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*Special Litigation Counsel for  
Michael G. Kasolas, Chapter 7 Trustee  
For Fox Ortega Enterprises, Inc.  
Dba Premier Cru*

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION

In re

FOX ORTEGA ENTERPRISES, INC., dba  
PREMIER CRU

Debtor.

Case No. 16-40050-WJL

Chapter 7

MICHAEL G. KASOLAS, Chapter 7 Trustee  
for Fox Ortega Enterprises, Inc. dba Premier  
Cru

Plaintiff

Adversary No. \_\_\_\_\_

vs.

WARREN STALEY

**ORIGINAL COMPLAINT**

Plaintiff Michael G. Kasolas, the Chapter 7 Trustee (the “**Trustee**”) for Fox Ortega Enterprises, Inc. dba Premier Cru (“**Premier Cru**” or the “**Debtor**”), brings this adversary proceeding against Warren Staley (“**Defendant**”) and alleges as follows:

**INTRODUCTION**

1. This suit seeks the avoidance and recovery of transfers from Premier Cru to the Defendant as well as the avoidance of certain obligations Premier Cru incurred in the Defendant’s favor. These transfers and obligations were part of a fraudulent scheme involving the sale of wine

1 that caused the loss of tens of millions of dollars. At the time of the Premier Cru's bankruptcy,  
2 approximately 4,500 customers had not received pre-arrival wine for which that had already paid,  
3 with losses reaching \$45 million.

4 2. Transfers to the Defendant and the obligations incurred by Premier Cru were made  
5 as part of the fraud and with the actual intent to hinder, delay, or defraud Premier Cru's creditors.  
6 Premier Cru incurred obligations in favor of the Defendant for the purpose of acquiring funds  
7 necessary for the continuation of the fraud. Later, Premier Cru made transfers to the Defendant  
8 with the purpose of concealing the ongoing fraud, to lull customers into a false sense that Premier  
9 Cru was a legitimate business, to cause the customers to continue to purchase wine from Premier  
10 Cru, and to prevent them from complaining to law enforcement authorities.

11 3. The Trustee requests that this Court grant relief that will return the value of the  
12 transfers to the Defendant that were made as a part of the scheme. Specifically, the Trustee seeks  
13 the avoidance and recovery of the transfers made and obligations incurred that are identified below  
14 under 11 U.S.C. §§ 544, 550 and California Civil Code § 3439.04.

#### 15 JURISDICTION AND VENUE

16 4. This is an adversary proceeding, pursuant to Federal Rule of Bankruptcy  
17 Procedure, which relates to the Chapter 7 proceeding captioned *In re Fox Ortega Enterprises, Inc.,*  
18 *dba Premier Cru*, Case No. 16-40050-WJL (Bankr. N.D. Cal., Oakland Div.).

19 5. This Court has subject matter jurisdiction over this action pursuant to section 28  
20 U.S.C. § 1334(b) and 28 U.S.C. § 157(a), in that this adversary proceeding arises in, arises under,  
21 and/or relates to Premier Cru's chapter 7 case.

22 6. This adversary proceeding is a core proceeding under section 157(b)(2) of Title 28  
23 of the United States Code, such that this Court has jurisdiction to hear and determine this  
24 proceeding and to enter an appropriate order and judgment. To the extent necessary, the Trustee  
25 consents to entry of a final order or judgment by this Court.

26 7. The Defendant's forum-related activities give rise to the action before the Court.  
27 The Defendant purposefully directed his activities and consummated the transactions described  
28 below within California, thereby invoking the benefits and protection of California law. As

1 reflected in the applicable terms and conditions for the transactions described below, “[a]ny wine  
2 sold to you by Premier Cru is sold in California, and title passes to you, the buyer, in California.”  
3 Furthermore, the Trustee’s claims arise out of or relate to the Defendant’s forum-related activities.

4 8. This Court is the proper venue for this adversary proceeding pursuant to 28 U.S.C.  
5 § 1409(a) because the Debtor’s chapter 7 case is pending in this judicial district.

## 6 **PARTIES**

7 9. The Trustee is the duly appointed chapter 7 trustee for the bankruptcy estate of  
8 Premier Cru. Premier Cru entered bankruptcy proceedings on January 8, 2016 (the “**Petition**  
9 **Date**”), at which time the Trustee was appointed by the Court. The Trustee is duly authorized and  
10 empowered to pursue any and all claims of the Debtor’s estate.

11 10. Defendant Warren Staley is an individual and a citizen of Michigan. Defendant  
12 may be served with process at 320 N. Main Street, Suite 200, Ann Arbor, Michigan 48104.

## 13 **GENERAL ALLEGATIONS**

### 14 **I. Premier Cru’s Operations**

15 11. Premier Cru was founded in 1980 by John Fox (“**Fox**”) and Hector Ortega as a  
16 seller of top-quality wines in the Bay Area. During all relevant times, Fox owned equity in  
17 Premier Cru and served as its President. Fox made all significant business decisions for Premier  
18 Cru. Fox was the sole manager of the company’s finances, including payment of Premier Cru’s  
19 bills and expenses, as well as obtaining business loans and financing from banks or individuals to  
20 fund Premier Cru’s operations.

21 12. Premier Cru originally operated out of a small storefront in Oakland with a focus  
22 on hard to find and limited production offerings. As Premier Cru’s popularity grew, the company  
23 determined that it would begin purchasing its supply of wine from sources overseas and obtained  
24 its own import license. Premier Cru touted that it could eliminate the middle man while  
25 simultaneously increasing the allocation of hard to locate wines by supposedly sourcing its  
26 inventory directly.

1           13.     The Debtor generally sold wine in two ways. First, the company sold wine that  
2 was, or supposedly was, physically held in Premier Cru's inventory. Second, Premier Cru sold  
3 wine on a "pre-arrival" basis, whereby customers paid for wine that was not in Premier Cru's  
4 physical possession but which Premier Cru represented it had already purchased.

5           14.     In the wine industry, there are generally two ways to purchase wine before it is  
6 released to the open market. "Wine futures" involve the purchase of wine while it is still in the  
7 barrel and before the wine is bottled. Because the purchaser must wait for the wine to age in the  
8 barrel, buyers can expect to wait years before receiving the wine they purchased. Premier Cru did  
9 not sell wine futures. In contrast, "pre-arrival" wines are sold to collectors months before a wine  
10 is released to the open market, but after the wine has actually been bottled. Unlike "wine futures,"  
11 there is generally less risk in pre-arrival purchasing because importers know exactly how many  
12 bottles they will receive from the supplier. Pre-arrival sales allow consumers to purchase difficult  
13 to locate wines at prices that are generally lower than what is found in the market. Premier Cru  
14 purportedly sold pre-arrival wines.

15           15.     Premier Cru sold pre-arrival wine through a website operated and maintained by  
16 Premier Cru or through salespeople who worked in the Premier Cru offices and reported to Fox.  
17 The "Terms and Conditions" associated with the sale of pre-arrival wine provided as follows:

18           The term "Pre-Arrival" is applied to wines we have purchased (typically abroad)  
19 that have not arrived yet. Depending on the particular wine, the arrival time is  
20 typically 6+ months to over two years (in the case of Bordeaux Futures, for  
example).

21           Many new releases of highly desirable, limited-production wines (ie – Burgundy,  
22 Rhone, Italian, etc.) are offered on a "Pre-Arrival" basis by our suppliers. These  
offerings typically take 6 to 18 months to arrive and are often the only way to  
23 source the wines before they sell out (and at optimal prices). We send an email  
notification when your wine arrives.

24           According to Fox, the majority of Premier Cru's revenue was derived from pre-arrival sales.

## 25           **II.     The Fraud**

26           16.     On or about August 11, 2016, Fox entered into a guilty plea in guilty plea in his  
27 criminal case [*United States v. John Fox*, Case No. CR 16-281 JD, N.D. Cal] and executed a Plea  
28

1 Agreement in which he admitted that he operated the Debtor as a fraudulent scheme. In his plea  
2 agreement, Fox admitted that he “devised a scheme to defraud, and a scheme for obtaining  
3 property by means of false and fraudulent pretenses, representations and omissions, through  
4 Premier Cru’s sale of pre-arrival wine.” Fox further admitted that his fraudulent conduct began as  
5 early as 1993 or 1994. Through Fox’s actions, Premier Cru engaged in a massive fraud whereby  
6 funds derived from later fraudulent wine sales were used to pay obligations that arose from earlier  
7 fraudulent transactions.

8       17. According to Premier Cru, the pre-arrival wines were wines that the company had  
9 supposedly already contracted to purchase from its suppliers. Premier Cru further represented that  
10 it would deliver the pre-arrival wines to customers within a time period of approximately six  
11 months to two years after customers had paid for the wine. These representations were false at  
12 the time they were made for at least two reasons. First, Fox admitted to falsifying purchase orders  
13 for wine that Premier Cru had not contracted to purchase and then entering that wine into Premier  
14 Cru’s inventory records for sale to its customers. He stated that Premier Cru “priced these wines  
15 at prices below the market price, knowing that [he] had not and would not need to actually pay for  
16 this wine from any vendors.” Second, Fox stated that Premier Cru contracted with “foreign  
17 suppliers . . . to purchase wine, generally with the promise to pay those foreign suppliers within 30  
18 days.” Fox did so even where he “knew that Premier Cru would not be able to make payment  
19 within 30 days, or ever” because he (a) “embezzled money from Premier Cru’s business accounts  
20 that [he] should have used to pay Premier Cru’s suppliers” or (b) “diverted money coming in from  
21 current customers to obtain wine for prior customers who had never received their wine.” In  
22 either event, the end result was the same—Premier Cru did not have the wine required to fulfill the  
23 obligations for its pre-arrival customers. Fox further admitted that “customers paid Premier Cru  
24 for wine that [he] knew Premier Cru could not deliver to them and which they never received” and  
25 that his false statements were made “with the intent to defraud Premier Cru’s customers.” At the  
26 time of the bankruptcy, approximately 4,500 customers had not received pre-arrival wine for  
27 which that had already paid.

1           18.     The fraud was unsustainable on its face because the funds Premier Cru received  
2 from its customers were less than the cost of purchasing wine at a later date to fulfill the  
3 outstanding orders. Due to the rarity of the wines at issue, purchasing wines on the open market  
4 after their release is far more costly than sourcing the wines from appropriate overseas suppliers on  
5 a pre-arrival basis. Furthermore, Premier Cru sometimes offered pre-arrivals at a price lower than  
6 the current market for pre-arrivals. This act of undercutting the market assisted in raising funds  
7 while simultaneously increasing the gap between Premier Cru's assets and its obligations. To  
8 make matters worse, Premier Cru's Fox removed millions of dollars from the company, further  
9 reducing the funds available to satisfy Premier Cru's obligations. Because Premier Cru was not  
10 generating sufficient revenue from the pre-arrival sales to ultimately purchase wine for its  
11 customers, the company was forced to enter into an increasing number of fraudulent, pre-arrival  
12 sales to fill the financial gap and generate the funds required to purchase wine for its existing  
13 customers. As Premier Cru's liquidity and its ability to enter into a sufficient number of new pre-  
14 arrival transactions declined, Premier Cru was forced to declare bankruptcy in 2016.

15           19.     Prior to 2015, Premier Cru was able to conceal its fraud from its creditors.  
16 According to Fox, his efforts to conceal the fraud included (a) offering falsified excuses and  
17 promises for wine that Premier Cru would not be delivered; (b) delivering wine that was  
18 purchased by other customers; and (c) purchasing wine at retail prices for use in fulfilling  
19 outstanding orders. Fox admitted that he "took these and other actions to "conceal [Premier  
20 Cru's] ongoing fraud, to lull customers into a false sense that Premier Cru was a legitimate  
21 business, to cause [its] customers to continue to purchase wine from Premier Cru, and to prevent  
22 them from complaining to law enforcement authorities." Furthermore, Premier Cru concealed its  
23 fraud by making cash disbursements to customers whose orders were not fulfilled, often in  
24 amounts greater than what customers had originally paid for their alleged pre-arrival orders.

25           20.     The sales and subsequent transfers to the Defendant were made as a part of the  
26 fraud and with the actual intent to hinder, delay, or defraud Premier Cru's creditors. Premier Cru  
27 made the transfers and incurred the obligations with the purpose of concealing the ongoing fraud,  
28 lulling customers into a false sense that Premier Cru was a legitimate business, causing customers

1 to continue to purchase wine from Premier Cru, and preventing customers from complaining to  
2 law enforcement authorities by paying them cash settlements.

3 21. Defendant was aware of issues with Premier Cru prior to receiving transfers from  
4 the Debtor. On May 3, 2012, Premier Cru's attorney spoke with counsel for Defendant. The  
5 purpose of the conversation was to keep Premier Cru "out of some potentially ugly litigation."

6 22. But problems did not cease in 2012. On May 1, 2013, Defendant sent the  
7 following email to Fox regarding the continued delays in wine delivery:

8 We are back to where we started with me getting my wine. Delay after delay.  
9 You give me dates when the wine is arriving and it just doesn't happen.

10 What is the story this time and when am I finally getting this wine delivered?

11 On November 3, 2013, Defendant requested an update. Fox responded on November 15, 2013,  
12 stating "[w]e'll get your wins delivered this coming week." That did not occur. Defendant sent an  
13 email on November 23, 2013, which stated the following:

14 Once again no delivery of my wine. My patience with your lack of  
15 communication, lack of performance, and using my money is used up. I am  
16 turning this over to someone else.

### 17 **III. Badges of Fraud Related to the Transactions with the Defendant**

18 23. Multiple badges of fraud are present with respect to the transactions with and  
19 transfers to the Defendant, including the following:

- 20 • Premier Cru was insolvent during the period of the transfers;
- 21 • Premier Cru had incurred, and was continuing to incur, substantial debt while it  
22 was making its payments to the Defendant;
- 23 • The true nature of the transactions with the Defendant was concealed. Premier Cru  
24 made false statements indicating that it was contractually entitled to receive the pre-  
25 arrival wine from its suppliers and falsified accounting documentation to cover up  
26 its fraudulent actions. Fox further admitted to making efforts to conceal the fraud  
27 through false statements to customers regarding the status of their orders. As  
28 admitted by Fox, his actions were undertaken with the intent to defraud customers;
- The transfers were made while Premier Cru was under threat of potential lawsuits.  
Had Premier Cru's creditors discovered the fraud, Premier Cru and its principals  
would have been subject to numerous lawsuits. In fact, Premier Cru's customers

1 repeatedly and regularly threatened the company with lawsuits where pre-arrival  
2 wine was not delivered, and in some instances, actually filed suit;

- 3 • Premier Cru removed and concealed assets. Fox admitted that, in the face of  
4 customer complaints, he caused Premier Cru to deliver wine to the complaining  
5 customers that was paid for by other customers. Furthermore, Fox caused Premier  
6 Cru to transfer large sums for his personal benefit as further described in his plea  
7 agreement;
- 8 • Premier Cru incurred the obligations and made the transfers described herein for  
9 less than reasonably equivalent value;
- 10 • As described in more detail above, the overall existence and cumulative effect of  
11 the pattern, series of transactions, and Premier Cru's course of conduct indicate the  
12 transactions with the Defendant were designed to defraud creditors. Premier Cru  
13 incurred debt and faced financial difficulties, and as a result, entered into the  
14 transactions with the Defendant and other customers in order to further the fraud;
- 15 • The general chronology of events and the transactions under inquiry indicate the  
16 intent to defraud. Premier Cru entered into pre-arrival wine sales without having  
17 the underlying right to receive the wine from its suppliers. The purpose of the  
18 transactions was to provide liquidity to fuel the fraud and for Fox's improper  
19 diversions and embezzlement. Moreover, Premier Cru's entry into fraudulent pre-  
20 arrival wine sales naturally increased based upon its need to enter into more and  
21 more fraudulent transactions to pay for prior obligations;
- 22 • Premier Cru's conduct was both exceptional and peculiar. Such conduct included  
23 falsifying accounting documentation, making false statements to customers, and  
24 generally utilizing payments from later customers to fulfill obligations owed to  
25 prior customers;
- 26 • Premier Cru made false statements, concealed facts, and operated under false  
27 pretenses. Among other things, Premier made misrepresentations concerning the  
28 following: (a) its financial condition; (b) its contractual relationships with suppliers  
and its right to receive the wines in question; (c) its inventory balances; and (d) the  
purported reason for delays in wine delivery;
- The transactions with the customers for the fraudulent wine transactions, including  
the Defendant, were questionable and not in ordinary course for a legitimate  
business. Companies such as Premier Cru do not intentionally misrepresent their  
inventory and contractual purchases from their vendors or alter documents to  
support sales;
- Premier Cru entered into the transactions involved in the fraud under secrecy and  
haste, and the transactions were unusual. Premier Cru disguised its pre-arrival  
sales using falsified documentation and misrepresentations to its customers.  
Furthermore, Premier Cru acted with haste in fulfilling fraudulent orders for those  
customers that complained repeatedly or forcefully;



- Premier Cru was aware of its creditors' claims against the company and that Premier Cru was incapable of paying those claims.

### **CLAIMS FOR RELIEF**

#### **Count I – Actual Intent Voidable Transfer Under California Civil Code § 3439.04(a)(1) et seq.; 11 U.S.C. §§ 544 and 550 (Wine and Cash Transfers)**

24. The Trustee re-alleges and fully incorporates the allegations pleaded in the preceding paragraphs as if fully set forth herein.

25. The Debtor presently has one or more creditors whose claim arose either before or after the transfers to the Defendant.

26. Premier Cru transferred at least 745 bottles of wine to the Defendant during the seven years prior to the Petition Date (the “**Transfers**”). The Wine Transfers are more fully described in Exhibit A, which is attached hereto.

27. The Transfers were made within seven years of the Petition Date.

28. The aggregate amount of the Transfers may be in excess of the above-stated amount, and the Trustee may amend his Complaint as and when additional transfers made as a part of the scheme are ascertained.

29. The Transfers were made as a part of the fraud at Premier Cru. Premier Cru entered into the underlying wine sales in furtherance of its fraudulent scheme. Each of the transactions generated cash through the alleged “sale” of the wine to the Defendant. These sham transactions provided Premier Cru with the funds it required to satisfy already existing obligations that were part of the fraudulent scheme. Furthermore, Premier Cru entered into additional transactions with other customers at a later time that ultimately provided the company with the funds necessary to purchase wine for the Transfers. This pattern of conduct of using new money to fund the fulfillment of earlier obligations constitutes a Ponzi scheme or similar fraud whereby funds received from later fraudulent transactions were used to fund prior obligations.

30. Moreover, Fox’s plea agreement evidences Premier Cru’s intent to defraud its creditors through the fraudulent scheme. Therefore, the Transfers were made with the actual

1 intent to hinder, delay, or defraud entities to which Premier Cru was or became indebted to on or  
2 after the date of the transfer.

3 31. As stated above, there are a multitude of badges of fraud present with respect to the  
4 transactions with the Defendant. The existence and sheer number of the badges of fraud present in  
5 this matter indicate that Premier Cru intended to hinder, delay, or defraud its creditors in entering  
6 into and making the Transfers.

7 32. Defendant was the initial transferee of the Transfers as the Defendant received the  
8 wine and funds transferred directly from Premier Cru.

9 33. Pursuant to California Civil Code § 3439.04(a)(1) et seq. and 11 U.S.C. §§ 544 &  
10 550, the Trustee is entitled to judgment avoiding and recovering the value of the Transfers from  
11 the Defendant.

12 **Count II – Actual Intent Voidable Transfer**  
13 **Under California Civil Code § 3439.04(a)(1) et seq.; 11 U.S.C. §§ 544 and 550**  
14 **(Obligations to Defendant)**

15 34. The Trustee re-alleges and fully incorporates the allegations pleaded in the  
16 preceding paragraphs as if fully set forth herein.

17 35. The Debtor presently has one or more creditors whose claim arose either before or  
18 after the transfers to the Defendant.

19 36. Premier Cru incurred obligations to the Defendant relating to 482 bottles of wine  
20 during the seven years prior to the Petition Date (the “**Obligations**”). The Obligations are more  
21 fully described in Exhibit B, which is attached hereto.

22 37. The Obligations were incurred within seven years of the Petition Date.

23 38. The aggregate amount of the Obligations may be in excess of the above-stated  
24 amount, and the Trustee may amend his Complaint as and when additional transfers made as a part  
25 of the scheme are ascertained.

26 39. The Obligations were incurred as a part of the fraud at Premier Cru. Premier Cru  
27 entered into the underlying wine sales in furtherance of its fraudulent scheme. Each of the  
28 transactions generated cash through the alleged “sale” of the wine to the Defendant. These sham  
transactions provided Premier Cru with the funds it required to satisfy already existing obligations

1 that were part of the fraudulent scheme. Furthermore, Premier Cru entered into additional  
2 transactions with other customers at a later time that ultimately provided the company with the  
3 funds necessary to satisfy the Obligations. This pattern of conduct of using new money to fund  
4 the fulfillment of earlier obligations constitutes a Ponzi scheme or similar fraud whereby funds  
5 received from later fraudulent transactions were used to fund prior obligations.

6 40. Moreover, Fox's plea agreement evidences Premier Cru's intent to defraud its  
7 creditors through the fraudulent scheme. Therefore, the Obligations were incurred with the actual  
8 intent to hinder, delay, or defraud entities to which Premier Cru was or became indebted to on or  
9 after the date of the transfer.

10 41. As stated above, there are a multitude of badges of fraud present with respect to the  
11 transactions with the Defendant. The existence and sheer number of the badges of fraud present in  
12 this matter indicate that Premier Cru intended to hinder, delay, or defraud its creditors in entering  
13 into the sales and incurring the Obligations.

14 42. Pursuant to California Civil Code § 3439.04(a)(1) et seq. and 11 U.S.C. §§ 544, the  
15 Trustee is entitled to judgment avoiding the Obligations.

16 **Count III – Constructive Voidable Transfer**  
17 **Under California Civil Code § 3439.04(a)(2) et seq.; 11 U.S.C. §§ 544 and 550**  
18 **(Wine and Cash Transfers)**

19 43. The Trustee re-alleges and fully incorporates the allegations pleaded in the  
20 preceding paragraphs as if fully set forth herein.

21 44. The Debtor presently has one or more creditors whose claim arose either before or  
22 after the transfers to the Defendant.

23 45. Premier Cru made the Transfers to the Defendant.

24 46. The aggregate amount of the Transfers may be in excess of the above-stated  
25 amount, and the Trustee may amend his Complaint as and when additional transfers made as a part  
26 of the scheme are ascertained.

27 47. Premier Cru received less than reasonably equivalent value in exchange for the  
28 Transfers.

1           48.     The Transfers were made at a time when Premier Cru (a) was insolvent and/or was  
2 engaged or was about to engage in a business or a transaction for which the remaining assets of the  
3 debtor were unreasonably small in relation to the business or transaction; or (b) intended to incur,  
4 or believed or reasonably should have believed that it would incur, debts beyond its ability to pay  
5 as they became due.

6           49.     Defendant was the initial transferee of the Transfers as the Defendant received the  
7 wine and funds transferred directly from Premier Cru.

8           50.     Pursuant to California Civil Code § 3439.04(a)(2) et seq. and 11 U.S.C. §§ 544 and  
9 550, the Trustee is entitled to judgment avoiding and recovering the value of the Transfers from  
10 the Defendant.

11                               **Count IV – Constructive Fraudulent Transfer**  
12                               **Under California Civil Code § 3439.04(a)(2) et seq.; 11 U.S.C. §§ 544 and 550**  
13                               **(Obligations to Defendant)**

14           51.     The Trustee re-alleges and fully incorporates the allegations pleaded in the  
15 preceding paragraphs as if fully set forth herein.

16           52.     The Debtor presently has one or more creditors whose claim arose either before or  
17 after the transfers to the Defendant.

18           53.     Premier Cru incurred the Obligations.

19           54.     The aggregate amount of the Obligations may be in excess of the above-stated  
20 amount, and the Trustee may amend his Complaint as and when additional transfers made as a part  
21 of the scheme are ascertained.

22           55.     Premier Cru received less than reasonably equivalent value in exchange for the  
23 Obligations.

24           56.     The Obligations were incurred at a time when Premier Cru (a) was insolvent and/or  
25 was engaged or was about to engage in a business or a transaction for which the remaining assets  
26 of the debtor were unreasonably small in relation to the business or transaction; or (b) intended to  
27 incur, or believed or reasonably should have believed that it would incur, debts beyond its ability  
28 to pay as they became due.

57. Pursuant to California Civil Code § 3439.04(a)(2) et seq. and 11 U.S.C. § 544, the Trustee is entitled to judgment avoiding the value of the Obligations from the Defendant.

## PRAAYER

Wherefore, the Trustee respectfully requests that the Court enter judgment and grant the following relief against the Defendant:

- Entering an order of judgment avoiding the Obligations and Transfers under 11 U.S.C. § 544 and California Civil Code 3439.04(a)(1);
- Entering an order of judgment avoiding the Obligations and Transfers to the Defendant under 11 U.S.C. § 544 and California Civil Code 3439.04(a)(2);
- Entering an order permitting the Trustee to recover the value of the avoided transfers in an amount to be proven at trial;
- Prejudgment and post-judgment interest as allowed by law; and
- All other relief to which the Trustee is entitled.

Dated: January 5, 2018

DIAMOND MCCARTHY LLP

By: /s/ Kathy Bazoian Phelps

KATHY BAZOIAN PHELPS

Attorneys for Michael Kasolas, Chapter 7  
Trustee for Fox Ortega Enterprises, Inc.  
dba Premier Cru

**Exhibit A**

**Wine Transfers**

CustName	ShipDate	SalesOrder	Description	Qty			Total Value
				Shipped	Unit Value		
Warren Staley	6/8/2009	SO-0000237403	05 Larcis Ducasse	4	\$ 170.94	\$	683.76
Warren Staley	6/8/2009	SO-0000237403	05 Larcis Ducasse	4	\$ 170.94	\$	683.76
Warren Staley	6/8/2009	SO-0000237403	05 Marojallia	2	\$ 83.50	\$	167.00
Warren Staley	6/8/2009	SO-0000237403	05 Gracia	2	\$ 102.00	\$	204.00
Warren Staley	6/8/2009	SO-0000237403	05 Larcis Ducasse	4	\$ 170.94	\$	683.76
Warren Staley	6/8/2009	SO-0000237403	05 Marojallia	2	\$ 83.50	\$	167.00
Warren Staley	6/8/2009	SO-0000237403	05 Gracia	2	\$ 102.00	\$	204.00
Warren Staley	6/8/2009	SO-0000237403	05 Marojallia	2	\$ 83.50	\$	167.00
Warren Staley	6/8/2009	SO-0000237403	05 Gracia	2	\$ 102.00	\$	204.00
Warren Staley	6/8/2009	SO-0000272137	05 Pavie	2	\$ 313.84	\$	627.68
Warren Staley	6/8/2009	SO-0000272137	05 Pavie	2	\$ 313.84	\$	627.68
Warren Staley	6/8/2009	SO-0000272137	05 Pavie	2	\$ 313.84	\$	627.68
Warren Staley	6/8/2009	SO-0000287330	04 Barolo Sperss, Gaja	6	\$ 160.26	\$	961.56
Warren Staley	6/8/2009	SO-0000290634	05 Aalto PS	6	\$ 87.48	\$	524.88
Warren Staley	10/20/2009	SO-0000237403	05 Cheval Blanc	6	\$ 833.33	\$	4,999.98
Warren Staley	10/20/2009	SO-0000237403	05 Pavie Macquin	6	\$ 84.14	\$	504.84
Warren Staley	10/20/2009	SO-0000237403	05 Palmer	6	\$ 241.50	\$	1,449.00
Warren Staley	10/20/2009	SO-0000237403	05 Troplong Mondot	6	\$ 166.94	\$	1,001.64
Warren Staley	10/20/2009	SO-0000265032	05 Ducru Beaucaillou	6	\$ 156.50	\$	939.00
Warren Staley	10/20/2009	SO-0000265032	05 Clos l'Eglise (Pomerol)	6	\$ 112.18	\$	673.08
Warren Staley	10/20/2009	SO-0000272137	05 Angelus	6	\$ 268.67	\$	1,612.02
Warren Staley	10/20/2009	SO-0000273540	06 Bellevue Mondot	6	\$ 237.72	\$	1,426.32
Warren Staley	10/20/2009	SO-0000287201	04 Barolo Bric del Fiasc, Scavino	6	\$ 78.79	\$	472.74
Warren Staley	10/20/2009	SO-0000287204	04 Barolo Bric del Fiasc, Scavino	6	\$ 78.79	\$	472.74
Warren Staley	10/20/2009	SO-0000290634	98 Unico, Vega Sicilia	3	\$ 240.39	\$	721.17
Warren Staley	10/20/2009	SO-0000311091	07 Chateaufeuf Cuvee Reine de B, Mordore	9	\$ 65.44	\$	588.96
Warren Staley	7/21/2010	SO-0000273699	05 Margaux	6	\$ 721.17	\$	4,327.02
Warren Staley	7/21/2010	SO-0000297992	05 Mouton	2	\$ 525.00	\$	1,050.00
Warren Staley	7/21/2010	SO-0000317841	05 Leoville las Cases	12	\$ 300.00	\$	3,600.00
Warren Staley	7/21/2010	SO-0000317841	05 Leoville las Cases	6	\$ 300.00	\$	1,800.00
Warren Staley	7/21/2010	SO-0000317841	05 Larcis Ducasse	12	\$ 112.18	\$	1,346.16
Warren Staley	7/21/2010	SO-0000317841	05 Larcis Ducasse	6	\$ 112.18	\$	673.08
Warren Staley	7/21/2010	SO-0000319094	05 Pavie	6	\$ 313.84	\$	1,883.05
Warren Staley	12/20/2010	SO-0000287201	04 Barolo Le Vigne, Sandrone	6	\$ 93.48	\$	560.88
Warren Staley	12/20/2010	SO-0000287330	04 Barolo Ciabot Mentin Ginestra, Cleric	6	\$ 80.13	\$	480.78
Warren Staley	12/21/2010	SO-0000265365	05 Haut Brion	1	\$ 795.00	\$	795.00
Warren Staley	12/21/2010	SO-0000343096	04 Brunello Madonna, Valdicava	4	\$ 115.89	\$	463.56
Warren Staley	12/21/2010	SO-0000343096	04 Brunello Madonna, Valdicava	8	\$ 115.89	\$	927.12
Warren Staley	5/9/2012	SO-0000237403	05 Hosanna	2	\$ 168.86	\$	337.72
Warren Staley	5/9/2012	SO-0000265032	05 l'Evangile	6	\$ 428.99	\$	2,573.94
Warren Staley	5/9/2012	SO-0000265032	05 Lafite Rothschild	6	\$ 1,229.17	\$	7,375.02
Warren Staley	5/9/2012	SO-0000273540	06 Mouton	6	\$ 793.75	\$	4,762.50
Warren Staley	5/9/2012	SO-0000273540	06 l'Eglise Clinet Magnum	1	\$ 435.00	\$	435.00
Warren Staley	5/9/2012	SO-0000273540	06 La Mission Haut Brion	2	\$ 495.00	\$	990.00
Warren Staley	5/9/2012	SO-0000273540	06 Pavie	2	\$ 219.00	\$	438.00
Warren Staley	5/9/2012	SO-0000273699	05 Lafite Rothschild	6	\$ 1,229.17	\$	7,375.02
Warren Staley	5/9/2012	SO-0000273699	05 Latour	6	\$ 1,000.00	\$	6,000.00
Warren Staley	5/9/2012	SO-0000281331	05 l'Eglise Clinet	6	\$ 688.18	\$	4,129.08
Warren Staley	5/9/2012	SO-0000287204	04 Barolo Cannubi, Sandrone	6	\$ 195.02	\$	1,170.12
Warren Staley	5/9/2012	SO-0000287201	04 Barolo Cannubi, Sandrone	6	\$ 195.02	\$	1,170.12
Warren Staley	5/9/2012	SO-0000290634	06 Ermitage l'Ermite, Chapoutier	3	\$ 240.87	\$	722.61
Warren Staley	5/9/2012	SO-0000311091	07 Chateaufeuf Clos des Papes, Avril	4	\$ 145.00	\$	580.00

Warren Staley	5/9/2012	SO-0000317841	06 Vieux Chateau Certan	6	\$	182.56	\$	1,095.36
Warren Staley	5/9/2012	SO-0000317841	08 Pontet Canet	8	\$	65.00	\$	520.00
Warren Staley	5/9/2012	SO-0000317841	06 Cheval Blanc	12	\$	470.25	\$	5,643.00
Warren Staley	5/9/2012	SO-0000317841	06 Latour	6	\$	595.00	\$	3,570.00
Warren Staley	5/9/2012	SO-0000319311	08 Ducru Beaucaillou	6	\$	83.47	\$	500.82
Warren Staley	5/9/2012	SO-0000319311	08 Pavie	6	\$	122.87	\$	737.22
Warren Staley	5/9/2012	SO-0000341777	06 Mouton	6	\$	793.75	\$	4,762.50
Warren Staley	5/10/2012	SO-0000237403	05 Hosanna	2	\$	168.86	\$	337.72
Warren Staley	5/10/2012	SO-0000273540	06 La Mission Haut Brion	2	\$	495.00	\$	990.00
Warren Staley	5/10/2012	SO-0000273540	06 Pavie	2	\$	219.00	\$	438.00
Warren Staley	5/10/2012	SO-0000311091	07 Chateaufeuf Clos des Papes, Avril	4	\$	145.00	\$	580.00
Warren Staley	5/10/2012	SO-0000317841	06 Vieux Chateau Certan	6	\$	182.56	\$	1,095.36
Warren Staley	5/10/2012	SO-0000317841	08 Pontet Canet	8	\$	65.00	\$	520.00
Warren Staley	5/10/2012	SO-0000318175	08 Ducru Beaucaillou	6	\$	83.47	\$	500.82
Warren Staley	5/10/2012	SO-0000318175	08 Pavie	6	\$	122.87	\$	737.22
Warren Staley	10/9/2012	SO-0000266249	05 l'Eglise Clinet	6	\$	688.18	\$	4,129.08
Warren Staley	10/9/2012	SO-0000287201	06 l'Eglise Clinet	6	\$	219.50	\$	1,317.00
Warren Staley	10/19/2012	SO-0000237403	05 Hosanna	2	\$	293.69	\$	587.38
Warren Staley	10/19/2012	SO-0000273540	06 Pavie	2	\$	219.00	\$	438.00
Warren Staley	10/19/2012	SO-0000273540	06 La Mission Haut Brion	2	\$	495.00	\$	990.00
Warren Staley	10/19/2012	SO-0000273540	06 Mouton	6	\$	793.75	\$	4,762.50
Warren Staley	10/19/2012	SO-0000308922	07 Chateaufeuf Clos des Papes, Avril	12	\$	168.95	\$	2,027.40
Warren Staley	10/19/2012	SO-0000308925	07 Chateaufeuf V.V., Janasse	12	\$	289.99	\$	3,479.88
Warren Staley	10/19/2012	SO-0000308925	07 Chateaufeuf Deus Ex Ma , Clos St Jean	12	\$	429.99	\$	5,159.88
Warren Staley	10/19/2012	SO-0000308925	07 Chateaufeuf Combes des , Clos St Jean	12	\$	539.75	\$	6,477.00
Warren Staley	10/19/2012	SO-0000311091	07 Chateaufeuf Clos des Papes, Avril	1	\$	168.95	\$	168.95
Warren Staley	10/19/2012	SO-0000317841	06 Vieux Chateau Certan	6	\$	182.56	\$	1,095.36
Warren Staley	10/19/2012	SO-0000317841	08 Lafite Rothschild	28	\$	1,095.00	\$	30,660.00
Warren Staley	10/19/2012	SO-0000317841	08 Latour	20	\$	650.00	\$	13,000.00
Warren Staley	10/19/2012	SO-0000317841	08 Margaux	12	\$	460.00	\$	5,520.00
Warren Staley	10/19/2012	SO-0000317841	08 Haut Brion	12	\$	475.00	\$	5,700.00
Warren Staley	10/19/2012	SO-0000317841	08 Pontet Canet	20	\$	65.00	\$	1,300.00
Warren Staley	10/19/2012	SO-0000318175	08 Palmer	12	\$	195.00	\$	2,340.00
Warren Staley	10/19/2012	SO-0000318175	08 Troplong Mondot	6	\$	78.00	\$	468.00
Warren Staley	10/19/2012	SO-0000318175	08 Ducru Beaucaillou	18	\$	83.47	\$	1,502.46
Warren Staley	10/19/2012	SO-0000318175	08 Pavie	12	\$	122.87	\$	1,474.44
Warren Staley	10/19/2012	SO-0000318272	08 Larcis Ducasse	6	\$	61.25	\$	367.50
Warren Staley	10/19/2012	SO-0000318272	08 Bellevue Mondot	18	\$	259.00	\$	4,662.00
Warren Staley	10/19/2012	SO-0000318272	08 Ausone	12	\$	600.00	\$	7,200.00
Warren Staley	10/19/2012	SO-0000318772	06 Lafite Rothschild	12	\$	775.00	\$	9,300.00
Warren Staley	10/19/2012	SO-0000319311	08 Margaux	6	\$	460.00	\$	2,760.00
Warren Staley	10/19/2012	SO-0000319311	08 Haut Brion	6	\$	475.00	\$	2,850.00
Warren Staley	10/19/2012	SO-0000319311	08 Leoville las Cases	4	\$	149.00	\$	596.00
Warren Staley	10/19/2012	SO-0000343096	04 Brunello Riserva, Fuligni	8	\$	74.61	\$	596.88
Warren Staley	10/19/2012	SO-0000343096	04 Brunello Riserva, Fuligni	4	\$	74.61	\$	298.44
Warren Staley	10/24/2012	SO-0000318175	08 Pavie	6	\$	122.87	\$	737.22
Warren Staley	10/24/2012	SO-0000318272	08 Cheval Blanc	6	\$	612.00	\$	3,672.00
Warren Staley	11/14/2012	SO-0000317841	08 Margaux	6	\$	460.00	\$	2,760.00
Warren Staley	11/14/2012	SO-0000317841	08 Haut Brion	6	\$	475.00	\$	2,850.00
Warren Staley	11/14/2012	SO-0000317841	08 Latour	2	\$	650.00	\$	1,300.00
Warren Staley	11/14/2012	SO-0000317841	08 Haut Brion	6	\$	475.00	\$	2,850.00
Warren Staley	11/14/2012	SO-0000317841	08 Latour	2	\$	650.00	\$	1,300.00
Warren Staley	11/14/2012	SO-0000317841	08 Lafite Rothschild	4	\$	1,095.00	\$	4,380.00
Warren Staley	11/14/2012	SO-0000317841	08 Margaux	6	\$	460.00	\$	2,760.00
Warren Staley	11/14/2012	SO-0000317841	08 Lafite Rothschild	4	\$	1,095.00	\$	4,380.00
Warren Staley	11/14/2012	SO-0000318175	08 Troplong Mondot	6	\$	95.06	\$	570.36
Warren Staley	11/14/2012	SO-0000318175	08 Troplong Mondot	6	\$	95.06	\$	570.36
Warren Staley	11/14/2012	SO-0000318272	08 Larcis Ducasse	6	\$	61.25	\$	367.50

Warren Staley	11/14/2012	SO-0000318272	08 Larcis Ducasse	6	\$	61.25	\$	367.50
Warren Staley	11/14/2012	SO-0000319311	08 Leoville las Cases	4	\$	149.00	\$	596.00
Warren Staley	11/14/2012	SO-0000319311	08 Leoville las Cases	4	\$	149.00	\$	596.00
Warren Staley	11/23/2013	SO-0000273540	06 l'Eglise Clinet Magnum	1	\$	435.00	\$	435.00
Warren Staley	11/23/2013	SO-0000340626	09 Lafite Rothschild	6	\$	1,395.00	\$	8,370.00
Warren Staley	11/23/2013	SO-0000340626	09 Margaux	2	\$	1,070.88	\$	2,141.76
Warren Staley	11/23/2013	SO-0000340626	09 Latour	12	\$	1,895.00	\$	22,740.00
Warren Staley	11/23/2013	SO-0000406576	09 Cote Rotie La Landonne, Guigal	12	\$	570.00	\$	6,840.00
				<b>745</b>			<b>\$</b>	<b>291,200.90</b>



**Exhibit B**

**Obligations**

Sales Order					
Sales Order	Date	Description	Quantity	Unit Price	Total Price
SO-0000311091	1/21/2009	07 Chateauneuf Cuvee Reine de B, Mordore	9	\$ 89.99	\$ 809.91
SO-0000311091	1/21/2009	07 Chateauneuf Clos des Papes, Avril	4	\$ 119.99	\$ 479.96
SO-0000311091	1/21/2009	07 Chateauneuf Clos des Papes, Avril	4	\$ 119.99	\$ 479.96
SO-0000311091	1/21/2009	07 Chateauneuf Clos des Papes, Avril	1	\$ 119.99	\$ 119.99
SO-0000317841	5/14/2009	05 Leoville las Cases	12	\$ 349.99	\$ 4,199.88
SO-0000317841	5/14/2009	05 Leoville las Cases	6	\$ 349.99	\$ 2,099.94
SO-0000317841	5/14/2009	05 Larcis Ducasse	12	\$ 219.99	\$ 2,639.88
SO-0000317841	5/14/2009	05 Larcis Ducasse	6	\$ 219.99	\$ 1,319.94
SO-0000317841	5/14/2009	06 Vieux Chateau Certan	6	\$ 169.99	\$ 1,019.94
SO-0000317841	5/14/2009	08 Pontet Canet	8	\$ 79.99	\$ 639.92
SO-0000317841	5/14/2009	06 Cheval Blanc	12	\$ 499.99	\$ 5,999.88
SO-0000317841	5/14/2009	06 Latour	6	\$ 550.00	\$ 3,300.00
SO-0000317841	5/14/2009	06 Vieux Chateau Certan	6	\$ 169.99	\$ 1,019.94
SO-0000317841	5/14/2009	08 Pontet Canet	8	\$ 79.99	\$ 639.92
SO-0000317841	5/14/2009	06 Vieux Chateau Certan	6	\$ 169.99	\$ 1,019.94
SO-0000317841	5/14/2009	08 Lafite Rothschild	28	\$ 359.99	\$ 10,079.72
SO-0000317841	5/14/2009	08 Latour	20	\$ 319.99	\$ 6,399.80
SO-0000317841	5/14/2009	08 Margaux	12	\$ 229.99	\$ 2,759.88
SO-0000317841	5/14/2009	08 Haut Brion	12	\$ 229.99	\$ 2,759.88
SO-0000317841	5/14/2009	08 Pontet Canet	20	\$ 79.99	\$ 1,599.80
SO-0000317841	5/14/2009	08 Margaux	6	\$ 229.99	\$ 1,379.94
SO-0000317841	5/14/2009	08 Haut Brion	6	\$ 229.99	\$ 1,379.94
SO-0000317841	5/14/2009	08 Latour	2	\$ 319.99	\$ 639.98
SO-0000317841	5/14/2009	08 Haut Brion	6	\$ 229.99	\$ 1,379.94
SO-0000317841	5/14/2009	08 Latour	2	\$ 319.99	\$ 639.98
SO-0000317841	5/14/2009	08 Lafite Rothschild	4	\$ 359.99	\$ 1,439.96
SO-0000317841	5/14/2009	08 Margaux	6	\$ 229.99	\$ 1,379.94
SO-0000317841	5/14/2009	08 Lafite Rothschild	4	\$ 359.99	\$ 1,439.96
SO-0000318175	5/20/2009	08 Ducru Beaucaillou	6	\$ 89.99	\$ 539.94
SO-0000318175	5/20/2009	08 Pavie	6	\$ 144.95	\$ 869.70
SO-0000318175	5/20/2009	08 Palmer	12	\$ 145.00	\$ 1,740.00
SO-0000318175	5/20/2009	08 Troplong Mondot	6	\$ 69.99	\$ 419.94
SO-0000318175	5/20/2009	08 Ducru Beaucaillou	18	\$ 89.99	\$ 1,619.82
SO-0000318175	5/20/2009	08 Pavie	12	\$ 144.95	\$ 1,739.40
SO-0000318175	5/20/2009	08 Pavie	6	\$ 144.95	\$ 869.70
SO-0000318175	5/20/2009	08 Troplong Mondot	6	\$ 69.99	\$ 419.94
SO-0000318175	5/20/2009	08 Troplong Mondot	6	\$ 69.99	\$ 419.94
SO-0000318272	5/22/2009	08 Larcis Ducasse	6	\$ 58.99	\$ 353.94
SO-0000318272	5/22/2009	08 Bellevue Mondot	18	\$ 199.99	\$ 3,599.82
SO-0000318272	5/22/2009	08 Ausone	12	\$ 725.00	\$ 8,700.00
SO-0000318272	5/22/2009	08 Cheval Blanc	6	\$ 449.95	\$ 2,699.70
SO-0000318272	5/22/2009	08 Larcis Ducasse	6	\$ 58.99	\$ 353.94

SO-0000318272	5/22/2009 08 Larcis Ducasse	6	\$	58.99	\$	353.94
SO-0000318772	6/4/2009 06 Lafite Rothschild	12	\$	495.00	\$	5,940.00
SO-0000319094	6/12/2009 05 Pavie	6	\$	419.99	\$	2,519.94
SO-0000319311	6/17/2009 08 Ducru Beaucaillou	6	\$	89.99	\$	539.94
SO-0000319311	6/17/2009 08 Pavie	6	\$	144.95	\$	869.70
SO-0000319311	6/17/2009 08 Margaux	6	\$	249.99	\$	1,499.94
SO-0000319311	6/17/2009 08 Haut Brion	6	\$	239.99	\$	1,439.94
SO-0000319311	6/17/2009 08 Leoville las Cases	4	\$	119.99	\$	479.96
SO-0000319311	6/17/2009 08 Leoville las Cases	4	\$	119.99	\$	479.96
SO-0000319311	6/17/2009 08 Leoville las Cases	4	\$	119.99	\$	479.96
SO-0000340626	7/14/2010 09 Lafite Rothschild	6	\$	1,475.00	\$	8,850.00
SO-0000340626	7/14/2010 09 Margaux	2	\$	899.99	\$	1,799.98
SO-0000340626	7/14/2010 09 Latour	12	\$	1,099.00	\$	13,188.00
SO-0000341777	8/18/2010 06 Mouton	6	\$	675.00	\$	4,050.00
SO-0000343096	9/24/2010 04 Brunello Madonna, Valdicava	4	\$	119.99	\$	479.96
SO-0000343096	9/24/2010 04 Brunello Madonna, Valdicava	8	\$	119.99	\$	959.92
SO-0000343096	9/24/2010 04 Brunello Riserva, Fuligni	8	\$	79.99	\$	639.92
SO-0000343096	9/24/2010 04 Brunello Riserva, Fuligni	4	\$	79.99	\$	319.96
SO-0000406576	3/2/2013 09 Cote Rotie La Landonne, Guigal	12	\$	369.99	\$	4,439.88
		<u>482</u>			<u>\$</u>	<u>132,744.40</u>