

What Deadlock Destroys, Receivership Preserves

Prolonged deadlock between...

Business partners or board members

Parties in a business dispute

Parties in a divorce

Often leads to...

Loss of customers, opportunities, vendors; bankruptcy, dissolution

Loss of profit, invested capital, opportunities

Loss of family assets, bitterness that corrupts mutual parenting

Stars paid; movies made

Two TV movies were to air in five months. With 11 days of shooting remaining, the producer had exhausted his licensing monies from a major network. Counsel for the network wanted Edythe to take control as receiver, and she accepted the nomination. Edythe quickly learned that the stars and contract players had not been paid and planned to leave the set; most of the stars were working under protest without contracts; the Canadian Labour Board planned to shut down production the next day, and the production was \$7.5 million in the red. Edythe met with the players on the creative and financing sides, negotiated contracts, borrowed \$7.5 million, completed shooting, oversaw post-production, repaid the \$7.5 million, and watched the finished movies air as scheduled.

Care continues; dispute resolved

A shareholder dispute between two families was crippling the operation of a skilled nursing facility. Edythe was appointed provisional director to sit on the deadlocked board and cast the deciding vote. The board met regularly, addressed important issues, and eventually replaced management. The case settled in a year, when one family bought out the other.

Receivers are appointed by courts to preserve assets when the owners in litigation cannot or will not exercise due diligence, due care, or reasonable business judgment.

Receivers give parties in dispute time to resolve their differences — time in which their assets are preserved or even increased. Receivers may take control of assets—such as property, proceeds, inventory, cash or accounts receivable—to satisfy a judgment if there's risk that they will not be used to pay what is owed.

Stop the fight without end

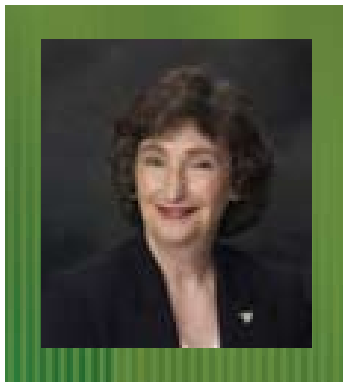
A receiver taking control removes assets from the battlefield, which puts pressure on the deadlocked parties to reach a fair conclusion. No longer can one party use time, loss of income, or the possible loss of perishable assets as leverage. A receiver can help when

- The parties at war have a dysfunctional inability to stipulate to anything concerning the assets
- Assets are in jeopardy of
 - foreclosure
 - inappropriate liquidation
 - being hidden from a party having legitimate claim to them
 - being wasted
 - being spent improperly—such as cash
 - disappearing before the Court can divide them among the parties laying claim

continued on other side

Divorce finally concluded

The hopelessly mired case was already seven years old when Edythe was appointed receiver to manage 115 residential properties with 120 deeds of trust. She managed, repaired, and rented the properties; serviced the loans; made proper accountings; and prepared late and current tax returns. With the husband, a major landlord, no longer able to use the income from the properties as leverage, the case settled in just 13 months.



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Edythe Bronston wrote the book on receivership...

Edythe is the author of the 2-volume *Obtaining Appointment of a Receiver (and Monitoring the Receivership)* as well as the chapter on receiverships in Bancroft-Whitney's *California Foreclosure Law and Practice*. A contributing editor to the Matthew-Bender publication *Provisional Remedies*, she has written numerous bankruptcy and receivership articles. In 2004, Edythe produced *Receiverships in the New Millennium: Part II* on behalf of the California Receivers Forum in conjunction with Loyola Law School. Conference faculty included receivership professionals*, judges, and representatives from the Attorney General, Department of Corporations, SEC, FDIC, and FTC. At the close of the 2-day conference, Edythe was awarded the inaugural Robert C. Warren Memorial Award in recognition of her contributions.

Edythe is a founding director of the Los Angeles/Orange County Receivers Forum, the statewide California Receivers Forum, and the California Bankruptcy Forum. She serves on the Los Angeles Superior Court's Ad-Hoc Committee on Receiverships, formed to develop rules to guide the Court and litigants to a more efficient and uniform implementation of receiverships.

...and her scholarship is based on experience

For more than two decades, Edythe has been appointed as a receiver by California state courts. A certified mediator, Edythe says, "As a receiver I communicate my commitment to neutrality and fiduciary responsibility to all of the parties. After their initial horror at having an outsider take over, they see I am there to help them and they work with me to solve their problem." She continues, "From the years of work I've done with judges to formulate statewide rules, standards, and procedures for receiverships, judges know me as credible and ethical, and therefore seriously consider what I propose. That's critical for resolving deadlocks on the most favorable terms for the parties."

* Not all receivers are lawyers. Edythe began her 25 years in the receivership universe as an attorney representing receivers. Having the experience and legal expertise to represent herself makes her service as a receiver efficient and cost-effective.