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MICHAEL K. JEANES, Clerk
By M. Salli
Deputy

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**IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA**

**CB RICHARD ELLIS, INC., a
Delaware corporation,**

Case No. CV 2003-005280

Plaintiff,

JUDGMENT

v.

**RON J. PATERSON and KATHLEEN
PATERSON, husband and wife, d/b/a/
LEASEFINANCE GROUP; JANE AND
JOHN DOES I-X; BLACK and WHITE
CORPORATIONS I-X; ABC LLC'S,
limited liability companies; and ABC
PARTNERSHIPS I-X,**

Defendants.

The Court, based on its prior rulings in this case, and having heard and considered the evidence and testimony presented at trial in this matter and having heard and considered Plaintiff's oral motion for directed verdict at the conclusion of the parties' presentation of evidence and testimony, and good cause therefor appearing, the Court makes the following findings and rulings:

1. This case involves a fiduciary, business relationship that existed between Defendant Ron Paterson ("Paterson") and Plaintiff, CB Richard Ellis, Inc. ("CBRE") from January 1, 2002, until January 24, 2003.

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1 2. During the aforementioned period, Paterson received \$473,949.83 in
2 advance deposits or "commitment fees" from certain third parties, as follows:

3 **Table 1. Fees and Deposits Collected by Paterson**

THIRD PARTY	AMOUNT	DATE
First Magnus Financial Corporation	\$6,870.58	1/29/02
First Magnus Financial Corporation	\$48,650.86	2/12/02
First Magnus Financial Corporation	\$6,165.56	3/7/02
Gerard Klauer Mattison & Co., Inc.	\$80,000.00	3/18/02
First Magnus Financial Corporation	\$8,795.14	4/23/02
Gerard Klauer Mattison & Co., Inc.	\$66,875.35	4/26/02
Service Craft LLC	\$21,800.00	7/25/02
Great Lakes Die Cast Corp.	\$10,000.00	9/3/02
Ruan Transportation	\$10,000.00	9/9/02
Sincere Trading of K.B.A. Co-op, Ltd.	\$9,604.68	9/12/02
Call Net Enterprises, Inc.	\$29,990.00	9/27/02
Coast Dental	\$20,513.97	10/22/02
Aventis Pasteur, Inc.	\$39,530.00	12/10/02
Aventis Pasteur, Inc.	\$22,762.00	12/12/02
Aventis Pasteur, Inc.	\$36,155.00	12/17/02
Service Craft LLC	\$52,030.00	1/23/03
Service Craft LLC	\$4,206.69	1/23/03
TOTAL	\$473,949.83	

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16 3. The amounts listed in Table 1 above (the "Funds"), were all paid to
17 Paterson in relation to certain proposed equipment lease transactions or the financing
18 of such transactions, which Paterson was supposed to broker or negotiate on behalf of
19 the above-named third parties.

20 4. Paterson deposited the Funds into checking accounts controlled solely by
21 him and/or his wife, Kathleen Paterson. CBRE was not a signatory on any of these
22 accounts.

23 5. None of the proposed equipment leases for the third parties listed above in
24 Table 1 was ever consummated or funded, nor was financing ever approved on any of
25 those proposed equipment leases. As a result, the Funds collected by Defendants were
26 not earnings or commissions that Defendants were entitled to keep.

27

1 6. Despite the fact that the Funds had not been earned by Paterson and did
2 not belong to him or his wife, the Patersons utilized the Funds to pay various
3 expenses, including many personal expenses.

4 7. Paterson did not tell his superiors at CBRE anything about any of the
5 Funds and they had no knowledge Paterson was collecting any such advance fees or
6 deposits until sometime in the summer of 2002.

7 8. When CBRE learned the Paterson had been collecting and depositing client
8 funds, it questioned Paterson about the scope and extent of the deposits and fees he
9 had collected. In response, Paterson (both by material omissions and intentionally
10 misleading statements) falsely claimed as of October 22, 2002, that he had collected
11 less than \$70,000 in advance fees and deposits from third parties, and also falsely
12 asserted that all but approximately \$11,000 of those advance fees and deposits were
13 not in his possession, but had been forwarded to lenders or lessors on behalf of certain
14 clients in conjunction with their proposed equipment lease transactions.

15 9. After it had discovered that Paterson had taken in client monies and
16 deposited them into his own bank accounts, CBRE ordered Paterson to forward any
17 future advance fees or deposits from clients to the appropriate CBRE accounting
18 personnel for deposit into CBRE's accounts.

19 10. Despite having been given these instructions, Paterson collected
20 \$150,897.69 in additional advance fees and deposits from clients between October 22,
21 2002 and January 23, 2003, (without CBRE's knowledge or consent), and deposited
22 those funds into his own and/or his wife's bank accounts and Defendant spent that
23 money to pay personal expenses.

24 11. Paterson hid his actions from CBRE and refused to provide banking and
25 financial records requested by CBRE related to the Funds. As a result, he was
26 terminated by CBRE on January 24, 2003.

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1 12. Paterson failed and refused to return any of the Funds to the third parties
2 or to CBRE, despite repeated demands for such payment.

3 13. CBRE repaid approximately \$405,000 of the Funds to all but one of the
4 third parties listed in Table 1, and is currently being sued by the remaining unpaid
5 third party, First Magnus Financial Corporation, for \$70,482.14.

6 14. In the course of his business relationship with CBRE, Paterson incurred
7 \$35,000 in business expenses that CBRE has admitted were legitimate and should
8 have been reimbursed to Paterson.

9 15. The Court finds that Paterson's defalcations as described above constituted
10 serious breaches of his contractual and fiduciary duties to CBRE and the third parties,
11 as well as conversion and theft of the Funds.

12 16. The Court also finds that CBRE is subrogated to the claims of the third
13 parties in Table 1 for the repayment of the Funds they paid to Paterson.

14 17. The Court has found, pursuant to Rule 50, Ariz.R.Civ.P., that there is no
15 legally sufficient evidentiary basis for a jury to find for Defendants on Counts I-IV of
16 the Complaint or to find in favor of Paterson on his Counterclaim other than for the
17 \$35,000 in expenses admitted by CBRE.

18 18. The Funds constitute liquidated damages upon which prejudgment interest
19 can and will be calculated at the statutory rate of 10% per annum from the date those
20 Funds were converted by Paterson, until the date of this Judgment.

21 19. For purposes of calculating prejudgment interest, the Court has utilized
22 the filing date of Plaintiffs Complaint, March 18, 2003, as the date upon which the
23 Funds became liquidated damages. On that basis, the Court calculates the
24 prejudgment interest of \$94,789.79 accrued on the Funds between March 18, 2003,
25 and March 18, 2005.

26 20. Prejudgment interest has continued to accrue on the Funds since March
27 18, 2005, at the rate of \$129.85 per day.

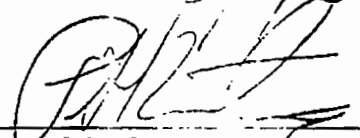
1 **WHEREFORE**, based on the foregoing findings and rulings, and good cause
2 therefor appearing and there being no just reason for delay,

3 **IT IS HEREBY ORDERED** directing that judgment be entered in favor of
4 Plaintiff CBRE on its Complaint against Defendants in the principal sum of
5 \$473,949.83, together with prejudgment interest thereon of \$ 94,711.25,
6 minus the sum of \$35,000 as an offset for Paterson's business expenses.

7 **IT IS FURTHER ORDERED** awarding CBRE reasonable attorneys' fees in
8 the amount of \$ 150,000 pursuant to A.R.S. § 12-341.01(A), as well as costs
9 in the amount of \$ 9,899.27

10 **IT IS FURTHER ORDERED** that the principal judgment sum, as well as the
11 attorneys' fees and costs awarded to Plaintiff shall accrue interest at the rate of
12 percent (10%) per annum from and after this date until paid in full.

13 DONE IN OPEN COURT this _____ day of 5/2/05

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17 _____
18 Judge of the Superior Court

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The foregoing instrument is a full, true and correct copy of the original on file in this office.

Attest **MAY 13 2009** 20
MICHAEL K. JEANES, Clerk of the Superior Court of the State of Arizona, in and for the County of Maricopa.

By  Deputy

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