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17 **UNITED STATES DISTRICT COURT**  
18 **CENTRAL DISTRICT OF CALIFORNIA**  
19 **WESTERN DIVISION – LOS ANGELES**

20 SECURITIES AND EXCHANGE  
21 COMMISSION,

22 Plaintiff,

23 v.

24 DIRECT LENDING INVESTMENTS  
25 LLC,

26 Defendant.

Case No. 2:19-cv-02188-DSF-MRW  
Hon. Dale S. Fischer

**NOTICE OF MOTION AND MOTION  
OF RECEIVER FOR ORDER: (1)  
APPROVING SALE OF ARTWORK;  
(2) MODIFYING SALE  
PROCEDURES OF 28 U.S.C §§ 2001  
AND 2004; (3) APPROVING  
STALKING HORSE BID; AND (4)  
APPROVING FORM AND/OR  
LIMITATION OF NOTICE UNDER  
LOCAL CIVIL RULE 66-7;  
MEMORANDUM OF POINTS AND  
AUTHORITIES**

**[DECLARATION OF BRADLEY  
SHARP FILED CONCURRENTLY]**

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Date: May 4, 2020  
Time: 1:30 p.m.  
Dept.: Courtroom 7D  
Place: United States District Court  
Western Division  
350 West 1st Street,  
Los Angeles, CA 90012

PLEASE TAKE NOTICE THAT on May 4, 2020 at 1:30 p.m. in Courtroom 7D of the above-entitled Court, located at 350 West 1st Street, Los Angeles, CA 90012, Bradley D. Sharp, the Court-appointed permanent receiver (the “Receiver”), will and hereby does make, this Motion for Order: (1) Approving Sale of Artwork, (2) Modifying Sale Procedures of 28 U.S.C. §§ 2001(b) and 2004, (3) Approving Stalking Horse Bid, and (4) Approving Form and/or Limitation of Notice Under Local Civil Rule 66-7 (the “Motion”). By this Motion, the Receiver seeks the following relief:

1. An order (a) approving and confirming the sale of seven (7) art pieces (collectively, the “Artwork”) to the Successful Bidder of Bidders making the highest and best bids for each art piece obtained through a bidding and auction overbid process set forth in the Bidding Procedures attached as **Exhibit “3”** to the Declaration of Bradley D. Sharp in support of this Motion, or to the Back Up Bidders for the artwork if the Successful Bidders (as those terms are defined in the Bidding Procedures) fail to perform, (b) approving the related Bidding Procedures employed by the Receiver to sell the Artwork, and the use of modified private sale procedures, under 28 U.S.C. sections 2001(b) and 2004, as reasonable and appropriate under the circumstances for good cause shown by this Motion and supporting pleadings; and (c) approving the Stalking Horse Bid.

2. An order authorizing the form of notice on this Motion provided to interested parties, creditors, and investors, who are potential creditors of the estate, by the Receiver (a) serving the Motion and related moving papers on all parties to the action, (b) serving by mail a notice of hearing on the Motion to all known creditors pursuant to Local Civil Rule 66-7, (c) posting a copy of the Motion on the Receiver’s website for the case at <https://case.stretto.com/dli>; and (d) causing the Receiver’s Court-approved claims agent, Bankruptcy Management Solutions dba Stretto, to provide by email a copy of the notice of hearing on the Motion to all known investors through its email service to investors in Direct Lending Income Fund, L.P. (“Domestic Feeder

1 Fund”) and Direct Lending Income Feeder Fund, Ltd. (“Off Shore Feeder Fund”), the  
 2 receivership entities through which investments were obtained.

3 3. Beginning in August 2019, the Receiver began offering the Artwork for  
 4 sale through his team. The Receiver, in the exercise of his business judgment, concluded  
 5 that time is of the essence in selling the Artwork as he has received offers, including  
 6 from the subtenant at DLI’s premises as the Stalking Horse Bidder. To maximize the  
 7 value for the Artwork, the Receiver will continue to offer the Artwork for sale, solicit  
 8 bids, and will conduct an auction with an opportunity for overbidding, if the Receiver  
 9 receives more than one qualified bid for any of the art pieces. The Receiver will  
 10 implement the sale and Bidding Procedures attached as **Exhibit “3”** to the Declaration  
 11 of Bradley D. Sharp and explained in the Sharp Declaration, and Memorandum of Points  
 12 and Authorities filed in support of this Motion.

13 4. By this Motion, the Receiver seeks approval of the Bidding Procedures and  
 14 approval and confirmation of the sales produced through the process to obtain buyers  
 15 for the Artwork. The Successful Bidder and any Backup Bidders will be identified in a  
 16 subsequent filing by the Receiver at least five (5) days prior to the scheduled hearing on  
 17 the Motion. In summary, the sale and Bidding Procedures and request for confirmation  
 18 of the sale to the Successful Bidders and Backup Bidders, if any, include the following  
 19 procedures:

- 20 • The Receiver and his team began offering the Artwork for sale, soliciting bids,  
 21 and providing an opportunity for potential bidders to conduct due diligence, and  
 22 subject to written Bidding Procedures available to all potential bidders.
- 23 • Potential bidders intending to submit bids must include with their bids an asset  
 24 purchase agreement. Potential bidders may obtain such a form from Development  
 25 Specialists, Inc. and include a redline marked against the form purchase  
 26 agreement that shows all changes to the purchase agreement.
- 27 • Qualified Bidders, as defined in the Bidding Procedures, may obtain reasonable

1 access to the Artwork and any other available additional information that the  
 2 Receiver believes to be reasonable and appropriate under the circumstances. All  
 3 additional due diligence requests shall be directed to Development Specialists,  
 4 Inc.

- 5 • Bids for any of the art pieces are due on April 17, 2020 at 5 p.m. Pacific Standard  
 6 Time. The Receiver is offering for sale each individual art piece. Potential bidders  
 7 may bid on any of the art pieces and are required to submit a separate bid for each  
 8 item.
- 9 • If multiple Qualified Bids, as defined in the Bidding Procedures, are received for  
 10 any of the art pieces, then the Receiver may conduct an auction on April 24, 2020  
 11 at 10 a.m. Pacific Standard Time. The Receiver will commence the auction with  
 12 the Stalking Horse Bids for each of the art pieces and provide an opportunity for  
 13 an initial overbid that is at least 5% higher than the Stalking Horse bid for each  
 14 item. Any subsequent overbids shall be an increase by an amount that is equal to  
 15 or greater than 5% of the Stalking Horse bid for each art piece.
- 16 • The availability of the Artwork for sale and bidding deadline of April 17, 2020  
 17 will be advertised in the Los Angeles Times by March 27, 2020. The ad will be  
 18 available in both a print and on- line edition of that publication. The Receiver and  
 19 his team have issued notices targeted to several auction houses, the individual  
 20 from whom DLI originally purchased the Artwork, and other parties who are  
 21 believed to have potential interest in purchasing the Artwork. The Motion with  
 22 the Bidding Procedures will also be posted on the Receiver's website for the  
 23 receivership.
- 24 • Bidders have been advised that any objections to the sale under the bidding  
 25 procedures or the conduct of the auction must be filed by April 20, 2020.
- 26 • By no later than April 27, 2020, at least five (5) days prior to the scheduled  
 27 hearing on this Motion, the Receiver will file a Notice and Statement of Sale

Results with the Court. The Notice and Statement of Sale Results will advise the Court and interested parties of (a) the bids received as of April 17, 2020, (b) the results of any auction, (c) whether any objections were received and the Receiver's response to those objections, and (d) details regarding the Successful Bids, and Backup Bids, if any, for the sale of the Artwork, including confirming to the Court that to the best of the Receiver's knowledge and belief the Successful Bidders and Backup Bidders are good faith purchasers for the highest and best values reasonably realizable for the sale of the assets in question.

- The Receiver reserves the right to withdraw any or all of the Artwork at any time, for any reason or for no reason, at the Receiver's sole discretion.

The Receiver submits that for the reasons detailed in the declaration and memorandum filed in support of the Motion, good cause exists to modify the sale procedures and requirements for confirmation of private sales of property by a receiver under 28 U.S.C. sections 2001(b) and 2004, that appropriate and reasonable notice of the sale of the Artwork and an opportunity for interested parties to bid for these assets has been provided, and that the sale procedures and sales to the highest Successful Bidders, and Backup Bidders should be approved and confirmed as requested to obtain the best available value for these assets, minimize expenses associated with the sale or with multiple motions or hearings on the proposed sales, and maximize the net amounts realized for the receivership estate and its creditors.

The Motion is made following the Receiver's communications with counsel for the Securities and Exchange Commission ("SEC") under Local Rule 7-3. The Receiver anticipates that the SEC will not oppose the Motion, subject to review of the Motion and supporting papers. There are numerous interested parties served with the Motion, making a pre-filing conference with the other interested parties impracticable.

This Motion is based upon this Notice, the following Memorandum of Points and Authorities, the concurrently filed Declaration of Bradley D. Sharp and the separate

1 notice of hearing on the Motion, the subsequent Statement and Notice regarding the sale  
2 results and related pleadings to be filed on or before April 27, 2020 and upon such  
3 further oral argument, testimony and evidence as may be received at the hearing on this  
4 matter.

5 PLEASE TAKE FURTHER NOTICE that pursuant to Local Rule 7-9, any party  
6 who opposes the Motion must, not later than 21 days before the date of the hearing on  
7 the motion, serve upon all other parties and file with the Clerk either (a) the evidence  
8 upon which the opposing party will rely in opposition to the motion and a brief but  
9 complete memorandum which shall contain a statement of all the reasons in opposition  
10 thereto and the points and authorities upon which the opposing party will rely, or (b) a  
11 written statement that that party will not oppose the motion.  
12

13 DATED: March 20, 2020

DIAMOND McCARTHY LLP

14  
15 By: /s/ Christopher D. Sullivan  
16 Christopher D. Sullivan  
17 Counsel for Bradley D. Sharp,  
18 Permanent Receiver  
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**UNITED STATES DISTRICT COURT**  
**CENTRAL DISTRICT OF CALIFORNIA**  
**WESTERN DIVISION – LOS ANGELES**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

DIRECT LENDING INVESTMENTS  
LLC,

Defendant.

Case No. 2:19-cv-02188-DSF-MRW  
Hon. Dale S. Fischer

**MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF  
MOTION OF RECEIVER FOR  
ORDER: (1) APPROVING SALE OF  
ARTWORK; (2) MODIFYING SALE  
PROCEDURES OF 28 U.S.C §§ 2001  
AND 2004; (3) APPROVING  
STALKING HORSE BID; AND (4)  
APPROVING FORM AND/OR  
LIMITATION OF NOTICE UNDER  
LOCAL CIVIL RULE 66-7;  
MEMORANDUM OF POINTS AND  
AUTHORITIES**



**[DECLARATION OF BRADLEY  
SHARP FILED CONCURRENTLY]**

Date: May 4, 2020

Time: 1:30 p.m.

Dept.: Courtroom 7D

Place: United States District Court

Western Division

350 West 1st Street,

Los Angeles, CA 90012

**TABLE OF CONTENTS**

<b>I.</b>	<b>INTRODUCTION .....</b>	<b>1</b>
<b>II.</b>	<b>FACTS SUPPORTING RELIEF .....</b>	<b>1</b>
<b>III.</b>	<b>THE GOAL OF PRESERVATION OF THE ESTATE AND THE COURT'S BROAD DISCRETION TO APPROVE MODIFIED SALE PROCEDURES FOR SALES OF PERSONAL PROPERTY WARRANT APPROVAL OF THE BIDDING PROCEDURES AND CONFIRMATION OF THE SALES PRODUCED BY THOSE PROCEDURES.....</b>	<b>7</b>
<b>A.</b>	<b>The Court Can Approve Modified Sale Procedures for the Sale of Personal Property. ....</b>	<b>7</b>
<b>B.</b>	<b>The Modified Procedures Are Appropriate Under the Circumstances and Meet the Goals of Notice, An Opportunity to Bid and An Opportunity to Maximize Value.....</b>	<b>8</b>
<b>IV.</b>	<b>NOTICE OF THE HEARING ON THIS MOTION SHOULD BE DEEMED APPROPRIATE AND SUFFICIENT. ....</b>	<b>10</b>
<b>V.</b>	<b>CONCLUSION .....</b>	<b>11</b>

## TABLE OF AUTHORITIES

### **Cases**

<i>Consumer Financial Protection Bureau v. Pension Funding, LLC</i> , 2017 WL 10562570 at *1 (C.D. Cal. May 31, 2017).....	7
<i>In re First Alliance Mortgage Co.</i> , 269 B.R. 428 (C.D. Cal. 2001) .....	11
<i>SEC v. Morriss</i> , 2014 WL 1347528 at *1 (E.D. Mo. April 2, 2014) .....	7
<i>SEC v. Wang</i> , 2015 WL 12656907 at *3 (C.D. Cal. Aug. 25, 2015) .....	7
<i>Securities and Exchange Commission v. Black</i> , 163 F.3d 188 (3rd Cir. 1998) .....	8
<i>Securities and Exchange Commission v. Elliot</i> , 953 F.2d 1560 (11th Cir. 1992) .....	8
<i>Securities and Exchange Commission v. Hardy</i> , 803 F.2d 1034 (9th Cir. 1986) .....	8
<i>Tanzer v. Huffines</i> , 412 F.2d 221 (3d Cir. 1969) .....	7
<i>United States v. Branch Coal Corp.</i> , 390 F.2d 7 (3rd Cir. 1968) <i>cert. den.</i> <i>Sun Protection Co. v. U.S.</i> , 391 U.S. 966 (1968).....	8

### **Rules**

11 U.S.C. § 102(1)(A) .....	11
28 U.S.C. § 2001.....	6, 7
28 U.S.C. § 2001(a) .....	7
28 U.S.C. § 2001(b) .....	4, 7, 10
28 U.S.C. § 2002.....	7
28 U.S.C. § 2004.....	6, 7
F.R. Civ. P. 5(a) .....	11
F.R. Civ. P. 5(c) .....	11

**MEMORANDUM OF POINTS AND AUTHORITIES**

**I. INTRODUCTION**

On April 1, 2019, this Court entered the Preliminary Injunction Order and Order Appointing Permanent Receiver (“Receiver Order”), Dkt. No. 10, appointing Bradley D. Sharp (“Receiver”) as permanent receiver for the estate of defendant Direct Lending Investments LLC (“DLI”), and Direct Lending Income Fund, L.P., Direct Lending Income Feeder Fund, Ltd., DLI Capital, Inc., DLI Lending Agent, LLC, DLI Assets Bravo, LLC, and their successors, subsidiaries, and affiliated entities (the “Receivership Entity”).

The Receiver has been granted the full powers of an equity receiver over all funds, property and assets belonging to, being managed by or in the possession of or control of the Receivership Entity. (Receiver Order, Section VI). In addition, among other things, the Receiver Order provides that the Receiver has been granted specific powers to sue, marshal, collect, and take possession of the Receivership Entity’s property, and to “take such action as is necessary and appropriate to preserve and take control of and to prevent the dissipation, concealment, or disposition of any assets of or managed by the Receivership Entity.” (Receiver Order Section IV.A. and D). Further, pursuant to an Order of the Court entered June 4, 2019 (Dkt. No. 57), the Receiver, through this Motion, is seeking further Court authority to sell or liquidate the artwork separately, in combination, or in bulk outside of the ordinary course of business; confirming the modified sale procedures; approving the stalking horse bid; and approving the form and/or limitation of notice under Local Civil Rule 66-7.

**II. FACTS SUPPORTING RELIEF**

The primary assets of the estate consist of the various investment instruments, loans, and loan portfolios. Declaration of Bradley D. Sharp (“Sharp Decl.”), ¶ 4. In addition to the cash on hand at the commencement of the receivership, the estate includes personal property and furnishings located at the DLI offices in Glendale,

1 California. Sharp Decl., ¶ 4. The Receiver has inventoried the personal property assets  
2 which include certain artworks subject to this Motion. *Id.* Though of modest value in  
3 comparison to other assets, the Receiver believes that the artwork at the DLI offices is  
4 valuable, as it was originally purchased for a total of \$206,900.00 from Jeff R. Bridgman  
5 Antiques, Inc. *Id.* Attached to the Sharp Declaration as **Exhibit “1”** is a copy of the  
6 Fine Arts Summary Schedule, which includes the original purchase price, summary  
7 description of each artwork, and Flags Overview Description & Pictures. These items  
8 are described as follows:

- 9 1. 35 Stars in a double wreath pattern on a civil war veteran’s flag with overprinted  
10 battle honors of the New York 71st volunteer infantry;
- 11 2. Exceptional 1876 quilt featuring the images of George & Martha Washington,  
12 made from Patriotic textiles and flags that were probably acquired in Philadelphia  
13 at the Centennial International Exhibition;
- 14 3. 33 Stars in an interesting variation of the “great star” configuration, made for the  
15 1860 Campaign of Abraham Lincoln & Hannibal Hamlin, with whimsical  
16 serpentine text;
- 17 4. Abraham Lincoln Memorial Banner with a dramatic portrait image, late 19<sup>th</sup>  
18 century – 1909;
- 19 5. U.S. Navy Jack with 30 Stars, an entirely hand-sewn, pre-civil war example with  
20 great color and bold visual qualities, Wisconsin Statehood, 1848-1850;
- 21 6. A gallant leader: portrait style banner made for the 1932 presidential campaign  
22 of Franklin Delano Roosevelt; and
- 23 7. Civil War Regimental Flag with a dramatic wartime eagle and patriotic text that  
24 reads: “United We Stand, Divided We Fall,” hand-gilded and painted on  
cornflower blue silk, 1861-1865

25 (collectively, the “Artwork”). Following this Court’s previous order granting the  
26 Receiver’s Motion for Instructions regarding Scope of Receivership (Dkt. No. 57), the  
27 Receiver entered into a sublease of the premises, effective October 7, 2019, and vacated

1 the leased premises. Sharp Decl., ¶ 6. The Artwork remains in the subtenant's  
2 possession ("Subtenant"). *Id.*

3        Though the Receiver does not consider the Artwork to be "depreciating assets,"  
4 he submits that it is in the best interest of the receivership to sell these assets now. Sharp  
5 Decl., ¶ 7. The interest generated by the Receiver's marketing efforts resulted several  
6 offers for the artwork. *Id.* The Receiver selected the highest and best offer received  
7 based on the Receiver's judgment, including price, terms, moving expenses, and ability  
8 to perform. *Id.* The Receiver initially reached a tentative verbal agreement with the  
9 Subtenant ("Stalking Horse Bidder") to purchase the Artwork. *Id.* This verbal  
10 agreement has since been memorialized into a written Stalking Horse Purchase  
11 Agreement ("Agreement"), a copy of which is attached as **Exhibit "2"** to the Sharp  
12 Declaration. Without modifying, in any respect, the express terms of the Agreement,  
13 the principle terms are summarized as follows:

- 14        1. Purchase price totaling \$70,000.00 for all the Artwork upon Approval Date  
15        (as defined below). The purchase price for each art piece is reflected in Exhibit  
16        2;
- 17        2. The Stalking Horse Purchase Agreement is subject in every respect to  
18        approval in writing by this Court ("Approval Date");
- 19        3. At any time prior to Approval Date, the Receiver may terminate the agreement  
20        by notifying the Subtenant that the Receiver intends to accept an offer from a  
21        third party to purchase any of the art pieces for a price greater than the  
22        Subtenants' purchase price reflected in Exhibit 2;
- 23        4. Sale of the Artwork is on an "as-is, where-is" basis, as detailed in Provision  
24        3; and
- 25        5. The Receiver makes no representations or warranties of any kind, including  
26        without limitation, no warranties of merchantability and authenticity or fitness  
27        for any particular purpose.

1 See Exhibit 2 to Sharp Decl.

2 This Agreement contemplates that the Receiver conduct an auction to provide the  
3 opportunity for overbids to be submitted for the purchase of the Artwork. Provision 2  
4 of the Agreement states that the Receiver may in his sole and absolute discretion  
5 terminate the Agreement by notifying the Subtenant in writing that the Receiver intends  
6 to accept an offer from a third party to purchase any art piece for a price greater than  
7 the Subtenant's purchase price.

8 The Receiver seeks approval of procedures to sell the Artwork at auction to the  
9 high bid submitted by a Qualified Bidder<sup>1</sup> at the auction or to the Subtenant under the  
10 Agreement, if there are no Qualified Bidders who submit overbids at the auction. Any  
11 sale will be subject to Court confirmation pursuant to 28 U.S.C. § 2001(b). The bidding  
12 procedures proposed by the Receiver are set forth separately for Court approval in  
13 **Exhibit "3"** to the Sharp Declaration ("Bidding Procedures"). The Bidding Procedures  
14 are summarized in material respects as follows:

- 15 (a) A fully executed purchase and sale agreement for the artwork with terms  
16 substantially similar to the Agreement but in all events acceptable to the  
17 Receiver;
- 18 (b) Specify the artwork to be included in the bid;
- 19 (c) Proof of funds in the amount at least equal to the purchase price under the  
20 Agreement;
- 21 (d) Provide for an all cash purchase, paid in full at closing;
- 22 (e) State that the Qualifying Bidder is offering to purchase the artwork "as-is"  
23 without representations or warranties;
- 24 (f) A commitment to close the transaction as soon as practicable but no later than  
25 five (5) business days after entry of an order of the Court approving the sale

26  
27 <sup>1</sup> "Qualified Bidder" is defined in Section 2 of the Bidding Procedures, which is attached as Exhibit "3" to Sharp Decl.

1 of the Successful Bidder;

- 2 (g) Not contain any contingencies of any kind, including without limitation,  
3 contingencies related to financing, internal approval or due diligence;  
4 (h) Contain a written acknowledgement and representation that the Qualifying  
5 Bidder set forth in further detail in the Bidding Procedures:  
6 (i) Provides for the Qualifying Bidder to serve as backup bidder (the “Back-Up  
7 Bidder”) if the Qualifying Bidder’s bid is the next highest and best bid (the  
8 “Back-Up Bid”) after the Successful Bid,<sup>2</sup> as determined by the Receiver;  
9 (j) Provides a good faith cash deposit in an amount equal to ten percent (10%) of  
10 the purchase provided for in the Purchase Agreement to be held in escrow by  
11 the Receiver, prior to the bid deadline on April 17, 2020 at 5:00 p.m. Pacific  
12 Standard Time;  
13 (k) Make a commitment to, upon becoming a Successful Bidder, to be responsible  
14 for taking into possession the artwork, including moving or transporting the  
15 art pieces, paying any and all associated costs, coordinating with Development  
16 Specialists, Inc. in obtaining the artwork, and solely liable for any issues that  
17 may arise in taking into possession the art pieces;  
18 (l) Provides for liquidated damages in the event of the Qualifying Bidder’s breach  
19 of, or failure to perform under, the purchase agreement equal to the amount of  
20 the Deposit, which modified purchase agreement, redlined to show all  
21 changes, shall be submitted with the bid as required by the Bidding  
22 Procedures; and  
23 (m) The Stalking Horse Bidder is deemed a Qualified Bidder, and the  
24 Agreement is deemed a Qualified Bid.  
25

26 <sup>2</sup> “Successful Bidder” is a Qualified Bidder whom the Receiver identified as having the  
27 highest and best bid based upon his determination of the highest or otherwise best bid  
in his discretion.



1 *See* Exhibit 3 to Sharp Decl.

2       The statutes governing the sales of personal property by a receiver allow the Court  
3 flexibility in modifying the sale procedures as appropriate under the circumstances. *See*  
4 28 U.S.C. §§ 2001 and 2004. Based on the sale and bidding process described in the  
5 Motion, the Bidding Procedures, this memorandum and the supporting declaration, the  
6 Receiver now seeks approval of the specific agreements to sell either each of the artwork  
7 or in bulk to the Successful Bidders or Backup Bidders, if any, based on the highest and  
8 best bids received for each or all of the artwork from the bids received by April 17, 2020  
9 at 5:00 p.m. Pacific Standard Time, or if multiple Qualified Bids are received and an  
10 auction is conducted on April 24, 2020 at 10 a.m. Pacific Standard Time, based on the  
11 highest and best bids received at the auction. The Receiver expects to enter into a  
12 purchase agreement for the “as is” artwork based on the outcome of the bidding process  
13 and any auction that may be conducted prior to the sale confirmation hearing on this  
14 Motion on May 4, 2020.

15       At least five (5) days before the hearing on this Motion, the Receiver will provide  
16 the Court and interested parties the identity of the party or parties which submit the  
17 Successful Bid(s), the amount to be paid for the purchase of the individual pieces by a  
18 Successful Bidder or Bidders, and other details in support of the approval and  
19 confirmation of the sale of the Artwork at the hearing on this Motion.

20       In the interests of maximizing value for the Artwork and minimizing expense, the  
21 Receiver has proposed this compressed process of approving the bidding process/sale  
22 procedures and confirming the sales produced through this process, as several potential  
23 buyers have expressed interest in the Artwork, which continues to remain in the  
24 possession of the Subtenant at the DLI premises.

25 //

26 //

27 //

1 **III. THE GOAL OF PRESERVATION OF THE ESTATE AND THE**  
2 **COURT'S BROAD DISCRETION TO APPROVE MODIFIED SALE**  
3 **PROCEDURES FOR SALES OF PERSONAL PROPERTY WARRANT**  
4 **APPROVAL OF THE BIDDING PROCEDURES AND CONFIRMATION**  
5 **OF THE SALES PRODUCED BY THOSE PROCEDURES**

6 **A. The Court Can Approve Modified Sale Procedures for the Sale of**  
7 **Personal Property.**

8 A receiver in a federal receivership is authorized to sell personal property under  
9 the procedures of 28 U.S.C. §§ 2001 and 2004. *See Tanzer v. Huffines*, 412 F.2d 221,  
10 222 (3d Cir. 1969). Section 2004 provides that “[a]ny personal property sold under  
11 order or decree of any court of the United States shall be sold in accordance with Section  
12 2001 of this title, unless the court orders otherwise.” 28 U.S.C. § 2004 (emphasis  
added).

13 Section 2001 sets forth the procedures to be followed for the sale of real property  
14 by a receiver which vary depending on whether the sale is by public sale (section  
15 2001(a)) or by private sale (section 2001(b)). The real property sale procedures include  
16 procedures for publishing notice of the proposed sale, appointing appraisers in the case  
17 of a private sale, providing at least 10 days’ notice of the sale and an opportunity for  
18 overbidding prior to confirmation of a private sale, and a requirement that a private sale  
19 price be not less than 2/3 the amount of the average value of the property based on three  
20 appraisals. *See* 28 U.S.C. §§ 2001 and 2002.

21 With respect to personal property sales, the Court has more flexibility, and courts  
22 often find cause to deviate from the statutory requirements of 28 U.S.C. §§ 2001, 2002,  
23 and 2004. *See SEC v. Wang*, 2015 WL 12656907 at \*3 (C.D. Cal. Aug. 25, 2015) (court  
24 has discretion to waive statutory requirements for personal property sales; parties may  
25 by consent waive requirements for real property sales); *Consumer Financial Protection*  
26 *Bureau v. Pension Funding, LLC*, 2017 WL 10562570 at \*1 (C.D. Cal. May 31, 2017)  
27 (court approves waiver of statutory requirements for sale of participatory interest in a  
loan); *SEC v. Morriss*, 2014 WL 1347528 at \*1 (E.D. Mo. April 2, 2014) (citing limited

1 pool of potential purchasers, nature of the interest in the private company being sold  
2 and other factors, court approves receiver's sale of interest in company outside statutory  
3 requirements).

4 The District Court has wide latitude in adopting a procedure for the sale of  
5 personal property. Except in cases where abuse is shown, appellate courts will not  
6 disturb the exercise of the District Court's discretion in setting the terms and conditions  
7 for a judicial sale or the confirmation thereof. *See United States v. Branch Coal Corp.*,  
8 390 F.2d 7 (3rd Cir. 1968) *cert. den.* *Sun Protection Co. v. U.S.*, 391 U.S. 966 (1968).  
9 Except in cases of abuse, appellate courts will not disturb the exercise of the District  
10 Court's discretion in setting the terms and conditions for a judicial sale or the  
11 confirmation thereof. *Id.*

12 The discretion granted in connection with sales of assets is consistent with the  
13 broad discretion accorded to the Court sitting in equity in receivership proceedings to  
14 make orders concerning the administration and supervision of the estate that will  
15 promote equity, efficiency and cost-effectiveness in the estate's administration. *See*  
16 *generally Securities and Exchange Commission v. Hardy*, 803 F.2d 1034, 1037 (9th Cir.  
17 1986) ("[A] district court's power to supervise an equity receivership and to determine  
18 the appropriate action to be taken in the administration of the receivership is extremely  
19 broad"). *See also Securities and Exchange Commission v. Black*, 163 F.3d 188, 199  
20 (3rd Cir. 1998); *Securities and Exchange Commission v. Elliot*, 953 F.2d 1560 (11th  
21 Cir. 1992).

22  
23 **B. The Modified Procedures Are Appropriate Under the Circumstances  
and Meet the Goals of Notice, An Opportunity to Bid and An  
24 Opportunity to Maximize Value.**

25 The Receiver and his team will provide both broad and targeted notice of the offer  
26 to sell the Artwork. The Receiver has sent targeted emails to several auction houses,  
27 including Turner Auctions and Appraisers, Heritage Auctions, Sotheby's, Jeff R.  
Bridgman Antiques, Inc. (from whom the DLI originally purchased the Artwork), and

1 other parties who are believed to have potential interest in purchasing the Artwork. By  
2 March 27, 2020, the Receiver will publish notice of the proposed sale of the Artwork  
3 and the bidding deadline of April 17, 2020 in the Los Angeles Times newspaper, where  
4 the ad will appear in both a print and on-line edition of the paper, a copy of which is  
5 attached as **Exhibit “4”** to the Sharp Declaration. The Motion with the Bidding  
6 Procedures will also be posted on the Receiver’s website for the receivership.

7  
8 As noted above, there are limited numbers of buyers who would have an interest  
9 in acquiring Artwork, including the Subtenant at DLI’s premises, as the Stalking Horse  
10 Bidder. The broad notice of the opportunity to bid for the Artwork through newspaper  
11 and on-line published notice coupled with direct marketing by the Receiver and his team  
12 to a relevant universe of contacts with the financial ability, knowledge of the market,  
13 and potential interest in acquiring artwork is the most efficient, cost-effective and likely  
14 means of locating buyers for these art pieces. In addition, notice of this Motion and the  
15 bidding opportunity is circulated 45 days in advance of the hearing on the Motion to  
16 creditors and investors and posted on the Receiver’s website for the case  
17 (<https://case.stretto.com/dli>), providing additional broad and public notice of the change  
18 to purchase the Artwork by interested parties.

19 Notice to likely buyers is also the most reasonable, cost-effective and efficient  
20 way for market forces to test and determine the value of Artwork. Neither the Receiver  
21 nor the DLI employees have been able to locate certificates of authenticity for any of  
22 the individual art pieces and as such, they cannot be accurately “appraised.” The  
23 difficulty in locating any qualified valuation experts for these art pieces as well as the  
24 time delay and inordinate expense that would be incurred by the estate make obtaining  
25 appraisals unrealistic and of little value in any event. The market will determine the  
26 value of the Artwork. The Receiver will use his business judgment to assess the bids.

27 The bidding procedures also provide an opportunity for overbidding at an auction  
for qualified bidders to submit overbids to increase the amounts offered for the Artwork.

1 All qualified bidders are notified through the bidding procedures of the date, time and  
2 place for the overbidding/auction session and that the Receiver shall commence the  
3 auction for each art piece with the Stalking Horse bid: (i) George & Martha Washington  
4 Quilt at \$4,473.00; (ii) Abraham Lincoln Memorial Banner at \$6,394.00; (iii) Navy Jack  
5 with 30 Stars Flag at \$9,135.00; (iv) United We Stand Civil War Regimental Flag at  
6 \$37,405.00; (v) Roosevelt Campaign Banner at \$1,319.00; (vi) Lincoln & Hamlin  
7 Parade Flag at \$7,653.00; and (vii) New York 71st Volunteer Infantry Flag at \$3,620.00.  
8 The initial overbid for each individual art piece must be at least 5% higher than the  
9 Stalking Horse bid. Any subsequent overbids shall also be an increase by an amount  
10 that is equal to or greater than 5% of the Stalking Horse bid for the piece. This is  
11 consistent with the overbidding process contemplated in section 2001(b).

12 The timing of the auction and setting of the sale confirmation hearing on this  
13 Motion are also designed to provide a fair notice and opportunity for hearing on the  
14 proposed sales. They provide the time necessary for the Receiver to file with the Court  
15 specific and detailed information regarding the results of the bidding and sale process,  
16 while allowing the sale process to be confirmed and the sale closed as soon as possible  
17 after the conclusion of any auction, and potentially by the end of April within  
18 approximately 15 days of the bid deadline.

19 For all the reasons set forth herein and in the Receiver's declaration in support of  
20 this Motion, the Receiver requests the Court's approval of the bidding procedures and  
21 confirmation of the specific sales procedure.

22 **IV. NOTICE OF THE HEARING ON THIS MOTION SHOULD BE**  
23 **DEEMED APPROPRIATE AND SUFFICIENT**

24 The Receiver has served notice of the hearing on this Motion on the parties and  
25 by mail to the known non-investor creditors of the Receivership Entity. The Receiver  
26 has posted the notice of hearing and the Motion on the Receiver's website  
27 (<https://case.stretto.com/dli>). The Receiver has also directed Stretto, his Court approved

1 claims agent, to email the notice of hearing to all investors by March 23, 2020, the  
2 earliest date possible for Stretto to complete the email service. The Receiver believes  
3 this notice complies with the provisions of Local Civil Rule 66-7 to the extent that notice  
4 to investors is required. The Receiver requests that the Court approve this form of notice  
5 as reasonable, appropriate, and the most cost-effective means of providing notice of the  
6 hearing under the circumstances, since there are approximately 975 investors both in  
7 the United States and overseas, and to the extent necessary, to approve the notice given  
8 as reasonable, limited notice appropriate under the circumstances and in the interests of  
9 time and cost. This Court, as a court of equity supervising the receivership estate, may  
10 make appropriate administrative orders governing the receivership, including  
11 limitations on and changes in notice and other procedures. *See* F.R. Civ. P. 5(a) and (c)  
12 (authorizing the court to modify service procedures when numerous defendants are  
13 involved in litigation). In addition, pursuant to Local Civil Rule 66-8, a receiver is  
14 directed to administer receivership estates in a manner “as nearly as possible in  
15 accordance with the practice in the administration of estates in bankruptcy.” Orders  
16 limiting notice when the Bankruptcy Code or Rules would otherwise require notice to  
17 all creditors are routinely granted in bankruptcy cases to promote the expeditious and  
18 economical administration of bankruptcy estates. *See In re First Alliance Mortgage*  
19 *Co.*, 269 B.R. 428, 442 (C.D. Cal. 2001) (referencing in dicta in the court's recitation of  
20 facts in the bankruptcy court's order limiting notice issued in that case); 11 U.S.C.  
21 section 102(1)(A) (defining the phrase “after notice and a hearing” to mean “after such  
22 notice as is appropriate in the particular circumstances, and such opportunity for hearing  
23 as is appropriate in the particular circumstances”).

## 24 **V. CONCLUSION**

25 WHEREFORE, the Receiver respectfully requests entry of an order granting the  
26 relief set forth in the Motion and proposed order submitted with the Motion.

1 DATED: March 20, 2020

DIAMOND McCARTHY LLP

2  
3 By: /s/ Christopher D. Sullivan  
4 Christopher D. Sullivan  
5 Counsel for Bradley D. Sharp,  
6 Permanent Receiver  
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*Counsel for Bradley D. Sharp,  
Permanent Receiver*

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION – LOS ANGELES**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

DIRECT LENDING INVESTMENTS  
LLC,

Defendant.

Case No. 2:19-cv-02188-DSF-MRW  
Hon. Dale S. Fischer

**DECLARATION OF BRADLEY D.  
SHARP IN SUPPORT OF MOTION  
OF RECEIVER FOR ORDER: (1)  
APPROVING SALE OF ARTWORK;  
(2) MODIFYING SALE  
PROCEDURES OF 28 U.S.C §§ 2001  
AND 2004; (3) APPROVING  
STALKING HORSE BID; AND (4)  
APPROVING FORM AND/OR  
LIMITATION OF NOTICE UNDER  
LOCAL CIVIL RULE 66-7;  
MEMORANDUM OF POINTS AND  
AUTHORITIES**

Date: May 4, 2020  
Time: 1:30 p.m.  
Dept.: Courtroom 7D  
Place: United States District Court  
Western Division  
350 West 1st Street,  
Los Angeles, CA 90012

I, Bradley D. Sharp, declare and state:

1. I was appointed Receiver by this Court for defendant Direct Lending Investments LLC (“DLI”), and Direct Lending Income Fund, L.P., Direct Lending Income Feeder Fund, Ltd., DLI Capital, Inc., DLI Lending Agent, LLC, and DLI Assets Bravo, LLC and their successors, subsidiaries and affiliated entities (the “Receivership Entities”) by order entered on April 1, 2019.

2. I submit this Declaration in support of the Motion for Order (1) Approving Sale of Artwork, (2) Modifying Sale Procedures of 28 U.S.C. §§ 2001 and 2004, (3) Approving Stalking Horse Bid, and (4) Approving Form and/or Limitation of Notice Under Local Civil Rule 66-7.

3. I have personal knowledge of the facts set forth in this Declaration, and, if called to testify, could testify competently thereto.

4. The primary assets of the estate consist of the various investment instruments, loans, and loan portfolios. In addition to the cash on hand at the commencement of the receivership, the estate includes personal property and furnishings located at the DLI offices in Glendale, California. My team has inventoried the personal property assets which include certain artworks subject to this Motion. Though of modest value in comparison to other assets, I believe that the artwork at the DLI offices is valuable, as it was originally purchased for a total of \$206,900.00 from Jeff R. Bridgman Antiques, Inc.

5. Attached hereto as **Exhibit “1”** is a copy of the Fine Arts Summary Schedule, which includes the original purchase price, summary description of each

1 artwork, and Flags Overview Description & Pictures (collectively, the “Artwork”).

2 6. Following this Court’s previous order granting the Motion for  
3 Instructions regarding Scope of Receivership, the receivership entered into a sublease  
4 of the premises, effective October 7, 2019, and I and my team vacated the leased  
5 premises. The Artwork, however, remains in the subtenant’s possession.

6 7. Though I do not consider the Artwork to be “depreciating assets,” it is  
7 my judgment that it is in the best interest of the receivership to sell these assets now.  
8 The interest generated by my team’s marketing efforts resulted in several offers for  
9 the artwork. I selected the highest and best offer received based on my judgment,  
10 including price, terms, moving expenses, and ability to perform. I initially reached a  
11 tentative verbal agreement with the subtenant, the stalking horse bidder, to purchase  
12 the Artwork. This verbal agreement has since been memorialized into a written an  
13 agreement, a copy of which is attached hereto as **Exhibit “2.”**

14 8. This agreement contemplates that I will conduct an auction to provide  
15 the opportunity for overbids to be submitted for the purchase of the Artwork.  
16 Provision 2 of the Agreement states that I may in my sole and absolute discretion  
17 terminate the agreement by notifying the subtenant in writing that I intend to accept  
18 an offer from a third party to purchase any of the artwork for a price greater than  
19 those reflected in Exhibit B to the purchase agreement.

20 9. I am seeking approval of procedures to sell all the artwork to the highest  
21 bid submitted by a qualified bidder of bidders at the auction or to the subtenant under  
22 the agreement, if there are no qualified bidders who submit overbids at the auction.  
23 Any sale will be subject to Court confirmation. A copy of the proposed bidding  
24 procedures is attached hereto as **Exhibit “3.”**

25 10. Specifically, I am seeking the approval of the specific agreements to sell  
26 each of the artwork to the Successful Bidders or Backup Bidders, if any, based on the  
27 highest and best bids received for each or all of the artwork from the bids received by  
28 April 17, 2020 at 5:00 p.m. Pacific Standard Time, or if multiple Qualified Bids are

1 received and an auction is conducted on April 24, 2020 at 10 a.m. Pacific Standard  
2 Time, based on the highest and best bids received at the auction. I expect to enter  
3 into a purchase agreement for the “as is” artwork based on the outcome of the  
4 bidding process and any auction that may be conducted prior to the sale confirmation  
5 hearing on this Motion on May 4, 2020.

6 11. At least five (5) days before the hearing on this Motion, I intend to  
7 provide the Court and interested parties the identity of the party or parties which  
8 submit the Successful Bid(s), the amount to be paid for the purchase of the individual  
9 pieces, and other details in support of the approval and confirmation of the sale of the  
10 Artwork at the hearing on this Motion.

11 12. In the interests of maximizing value for the Artwork and minimizing  
12 expense, I have proposed this compressed process of approving the bidding  
13 process/sale procedures and confirming the sales produced through this process, as  
14 several potential buyers have expressed interest in the Artwork, which continues to  
15 remain in the possession of the subtenant at the DLI premises.

16 13. Details regarding the notice of the sale provided to prospective bidders  
17 is attached hereto as “**Exhibit 4**” in support of the Motion. Through my team, I will  
18 provide both broad and targeted notice of the offer to sell the Artwork to several  
19 auction houses, including Turner Auctions and Appraisers, Heritage Auctions,  
20 Sotheby’s, Jeff R. Bridgman Antiques, Inc. (from whom the DLI originally  
21 purchased the Artwork), and other parties who are believed to have potential interest  
22 in purchasing the Artwork. In addition, I have caused copies of the Motion with the  
23 bidding procedures to be posted to my website for the receivership case  
24 (<https://case.stretto.com/dli>). By March 27, 2020, I have also arranged for a notice of  
25 sale of the Artwork and the bidding deadline of April 17, 2020 to be published in the  
26 Los Angeles Times, which is a well- recognized newspaper in general circulation in  
27 the Los Angeles area where the art pieces are being sold. The ad will be published  
28 both in the print edition and an on-line edition of that newspaper.

1           14. I believe, based on my experience over more than two decades  
2 disposing of many types of assets, the broad notice of the opportunity to bid for the  
3 Artwork through newspaper and on-line published notice coupled with direct  
4 marketing by my team to a relevant universe of contacts with the financial ability,  
5 knowledge of the market, and potential interest in acquiring artwork is the most  
6 efficient, cost-effective and likely means of locating buyers for these art pieces. In  
7 addition, notice of this Motion and the bidding opportunity is circulated 45 days in  
8 advance of the hearing on the Motion to creditors and investors and posted on the  
9 website for the case, providing additional broad and public notice of the change to  
10 purchase the Artwork by interested parties.

11           15. The bidding procedures also provide an opportunity for overbidding at  
12 an auction for qualified bidders to submit overbids to increase the amounts offered  
13 for the Artwork. All qualified bidders are notified through the bidding procedures of  
14 the date, time and place for the overbidding/auction session and that my team shall  
15 commence the auction for each art piece with the Stalking Horse bid: (i) George &  
16 Martha Washington Quilt at \$4,473.00; (ii) Abraham Lincoln Memorial Banner at  
17 \$6,394.00; (iii) Navy Jack with 30 Stars Flag at \$9,135.00; (iv) United We Stand  
18 Civil War Regimental Flag at \$37,405.00; (v) Roosevelt Campaign Banner at  
19 \$1,319.00; (vi) Lincoln & Hamlin Parade Flag at \$7,653.00; and (vii) New York 71st  
20 Volunteer Infantry Flag at \$3,620.00. The initial overbid for each individual art  
21 piece must be at least 5% higher than the Stalking Horse bid. Any subsequent  
22 overbids shall also be an increase by an amount that is equal to or greater than 5% of  
23 the Stalking Horse bid for the art piece.

24           16. In my business judgment and based on my experience, I believe notice  
25 to likely buyers is also the most reasonable, cost-effective and efficient way for  
26 market forces to test and determine the value of Artwork. Neither I nor the DLI  
27 employees have been able to locate certificates of authenticity for any of the  
28 individual art pieces and as such, they cannot be accurately “appraised.” The

1 difficulty in locating any qualified valuation experts for these art pieces as well as the  
2 time delay and inordinate expense that would be incurred by the estate make  
3 obtaining appraisals unrealistic and of little value in any event. The market will  
4 determine the value of the Artwork. I will use his business judgment to assess the  
5 bids.

6 17. The timing of the auction and setting of the sale confirmation hearing on  
7 this Motion are also designed to provide a fair notice and opportunity for hearing on  
8 the proposed sales. They provide the time necessary for me, through counsel, to file  
9 with the Court specific and detailed information regarding the results of the bidding  
10 and sale process, while allowing the sale process to be confirmed and the sale closed  
11 as soon as possible after the conclusion of any auction, and potentially by the end of  
12 April within approximately 15 days of the bid deadline.

13 18. There are approximately 975 investors in the Receivership Entity both  
14 in the United States and overseas. I have a website for investors to obtain  
15 information regarding the receivership (<https://case.stretto.com/dli>). Additionally, I  
16 have directed my Court-approved claims agent, Bankruptcy Management Solutions  
17 dba Stretto ("Stretto"), to send by email the notice of hearing on this Motion to all  
18 investors.

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

21 Executed on March 19, 2020, at June Lake, California.

22  
23 

24 \_\_\_\_\_  
25 Bradley D. Sharp  
26 Permanent Receiver  
27  
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# **EXHIBIT “1”**

**DIRECT LENDING INVESTMENTS, LLC - FINE ART SCHEDULE**  
**March 6, 2020**

NO	FLAG NAME	EARLIEST/LATEST DATE OF ORIGIN	HISTORY	Original Purchase Price	Reference
1	George & Martha Washington Quilt	1876	Patriotic Quilt made for the 1876 Centennial Celebration which consists of 2 rare printed cotton textiles of George & Martha. These are flanked above and below by pairs of parade flags that feature the crests and flags of various nations that participated in the Centennial International Exhibition. The six-month long, Worlds Fair event was held in the city of Philadelphia. All of the fabrics used on the front of the quilt would've been available as souvenirs at the expo and it's likely that the maker purchased them there, took them home and proceeded to make this as a memento of her attendance.	\$ 28,000	Pg. 1 & 2
2	Abraham Lincoln Memorial Banner	1890/1909	Made in memoriam of the beloved President. Made either during the last decade of the 19th century out of general patriotism, or very likely in 1909 in celebration of the 100 year anniversary of Lincoln's birth.	\$ 18,900	Pg. 3 & 4
3	Navy Jack with 30 Stars Flag	1848/1850	Like the British Royal Navy, American vessels flew 3 flags. When at anchor or moored, the Jack is flown at the bow (front), the national flag or "ensign" is flown at the stern (back), and the commission pennant is flown from the main mast. When under way, the Jack is furled and the ensign may be kept in place or shifted to a gaff if the ship is so equipped.	\$ 27,000	Pg. 5 & 6
4	United We Stand Civil War Regimental Flag	1861/1865	During the Civil War, U.S. Army regulations set forth that an infantry unit would carry 2 flags. These included a national colors, meaning the Stars & Stripes, and a regimental colors, also referred to as a federal standard. This flag is the regimental battle flag of a Civil War Volunteer Unit. This is their own, personalized version of the federal standard and would have been carried alongside their Stars & Stripes.	\$ 81,000	Pg. 7 - 9
5	Roosevelt Campaign Banner	1932	This campaign banner was produced in 1932 to promote the candidacy of Franklin Delano Roosevelt for President of the United States. The banner was produced by the Sweeny Lithograph Company in Belleville, NJ and is signed in the lower right. An example of the same variety is held in the collection of the Smithsonian and documented in "Threads of History: Americana Recorded on Cloth, 1775 to the Present" by Herbert Ridgeway Collins (Smithsonian Press, 1979), as item #1085 on page 422. Collins served as Curator of Political History at the Smithsonian Institution and his text is widely agreed to be the best available reference of American Political textiles.	\$ 3,900	Pg. 10 & 11
6	Lincoln & Hamlin Parade Flag	1860	33 star American Parade flag was made for the 1860 campaign of Abraham Lincoln and Hannibal Hamlin. Great Star designs take on many forms. In this particular example, note that there is a star between each arm of the large star and that there is a triangle of 3 stars in the very center. Among collectors, the Great Star represents the Rolls Royce of geometric star configurations. It is thought to have come about shortly after the War of 1812, when Congressman Peter Wendover of New York requested that Captain Samuel Reid, a War of 1812 naval hero, create a new design that would become the 3rd official format of the Stars & Stripes.	\$ 37,400	Pg. 12 & 13
7	New York 71st Volunteer Infantry Flag	1880/1913	35 star parade flag, bears important battle honors of the New York 71st Volunteer Infantry. This is one of only 3 known varieties of parade flags with battle honors printed on them, and thus it is an exceedingly rare example. The flag was most likely made for reunion of the members of the 71st sometime between the 1880's and the 50th anniversary of the Battle of Gettysburg in 1913. The New York 71st Volunteer Infantry was comprised of men and boys from Delaware, Cattaraugus, New York and Ulster counties. The first corps of this group was recruited in Colchester, New York by Captain William H. Elwood, under the command of General George B. Hall. This took place on June 27th, 1861. They proceeded to Staten Island, where they consolidated with a company from Great Valley, NY in the brigade led by General Daniel Stickles. They participated in many important conflicts other than those listed on the flag. When their initial terms of service were up, most men dropped their guns and returned home. Lincoln pleaded with his regiments to remain for an extended term, and the NY 71st Volunteers were among the very few who heeded his call.	\$ 10,700	Pg. 14 & 15
<b>Total Purchase Price</b>				<b>\$ 206,900</b>	





**EXCEPTIONAL 1876 QUILT FEATURING THE IMAGES OF GEORGE & MARTHA WASHINGTON, MADE FROM PATRIOTIC TEXTILES AND FLAGS THAT WERE PROBABLY ACQUIRED IN PHILADELPHIA AT THE CENTENNIAL INTERNATIONAL EXHIBITION**

Available: Sold  
Frame Size (H x L): 93.75" x 78"  
Flag Size (H x L): 83" x 67.25"

**Description.....:**

Patriotic quilt made for the 1876 centennial celebration; a stunning example, the centerpiece of which consists of two extremely rare printed cotton textiles that feature George and Martha Washington. These are flanked above and below by pairs of parade flags that feature the crests and flags of various nations that participated in the Centennial International Exhibition. This six-month-long, Worlds Fair event was held in the city of Philadelphia. All of the fabrics used on the front of the quilt would have been available as souvenirs at the expo and it is likely that the maker purchased them there, took them home and proceeded to make this as a memento of her attendance.

The quilt is dated "1876" above George's image and the date "1776" appears above Martha to note the 100-year anniversary of American independence. The wide borders of the quilt are made of 39 star parade flags that are likewise printed on cotton. Although the official star count on the American national flag in 1876 was 37 stars, the 38th state, Colorado, joined the Union on August 1st of that year. Flag-makers didn't care what was official. They just wanted to be selling flags and, if at all possible, "one-uping" their competitors. Some produced 39 star flags, in anticipation that yet another state would soon be added. 39 star flags were common in 1876, perhaps even more so than 38 star flags.

In my experience with flags and patriotic textiles, I have never before encountered the two in this quilt that feature George and Martha Washington. Although their maker is unknown, other similar textiles exist that feature the borders around their edges, which are comprised of a series of 6-pointed stars. 6-pointed Stars-of-David are also repeated throughout the white background. I would suggest that the person that designed the pattern was of Jewish faith, based upon other objects with 6-pointed stars that appear in the late 19th century that are linked to Jewish makers.

**Mounting:** The quilt has been hand-stitched throughout to a background of 100% cotton twill, black in color, which has been washed to reduce excess dye. And acid-free agent was added to the wash to further set the dye and the fabric was heat-treated for the same purpose. A supportive aluminum framework was used to create a pillow mount for added support. The mount was then placed in a black-painted, hand-gilded and distressed Italian molding with a serpentine profile and a rippled inner edge. The glazing is U.V. protective acrylic.

**Condition:** The overall condition is quite good considering the fabrics and the date. Cotton parade flags are thin and not made for a textile of this nature. There is some splitting throughout, the worst of which occurs in the two 39 star flag textiles with international flag borders. Extra stitches were added in the affected areas and archival adhesives were expertly applied to the batting underneath some areas. There is some water staining and bleeding.

<b>Collector Level:</b>	Flags for the truest Patriots. My best offerings
<b>Flag Type:</b>	
<b>Star Count:</b>	39
<b>Earliest Date of Origin:</b>	1876
<b>Latest Date of Origin:</b>	1876
<b>State/Affiliation:</b>	Pennsylvania
<b>War Association:</b>	1866-1890 Indian Wars
<b>Price:</b>	SOLD
<b>E-mail:</b>	Inquire





**ABRAHAM LINCOLN MEMORIAL BANNER WITH A DRAMATIC PORTRAIT IMAGE, LATE 19TH CENTURY - 1909**

Available:	Sold
Frame Size (H x L):	75" x 67"
Flag Size (H x L):	65" x 56.5"

**Description.....:**  
Early banners depicting portraits of American presidents are highly desired by collectors of political memorabilia, but none as much as those made for Abraham Lincoln. This particular banner was not made as a campaign piece, but rather in memoriam of the beloved president. It was either made during the last decade of the 19th century out of general patriotism, or very likely in 1909 in celebration of the 100-year anniversary of Lincoln's birth, which was pursued with great fanfare. I know of no others to have survived in this exact style, which shows an especially attractive, bearded portrait image.

The portrait is executed with a combination of block printing and hand painting. The head was printed with either a copperplate or wood block, while the jacket and background were painted by hand. The portrait is a youthful adaptation of a popular engraving, the likeness of which was based on a photograph taken by Andrew Berger at the studio of Matthew Brady.

Because all early Lincoln banners are rare, especially those large in scale, the acquisition of this rather dynamic example was an extraordinary find. It appears to be very similar to a banner hung on the town hall in St. Albans, Maine in 1909 for the Lincoln centennial. The portrait on the St. Albans banner different, and the photo was taken at a distance, but close inspection reveals that it is clearly similar in nature.

**Mounting:** The banner has been hand-stitched to 100% cotton, black in color, which has been washed to reduce excess pigment. And acid-free agent was added to the wash to further set the pigment and the fabric was heat-treated for the same purpose. The mount was then placed in a black-painted, hand-gilded and distressed Italian molding. The glazing is U.V. protective acrylic.

Condition: There are three old tears in the thin white fabric with associated stitched repairs. There is one to the left of the portrait, one above, and one in the lower breast area. There are minor stains throughout the white center and a small number in the blue border. There is fabric loss in the fragile silk fringes. The overall presentation is outstanding. This state of preservation is perfectly expected in an antique textile made for outdoor use and the exceptional rarity of Lincoln banners warrants far worse condition than what is present here.

**Collector Level:** Advanced Collectors and the Person with Everything

**Flag Type:**

**Star Count:**

**Earliest Date of Origin:** 1890

**Latest Date of Origin:** 1909

**State/Affiliation:** Illinois

**War Association:** 1861-1865 Civil War

**Price:** Please call (717) 676-0545 or (717) 502-1281

**E-mail:** Inquire





**U.S. NAVY JACK WITH 30 STARS, AN ENTIRELY HAND-SEWN, PRE-CIVIL WAR EXAMPLE WITH GREAT COLOR AND BOLD VISUAL QUALITIES, WISCONSIN STATEHOOD, 1848-1850**

Available: Sold  
Frame Size (H x L): 66" x 87.25"  
Flag Size (H x L): 51.5" x 72.75"

**Description.....:**

Like the British Royal Navy, American vessels flew three flags. When at anchor or moored, the jack is flown at the bow (front), the national flag or "ensign" is flown at the stern (back), and the commission pennant is flown from the at the main mast. When under way, the Jack is furled and the ensign may be kept in place or shifted to a gaff if the ship is so equipped.

The American Navy jack is a blue flag with a field of white stars. The design is the mirror image of the canton of an American national flag. In scale, the jack was meant to be the same size as the canton of the corresponding Stars & Stripes ensign with which it was flown.

Made sometime between 1848 and 1850, this terrific early example has a complement of 30 stars, arranged in a fairly rectilinear pattern, comprised of 5 rows with 6 stars each. All have one point canted in the 11:00 position when the flag is viewed on its obverse (front). With fat, starfish-like profiles, the stars are notably huge, encompassing much of the available space. Both these and the field are made entirely of wool bunting. This is typical for the canton and stripes of American national flags of the 19th century that were produced for maritime use, but the stars of such flags are almost universally made of cotton. Wool stars are encountered on only the rarest of occasions in my experience and are a particularly interesting find.

The flag is entirely hand-sewn, as-is expected in this period. The stars are single-appliquéd, meaning that they were applied to one side of the flag (in this case the obverse), then the blue fabric was cut from behind each star, folded over and under-hemmed, so that one appliquéd star could be viewed on both sides. While some flag experts have suggested that this method was a means of conserving fabric, since the maker didn't have to sew a star to both sides, others suggest that the real purpose was to make the flag lighter in weight. I believe that it probably was intended to serve both functions.

I always find single-appliquéd stars more interesting, both because they are evidence of a more difficult level of seam-work and stitchery and because with two rows of stitching instead of one, they naturally appear earlier and more hand-made than their double-appliquéd counterparts. This method of construction appeals to connoisseurs of early American textiles, who appreciate the texture and homemade qualities of single-appliquéd work. Although on rare occasion the technique can be seen on flags made into the very beginning of the 20th century, it tends to be most prevalent in flags of the Civil War (1861-65) and prior, and is the method of choice on the very earliest American flags with appliquéd stars. Note the careful use of two colors of thread, chosen accordingly with the colors of the adjacent fabric.

A sleeve of coarsely woven linen binds the hoist, through which a braided length of cotton rope was passed and stitched into place, with a loop at the top and a wooden toggle below. This type of hoist is typical for maritime use.



Case 2:19-cv-02188-DSF-MRW Document 238-2 Filed 03/20/20 Page 14 of 41 Page ID #:5633

The field is constructed of three lengths of wool bunting, and of particular note is its beautiful shade of Prussian blue. When this appealing and fairly unusual color is combined with the size and shape of the stars, the irregularity of their placement within the rows, and the their beautiful single-appliquéd construction, the result is a dramatic display of folk quality and visual interest.

The 30th state, Wisconsin, joined the Union on May 29th, 1848. The 30 star flag was official until July 3rd, 1851, but 30 star flags would not likely have been made following the addition of California in 1850. Flag-makers paid little heed to official star counts unless required by the person(s) requesting that flags be produced to some particular design. While the Flag Act of 1818 dictated that the star count would officially change on the 4th of July following the date of a state's acceptance, stars were generally added by the makers of flags when the state was added (sometimes even beforehand). This means that the 30 star flag had a realistic window of production of just over two years.

Flags made prior to the Civil War are rare, comprising less than one percent of 19th century flags that exist in the 21st century. Prior to the Confederate attack on Fort Sumter, the Stars & Stripes was simply not used for most of the same purposes we employ it in today. Private individuals did not typically display the flag in their yards and on their porches. Parade flags didn't often fly from carriages and horses. Places of business rarely hung flags in their windows. Private use of the national flag rose swiftly during the patriotism that accompanied the Civil War, then exploded in 1876.

Even the military did not use the flag in a manner that most people might think. Most people would be surprised to learn that the infantry wasn't authorized to carry the Stars & Stripes until the 1830's, and even then did not often exercise the right, because it was neither required nor customary. The primary purpose before the Mexican War (1846-48) was to mark ships on the open seas. While the flag was used to mark garrisons and government buildings, the flags of ground troops were often limited to the flag of their own regiment and a federal standard.

Further Comments on Terminology & Use:

While the technical name for this type of flag was a "union jack," the confusing verbiage, being the same as the nickname of the most recognizable British flag, has resulted in a common shortening of the term to simply "the jack". Interestingly enough, the British Union Jack is not the proper name for that signal either. The design commonly called the "Union Jack" is actually the "Union Flag," though practically no one uses or is even familiar with the term. The only time that it can be properly called the "Union Jack" is when it is, in fact, flown as the jack on a British Navy ship. Because the British fly various national flags: the white ensign (Royal Navy), blue ensign (non-navy ships in public service), and red ensign (merchant ships), each of which is composed of a wide field the corresponding color, with the Union Flag design as its canton, the use of the Union Flag as the jack on Royal Navy ships employs the same logic as using the blue field with stars, without the red and white striped field, as the American jack.

Early American ship paintings suggest that the various flags and pennants common to U.S. Navy ships, were sometimes flown on non-navy vessels. One may occasionally observe them in portraits of merchant ships and yachts, dressed with a complement of colorful ensigns and signals for special occasions. Because ship paintings were often commissioned, with both painter and purchaser wishing to display the craft in the most splendid manner possible, flags may be present in these images that were not regularly flown or even appropriate in the chosen setting. The same can be true in the sketched and painted views of U.S. Navy ships.

Mounting: The flag has been hand-stitched to 100% natural fabrics throughout for support. It was then hand-stitched to a background of cotton twill, ivory in color. The mount was then placed in a black-painted, hand-gilded and distressed Italian molding. The glazing is U.V. protective Plexiglas.

Condition: There is very minor to moderate loss in the blue wool bunting, with the most affected area being the bottom, fly-end corner, followed by the upper corner on that end and the bottom of the hoist, adjacent to the binding. There are minor to moderate losses in the white wool bunting of the stars. There is moderate soiling in one star and very limited, minor soiling elsewhere. Many of my clients prefer early flags to show their age and history of use.

Collector Level:	Advanced Collectors and the Person with Everything
Flag Type:	Sewn flag
Star Count:	30
Earliest Date of Origin:	1848
Latest Date of Origin:	1850
State/Affiliation:	Wisconsin
War Association:	1777-1860 Pre-Civil War
Price:	SOLD
E-mail:	Inquire





CIVIL WAR REGIMENTAL FLAG WITH A DRAMATIC WARTIME EAGLE AND PATRIOTIC TEXT THAT READS: "UNITED WE STAND, DIVIDED WE FALL," HAND-GILDED AND PAINTED ON CORNFLOWER BLUE SILK, 1861-65

Available:	Sold
Frame Size (H x L):	58.75" x 80.5"
Flag Size (H x L):	42.5" x 66.25"
Description.....:	

During the Civil War, U.S. Army regulations set forth that an infantry unit would carry two flags. These included a national colors, meaning the Stars & Stripes, and a regimental colors, also referred to as a federal standard. This second flag, when issued by the federal government, displayed a federal eagle with a shield upon its breast, bearing the typical arrows and olive branches gripped in its talons, set upon a dark blue ground, with an arch of stars above. The eagle had a red streamer in its beak bearing the "E Pluribus Unum" slogan (out of many, one). Another streamer below the entire device was left blank so that a unit designation could be added (if time, materials, and the will of the presiding officer allowed,) after the flag was issued.

When the war broke out in 1861, the federal government did expand the regular army, but mostly it relied upon local volunteer units that were organized on state level. These were equipped by the states themselves, or else by wealthy persons or organizations wishing to donate to the Union cause. States supplied both types of colors. A great deal of variation followed as both government and independent flag-makers interpreted the regulations and formats differently, and states provided input that sometimes altered the imagery to include state-associated symbols. Pennsylvania, for example, generally followed the federal format, while Connecticut merged the Federal eagle with state symbolism. In some instances the federal eagle was painted on one side and the state crest on the other. And in some cases the regimental flag had the state device only. Interpretations of devices of all kinds varied by maker and artist.

In early 1862, the federal government retook the responsibility for the provision of regimental colors. But private groups or individuals that raised units often had their own flags made and presented them in formal ceremonies. These usually did not follow the form of federal standards at all, but rather put forth their own designs, including localized references in form of slogans, figures, landscapes, etc., plus eagles in various forms and a myriad of patriotic and military symbols. State and local militia groups that existed pre-war had their own flags that could either be carried as-is, or retired so that new flags could be produced for Civil War service. In either case these would often bear devices, dates and references specific to the history of the unit itself. Many of these local militias were comprised of veterans of other wars. Many were immigrants and the nationalities of their membership were conveyed through words and/or symbols on either their regimental flags, their national colors (Stars and Stripes), or both.

As a result of the above, the breadth of designs carried by units varied extensively and the inconsistency of it even within a state, let alone across states, was rampant. The same was true of uniforms.



Case 2:19-cv-02188-DSF-MRW Document 238-2 Filed 03/20/20 Page 16 of 41 PageID  
#5635

This flag is the regimental battle flag of a Civil War volunteer unit. This is their own, personalized version of the Federal Standard, and could have been made from gilded cotton or silk. Made entirely of silk, the cornflower blue color so stunning that it is easy to understand why this is the most desired shade in flag collecting. Sometimes encountered in the cantons of cotton flags, especially homemade examples, it is seldom ever seen in silk flags, especially those with an expansive solid field, such as regimental colors. In fact, I have never seen a silk Civil war flag in this color in the antiques marketplace.

Regimental colors were typically 6 x 6.5 feet (72 x 78 inches) for battle flags produced with infantry and artillery specs, produced by the Philadelphia, New York, and Cincinnati Depots, employed under contract with the federal and state governments. Measurements of locally sourced flags varied from one commercial maker to the next, and some were homemade, but all were universally smaller with but scarce exception.

This particular flag was at some time re-bound around the perimeter and could have perhaps been slightly larger, but probably not by much. The present size is characteristic of most of its kind and precisely what one should expect, rectangular as opposed to square, like most of its locally-sourced counterparts.

Several things are especially desirable and interesting about the central device, that consists of a bold eagle, perched on a horizontal shield. This aggressive wartime stance can be seen on numerous patriotic objects during the 1860's and 70's. The pose is appealing because it is different from the norm throughout American history and because it is visually pleasing.

The eagle and its surrounding elements were gilded onto the silk ground, then painted with a bronze colored wash to distinguish the various features and render shading. The result is an almost monochromatic image that is both very unusual and very beautiful. Only the lettering is executed differently, painted in black.

Many of the stars on silk, Civil War battle flags were gilt-painted, as were numerous elements within state and federal emblems. Never before, however, have I seen a flag on which the entire device was gilded, then embellished in this manner. The flag is constructed of two separate panels of silk, front and back, each of which were pieced in multiple segments with treadle stitching. The same device appears on both sides.

The slogan that appears on the streamer above reads "United We Stand, Divided We Fall." This is a common enough phrase on the tongues of modern Americans to be universally known and uttered in all manner of circumstances. The words today, on many fronts, are almost as relevant as they were 150 years ago during the Civil war and 225 years ago during the Revolution.

The earliest attribution in print is attributed to Greek storyteller Aesop, where it appears in his fable "Four Oxen and a Lion." In early America, it first appears in "The Liberty Song", penned by Founding Father John Dickinson, written and published in the Boston Gazette in July of 1768. In his lyrics, Dickinson wrote: "Then join hand in hand, brave Americans all! By uniting we stand, by dividing we fall!" It's fair to assume that Dickinson, an academic, was well-acquainted with the fable, and that the image it painted of the strong, stubborn patriots versus the Lion of the British monarchy, was a fitting metaphor.

Another American patriot, Patrick Henry, used the phrase in his last public address, in March of 1799, during which he denounced The Kentucky and Virginia Resolutions that proposed measures expanding states' rights. Clasp his hands and swaying unsteadily, Henry declared, "Let us trust God and our better judgment to set us right hereafter. United we stand, divided we fall. Let us not split into factions which must destroy that union upon which our existence hangs." Henry collapsed at the end of the speech into the hands of bystanders and was carried almost lifeless into a nearby tavern. He died just two months later.

It is of interest to note that the phrase had actually been the unofficial motto of Kentucky since it gained statehood in 1792 (adopted as official in 1942) and has always appeared on the state seal either metaphorically or literally. The state's first governor, Isaac Shelby, was particularly fond of the stanza from Dickinson's verse.

Curiously enough, while we tend to equate the words with American patriotism, I have never actually seen it painted or embroidered on a flag in its entirety, or any other patriotic American textile, for that matter, that dates to the 18th or 19th century. Because of this fact, and because it has such poignant meaning, it is a terrific feature to be included here.



The flag actually has verbal history to the 35th regiment in nearby Ohio, which borders Kentucky on the northern edge. In fact, the 35th mustered in on September 26th, 1861, in Butler County, at the town of Hamilton, which is part of the modern-day Cincinnati metropolitan area. Located in the most extreme Southwest Corner, many say Cincinnati has more in common with Kentucky than it does with its own state, Southern-leaning and caught in the middle both physically and politically between North and South.

The 35th spent the majority of its first year-and-a-half of service in Kentucky. While 750 of the 921 men who mustered into service under its leading officer, Brigadier General Ferdinand Van Derveer, were recruited from Butler County, numerous Kentucky residents who sided with the Union would have crossed the border to enlist and anyone among the entire group may have had roots there and been fond of the "United We Stand, Divided We Fall" slogan.

Whatever the case may be, the verbal history seems to be supported in part by the slogan itself and I have seen few Civil War flags in the marketplace that match this one in outright beauty as piece of 19th century art.

As a colorful side note, the 35th were nicknamed the Persimmon Regiment, after 15 of its members were captured by the Confederate Army during a skirmish, just three months into its term of service. Instead of fighting the Confederacy, these particular men instead chose to find and eat persimmons. It turns out they were not alone in their admiration for the southern fruit, as by the end of the war they shared the title with the 73rd Illinois and the 100th Indiana.

Mounting: This is a partial stitch mount and partial pressure mount between 100% hemp fabric and U.V. protective Plexiglas. The mount was placed in a black-painted, hand-gilded and distressed Italian molding with a wide ogee profile.

Condition: The flag has been re-bound along the perimeter with matching silk, probably during the late 19th or early 20th century. There is only very little loss in the gilded and painted elements, which are entirely original. There is minor soiling throughout, accompanied by a moderate area of staining in the upper, fly-end quadrant. This was professionally cleaned. Many of my clients prefer early flags to show their age gracefully.

<b>Collector Level:</b>	Flags for the truest Patriots. My best offerings
<b>Flag Type:</b>	Sewn flag
<b>Star Count:</b>	
<b>Earliest Date of Origin:</b>	1861
<b>Latest Date of Origin:</b>	1865
<b>State/Affiliation:</b>	Ohio
<b>War Association:</b>	1861-1865 Civil War
<b>Price:</b>	SOLD
<b>E-mail:</b>	Inquire





**A GALLANT LEADER: PORTRAIT STYLE BANNER MADE FOR THE 1932 PRESIDENTIAL CAMPAIGN OF FRANKLIN DELANO ROOSEVELT**

Available:	Sold
Frame Size (H x L):	Approx. 61.5" x 50"
Flag Size (H x L):	49.5" x 39"

**Description.....:**  
Printed in heavy ink on cotton, this large scale, patriotic, campaign banner was produced in 1932 to promote the candidacy of Franklin Delano Roosevelt for President of the United States. This was the first of four times that FDR would seek and win the nation's highest office. The imagery features a slightly unusual, three-quarter, rightward-facing portrait of the future president, set within an Art Deco style, circular medallion with 4 stars in the bottom right-hand corner. Above his image, the slogan "A Gallant Leader" appears in stylized script. Below is simply "ROOSEVELT" in bold, block text with an elongated profile that compliments the tall and narrow form of the textile itself.

The banner was produced by the Sweeny Lithograph Company in Belleville, NJ and is signed in the lower right. An example of the same variety is held in the collection of the Smithsonian and documented in "Threads of History: Americana Recorded on Cloth, 1775 to the Present" by Herbert Ridgeway Collins (Smithsonian Press, 1979), as item #1085 on page 422. Collins formerly served as Curator of Political History at the Smithsonian Institution and his text is widely agreed to be the best available reference for American political textiles.



After entering Harvard University in 1900, Franklin Roosevelt became active with the school newspaper Harvard Crimson. He became its editor in 1903 and that same year became engaged to Eleanor Roosevelt, his fifth cousin and the niece of President Theodore Roosevelt.

Enrolling in Columbia Law School in 1905, he passed the bar in 1907 and was employed by the prominent New York law firm Carter, Ledyard, and Milburn. In 1910 he was asked to run for the Democratic senate seat representing his childhood home of Dutchess County, NY. Long held by Republicans, his win on the Democratic ticket represented a significant victory. In 1912 he won again, but was resigned in 1913 when newly elected President Woodrow Wilson appointed him Assistant Secretary of the Navy. This became an increasingly important position as the U.S. prepared to enter WWI.

Like his cousin Theodore, Franklin aspired to rise in the political world. In 1920, he ran for vice president on the unsuccessful Democrat ticket of James Cox. The loss prompted FDR to reenter the business world, and shortly thereafter, in the summer of 1921, while vacationing with his family, Franklin started feeling weak and sickly. He was soon diagnosed with Polio. Like Theodore, he kept his charisma and humor in the face of adversity and made the decision to reenter politics by running for Governor of New York in 1928. Although he was unsure of his body's strength, he defied all physical odds and won the gubernatorial election in 1928 and again in 1930.

By 1932 a second Roosevelt had gained the White House. FDR went on to win again in 1936, 1940, and 1944. His election to his fourth presidential term led to the passing of the 22nd Amendment to the U.S. Constitution, which imposed a two-term limit.

**Mounting:** The textile has been hand-stitched to 100% cotton twill, black in color. The black fabric was washed to remove excess dye. An acid-free agent was added to the wash to further set the dye and the fabric was heat-treated for the same purpose. The mount was then placed in a black-painted, hand-gilded and distressed Italian molding. The front is U.V. protective acrylic.

**Condition:** There is minor foxing, dye loss, and fabric loss.

**Collector Level:** Intermediate-Level Collectors and Special Gifts

**Flag Type:**

**Star Count:**

**Earliest Date of Origin:** 1932

**Latest Date of Origin:** 1932

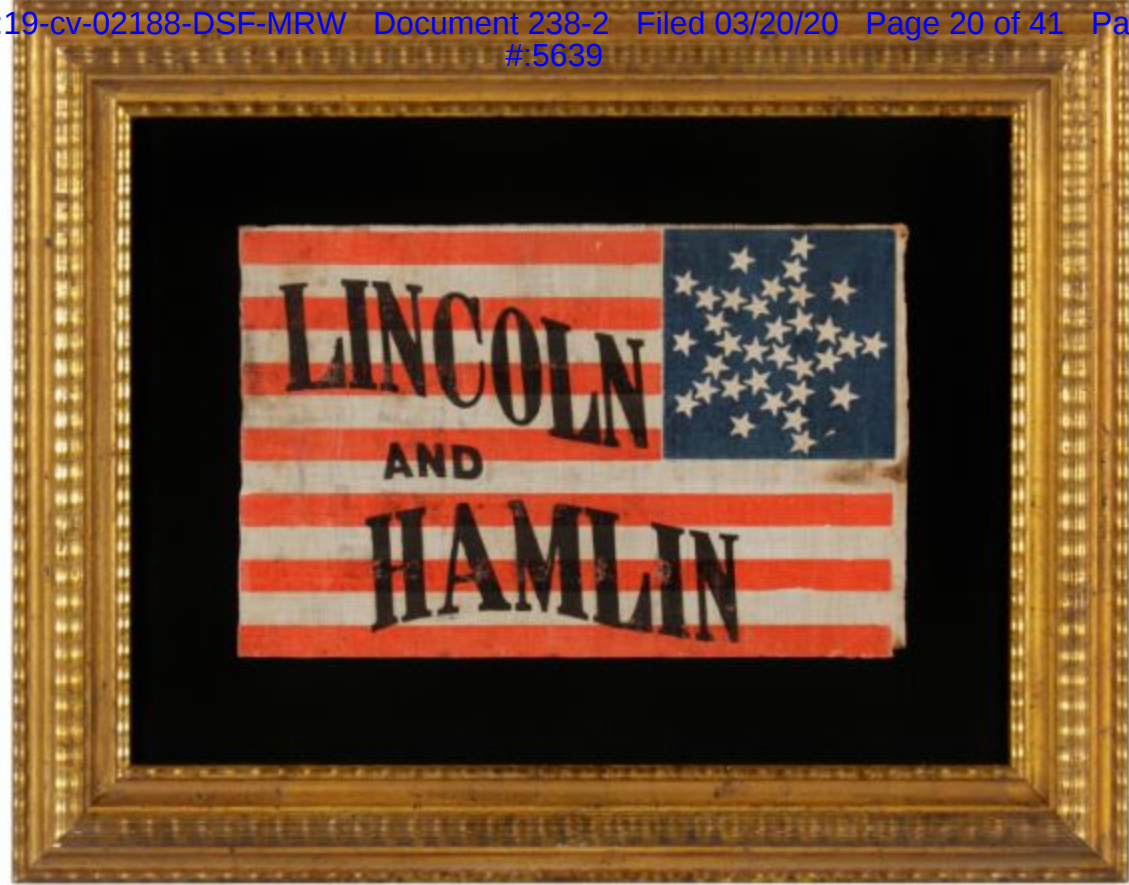
**State/Affiliation:** New York

**War Association:**

**Price:** SOLD

**E-mail:** Inquire





33 STARS IN AN INTERESTING VARIATION OF THE "GREAT STAR" CONFIGURATION, MADE FOR THE 1860 CAMPAIGN OF ABRAHAM LINCOLN & HANNIBAL HAMLIN, WITH WHIMSICAL SERPENTINE TEXT

Available: Sold  
Frame Size (H x L): 22.5" x 28.25"  
Flag Size (H x L): 11" x 16.75"

**Description....:**

33 star American parade flag, printed on glazed cotton, and made for the 1860 campaign of Abraham Lincoln and Hannibal Hamlin. Note the combination of the bold and whimsical, block-printed lettering with its serpentine format and this beautiful variation of what is called the "Great Star" configuration, a large star made out of smaller stars.

Among printed parade flags, those made for the political campaign of President Lincoln are, collectively, the most desired. On this particular flag, the words Lincoln & Hamlin are overprinted in black across the field of stripes. This means that the advertising was added to the flag after the red and blue were printed. This was the standard practice, though some advertising flags have verbiage (as well as symbols and portraits) that are printed simultaneously with the blue used in the canton.

Great Star designs take on many forms. In this particular example, note that there is a star between each arm of the large star and that there is a triangle of three stars in the very center. Among collectors, the Great Star represents the Rolls Royce of geometric star configurations. It is thought to have come about shortly after the War of 1812, when Congressman Peter Wendover of New York requested that Captain Samuel Reid, a War of 1812 naval hero, create a new design that would become the third official format of the Stars & Stripes. A recipient of the Congressional Medal of Honor, Reid became harbor master of New York following the war. During his lifetime, he created many innovations in signal use, including a system that could actually send messages from New York to New Orleans by sea in just two hours.

Use as a Naval signal had been the primary reason for the initial creation of an American national flag in 1777, but since there was no official star configuration, the appearance of our flag varied greatly. Reid's primary concern centered on both consistency and ease of recognition. His hope was that as more and more states joined the Union, and more stars were subsequently added to the flag, that the design would remain easily identified on the open seas. In 1818 Reid suggested to Congress that the number of stripes permanently return to 13 (reduced from 15) and that the stars be grouped into the shape of one large star. Reid's proposal would have kept the star constellation in roughly the same format, in a pattern that could be quickly identified through a spyglass as the number of states grew. His concept for the stripes was ultimately accepted, but his advice on the star pattern was rejected by President James Monroe, due to the increased cost of arranging the stars in what would become known as the "Great Star", "Great Flower", or "Great Luminary" pattern. Monroe probably didn't wish to impose this cost on either the government or civilians, so he suggested a simple pattern of justified rows. The Great Star was nevertheless produced by anyone willing to make it and its rarity today, along with its beauty, has driven the desirability of American flags with variants of this beautiful design.



The 33rd state, Oregon, entered the Union on February 14th, 1859. The 33 star flag was official from 1859-1861, and was thus still the official flag when Ft. Sumter was fired upon on April 12th of that year. This event marked the beginning of the Civil War and a 33 star flag was flying at Ft. Sumter during the attack. Because the 34th state, Kansas, had already acquired statehood on January 29th, 1861, flag makers knew that the 34 star flag would soon become official. For this reason, 33 star flags were not produced in great quantity for the war, which would last until 1865, and the 33 can be considered to be more of a pre-Civil war flag than a war-period flag. 33's are considerably more rare than 34 and 35 star examples.

Flags made prior to the Civil War comprise less than one percent of 19th century flags that have survived into the 21st century. Prior to the Confederate attack on Fort Sumter, the Stars & Stripes was simply not used for most of the same purposes we employ it in today. Private individuals did not typically display the flag in their yards and on their porches. Parade flags didn't often fly from carriages and horses. Places of business rarely hung flags in their windows. Private use of the national flag rose swiftly during the patriotism that accompanied the Civil War, then exploded in 1876.

Even the military did not use the flag in a manner that most people might think. The primary purpose before the Civil War was to mark ships on the open seas. While the flag was used to mark some garrisons, the flags of ground troops were often limited to the flag of their own regiment and a Federal standard. Most people would be surprised to learn that the infantry wasn't authorized to carry the Stars & Stripes until 1837. Even then it was neither required nor customary. It was not until the Civil War took place that most U.S. ground forces carried the national flag.

An example of this flag is recorded in "Threads of History: Americana Recorded on Cloth, 1775 to the Present," by Herbert Ridgeway Collins (1979, Smithsonian Press), item 296, p. 158. Collins formerly served as Curator of Political History at the Smithsonian Institution and his book is considered the foremost reference on American political textiles.

Don't be fooled by the seemingly backwards orientation. In the 19th century, the same flag ethics that exist today (which developed around the turn-of-the-century), did not exist. So in the mid 19th century, this was every bit as correct as what we now think of as a "forwards" and ethical manner of display.

It is interesting to note that Lincoln was hardly the favorite at the beginning of the campaign, winning the Republican nomination from the 3rd ticket. He then defeated John Bell (Constitution Party), John Breckinridge (Southern Democrat), and Stephen Douglas (Northern Democrat), to become the Republican party's first president. Lincoln was elected with a mere thirty-nine percent of the vote and carried no state south of the Mason-Dixon line.

Hannibal Hamlin, our nation's first Republican vice president, was born in Maine in 1809. He was an attorney who, in his political career prior to the White House, served as Chairman of the Maine State House of Representatives, as a U.S. Congressman and Senator, and as Governor of the State of Maine. He was a Democrat until 1856, but was an opponent to slavery. He did not run with Lincoln in the second campaign in 1864, but did return to the U.S. Senate from 1869-1881 and served as Minister to Spain from 1881-82.

Mounting: The exceptional, gilded American molding has a rippled profile and dates to the period between 1830 and 1860. The flag has been hand-stitched to 100% cotton twill, black in color. The black fabric was washed to reduce excess dye. An acid-free agent was added to the wash to further set the dye and the fabric was heat-treated for the same purpose. The glazing is U.V. protective Plexiglas.

Condition: There is minor foxing and staining throughout, accompanied by areas with moderate staining in the 4th white stripe adjacent to the hoist end and at the fly end, beyond the Lincoln's name. There is pigment loss in the black overprint and there is minor misprinting in the canton. There is minor fraying along the top and minor fabric loss at the top and bottom of the white hoist area. Many of my clients prefer early flags to show their age and history of use. The flag presents beautifully and the great desirability of Lincoln campaign flags warrants almost any condition.

<b>Collector Level:</b>	Flags for the truest Patriots. My best offerings
<b>Flag Type:</b>	Parade flag
<b>Star Count:</b>	33
<b>Earliest Date of Origin:</b>	1860
<b>Latest Date of Origin:</b>	1860
<b>State/Affiliation:</b>	
<b>War Association:</b>	1861-1865 Civil War
<b>Price:</b>	SOLD
<b>E-mail:</b>	Inquire





**35 STARS IN A DOUBLE WREATH PATTERN ON A CIVIL WAR VETERAN'S FLAG WITH OVERPRINTED BATTLE HONORS OF THE NEW YORK 71ST VOLUNTEER INFANTRY**

Available:	Sold
Frame Size (H x L):	27.75" x 35.75"
Flag Size (H x L):	15.75" x 24"

**Description.....:**

35 star parade flag with double-wreath pattern canton. Bears important battle honors of the New York 71st Volunteer Infantry. This is one of only three known varieties of parade flags with battle honors printed on them, and thus it is an exceedingly rare example.

The flag is printed on plain weave cotton of a weight that is unique among known printed flags. The unusual, paint-like pigment is also unlike that found all other parade flags that I have handled. The atypical materials make it challenging to date, but I suggest that the flag was most likely made for reunion of members of the 71st sometime between the 1880's and the 50th anniversary of the Battle of Gettysburg in 1913. A relative or friend may have produced the flags, which would explain their peculiarities. Though the maker was obviously skilled in printing, it is possible that he or she had never before made printed flags. This fact and a rushed schedule to produce them for the event would explain why the maker did not have access to the ordinary ink and coarse, glazed cotton that was typically employed in their manufacture.

The star design is also unique among parade flags, mimicking the medallion pattern found on Civil War cavalry flank markers (guidons). In printed flags, all known wreath designs (with more than 13 stars) have a center star and at least two flanking stars outside the pattern (more commonly four stars, one in each corner). That is also true of most flags with sewn construction. This flag has two consecutive wreaths of stars, but no central star and no flanking stars in the corners, which makes it a very interesting addition to any collection.

A small group of these flags was discovered many years ago by a Civil War collector, rolled up under a table at a Pennsylvania flea market. I had the opportunity to meet this collector and discuss the circumstances of his interesting discovery. While the flags were sold to various parties, they occasionally resurface. That was the case with this example.



The New York 71st Volunteer Infantry was comprised of merchant boys from Delaware, Cattaraugus, New York, and Ulster counties. The First Corps of this group was recruited in Colchester, New York by Captain William H. Elwood, under the command of General George B. Hall. This took place on June 27th, 1861, and men were enlisted for a three-year term of service (unless sooner discharged). They proceeded to Staten Island, where they consolidated with a company from Great Valley, NY in the brigade led by General Daniel Stickles. They participated in many important conflicts other than those listed on the flag. When their initial terms of service were up, most men dropped their guns and returned home. Lincoln pleaded with his regiments to remain for an extended term, and the NY 71st Volunteers were among the very few who heeded his call.

West Virginia was admitted into the Union as the 35th state on June 20th, 1863, and the 35 star flag was used during the closing years of the Civil War. Although 35 was the official star count until July 4th, 1865, most flag makers would have added a 36th star after the addition of Nevada on October 31st, 1864.

Mounting: The American walnut molding dates to the period between 1860 and 1890, has a figured grain on the widest portion of its surface, ebonized trim, and a gilded liner. The flag has been stitched to 100% cotton, black in color, which has been washed to reduce excess dye. An acid-free agent was added to the wash to further set the dye and the fabric was heat-treated for the same purpose. Spacers keep the textile away from the glazing, which is U.V. protective glass.

Condition: There is some pigment loss near the center of the top and bottom red stripes and there is some wear with associated fabric loss along the hoist. There are small tears along the hoist from where the flag was previously affixed to a wooden staff. There is minor fading and there is minor water staining and soiling throughout. Many of my clients prefer early flags to show their age and history of use.

<b>Collector Level:</b>	Advanced Collectors and the Person with Everything
<b>Flag Type:</b>	Parade flag
<b>Star Count:</b>	35
<b>Earliest Date of Origin:</b>	1880
<b>Latest Date of Origin:</b>	1913
<b>State/Affiliation:</b>	West Virginia
<b>War Association:</b>	1861-1865 Civil War
<b>Price:</b>	SOLD
<b>E-mail:</b>	Inquire

# **EXHIBIT “2”**



**Purchase Agreement for Sale  
of Artwork**

This Agreement for Sale of Artwork (this “**Agreement**”) is entered into as of March \_\_\_, 2020 by DIRECT LENDING INVESTMENTS, LLC, a California limited liability company (“**Seller**”) in favor of STOREFRONT LENDERS LLC, a California limited liability company (“**Buyer**”).

WHEREAS, On April 1, 2019, the U.S. District Court for the Central District of California (the “**Court of Receivership**”) appointed Bradley D. Sharp as the receiver (in the capacity of receiver, the “**Receiver**”) of Seller and certain of its affiliates in the proceeding styled Securities and Exchange Commission v. Direct Lending Investments, LLC, case number 2:19-cv-2188.

WHEREAS, pursuant to that certain Sublease Agreement dated October 7, 2019 (the “**Sublease**”) between Seller and Buyer, Seller sublet the Premises (as defined in the Sublease, the “**Premises**”) to Buyer.

WHEREAS, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, certain artwork (as described on Exhibit A attached hereto, the “**Artwork**”) existing at the Premises as of the date of the Sublease.

NOW THEREFORE, in consideration of the mutual covenants, conditions, representations and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the parties to this Agreement, it is hereby agreed by the undersigned parties as follows:

1. Sale of Artwork. Upon the occurrence of the Approval Date (as defined below), Buyer agrees to pay by wire transfer to Seller consideration in the amount of SEVENTY THOUSAND DOLLARS (\$70,000.00) (the “**Consideration**”) for all the Artwork or the amounts reflected in Exhibit B for the individual, no later than five (5) business days after entry of an order of the Court approving the sale to the successful bidder at an auction held by the Receiver. Subject in every respect to Section 2 of this Agreement and upon Seller’s receipt of the Consideration, the adequacy of which Seller hereby acknowledges, Seller shall be deemed to irrevocably sell, assign, transfer, convey, grant, bargain and deliver to Buyer, all of Seller’s right, title and interest in and to the Artwork, without need for additional documentation.

2. Subject to Court Approval and Seller Cancellation. Notwithstanding anything to the contrary contained herein, this Agreement is subject in every respect to approval in writing by the Court of Receivership (the date of such approval, the “**Approval Date**”); provided that at any time prior to the Approval Date, Seller may in its sole and absolute discretion terminate this Agreement by notifying Buyer in writing that Seller intends to accept an offer from a third party to purchase the Artwork for a price greater than the Consideration described above.

3. No Seller Representations and Warranties. All Artwork shall be conveyed, if at all, to Buyer or an “as-is, where-is” basis, and Seller makes no representations or warranties of any kind, including without limitation no warranties of merchantability, authenticity or fitness for any particular purpose.

4. Qualified Bidder. The Receiver shall deem Buyer as a Qualified Bidder and this Agreement as a Qualified Bid, as defined in the Bidding Procedures.

5. Cooperation. Buyer will cooperate with the Receiver and Development Specialist, Inc. in providing reasonable access to the artwork that is currently in the Buyer's possession during the due diligence period for Qualified Bidders and at the conclusion of the auction, if Buyer is not the Successful Bidder (as defined in the Bidding Procedures).

6. Deposit. Buyer agrees to provide a good faith deposit in an amount equal to ten percent (10%) of the purchase for all the Artwork (i.e., \$7,000.00) to be held in escrow by the Receiver, prior to the Bid Deadline provided in the Bidding Procedures.

7. Back-Up Bidder. Buyer agreed to serve as the backup bidder, if another Qualifying Bidder's bid is the next highest and best bid, after the Successful Bid.

8. Liquidated Damages. In the event Buyer breaches or fails to perform under this Agreement, the Receiver is entitled to an amount equal to the amount of the deposit required under Section 6 of this Agreement.

9. Governing Law. This Agreement is governed by, and construed in accordance with, the laws of the State of California, without regard to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of California. Any lawsuit arising out of or otherwise relating to this Agreement shall be brought in the Court of Receivership, and both parties consent to the exclusive jurisdiction and venue of the same.

10. Entire Agreement. This Agreement constitutes the entire and final agreement among the parties hereto and there are no agreements, understandings, warranties or representations among the parties (whether written or oral) except as set forth herein. In entering into this Agreement, no party has relied on any representation or warranty (whether written or oral) not expressly set forth herein. This Agreement will inure to the benefit and bind the respective heirs, administrators, executors, representatives, successors and permitted assigns of the parties hereto.

11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

IN WITNESS WHEREOF, Seller and Buyer have each duly executed and delivered this Agreement as of the date first written above.

[Signatures on the following page]

**SELLER:**

DIRECT LENDING INVESTMENTS, LLC

By 

Name: Bradley D. Sharp

Title: Receiver

**BUYER:**

STOREFRONT LENDERS LLC

By 

Name: DAVID T. NOYAN

Title: President

**EXHIBIT A**

**Description of Artwork**

1. 35 STARS IN A DOUBLE WREATH PATTERN ON A CIVIL WAR VETERAN'S FLAG WITH OVERPRINTED BATTLE HONORS OF THE NEW YORK 71ST VOLUNTEER INFANTRY
2. EXCEPTIONAL 1876 QUILT FEATURING THE IMAGES OF GEORGE & MARTHA WASHINGTON, MADE FROM PATRIOTIC TEXTILES AND FLAGS THAT WERE PROBABLY ACQUIRED IN PHILADELPHIA AT THE CENTENNIAL INTERNATIONAL EXHIBITION
3. 33 STARS IN AN INTERESTING VARIATION OF THE "GREAT STAR" CONFIGURATION, MADE FOR THE 1860 CAMPAIGN OF ABRAHAM LINCOLN & HANNIBAL HAMLIN, WITH WHIMSICAL SERPENTINE TEXT
4. ABRAHAM LINCOLN MEMORIAL BANNER WITH A DRAMATIC PORTRAIT IMAGE, LATE 19TH CENTURY - 1909
5. U.S. NAVY JACK WITH 30 STARS, AN ENTIRELY HAND-SEWN, PRE-CIVIL WAR EXAMPLE WITH GREAT COLOR AND BOLD VISUAL QUALITIES, WISCONSIN STATEHOOD, 1848-1850
6. A GALLANT LEADER: PORTRAIT STYLE BANNER MADE FOR THE 1932 PRESIDENTIAL CAMPAIGN OF FRANKLIN DELANO ROOSEVELT
7. CIVIL WAR REGIMENTAL FLAG WITH A DRAMATIC WARTIME EAGLE AND PATRIOTIC TEXT THAT READS: "UNITED WE STAND, DIVIDED WE FALL," HAND-GILDED AND PAINTED ON CORNFLOWER BLUE SILK, 1861-65

**EXHIBIT B****DIRECT LENDING INVESTMENTS, LLC - FINE ART PRICE ALLOCATION****March 12, 2020**

<b>NO</b>	<b>FLAG NAME</b>	<b>LOCATION</b>	<b>EARLIEST/LATEST DATE OF ORIGIN</b>	<b>HISTORY</b>	<b>DOT818 Offer</b>
<b>1</b>	George & Martha Washington Quilt	Reception	1876	Patriotic Quilt made for the 1876 Centennial Celebration which consists of 2 rare printed cotton textiles of George & Martha. These are flanked above and below by pairs of parade flags that feature the crests and flags of various nations that participated in the Centennial International Exhibition. The six-month long, Worlds Fair event was held in the city of Philadelphia. All of the fabrics used on the front of the quilt would've been available as souvenirs at the expo and it's likely that the maker purchased them there, took them home and proceeded to make this as a memento of her attendance.	\$ 4,473
<b>2</b>	Abraham Lincoln Memorial Banner	Reception	1890/1909	Made in memoriam of the beloved President. Made either during the last decade of the 19th century out of general patriotism, or very likely in 1909 in celebration of the 100 year anniversary of Lincoln's birth.	\$ 6,394
<b>3</b>	Navy Jack with 30 Stars Flag	Brendan's office	1848/1850	Like the British Royal Navy, American vessels flew 3 flags. When at anchor or moored, the Jack is flown at the bow (front), the national flag or "ensign" is flown at the stern (back), and the commission penant is flown from the main mast. When under way, the Jack is furled and the ensign may be kept in place or shifted to a gaff if the ship is so equipped.	\$ 9,135
<b>4</b>	United We Stand Civil War Regimental Flag	Legal wing entrance	1861/1865	During the Civil War, U.S. Army regulations set forth that an infantry unit would carry 2 flags. These included a national colors, meaning the Stars & Stripes, and a regimental colors, also referred to as a federal standard. This flag is the regimental battle flag of a Civil War Volunteer Unit. This is their own, personalized version of the federal standard and would have been carried alongside their Stars & Stripes.	\$ 37,405
<b>5</b>	Roosevelt Campaign Banner	Legal wing hallway	1932	This campaign banner was produced in 1932 to promote the candidacy of Franklin Delano Roosevelt for President of the United States. The banner was produced by the Sweeny Lithograph Company in Belleville, NJ and is signed in the lower right. An example of the same variety is held in the collection of the Smithsonian and documented in "Threads of History: Americana Recorded on Cloth, 1775 to the Present" by Herbert Ridgeway Collins (Smithsonian Press, 1979), as item #1085 on page 422. Collins served as Curator of Political History at the Smithsonian Institution and his text is widely agreed to be the best available reference of American Political textiles.	\$ 1,319
<b>6</b>	Lincoln & Hamlin Parade Flag	Brendan's office	1860	33 star American Parade flag was made for the 1860 campaign of Abraham Lincoln and Hannibal Hamlin. Great Star designs take on many forms. In this particular example, note that there is a star between each arm of the large star and that there is a triangle of 3 stars in the very center. Among collectors, the Great Star represents the Rolls Royce of geometric star configurations. It is thought to have come about shortly after the War of 1812, when Congressman Peter Wendover of New York requested that Captain Samuel Reid, a War of 1812 naval hero, create a new design that would become the 3rd official format of the Stars & Stripes.	\$ 7,653
<b>7</b>	New York 71st Volunteer Infantry Flag	Brendan's office	1880/1913	35 star parade flag, bears important battle honors of the New York 71st Volunteer Infantry. This is one of only 3 known varieties of parade flags with battle honors printed on them, and thus it is an exceedingly rare example. The flag was most likely made for reunion of the members of the 71st sometime between the 1880's and the 50th anniversary of the Battle of Gettysburg in 1913. The New York 71st Volunteer Infantry was comprised of men and boys from Delaware, Cattaraugus, New York and Ulster counties. The first corps of this group was recruited in Colchester, New York by Captain William H. Elwood, under the command of General George B. Hall. This took place on June 27th, 1861. They proceeded to Staten Island, where they consolidated with a company from Great Valley, NY in the brigade led by General Daniel Stickles. They participated in many important conflicts other than those listed on the flag. When their initial terms of service were up, most men dropped their guns and returned home. Lincoln pleaded with his regiments to remain for an extended term, and the NY 71st Volunteers were among the very few who heeded his call.	\$ 3,620
	<b>Total Purchase Price</b>				<b>\$ 70,000</b>

# **EXHIBIT “3”**



IN THE UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

DIRECT LENDING INVESTMENTS  
LLC,

Defendant.

Case No. 2:19-cv-02188-DSF-MRW

**BIDDING PROCEDURES FOR SALE OF ARTWORK**

On March 22, 2019, the Securities and Exchange Commission filed a complaint commencing an action against Direct Lending Investments, LLC (“**DLI**”) in the United States District Court for the Central District of California (“**Court**”), Case No. 2:19-cv-2188 DSF (MRWx) (the “SEC Action”). On April 1, 2019, the Court in the SEC Action issued a Preliminary Injunction Order and Order Appointing Permanent Receiver (“Receiver Order”), appointing Bradley D. Sharp as permanent receiver (“**Receiver**”) for DLI, and for Direct Lending Income Fund, L.P., Direct Lending Income Feeder Fund, Ltd., DLI Capital, Inc., DLI Lending Agent, LLC, and DLI Assets Bravo, LLC (referred to herein as the “Company”) and their successors, subsidiaries and affiliated entities.

Pursuant to an Order of the Court in the SEC Action entered on April 1, 2019 (Dkt. No. 10), the Receiver has been granted the full powers of an equity receiver over all funds, property and assets belonging to, being managed by or in the possession of or control of the Receivership Entity. (Receiver Order, Section VI). In addition, among other things, the Receiver Order provides that the Receiver has been granted specific powers to sue, marshal, collect, and take possession of the Receivership Entity’s property, and to “take such action as is necessary and appropriate to preserve and take control of and to prevent the dissipation, concealment, or disposition of any assets of or managed by the Receivership Entity.” (Receiver Order Section IV.A. and D). Further, pursuant to an Order of the Court entered June 4, 2019 (Dkt. No. 57), the Receiver, through his Motion filed on March 20, 2020, is seeking further Court authority to sell or liquidate the artwork separately, in combination, or in bulk outside of the ordinary course of business; confirming the modified sale procedures; and approving the stalking horse bid.

The Company’s personal property assets include seven (7) flags described as follows: (1) 35 Stars in a double wreath pattern on a civil war veteran’s flag with overprinted battle honors of the New York 71st volunteer infantry; (2) Exceptional 1876 quilt featuring the images of George & Martha Washington, made from Patriotic textiles and flags that were probably acquired in Philadelphia at the Centennial International Exhibition; (3) 33 Stars in an interesting variation of

the “great star” configuration, made for the 1860 Campaign of Abraham Lincoln & Hannibal Hamlin, with whimsical serpentine text; (4) Abraham Lincoln Memorial Banner with a dramatic portrait image, late 19th century – 1909; (5) U.S. Navy Jack with 30 Stars, an entirely hand-sewn, pre-civil war example with great color and bold visual qualities, Wisconsin Statehood, 1848-1850; (6) A gallant leader: portrait style banner made for the 1932 presidential campaign of Franklin Delano Roosevelt; and (7) Civil War Regimental Flag with a dramatic wartime eagle and patriotic text that reads: “United We Stand, Divided We Fall,” hand-gilded and painted on cornflower blue silk, 1861-1865 (collectively, the “**Artwork**”). The Artwork was originally purchased for a total of \$206,900.00. The original purchase price and description of each art piece being offered for sale pursuant to these Bidding Procedures are set forth in the Fine Arts Summary Schedule which will be provided to interested prospective bidders, who qualify as Qualified Bidders and gain access to view the artwork. All artwork will be sold only “as-is” without representations or warranties. Subject to Court approval of these procedures and approval of the Artwork at a hearing to be conducted on May 4, 2020 at 1:30 p.m. Pacific Standard Time, unless adjourned or continued as set forth in these Bidding Procedures, the Company, through the Receiver, is soliciting bids for the Artwork and will seek Court approval and confirmation of the sale of the Artwork to the Successful Bidder, or the Backup Bidder, as those terms are defined below, in accordance with these **Bidding Procedures**. Any bidding and sale of the Artwork pursuant to the Bidding Procedures shall be referred to as a “**Transaction**,” regardless of the form it takes.

**THE SUBMISSION OF A BID IN CONNECTION WITH THE OFFER FOR SALE OF THESE ASSETS IS DEEMED TO CONSTITUTE CONSENT BY THE BIDDER TO BE BOUND TO ALL TERMS AND CONDITIONS OF THESE BID PROCEDURES.**

**ANY PARTY INTERESTED IN BIDDING ON THE ARTWORK SHOULD CONTACT DEVELOPMENT SPECIALISTS, INC.:**

1. Eric Held, 213-617-2717, [eheld@dsiconsulting.com](mailto:eheld@dsiconsulting.com)
2. Daniel Ungheanu, 213-617-2717, [dungheanu@dsiconsulting.com](mailto:dungheanu@dsiconsulting.com)

**Summary of Important Deadlines**

<b>Sale Process Commencement</b>	<b>March 9, 2020</b>
Motion to Approve Bidding/Auction Procedures, Stalking Horse Bid, and Sale of Artwork to Successful Bidder(s), or Backup Bidder(s)	To be filed on March 20, 2020
Deadline to object to conduct of Auction and designation of Successful Bidders, and adequate assurance, subject to Court approval	April 20, 2020 (two weeks prior to the date of hearing on the Sale Approval Motion)
<b>Bid Deadline</b>	<b>April 17, 2020 at 5:00 p.m. Pacific Standard Time</b>
<b>Auction</b>	<b>April 24, 2020 at 10 a.m. Pacific Standard</b>



	<b>Time</b>
Notice and Statement Regarding Successful Bidder(s), or Backup Bidders	To be filed on April 27, 2020
<b>Sale Hearing</b>	<b>May 4, 2020 at 1:30 p.m. Los Angeles time</b>
<b>Sale Closing</b>	<b>[As soon as practicable after Sale Hearing and no later than five (5) business days after Court Approval of the sale of artwork]</b>

### 1. Artwork to Be Sold

The Receiver is offering for sale each individual art piece. Potential Bidders (as defined below) may bid on any of the pieces. Potential Bidders are required to submit a separate bid for each item.

### 2. Participation Requirements

Any person or entity that wishes to participate in the bidding process for the artwork (each, a “**Potential Bidder**”) must first become a “**Qualifying Bidder**.” To become a Qualifying Bidder, a Potential Bidder must submit to the Receiver:

- (a) Documentation identifying the interested party, its principals, and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated Transaction;
- (b) A statement and other factual support demonstrating to the Receiver’s sole satisfaction that the interested party has a bona fide interest in consummating a Transaction; and
- (c) Sufficient information, as determined solely by the Receiver, to allow the Receiver to determine that the interested party has, or can obtain, the financial wherewithal and any required internal corporate, legal or other authorizations to close a Transaction.

Each Potential Bidder shall comply with all reasonable requests for information and due diligence by the Receiver, or his advisors regarding the ability of such Potential Bidder, as applicable, to consummate its contemplated Transaction.

### 3. Court Jurisdiction

Any Potential Bidders and Qualifying Bidders shall: (a) be deemed to have waived any right to a jury trial in connection with, and consented and submitted to the exclusive jurisdiction of the Court over, any actions or proceedings arising from or relating to the Bidding Procedures, the respective Transaction proposed by each such party, the Auction (as defined below) and the

construction and enforcement of the contemplated Transaction documents of such parties; (b) bring any such action or proceeding in the Court; and (c) be deemed to have consented to the Court entering a final judgment determining any such action or proceeding and that such final judgment in any such action or proceeding, including all appeals, shall be conclusive and may be enforced in other jurisdictions (including any foreign jurisdictions) by suit on the judgment or in any other manner provided by applicable law.

#### 4. **Form of Agreement**

Potential Bidders intending to submit bids must include with their bids an asset purchase agreement (a “**Purchase Agreement**”). Potential Bidders may obtain a form of the Purchase Agreement from Development Specialists, Inc. at the contact information provided above and include a redline marked against the form Purchase Agreement that shows all changes to the Purchase Agreement.

#### 5. **Due Diligence**

The Receiver will provide any Qualifying Bidder with reasonable access to the artwork and any other available additional information that the Receiver believes to be reasonable and appropriate under the circumstances. All additional due diligence requests shall be directed to Development Specialists, Inc. at the contact information provided above.

The due diligence period shall extend through and including the Bid Deadline. The Receiver may, but shall not be obligated to, in its reasonable discretion, furnish any due diligence information after the Bid Deadline.

The Receiver reserves the right, in his reasonable discretion, to withhold or limit access to any due diligence information that the Receiver determines is business-sensitive or otherwise not appropriate for disclosure to a Qualifying Bidder. Notwithstanding any pre-receivership limitations, including, without limitation, any non-disclosure, confidentiality or similar provisions relating to any due diligence information, the Receiver shall be authorized to provide due diligence information to Qualifying Bidders. The Receiver, the Company and its receivership estate, and Development Specialists, Inc., are not responsible for, and shall have no liability with respect to, any information obtained by, or provided to, any Qualifying Bidders in connection with the Bidding Procedures and a contemplated Transaction.

#### 6. **Bid Requirements**

To be deemed a “**Qualifying Bid**,” a bid must be received from a Qualifying Bidder on or before the Bid Deadline and satisfy each of the following requirements, as determined by the Receiver (each, a “**Bid Requirement**”):

- (a) A fully executed purchase and sale agreement for the artwork with terms substantially similar to the Stalking Horse Purchase Agreement, which is attached to the Receiver’s declaration in support of the Motion, but in all events acceptable to the Receiver;

- (b) Specify the artwork to be included in the bid;
- (c) Provide proof of funds in an amount at least equal to the purchase price under the Stalking Horse Purchase Agreement;
- (d) Provide for an all cash purchase, paid in full at closing;
- (e) State that the Qualifying Bidder is offering to purchase the Artwork “as-is” without representations or warranties;
- (f) Make a commitment to close the Transaction as soon as practicable but no later than five (5) business days after entry of an order of the Court approving the sale to the Successful Bidder;
- (g) Not contain any contingencies of any kind, including, without limitation, contingencies related to financing, internal approval or due diligence;
- (h) Contain a written acknowledgement and representation that the Qualifying Bidder (i) has had an opportunity to conduct any and all due diligence regarding the artwork, (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and other information in making its Qualifying Bid, and (iii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the artwork, or the completeness of any documents or other information provided in connection with the Bidding Procedures and the proposed Transaction;
- (i) Provides for the Qualifying Bidder to serve as a backup bidder (the “**Back-Up Bidder**”) if the Qualifying Bidder’s bid is the next highest and best bid (the “**Back-Up Bid**”) after the Successful Bid (as defined below), as determined by the Receiver;
- (j) Provides a good faith cash deposit (the “**Deposit**”) in an amount equal to ten percent (10%) of the purchase price provided for in the Purchase Agreement (or such additional amount as may be determined by the Receiver in its reasonable discretion) to be held in escrow by the Receiver, prior to the Bid Deadline;
- (k) Make a commitment to, upon becoming a Successful Bidder, to be responsible for taking into possession the artwork, including moving or transporting the art pieces, paying any and all associated costs, coordinating with Development Specialists, Inc. in obtaining the artwork, and solely liable for any issues that may arise in taking into possession the art pieces;

- (l) Provides for liquidated damages in the event of the Qualifying Bidder's breach of, or failure to perform under, the Purchase Agreement equal to the amount of the Deposit, which modified Purchase Agreement, redlined to show all changes, shall be submitted with the bid as required by Section 4 of these Bidding Procedures; and
- (m) The Stalking Horse Bidder is deemed a Qualified Bidder, and the Stalking Horse Purchase Agreement is deemed a Qualified Bid.

The Receiver reserves the right to negotiate with any Qualifying Bidder in advance of the Auction to cure any deficiencies in a bid that is not initially deemed a Qualifying Bid.

Each Qualifying Bidder submitting a bid shall be deemed to acknowledge and represent that it is bound by all of the terms and conditions of the Bidding Procedures.

#### 7. **Bid Deadline**

A Qualifying Bidder that desires to make a bid shall deliver a written and electronic copy of its bid in both PDF and MS-WORD format to the Notice Parties (defined below) so as to be received on or before **April 17, 2020 by 5:00 p.m. PST** (the “**Bid Deadline**”); *provided that* the Receiver may extend the Bid Deadline without further order of the Court. To the extent that the Bid Deadline is extended for all parties, the Receiver shall file a notice on the docket of these (cases) indicating the same. **Any party that does not submit a bid by the Bid Deadline (including as extended in accordance with the prior two sentences) will not be allowed to (a) submit any offer after the Bid Deadline, or (b) participate in the Auction.**

#### 8. **Auction Process**

The Auction shall be governed by the following procedures:

- (a) The Auction shall commence on **April 24, 2020** (the “**Auction Date**”), at the **Los Angeles offices of Development Specialists, Inc. at 10 a.m. PST**;
- (b) Only Qualifying Bidders with Qualifying Bids (collectively, the “**Auction Bidders**”) shall be entitled to may any subsequent bids at the Auction;
- (c) Only the Company through its Receiver and the Auction Bidders may attend the Auction;
- (d) The Receiver and his team shall direct and preside over the Auction, which may be transcribed;
- (e) The Auction Bidders shall confirm that they have not engaged in any collusion with respect to the Bidding Procedures, the Auction, or the Sale;

- (f) The Receiver shall commence the auction for each art piece with the Stalking Horse bid:
  - (i) George & Martha Washington Quilt at \$4,473.00; (ii) Abraham Lincoln Memorial Banner at \$6,394.00; (iii) Navy Jack with 30 Stars Flag at \$9,135.00; (iv) United We Stand Civil War Regimental Flag at \$37,405.00; (v) Roosevelt Campaign Banner at \$1,319.00; (vi) Lincoln & Hamlin Parade Flag at \$7,653.00; and (vii) New York 71<sup>st</sup> Volunteer Infantry Flag at \$3,620.00;
- (g) The initial overbid for each individual art piece must be at least 5% higher than the Stalking Horse bid. Any subsequent overbids shall also be an increase by an amount that is equal to or greater than 5% of the Stalking Horse bid for the piece; and
- (h) At the conclusion of the Auction, the Receiver shall identify the highest and best bid (the “**Successful Bid(s)**”), based upon the Receiver’s determination of the highest or otherwise best bid from a Qualified Bidder in his discretion as set forth in the Sales Procedures (the “**Successful Bidder(s)**”). The Receiver may, in his reasonable discretion, designate **Back-Up Bids** (and the corresponding **Back-Up Bidders**) to purchase the artwork in the event that the Successful Bidder does not close the Sale.

**THE SUBMISSION OF A BID IN CONNECTION WITH THE OFFER FOR SALE OF THE ARTWORK IS DEEMED TO CONSTITUTE CONSENT BY THE BIDDER TO BE BOUND TO ALL TERMS AND CONDITIONS OF THESE BID PROCEDURES.**

**THE SUCCESSFUL BID AND ANY BACK-UP BIDS SHALL CONSTITUTE AN IRREVOCABLE OFFER AND BE BINDING ON THE SUCCESSFUL BIDDER AND THE BACK-UP BIDDER, RESPECTIVELY, FROM THE TIME THE BID IS SUBMITTED UNTIL TWO (2) BUSINESS DAYS AFTER THE SALE HAS CLOSED. EACH QUALIFYING BID THAT IS NOT THE SUCCESSFUL BID OR BACK-UP BID SHALL BE DEEMED WITHDRAWN AND TERMINATED AT THE CONCLUSION OF THE SALE HEARING.**

**9. Sale Hearing**

The Successful Bid and any Back-Up Bid will be subject to approval by the Court. The hearing to approve such Successful Bid and any Back-Up Bid (the “**Sale Hearing**”) shall take place, subject to the Court’s availability, on **May 4, 2020 at 1:30 p.m. PST**. The Sale Hearing may be adjourned by the Receiver or the Court from time to time without further notice to creditors or other parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing, by filing a notice of the continuance with the Court, or by posting a notice on the receivership website for the Company’s receivership case at <https://case.stretto.com/dli>. **For the avoidance of doubt, by no later than April 27, 2020, the Receiver may determine to withdraw the artwork or any subset thereof, from the Auction and sale process, and adjourn the Sale Hearing with respect to these artwork on the terms set forth herein.**

At the Sale Hearing, the Receiver on behalf of the Company will seek entry of an order

that, among other things: (i) authorizes and approves the Sale to the Successful Bidder (and, if applicable the Back-Up Bidder), pursuant to the terms and conditions set forth in the applicable Purchase Agreement executed by the Successful Bidder (and, if applicable the Back-Up Bidder), and that the artwork being transferred in such transaction shall be transferred; (ii) unless otherwise ordered by the Court, directing that all Encumbrances on the artwork that are sold shall attach to the cash proceeds generated from the sale of such artwork in the same order of priority as they existed prior to the consummation of such sale; and (iii) finding that the Successful Bidder, as applicable, is a good faith purchaser.

#### 10. **Back-Up Bidder**

Notwithstanding any of the foregoing, in the event that the Successful Bidder fails to close the Sale no later than five (5) business days following the approval of the sale by the Court (or such date as may be extended by the Receiver and with the agreement of the Back-Up Bidder), the Back-Up Bid will be deemed to be the Successful Bid, the Back-Up Bidder will be deemed to be the Successful Bidder, and the Receiver on behalf of the Company will be authorized, but not directed, to close the Sale to the Back-Up Bidder subject to the terms of the Back-Up Bid without the need for further order of the Court and without the need for further notice to any interested parties, as soon as practicable, but not later than ten (10) business days following the approval of the sale by the Court.

#### 11. **Return of Deposits**

All Deposits shall be returned to each bidder not selected by the Receiver as the Successful Bidder or the Back-Up Bidder no later than three (3) business days following the conclusion of the Sale Hearing. The deposit of the Successful Bidder or, if the Sale is closed with the Back-Up Bidder, the deposit of the Back-Up Bidder, shall be applied to the purchase price for the Sale. If the Successful Bidder (or, if the Sale is to be closed with the Back-Up Bidder, then the Back-Up Bidder) fails to consummate the Sale because of a breach or failure to perform on the part of such bidder, then, subject to the terms of the Purchase Agreement the Company and its receivership estate shall be entitled to retain the Deposit of the Successful Bidder (or, if the Sale is to be closed with the Back-Up Bidder, then the Back-Up Bidder) as part of the damages resulting to the Company and its receivership estate for such breach or failure to perform.

#### 12. **Notice of Parties**

The term “**Notice Parties**” as used in these Bidding Procedures shall mean: (i) the Company through its permanent receiver Bradley D. Sharp (“Receiver”), [bsharp@dsiconsulting.com](mailto:bsharp@dsiconsulting.com); (ii) counsel to the Receiver for the Company, Christopher D. Sullivan of Diamond McCarthy LLP, [csullivan@diamonddmccarthy.com](mailto:csullivan@diamonddmccarthy.com), (415) 692-5200; and (iii) the Receiver’s team, at Development Specialists, Inc., Eric Held, [eheld@dsiconsulting.com](mailto:eheld@dsiconsulting.com), (213) 617-2717, and Daniel Ungheanu, [dungheanu@dsiconsulting.com](mailto:dungheanu@dsiconsulting.com), (213) 617-2717.

#### 13. **Reservations of Rights**

Notwithstanding any of the foregoing, the Receiver reserves Company the right to modify

these Bidding Procedures at or prior to the Auction, including, without limitation, to extend the deadlines set forth herein, modify bidding increments, waive terms and conditions set forth herein with respect to any or all potential bidders (including, without limitation, the Bid Requirements), impose additional terms and conditions with respect to any or all Potential Bidders, adjourn or cancel the Auction at or prior to the Auction, and adjourn the Sale Hearing.

# **EXHIBIT “4”**



## **NOTICE OF SALE OF ARTWORK AND OPPORTUNITY TO BID**

On March 22, 2019, the Securities and Exchange Commission filed a complaint commencing an action against Direct Lending Investments, LLC (“**DLI**”) in the United States District Court for the Central District of California (“**Court**”), Case No. 2:19-cv-2188 DSF (MRWx) (the “SEC Action”). On April 1, 2019, the Court in the SEC Action issued a Preliminary Injunction Order and Order Appointing Permanent Receiver (“Receiver Order”), appointing Bradley D. Sharp as permanent receiver (“**Receiver**”) for DLI, and for Direct Lending Income Fund, L.P., Direct Lending Income Feeder Fund, Ltd., DLI Capital, Inc., DLI Lending Agent, LLC, and DLI Assets Bravo, LLC (referred to herein as the “Company”) and their successors, subsidiaries and affiliated entities.

The Company’s personal property assets include seven (7) flags described as follows: (1) 35 Stars in a double wreath pattern on a civil war veteran’s flag with overprinted battle honors of the New York 71st volunteer infantry; (2) Exceptional 1876 quilt featuring the images of George & Martha Washington, made from Patriotic textiles and flags that were probably acquired in Philadelphia at the Centennial International Exhibition; (3) 33 Stars in an interesting variation of the “great star” configuration, made for the 1860 Campaign of Abraham Lincoln & Hannibal Hamlin, with whimsical serpentine text; (4) Abraham Lincoln Memorial Banner with a dramatic portrait image, late 19th century – 1909; (5) U.S. Navy Jack with 30 Stars, an entirely hand-sewn, pre-civil war example with great color and bold visual qualities, Wisconsin Statehood, 1848-1850; (6) A gallant leader: portrait style banner made for the 1932 presidential campaign of Franklin Delano Roosevelt; and (7) Civil War Regimental Flag with a dramatic wartime eagle and patriotic text that reads: “United We Stand, Divided We Fall,” hand-gilded and painted on cornflower blue silk, 1861-1865 (collectively, the “**Artwork**”). The Artwork was originally purchased for a total of \$206,900.00.

**Subject to Court approval**, each individual art piece is being offered for sale by bid, with all bidders required to become **Qualified Bidders** under the terms of the Bidding Procedures and **all Qualified Bids due by April 17, 2020 at 5:00 p.m. Pacific Time**. The Stalking Horse Bidder is deemed a Qualified Bidder, and the Stalking Horse Purchase Agreement is deemed a Qualified Bid. If additional bids are received for any of the artwork, an auction at which Qualified Bidders can bid will be held on **April 24, 2020 at 10:00 a.m. Pacific Time** in Los Angeles, California. The sale of the Artwork is expressly **subject to Court approval in the SEC Action** of the Sale of the Artwork, Bidding Procedures, Stalking Horse Bid, and **Court approval and confirmation** of the sale of the Artwork at a hearing currently scheduled for **1:30 p.m. Pacific Time on May 4, 2020** in the SEC Action. The original purchase price and description of each art piece being offered for sale pursuant to these Bidding Procedures are set forth in the Fine Arts Summary Schedule which will be provided to interested prospective bidders, who become a **Qualified Bidder** and gain access to view the artwork. **All Assets will be sold “as-is” without representations or warranties.** This notice is only a summary of certain terms and conditions of the proposed sale and opportunity to bid for the Artwork. Any persons interested in bidding must obtain and comply with the Bidding Procedures **by contacting the Receiver’s team at Development Specialists, Inc.:** (1) Eric Held, 213-617-2717, [eheld@DSIConsulting.com](mailto:eheld@DSIConsulting.com) and Daniel Ungheanu, 213-617-2717, [dungheanu@DSIConsulting.com](mailto:dungheanu@DSIConsulting.com). Additional information is also included on the Receiver’s website (<https://cases.stretto.com/dli/wallartauction>) and contained in the Motion for approval of the sale filed in the SEC Action.

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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION – LOS ANGELES**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

DIRECT LENDING INVESTMENTS  
LLC,

Defendant.

Case No. 2:19-cv-02188-DSF-MRW  
Hon. Dale S. Fischer

**[PROPOSED] ORDER GRANTING  
MOTION OF RECEIVER FOR  
ORDER: (1) APPROVING SALE OF  
ARTWORK; (2) MODIFYING SALE  
PROCEDURES OF 28 U.S.C §§ 2001  
AND 2004; (3) APPROVING  
STALKING HORSE BID; AND (4)  
APPROVING FORM AND/OR  
LIMITATION OF NOTICE UNDER  
LOCAL CIVIL RULE 66-7**

Date: May 4, 2020

Time: 1:30 p.m.

Dept.: Courtroom 7D

Place: United States District Court  
Western Division  
350 West 1st Street,  
Los Angeles, CA 90012

1 This Motion for Order (1) Approving Sale of Artwork; (2) Modifying Sale  
2 Procedures of 28 U.S.C. §§ 2001 and 2004; (3) Approving Stalking Horse Bid; (4)  
3 Approving Form and/or Limitation of Notice Under Local Civil Rule 66-7 (the  
4 “Motion”) filed Bradley D. Sharp, the Court-appointed permanent receiver  
5 (“Receiver”), came on regularly for hearing at the above-referenced date, time, and  
6 place before the Honorable Dale S. Fischer, United States District Judge presiding.  
7 Appearances were made as noted on the record. The Court, having read and  
8 considered the Motion and all pleadings and papers filed in support thereof, including  
9 supplemental pleadings filed by the Receiver relating to the results of the bidding and  
10 auction, if any, and having read and considered responses or opposition, if any, to the  
11 Motion, and having heard the arguments of counsel, good cause appearing, therefor,

12 IT IS ORDERED that:

- 13 1. The Motion and the relief sought therein is granted;  
14 2. Without limiting the generality of the foregoing:

15 A. The Bidding Procedures attached as Exhibit “3” to the Declaration of  
16 Bradley D. Sharp in support of this Motion to sell the Artwork, as defined in the  
17 Motion, are hereby approved, the sale procedures under 28 U.S.C. sections 2001(b)  
18 and 2004 are hereby modified and approved as reasonable and appropriate under the  
19 circumstances for good cause shown by this Motion and supporting pleadings, and the  
20 stalking horse bid is hereby approved;

21 B. The sale of each artwork to the Successful Bidder or Bidders making the  
22 highest and best bids for the artwork obtain through the Bidding Procedures, or to the  
23 Back-Up Bidders for the artwork if the Successful Bidder (as those terms are defined  
24 in the Bidding Procedures) fail to perform, are hereby approved and confirmed;

25 C. The Court hereby approves as sufficient under the circumstances the  
26 notice and opportunity for hearing provided by the Receiver on the Motion and form  
27 and manner of notice of the Motion and the proposed sales of the artwork by the  
Receiver (a) serving the Motion and related moving papers on all parties to the action,

1 (b) serving by mail a notice of hearing on the Motion to all known creditors pursuant  
2 to Local Civil Rule 66-7, (c) posting a copy of the Motion on the Receiver's website  
3 for the case at <http://case.stretto.com/dli>; and (d) causing the Receiver's Court-  
4 approved claims against, Bankruptcy Management Solutions dba Stretto, to provide  
5 by email a copy of the notice of hearing on the Motion to all known investors through  
6 its email service to investors in Direct Lending Income Fund, L.P. ("Domestic Feeder  
7 Fund") and Direct Lending Income Feeder Fund, Ltd. ("Off Shore Feeder Fund").  
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9 IT IS SO ORDERED.

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11 DATED:

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14 DALE S. FISCHER  
15 United States District Judge  
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10 *stacey.pratt@diamondmccarthy.com*  
11 DIAMOND MCCARTHY LLP  
12 150 California Street, Suite 2200  
13 San Francisco, CA 94111  
14 Phone: (415) 692-5200

15 *Counsel for Bradley D. Sharp,*  
16 *Permanent Receiver*

17 **UNITED STATES DISTRICT COURT**  
18 **CENTRAL DISTRICT OF CALIFORNIA**  
19 **WESTERN DIVISION – LOS ANGELES**

20 SECURITIES AND EXCHANGE  
21 COMMISSION,

22 Plaintiff,

23 v.

24 DIRECT LENDING INVESTMENTS  
25 LLC,

26 Defendant.

Case No. 2:19-cv-02188-DSF-MRW  
Hon. Dale S. Fischer

**PROOF OF SERVICE**

**PROOF OF SERVICE**

I hereby declare under penalty of perjury pursuant to the laws of the state of California that I am a citizen of the United States, over the age of eighteen years and not a party to the within-entitled action. My business address is 150 California Street, Suite 2200, San Francisco, CA 94111. On **March 20, 2020**, I served a copy of the within document(s):

- **NOTICE OF MOTION AND MOTION OF RECEIVER FOR ORDER: (1) APPROVING SALE OF ARTWORK; (2) MODIFYING SALE PROCEDURES OF 28 U.S.C §§ 2001 AND 2004; (3) APPROVING STALKING HORSE BID; AND (4) APPROVING FORM AND/OR LIMITATION OF NOTICE UNDER LOCAL CIVIL RULE 66-7; MEMORANDUM OF POINTS AND AUTHORITIES**
- **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION OF RECEIVER FOR ORDER: (1) APPROVING SALE OF ARTWORK; (2) MODIFYING SALE PROCEDURES OF 28 U.S.C §§ 2001 AND 2004; (3) APPROVING STALKING HORSE BID; AND (4) APPROVING FORM AND/OR LIMITATION OF NOTICE UNDER LOCAL CIVIL RULE 66-7; MEMORANDUM OF POINTS AND AUTHORITIES;**
- **DECLARATION OF BRADLEY D. SHARP IN SUPPORT OF MOTION OF RECEIVER FOR ORDER: (1) APPROVING SALE OF ARTWORK; (2) MODIFYING SALE PROCEDURES OF 28 U.S.C §§ 2001 AND 2004; (3) APPROVING STALKING HORSE BID; AND (4) APPROVING FORM AND/OR LIMITATION OF NOTICE UNDER LOCAL CIVIL RULE 66-7; MEMORANDUM OF POINTS AND AUTHORITIES; AND**
- **[PROPOSED] ORDER GRANTING MOTION OF RECEIVER FOR ORDER: (1) APPROVING SALE OF ARTWORK; (2) MODIFYING SALE PROCEDURES OF 28 U.S.C §§ 2001 AND 2004; (3) APPROVING STALKING HORSE BID; AND (4) APPROVING FORM AND/OR LIMITATION OF NOTICE UNDER LOCAL CIVIL RULE 66-7**

1 X **SERVED BY UNITED STATES MAIL:** On **March 20, 2020**, I  
2 instructed and caused to be served the documents listed above to the  
3 persons and/or entities listed below at the last known addresses by  
4 forwarding a true and correct copy thereof to attorney service vendor  
5 United Litigation to be placed in a sealed envelope in the United States  
6 mail, first class, postage prepaid, the document(s) listed above to the  
7 addresses set forth as follows.

8 Christopher D. Johnson	Nicholas Morgan
9 Managing Director	Paul Hastings LLP
10 Jill Zadny	515 South Flower Street, 25 <sup>th</sup>
11 Chris Johnson Associates, Ltd.	Floor
12 P.O. Box 2499	Los Angeles, CA 90071
13 Elizabethan Square	
14 Shedden Road, Georgetown	
15 Grand Cayman, KY1-1104	
16 Cayman Islands	

17 X **SERVED VIA ELECTRONIC TRANSMISSION/EMAIL:** On **March**  
18 **20, 2020**, I served the following persons and/or entities at the by  
19 transmitting via electronic mail the document(s) listed above to the  
20 addresses set forth below:

21 Nicolas Morgan, nicolasmorgan@paulhastings.com  
22 Matthew Dors, Esq., matthew.dors@collascrill.com  
23 Rocco Cecere, Esq., rocco.cecere@collascrill.com  
24 Rupert Stanning, Esq., rupert.stanning@collascrill.com  
25 Christopher D. Johnson, cdj@cjacayman.com  
26 Jill Zadny, jz@cjacayman.com  
27 Jacob A. Johnson, Alston & Bird LLP, jacob.johnson@alston.com  
28 Will Sugden, Alston & Bird LLP, will.sugden@alston.

X **TO BE SERVED BY THE COURT VIA NOTICE OF**  
**ELECTRONIC FILING (NEF):** On **March 20, 2020**, Pursuant to L.R.  
5-3.2.1, the document listed above will be served by the court via NEF  
and hyperlink to the document which effects electronic service on counsel

who are registered with the CM/ECF system.

I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

I declare under penalty of perjury under the laws of the state of California that the above is true and correct. Executed on March 20, 2020, at San Francisco, California.

/s/ Erika R. Shannon  
Erika R. Shannon