

DECLARATION

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DECLARATION OF STEPHEN L. RAUCHER

I, Stephen L. Raucher, declare that

1. I am an officer of Reuben, Raucher & Blum (“RRB”) as special counsel to the Receiver in connection with litigation pending to collect funds owing to the Receivership Defendants from Mydonose USA.

5. Except for those facts alleged on information and belief, I have personal knowledge of the facts in this declaration and, if called as a witness, I could competently testify to these facts.

6. RRB was retained by DLG in late 2008 to pursue claims against Mydonose USA, Inc. (“Mydonose”), and its principals Feridun Ahmet Tekeli, aka Edi Tekeli, and Jacob Yuki Rosenfeld.

7. The following is a factual summary of DLG’s allegations against Mydonse, Tekeli and Rosenfeld: Mydonose was a franchisee of Mango, a chain of European clothing stores. Mydonose operated two stores in the United States and was looking to expand. Tekeli approached DLG as a potential investor in the Mango franchises in or about May 2007. Tekeli represented to DLG that he had had great success with Mango stores in the Philippines while concealing that he had lost control of those stores due to mismanagement. At this time, Mydonose operated two stores under the banner MNG by Mango located in Canoga Park, California and Chicago, Illinois.

8. In or about June 2007, DLG decided to invest in Mydonose for expansion into at least three new stores. Accordingly, Mydonose, Tekeli, and Rosenfeld each executed promissory notes in favor of DLG, each in the amount of \$421,730.00. Beginning on or about June 26, 2007, DLG began investing money with the Defendants by loaning money to pay for the costs of building and operating three new clothing stores. DLG transferred at least \$1,836,985.14 to Mydonose directly from October 12, 2007 through August 12, 2008. DLG also paid Mydonose’s bills totaling at least \$4,490,692.80 to various creditors for costs

1 associated with the new stores. Thus, DLG provided at least \$6,327,677.94 to the
2 venture.

3 9. These monies were intended to allow Mydonose to open three additional
4 stores located in Boston, Massachusetts, Oak Brook, Illinois, and Northbrook,
5 Illinois. However, despite repeated inquires from DLG, Mydonose did not provide
6 adequate documentation of its expenses. DLG repeatedly demanded an accounting
7 from Mydonose. After many vague promises that Mydonose was were getting
8 information requested by DLG together, Mydonose informed DLG that there was no
9 accounting information available before January 1, 2008.

10 10. Mydonose continually made promises that DLG would soon reap a
11 reasonable return on its investment in the three stores. However, it now appears that
12 Mydonose, Tekeli and Rosenfeld were using the amounts advanced by DLG to pay
13 bills for the Canoga Park and Chicago stores in violation of their promises to DLG.
14 Furthermore, monies invested in Mango clothing stores through Mydonose were
15 taken from Mydonose's accounts for the personal use and enjoyment of both Tekeli
16 and Rosenfeld. This included, but was not limited to, payments for Tekeli's luxury
17 yacht and Bentley luxury automobile.

18 11. As a result, on December 30, 2008, DLG filed a Complaint with the
19 Court for (1) Breach of Contract; (2) Breach of the Implied Covenant of Good Faith
20 and Fair Dealing; (3) Fraud & Deceit; (4) Breach of Promissory Note; (5) Breach of
21 Promissory Note; (6) Breach of Promissory Note; (7) Conversion; (8) Imposition of a
22 Constructive Trust; (9) Unjust Enrichment; (10) Money Had and Received; (11)
23 Money Lent; (12) Accounting; (13) Indebitatus Assumpsit; (14) Open Book
24 Account.

25 12. On March 4, 2009, the Defendants filed a Demurrer and Motion to
26 Strike attacking certain claims in the complaint on many theories. RRB opposed the
27 motions. On April 22, 2009, the Court sustained defendants' Demurrer to four of
28 plaintiff's 14 causes of action with leave to amend, overruling the balance of

1 defendants' Demurrer, and giving plaintiff 20 days leave to amend. The parties
2 subsequently stipulated to extend the deadline for DLG to file a First Amended
3 Complaint to June 12, 2009 so as to allow for settlement discussions, and that
4 stipulation was approved by the Court on May 18, 2009.

5 13. The parties held a settlement conference on June 3, 2009, which did not
6 succeed in resolving this matter. RRB thereafter dismissed the case without
7 prejudice per the Receiver's instructions.

8 14. A true and correct copy of RRB's bill setting forth the detailed time
9 entries of the services provided and the costs incurred is attached hereto as Exhibit
10 "12".

11 15. RRB has incurred fees in the amount of \$30,933.80 and expenses of
12 \$1,753.36 for the time period of March 4, 2009 through July 31, 2009. RRB is
13 holding a retainer of \$5,000. RRB seeks to first apply the retainer to its unpaid
14 balance, leaving a balance of \$25,933.80 in fees to be paid by the Receiver along
15 with the \$1,753.36 in costs.

16
17 I declare under penalty of perjury under the laws of the United States of
18 America that the foregoing is true and correct.

19 Executed at Los Angeles, California, on August 26, 2009.

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23 STEPHEN L. RAUCHER
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