

KATHY BAZOIAN PHELPS

PARTNER

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Kathy Bazoian Phelps has been a lawyer since 1991 and is currently a partner at Raines Feldman LLP in the Los Angeles office. In addition to individually serving as a fiduciary in certain matters, Kathy practices in the area of insolvency law, fiduciary representation, and fraud litigation, where she represents federal equity and state court receivers and bankruptcy trustees. Kathy frequently serves as special litigation counsel for fiduciaries and interested parties in fraud-related litigation, cases arising out of receivership and bankruptcy as well as parallel criminal and civil forfeiture proceedings. She is particularly knowledgeable about the administration of Ponzi scheme cases and has extensive litigation experience in claims arising in these types of cases.

Kathy has lectured widely and written on bankruptcy and receivership matters, with a focus on Ponzi schemes. Her book entitled *The Ponzi Book: A Legal Resource for Unraveling Ponzi Schemes*, co-authored with Hon. Steven Rhodes, has garnered national and international attention as the authoritative work on Ponzi scheme law.

In addition to her roles as lawyer, speaker and author, Kathy also serves as a mediator and is currently on the mediation and arbitration rosters for the Financial Industry Regulatory Authority, as well as the Bankruptcy Mediation Panel for the Central District of California and the Bankruptcy Mediation Panel for the District of Arizona.

Kathy's personal interests and accomplishments include extensive travel and the study of the Chinese Mandarin language.

SIGNIFICANT ENGAGEMENTS & TRANSACTIONS



- Court-appointed Receiver at the request of the SEC in *SEC v. Bivona et al.*, Case No. 3:16-cv-01386-EMC (N.D. Cal.).
- Court-appointed Receiver at the request of the CFTC in *CFTC v. Denari Capital LLC, et al.*, Case No. 19-cv-07284-EMC (N.D. Cal.).
- Lead counsel for Bradley D. Sharp, the court-appointed receiver at the request of the SEC in *SEC v. Direct Lending Investments, LLC*, Case No. 2:19-cv-02188-DSF-MRW.
- Lead counsel for Robert P. Mosier, the court-appointed receiver requested by the SEC in *SEC v. Capital Cove Bancorp, LLC, et al.*, Case No. CV15-00980-JLS(JCx) (C.D. Cal.).
- Lead counsel for Robert P. Mosier, the court-appointed receiver requested by the SEC in *SEC v. Secured Capital Investments et al.*, Case No. CV15-01792-VAP(KKx) (C.D. Cal.).
- Lead counsel for David A. Gill, the court-appointed receiver requested by the SEC in *SEC v. Diversified Lending Group, Inc.*, Case No. 09-01533-R-(JTLx).
- Local counsel for Melanie E. Damian, the court-appointed receiver at the request of the Federal Trade Commission in *FTC v. On Point Global, LLC et al*, Case No. 19-25046-Civ-Scola (S.D. Fla.).
- Local litigation counsel for Melanie E. Damian, the court-appointed receiver requested by the Commodities Futures Trading Commission in *CFTC v. Hunter Wise Commodities LLC et al.*, Case No. 12-CV-81311 (S.D. Fla.).

Areas of Practice

FIDUCIARY REPRESENTATION SERVICES



EDUCATION

- Pomona College (B.A. 1988)
- University of California at Los Angeles (J.D. 1991)

ADMISSIONS

- State Bar California, 1991
- United States District Court, Central District of California, 1991
- United States District Court, Southern District of California, 2011
- United States District Court, Eastern District of California, 2011
- United States District Court, Northern District of California, 2012
- United States District Court, Western District of Michigan, 2010

- › Local Litigation Counsel for Burton Wiand, the court-appointed receiver requested by Commodities Futures Trading Commission in *CFTC v. Equialt LLC*, Case no. 8:20-cv-00325-T-35AEP (M.D. Fla.).
- › Local counsel for Mark Dottore, appointed as receiver in the case of *Digital Media Solutions LLC v. South University of Ohio LLC, et al.*, Case No. 1:19-cv-145 (E.D. Ohio).
- › Lead counsel for Stephen J. Donell, the court-appointed receiver at the request of the Federal Trade Commission in *FTC v. Allied Wallet, Inc., et al.*, Case No. 2:19-CV-4355-SVW-E (C.D. Cal.).
- › Lead counsel for Stephen J. Donell, the court-appointed receiver at the request of the Federal Trade Commission in *FTC v. First Time Credit Solutions, Corp, et al.* Case No. CV15-01921 (DDP (PJWx)).
- › Special litigation counsel for Chapter 7 trustee in Fox Ortega Enterprises, Inc. dba Premier Cru in prosecuting portfolio of fraudulent transfer litigation on a contingency basis.
- › Chapter 11 trustee of Sonya D. International, Inc., Hazlaha LLC and Sonya Dakar, where Kathy ran the operations of a skin care clinic, investigated the business operations and inter-company transfers, and facilitated a complex settlement which will result in payment in full to creditors.
- › Counsel for group of defrauded investors in alleged Ponzi scheme bankruptcy case of Vincent Singh and Perfect Financial Corp., defending them against the Chapter 7 trustee's fraudulent transfer, preference and usury claims.
- › Counsel for state court appointed receiver in *Strand Capital Corp. v. Quigg LA14, LLC*, Case No. BC 649687 (Los Angeles Sup. Ct).
- › Counsel for state court appointed receiver in Unicorp, Inc., a fraud litigation matter, reconstructing missing records and tracing over \$9 million of funds removed by the defendant prior to the receiver's appointment.
- › Counsel for Chapter 11 trustee, and thereafter successor Chapter 7 trustee, in the bankruptcy case of Persistence Capital, LLC, involving the unwinding of a Ponzi scheme, where the debtor sold a fictitious investment product related to pools of life insurance policies. Kathy assisted the trustee in establishing the nature of fraud, unwinding a series of complex financial transactions, tracing the funds, and pursuing litigation to recover funds in the case. The principals of this debtor were both ultimately convicted and sentenced.
- › Counsel for Chapter 11 trustee and thereafter the successor Chapter 7 trustee, in the bankruptcy case of Eonxchange, LLC, where she investigated the fraudulent Ponzi-like activity of the debtor related to an emission credit trading program through the SCAQMD where over \$90 million was misappropriated from customers and investors. Substantial funds were recovered for the benefit of the creditors and the principal of the debtor was ultimately convicted.
- › Counsel for Chapter 11 and Chapter 7 trustees in a multitude of bankruptcy cases, handling:
 - › operating going concern businesses
 - › winding down various types of businesses
 - › tracing funds
 - › selling real estate
 - › prosecuting fraudulent conveyance and preference litigation
 - › addressing countless administrative issues arising in those cases

RECENT AWARDS & DISTINCTIONS +

- › 2020 President's Award, National Association of Federal Equity Receivers
- › 2018 International Advisory Award: Business Insolvency and Restructuring Lawyer of the Year in California
- › American College of Bankruptcy, Fellow, Inducted into the 27th Class, March 2016
- › American Bankruptcy Institute, Committee Member of the Year, April 2016
- › The International Who's Who of Asset Recovery Lawyers, 2013 – 2019
- › Super Lawyers, 2007, 2009, 2010, 2013-2021
- › Super Lawyers Top Women 2016, 2017
- › Martindale Hubble AV Preeminent Attorney 2016-2021
- › Best Lawyers in America, Bankruptcy and Creditor Debtor Rights/Insolvency and Reorganization Law, 2019-2021

PUBLICATIONS +

- › *Ponzi-Proof Your Investments: An Investor's Guide to Avoiding Ponzi Schemes and Other Fraudulent Scams* (IRR Publishing 2013)
- › *Fraud and Forensics: Piercing Through the Deception in a Commercial Fraud Case*, co-author (American Bankruptcy Institute 2015)
- › *The Depths Of Deepening Insolvency: Damage Exposure For Officers, Directors and Others*, co-authored with Prof. Jack F. Williams (American Bankruptcy Institute 2013)
- › Author of *The Ponzi Scheme Blog* at theponziscHEMEblog.com
- › *In Pari Delicto: Solutions to an Inequity Plaguing Bankruptcy Trustees and Innocent Creditors*, co-author, published in *Norton Annual Survey of Bankruptcy Law* (West 2015)
- › *Equity Receivers and the In Pari Delicto Defense*, published by the American Bar Association in the May 2014 volume of *The Business Lawyer*.
- › *Handling Claims in Ponzi Scheme Bankruptcy and Receivership Cases*, 42 Golden Gate U. L. Rev. 567 (2012)
- › *What Do You Do When the Feds Come For Your Assets? Third-Party Claims in Forfeiture Proceedings*, American Bar Association Business Law Section's Online Resource, *Business Law Today* (June 21, 2012)
- › *Liability of Professionals and Insiders in Ponzi Schemes*, 27 CEB Cal. Bus. L. Prac. 22 (Winter 2012)
- › *Emergence of Mareva by Letter: Banks' Liability to Non-Customer Victims of Fraud*, *Business Law International*, Vol. 12 No. 2 (May 2011)

PROFESSIONAL AFFILIATION



- › National Association of Federal Equity Receivers
- › Board of Directors, 2012 – 2014, October 2016 to present
- › Secretary, 2019 to present
- › Co-Chair, Conference Committee, 2012 to 2020, presently a member
- › Chair, Judicial Outreach Committee, 2016 to 2019, presently a member
- › Member, Nominating Committee, 2016 to 2019
- › Member, Regional Dinner Committee, 2017 to present
- › California Receivers Forum, Los Angeles/Orange County Chapter
- › Editor in Chief of *Receivership News*, 2012 to present
- › Secretary, 2010 – 2012
- › Board of Directors, 2010 to present
- › American Bankruptcy Institute
- › Board of Directors, 2017 to 2020
- › Member, Publications Committee, 2017 – 2019
- › Co-Chair of Commercial Fraud Committee, April 2015 to 2017
- › Special Task Director of Commercial Fraud Committee, 2013-2015
- › American College of Bankruptcy
- › Fellow, Class of 2016
- › Co-Chair of Ninth Circuit Distinguished Law Student Award Committee, 2017 to present
- › Member, Finance Committee, 2018 to present
- › Member, International Chamber of Commerce FraudNet global network, 2012–2015, icc-fraudnet.org
- › American Bar Association, White Collar Crime, Asset Forfeiture and Business Bankruptcy Subcommittee focused on parallel insolvency and criminal proceedings, 2012 to 2018
- › National Association of Bankruptcy Trustees, Member
- › Armenian Bar Association, Member
- › Los Angeles Bankruptcy Forum, Member

