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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **COUNTY OF TEHAMA**

10 GOLDEN STATE FARM CREDIT, ACA, a
federal Farm Credit System institution, et al.,
11
12 Plaintiffs,
13 v.
14 ANDERSEN & SONS SHELLING, INC., et
al,
15 Defendants,

Case No. 24-CI-000197

**MOTION OF THE RECEIVER, DAVID
STAPLETON, AND MEMORANDUM OF
POINTS AND AUTHORITIES IN
SUPPORT THEREOF FOR ORDER IN
AID OF RECEIVERSHIP (1)
APPROVING SUMMARY CLAIM
PROCEDURES AND NOTICE, (2)
SETTING CLAIMS BAR DATE, (3)
APPROVING PROPOSED CLAIM FORM
AND PROCEDURES FOR SERVICE,
AND (4) MANAGING, BIFURCATING
AND JOINING OF GROWER CLAIMS IN
THE LIEN PRIORITY DISPUTES**

Date: July 8, 2025
Time: 8:30 am
Judge: Hon. Laura S. Woods
Dept.: 5

Action Filed: August 5, 2024

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I.

INTRODUCTION

Through this motion, David Stapleton, the receiver (“Receiver”) for Andersen Shelling, Andersen and Sons Ranch, Inc., A & M Farming, LLC, J. B. Cusick Company, Inc., Farmers Hill Investments, LLC, and A Butter World, LLC, and any affiliates and subsidiaries (collectively, “Receivership Entities”), seeks approval of claims procedures, the claim form, a claims bar date, notice thereof, bifurcation of the lien priority dispute litigation and a temporary stay of all litigation now pending in the Superior Court of Tehama County until the Further Status Conference which hearing will follow shortly after the Claims Bar Date (the “Claims Motion”). Although the Receiver is still liquidating assets, winding down the affairs of the Receivership Entities and determining the estate’s best path forward, the Receiver believes that it is appropriate at this time for the Court to implement an orderly process wherein all creditors (secured and unsecured) are given the opportunity to submit claims against the estate to the Receiver in order to assess those claims and segregate related disputes to better facilitate the resolution of all creditor claims in an efficient manner. As set forth herein, many claimants are in agreement that bifurcating certain legal disputes will streamline the resolution of issues before the Court.

II.

BACKGROUND FACTS

A. Receivership Estate Assets

By order entered on August 8, 2024, the Court appointed the Receiver (the “Receivership Order”) to take over and manage the affairs of the Receivership Entities. (See Dec. Nolan, Receivership Order, Exhibit 5). Since his appointment, the Receiver has focused on winding down the Receivership Entities and liquidating assets for the benefit of the estate and its creditors. (Dec. Nolan, Ex. 6, Receiver’s Report No. 3, pg. 2, ln 16-26).

The Receivership Estate at the inception of the case consisted of four primary categories of assets: (1) real property, including approximately 42 ranch properties (with trees and crop included), and the approximately 900,000 square feet of processing and production lines in Vina, California, that includes a walnut huller, a walnut shelling line, a pasteurization line, oil roasting

1 line and retail packaging lines, among others; (2) walnut, almond, cashew and other nut inventory
2 in various forms including in-shell, work-in-progress and finished goods inventory; (3) various
3 fixed assets including the equipment related to the above-mentioned processing lines, forklifts,
4 farm equipment, rolling stock and various other items used in the ranch and shelling operations,
5 bins, farm products, supplies, and miscellaneous furniture and fixtures; and (4) liquid assets such
6 as accounts receivable and cash.

7 The Receiver converted the 2023 nut inventory into finished goods and completed
8 harvesting of the 2024 agricultural crops. (Id., pg. 4, ln 2-5). The Receiver is in the process of
9 selling the remaining bins and personal property.

10 The Receiver has sold various real properties and is in the process of selling ranch property
11 and preserving the business facilities for sale to a prospective operator as a single turnkey sale
12 process. (Id., pg 5, ln 2-25). The Receiver has engaged experienced professionals to sell the main
13 operating facility in Vina, California, which is referred to as the “Vina HQ.” (Id., pg 5, lns 13-25).

14 B. Liabilities.

15 This is not a small case. Financial institutions that extended business loans to the
16 Receivership Entities in exchange for a security position in the business and assets of the
17 Receivership Entities are owed well in excess of \$150 million. Bank of America, N.A. (“BofA”)
18 is owed by ASSI and certain of its affiliates under the loan and security agreement not less than
19 \$66 million, exclusive of interest, fees and expenses. (Dec. Nolan, ¶8). Golden State Farm Credit,
20 (“GSFC”), asserts it is owed by ASSI and affiliates in excess of \$125 million. (Dec. Nolan, ¶8).
21 Banner Bank asserts loans owed by ASSI and certain of its affiliates under the loan and security
22 agreement in excess of \$6,310,655. (Dec. Nolan, ¶8).

23 The books and records of ASSI (the entity that processed nuts for growers using financing
24 provided by BofA) indicate that the unpaid amount due of \$6.9 million to producers for the 2022
25 crop, and \$39 million for the 2023 crop. (Dec. Flahive, ¶4). To date, no less than 50 complaints
26 have been filed by growers with the California Department of Food & Agriculture (“CDF”) A
27 demanding just over \$25 million. (Decl. of J. Nolan, ¶9). The Receiver estimates based on claims
28 and communications with growers that the potential outstanding liabilities asserted by growers

1 will exceed \$40 million. (Decl. of J. Nolan, ¶9). As such, the purported secured liabilities owed
2 by ASSI and certain of its affiliates likely exceeds the approximately \$31 million collected during
3 the Receivership period from the sale of inventory. (Dec. Nolan, Ex. 6, Receiver’s Report No. 3,
4 pg. 7, ln 23).

5 Litigation filed by various contractors before the Superior Court, County of Tehama seek
6 just over \$3.5 million from ASSI for construction or improvements to ASSI property. (Dec.
7 Nolan, ¶13) There are also two labor disputes, one of which is pending before the Superior Court,
8 County of Tehama and the other in mediation before JAMS.

9 C. Proposed Claims Procedure.

10 Approval of a claims filing procedure is appropriate so that the Receiver can properly
11 define, account for and assess the number of creditors and the various classes or types of claims.
12 By filing the Claims Motion, the Receiver seeks entry of the proposed order attached as **Exhibit 1**
13 hereto (“Proposed Order”), and approval of a claims procedure by which creditors will submit
14 proofs of claim by an established deadline. The Proposed Order also approves the Receiver’s
15 proposed notice of publication as set forth herein as it will provide widespread notice to potential
16 creditors. Once filed, the claims will be subject to review, investigation and/or objections prior to
17 any distribution by the Receiver.

18 The Receiver has prepared a proposed claim form attached as **Exhibit 2** hereto (the “Claim
19 Form”) that will be accompanied by a letter with instructions on how to complete and submit the
20 form by the established deadline in the form attached as **Exhibit 3** hereto (“Notice Letter”). All
21 creditors, whether contractors, service providers, employees, governmental entities, agricultural
22 producers or growers, will use the same Claim Form.

23 After a reasonable search of the Receivership Entities’ books and records, the Receiver
24 will give notice by United States mail to all creditors listed as being owed a debt by the
25 Receivership Entities. The Receiver also intends to give notice by publication in a specified
26 number of counties in the surrounding areas of Northern California where the Receiver believes
27 business was most commonly conducted. The Receiver hereby submits a proposed form of
28 Publication, attached as **Exhibit 4** hereto (“Publication Notice”), along with the proposed counties

1 and specific publications. As discussed further herein, the Receiver proposes to provide notice in
2 twelve counties on a single day for four consecutive weeks. In addition, the Receiver intends to
3 give notice of this filing, the Claims Bar Date (defined below), and the existence of a claims
4 website site maintained by the Receiver to certain industry groups, specifically to the California
5 Walnut Board and the Almond Board of California.

6 The Receiver seeks to create a single venue for the filing of claims against the
7 Receivership Estate and to stay all litigation pending in the Superior Court of Tehama prior to the
8 Further Status Conference so the claims process can be accomplished and the Receiver’s Written
9 Report issued to the Court . In this manner, all parties with a claim will have the opportunity to
10 present their claim to the Receiver and the Receiver will be able to administer and organize the
11 claims for submission to the Court.

12 Finally, following the bar date, the Receiver seeks to bifurcate claims of all pending (and
13 potentially future) lien priority disputes between ASSI’s agricultural producers (“Growers”), BofA
14 and GSFC over the proceeds of the 2022 and 2023 crop year¹. Numerous lawsuits have been filed
15 by the Growers in the Superior Court of Tehama. Joining in a single litigation before the Court for
16 the determination of lien priority may obviate the need for further litigation, narrow it
17 significantly, or render various certain factual issues largely irrelevant. The Receiver’s regular
18 communication with the litigants leads him to believe that lien party claimants to the Lien Priority
19 Disputes desire to temporarily stay litigation among the parties, join any additional Grower
20 claimants to an existing lawsuit before the Court, and to submit an expedited briefing schedule to
21 the Court to begin resolving the lien claim dispute after the necessary parties and facts are before
22 the Court. During this time frame the while the claims filing process is ongoing, the Receiver
23 intends to provide counsel for the Growers data from ASSI’s books and records, including
24 amounts paid and unpaid, and product received on account of the 2023 nut crop.

25 California law supports allowing a Receiver, under the direct supervision of the Court, to
26 fashion appropriate remedies for the protection and orderly administration of receivership estates.

27 _____
28 ¹ The Receiver believes this dispute with various growers is limited to the 2022 and 2023 crop years but
until all claims are filed, this question remains unresolved.

1 The present motion will promote the economic resolution of claims and assist the Court and
2 claimants to streamline the process.

3 **III.**

4 **PROPOSED CLAIM PROCEDURES & DEADLINES**

5 The Receiver proposes the following procedures (the “Claim Procedures”) for noticing,
6 reviewing, and processing creditor claims.

7 A. Distribution of the Claim Form to Creditors: Promptly after the Court enters the
8 Proposed Order (in current or revised form), the Receiver shall serve notice of entry of that order,
9 together with the Claim Form and Notice Letter (the “Claims Packet”) to all known creditors of
10 the Receivership Entities at their last known address. As set forth herein in *Section D*, the
11 Receiver proposes to serve by U.S. mail all creditors based upon a reasonable search of the
12 debtors’ books and records. In addition, various creditors have reached out to the Receiver during
13 his tenure and the Receiver has compiled a list of 900 e-mail addresses which will also receive the
14 Claims Packet. Also, the Receiver intends to publish notice of the Claims Bar Date (defined
15 below) in newspapers serving various counties in Northern California wherein the Receivership
16 Entities most commonly transacted business and interacted with vendors, suppliers, and service
17 providers. Service of the Publication Notice will further notify creditors of the Claims Bar Date,
18 explain how to obtain a Claim Form, and tell creditors where to submit the Claim Form either
19 electronically or by mail. Finally, the Receiver will establish a website for the Receivership Estate
20 to prominently provide notice of the Claims Bar Date, access to the Claim Form and the Notice
21 Letter, and explain where to return the completed Claim Form. The Receiver proposes to utilize a
22 claims management company, Stretto, which has experience in handling creditor claims, including
23 involving bankruptcies and receiverships.

24 The Claim Form requires the claimants to identify the entity to which their claim relates.
25 If more than one of the Receivership Entities is liable for a single debt, then the claimant will be
26 required to check the appropriate boxes to identify which Receivership Entities are liable on the
27 claim. If a creditor has different contracts or debts against more than one Receivership Entity,
28 then they should complete a separate Claim Form for each Receivership Entity.

1 B. Deadline for the Return of the Claim Forms: The Receiver proposes that the
2 deadline for his receipt of the Claim Forms shall be 5:00 pm PST on **September 30, 2025**, a date
3 that is not less than seventy (70) days from the date the Receiver expects to send the Claims
4 Packet to creditors (the “Claims Bar Date”).

5 Claims shall not be filed with the Court, but rather, shall be submitted directly to the
6 claims agent as designated. The Claim Form shall be accompanied by copies of all documents,
7 invoices, contracts, receipts, or other evidence supporting the party's claim and by a short
8 statement of the facts (“Statement of Facts”) supporting the claim. Any creditor who fails to
9 return a signed Claim Form postmarked by the Claims Bar Date shall be forever barred and
10 enjoined from asserting a claim against the Receivership Entities, the Receiver, and the
11 Receivership Estate.

12 The Receiver shall maintain an updated website that will display the name and amount of
13 claims submitted to the Receiver, and that website will be updated within three (3) business days
14 of his receipt of a Claim Form. This will help create transparency for all creditor claimants.

15 C. Claims Review Process: The Receiver will, at the appropriate time, evaluate the
16 Claim Forms and supporting documentation that are received by the Claims Bar Date and compare
17 them to the records of the Receivership Entities. The Receiver will identify those claims that
18 match or are largely consistent with the books and records of the Receivership Entities.

19 The Receiver may provide recommendations for the treatment of and/or the proposed
20 allowed amount of each timely submitted claim to the Court at a later date after the determination
21 of threshold legal issues by way of a motion (or motions) to approve the recommended treatment
22 of claims. If the Receiver determines further investigation or discovery regarding a claim or
23 judicial determination is required, the Receiver will so indicate in a motion and suggest procedures
24 for resolution of the dispute(s), including deadlines for the completion of any necessary discovery
25 and deadlines to file supplemental briefs.

26 Claims that are not supported by prima facie evidence of a debt and an adequate Statement
27 of Facts may be recommended for denial, or subject to objection by other parties in interest in the
28 Receivership. As mentioned above, untimely claims will be summarily denied under the Claim

1 Procedures, such that no recommendation will be necessary.

2 Following the claims submission process, the Claims Procedures contemplate the Receiver
3 reconciling all claims (whether from a Grower, contractor, or service provider) against the books
4 and records of ASSI and reaching agreement wherever possible when differences arise.

5 D. Management of Lien Priority Litigation:

6 As the Court may recall, the single largest issue presented by the Receivership is the
7 litigation involving secured lender BofA and the unpaid growers from the 2023 crop year.
8 Approximately 250-300 growers sold product to ASSI and were only partially paid for their
9 delivered product (“Grower Claims”), many of whom assert agricultural producer liens over
10 monies held by the Receivership Estate.

11 Many Grower Claims are already the subject of pending litigation in various jurisdictions
12 (including the Tehama County Superior Court) seeking to establish (a) amounts due from ASSI;
13 and (b) lien priority against other secured claimants. As the Court may recall, in November 2024,
14 approximately 38 Grower Claims led by plaintiff Nava Farms, Inc. moved to intervene in the
15 Receivership to prosecute actions, Case No. 24-CI-000197, while other Grower claimants have
16 sought to intervene individually². In addition to Tehama, Grower Claims against Receivership
17 Entites are pending in Santa Barbara Superior Court, Sacramento County Superior Court, and
18 Yolo County Superior Court. Litigation pending between Growers and financial institutions
19 holding liens on the remaining assets of the Receivership Estate pending in the United States
20 District Court for the Eastern District of California, was dismissed on May 6, 2025. The District
21 Court abstained from a determination of the merits of the competing lien claims and deferred to
22 this Court given its established jurisdiction (collectively, the “Lien Priority Disputes”).³

23

24 _____
25 ² Other growers actions pending in the Superior Court, County of Tehama include, Jessee Lee Real Estate Inc; d/b/a
26 Cana Pine Creek Ranch.

26 ³ Most of the Grower Claims have or are in the process of being transferred to the Tehama County Superior Court.
27 However, one lawsuit involving plaintiff TSB, AG, has numerous motions pending in Santa Barbara County Superior
28 Court following an arbitration hearing that took place after the appointment of the Receiver, but in which ASSI went
unrepresented. It is anticipated by the Receiver, that following the determination of the pending motions which have
been on file since the end of 2024, the litigation in whatever form would be transferred to the Tehama County
Superior Court.

1 Determining the universe of alleged Grower Claims, and the alleged dollar amounts of the
2 outstanding Grower Claims, including the particulars such as crop proceeds received and crop
3 year, are essential to framing the Lien Priority Disputes.

4 As voiced by numerous participants to the Lien Priority Disputes that have been in contact
5 with the Receiver, this process would benefit from additional structure. The Receiver’s plan to
6 provide that structure involves identifying those parties wishing to litigate a Lien Priority Dispute,
7 and requiring that they join, intervene, or appear not later than September 30, 2025, such that a
8 consolidation of all similarly situated Grower claimants can occur thereafter. The Court would
9 have the ability to bifurcate legal issues in an efficient manner that will postpone consideration of
10 costly and piecemeal fact-based litigation that does not include the common legal issues which
11 may very well prove to be dispositive.

12 The Receiver proposes to stay all litigation involving the Grower Claims and all litigation
13 in general for matters pending in this Court until after the Further Status Conference takes place.⁴
14 After that time, notice would have been issued to potential claimants and there can be a full
15 adjudication of claims and rights to what remains in the Receivership Estate.

16 The Receiver believes that these procedures will minimize delay, limit expenses, preserve
17 the Receivership Estate and judicial resources while affording lien claimants a full and fair
18 opportunity to participate and have disputes subject to Court resolution.

19 E. Receiver’s Written Report & Further Status Conference:

20 Not later than October 28, 2025, the Receiver will submit his written claims report
21 (“Receiver’s Written Report”) to the Court. The Receiver’s Written Report will inventory the
22 claims submitted to the Receiver, and provide an index and summary identifying the claimants,
23 claim amounts, claim types and total amount of claims received, as well as list any untimely
24 claims. The Receiver’s Written Report will also include a separate summary identifying the 2023
25 Grower Claims, the amounts claimed by each grower who submits a claim and the amount
26 outstanding, if any, according the to the Receivership Entities’ books and records. The Receiver is

27 _____
28 ⁴ The Receiver proposes to file and serve a Notice of Stay in each of the pending actions which are specifically
identified on Exhibit 7 to the Decl. J. Nolan, §13.

1 receptive to filing his report in any format or medium to assist the parties and the Court in
2 efficiently organizing and addressing the submitted claims.

3 The Receiver has been working with BofA and Growers with counsel with respect to the
4 threshold legal issues to be presented first to the Court. Notwithstanding that additional Grower
5 claimants may be added, the Receiver believes that the parties have already identified the
6 threshold legal issues common to all Lien Priority Disputes. Following the inclusion of any
7 additional claimants, the Receiver requests that any further refinement of the issues in the Lien
8 Priority Disputes be submitted to the Court for resolution so that the legal issues can be resolved
9 first.

10 F. Summary Of Proposed Deadlines:

11 Hearing on Motion to Approve Claims Procedures:	July 8, 2025
12 Entry of Proposed Order (5 th court day):	July 15, 2025
13 Service of Claim Packets & Notice of Publication:	July 22, 2025
14 Claims Bar Date:	September 30, 2025
15 Deadline For Grower Lien Claimants to Join/Intervene in	
16 Pending Litigation:	September 30, 2025
17 Submission of Receiver’s Written Report:	October 28, 2025
18 Further Status Conference:	November 11, 2025

19 Based on experience, the Receiver proposes a fixed bar date deadline that is easily
20 identifiable and not subject to errors in calculation by claimants. Even though the Receiver will
21 endeavor to serve the claim packets to creditors and Notice of Publication as soon as practical after
22 entry of a proposed order, the Receiver has selected **September 30, 2025** as the Claims Bar Date,
23 with the expectation that the service of the Claim Packet and notice of publication no later than
24 July 22, 2025, will as a practical matter, give participants in excess of, but not less than, 70 days
25 notice.

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IV.

LEGAL ARGUMENT

A. The Court Has Broad Discretion to Approve Procedures for the Submission and Administration of Claims.

It is well-settled that a receiver is an officer of the court whose function is to aid the court in managing receivership property for the benefit of the parties that hold an interest in the receivership property. *City of Sierra Madre v. SunTrust Mortgage, Inc.*, 32 Cal. App. 5th 648, 656 (2019) (citations omitted). The Receiver is expressly authorized to apply to the Court for instructions or authority, as may be necessary, to carry out his receivership duties. (Decl. Nolan, Ex 5, Receivership Order, page 18, para. 33.)

California Code of Civil Procedure section 568 provides, "[t]he receiver has, under the control of the Court, power to bring and defend actions in his own name, as receiver; to take and keep possession of the property, to receive rents, collect debts, to compound for and compromise the same, to make transfers, and generally to do such acts respecting the property as the Court may authorize." Code Civ. Proc., § 568.

Courts in California have broad discretion to adopt appropriate procedures to administer the assets of and claims against a receivership estate, including the establishment of claims procedures. *See, e.g., Thompson v. McEntyre*, 2023 Cal. Super. LEXIS 94688, *1 (Cal. Super. Oct. 24, 2023) (motion by receiver for order establishing claims procedure granted); *People v. Aero Institute*, 2023 Cal. Super. LEXIS 15092, *1 (Cal. Super. Jan. 31, 2023) (same); *People v. Builders Disbursements*, 2022 Cal. Super. LEXIS 9493 *1 (Cal. Super. Jan. 11, 2022) (same); *City of El Monte v. Crown Estate*, 2023 Cal. Super. LEXIS 66516, *10-17 (Cal. Super. Sept. 15, 2023) (implementation of reasonable claims procedure); *101 Vt. Auto Group v. Schrage*, 2022 Cal. Super. LEXIS 21778 * (Cal. Super. Apr. 27, 2022) (stay of related litigation granted pending outcome of receivership claim process).

In *City of El Monte v. Crown Estate*, *supra*, the receiver proposed a procedure and methodology for approving a claim form, handling of claims, claims procedures, approving a claim bar date and approving the form and manner of notice to claimants based on claimants

1 readily ascertainable. *Id.* at 10. Similarly, in *Thompson v. McEntyre*, supra, the court approved a
2 claims resolution procedure wherein a bar date was established 30 days from the entry of the
3 claim’s procedure order, protocol with claims to be filed with the receiver, and establishing a
4 further status conference 60 days after the claims deadline for the receiver to serve his written
5 report and recommendations to the court. *Id.* at *6-7.

6 In the instant case, the Receiver proposes that all claimants who desire to participate in any
7 distribution of the funds of the Receivership Estate be required to submit a completed Claim Form
8 before the Claim Bar Date or be barred from filing further claims, collecting from or otherwise
9 participating in the Receivership Estate. The claim form requires, among other things, that the
10 claimant (i) submit current contact information; (ii) designate the debtor entity that their claim is
11 against; (iii) state whether the claimant was a provider of goods or services, state the date the
12 goods were sold or services were provided with back-up documents(including copies of invoices,
13 receipts, and any contract with the Receivership Entities), (iv) designate whether the claim is
14 secured and, if so, identify the alleged collateral for the claim; and (v) submit their claim to the
15 jurisdiction of the Court. (Decl. Nolan, Exhibit “2”, Claim Form)

16 The Receiver will make the entire claims register and copies of all received Claims
17 available to BofA, GSFC, or counsel to the growers or any other legitimate party in interest that
18 makes a written request to the Receiver to access the electronic files. The Receiver requests the
19 Court set a further status conference approximately 45 days after the Claims Bar Date for the
20 Receiver to serve his written report and recommendations to the Court. With the benefit of the
21 additional factual information surrounding the claims made against the Receivership Entities and
22 the opportunity for the inclusion of all claimants, the Court can then determine the best process
23 forward or accept the briefing schedule proposed.

24 **B. The Claim Form and Notice Letter Is Appropriate.**

25 Requiring claimants to submit documentation is critical to the claim review process in this
26 case because there are potentially hundreds of creditors and the record keeping of the Receivership
27 Entities may vary. A claim process is also consistent with statutory law applicable to the
28 dissolution of a corporation. *See* Corp. Code § 1806 (“When an involuntary proceeding for

1 winding up has been commenced, the jurisdiction of the court includes: (a) the requirement of the
2 proof of all claims and demands against the corporation...”).

3 The Claim Form attached as **Exhibit 2** explains as clearly as possible what creditors must
4 do to submit their claim, the deadline to do so, and the consequence of failing to timely return the
5 Claim Form. Each Claim Form should be accompanied by appropriate documentation to enable
6 the Receiver to determine the facial validity of the claim and the entity to which the claim is
7 obligated. Claims without any supporting documentation may be recommended for denial or
8 subject to objection by other parties-in-interest in the Receivership. Additionally, the Receiver
9 will make available a Claim Form on the Receivership web site which form can be printed out and
10 submitted.

11 **C. The Claims Bar Date Is Necessary and Appropriate.**

12 In order to define the claims against the estate, their type and alleged priority, as well as
13 consider any distributions, the Receiver must have certainty about the possible magnitude of
14 allowed claims. Establishing a deadline by which all claims must be submitted is critical to the
15 orderly and efficient administration of claims. *See, e.g. SEC v. Hardy*, 803 F.2d 1034, 1038-39
16 (9th Cir. 1986) (affirming decision to establish deadlines for the filing of claims in equity
17 receivership because the rights of creditors must be balanced against the need for the expeditious
18 administration of the receivership).’ See *City of El Monte*, supra, *17 (establishing a claims bar
19 date deadline).

20 The Receiver has proposed that the Claim Bar Date be September 30, 2025, a date that is
21 not less than seventy days from the date that the Receiver mails notice of the Claims Bar Date to
22 creditors. This receivership has been pending since August 2024, and creditors are well aware of
23 the Receiver’s appointment and are anticipating a process for the submission of claims. The
24 Receiver believes that seventy days is a sufficient amount of time for claimants to receive and
25 complete the Claim Form, gather all supporting documentation, and to submit the Claim Form and
26 supporting documentation to the Receiver. Notice will be given by U.S. mail to the addresses in
27 the Receivership Entities’ books and records. In addition, notice of the Claims Bar Date and blank
28 Claim Forms will be available on the receivership website. The Receiver will also publish notice

1 of the Claims Bar Date in newspapers that serve 12 counties in Central and Northern California as
2 an extra measure. (Decl. of Nolan, ¶5)

3 Given the generous response time and the extensive forms of notice provided, if a claimant
4 fails to timely submit a Claim Form to the Receiver, that party will be barred from asserting any
5 claims against the Receivership Entities, the receivership estate, or the Receiver, or participating in
6 any distribution by the Receivership Estate. *County of Sonoma v. Quail*, 2020 Cal. App. LEXIS
7 1018, *3 (1st Dist. 2020) (court affirmed authority of the receiver to dispose of property free and
8 clear of liens and claims of non-participating creditors but who had notice of the receivership
9 estate); *SEC v. Hardy*, 803 F.2d 1034, 1039 (9th Cir. 1986) (district court's decision to establish
10 deadlines for filing claims, and to bar untimely claims, is reasonable in light of the complexity of
11 the receivership and the procedure employed to notify potential claimants.) All claimants who
12 wish to participate in any distribution of the funds of the Receivership Estate, which are currently
13 held in trust under the Courts supervision, should be required to submit a completed Claim Form,
14 before the Claim Bar Date. The Claims Procedures submitted are reasonable to effectuate an
15 opportunity to be heard and for the expeditious and orderly adjudication of claimants' rights.

16 **D. The Proposed Notice Procedures Are Reasonable and Appropriate**

17 In conjunction with setting deadlines to submit Proofs of Claim, the Receiver must give
18 appropriate notice to interested parties. The Receiver proposes to mail the Bar Date Notice to its
19 known creditors, as well as by email to creditors who have reached out to the Receiver or who the
20 Receiver has been able to access from a reasonable search of the debtor's business records. This
21 procedure is consistent with applicable case law and practice. See, e.g., *Mullane v. Central*
22 *Hanover Bank & Trust Co.*, 339 U.S. 306, 317 (1950) ("Mullane"). Where a creditor is known to
23 the debtor, due process requires that the debtor must take reasonable steps, such as direct mailing,
24 to provide actual notice of the deadline for filing proofs of claim. A creditor's identity is
25 "reasonably ascertainable" if that creditor can be identified through "reasonably diligent efforts."
26 *Mennonite Bd. of Missions v. Adams*, 462 U.S. 791, 798 n.4 (1983). In California, courts have
27 applied *Mullane* in probate matters since at least 1968. *Roth v. Jelley* (2020) 45 Cal. App. 5th 655,
28 667 [259 Cal. Rptr 3d 9] citing to *In Estate of Reed* (1968) 259 Cal.App.2d 14 [66 Cal. Rptr. 193].

1 But this does not require the Receiver to engage in “impracticable and extended searches . . . in the
2 name of due process.” See Mullane, 339 U.S. at 317–18. A debtor does not have a "duty to search
3 out each conceivable or possible creditor and urge that person or entity to make a claim against it."
4 *Cheuk Tin Yan v. Lombard Flats, LLC (In re Lombard Flats, LLC)*, 2014 U.S. Dist. LEXIS
5 113127, 2014 WL 3963009 (N.D. Cal. 2014) With respect to a receiver, the Receiver has no
6 independent personal knowledge of the Receivership Entities business relationships prior to his
7 appointment, but would rely on a diligent search of the books and records which search would
8 evince the potential lists of creditors and debts of the Receivership Estate. It is not unreasonable
9 that the search be limited to a debtor’s books and records or those who have made demands since
10 the appointment of the Receiver.

11 As set forth herein, the debtor maintained a comprehensive software system designed for
12 small to mid-size businesses which managed business operations, accounting, finance,
13 distribution, inventory, manufacturing and customer relationship management through Sage 100.
14 (Decl. of L. Belmonte, ¶5). Sage 100 was replaced and updated by ASSI with IFS inventory
15 management software in April 2024. The debtor used the updated IFS software to sell inventory
16 and collect on accounts receivable at the time of the appointment of the Receiver. (Decl. of L.
17 Belmonte, ¶5). Based on searches of the company’s digital shared file database and physical
18 stored records, the Debtor was able to compile the names, address, and outstanding amounts for
19 the largest group of unpaid creditors, growers of the 2023 Crop, as well as across various
20 categories of general vendor categories such as services, operations, IT, legal and logistics and
21 transportation. (Decl. of M. Flahive, ¶5; Decl. of Belmonte, ¶6). The Receiver proposes to give
22 notice via US mail to the creditors listed in the debtor’s books and records. (Decl. of M. Flahive,
23 ¶5).

24 Additionally, since the appointment of the Receivership Estate, there has been a large
25 number of creditors who contacted the Receiver inquiring about ASSI and the process for
26 asserting claims in the Receivership Estate. (Decl. of M. Flahive, ¶6). As a regular business
27 practice, the Receiver has compiled these contacts and e-mail addresses and proposes to give
28

1 electronic notice to those entities or individuals which exceed 900 individuals or entities. (Decl. of
2 M. Flahive, ¶6).

3 The Receiver proposes to (i) serve copies of the Claim Bar Date Notice and Claim Form
4 on those creditors of Receivership Entities known to the Receiver from a diligent search of the
5 business records and or identified in filings in the Receivership Action no later than 10 calendar
6 days after entry of an order approving this Motion (the "Claim Bar Notice"); and (ii) cause the
7 publication in local newspapers serving 12 counties including Tehama, Butte, Fresno, Glenn,
8 Colusa, Yuba, Siskiyou & Sutter counties (Decl. Nolan, Exhibit 4, Notice by Publication).
9

10 The Receiver proposes to publish the Publication Notice within two weeks after entry of
11 the order approving this Motion in accordance with California law, on one weekday for four (4)
12 consecutive weeks in the Red Bluff Daily News, Glenn County Transcript, Chico Enterprise-
13 Record, Siskiyou Daily News and the Fresno Bee. The Publication Notice will describe the
14 Receiver's appointment, provide the Receiver's contact information, and provide notice that all
15 Claimants must assert their respective claims via properly submitted Claim Forms on or before the
16 Claim Bar Date or be forever barred from filing claims against, or receiving distributions from, the
17 Receiver and/or the Receivership Estate.

18 **E. Management, Bifurcation and Temporary Stay of Lien Priority Litigation**

19 Unmanaged, the Lien Priority Disputes have already demonstrated the potential to
20 overwhelm the Court and the Receivership Estate, thereby unfairly burdening the Court and
21 squandering the limited assets of the Receivership Estate.

22 This motion seeks to bring all parties claiming a first priority lien interest in crop proceeds
23 before this Court and then bifurcate consideration of potentially dispositive legal issues common
24 to all disputants so that they are resolved first. The parties to the Lien Priority Dispute are Bank of
25 America and agricultural growers who delivered product to ASSI for the crop year 2022 or 2023
26 and who assert a statutory lien on the proceeds of the goods that they believe has priority over any
27 financial institutions with a consensual lien on ASSI's property. The issue in the Lien Priority
28 Disputes is relevant only to this group and not shared with remaining creditors of ASSI. Further,

1 the issue may be resolved as a matter of law given it involves a determination of lien priority.
2 Bifurcation is appropriate and necessary to avoid undue burden, promote judicial efficiency, and
3 to conserve the resources of the Court and the parties.

4 California law explicitly authorizes bifurcation of issues in both bench and jury trials.
5 Code of Civil Procedure § 598 provides in pertinent part: “The court may... order the trial of any
6 issue or issues in the action to be separately tried prior to the trial of the other issues...” This
7 provision permits courts to try threshold legal issues separately when doing so would simplify the
8 remaining trial, avoid prejudice, or promote judicial economy. The law is clear that the Court
9 may, when the convenience of witnesses, the ends of justice, or the economy and efficiency of
10 handling the litigation would be promoted thereby, on motion of a party after notice and hearing,
11 or on the court’s own motion, determine the issue of liability as to all causes of action that
12 precedes the trial of other issues or parts thereof. See *Grappo v. Coventry Fin. Corp.*, 235 Cal.
13 App. 3d 496, 504(1st Dist. 1991) (“Aside from the language in Code of Civil Procedure § 598,
14 which concerns pretrial motions, Evidence Code § 320 provides that ‘except as otherwise provided
15 by law, the court in its discretion shall regulate the order of proof.’ Similarly, Code of Civil
16 Procedure § 1048, subdivision (b) states that a trial court, ‘in furtherance of convenience or to
17 avoid prejudice, or when separate trials will be conducive to expedition and economy, may order a
18 separate trial of any cause of action . . . or of any separate issue or of any number of causes of
19 action or issues’ Under these provisions, trial courts are encouraged to promote economy and
20 efficiency in the handling of litigation and have broad discretion to determine the order of proof in
21 the interests of judicial economy. *Buran Equipment Co. v. H & C Investment Co.* (1983) 142 Cal.
22 App. 3d 338, 343-344 [190 Cal. Rptr. 878].)”)

23 1. The Threshold Issue Is Legally Distinct and Potentially Dispositive For The
24 Claimants To The Lien Priority Dispute.

25 The Receiver has consulted with major players to the Lien Priority Dispute. (Decl. Nolan,
26 ¶10) The parties to the Lien Priority Dispute have agreed to stipulate to the threshold issues and a
27 briefing schedule to be submitted to the Court for incorporation in the Receiver’s Written Report
28 (the “Threshold Legal Issues”). The Threshold Legal Issues involve the priority and enforceability

1 of contracts entered into between ASSI and the Producers versus the priority of statutory
2 agricultural producer liens under California law.⁵

3 For example, among other things, if growers cannot as a matter of law waive or
4 subordinate an agricultural producer lien by contract, then factual disputes surrounding the
5 execution of grower contracts, i.e. misrepresentation, fraudulent inducement, etc. would likely
6 become moot eliminating numerous causes of action, and alleged factual disputes. Similarly, such
7 disputes may be limited if growers can subordinate such liens by contract.

8 2. Judicial Economy Strongly Favors Bifurcation and A Stay of All
9 Discovery/Litigation Pending the Resolution of the Lien Priority Disputes.

10 Bifurcating in resolving the common legal issues first will:

- 11 • narrow the scope of the litigation by isolating the grower group in its entirety such that
the issues can be managed.
- 12 • Stay discovery burdens while threshold issues of law are resolved.
- 13 • Expedite the resolution of controlling issues which may shorten the dispute (including
14 by facilitating settlement discussions).

15 California courts routinely grant bifurcation in such situations. “Bifurcation frequently
16 occurs when the determination of one issue...renders other issues moot.” *People v. Group Ix Bp*
17 *Props.*, 2023 Cal. Super. LEXIS 47202, *3 citing to *Buran Equipment v. H&C Investment Co.*
18 (1983) 142 Cal.App.3d 338, 343-44.) ;*Raile v. Williams*, 2024 Cal. Super. LEXIS 34212, *4 (To
19 the extent that it is found that the other defendants have a senior lien and/or that Cross-
20 Complainant WLC's lien is unenforceable, that would moot the Cross-Complaint for lack of
21 standing).

22 Here, there is a defined pool of money resulting from the sale of the 2023 crop.⁶ Since
23 there is a likelihood that the proceeds are insufficient to satisfy both groups of lien claimants, the
24

25 _____
26 ⁵ The Receiver puts this issue forward solely as a placeholder, as he expects that the parties to the Lien
27 Priority Disputes will be instrumental in working together in negotiating and adopting further refined legal
questions for the Court.

28 ⁶ The Receiver does not believe that any 2022 crop proceeds were received during the receivership
or on hand when the Receiver was appointed.

1 Receiver believes the threshold legal issues will dominate other issues to the dispute. Said plainly,
2 bifurcation and determination may render other issues moot.

3 "A trial court has the inherent authority and responsibility to fairly and efficiently
4 administer the judicial proceedings before it. This authority includes the power to supervise
5 proceedings for the orderly conduct of the court's business and to guard against inept procedures
6 and unnecessary indulgences that tend to delay the conduct of its proceedings." (*California Crane*
7 *School, Inc. v. National Commission for Certification of Crane Operators* (2014) 226 Cal.App.4th
8 12, 22, 171 Cal. Rptr. 3d 752, fn. omitted; accord, *Cottle v. Superior Court* (1992) 3 Cal.App.4th
9 1367, 1377, 5 Cal. Rptr. 2d 882 ["courts have inherent equity, supervisory and administrative
10 powers"]; Code Civ. Proc., §§ 128, subd. (a), 187.) *Obregon v. Superior Court*, 67 Cal. App.4th
11 424, 430 (Judges have broad powers and responsibilities to determine what measures and
12 procedures are appropriate in varying circumstances. (See, e.g., Gov. Code, § 68607 [judge has
13 responsibility to manage litigation]; Code Civ. Proc., § 128, subd. (a)(5) [judge has power to
14 control conduct of judicial proceeding in furtherance of justice].) Judges also have broad
15 discretion in controlling the course of discovery and in making the various decisions necessitated
16 by discovery proceedings. (*Greyhound Corp. v. Superior Court* (1961) 56 Cal. 2d 355, 378 [15
17 Cal. Rptr. 90, 364 P.2d 266] ["Undoubtedly the discovery statutes vest a wide discretion in the
18 trial court in granting or denying discovery."]; Cf. *Hartbrodt v. Burke* (1996) 42 Cal. App. 4th
19 168, 175 [49 Cal. Rptr. 2d 562] [court has wide discretion in discovery matters];

20 Any pending discovery or litigation brought by growers seeking establish the amount of a
21 claim against the Receivership Entities, lien priority for crops and proceeds, or any claim or cause
22 of action against the Receivership Entities (including, but not limited to, claims for fraud, breach
23 of contract, breach of fiduciary duty, conversion, and/or unjust enrichment, or defenses thereto)
24 will be stayed under the Receiver's proposed Claim Procedures until the further status conference
25 or upon agreement. At that time, the parties to the lien dispute will have submitted the defined
26 legal issues for determination and a proposed briefing schedule. The stay will avoid unnecessary
27 litigation, hearings, discovery and duplication that would create the unnecessary expenditure of
28 estate and judicial resources. *O'Flaherty v. Belgum*, 115 Cal. App. 4th 1044, 1094 (2nd Dist.

1 2004) (A Court has custody over all property in a receivership estate and has plenary jurisdiction
2 to resolve disputes concerning such property); *County of Sonoma v. Quail*, 56 Cal. App. 5th 657,
3 685 (1st Dist. 2020) (“the main function of the court is to manage or dispose of the estate in the
4 best manner possible and for the best interest of the parties concerned. To effectually perform that
5 duty necessarily requires some flexibility and continuity of jurisdiction in giving instructions to
6 the receiver as to the manner in which the property should be sold to meet exigencies as they may
7 arise.”) Following the Claim Bar Date, the Receiver contemplates preparing a summary of the
8 grower claims that match or can be reconciled with ASSI’s books and records. As stated earlier
9 herein, any formal objection or recognition of claims would be deferred to a separate motion after
10 the resolution of the Lien Priority Dispute. The Receiver believes it is important to provide the
11 Court with the most accurate information prior to the Further Status Conference of the amount in
12 dispute with the Grower Claims.

13 3. No Prejudice to Opposing Parties.

14 The parties to the Grower Claims agree and acknowledge that this action involves
15 threshold legal issues that should be adjudicated as efficiently as possible, including all related
16 appeals, while also ensuring adequate notice to absent claimants and the opportunity for those
17 claimants to participate in the adjudication of such issues. Parties will suffer no prejudice from
18 bifurcation. On the contrary, they will benefit from a focused resolution of the legal questions.

19 4. Joinder of Lien Priority Claimants.

20 As a neutral stakeholder, the Receiver’s goal is the efficient wind-down and liquidation of
21 the Receivership Estate for the benefit of all creditors. Presently, there are numerous lawsuits
22 pending in Tehama County Superior Court seeking to enforce statutory producer’s liens in
23 accordance with California Food & Agricultural Code section 55631, et seq. for the nuts delivered
24 to ASSI for the crop year 2023, and/or for Declaratory Relief declaring a controversy exists
25 between the various growers who contend their contracts result in liens superior to the liens of
26 financing entities (such as BOFA and GSFC) and enforceable against the remaining assets of
27 ASSI. Similarly, there are complaints filed in other Superior Courts of California many of which
28 are being transferred to the jurisdiction of the Superior Court, County of Tehama and are

1 contemplated to be resolved before this Court whether it is for the crop year 2022 or 2023. Lastly,
2 there was a dispute pending before many of these same parties in the District Court, Eastern
3 District of California, which was dismissed on May 6, 2025, as the court held federal court
4 intervention was improper since the Superior Court, Tehama had jurisdiction. The parties to each
5 of the aforementioned actions assert conflicting claims over the limited remaining property of
6 ASSI by asserting their lien claims are superior to the lien claims of the other.

7 Under Code of Civil Procedure section 387, “an intervention takes place when a nonparty,
8 deemed an intervenor, becomes a party to an action or proceeding between other persons by doing
9 any of the following, (1) joining a Plaintiff in claiming what is sought by the complaint, uniting
10 with a defendant in resisting the claims of a plaintiff, (3) demanding anything adverse to both a
11 plaintiff and a defendant.” (Code Civ. Proc., § 387, subd. (b)(1)-(3).) “A non party shall petition
12 the court for leave to intervene by noticed motion or ex parte application.” § 387(c) “The
13 purposes of intervention are to protect the interests of those who may be affected by the judgment
14 and to obviate delay and multiplicity of actions [citations]...” (*San Bernardino County v. Harsh*
15 *Cal. Corp.* (1959) 52 Cal.2d 341, 346.) “The trial court has the discretion to allow intervention
16 where the proper procedures are followed, provided: (1) the intervenor has a direct and immediate
17 interest in the litigation, (2) the intervention will not enlarge the issues in the case, and (3) the
18 reasons for intervention outweigh opposition by the existing parties.” (*Hinton v. Beck* (2009) 176
19 Cal.App.4th 1378, 1382-1383.)

20 The Growers have a direct and immediate interest in the funds held by BofA which they
21 claim are subject to their agricultural lien. The intervention of new growers before September 30
22 will not alter the legal issues presented to the Court but rather, will ensure a consistency in rulings
23 and prevent a multiplicity of suits. The Receiver is unaware of any claimant to the Lien Priority
24 Dispute who opposes allowing grower claimants to be joined prior to the Bar Date. Accordingly,
25 the Receiver asks the Court to require any other claimant asserting a producer’s lien secured by
26 crop proceeds who is not currently a plaintiff or defendant in the Lien Property Disputes pending
27 in the Superior Court, County of Tehama, to be required not later than September 30, 2025, to
28

1 either join in, intervene in, or stipulate with the other claimants to be included in one of the Lien
2 Priority Disputes now pending in Tehama County.

3 “When actions involving a common question of law or fact are pending before the court, it
4 may order a joint hearing or trial of any or all the matters in issue in the actions; it may order all
5 the actions consolidated and it may make such orders concerning proceedings therein as may tend
6 to avoid unnecessary costs or delay.” Cal. Code Civ. P. § 1048(a). The purpose of consolidation is
7 to avoid: (1) unnecessary costs or delays; (2) procedural duplication (particularly in proving issues
8 common to both actions); and (3) inconsistent rulings. See *Estate of Baker* (1982) 131 Cal. App.
9 3d 471, 485. In determining whether to order consolidation, courts generally consider: (1) the
10 timeliness of the motion; (2) whether joining the actions would make the trial too confusing or
11 complex for a jury; and (3) whether consolidation would adversely affect the rights of any party.
12 See *State Farm Mut. Auto. Ins. Co. v. Sup. Ct., In and For the City and County of San Francisco*
13 (1956) 47 Cal. 2d 428, 430-431. Courts should weigh whether: (1) common issues predominate
14 over individual issues, and (2) any risks of jury confusion or prejudice to the parties outweigh the
15 reduction in time and expense that consolidation would occasion. See *Todd-Stenberg v. Dalkon*
16 *Shield Claimants Trust* (1996) 48 Cal. App. 4th 976, 978. The court has broad discretion to
17 consolidate actions. *Ibid.* at 978-979. *Aguirre v. Hacienda Santa Fe Prop. Owners' Ass'n*, 2022
18 Cal. Super. LEXIS 16333*4 (Common issues predominate over individual issues; parties in
19 agreement to consolidate common issues)

20 Many growers alleging producer’s liens in nuts delivered to ASSI, as well as consensual
21 lien holders who funded the ASSI business, are already parties to a single action which consists of
22 just over 40 growers; Case no. 24CI-000274, Superior Court, County of Tehama. As set forth
23 herein, the dispute between growers and the consensual lien holders involves a common fact
24 pattern, i.e. delivery of nuts to ASSI and the Threshold Legal Issues. Procedurally, growers can
25 intervene, be joined or the Court can consolidate following the Claims Bar Date in order to
26 address the Threshold Legal Issues and avoid inconsistent rulings.

27
28

1 5. Narrowing of the Legal Issues For Determination Following Inclusion of
2 Remaining Growers.

3 Following the passage of the Claims Bar Date (as contemplated herein, September 30,
4 2025), in order to ensure a process for the prompt resolution of the threshold legal issues,
5 claimants asserting a claim to the Lien Priority Disputes shall meet and confer, with the assistance
6 of the Receiver if necessary, to (a) refine the threshold legal issues to be presented to the Court in
7 compliance with subdivision (t) of Section 437c of the Code of Civil Procedure, and (b) to agree
8 on a briefing schedule not to exceed 60 days for the submission of briefs. The Receiver shall
9 include within the issuance of the Receiver’s Written Report, to be filed not later than 14 days
10 before the Further Status Conference, (a) the complete list of parties to the Lien Priority Disputes,
11 (b) stipulated threshold issues as identified by the parties, and (c) the proposed briefing schedule⁷.

12 6. Post-Determination of the Lien Priority Disputes

13 The purpose of a receivership is the preservation of property which is the subject of
14 litigation pending its disposition according to the judgment entered. *Steinberg v. Goldstein*, 145
15 Cal. App 2d 692, 698 citing to (*Kreling v. Kreling*, 118 Cal. 421, 422 [50 P. 549]; *North v. Cecil*
16 *B. De Mille Productions, Inc.*, 2 Cal.2d 55, 58 [39 P.2d 199].) “Complex litigation” means those
17 cases that require specialized management to avoid placing unnecessary burdens on the court or
18 the litigants. Complex litigation is not capable of precise definition but may involve, for example,
19 multiple related cases, extensive pretrial activity, extended trial times, difficult or novel issues, and
20 post-judgment judicial supervision. *A.A. v. Thompson*, 2024 Cal. Super. LEXIS 11392, *2-3,
21 citing to CRC Rule 3.400. “Complex litigation means those cases that require specialized
22 management to avoid placing unnecessary burdens on the court or the litigants.” *Cundall v.*
23 *Dennis*, 2019 Cal. Super. LEXIS 46065, *8.

24 To the extent law and motion does not resolve the Lien Priority Disputes, the Receiver will
25 file within 28-days after entry of a final non-appealable order resolving the Threshold Legal
26 Issues, if any, a report in the Receivership Action identifying issues that remain to be adjudicated
27 in order to distribute the nut proceeds currently being held, potentially a motion to approve certain

28 ⁷ At the direction of the Court, the Receiver will coordinate with the clerk to select a hearing date to
propose in the Receiver’s Written Report.

1 claims, or procedures to object to others or a request to further bifurcate and/or consolidation
2 claims, if appropriate, in order to resolve any remaining issues in an efficient manner.

3
4 **F. Temporary Stay of All Litigation Pending In Tehama Superior Court Until the**
5 **Further Status Conference**

6 As set forth herein in Section IV(E)(2), the Court has custody over all property in a
7 receivership estate and has plenary jurisdiction to resolve disputes concerning such property.
8 *County of Sonoma v. Quail*, 56 Cal. App. 5th 657, 685 (1st Dist. 2020) The main function of the
9 court is to manage or dispose of the estate in the best manner possible and for the best interest of
10 the parties concerned. *Id.*

11 Prior to the Claims Bar Date, while notice is given to interested parties, claims are filed
12 and the Receiver compiles and summarizes the claims for submission to the Court, the Receiver
13 has also agreed to exchange information from ASSI's books and records with claimants. During
14 this time frame, the Receiver seeks a temporary stay of litigation pending in the Tehama Superior
15 Court to allow parties to be joined and the Receiver to facilitate the exchange of information to
16 narrow disputes, resolve claims and to manage fees and costs from having to unnecessarily appear
17 and defend piecemeal litigation. The stay on proceedings would be in effect until the Further
18 Status Conference only, at which time the Court will have a great deal more information and a
19 complete picture as to the claimants.

20 **V.**

21 **CONCLUSION**

22 Based on the foregoing, the Receiver requests entry of an order that:

- 23 1. Grants the Motion substantially in the form of the Order, attached hereto as **Exhibit 1**;
- 24 2. Approves and authorizes the use of the Claim Procedures as detailed above, including
25 the Claim Form, notice, and Notice Letter at **Exhibit 2** and **Exhibit 3**;
- 26 3. Approves and authorizes notice to claimants by mailing the Claim Form and Notice
27 Letter to the claimants' last known address after a reasonable search of the books and records of
28 ASSI and by publication substantially in the form as set forth in **Exhibit 4**;

1 4. Approve the Claims Bar Date, September 30, 2025, calculated to allow at least 70 days
2 from the date that Claim Packets are sent to claimants, approve the determination that any
3 claimant who fails to return a signed Claim Form postmarked by the Claims Bar Date shall be
4 forever barred and enjoined from asserting a claim against the Receivership Entities, the
5 Receivership Estate, or the Receiver;

6 5. Good cause exists to allow growers filing a proof of claim asserting a priority lien
7 claim to join or intervene in a single litigation currently pending before the Tehama Superior
8 Court for the adjudication of the Lien Priority Disputes which joinder or intervention must occur
9 no later than September 30, 2025;

10 6. Bifurcate, organize and stay all Lien Priority Disputes in the Superior Court County of
11 Tehama during the Claim Procedures such that all Grower Claims are managed into a single class
12 with the identity of threshold issues to be submitted to the Court at the Further Status Conference,
13 for consideration of a briefing schedule, and/or mediation; and

14 7. Stay all litigation pending in the Superior Court County of Tehama wherein any
15 Receivership Entities are a named party until the Further Status Conference, other than to allow
16 the intervening and joining of parties to an existing complaint adjudicating Grower Claims and
17 lien priority rights.

18 8. Establish a Further Status Conference of November 11, 2025, or other date convenient
19 to the calendar of the Court, and order Submission of a Receiver's Written Report two weeks prior
20 thereto;

21 9. Such other and further relief as the Court may deem just and appropriate.

22
23 Dated: June 6, 2025

PACHULSKI STANG ZIEHL & JONES LLP

24
25 By /s/ Jeffrey P. Nolan

26 John D. Fiero

27 Teddy M. Kapur

Jeffrey P. Nolan

28 *Attorneys for the Receiver, David Stapleton*