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CLERK, U.S. DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

5 Attorneys for Receiver  
Thomas F. Lennon

BY:

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8 UNITED STATES DISTRICT COURT  
9 SOUTHERN DISTRICT OF CALIFORNIA

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11 SECURITIES AND EXCHANGE  
COMMISSION,

12 Plaintiffs,

13 vs.

14 PRESTO TELECOMMUNICATIONS, INC.;  
15 ALFRED LOUIS VASSALLO, JR. aka  
BOBBY VASSALLO,

16 Defendants.

Case No. 04-CV-00163 IEG (WMc)

**NOTICE OF MOTION AND MOTION FOR  
ORDER AUTHORIZING RECEIVER TO  
SELL DEFENDANT ALFRED LOUIS  
VASSALLO, JR.'S HOME**

Date: October 4, 2004  
Time: 10:30 a.m.  
Ctrm: 13  
Judge: Hon. Irma E. Gonzalez

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18 PLEASE TAKE NOTICE that on October 4,, 2004, at 10:30 a.m., in Courtroom 13 of the  
19 above-entitled Court, Thomas F. Lennon, the court-appointed permanent receiver (the "Receiver")  
20 for Presto Telecommunications, Inc., will move and does hereby move for an order authorizing the  
21 Receiver to market and sell defendant A. L. "Bobby" Vassallo's ("Vassallo") residential property  
22 located at 1329 West Muirlands Drive, La Jolla, California (the "Property").

23 This motion is based on the concurrently filed memorandum of points and authorities, the  
24 pleadings and evidence on file in this case, matters of which the Court may take judicial notice,  
25 and such other evidence or argument as may be presented at or before any hearing on the motion.

26 Procedural Requirements. If you oppose this motion, you are required to file your written  
27 opposition with the Office of the Clerk, United States District Court (880 Front Street, Suite 4290,  
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1 San Diego, California 92101-8900) and serve on the undersigned on or before September 20,  
2 2004.

3 IF YOU FAIL TO SERVE AN OPPOSITION by the above date, the Court may grant the  
4 requested relief without further notice, including entry of an order authorizing the Receiver to  
5 market and sell the Property.

6 Relief Requested. Under this Court's order entered March 2, 2004, Vassallo's assets,  
7 among others, are to be used to pay the Receiver's fees and expenses. The Property is owned by  
8 Vassallo in the name of the Vassallo Family Trust. The Property is heavily encumbered. Vassallo  
9 and his wife purchased the Property in October 2002 for \$2,750,000, yet according to a recent title  
10 report, the monetary liens against the Property exceed \$5,200,000. Given that the value of the  
11 Property may have appreciated since late 2002, and the value and extent of some of the liens  
12 against the Property may be successfully reduced, it is unclear at this point whether Vassallo has  
13 any equity in the Property or whether the lienholders are undersecured. Nevertheless, Vassallo  
14 continues to live at the Property without paying the debt service while unpaid taxes and interest  
15 continue to accumulate, and creditors with valid liens are unable to foreclose as long as the Court-  
16 ordered stay is in effect. The Property should be sold as soon as reasonably practicable to stop the  
17 accumulating taxes and interest from devouring the value of the Property for the lienholders and to  
18 preserve whatever equity may exist. The Receiver should control the process of selling the  
19 Property to ensure that the value is maximized and a sale is aggressively pursued. The Property  
20 should be sold free and clear of liens and interests, similar to a sale under section 363 of the  
21 Bankruptcy Code, with all liens attaching to the proceeds in their current priority. The validity  
22 and extent of each of the liens and disposition of the proceeds may be determined by this Court at  
23 a later time, without delaying the sale.

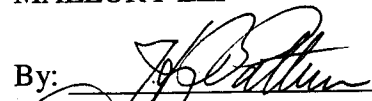
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WHEREFORE, the Receiver requests that the Court authorize the Receiver to market and sell the Property free and clear of liens, with all liens attaching to the proceeds in their current priority, and order Vassallo to cooperate fully with the Receiver's efforts to sell the Property.

Dated: August 23, 2004

ALLEN MATKINS LECK GAMBLE &  
MALLORY LLP

By: 

JEREMY R. PATTERSON  
Attorneys for Receiver  
Thomas F. Lennon