

<p>DISTRICT COURT, DENVER COUNTY, STATE OF COLORADO Denver District Court 1437 Bannock St. Denver, CO 80202 303.606.2433</p>	<p style="text-align: center;">▲ COURT USE ONLY ▲</p>
<p>Plaintiff: David S. Cheval, Acting Securities Commissioner for the State of Colorado</p> <p>v.</p> <p>Defendants: Gary Dragul; GDA Real Estate Services, LLC; and GDA Real Estate Management, LLC</p>	
<p>Attorneys for Receiver: Patrick D. Vellone, #15284 Michael T. Gilbert, #15009 Rachel A. Sternlieb, #51404 ALLEN VELLONE WOLF HELFRICH & FACTOR P.C. 1600 Stout St., Suite 1900 Denver, Colorado 80202 Phone Number: (303) 534-4499 E-mail: pvellone@allen-vellone.com E-mail: mgilbert@allen-vellone.com E-mail: rsternlieb@allen-vellone.com</p>	<p>Case Number: 2018CV33011</p> <p>Division/Courtroom: 424</p>
<p style="text-align: center;">RECEIVER’S RESPONSE TO DRAGUL’S MOTION FOR CLARIFICATION</p>	

Harvey Sender, the duly-appointed receiver (“Receiver”) for Gary Dragul (“Dragul”), GDA Real Estate Services, LLC (“GDARES”), GDA Real Estate Management, LLC, and related entities (collectively, “Dragul and the GDA Entities”), hereby responds to Defendant Gary Dragul’s Motion for Clarification of Order

Appointing Receiver and Orders Authorizing Abandonment (“Motion for Clarification”; filed March 17, 2020).

I. Introduction

Contrary to its title, the Motion for Clarification does not seek clarification of this Court’s Receivership Order (entered more than 18 months ago). Instead, it seeks clarification of four orders the Court entered authorizing the Receiver to abandon a total of 23 properties: (1) December 13, 2018, Order re the YM property (“YM Order”); (2) November 4, 2019, Order re 15 residential properties (“Residential Property Order”); (3) March 3, 2020, Order re the Clearwater property (“Clearwater Order”); and March 4, 2020, Order re the Ash & Bellaire Properties (“Ash & Bellaire Order”).¹ The Receiver’s position on each follows.

II. Properties at issue

A. YM Property

1. There should be no uncertainty or ambiguity with respect to the YM Order and no need to “clarify” it. As set forth in the Receiver’s November 28, 2018, Motion to Abandon Property (YM Retail 07 A, LLC and Safeway Marketplace Manager 07, Inc.), YM Retail 07 A, LLC (“YM Retail”) is a special purpose entity whose only asset is real property located at 6460 East Yale Avenue, Units E & G, Denver, Colorado (the “YM Property”). Gary Dragul owned 17.86% of YM Retail; 31 other investors Dragul solicited own the remaining 82.14%. YM Retail’s manager is

¹ The Ash & Bellaire Properties consist of six individual residences.

Safeway Marketplace Manager 07, Inc. (“Safeway Manager”), which was wholly-owned by Dragul, and whose sole purpose was to manage YM Retail.

2. The Receiver abandoned both Dragul’s 17.86% equity interest in YM Retail and the Estate’s interest in Safeway Manager and the Estate no longer has any equity interest or management responsibilities concerning the YM Property.² The Receiver is however concerned Dragul may be seeking to “clarify” the YM Order in an effort to reassert control over the YM Property in which there are 31 other investors. Why Dragul now seeks clarification is unclear: since at least June 2019, he has represented to investors that he has the authority to manage YM Retail. *See* June 14, 2019, Ltr. attached as **Exhibit 1**. Allowing Dragul to assert control over an asset for which he solicited investors may violate this Court’s August 30, 2018, Preliminary Injunction Order and be contrary to the Commissioner’s enforcement proceeding.

B. Clearwater

3. Again, there should be no uncertainty or ambiguity with respect to the Clearwater Order and no need to clarify it. The Clearwater property is the Clearwater Collection Shopping Center in Clearwater, Florida.

² The Receiver understands that since October 17, 2013, the YM Property has been under the control of a lender-appointed receiver.

4. Of all the Estate's assets, Clearwater's ownership is the most complex.³ Attached as **Exhibit 2** is an Organizational Chart that shows the property's ownership structure. Title to the real estate is held as tenants-in-common by Clearwater Collection 15, LLC ("Collection") (82.52%) and Clearwater Plainfield 15, LLC ("Plainfield") (17.48%). As shown in **Exhibit 1**, the members of Collection and Plainfield are other SPEs in which Dragul and approximately 33 other individuals are members.

5. Both Collection and Plainfield were managed by GDA Clearwater Management, LLC, a wholly-owned Dragul entity that is ultimately managed by GDA Real Estate Management, Inc., whose president and sole shareholder is also Dragul. The Estate did not abandon its interest in GDA Clearwater Management, LLC, or GDA Real Estate Management, Inc.

6. Upon the Court's entry of the Clearwater Order, Collection and Plainfield were removed from the Receivership Estate and those entities were free to replace GDA Clearwater Management, LLC as manager. The Receiver does not know whether this happened.

7. On March 19, 2020, however, a receiver was appointed at the Clearwater lender's request in a pending foreclosure action in Florida, *Wilmington Trust, N.A. v. Clearwater Collection 15, LLC*, Case No. 18-005459, 6th Judicial Circuit, Pinellas County, Florida. The Clearwater property is therefore now being managed by that

³ All of this is described fully in the Receiver's February 19, 2020, Motion to Abandon Clearwater Collection ("Clearwater Motion").

court-appointed Receiver. The Estate holds no equity or managerial interest in Clearwater.

C. The 15 Residential and the Ash & Bellaire Properties

8. As opposed to YM and Clearwater, the Receiver agrees clarification is warranted with respect to the abandonment of the 15 Residential Properties and the Ash & Bellaire Properties. The following table lists the 21 individual properties at issue and their ownership and management structure.

	Property Address	Owner of Property	Owner of LLC	Manager of Owner
1.	1660 N. LaSalle Drive, #3909, Chicago, IL 61614	1600 North LaSalle 16, LLC	100% owned by Dragul	X12 Housing Management, Inc. ⁴
2.	1660 N. LaSalle Drive, #4205, Chicago, IL 61614	4205 North LaSalle 18, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
3.	5455 Landmark Place, #509, Greenwood Village, CO 80111	5455 Landmark Place 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
4.	5788 South Lansing Way, Englewood, CO 80111	5788 South Lansing 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
5.	6316 East Fair Avenue, Centennial, CO 80111	6316 East Fair 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
6.	7373 East Fremont, Centennial, CO 80112	7373 East Fremont 15, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
7.	7517 East Davies Place, Centennial, CO 80112	7517 East Davies 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
8.	7842 East Briarwood Boulevard, Centennial, CO 80112	7842 East Briarwood 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
9.	1777 Larimer, Unit 703, Denver, CO 80202	1777 Larimer 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
10.	1777 Larimer Street, #901, Denver, CO 80202	901 Larimer 18, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
11.	891 14th Street, #2417, Denver, CO 80202	891 Fourteenth Street 16, LLC	See note below. ⁵	

⁴ Dragul is sole shareholder and President of X12 Housing Management, Inc.

⁵ There are two conflicting March 23, 2017, operating agreements for 891 Fourteenth Street 16, LLC. One shows that X12 Housing owns 100% of the

	Property Address	Owner of Property	Owner of LLC	Manager of Owner
12.	3593 South Hudson Street, Denver, CO 80237	3593 South Hudson 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
13.	6937 East 6th Street, #1002, Scottsdale, AZ 85215	1002 East Scottsdale 6th 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
14.	6937 East 6th Street, #1004, Scottsdale, AZ 85215	1004 East Scottsdale 6th 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
15.	6937 East 6th Street, #1005, Scottsdale, AZ 85215	1005 East Scottsdale 6th 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
16.	2166 South Ash Street, Denver, CO 80222	2166 South Ash 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
17.	2176 South Ash Street, Denver, CO	2176 South Ash 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
18.	2186 South Ash Street, Denver, CO 80222	2186 South Ash 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
19.	2196 South Ash Street, Denver, CO 80222	2196 South Ash 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
20.	2175 South Bellaire Street, Denver, CO 80222	2175 South Bellaire 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
21.	2195 South Bellaire Street, Denver, CO 80222	2195 South Bellaire 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.

9. The Receiver’s motions to abandon the 15 Residential Properties and the Ash & Bellaire Properties sought Court authority to abandon “any interests the Estate may have” in those properties as well as any obligation to manage or pay expenses for the properties. The Receiver thus intended to abandon the Estate’s interest in the 21 LLCs that own those properties, and the Estate’s interests in X12

LLC, the other shows that Dragul’s son Spencer, who lives in the condominium, is the sole member.

Housing, LLC, and X12 Housing Management, Inc.⁶ The Receiver therefore holds no equity or control interest in these 21 LLCs or the underlying real estate.

10. The Receiver therefore asks the Court to deny in part and grant in part Dragul's Motion for Clarification. A proposed order is submitted with this Response.

Dated: April 7, 2020.

ALLEN VELLONE WOLF HELFRICH & FACTOR
P.C.



By: /s/ Michael T. Gilbert

Patrick D. Vellone
Michael T. Gilbert
Rachel A. Sternlieb
1600 Stout Street, Suite 1900
Denver, Colorado 80202
(303) 534-4499
E-mail: pvellone@allen-vellone.com
E-mail: mgilbert@allen-vellone.com
E-mail: rsternlieb@allen-vellone.com

ATTORNEYS FOR THE RECEIVER

⁶ Based on Dragul's representations and an independent review of Estate documents, the Receiver understands that X12 Housing, LLC, and X12 Housing Management, Inc.'s only assets were their equity interests in and management rights concerning these 21 properties, which is what the Estate intended to abandon. The Receiver reserves the right to assert rights on behalf of the Estate over any undisclosed X12 assets.

CERTIFICATE OF SERVICE

I hereby certify that on April 7, 2020, I served a true and correct copy of the foregoing **RECEIVER'S RESPONSE TO DRAGUL'S MOTION FOR CLARIFICATION** via CCE to the following:

Robert W. Finke
Janna K. Fischer
Ralph L. Carr Judicial Building
1300 Broadway, 8th Floor
Denver, Colorado 80203
Robert.Finke@coag.gov
Janna.Fischer@coag.gov

Paul Vorndran
Chris Mills
Jones & Keller, P.C.
1999 Broadway, Suite 3150
Denver, Colorado 80202
pvorndran@joneskeller.com
cmills@joneskeller.com

Counsel for David S. Cheval, Acting Securities Commissioner *Counsel for Defendant Gary Dragul*

/s/ Salowa Khan

Allen Vellone Wolf Helfrich & Factor P.C.

CERTIFICATION OF E-SERVICE ON KNOWN CREDITORS

In accordance with this Court's February 1, 2019 Order clarifying notice procedures for this case, I also certify that a copy of the foregoing is being served by electronic mail on all currently known creditors of the Receivership Estate to the addresses set forth on the service list maintained in the Receiver's records.

/s/ Salowa Khan

Allen Vellone Wolf Helfrich & Factor P.C.

Safeway Marketplace Manager 07, Inc.

June 14, 2019

William Sheets
119 Rehoboth Lane
 Mooresville, NC 28117

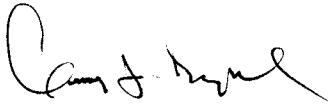
Via Certified US Mail

Re: YM Retail 07 A, LLC
 Notice of Special Meeting of Members

Dear Mr. Sheets:

Enclosed please find the Notice of Special Meeting of Members which will be held at the offices of Darling Milligan PC on June 27th, 2019 at 12pm MST. Your participation would be greatly appreciated.

Sincerely,



Gary J. Dragul
President

Encl.

**NOTICE OF SPECIAL MEETING OF MEMBERS
OF
YM Retail 07 A, LLC,**

TO BE HELD ON JUNE 27, 2019

Notice is hereby given that the Manager, Safeway Marketplace Manager 07, Inc., has called a Special Meeting of the Members (the "Meeting") of YM Retail 07 A, a Colorado limited liability company (the "Company") will be held at the office of Darling Milligan PC at 12:00 p.m. MST, 1331 17th St., Suite 800 Denver, CO 80202 on June 27, 2019 and via dial-in conference call at 605-562-0400, access code 9097229, for the purpose of considering and acting upon the following:

- 1. To discuss the management of the Company, including the Manager and whether to appoint a new Manager;**
- 2. To discuss the legal representation of the Company;**
- 3. To discuss the status of current litigation in which the Company is involved;**
- 4. To discuss the business plan of the Company and the Company's plans for the Property going forward; and**
- 5. To transact such other business as may be properly brought before the Meeting or any continuation or adjournment thereof.**

Only members of record at the close of business on April 1, 2019 (the "Record Date") are entitled to notice of the meeting and to vote at it or any adjournment thereof.

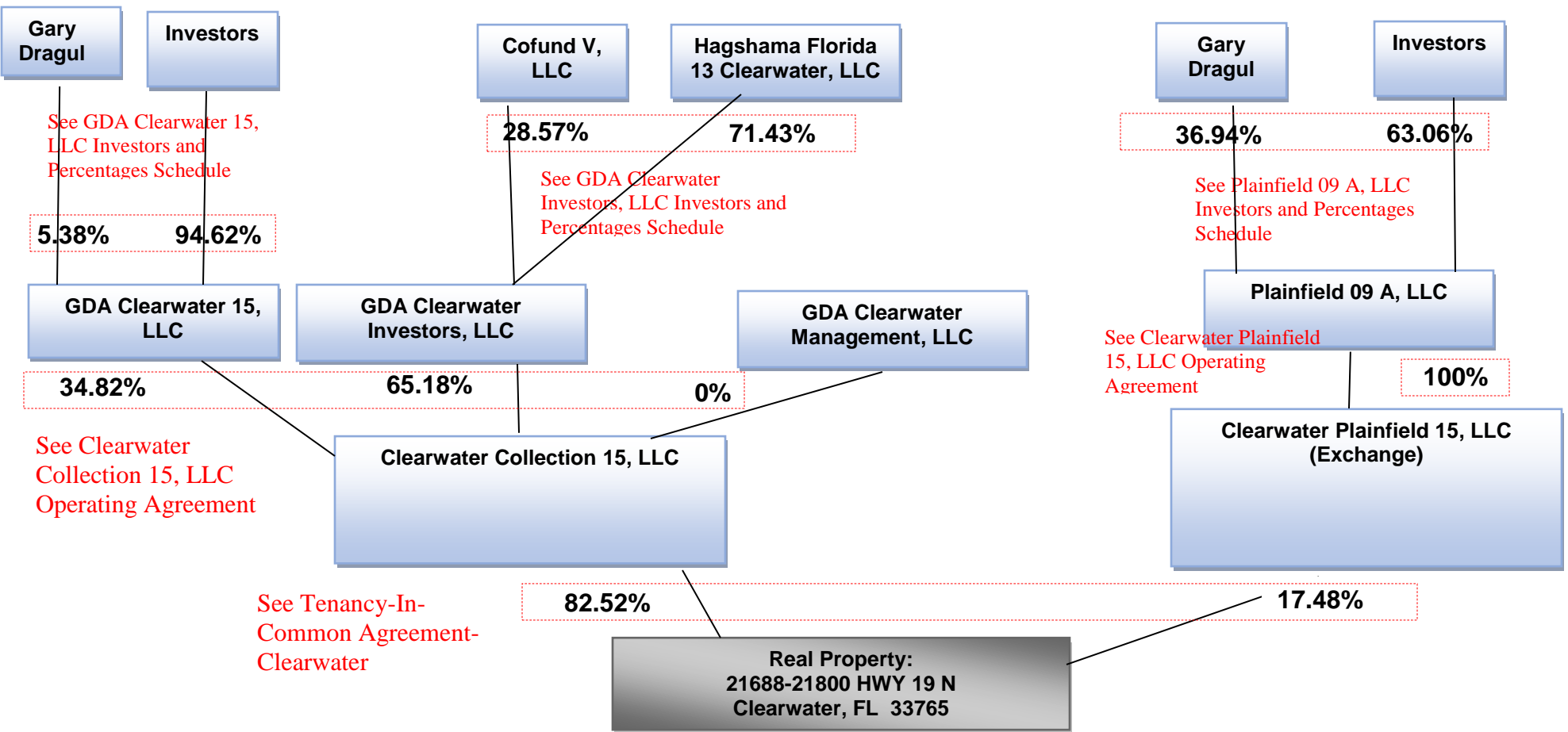
By Order of the Manager,



**Safeway Marketplace Manager 07, Inc.
By: Gary Dragul, President of
Safeway Marketplace Manager 07 Inc.**

CLEARATER: ORGANIZATIONAL CHART

(Clearwater, Florida)



GDA Clearwater 15, LLC-INVESTORS AND PERCENTAGES

GDA Clearwater 15, LLC	
Partner Name	
	% OWNED
	100.000000
3G2B Partners, LLC	5.800000
Ahrendt, Audrey	1.845386
Diamant, Marc	2.900000
Dragul, Gary	5.384604
Eisen, Charles	5.800000
Eisen, Robert & Jodi	5.800000
Friedman, Scott	3.480000
Haar, Darcea	4.060000
Haar, David	4.060000
Hilltoppers Capital Growth, LLC	5.800000
Hughes, Carol	2.900010
Hurst, Chad	17.390000
Leftin Investment Company	2.900000
Lone Pine Resources, LP	14.490000
Metz, Aaron J.	5.800000
ROSENBAUM, MARTIN	11.590000

Plainfield 09 A, LLC-INVESTORS AND PERCENTAGES

Plainfield 09 A, LLC	
Partner Name	% OWNED
	100.000000
1ST ANDERSON PROPERTIES	1.662200
AAFEDT, ERIC	1.207100
BUCKWALTER, REBA	1.207100
CHAPMAN, BRET D	1.448500
Consolidated CG of TX	2.414300
DEARDORFF, GERALD	3.621400
DETERER, WILLIAM	4.828500
Dragul, Gary	36.936400
EQUITY TRUST COMPANY CUSTODIAN FBO DAVID HOE IRA	0.651800
EQUITY TRUST COMPANY CUSTODIAN FBO LORI HOE IRA	0.482900
EVANS, CRAIG	1.207100
EVANS, LAURA	1.207100
EWELL, CALVIN	1.207100
Family Trust, The Benzmiller	4.828500
HAAR, DAVID A	0.482900
HBT PARTNERS ATTN: DAVID BOMBERGER	2.414300
HEFFLEY, JOHN	2.414300
HERSHEY, WENDY	0.320500
HOE, DAVID S	0.036200
HOE, LORI A	0.036200
LAPP, GIDEON	1.207150
LAPP, RHONDA	1.207150
MCCAFFREY, THOMAS	1.207100
MCMAHON, JAMES	1.207100
Miller, Steve	2.414300
MSHR, INC.	2.897100
NAYLOR, CRAIG	2.414300
NUTT, RAYMOND	1.207100
PENSCO TRUST COMPANY CUSTODIAN W. SCOTT ROCKEFELLER IRA	0.724300
RISSER, R. EUGENE	2.414300
Rosenbaum, Martin	2.414300
SARAH VINEYARD IRREVOCABLE TRUST	2.414300
TENNIS, JEFFREY	2.414300
VINEYARD, PHILIP	7.242800

DISTRICT COURT, DENVER COUNTY, STATE OF COLORADO Denver District Court 1437 Bannock St. Denver, CO 80202 720.865.8612	
Plaintiff: David S. Cheval, Acting Securities Commissioner for the State of Colorado v. Defendants: Gary Dragul; GDA Real Estate Services, LLC; and GDA Real Estate Management, LLC	<p style="text-align: center;">▲ COURT USE ONLY ▲</p> Case Number: 2018CV33011 Division/Courtroom: 424
<p style="text-align: center;">[PROPOSED] ORDER RE GARY DRAGUL’S MOTION FOR CLARIFICATION OF ORDER APPOINTING RECEIVER AND ORDERS AUTHORIZING ABANDONMENT</p>	

THIS MATTER is before the Court on Defendant Gary Dragul’s Motion for Clarification of Order Appointing Receiver and Orders Authorizing Abandonment (“Motion”). The Court has reviewed the Motion and the Receiver’s response and being otherwise advised,

HEREBY ORDERS that the Motion is DENIED in part and GRANTED in part. For the reasons stated in the Receiver’s response, the Motion is denied to the extent it seeks clarification of this Court’s December 13, 2018, Order re the YM Property and its March 3, 2020, Order re the Clearwater Property. The motions concerning those properties and the Court’s orders concerning them do not need to be clarified.

THE COURT FURTHER ORDERS that the Motion is granted as to the Court’s November 4, 2019, Order re 15 residential properties and its March 4, 2020, Order re the Ash & Bellaire Properties. The Receiver’s motions to abandon the 15 Residential Properties and the Ash & Bellaire Properties sought Court authority to abandon “any interests the Estate may have” in those properties as well as any obligation to manage or pay expenses for the properties. The Court hereby clarifies the Estate has abandoned its interest in the 21 LLCs that own those properties (as set forth in the

table below), and the Estate's interests in X12 Housing, LLC, and X12 Housing Management, Inc. in those assets. The Estate has not abandoned and reserves the right to assert rights on behalf of the Estate over any undisclosed X12 assets not identified below.

	Property Address	Owner of Property	Owner of LLC	Manager of Owner
1.	1660 N. LaSalle Drive, #3909, Chicago, IL 61614	1600 North LaSalle 16, LLC	100% owned by Dragul	X12 Housing Management, Inc.
2.	1660 N. LaSalle Drive, #4205, Chicago, IL 61614	4205 North LaSalle 18, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
3.	5455 Landmark Place, #509, Greenwood Village, CO 80111	5455 Landmark Place 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
4.	5788 South Lansing Way, Englewood, CO 80111	5788 South Lansing 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
5.	6316 East Fair Avenue, Centennial, CO 80111	6316 East Fair 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
6.	7373 East Fremont, Centennial, CO 80112	7373 East Fremont 15, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
7.	7517 East Davies Place, Centennial, CO 80112	7517 East Davies 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
8.	7842 East Briarwood Boulevard, Centennial, CO 80112	7842 East Briarwood 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
9.	1777 Larimer, Unit 703, Denver, CO 80202	1777 Larimer 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
10.	1777 Larimer Street, #901, Denver, CO 80202	901 Larimer 18, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
11.	891 14th Street, #2417, Denver, CO 80202	891 Fourteenth Street 16, LLC		
12.	3593 South Hudson Street, Denver, CO 80237	3593 South Hudson 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
13.	6937 East 6th Street, #1002, Scottsdale, AZ 85215	1002 East Scottsdale 6th 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
14.	6937 East 6th Street, #1004, Scottsdale, AZ 85215	1004 East Scottsdale 6th 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
15.	6937 East 6th Street, #1005, Scottsdale, AZ 85215	1005 East Scottsdale 6th 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
16.	2166 South Ash Street, Denver, CO 80222	2166 South Ash 17, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
17.	2176 South Ash Street, Denver, CO	2176 South Ash 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.

	Property Address	Owner of Property	Owner of LLC	Manager of Owner
18.	2186 South Ash Street, Denver, CO 80222	2186 South Ash 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
19.	2196 South Ash Street, Denver, CO 80222	2196 South Ash 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
20.	2175 South Bellaire Street, Denver, CO 80222	2175 South Bellaire 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.
21.	2195 South Bellaire Street, Denver, CO 80222	2195 South Bellaire 16, LLC	100% owned by X12 Housing, LLC	X12 Housing Management, Inc.

Dated: _____, 2020.

BY THE COURT:

Hon. District Court Judge