then reverted back to Reliant), but the pro *rata* premiums attributable
19 to those forfeited positions must still be paid—only Reliant is unable to do so without an
20 incoming source of funds to cover those amounts due.
21

22 43. Considering all of these issues and to effectively manage and stabilize the
23 portfolio and remaining fractional interest position holders and allow a more equitable
24 administration of the receivership assets, the Receiver proposed that all of the assets be
25 collectively pooled together into a common trust structure (the "Pooling Proposal") and that
26 all of the fractional-interest position holders in good standing who wished to remain invested
27 be re-allocated a proportional share of death benefit in the pooled assets. The Pooling
28

1 Proposal provided the best possible opportunity to preserve and administer the assets for
2 the benefit of all creditors, while minimizing the costs and the risks of maintaining the
3 policies.

4 **D. Defendants' Inequitable Conduct**

5 44. Cooper, as an owner, member, officer and/or director while Reliant sold
6 fractional shares of policies under false and/or misleading pretenses, participated and
7 encouraged this scheme and breached his duties in relation thereto, by acting inequitably
8 and fraudulently relative to the customers by failing to prevent Reliant from selling such
9 shares under false and/or misleading pretenses.
10

11 45. Additionally, Cooper acted inequitably and under false pretenses by
12 misleading Reliant's Receiver and Receiver's counsel in order to convince them to pay him
13 \$500,000 toward the State Court Judgment, in exchange for support of the Pooling Proposal
14 and the continuation of the portfolio for the benefit of all. In other words, the Cooper Parties
15 caused Reliant's Receiver and Receiver's counsel to reasonably believe that said payment
16 would, among other things, secure the Cooper Parties' cooperation with and/or non-
17 opposition to the Receiver's efforts to convince the State Court to allow Reliant to pool
18 policies and funds, so that the policies could be preserved and the pooled funds could be
19 used to pay the premiums necessary to maintain the insurance policies.
20

21 46. Within a month after the Cooper Parties' receipt of the funds, however, it
22 quickly became apparent that the Cooper Parties would not cooperate and never had any
23 intention of supporting the Receiver's Pooling Proposal that had been filed with the State
24 Court. Because the Defendants held the largest claim against Reliant and thus the
25 receivership estate, the Receiver, in good faith, reached out to negotiate and get the
26 Defendants' support for the Pooling Proposal before seeking court approval for the same.
27
28

1 The Defendants initially demanded payment in full of the State Court Judgment in exchange
2 for their support of the Pooling Proposal. After some negotiations, the Receiver and
3 Defendants agreed that Defendants would support the Pooling Proposal before the State
4 Court in exchange for \$500,000 to be paid in 4 separate installment payments in May and
5 June 2024 (the "Pooling Proposal Agreement"). But almost immediately after receiving the
6 final payment on the Pooling Proposal Agreement, the Defendants reneged on their promise
7 to support the Pooling Proposal and, in fact, filed an opposition to the proposal in the State
8 Court arguing against any pooling proposal and seeking to have all the remaining funds
9 paid directly to them, knowing it would cause the policies to all lapse and every investor to
10 lose their investment.
11

12 47. Specifically, Defendants filed a motion before the State Court seeking to
13 compel the Receiver to pay them \$1.8 million from the Receivership's operating funds
14 (generated from the sale of 3 life insurance policies that had been approved by the court for
15 operating funds and payment of interim premiums), and asserting that the Third Amended
16 Judgment gave them priority over all other fractional interest position holders and any other
17 creditors—including the Receiver, counsel, and the Receiver's professionals. The
18 Defendants further sought an order assigning to them all of the forfeited interests previously
19 held by other investors—including those investors who made their original investments
20 while Cooper was an owner, officer and/or director of Reliant—and compelling the Receiver
21 to continue making the premium payments on the forfeited interests notwithstanding that
22 Defendants knew Reliant had no ability to generate revenue to cover those payments.
23

24 48. The Defendants' inequitable conduct in relation to the Pooling Proposal
25 Agreement cost Reliant not only the \$500,000 in Pooling Payments made by the Receiver,
26 but also crucial time was lost during the negotiation process, and their objection to the
27
28

1 Pooling Proposal became a major issue that was the subject of ongoing motion practice in
2 the Receivership court.

3 49. Worse still, it reduced the funds available to maintain Reliant's sub-Trust
4 and/or Trust its assets (*i.e.*, unallocated or forfeited interests in the sub-trusts or Trust), and
5 effectively caused and/or worsened Reliant's insolvency. Thus, by taking money from
6 Reliant it needed to maintain critical assets, and by blocking Reliant's ability to preserve
7 those assets through its Pooling Proposal, the Defendants' conduct was a precipitating
8 factor—if not **the** precipitating factor—that forced Reliant into bankruptcy to the detriment
9 of all interested parties.
10

11
12 **COUNT I**

13 **(Subordination Pursuant to 11 U.S.C. § 510(b))**

14 50. Plaintiff hereby incorporates the foregoing paragraphs, as if set forth herein in
15 full.

16 51. Section 510(b) of the Bankruptcy Code provides that “a claim arising from the
17 purchase or sale of a security of the debtor or of an affiliate of the debtor” or for damage
18 arising from such purchase or sale “shall be subordinated to all claims or interests that are
19 senior to or equal the claim or interest represented by such security.”
20

21 52. Defendants' State Court Judgment is just such a claim. It arose from both the
22 purchase and sale of a security of the debtor, namely, Cooper's purchase of his membership
23 interest in Reliant and its subsequent sale. As a result of his purchase, Cooper obtained
24 rights as a member under Reliant's Operating Agreement (and amendments thereto). He
25 also had rights under the Separation Agreement. The Third Amended Judgment liquidated
26 Cooper's claim as a member, awarding damages for the violation of his rights as a member
27 under Reliant's Operating Agreement and the Separation Agreement Those damages
28

1 were, principally, damages for: (a) failure to pay Cooper distributions owed to him due to
2 distributions made to other members; and (b) failure to pay Cooper the appropriate “buy-
3 out price,” when Cooper’s fellow owners/members tried to force him out. In short, the
4 Judgment compensates Cooper for a wrongful violation of rights he acquired from the
5 purchase and sale of his ownership interest in the Debtor. The Judgment, therefore, seeks
6 to make Cooper whole as an equity holder of the Debtor, and must be subordinated to the
7 claims of general unsecured creditors (including the claims of customers, many of whom
8 invested during the time that Cooper was still active in Reliant).

10 53. As a result, if the Third Amended Judgment is treated as a secured claim (or
11 even a general unsecured claim), Defendant Cooper will have circumvented the risk
12 allocation inherent in his equity investment in the Debtor, and he will have unfairly secured
13 a priority position over others he misled while in a position of authority at Reliant.
14 Accordingly, the State Court Judgment should be recharacterized as a general unsecured
15 claim and subordinated to all other general unsecured claims.

17 COUNT II

18 **(Equitable Subordination Pursuant to 11 U.S.C. § 510(c))**

19
20 54. Plaintiff hereby incorporates the foregoing paragraphs, as if set forth herein in
21 full.

22 55. Plaintiff is informed and believes, and based thereon alleges, that Defendants
23 engaged in inequitable conduct relative to the Debtor’s creditors by, among other things,

- 24 a. Creating and then using the Debtor to sell fractional interest positions in life
25 insurance policies through a scheme that required customers to pay a certain
26 amount up front, which supposedly included their fractional proportion of
27 premiums and/or carrying costs for a period of time, while misleading buyers
28

- 1 about what those costs would be, and then enforcing a provision that reverted
2 those fractional interests to the Debtor (in which Defendant Cooper held a
3 third of the ownership interests) when the customers could not and did not
4 pay the increased or unanticipated additional premium fees, expenses, and
5 costs, which, in turn, gives rise to claims by the customers against the Debtor;
6
7 b. Agreeing and/or otherwise misleading the Receiver, in 2024, by suggesting
8 that the Cooper Parties would cooperate in the Receiver's plan to seek Court
9 approval of the Pooling Proposal in exchange for the \$500,000 Pooling
10 Payments, accepting the Pooling Payments (which were completed near mid-
11 to-late June 2024), and thereafter reneging on its agreement to support the
12 Pooling Proposal and actually *opposing* the Pooling Proposal (*i.e.*, by filing a
13 formal opposition to the Receiver's Ex Parte Pooling Application on July 1,
14 2024, and by making additional formal objections and oppositions filed on July
15 30, 2024). In so doing, Cooper (and/or the Cooper Parties), accepted the
16 benefits of the \$500,000 payment and thereafter immediately breached their
17 corresponding obligations, which in turn depleted assets of the estate needed
18 to preserve assets or distribute to creditors, and which thereby injured general
19 unsecured creditors;
20
21 c. Refusing to pay amounts they were obligated to pay to maintain his interest
22 in certain pro-rata positions of policies that they holds, thereby effectively
23 forcing Reliant and/or the Receivership to cover those costs to preserve these
24 assets to the detriment of all others and being unjustly enriched thereby, such
25 that said interests of Cooper should be forfeited to Reliant (thus resounding
26 to the benefit of Reliant's creditors) unless Cooper reimburses Reliant what
27
28

Reliant essentially paid on Cooper's behalf (thus resounding to the benefit of Reliant's creditors); and/or

d. Engaging in other inequitable acts or omissions relative to the Receiver and Reliant's creditors, including without limitation their objections to paying the Receiver that Cooper requested be appointed and Cooper's actions and conduct while he was an owner, director or officer of Reliant.

56. Plaintiff is informed and believes, and based thereon alleges, that the foregoing wrongful and inequitable conduct by Defendants injured creditors and/or conferred unfair advantage on the Defendants.

57. Subordination of the Third Amended Judgment would not be inconsistent with the Bankruptcy Code.

58. Equitably, due to Defendants' wrongful, inequitable and misleading conduct, the Third Amended Judgment should be subordinated to the level of the Debtor's equity interest holders.

COUNT III

(Breach of Contract)

59. Plaintiff hereby incorporates the foregoing paragraphs, as if set forth herein in full.

60. During the Spring of 2024, the Receiver and the Cooper Parties entered into the Pooling Proposal Agreement whereby the Cooper Parties agreed to support the Receiver's Pooling Proposal before the State Court in exchange for \$500,000, which would be paid toward his State Court Judgment. The Pooling Agreement is an actual or quasi contract, formed through oral negotiations, memorialized through a series of e-mails in

2024, and performance by the Debtor in 2024 in voluntarily paying Cooper the
aforementioned \$500,000, which the Cooper Parties accepted.

61. Plaintiff is informed and believes, and based thereon alleges, that Defendants' promise and agreement to support the Receiver's Pooling Proposal on behalf of the Debtor before the State Court to allowing pooling of the Debtor's assets held in single policy trusts, in exchange for the \$500,000 Pooling Payment, was false when made by Cooper.

62. Upon receipt of the \$500,000 Pooling Payment, Defendant Cooper promptly breached his obligations under the Pooling Proposal Agreement and/or the contractual covenant of good faith and fair dealing therein by refusing and failing to cooperate with the Receiver's Pooling Proposal, and by directly opposing and thwarting the Receiver's Pooling Proposal, seeking to have it rejected by the State Court.

63. As a result of Defendants' failure to perform and breach of the Pooling Proposal Agreement, the Debtor was damaged in an amount to be determined at trial.

64. The Debtor is entitled to recover, at its election, either: (a) damages in an amount to be determined at trial; or (b) rescission of the Pooling Proposal Agreement and return of the \$500,000 Pooling Payments the Debtor paid to Defendants.

COUNT IV

(Unjust Enrichment/Restitution)

65. Plaintiff hereby incorporates the foregoing paragraphs as if set forth herein in full.

66. Plaintiff is informed and believes and based thereon alleges that Defendants were improperly and unfairly enriched by receipt of the \$500,000 Pooling Payment, at the expense of the Debtor and the Debtor's general unsecured creditors, such that it would be unjust for Defendants to retain that benefit because, among other things: (a) Reliant was

1 misled and/or deceived into making the \$500,000 payment; (b) the \$500,000 payment
2 allowed Defendants to obtain more than that to which they were (and/or they were) entitled
3 on the State Court Judgment, inasmuch as the State Court Judgment should be (and/or
4 should have been treated as being) subordinated to Reliant's creditors; and/or (c) failing
5 and/or refusing to pay amounts Cooper owed to maintain his fractional interest positions,
6 thus forcing Reliant to pay Cooper's share or lose its own (and now its creditors') assets,
7 unjustly enriching Cooper at the expense of Reliant and its creditors, and leaving Cooper
8 unjustly enriched by either the amount Reliant paid on Cooper's behalf to maintain his (and
9 by extension everyone else's) fractional interest positions, the fractional interest positions
10 that Reliant paid on Cooper's behalf, or the value of said positions..

11
12 67. The Debtor is entitled to restitution of the afore-mentioned \$500,000 Pooling
13 Payment it made to Defendants, because Defendants would be unjustly enriched if they
14 were allowed to keep it under the facts alleged herein. Additionally, the Debtor is entitled to
15 recover the payments made on Defendants' behalf for Cooper's fractional interest positions
16 so paid (e.g., his pro-rata shares of premiums, costs, and expenses) or the value of those
17 fractional interest positions.
18

19 68. Plaintiff is informed and believes and based thereon alleges that the Debtor
20 was (and the Debtor's general unsecured creditors were) damaged as a result of its
21 payment of \$500,000 to Defendants and Defendants' unjust retention of the Pooling
22 Payment, as well as by the amounts paid by the Debtor on Cooper's behalf to maintain his
23 fractional interest positions, said interests and/or the value thereof.
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COUNT V

**(Avoidance and Recovery of Fraudulent Transfers
Pursuant to 11 U.S.C. §§ 548(b), 550)**

69. Plaintiff hereby incorporates the foregoing paragraphs, as if set forth herein in full.

70. Plaintiff is informed and believes and based thereon alleges that the Debtor received less than reasonably equivalent value in exchange for the \$500,000 Pooling Payments made to Defendants, including without limitation because the State Court Judgment should be subordinated.

71. Plaintiff is further informed and believes and based thereon alleges that the Debtor: (a) was insolvent on the date that the Pooling Payments totaling \$500,000 were made or such obligation was incurred, or the Debtor became insolvent as a result of such transfer or obligation; and/or (b) the Debtor believed it would incur debts that would be beyond the its ability to pay as such debts matured, especially if the Debtor could not convince the Court to permit pooling.

72. The Pooling Payments constitute fraudulent transfers avoidable under 11 U.S.C. § 548(b).

COUNT VI

(Disallowance of Claim Pursuant to 11 U.S.C. § 502(d))

73. Plaintiff adopts and incorporates the foregoing paragraphs as if fully set forth herein.

74. Defendant Cooper is the recipient of avoidable fraudulent transfers recoverable under 11 U.S.C. § 548.

75. Defendant has not returned or repaid the avoidable transfer (and/or other moneys owed) to the estate and until such transfer is repaid, Defendant Cooper's claim

1 against the estate, to the extent any is made, must be disallowed in its entirety pursuant to
2 11 U.S.C. § 502(d).

3
4 **COUNT VII**

5 **(Declaratory Relief)**

6 76. Plaintiff adopts and incorporates the foregoing paragraphs as if fully set forth
7 herein.

8 77. An actual and justiciable controversy exists regarding whether and/or to what
9 extent the Third Amended Judgment should be subordinated (in whole or in part) to the level
10 of equity, to the level of unsecured debt, or to some other or different level.

11 78. An actual and justiciable controversy exists regarding whether and/or to what
12 extent the Third Amended Judgment creates any claim whatsoever against Trust and/or
13 sub-Trust funds that are managed or held by the Debtor, especially those Trust and/or sub-
14 Trust funds that are held by the Debtor in whole or in part on behalf of the Trust's and/or
15 sub-Trusts (Non-Debtor) beneficiaries.

16 79. An actual and justiciable controversy exists regarding whether and/or to what
17 extent the Third Amended Judgment and the UCC-1s filed by Defendant Cooper in
18 connection therewith create any security interest in any assets acquired by the Debtor, the
19 Trust or the sub-Trusts post-petition.

20 80. Although the Committee believes that the Third Amended Judgment is not a
21 secured claim at all (and should not be treated as such), to the extent that it is secured its
22 secured claim must be limited to assets of the Debtor only as of the commencement of the
23 case.

24 81. Declaratory relief should be granted that the Third Amended Judgment only
25 attaches to assets held by the Debtor as of the Petition Date pursuant to 11 U.S.C. § 552.
26
27
28

1 82. Declaratory relief also should be granted that the Third Amended Judgment
2 only attached to assets held by the Debtor as of the Petition Date and not those held by the
3 Trust or any sub-trust because the Judgment is only against the Debtor (and other named
4 defendants) and not the Trust or any sub-trust.

5 83. The requested declaration will resolve the legal uncertainty and controversy
6 between the parties.
7

8 **WHEREFORE**, Plaintiff prays the Court enter a judgment against Defendant and in
9 favor of Plaintiff as follows:

- 10 1. Subordinating the Third Amended Judgment to the level of equity (or such
11 other level as the Court determines is appropriate) pursuant to 11 U.S.C. §
12 510(b);
- 13 2. Subordinating the Third Amended Judgment to the level of equity (or such
14 other level as the Court determines is appropriate) pursuant to 11 U.S.C. §
15 510(c);
- 16 3. Awarding \$500,000 as damages, rescission/restitution and/or disgorgement
17 of moneys whose retention by Defendants would be unjust; Awarding to the
18 Debtor the amounts paid by the Debtor on Cooper's behalf to maintain his
19 fractional interest position(s), said interest(s) or the value thereof;
- 20 4. Finding that the Third Amended Judgment only attaches to assets held by the
21 Debtor as of the Petition Date pursuant to 11 U.S.C. § 552;
- 22 5. Finding that the Third Amended Judgment only attached to assets held by the
23 Debtor as of the Petition Date, and not to funds and/or assets held in trust for
24 customers for the payment of insurance premiums, or funds or assets held in
25 the sub-trusts of Reliant's Trust;
- 26 6. Avoiding all fraudulent transfers from Plaintiff to Defendants (or either of
27 them), which transfers are believed to equal or exceed \$500,000, directing
28 Defendants to return such funds to the Debtor's bankruptcy estate pursuant

to 11 U.S.C. §550 and preserving the fraudulently transferred property (or value thereof) for the benefit of the Debtor's bankruptcy estate;

7. Disallowing any claims by Cooper pursuant to 11 U.S.C. § 502(d), until Cooper has paid or turned over to the Plaintiff (or estate) all property belonging to the Debtor, including without limitation fraudulent transferred property believed to equal or exceed \$500,000;

8. Issuing injunctive and/or provisional relief as necessary and/or appropriate;

9. Awarding Plaintiff's attorneys' fees and costs as allowed by applicable law; and

10. Awarding such other and/or further relief as the Court deems just and proper.

Respectfully submitted,

Dated: January 13, 2025

GOLDEN GOODRICH LLP

By: /s/ Jeffrey I. Golden

JEFFREY I. GOLDEN

Counsel to Official Committee
Of Unsecured Creditors of Reliant Life Shares,
LLC

Golden Goodrich LLP
3070 Bristol Street, Suite 640
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EXHIBIT A

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FILED
Superior Court of California
County of Los Angeles

MAY 12 2021

Sherri R. Carter, Executive Officer/Clerk
by Reanna Redmond Deputy

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES, VAN NUYS COURTHOUSE**

RELIANT LIFE SHARES, LLC, a California
Limited Liability Company,

Plaintiff,

vs.

DANIEL B. COOPER, an individual; and
RICHARD D. COOPER in his capacity as
trustee for 2010 IRREVOCABLE TRUST OF
BBC,

Defendants.

CASE NO. BC604858

Assigned to the Hon. Huey P. Cotton
Department: A

**THIRD AMENDED ~~PROPOSED~~
JUDGMENT**

DANIEL B. COOPER, an individual, and
RICHARD D. COOPER, in his capacity as
trustee of the 2010 Irrevocable Trust of BBC,

Cross-Complainants,

vs.

SEAN MICHAELS, an individual, SCOTT
GRADY, an individual, JOEL KLEINFELD, an
individual, ANDREW MURPHY, an individual,
RELIANT LIFE SHARES, LLC, PB
CONSULTING, LLC, AMERICAN LIFE
SHARES, INC., and DOES 1-10,

Cross-Defendants.

1 The Court having conducted a non-jury trial from December 9, 2018 to January 18, 2019,
2 and having made findings of fact and conclusions of law in connection with that trial (entered by
3 the Court on September 6, 2019), and a jury having rendered a verdict on December 20, 2019
4 after a jury trial, and the Court having made further findings of fact and conclusions of law in
5 January 2020 (including concerning prejudgment interest reserved to the court by stipulation and
6 concerning the value of Daniel Cooper's one-third interest in Reliant Life Shares, LLC), and
7 following hearings on January 29, March 5, 2020, and April 28, 2021, and good cause appearing
8 to the satisfaction of the Court, IT IS HEREBY ORDERED, ADJUDGED AND DECREED as
9 follows:

10 **RELIANT LIFE SHARES, LLC'S FIRST CAUSE OF ACTION**

11 **FOR DECLARATORY RELIEF**

12 1. On the cause of action by Reliant Life Shares, LLC, a California Limited Liability
13 Company (hereinafter "Reliant") and against Daniel B. Cooper and Richard D. Cooper, in his
14 capacity as trustee of the 2010 Irrevocable Trust of BBC (hereinafter, the "Cooper Parties") for
15 declaratory relief, JUDGMENT is hereby entered in favor of the Cooper Parties and against
16 Reliant on the basis that:

17 a. Reliant did not act in a legally enforceable manner and did not follow the
18 proper procedure for the removal of Daniel Cooper as a Member of Reliant; and as a result,
19 Daniel Cooper remained a current 1/3 owner of Reliant, and entitled to receive one-third of all
20 monies paid to Sean Michaels and Scott Grady from November 2013 through the present.

21 b. Reliant violated its obligations to provide the Cooper Parties with accurate
22 and reliable financial information pursuant to the Operating Agreement of Reliant and Reliant
23 never provided Cooper with regularly required financial statements; and based on its willful
24 disobedience and violation of the Operating Agreement, Reliant is estopped from attempting to
25 enforce the provisions of the Operating Agreement at the time that it sought to terminate Daniel
26 Cooper's ownership interest.

27 c. Reliant and its Members failed to comply with the requirement in the
28 Operating Agreement to provide Daniel Cooper with access to Reliant's financial records on an

1 ongoing basis, and actively interfered with the efforts of consultants working on Daniel Cooper's
2 behalf to acquire this information.

3 2. Based on the foregoing, Daniel Cooper is entitled to receive 1/3 of all monies and
4 assets that have been transferred from Reliant to Sean Michaels ("Michaels"), Scott Grady
5 ("Grady"), and their respective entities and is entitled to a buy-out of his 1/3 ownership interest
6 based on a valuation date of January 1, 2019.

7 **RELIANT LIFE SHARES LLC'S SECOND CAUSE OF ACTION FOR CONVERSION**

8 3. On the cause of action by Reliant against Daniel B. Cooper for conversion,
9 JUDGMENT is hereby entered in favor of Daniel B. Cooper and against Reliant, and Reliant
10 shall take nothing on this cause of action.

11 **VALUATION OF THE COOPER PARTIES' ONE-THIRD INTEREST IN RELIANT AND**
12 **PREJUDGMENT INTEREST**

13 4. The valuation date for any analysis of the Cooper Parties' interest in Reliant shall
14 be set for January 1, 2019.

15 5. The Court, having considered the jury's advisory verdict of December 20, 2019,
16 hereby ADJUDGES that the value of the Cooper Parties' one-third interest in Reliant as of
17 January 1, 2019, was \$4,200,000.00 (four million two hundred thousand dollars). This valuation
18 amount shall constitute the "Fair Option Price" of the Cooper Parties' membership interest in
19 Reliant, as that term is defined within Reliant's Operating Agreement. Additionally, this is the
20 valuation amount before prejudgment interest.

21 6. The matter of prejudgment interest having been reserved to the Court by
22 stipulation, the Court hereby ADJUDGES that prejudgment interest on the \$4,200,000.00
23 valuation amount shall be calculated at 10 percent simple interest from January 1, 2019 to and
24 until the date of entry of judgment.

25 7. As judgment is entered on or after March 5, 2020, prejudgment interest is awarded
26 to the Cooper Parties in the sum of \$494,794.52 from January 1, 2019 to March 5, 2020, plus
27 \$1,150.68 per day commencing March 6, 2020 to date of entry of this judgment.

28 8. Upon entry of this Judgment, Defendants Sean Michaels, Scott Grady, and Reliant
Life Shares, LLC, and additionally named judgment debtors PB Consulting, LLC, a California

1 limited liability company, PB Consulting #2, LLC, a California limited liability company, 18LS
2 Holdings, LLC, a California limited liability company, and LaForce Holdings, LLC, a California
3 limited liability company shall be jointly and severally liable to pay the valuation amount of
4 \$4,200,000.00 plus prejudgment interest in the amount of \$494,794.52 (as set forth above) to the
5 Cooper Parties in exchange for the transfer of all of the Cooper Parties' ownership interest in
6 Reliant. Attached hereto as Exhibit "A," and incorporated by reference as if set forth fully herein,
7 is the Irrevocable Resolution of Reliant Life Shares, LLC, dated March 4, 2020. In addition to
8 the items set forth in Resolution 6 therein, the Court hereby orders as follows:

- 9 a. Payments of attorneys' and accountants fees (Resolution 6(k)) shall not exceed in
10 any given month the amounts paid to the Cooper Parties pursuant to the resolution.
11 If any payments to accountants or attorneys would exceed the amount to be paid to
12 Cooper in any given month, that payment shall be deferred to a future month and
13 in no event in any month shall the total payments to attorneys and accountants
14 exceed the amount paid to the Cooper Parties.
- 15 b. Mr. Scott Grady shall not, directly or indirectly, compete in any fashion with
16 Reliant's conduct of the fractional life insurance business in California and shall
17 not take any actions to create, manage, or consult with anyone engaging in the sale
18 of fractional life securities in California.
- 19 c. Mr. Larry Kanter shall serve as the financial ombudsman of Reliant, and shall
20 provide monthly reports to The Cooper Parties and Chris Stevens to demonstrate
21 that Reliant is abiding by the terms set forth herein, including promptly responding
22 in writing to any inquiry by Cooper or his representatives regarding the contents of
23 these monthly reports, including providing any back up documents requested by
24 Cooper. The payment for Cooper's ownership interest shall occur pursuant to a
25 payment plan in which Reliant agrees to pay at least \$72,222 per month to Cooper.
26 If Reliant materially breaches this paragraph, Cooper shall be permitted to
27 immediately seek ex parte relief to apprise the Court of the violation and to seek
28 immediate relief. The \$4.2 million buy-out award shall continue to accrue post-
judgment interest until satisfied in full.

ALTER EGO

9. Defendant Michaels utilized Reliant and his entities PB Consulting, LLC, PB Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the 2007 Irrevocable MMA Trust, the RLM Trust, and 18LS Holdings, LLC (the “Michaels Entities”) as an extension of himself by disregarding corporate formalities, comingling money, and transferring assets without consideration; so much so that Reliant and the Michaels Entities are alter egos of Michaels. Similarly, Michaels is deemed to be the alter ego of Reliant. This finding of alter ego liability shall continue through February 25, 2018, the date on which Michaels sold his interest in Reliant.

10. Defendant Grady utilized Reliant and his entities LaForce Holdings, LLC, Tristan Capital, Inc., the RLS Trust, and the SLG Trust (the “Grady Entities”) as an extension of himself by disregarding corporate formalities, comingling money, and transferring assets without consideration; so much so that Reliant and the Grady Entities are alter egos of Grady. Similarly, Grady is deemed to be the alter ego of Reliant.

FINDING OF ADDITIONAL JUDGMENT DEBTORS

11. On September 29, 2020, the Court found that the following are additional judgment debtors:

- a. PB Consulting, LLC, a California limited liability company;
- b. PB Consulting #2, LLC, a California limited liability company;
- c. 18LS Holdings, LLC, a California limited liability company; and
- d. LaForce Holdings, LLC, a California limited liability company.

On April 28, 2021, the Court found that the following are additional judgment debtors:

- a. Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, and any other successor trustee of said Trust;
- b. Romelli Cainong, Trustee for the RLM Trust, and any other successor trustee of said Trust; and
- c. Romelli Cainong, Trustee for the 2007 Irrevocable MMA Trust, and any other successor trustee of said Trust.

THE COOPER PARTIES' FIRST CAUSE OF ACTION

BREACH OF CONTRACT (OPERATING AGREEMENT)

12. On the Cooper Parties' first cause of action for Breach of Contract (Operating Agreement), the Cooper Parties are awarded JUDGMENT, jointly and severally, against defendants Sean Michaels (the Court has found that the following entities are alter egos of Sean Michaels: PB Consulting, LLC, PB Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the 2007 Irrevocable MMA Trust, the RLM Trust, and 18LS Holdings, LLC), Scott Grady (the Court has found that the following entities are alter egos of Scott Grady: LaForce Holdings, LLC, Tristan Capital, Inc., the RLS Trust, and the SLG Trust) and the following judgment debtors: PB Consulting, LLC, a California limited liability company, PB Consulting #2, LLC, a California limited liability company, 18LS Holdings, LLC, a California limited liability company, LaForce Holdings, LLC, a California limited liability company, Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust, and any other successor trustee of said Trusts, in the sum of \$6,028,786.00 (six million twenty-eight thousand seven hundred eighty-six dollars), plus prejudgment interest thereon at 10 percent simple interest (as set forth in the immediately following paragraph), plus post judgment interest at the rate of 10 percent simple on the sum of the \$6,028,786.00 until paid.

13. The matter of prejudgment interest having been reserved to the Court by stipulation, and the Court having determined to award prejudgment interest, the Cooper Parties are awarded prejudgment interest for the Breach of Contract (Operating Agreement) cause of action against defendants Sean Michaels (the Court has found that the following entities are alter egos of Sean Michaels: PB Consulting, LLC, PB Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the 2007 Irrevocable MMA Trust, the RLM Trust, and 18LS Holdings, LLC) Scott Grady (the Court has found that the following entities are alter egos of Scott Grady: LaForce Holdings, LLC, Tristan Capital, Inc., the RLS Trust, and the SLG Trust) and the following judgment debtors: PB Consulting, LLC, a California limited liability company, PB Consulting #2, LLC, a California limited liability company, 18LS Holdings, LLC, a California limited liability company, LaForce Holdings, LLC, a California limited liability company, and Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007

1 Irrevocable MMA Trust, and any other successor trustee of said Trusts. Said interest shall be in
2 the amount of \$1,492,747.98 plus post judgment interest at the daily rate of \$1,651.72 per day
3 commencing March 6, 2020.

4 14. Accordingly, the Cooper Parties' damages (including prejudgment interest) for the
5 Cooper Parties' first cause of action for Breach of Contract (Operating Agreement) shall be
6 \$7,521,533.98 as of March 5, 2020 plus \$1,651.72 per day commencing March 6, 2020.

7 15. On the Cooper Parties' first cause of action for Breach of Contract (Operating
8 Agreement), the Cooper Parties shall take nothing from defendant Joel Kleinfeld, and
9 JUDGMENT is entered in favor of Joel Kleinfeld.

10 16. Mr. Kleinfeld shall recover his attorneys' fees in this matter in the amount of
11 \$43,875, payable to Barnhill & Vaynerov, LLP, and \$89,474.98 payable to Christopher Stevens,
12 Esq. Such payments are to be made within 5 days of receipt by Mr. Cooper of the funds from the
13 life insurance policy of Salim Friwat.

14 17. The Court has determined that the following are additional judgment debtors in the above-
15 referenced cause of action:

- 16 a. PB Consulting, LLC, a California limited liability company;
17 b. PB Consulting #2, LLC, a California limited liability company;
18 c. 18LS Holdings, LLC, a California limited liability company; and
19 d. LaForce Holdings, LLC, a California limited liability company; and
20 e. Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, the RLM Trust,
21 and the 2007 Irrevocable MMA Trust, and any other successor trustee of said
22 Trusts.

23 **THE COOPER PARTIES' SECOND CAUSE OF ACTION**
24 **FOR BREACH OF CONTRACT (SEPARATION AGREEMENT)**

25 18. On the Cooper Parties' second cause of action for Breach of Contract (Separation
26 Agreement), the Cooper Parties are awarded JUDGMENT, against defendant Sean Michaels (the
27 Court has found that the following entities are alter egos of Sean Michaels: PB Consulting, LLC,
28 PB Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the 2007 Irrevocable MMA Trust,
the RLM Trust, and 18LS Holdings, LLC), and the following judgment debtors: PB Consulting,

1 LLC, a California limited liability company, PB Consulting #2, LLC, a California limited liability
2 company, 18LS Holdings, LLC, and Romelli Cainong, Trustee for the 2007 Irrevocable Octopus
3 Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust, and any other successor trustee of
4 said Trusts, in the sum of \$6,028,786.00 (six million twenty-eight thousand seven hundred
5 eighty-six dollars), plus prejudgment interest thereon at 10 percent simple interest as set forth in
6 paragraph 13 above, plus post judgment interest at the rate of 10 percent simple on the sum of the
7 \$6,028,786.00 until paid.

8 19. The matter of prejudgment interest having been reserved to the Court by
9 stipulation, and the Court having determined to award prejudgment interest hereby does so in
10 accordance to the calculations set forth in paragraph 13 above.

11 20. Accordingly, the Cooper Parties' damages (including prejudgment interest) for the
12 Cooper Parties' second cause of action for Breach of Contract (Separation Agreement) shall be
13 \$8,791,441.65 as of March 5, 2020 plus \$1,651.72 per day commencing March 6, 2020. In
14 addition, such damages amount shall bear post judgment interest at the rate of 10 percent simple
15 interest until paid.

16 21. The Court finds and concludes that the damages awarded against defendant Sean
17 Michaels (the Court has found that the following entities are alter egos of Sean Michaels: PB
18 Consulting, LLC, PB Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the 2007
19 Irrevocable MMA Trust, the RLM Trust, and 18LS Holdings, LLC) and the following judgment
20 debtors: PB Consulting, LLC, a California limited liability company, PB Consulting #2, LLC, a
21 California limited liability company, 18LS Holdings, LLC, and Romelli Cainong, Trustee for the
22 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust, and any
23 other successor trustee of said Trusts, in the sum of \$6,028,786.00 (six million twenty-eight
24 thousand seven hundred eighty-six dollars) for the Cooper Parties' second cause of action for
25 Breach of Contract (Separation Agreement) are duplicative of the damages awarded against
26 defendant Sean Michaels (the Court has found that the following entities are alter egos of Sean
27 Michaels: PB Consulting, LLC, PB Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the
28 2007 Irrevocable MMA Trust, the RLM Trust, and 18LS Holdings, LLC) and the following
judgment debtors: PB Consulting, LLC, a California limited liability company, PB Consulting #2,

1 LLC, a California limited liability company, 18LS Holdings, LLC, and Romelli Cainong, Trustee
2 for the 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust,
3 and any other successor trustee of said Trusts, for the Cooper Parties' first cause of action for
4 Breach of Contract (Operating Agreement) such that the Cooper Parties may only recover the
5 award of \$6,028,786.00 (six million twenty-eight thousand seven hundred eighty-six dollars),
6 plus prejudgment and post judgment interest, once with respect to the first and second causes of
7 action.

8 22. The Court has determined that the following are additional judgment debtors in the above-
9 referenced cause of action:

- 10 a. PB Consulting, LLC, a California limited liability company;
11 b. PB Consulting #2, LLC, a California limited liability company;
12 c. 18LS Holdings, LLC, a California limited liability company; and
13 d. Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, the RLM Trust,
14 and the 2007 Irrevocable MMA Trust, and any other successor trustee of said
15 Trusts.

16 **THE COOPER PARTIES' FIFTH CAUSE OF ACTION**
17 **FOR FRAUD**

18 23. The jury finds in favor of the Cooper Parties and against defendants Sean Michaels
19 (the Court has found that the following entities are alter egos of Sean Michaels: PB Consulting,
20 LLC, PB Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the 2007 Irrevocable MMA
21 Trust, the RLM Trust, and 18LS Holdings, LLC), Scott Grady (the Court has found that the
22 following entities are alter egos of Scott Grady: LaForce Holdings, LLC, Tristan Capital, Inc., the
23 RLS Trust, and the SLG Trust), and the following judgment debtors: PB Consulting, LLC, a
24 California limited liability company, PB Consulting #2, LLC, a California limited liability
25 company, 18LS Holdings, LLC, a California limited liability company, LaForce Holdings, LLC,
26 a California limited liability company, and Romelli Cainong, Trustee for the 2007 Irrevocable
27 Octopus Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust, and any other successor
28 trustee of said Trusts, on the Cooper Parties' fifth cause of action for fraud based on the Cooper
Parties' allegations that defendants intentionally and fraudulently misrepresented material facts

1 and concealed material information from the Cooper Parties with respect to the Cooper Parties'
2 rights and interests as an owner of Reliant.

3 24. As a result of this finding of fraud, the Cooper Parties are awarded JUDGMENT
4 on the Cooper Parties' fifth cause of action for fraud against defendant Sean Michaels (the Court
5 has found that the following entities are alter egos of Sean Michaels: PB Consulting, LLC, PB
6 Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the 2007 Irrevocable MMA Trust, the
7 RLM Trust, and 18LS Holdings, LLC) and the following judgment debtors: PB Consulting, LLC,
8 a California limited liability company, PB Consulting #2, LLC, a California limited liability
9 company, 18LS Holdings, LLC, a California limited liability company, Romelli Cainong, Trustee
10 for the 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust,
11 and any other successor trustee of said Trusts, in the sum of \$2,743,626.00 (two million seven
12 hundred forty-three thousand six hundred and twenty-six dollars), plus post judgment interest at
13 the rate of 10 percent simple interest until paid.

14 25. As a result of this finding of fraud, the Cooper Parties are awarded JUDGMENT
15 on the Cooper Parties' fifth cause of action for fraud against defendant Scott Grady (the Court has
16 found that the following entities are alter egos of Scott Grady: LaForce Holdings, LLC, Tristan
17 Capital, Inc., the RLS Trust, and the SLG Trust) and the following judgment debtor: LaForce
18 Holdings, LLC, a California limited liability company, in the sum of \$2,743,626.00 (two million
19 seven hundred forty-three thousand six hundred twenty-six dollars), plus post judgment interest at
20 the rate of 10 percent simple interest until paid.

21 26. On the Cooper Parties' fifth cause of action for Fraud, the Cooper Parties shall
22 take nothing from defendant Andrew Murphy, and JUDGMENT is entered in favor of Andrew
23 Murphy. In the interests of justice, no costs of suit or attorneys' fees are awarded to Andrew
24 Murphy.

25 27. The Court finds and concludes that the damages for Fraud awarded against
26 defendants Sean Michaels (the Court has found that the following entities are alter egos of Sean
27 Michaels: PB Consulting, LLC, PB Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the
28 2007 Irrevocable MMA Trust, the RLM Trust, and 18LS Holdings, LLC) and Scott Grady (the
Court has found that the following entities are alter egos of Scott Grady: LaForce Holdings, LLC,

Tristan Capital, Inc., the RLS Trust, and the SLG Trust), and the following judgment debtors: PB Consulting, LLC, a California limited liability company, PB Consulting #2, LLC, a California limited liability company, 18LS Holdings, LLC, a California limited liability company, LaForce Holdings, LLC, a California limited liability company, and Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust, and any other successor trustee of said Trusts, are duplicative of and included within the damages awarded against Defendants Sean Michaels, Scott Grady, and the following judgment debtors: PB Consulting, LLC, a California limited liability company, PB Consulting 2, LLC, a California limited liability company, 18LS Holdings, LLC, a California limited liability company, LaForce Holdings, LLC, a California limited liability company, and Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust, and any other successor trustee of said Trusts for the Cooper Parties' first cause of action for Breach of Contract (Operating Agreement) such that the Cooper Parties may only recover the maximum total award of \$6,028,786.00 (six million twenty-eight thousand seven hundred and eighty-six dollars), plus prejudgment and post judgment interest, once with respect to the first and fifth causes of action.

28. The Court has determined that the following are additional judgment debtors in the above-referenced cause of action:

- a. PB Consulting, LLC, a California limited liability company;
- b. PB Consulting #2, LLC, a California limited liability company;
- c. 18LS Holdings, LLC, a California limited liability company;
- d. LaForce Holdings, LLC, a California limited liability company; and
- e. Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust, and any other successor trustee of said Trusts.

THE COOPER PARTIES' SIXTH CAUSE OF ACTION
FOR BREACH OF THE DUTY OF LOYALTY

29. The Jury finds in favor of the Cooper Parties and against defendants Sean Michaels (the Court has found that the following entities are alter egos of Sean Michaels: PB

1 Consulting, LLC, PB Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the 2007
2 Irrevocable MMA Trust, the RLM Trust, and 18LS Holdings, LLC), Scott Grady (the Court has
3 found that the following entities are alter egos of Scott Grady: LaForce Holdings, LLC, Tristan
4 Capital, Inc., the RLS Trust, and the SLG Trust), and the following judgment debtors: PB
5 Consulting, LLC, a California limited liability company, PB Consulting #2, LLC, a California
6 limited liability company, 18LS Holdings, LLC, a California limited liability company, LaForce
7 Holdings, LLC, a California limited liability company, and Romelli Cainong, Trustee for the
8 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust, and any
9 other successor trustee of said Trusts, on the Cooper Parties' sixth cause of action for Breach of
10 the Duty of Loyalty based on allegations that defendants violated their fiduciary duties to the
11 Cooper Parties by, while acting in their capacity as Members and/or in the case of defendant
12 Michaels a Manager of Reliant Life Shares, secreting funds from Reliant to themselves and their
13 entities, by deliberately keeping excessive compensation and other payments off of Reliant's
14 financial records, and by actively concealing from and/or misrepresenting in writing these facts
15 from the Cooper Parties.

16 30. On the sixth cause of action for Breach of the Duty of Loyalty, the Cooper Parties
17 are awarded JUDGMENT against defendant Sean Michaels (the Court has found that the
18 following entities are alter egos of Sean Michaels: PB Consulting, LLC, PB Consulting 2, LLC,
19 the 2007 Irrevocable Octopus Trust, the 2007 Irrevocable MMA Trust, the RLM Trust, and 18LS
20 Holdings, LLC) and the following judgment debtors: PB Consulting, LLC, a California limited
21 liability company, PB Consulting #2, LLC, a California limited liability company, 18LS
22 Holdings, LLC, a California limited liability company, and Romelli Cainong, Trustee for the
23 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust, and any
24 other successor trustee of said Trusts, in the sum of \$3,014,393.00 (three million fourteen
25 thousand three hundred ninety-three dollars), plus post judgment interest at the rate of 10 percent
26 simply interest, until paid.

27 31. On the sixth cause of action for Breach of the Duty of Loyalty, the Cooper Parties
28 are awarded JUDGMENT against defendant Scott Grady (the Court has found that the following
entities are alter egos of Scott Grady: LaForce Holdings, LLC, Tristan Capital, Inc., the RLS

1 Trust, and the SLG Trust) in the sum of \$3,014,393.00 (three million fourteen thousand three
2 hundred ninety-three dollars), and the following judgment debtor: LaForce Holdings, LLC, a
3 California limited liability company, plus post judgment interest at the rate of 10 percent simply
4 interest, until paid.

5 32. The Court finds and concludes that the Breach of the Duty of Loyalty damages
6 awarded against defendants Sean Michaels (the Court has found that the following entities are
7 alter egos of Sean Michaels: PB Consulting, LLC, PB Consulting 2, LLC, the 2007 Irrevocable
8 Octopus Trust, the 2007 Irrevocable MMA Trust, the RLM Trust, and 18LS Holdings, LLC),
9 Scott Grady (the Court has found that the following entities are alter egos of Scott Grady:
10 LaForce Holdings, LLC, Tristan Capital, Inc., the RLS Trust, and the SLG Trust), and the
11 following judgment debtors: PB Consulting, LLC, a California limited liability company, PB
12 Consulting #2, LLC, a California limited liability company, 18LS Holdings, LLC, a California
13 limited liability company, LaForce Holdings, LLC, a California limited liability company, and
14 Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007
15 Irrevocable MMA Trust, and any other successor trustee of said Trusts, are duplicative of and
16 included within the damages awarded against defendants Sean Michaels and Scott Grady for the
17 Cooper Parties' first cause of action for Breach of Contract (Operating Agreement) such that the
18 Cooper Parties may only recover the award of \$6,028,786.00 (six million twenty-eight thousand
19 seven hundred and eighty-six dollars), plus prejudgment and post judgment interest, once with
20 respect to the first and sixth causes of action.

21 33. On the Cooper Parties' sixth cause of action for Breach of the Duty of Loyalty, the
22 Cooper Parties shall take nothing from defendants Andrew Murphy and Joel Kleinfeld, and
23 JUDGMENT is entered in favor of defendants Andrew Murphy and Joel Kleinfeld. In the
24 interests of justice, no costs of suit or attorneys' fees are awarded to defendant Andrew Murphy.

25 34. The Court has determined that the following are additional judgment debtors in the above-
26 referenced cause of action:

- 27 a. PB Consulting, LLC, a California limited liability company;
- 28 b. PB Consulting #2, LLC, a California limited liability company;
- c. 18LS Holdings, LLC, a California limited liability company;

- 1 d. LaForce Holdings, LLC, a California limited liability company; and
2 e. Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, the RLM Trust,
3 and the 2007 Irrevocable MMA Trust, and any other successor trustee of said
4 Trusts.

5 **THE COOPER PARTIES' SEVENTH CAUSE OF ACTION**
6 **FOR AIDING AND ABETTING BREACH OF THE DUTY OF LOYALTY**

7 35. On the Cooper Parties' seventh cause of action for Aiding and Abetting Breach of
8 the Duty of Loyalty, the Cooper Parties are awarded JUDGMENT against defendant Scott Grady
9 (the Court has found that the following entities are alter egos of Scott Grady: LaForce Holdings,
10 LLC, Tristan Capital, Inc., the RLS Trust, and the SLG Trust) and the following judgment debtor:
11 LaForce Holdings, LLC, a California limited liability company, in the sum of \$6,028,786.00 (six
12 million twenty-eight thousand seven hundred eighty-six dollars), plus post judgment interest at
13 the rate of 10 percent simple interest, until paid.

14 36. The Court finds and concludes that the Aiding and Abetting Breach of the Duty of
15 Loyalty damages awarded against defendant are duplicative of and included within the damages
16 awarded against defendant Grady (the Court has found that the following entities are alter egos of
17 Scott Grady: LaForce Holdings, LLC, Tristan Capital, Inc., the RLS Trust, and the SLG Trust)
18 and LaForce Holdings, LLC, a California limited liability company, for the Cooper Parties' first
19 cause of action for Breach of Contract (Operating Agreement) such that the Cooper Parties may
20 only recover the award of \$6,028,786.00 (six million twenty-eight thousand seven hundred
21 eighty-six dollars), plus prejudgment and post judgment interest, once with respect to the first and
22 seventh causes of action.

23 37. On the Cooper Parties' seventh cause of action for Aiding and Abetting Breach of
24 the Duty of Loyalty, the Cooper Parties shall take nothing from defendant Andrew Murphy, and
25 JUDGMENT is entered in favor of defendant Andrew Murphy. In the interests of justice, no
26 costs of suit or attorneys' fees are awarded to defendant Andrew Murphy.

27 38. The Court has determined that the following is an additional judgment debtor in
28 the above-referenced cause of action:

- a. LaForce Holdings, LLC, a California limited liability company;

THE COOPER PARTIES' EIGHTH CAUSE OF ACTION
FOR FRAUDULENT TRANSFER

39. The Jury finds in favor of the Cooper Parties and against defendants Sean Michaels (the Court has found that the following entities are alter egos of Sean Michaels: PB Consulting, LLC, PB Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the 2007 Irrevocable MMA Trust, the RLM Trust, and 18LS Holdings, LLC), Scott Grady (the Court has found that the following entities are alter egos of Scott Grady: LaForce Holdings, LLC, Tristan Capital, Inc., the RLS Trust, and the SLG Trust), and the following judgment debtors: PB Consulting, LLC, a California limited liability company, PB Consulting #2, LLC, a California limited liability company, 18LS Holdings, LLC, a California limited liability company, LaForce Holdings, LLC, a California limited liability company, and Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust, and any other successor trustee of said Trusts, on the Cooper Parties' eighth cause of action for Fraudulent Transfer on the grounds that defendants Michaels and Grady transferred monies and assets (including the beneficial interest in portions of insurance policies [referred to herein as the "Tails"] valued at \$880,225.98) from Reliant to themselves and their respective entities for inadequate consideration.

40. On the Cooper Parties' eighth cause of action for fraudulent transfer, the Cooper Parties are awarded JUDGMENT against defendant Sean Michaels (the Court has found that the following entities are alter egos of Sean Michaels: PB Consulting, LLC, PB Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the 2007 Irrevocable MMA Trust, the RLM Trust, and 18LS Holdings, LLC), defendant Scott Grady (the Court has found that the following entities are alter egos of Scott Grady: LaForce Holdings, LLC, Tristan Capital, Inc., the RLS Trust, and the SLG Trust), and the following judgment debtors: PB Consulting, LLC, a California limited liability company, PB Consulting #2, LLC, a California limited liability company, 18LS Holdings, LLC, a California limited liability company, LaForce Holdings, LLC, a California limited liability company, and Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, the RLM Trust, and the 2007 Irrevocable MMA Trust, and any other successor trustee of said Trusts. As compensation for this award, and as more fully set forth in paragraphs 48 and 49 below,

1 Michaels, Grady, and Reliant are ORDERED to immediately execute a direction letter ordering
2 the transfer of ownership in the Tails to Cooper or an entity designated by Cooper.

3 41. The fraudulent transfer damages awards identified above and detailed in
4 paragraphs 48 and 49 below are not duplicative or included within any other damage award.

5 42. The Court has determined that the following are additional judgment debtors in the above-
6 referenced cause of action:

- 7 a. PB Consulting, LLC, a California limited liability company;
8 b. PB Consulting #2, LLC, a California limited liability company;
9 c. 18LS Holdings, LLC, a California limited liability company;
10 d. LaForce Holdings, LLC, a California limited liability company; and
11 e. Romelli Cainong, Trustee for the 2007 Irrevocable Octopus Trust, the RLM Trust,
12 and the 2007 Irrevocable MMA Trust, and any other successor trustee of said
13 Trusts.

14 **PUNITIVE DAMAGES**

15 43. The Jury having concluded by clear and convincing evidence that defendant Sean
16 Michaels acted with malice, oppression, and fraud justifying an award of punitive damages in
17 connection with the Cooper Parties' fifth cause of action for Fraud and sixth cause of action for
18 Breach of the Duty of Loyalty, JUDGMENT is entered in favor of the Cooper Parties and against
19 defendant Michaels for punitive damages. The amount of punitive damages awarded in favor of
20 the Cooper Parties and against defendant Sean Michaels (the Court has found that the following
21 entities are alter egos of Sean Michaels: PB consulting, LLC, PB Consulting 2, LLC, the 2007
22 Irrevocable Trust, the 2007 Irrevocable MMA Trust, the RLM Trust, and 18LS Holdings, LLC)
23 shall be determined following a trial specifically limited to the resolution of the amount of
24 punitive damages awarded against Michaels and in favor of Cooper. The Parties shall appear for
25 a trial setting conference on June 24, 2020 to set the new discovery and trial dates for Michaels'
26 trial on punitive damages.

27 44. The Jury having concluded by clear and convincing evidence that defendant Scott
28 Grady acted with malice, oppression, fraud, or oppression justifying an award of punitive
damages in connection with the Cooper Parties' sixth cause of action for Breach of the Duty of

1 Loyalty, and having awarded punitive damages against defendant Grady (the Court has found that
2 the following entities are alter egos of Scott Grady: LaForce Holdings, LLC, Tristan Capital, Inc.,
3 the RLS Trust, and the SLG Trust) in the sum of \$500,000.00 (five hundred thousand dollars),
4 JUDGMENT is entered in favor of the Cooper Parties and against defendant Grady for punitive
5 damages.

6 45. The punitive damages awards are not duplicative of or included within any other
7 damages award.

8 **SUMMARY OF MONETARY DAMAGES**

9 46. Now therefore, JUDGMENT is entered in favor of Daniel B. Cooper and Richard
10 D. Cooper, in his capacity as trustee of the 2010 Irrevocable Trust of BBC, as follows:

11 a. Damages in the sum of \$6,028,786.00, plus prejudgment interest of
12 \$1,492,747.98 as against, jointly and severally, Sean Michaels, (the Court has
13 found that the following entities are alter egos of Sean Michaels: PB Consulting,
14 LLC, PB Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the 2007
15 Irrevocable MMA Trust, the RLM Trust, and 18LS Holdings, LLC), Reliant Life
16 Shares, LLC, a California Limited Liability Company, Scott Grady, (the Court has
17 found that the following entities are alter egos of Scott Grady: LaForce Holdings,
18 LLC, Tristan Capital, Inc., the RLS Trust, and the SLG Trust), PB Consulting,
19 LLC, a California limited liability company, PB Consulting #2, LLC, a California
20 limited liability company, 18LS Holdings, LLC, a California limited liability
21 company, and LaForce Holdings, LLC, a California limited liability company.

22 Interest accrues at the daily rate of \$1,651.72 from March 6, 2020 to date of entry
23 of judgment;

24 b. Damages in the sum of \$4,200,000.00, plus prejudgment interest of
25 \$494,794.52 from January 1, 2019 to March 5, 2020, plus \$1,150.68 per day
26 commencing March 6, 2020 to date of entry of this judgment as against , jointly
27 and severally, Sean Michaels (the Court has found that the following entities are
28 alter egos of Sean Michaels: PB Consulting, LLC, PB Consulting 2, LLC, the
2007 Irrevocable Octopus Trust, the 2007 Irrevocable MMA Trust, the RLM

1 Trust, and 18LS Holdings, LLC), Reliant Life Shares, LLC, a California Limited
2 Liability Company, Scott Grady (the Court has found that the following entities
3 are alter egos of Scott Grady: LaForce Holdings, LLC, Tristan Capital, Inc., the
4 RLS Trust, and the SLG Trust), PB Consulting, LLC, a California limited liability
5 company, PB Consulting #2, LLC, a California limited liability company, 18LS
6 Holdings, LLC, a California limited liability company, and LaForce Holdings,
7 LLC, a California limited liability company. Interest accrues at the daily rate of
8 \$1,651.72 from March 6, 2020 to date of entry of judgment;

9 c. Punitive Damages in an amount to be determined following the completion
10 of a separate trial on this issue as against Sean Michaels (the Court has found that
11 the following entities are alter egos of Sean Michaels: PB Consulting, LLC, PB
12 Consulting 2, LLC, the 2007 Irrevocable Octopus Trust, the 2007 Irrevocable
13 MMA Trust, the RLM Trust, and 18LS Holdings, LLC);

14 d. Damages in the sum of \$500,000.00 as against Scott Grady (the Court has
15 found that the following entities are alter egos of Scott Grady: LaForce Holdings,
16 LLC, Tristan Capital, Inc., the RLS Trust, and the SLG Trust);

17 e. Post Judgment interest at the rate of 10 percent per annum from the date of
18 entry of judgment (each party shall be responsible for paying its own post-
19 judgment interest as set forth herein);

20 f. Attorneys' fees and costs of suit (including recoverable expenses) in the
21 total amount of \$838,912.89 as granted on June 26, 2020.

22 **THE COOPER PARTIES' REQUEST FOR A CONSTRUCTIVE TRUST**

23 47. On June 27, 2019, the Court entered an Order granting the Cooper Parties' request
24 for a constructive trust. The Court's Order of June 27, 2019 held:

25 a. Daniel Cooper, through his entity TBV1, LLC is hereby entitled to
26 immediately receive an ownership and beneficial interest totaling \$2,500,000 (the "Cooper Friwat
27 Interest") of Lincoln National Life Insurance policy number 7304075, which insures Salim Friwat
28 (the "Friwat Policy"), including the right to access all policy-related information from Lincoln

1 National Life Insurance. Said change of ownership and beneficiary shall take place no later than
2 May 30, 2019.

3 b. Daniel Cooper is entitled to receive all policy-related information regarding
4 the Friwat Policy and shall have the same rights as those granted to all other individual owners of
5 the Friwat Policy.

6 c. Lincoln National Life Insurance shall execute all documents necessary to
7 effectuate the transfer of the Cooper Friwat Interest to TBV1, LLC if representatives of PB
8 Consulting 2, LLC are unwilling or unable to execute such documents.

9 d. Daniel Cooper shall be immediately notified in the event of the death of
10 Salim Friwat or any other attempt to transfer or assign any portion of the Friwat Policy.

11 e. Reliant Life Shares, Scott Grady, Sean Michaels, and their various entities
12 including PB Consulting, LLC, PB Consulting 2, LLC, LaForce Holdings, LLC, Tristan Capital,
13 Inc., 2007 Irrevocable Octopus Trust, 2007 Irrevocable MMA Trust, the RLM Trust, the RLS Trust,
14 the SLG Trust, 18LS Holdings, LLC (the "Michaels / Grady Entities") are hereby ORDERED to
15 complete whatever documents are necessary in order to immediately effectuate the change of
16 ownership and beneficiary interest with Lincoln National Life Insurance Company ("Lincoln").
17 Said change of ownership and beneficiary must be completed and submitted to Lincoln no later
18 than May 29, 2019.

19 f. As an owner of the proceeds from the Friwat Policy, Daniel Cooper is
20 entitled to receive from Lincoln and the Michaels / Grady Entities, on an ongoing and monthly
21 basis, copies of any and all documents which (1) evidence his ownership in the Friwat Policy; (2)
22 evidence the current status of the Friwat Policy; (3) evidence the maturity of the Friwat Policy; or
23 (4) evidence any additional details regarding the Friwat Policy. Said documents shall be sent to
24 Cooper's counsel of record, Oren Bitan of Buchalter, at the following address:

25 Buchalter, A Professional Corporation
26 c/o Oren Bitan
27 1000 Wilshire Blvd., Suite 1500
28 Los Angeles, CA 90017

1 g. Nothing herein shall affect the Court's February 4, 2019, Order Enjoining
2 the Transfer of \$3,000,000 of Proceeds from the Friwat Policy.

3 h. Defendants Sean Michaels and Scott Grady were immediately ordered to
4 transfer ownership and beneficial interest in the insurance policies identified in Exhibit 2 to the
5 Order (the "Tails") and complete whatever documents were necessary in order to immediately
6 effectuate the change of ownership and beneficiary status in Cooper's favor.

7 48. On or around September 6, 2019, the Court entered an Order as an Addendum to
8 the June 27, 2019 Constructive Trust Order, which clarified that the Tails (identified in the June
9 27, 2019 Order) would sit in a constructive trust with UMB Bank, First Western Bank, and Bank
10 of Utah, in their capacities as Trustee, and said Trustees would hold the policy interests in the
11 Tails in the name of Daniel Cooper's entity TBV1, LLC pending further Order of this Court. The
12 Court hereby amends that Order and instructs defendants Sean Michaels and Scott Grady and
13 cross-complainant Reliant Life Shares, LLC to immediately execute a direction letter to UMB
14 Bank, First Western Bank, and Bank of Utah, in their capacities as Trustee, transferring
15 ownership of and a beneficiary interest in the Tails to Daniel Cooper or an entity of his choosing.

16 49. On September 6, 2019, the Court entered an Order adopting Findings of Fact and
17 Conclusions of Law from the non-jury trial. In the Order, the Court ordered that defendant Sean
18 Michaels' \$5,400,000.00 interest in proceeds from the Lincoln National Life Insurance Policy
19 (Policy No. 7304075) insuring the Life of Salim Friwat (the "Friwat Policy") be deposited with
20 the Court, following the maturation of the policy, to "compensate Cooper for monies wrongfully
21 transferred from Reliant to Grady and Michaels"

22 50. The Court was holding \$5,400,000.00 from the Friwat Policy, plus any interest
23 income earned on such funds (less expenses, if any, incurred to the Court). The Clerk of the court
24 was directed to disburse and did disburse these funds to the client trust account of Buchalter, a
25 professional corporation (counsel of record for and for the benefit of The Cooper Parties). These
26 funds shall be applied in the following order:

27 a. To pay Mr. Kleinfeld's attorneys' fees order in the amount of \$43,875,
28 payable to Barnhill & Vaynerov, LLP, and \$89,474.98 payable to Christopher

1 Stevens, Esq. (once paid, these amounts shall be credited to the amount that
2 Michaels owes for unpaid damages on the judgment);

3 b. To any unpaid attorney's fees and costs of suit as set forth above in the
4 Court's Order of May 13, 2019;

5 c. To any attorney's fees and expenses awarded pursuant to paragraph 46(f)
6 of this judgment;

7 d. To any costs of suit awarded pursuant to paragraph 46(f) of this judgment;

8 e. Whatever amount of \$400,000 that remains after payment of paragraph
9 43(b) herein shall be applied to the \$4,200,000 valuation amount referred to in
10 Paragraph 5 of this Judgment;

11 f. To any unpaid portion of the damages awarded on the first cause of action
12 (breach of operating agreement) referred to in this judgment;

13 g. To any post judgment interest due on the valuation amount referred to in
14 paragraph 7 of this judgment;

15 h. To any pre-judgment interest due on the valuation amount referred to in
16 this judgment;

17 i. To any unpaid portion of the valuation amount referred to in this judgment;

18 j. To any unpaid portion of the post judgment interest due on the damages
19 awarded on the first cause of action (breach of operating agreement) referred to in
20 this judgment;

21 k. To any unpaid portion of the prejudgment interest due on the damages
22 awarded on the first cause of action (breach of operating agreement) referred to
23 this judgment;

24 l. None of the funds shall be applied to the fraud judgment until payment in
25 full of the non-fraud damages;

26 m. None of the funds shall be applied to the punitive damage award referred to
27 in this judgment until all other monies due under the judgment are paid in full.
28 /

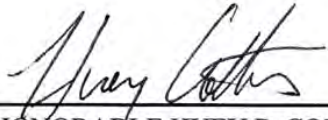
RESERVATION OF JURISDICTION AND OTHER

51. The Court reserves jurisdiction to enter such further orders as may be appropriate.

52. The headings are for convenience only.

IT IS SO ORDERED.

DATED: May 12, 2021



THE HONORABLE HUEY P. COTTON,
JUDGE OF THE SUPERIOR COURT

B1040 (FORM 1040) (12/15)

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)		ADVERSARY PROCEEDING NUMBER (Court Use Only)
PLAINTIFFS Official Committee of Unsecured Creditors of Reliant Life Shares, LLC	DEFENDANTS Daniel Cooper, an individual, and Richard D. Cooper, in his capacity as trustee for 2010 Irrevocable Trust of BBC	
ATTORNEYS (Firm Name, Address, and Telephone No.) Golden Goodrich LLP 3070 Bristol Street, Suite 640, Costa Mesa, CA 92626 Phone: (714) 966-1000	ATTORNEYS (If Known)	
PARTY (Check One Box Only) ☐ Debtor ☐ U.S. Trustee/Bankruptcy Admin ☒ Creditor ☐ Other ☐ Trustee	PARTY (Check One Box Only) ☐ Debtor ☐ U.S. Trustee/Bankruptcy Admin ☐ Creditor ☐ Other ☐ Trustee	
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) (1) Subordination Pursuant to 11 U.S.C. §510(b); (2) Subordination Pursuant to 11 U.S.C. §510(c); (3) Breach of Contract; (4) Unjust Enrichment/ Restitution; (5) Avoidance and Recovery of Fraudulent Transfers Pursuant to 11 U.S.C. §§548(b) & 550; (6) Disallowance of Claim Pursuant to 11 U.S.C. §502(d); and (7) Declaratory Relief		
NATURE OF SUIT (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)		
FRBP 7001(1) – Recovery of Money/Property ☐ 11-Recovery of money/property - §542 turnover of property ☐ 12-Recovery of money/property - §547 preference ☐ 13-Recovery of money/property - §548 fraudulent transfer ☐ 14-Recovery of money/property - other FRBP 7001(2) – Validity, Priority or Extent of Lien ☐ 21-Validity, priority or extent of lien or other interest in property FRBP 7001(3) – Approval of Sale of Property ☐ 31-Approval of sale of property of estate and of a co-owner - §363(h) FRBP 7001(4) – Objection/Revocation of Discharge ☐ 41-Objection / revocation of discharge - §727(c),(d),(e) FRBP 7001(5) – Revocation of Confirmation ☐ 51-Revocation of confirmation FRBP 7001(6) – Dischargeability ☐ 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims ☐ 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud ☐ 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny (continued next column)	FRBP 7001(6) – Dischargeability (continued) ☐ 61-Dischargeability - §523(a)(5), domestic support ☐ 68-Dischargeability - §523(a)(6), willful and malicious injury ☐ 63-Dischargeability - §523(a)(8), student loan ☐ 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) ☐ 65-Dischargeability - other FRBP 7001(7) – Injunctive Relief ☐ 71-Injunctive relief – imposition of stay ☐ 72-Injunctive relief – other FRBP 7001(8) Subordination of Claim or Interest ☐ 81-Subordination of claim or interest FRBP 7001(9) Declaratory Judgment ☒ 91-Declaratory judgment FRBP 7001(10) Determination of Removed Action ☐ 01-Determination of removed claim or cause Other ☐ SS-SIPA Case – 15 U.S.C. §§78aaa <i>et seq.</i> ☐ 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)	
☐ Check if this case involves a substantive issue of state law	☐ Check if this is asserted to be a class action under FRCP 23	
☐ Check if a jury trial is demanded in complaint	Demand \$ 50,000	
Other Relief Sought		

B1040 (FORM 1040) (12/15)

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR RELIANT LIFE SHARES, LLC		BANKRUPTCY CASE NO. 24-11695-MB
DISTRICT IN WHICH CASE IS PENDING Central	DIVISION OFFICE San Fernando	NAME OF JUDGE Barash
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF) /s/ Jeffrey I. Golden		
DATE January 13, 2025	PRINT NAME OF ATTORNEY (OR PLAINTIFF) Jeffrey I. Golden	

INSTRUCTIONS

The filing of a bankruptcy case creates an “estate” under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor’s discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 1040, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court’s Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 1040 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff’s attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and Defendants. Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.

EXHIBIT "2"

RAINES FELDMAN LITRELL LLP
Hamid R. Rafatjoo, State Bar No. 181564
hrafatjoo@raineslaw.com
Kyra E. Andrassy, State Bar No. 207959
kandrassy@raineslaw.com
1900 Avenue of the Stars, 19th Floor
Los Angeles, CA 90067
Telephone: (310) 440-4100
Facsimile: (310) 691-1367

Counsel for Reliant Life Shares, LLC, Debtor and
Debtor-In-Possession

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SAN FERNANDO VALLEY DIVISION

In re:

RELIANT LIFE SHARES, LLC, a California
limited liability company,

Debtor and
Debtor in Possession.

Case No. 1:24-bk-11695-MB

Chapter 11

Adv. Case No. _____

RELIANT LIFE SHARES, LLC, a California
limited liability company,

**NOTICE OF REMOVAL OF CIVIL
ACTION UNDER 28 U.S.C. §1452(a)**

Plaintiff,

vs.

DANIEL B. COOPER, an individual; and
RICHARD D. COOPER, in his capacity as
trustee for 2010 IRREVOCABLE TRUST OF
BBC,

Defendants.

**TO THE HONORABLE MARTIN R. BARASH, UNITED STATES BANKRUPTCY
JUDGE:**

PLEASE TAKE NOTICE that Reliant Life Shares, LLC (the “**Debtor**”), pursuant to 28
U.S.C. § 1452(a), Rule 9027 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy**”

1 **Rules**”), Local Bankruptcy Rule 9027-1 and General Order 13-05 of the United States District
2 Court for the Central District of California, hereby removes to the United States Bankruptcy
3 Court for the Central District of California, San Fernando Valley Division (the “**Court**”) the civil
4 action captioned *Reliant Life Shares, LLC v. Daniel B. Cooper and Richard D. Cooper, in his*
5 *capacity as trustee for 2010 Irrevocable Trust of BBC*, which was filed on December 21, 2015 in
6 Case No. BC604858 (the “**Action**”) in the Superior Court of California, County of Los Angeles
7 (the “**State Court**”).

8 **PLEASE TAKE FURTHER NOTICE**, that the Action involves a final judgment in
9 favor of Daniel Cooper and Richard Cooper, Trustee of the 2010 Irrevocable Trust of BBC (the
10 “**Cooper Parties**”) that is in the post-judgment enforcement stage, which judgment enforcement
11 efforts include the appointment of Christopher Conway as receiver for judgment debtor Reliant
12 Life Shares, LLC. The Cooper Parties have asserted that life insurance policies held in the
13 Reliant Life Shares Series Statutory Trust and related sub-trusts (the “**Trusts**”) are assets of the
14 Debtor available to pay the judgment. However, there are approximately 1,600 investors who are
15 beneficial interest holders in the Trusts and who are not parties to the Action. The Trusts are not
16 judgment debtors. The property of the Debtor is limited to those portions of the Trusts that have
17 either not been allocated or have been forfeited. The Action, if continued in State Court, risks
18 fragmenting the resolution of these complex disputes by addressing claims in isolation, failing to
19 consider the interconnected rights and interests of all stakeholders comprehensively, and
20 disrupting the significant efforts of the Debtor to stabilize its insurance portfolio. This Court
21 provides a forum where all claims against the Debtor and its assets can be resolved under a
22 unified framework, allowing for an equitable distribution of the Debtor’s limited resources,
23 ensuring the preservation of value in the Trusts, and protecting the interests of investors who were
24 not parties to the State Court proceedings. The Court’s expertise in resolving multi-party disputes
25 and its ability to oversee the administration of the Debtor’s estate makes it the most effective
26 forum for the post-judgment proceedings.

1 **PLEASE TAKE FURTHER NOTICE** that the Action is a civil action and is not a
2 proceeding before the United States Tax Court or a civil action by a governmental unit to enforce
3 such governmental unit's police or regulatory power. The Action is a "core proceeding" under 28
4 U.S.C. § 157 because it involves the validity and extent of the Cooper Parties' liens against the
5 Debtor's assets and the identification of those assets. The Bankruptcy Court also has jurisdiction
6 over the Action pursuant to 28 U.S.C. §§ 157 and 1334 because the Action is central to the
7 administration of the Debtor's bankruptcy case and is "related to" the Debtor's bankruptcy case.
8 This Court is best suited to determine the extent of the Cooper Parties' lien against the Debtor's
9 assets, to determine exactly what those assets are, and to provide for a mechanism to distribute
10 the value of the assets to the appropriate parties. Removal of the Action to this Court promotes
11 judicial economy and ensures a comprehensive resolution of disputes affecting the Debtor, its
12 creditors, and investors.

13 **PLEASE TAKE FURTHER NOTICE** that venue before this Court is proper pursuant to
14 28 U.S.C. § 1452(a) and Bankruptcy Rule 9027, as this Court resides in the same district where
15 the Action is pending.

16 **PLEASE TAKE FURTHER NOTICE** that, by virtue of this notice of removal, the
17 Debtor's removal of the Action to this Court is being filed within the ninety (90) day deadline set
18 forth in Bankruptcy Rule 9027(a)(2) and thus is timely. Upon removal of the Action to this Court,
19 the Debtor consents to entry of final orders or judgments by the Court. In accordance with
20 Bankruptcy Rule 9027(b) and (c), a copy of this notice of removal is being concurrently served on
21 all parties to the Action. In addition, a copy of this notice of removal is being concurrently filed
22 with the Clerk of the State Court from which the Action was removed.

23 **PLEASE TAKE FURTHER NOTICE** that in accordance with Bankruptcy Rule
24 9027(a)(1) and Local Bankruptcy Rule 9027-1(d), attached respectively hereto as **Exhibit A** is a
25 copy of the Action's docket. The Debtor is not presently in possession of the entire case file so at
26 this time, only the complaint, judgment, and pleadings filed during the Receiver's appointment
27 are provided in separate volumes being concurrently filed.

1 **PLEASE TAKE FURTHER NOTICE** that pursuant to Bankruptcy Rule 9027(e)(3),
2 any response to the Debtor's statement that the proceeding is a core proceeding shall be filed and
3 served on counsel for the Debtor, whose name and address appear at the top left-hand corner of
4 this notice, not later than fourteen (14) days after the filing of this notice of removal.

5 **PLEASE TAKE FURTHER NOTICE** that nothing in this notice of removal should be
6 interpreted as a waiver or relinquishment of the Debtor's rights to assert any claim, causes of
7 action, defense, affirmative defense or other right in this proceeding. The Debtor reserves the
8 right to amend or supplement the notice of removal.

9 **PLEASE TAKE FURTHER NOTICE that, pursuant to Bankruptcy Rule 9027(c),**
10 **the parties to the Action shall proceed no further in the State Court unless and until the**
11 **Action is remanded.**

12
13 Dated: January 6, 2025

RAINES FELDMAN LITTRELL LLP

14 By: /s/ Kyra E. Andrassy
15 Hamid R. Rafatjoo
16 Kyra E. Andrassy
17 Counsel for Reliant Life Shares, LLC,
18 Debtor and Debtor-In-Possession
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EXHIBIT "3"

RAINES FELDMAN LITTRELL LLP

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Counsel for Reliant Life Shares, LLC, Debtor
and Debtor-In-Possession

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

SAN FERNANDO VALLEY DIVISION

In re:

RELIANT LIFE SHARES, LLC, a California
limited liability company,

Debtor and
Debtor-In-Possession.

Case No. 1:24-bk-11695-MB

Chapter 11

**STIPULATION RESOLVING
MOTION TO DISMISS FILED BY
THE COOPER PARTIES**

**TO THE HONORABLE MARTIN R. BARASH, UNITED STATES BANKRUPTCY
JUDGE:**

Reliant Life Shares, LLC, the debtor and debtor-in-possession in the above-captioned case (the "Debtor"), the Official Committee of Unsecured Creditors ("the Committee"), and Daniel B. Cooper and Richard D. Cooper, Trustee of the 2010 Irrevocable Trust of BBC (together, the "Cooper Parties" and with the Debtor and the Committee, the "Parties", and each a "Party") enter into this *Stipulation Resolving Motion to Dismiss Filed by the Cooper Parties* ("Stipulation") pursuant to the following recitals:

RECITALS

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3 1. In 2019, the Cooper Parties obtained a judgment against the Debtor and others
4 which was amended a couple of times, resulting in the *Third Amended Judgment* (“Judgment”)
5 that was entered on May 12, 2021, by the Los Angeles Superior Court (“State Court”). The
6 Judgment was affirmed on appeal. The Cooper Parties have filed a notice of judgment lien
7 against personal property with the California Secretary of State.

8 2. Prepetition, the Cooper Parties sought the appointment of a receiver. The State
9 Court appointed Christopher Conway as the receiver (“Receiver”). Although initially
10 appointed as a receiver in aid of execution of the Judgment, the role of the Receiver was
11 expanded as set forth in several orders of the State Court.

12 3. On October 7, 2024, the Receiver retained Nathan Cook as an independent
13 manager and authorized the filing of a chapter 11 bankruptcy petition on behalf of the Debtor.
14 Mr. Cook retained Nicolas Rubin of Force 10 Partners, LLC, as the Debtor’s chief
15 restructuring officer and authorized the chapter 11 filing. The Debtor filed a chapter 11
16 petition on October 7, 2024. As of the Petition Date, the Cooper Parties have asserted that
17 they were owed \$15,390,253.22 by the Debtor.

18 4. On November 6, 2024, the Office of the United States Trustee formed the
19 Committee, which then retained counsel.

20 5. On November 21, 2024, the Cooper Parties filed a motion to dismiss the
21 Debtor’s bankruptcy petition (the “Dismissal Motion”), arguing that the Debtor did not have
22 the requisite corporate authority for the filing or, alternatively, that the case should be
23 dismissed or that the Bankruptcy Court should abstain. The Debtor and the Committee
24 opposed the Dismissal Motion, and an initial hearing was held on January 13, 2025. At the
25 request of the Parties, the hearing was continued to January 24, 2025, at 1:30 p.m.

26 6. On January 6, 2025, the Debtor removed the entire action pending before the
27 State Court to the Bankruptcy Court, where it is pending as case 1:25-ap-01001-MB (the
28 “Removed Action”).

1 application for an order shortening time for a hearing thereon as soon as possible but not later
2 than January 31, 2025.

3 B. Dismissal Motion: Upon Court approval of this Stipulation, the Dismissal
4 Motion will be deemed withdrawn with prejudice. For purposes of this Stipulation, the
5 Cooper Parties no longer contest that the Debtor's authority to file the chapter 11 petition and
6 do not contest the ratification by any applicable court, including this Court, of the Receiver's
7 actions in connection with the filing of this case. In the event that the Cooper Secured Claim,
8 defined below, is not paid in full, which constitutes a global default under this Stipulation (the
9 "Global Default"), the Cooper Parties shall preserve the right to contest the Debtor's authority
10 to file the chapter 11 petition.

11 C. Allowed Claims of the Cooper Parties. The Cooper Parties shall be, and are
12 hereby deemed to have, an allowed a secured claim of \$5 million (the "Cooper Secured
13 Claim") and an allowed general unsecured claim of \$10 million (the "Cooper Unsecured
14 Claim"), unless the Debtor's case is a surplus estate, the Cooper Parties' recovery on account
15 of these two claims shall not exceed \$10 million. If the Debtor's case is a surplus estate
16 because claims have been paid in full under 11 U.S.C. § 726(a)(1)-(4), the cap on recovery will
17 not apply and the Cooper Parties will share in recoveries as set forth in this Stipulation until
18 the Judgment is paid in full including post-petition interest and attorneys' fees and costs (the
19 "Full Judgment Amount") and notwithstanding anything to the contrary in this Stipulation, the
20 Full Judgment Amount shall be, and is hereby deemed, to be an "allowed" claim. The Debtor
21 and the Committee reserve the right to object to the calculation of post-petition interest and to
22 the continuing entitlement to and reasonableness of attorneys' fees and costs. The Cooper
23 Parties shall not be required to file a proof of claim. The Cooper Secured Claim and the
24 Cooper Unsecured Claim shall not be subject to objection, reduction, recharacterization, or
25 subordination under Bankruptcy Code sections 510(b) and 510(c).

26 D. Payment of the Cooper Secured Claim. The Cooper Parties shall not share in
27 the first \$1.5 million in Excess Cash generated by the Debtor (the "Initial Estate Recovery").
28

1 Once the Initial Estate Recovery is received, the Cooper Parties and the Estate shall split the
2 Excess Cash equally until \$5 million has been paid on account of the Cooper Secured Claim.
3 Payments on account of the Cooper Secured Claim, which shall be applied toward the equity
4 portion of the Judgment, shall be made each time the Estate accumulates \$250,000.00 of
5 Excess Cash, which Excess Cash shall be split equally between the Cooper Secured Claim and
6 the Estate. For purposes of this Stipulation, “Excess Cash” is defined as the past-due
7 premiums as of the Petition Date, estimated to have a face value of approximately \$7 million,
8 recoveries from claims and causes of action brought or settled by the Debtor or the Committee,
9 and proceeds from the maturity or sale of the unallocated, forfeited, or retained shares of the
10 life insurance policies held by either the Reliant Life Shares Statutory Trust dated as of March
11 16, 2023, or the Reliant Life Shares Receivership Statutory Trust dated June 27, 2024, or any
12 successor Trust that the Debtor causes to be established with the approval of the Court. For
13 purposes of this Stipulation, forfeited shares are those in which fractional interest holders have
14 not timely paid their portions of past-due premium payments and/or are not current on their
15 premium payments, regardless of whether those interests have been formally transferred to the
16 Debtor. The Debtor’s monthly operating reports shall specify the source of cash receipts so
17 the Cooper Parties can determine whether such constitutes Excess Cash.

18 E. Limitations on Setoff Rights and Similar Claims; No Encumbrance of Assets
19 allocable to Cooper Parties’ Excess Cash. There shall be no setoff, surcharge, subordination,
20 or superpriority claims asserted against the Cooper Secured Claim.

21 F. Payment of the Cooper Unsecured Claim. The Cooper Unsecured Claim shall
22 share pro rata in any payments together with all other allowed general unsecured claims,
23 subject to any applicable cap in recovery as set forth in Section C of this Stipulation. There
24 shall be no setoff or subordination against the Cooper Unsecured Claim.

25 G. Dismissal of the Action Against the Cooper Parties. Upon Court approval of
26 this Stipulation, the Cooper Action shall be dismissed with prejudice.
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1 H. Support of the Debtor's Chapter 11 Plan and Non-Interference in the
2 Administration of the Case. The Cooper Parties shall not oppose and shall vote in favor of any
3 chapter 11 plan proposed by the Debtor and/or the Committee that provides for treatment of
4 the Cooper Secured Claim and the Cooper Unsecured Claim consistent with this Stipulation.
5 Except as set forth in this Stipulation with respect to a breach of the Stipulation, the Cooper
6 Parties will not oppose filings by the Debtor or the Committee except to the extent that the
7 relief sought therein affects the funding or timing of payment of the Cooper Parties' claims.

8 I. Release by the Cooper Parties. Upon Court approval of this Stipulation and in
9 consideration of the covenants and agreements set forth in this Stipulation, and except for
10 obligations arising under this Stipulation and as set forth elsewhere in this Stipulation, the
11 Cooper Parties shall release the Debtor, the Committee, the Receiver and their respective
12 professionals (with the exception of an objection to fees of Womble Bond Dickson (US) LLP),
13 consultants, agents, and insurers from any and all claims, demands, damages, debts, liabilities,
14 obligations, causes of action, suits and costs, of whatever nature, character or description,
15 whether known or unknown, anticipated or unanticipated, including but not limited to the
16 disputes relating to and arising from the subject matter, transactions and events which form the
17 basis of the above-referenced legal proceedings, which they may otherwise have or may
18 hereafter discover they had by reason of any act, omission or other matter arising from any
19 cause whatsoever prior to the date of this Stipulation.

20 J. Release of the Cooper Parties. Upon Court approval of this Stipulation and in
21 consideration of the covenants and agreements set forth in this Stipulation, and except for
22 obligations arising under this Stipulation and as set forth elsewhere in this Stipulation, the
23 Debtor and the Committee shall release the Cooper Parties and their professionals, consultants,
24 agents, and insurers from any and all claims, demands, damages, debts, liabilities, obligations,
25 causes of action, suits and costs, of whatever nature, character or description, whether known
26 or unknown, anticipated or unanticipated, including but not limited to the disputes relating to
27 and arising from the subject matter, transactions and events which form the basis of the above-
28

1 referenced legal proceedings, which they may otherwise have or may hereafter discover they
2 had by reason of any act, omission or other matter arising from any cause whatsoever prior to
3 the date of this Stipulation, except as may be necessary to assert a defense or right of setoff
4 (and not affirmative relief) in an action brought by a third party or against a party other than
5 the Cooper Parties. For purposes of clarification, this release is not intended to and does not
6 release the additional judgment debtors identified in the Third Amended Judgment entered on
7 May 12, 2021, or the successor trustees of the trusts identified as additional judgment debtors.

8 K. Waiver of California Civil Code Section 1542. In giving the foregoing
9 releases, the Parties hereto knowingly and expressly waive the provisions of California Civil
10 Code section 1542 pertaining to general releases. This section provides as follows:

11
12 **A GENERAL RELEASE DOES NOT EXTEND TO**
13 **CLAIMS THAT THE CREDITOR OR RELEASING**
14 **PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN**
15 **HIS OR HER FAVOR AT THE TIME OF EXECUTING**
16 **THE RELEASE AND THAT, IF KNOWN BY HIM OR**
17 **HER, WOULD HAVE MATERIALLY AFFECTED HIS OR**
18 **HER SETTLEMENT WITH THE DEBTOR OR**
19 **RELEASED PARTY.**

20 In connection with such waiver and relinquishment, each Party acknowledges that they
21 are aware that they may later discover facts in addition to, or different from, those which they
22 know or believe to be true with respect to the subject matter of this Stipulation, but that it is their
23 intention to fully, finally, and forever settle and release all matters set forth in this Stipulation.
24 The mutual releases given by this Stipulation shall be and remain in effect as a full and complete
25 release notwithstanding the discovery or existence of any such additional or different facts.

26 The foregoing releases shall in no way be construed to limit or prevent any Party's ability
27 to enforce the terms of this Stipulation.

28 L. Consequence of a Global Default. In the event of a Global Default, the foregoing
releases shall be of no further force or effect.

1 M. Breach of the Stipulation Other Than a Global Default. In the event of a breach
2 of the Stipulation other than a Global Default, the non-breaching party may seek relief from the
3 Court, including, without limitation, seeking an order enforcing the Stipulation.

4 N. Binding Effect. This Stipulation shall be binding upon any chapter 7 or chapter
5 11 trustee appointed in the Debtor's case.

6 O. Cooperation by the Cooper Parties. The Cooper Parties shall, without being
7 required to bear any costs or expense, reasonably cooperate with the Debtor and the
8 Committee in the identification and prosecution of avoidance or other claims held by the
9 Debtor's bankruptcy estate against third parties.

10 P. No Effect on Enforcement of the Judgment Against Judgment Debtors Other
11 Than the Debtor. The Stipulation in no way impacts the ability of the Cooper Parties to
12 enforce their judgment in full against the judgment debtors other than the Debtor, and the
13 Cooper Parties shall not be required to seek or obtain relief from the automatic stay in the
14 Debtor's case in order to renew the Judgment or any liens against judgment debtors.

15 Q. Right to Bid. In the event of a sale of a policy or policies, the Cooper Parties
16 shall have the right to bid on the policy or policies.

17 R. Partial Remand of the Removed Action. After the Court has had the
18 opportunity to ratify the Receiver's actions in causing the Debtor's bankruptcy case to be filed,
19 the Removed Action may be remanded to the State Court as to all judgment debtors other than
20 the Debtor. The Court shall retain jurisdiction over the portion of the Removed Action that
21 pertains to the Debtor.

22 S. Billing for Past Due Premiums. The Debtor shall send invoices for past due
23 premiums to the holders of the beneficial interests in the Trust(s) by February 14, 2025.

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1 **IT IS SO STIPULATED.**

2 Dated: January __, 2025

3 _____
4 Daniel B. Cooper

5 Dated: January __, 2025

6 _____
7 Richard D. Cooper, Trustee of the 2010
8 Irrevocable BBC Trust

9 Dated: January __, 2025

10 RELIANT LIFE SHARES, LLC

11 By: _____
12 Nicholas A. Rubin, Chief Restructuring
13 Officer

14 Dated: January __, 2025

15 OFFICIAL COMMITTEE OF UNSECURED
16 CREDITORS OF RELIANT LIFE SHARES,
17 LLC

18 By: _____
19 Its Chairperson

20 APPROVED AS TO FORM:

21 DATED: January __, 2025

22 **RAINES FELDMAN LITTRELL LLP**

23 By: _____
24 HAMID R. RAFATJOO
25 KYRA E. ANDRASSY
26 Attorneys for Reliant Life Shares, LLC

27 DATED: January __, 2025

28 **GREENBERG GLUSKER LLP**

By: _____
JONATHAN SHENSON
Attorneys for Daniel B. Cooper and Richard D.
Cooper, Trustee of the 2010 Irrevocable Trust of
BBC

[Signatures continue on next page]

1 DATED: January __, 2025

LAW OFFICE OF MICHAEL GOCH

2
3 By: _____

4 MICHAEL GOCH

5 Attorneys for Daniel B. Cooper and Richard D.
6 Cooper, Trustee of the 2010 Irrevocable Trust of
BBC

7 DATED: January __, 2025

GOLDEN GOODRICH LLP

8
9
10 By: _____

11 JEFFREY I. GOLDEN

12 Attorneys for the Official Committee of
13 Unsecured Creditors of Reliant Life Shares, LLC
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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:

3200 Park Center Drive, Suite 250, Costa Mesa, CA 92626.

A true and correct copy of the foregoing document entitled (*specify*): **MOTION PURSUANT TO FEDERAL RULE OF BANKRUPTCY PROCEDURE 9019 TO APPROVE STIPULATION RESOLVING MOTION TO DISMISS FILED BY THE JUDGMENT CREDITORS; DECLARATION OF NICHOLAS D. RUBIN IN SUPPORT THEREOF** 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*) **1/28/2025**, 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*) **1/28/2025**, 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*) **1/28/2025**, 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.

☐ 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.

1/28/2025

Date

Ja'Nita Fisher

Printed Name

/s/ Ja'Nita Fisher

Signature

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

- **Kyra E Andrassy** kandrassy@raineslaw.com, bclark@raineslaw.com;jfisher@raineslaw.com
- **Russell Clementson** russell.clementson@usdoj.gov
- **Thomas G Foley** tfoley@foleybezek.com, cwalker@foleybezek.com
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- **Ira Steinberg** isteinberg@greenbergglusker.com
- **Christopher Stevens** cms@cmoorestevens.com
- **United States Trustee (SV)** ustpregion16.wh.ecf@usdoj.gov
- **Robert M Yaspan** court@yaspanlaw.com, tmenachian@yaspanlaw.com

2. SERVED BY UNITED STATES MAIL:

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Encino, CA 91436

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225 North Hill St.
Rm 122
Los Angeles, CA 90012

Mikhail Finkelbaum
18425 Burbank Blvd.
Suite 712
Tarzana, CA 90212

Committee of Unsecured Creditors:

Gwendalyn Douglas
Executor for estate of Raymond Douglas
225 Miramonte Road
Walnut Creek, CA 94597

Melissa H. Foland
11784 Bloomington Way
Dublin, CA 94568

Kailesh Karavadra
1653 Via Di Salerno
Pleasanton, CA 94566

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

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c/o John D. Nguyen
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Placentia, CA 92870

Craig Patrick Sherreitt
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Rancho Santa Margarita, CA 92688