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7 Attorney for Petitioner,
8 DIANNE YORK-GOLDMAN

9 SUPERIOR COURT OF CALIFORNIA
10 COUNTY OF SAN DIEGO-NORTH COUNTY JUDICIAL DISTRICT

11 In re the Marriage of:

12 Petitioner: DIANNE YORK-GOLDMAN

13 And

14 Respondent: MITCHEL P. GOLDMAN

DN 149 413

DECLARATION OF JERE
BATTEN, CPA, CFE

Date: 7/25/08
Time: 10:00 A.M.
Dept: 401 B Street, Ste 2100
San Diego CA 92101
JAMS
Judge: Hon. William J. Howett (Ret.)

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I JERE R. BATTEN, Declare:

1. I am a Certified Public Accountant and Certified Fraud Examiner with an office in the state of California. The areas in which I specialize are forensic accounting, fraud investigations and audits of small businesses;
2. As set forth in my initial declaration, Dianne York-Goldman ("DY-G") engaged my office to conduct an analysis of the books and records of several businesses, in order to ascertain whether her husband, Mitchel P. Goldman ("MG") had engaged in fraudulent activity relating to the following businesses:
 - A. Fay Avenue Properties, LLC ("FAP")
 - B. Cosmetic and Vein Surgical Center of La Jolla, Inc. ("CVC")
 - C. Dermatology/Cosmetic Laser Medical Associates of La Jolla, Inc. ("DCLMA")
 - D. La Jolla Spa, MD, Inc. ("LJSMD"); and
 - E. York-Goldman Enterprises, Inc. ("Y-GE")
3. I examined supporting documentation and transactions pertaining to the Sale/Leaseback of Equipment owned by FAP and initiated by co-lessees DCLMA and CVC that per DY-G was unauthorized. Summarized as follows:
 - A. On October 9, 2007 DCLMA (Co-Lessee) and CVC (Co-lessee) entered into a lease agreement with US Bancorp Oliver-Allen Technology Leasing (Lessor). The sale/lease-back agreement transferred title, rights, and interest in certain equipment to the Lessor in exchange for cash in which the Co-Lessees are liable to re-pay.

- B. Equipment paid for by FAP and recorded as assets of FAP, was included under the lease agreement and sold to US Bancorp without the knowledge, consent, or benefit to Dianne York Goldman, the sole member of Fay Avenue Properties, LLC.
- C. Proceeds from the sale of assets owned by FAP were loaned back to FAP by DCLMA resulting in an erroneous increase in FAP debt.
- D. No adjustments were made to remove the sold assets on the books of FAP resulting in an erroneous overstatement of assets on FAP's books.

4. Details of Facts are as follows:

- A. Cash proceeds from sale/leaseback of equipment were received and deposited in the bank account of DCLMA in the amount of \$198,584.61 on October 19, 2007.
- B. Equipment paid for and recorded in the accounting system as equipment and furniture of FAP and included in the unauthorized sale/leaseback agreement totaled \$136,287.13. Equipment included:
 - 1. Furniture purchased from Furniture Resource, deposit paid in the amount of \$56,003.27,
 - 2. Software purchased from Korvue - \$56,590.00,
 - 3. Audio system purchased from Anderson Audio, deposit paid in the amount of \$2,654.86,
 - 4. Medical locator system purchased from Expeditor, deposit paid in the amount of \$21,039.00.
- C. A journal entry was recorded on the accounting system of FAP to decrease account payable to Roel Construction in the amount of \$200,000 paid by DCLMA with cash proceeds from sale of equipment with a corresponding increase FAP debt to DCLMA. This entry resulted in an overstatement of debt owed by FAP to DCLMA in the amount of \$136,287.13.
- D. During this time frame, Controller, Lillian Wells, under the supervision of Mitchel Goldman, was responsible for maintaining the accounting records of FAP.

Exhibits:

- 1. Master Lease agreement dated October 9, 2007.
- 2. Equipment Schedule No. 01 dated December 1, 2007
- 3. Equipment Schedule No. 02 dated March 1, 2008
- 4. US Bancorp Equipment Lease summary prepared by Lillian Wells, Controller for Co-lessees.
- 5. Wire transfer, dated 10/19/2007 from US Bank Oliver-Allen Corp to Dermatology/Cosmetic Laser Medical Associates of La Jolla, Inc.
- 6. Wire transfer, dated 10/19/07 from US Bank Oliver-Allen Corp to Dermatology/Cosmetic Laser Medical Associates of La Jolla, Inc.
- 7. Furniture Resources invoice dated July 6, 2007
- 8. Furniture Resources proposal dated June 26, 2007.

9. Photocopy of cancelled check for payment of Furniture Resources invoice by Fay Avenue Properties, LLC in the amount of \$48,835.27.
10. Photocopy of cancelled check for payment of Furniture Resources invoice by Fay Avenue Properties, LLC in the amount of \$7,168.00.
11. Transaction Listing report from Fay Avenue Properties, LLC's QuickBooks file supporting entries for purchase of furniture from Furniture Resources.
12. Korvue – Initial Recommendations and Pricing summary and service agreement.
13. Photocopy of cancelled check for payment of Korvue invoice by Fay Avenue Properties, LLC in the amount of \$25,795.00 dated May 15, 2007.
14. Photocopy of cancelled check for payment of Korvue invoice by Fay Avenue Properties, LLC in the amount of \$25,795.00 dated June 28, 2007.
15. Transaction Listing report from Fay Avenue Properties, LLC's QuickBooks file supporting entries for purchase of Korvue Software to Verasoft, LLC.
16. Invoice from Anderson Audio Visual dated May 22, 2007.
17. Photocopy of cancelled check for payment of Anderson Audio Visual invoice by Fay Avenue Properties, LLC in the amount of \$2,654.86, dated May 7, 2007.
18. Anderson Audio Visual equipment list.
19. Transaction Listing report from Fay Avenue Properties, LLC's QuickBooks file supporting entries for purchase of audio/video equipment from Anderson Audio Video.
20. Invoice from Expedito dated September 4, 2007 showing deposit in the amount of \$21,039.00 applied to balance due.
21. Agreement with Expedito detailing equipment purchased dated April 18, 2007.
22. Photocopy of cancelled check for payment of Expedito deposit in the amount of \$21,039.00, dated April 25, 2007 paid by Fay Avenue Properties, LLC.
23. Transaction Listing report from Fay Avenue Properties, LLC's QuickBooks file supporting entries for purchase of Expedito system from Expedito.
24. General Journal Entry from Fay Avenue Properties, LLC's QuickBooks file showing journal entry recording increase of debt owed to Dermatology/Cosmetic Laser Medical Associates of La Jolla, Inc.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 29th day of July 2008 in San Diego, California.


