LOS ANGELES, CALIFORNIA; MONDAY, JULY 28, 2014

1:40 P.M.

DEPARTMENT CE-5 HON. MICHAEL I. LEVANAS, JUDGE

APPEARANCES: (AS NOTED ON TITLE PAGE.)

(LAURA LOPEZ, OFFICIAL REPORTER, CSR #6876.)

(THE FOLLOWING PROCEEDINGS

WERE HELD IN OPEN COURT:)

****(THIS IS A ROUGH DRAFT TRANSCRIPT.)****

THE COURT: OKAY. WE'RE BACK ON THE RECORD IN THE STERLING MATTER. ALL COUNSEL ARE PRESENT AS WE WERE AT THE TIME OF THE OUR BREAK. WE'RE NOW GOING TO PROCEED WITH ARGUMENT AS TO THE ISSUE OF WHETHER THE COURT SHOULD MAKE ORDERS PURSUANT TO PROBATE CODE SECTION 1310(B).

MR. O'DONNELL.

MR. O'DONNELL: THANK YOU, YOUR HONOR.

CLOSING ARGUMENT

BY MR. O'DONNELL:

WE ASK FOR A 1310(B) ORDER TO PREVENT INJURY OR LOSS TO THE VALUE OF THE LOS ANGELES CLIPPERS WHICH HAS BEEN ESTABLISHED TO BE TWO BILLION DOLLARS AS WE STAND AND SIT HERE TODAY, AND THERE ARE TWO WORDS THAT SUM UP WHY THIS ORDER IS URGENT AND COMPELLED, "DEATH SPIRAL."

THE CLIPPERS ARE IN A DEATH SPIRAL. IT ACCELERATES EACH PASSING DAY. DICK PARSONS TOLD US ABOUT THE PERNICIOUS EFFECT OF THE CONTINUED OWNERSHIP OF DONALD

STERLING. SPONSORS ARE AT THE SIDELINES. DOC RIVERS DOESN'T WANT TO COACH. CHRIS PAUL DOESN'T WANT TO PLAY.

MR. RUTTENBERG: OBJECTION.

THE COURT: I'M SORRY?

MR. RUTTENBERG: OBJECTION. NOT IN EVIDENCE. THERE'S NO EVIDENCE AS TO THESE STATEMENTS, ESPECIALLY AS TO CHRIS PAUL.

THE COURT: WELL, AS TO CHRIS PAUL, YOU MAY BE CORRECT. AS TO THE OTHERS, THIS IS APPROPRIATE ARGUMENT GIVEN THE STATE OF THE EVIDENCE.

YOU MAY CONTINUE.

MR. O'DONNELL: THANK YOU, YOUR HONOR.

THE CLIPPERS ARE IN A MELTDOWN. HOW LONG WILL THAT CONTINUE? UNTIL THE SALE OF THE TEAM TO STEVE BALLMER FOR TWO BILLION DOLLARS WHICH WE FERVENTLY HOPE IS A MATTER OF ONLY A FEW WEEKS AWAY.

SEVERAL THINGS HAVE BEEN ESTABLISHED BEYOND DOUBT. ONE, IF THE CLIPPERS ARE WORTH TODAY TWO BILLION DOLLARS, AS I'VE SAID, THE PRICE FROM ALL TESTIMONY IS THAT IT'S STAGGERING. IT'S A KNOCK-OUT. IT'S A HOME RUN. IT'S A SLAM DUNK. WE'VE EVEN HEARD THE INVOCATION OF NIRVANA FOR THE STERLING FAMILY TRUST. IT'S NIRVANA. IT'S A PRICE THAT'S HEAVENLY. IT'S A PRICE THAT NEVER COULD HAVE BEEN IMAGINED. DONALD STERLING MUST BEGRUDGINGLY SAY IT'S NOT A BAD DEAL.

SO WE'VE ESTABLISHED THAT THERE'S PROPERTY EMBRACED BY 1013(B) WHICH MUST BE PRESERVED. WE MUST PREVENT LOSS TO THIS VALUABLE ASSET. THE STATUTE IS CLEAR.

IT'S ANY PROPERTY. THE CASE LAW IS CLEAR. IT'S ANY LOSS INCLUDING MONETARY LOSS. IN MC ELROY, A CONSERVATORSHIP, THE ORDER OR EQUIVALENT ORDER WAS URGENTLY NEEDED BECAUSE ESTATE PLANNING HAD TO BE DONE TO SAVE ESTATE TAXES AND THERE WAS A RISK THAT THE CONSERVATEE WOULD DIE PENDING AN APPEAL BEFORE THAT HAPPENED. TAXES, MONEY.

KANE IS AN UNUSUAL CASE WHERE THE GIRLFRIEND OF THE DECEDENT WANTED TO GET VIALS OF HIS SPERM. SHE WAS 40. THERE WAS A CHANCE THAT BY THE TIME AN APPEAL RAN ITS COURSE AND SHE GOT THE SPERM, SHE MIGHT NOT BE ABLE TO GET PREGNANT. A CHANCE IN BOTH OF THOSE CASES OUR COURTS HAVE SAID THE ORDER'S APPROPRIATE.

I SUBMIT TO YOU, YOUR HONOR, THAT THOSE CASES PALE IN SIGNIFICANCE COMPARED TO WHAT THE RECORD SHOWS HERE. THIS IS THE PARADIGMATIC CASE OF EXTRAORDINARY CIRCUMSTANCES WARRANTING A 1310(B) ORDER. THE PRICE IS EXTRAORDINARY AND THE RISK IS SERIOUS.

THE CASE LAW SAYS THAT WE MUST ESTABLISH TWO THINGS:

FIRST, THAT THERE'S A RISK OF LOSS TO THE ASSET; AND SECONDLY, THAT RISK IS IMMINENT. I WOULD LIKE TO ADDRESS THE SECOND FACTOR, IMMINENCE. WELL, IT'S IMMINENT BECAUSE IT'S GOING ON RIGHT NOW. THERE'S NO DISPUTE IN THIS RECORD. THE EVIDENCE IS OVERWHELMING THAT THE CLIPPERS DIMINISH IN VALUE EVERY DAY DONALD OWNS THEM. SO WHAT HAPPENS IS IF THERE'S A SALE BY THE NBA? IS THERE ANY RISK? AND ALL THE CASE LAW REQUIRES, YOUR HONOR, IS A RISK OR POTENTIAL. IS THERE A RISK THAT A LOWER PRICE WOULD BE

OBTAINED? YES.

FOR A NUMBER OF REASONS. FIRST, THERE WAS -- THERE'S LACK OF TRANSPARENCY. THE BIDS WERE 1.2, 1.6 AND TWO BILLION DOLLARS. THE NBA TAKES THE TEAM, THE BIDING PROCESS STARTS ALL OVER AGAIN. AND MR. BALLMER KNOWS THAT ONE GROUP ONLY BID 1.6. WHY WOULD HE PAY TWO BILLION DOLLARS? THERE IS A RISK. DOESN'T HAVE TO BE A CERTAINTY UNDER THE LAW, YOUR HONOR. THERE'S A RISK THAT MR. BALLMER, OR ANY OTHER BIDDER, WILL BID HIS RECORD-SHATTERING PRICE OF TWO BILLION DOLLARS.

SECOND, WHAT DID MR. ZAKKOUR TELL YOU? UNCERTAINTY IS THE FOE OF VALUE. THERE IS GREAT UNCERTAINTY OUT THERE IF THE NBA TAKES OVER THE TEAM. BY THE WAY, ALMOST A FOREGONE CONCLUSION BECAUSE THE SETTLEMENT AGREEMENT SAYS IF YOU DON'T SELL THIS TEAM, MRS. STERLING, BY SEPTEMBER 15, WE TAKE OVER THE TEAM AND WE SELL IT.

THAT'S A CERTITUDE. THE VALUE WILL BE LESS BECAUSE OF UNCERTAINTY. THE UNCERTAINTY CONTINUING OF OWNERSHIP EVEN IF THERE IS AN NBA SALE, YOUR HONOR, THE PROCESS WILL TAKE WELL INTO THE SEASON, AND DICK PARSONS SAYS IF YOU GET INTO THE SEASON, THE DEATH SPIRAL ACCELERATES. THE TEAM, I SUBMIT, YOUR HONOR, THERE'S A RISK IT WILL CRASH AND BURN.

ANOTHER FACTOR, YOUR HONOR, TRANSACTION COSTS. IF THE NBA TAKES THIS TEAM, THEY HAVE TO HIRE INVESTMENT BANKERS. THEY HAVE TO HIRE LAWYERS. THEY HAVE THEIR OWN TRANSACTION COSTS EVEN IF THE IMPLAUSIBLE HAPPENED AND TWO

BILLION DOLLARS WAS FETCHED FOR THIS TEAM AT AN NBA SALE, THE NET PROCEEDS WOULD BE LESS FOR THE TRUST. THEREFORE, THERE'S A LOSS.

THIRDLY -- AND THIS IS SIGNIFICANT -- DONALD STERLING WANTS TO SUE EVERYBODY. HE'S TESTIFIED ON THIS STAND THAT HIS REMAINING LIFE WILL BE DEVOTED TO ONE THING, SUING THE NBA, HIS LONG-TIME NEMESIS. THE NBA LITIGATION IS SUCH THAT THE -- THE SUIT BY MR. STERLING IS SUCH THAT ANY NEW BUYER SUFFERS EXPOSURE AND THE NBA SURELY WILL NOT INDEMNIFY AGAINST DONALD STERLING. AS MR. ZAKKOUR TESTIFIED, YOUR HONOR, THE ABSENCE OF AN INDEMNITY WILL DRIVE DOWN THE PRICE.

SO IS THERE A RISK OF LOSS TO THE VALUE OF THIS TWO-BILLION-DOLLAR ASSET? ABSOLUTELY. IS THERE A CERTITUDE THAT THE STERLING FAMILY TRUST WILL GET TWO BILLION DOLLARS? YES. IF WE PREVAIL ON THE OTHER TWO SUBSTANTIVE ISSUES AND YOU ISSUE A 1310(B) ORDER, THIS SALE WILL GO FORWARD AND THE FAMILY TRUST, THE STERLINGS, THEIR CHILDREN AND GRANDCHILDREN WILL REAP THE REWARD OF WHAT SHELLY STERLING ACCOMPLISHED HERE.

SO WE'VE ESTABLISHED RISK OF LOSS FOR SURE, YOUR HONOR, IMMINENCE. THE IMMINENT LOSS TO THE TEAM FROM THE FAILURE TO CLOSE. AND THE SEIZURE OR, AS MR. BLECHER LIKES TO SAY, THE CONFISCATION OF THE TEAM BY THE NBA IS 49 DAYS AWAY, NOT MONTHS, NOT YEARS. POTENTIALLY, AS IN THE MC ELROY AND THE KANE CASE, 49 DAYS TO SEPTEMBER 15. THE CLOCK IS TICKING. AS DICK PARSONS TESTIFIED, TIME MATTERS.

SO, YOUR HONOR, HAVE WE MET THE STATUTORY

STANDARD? ABSOLUTELY.

A COUPLE OF POINTS ON MR. STERLING'S BRIEF.

FIRST, THEY CITE THE LEGISLATIVE HISTORY OF A STATUTE OF AN AMENDMENT TO 1310(B) DEALING WITH TEMPORARY GUARDIANSHIP. THERE WAS A GAP IN THE LAW AND APPARENTLY IN 2010 THE LEGISLATION ADDED THIS PROVISION. THEY CITE FOUR PAGES OF THEIR BRIEF ON THE LEGISLATIVE HISTORY OF THIS NEW PROVISION. IT HAS ABSOLUTELY AND UTTERLY NOTHING, NOTHING TO DO WITH THE ORDER OF THE PROVISION BEFORE YOUR HONOR TODAY. IT'S IN OPPOSITE.

SECONDLY, THEY READ INTO THE STATUTE SOMETHING THAT I DON'T UNDERSTAND. THEY DON'T CITE A CASE. IT'S NOT IN THE LITERAL LANGUAGE OF THE STATUTE THAT THIS ORDER IS A APPROPRIATE ONLY IN LIFE OR DEATH DECISIONS. THERE'S NOTHING TO SUPPORT THAT.

I WOULD SAY, HOWEVER, YOUR HONOR, IF YOU WANT TO TALK ABOUT A DEATH TO VALUE, IF YOU WANT TO TALK ABOUT LOSING A TWO-BILLION-DOLLAR GOLDEN BIRD IN THE HAND, LET'S NOT HAVE THE SALE GO FORWARD.

THERE'S OTHER CONSIDERATIONS HERE, YOUR HONOR. MR. STERLING CLAIMS THAT HE'LL HAVE A HOLLOW APPEAL. WELL, THE LEGISLATURE MADE THAT DECISION, NOT FOR US TO MAKE. THE LEGISLATURE SAID THERE ARE CIRCUMSTANCES EXTRAORDINARY TO BE SURE IN WHICH THIS ORDER IS WARRANTED WHERE YOU AND YOUR WISE EXERCISE OF DISCRETION MAY ORDER THAT THIS HAPPENS. MR. STERLING'S HOLLOW APPEAL IS SOMETHING THAT THE LEGISLATURE CONTEMPLATED AND YOU HAVE TO -- I'M SURE YOU ARE; I'M SURE YOU ARE -- WEIGH THE INTEREST HERE. THE

SCALE DECIDEDLY WEIGHS IN FAVOR OF THE TRUST GETTING TWO BILLION DOLLARS. THE SALE IS EXTRAORDINARY. THE RISK OF LOSING TWO BILLION IS REAL, ALMOST A CERTITUDE, CERTAINLY A RISK. THIS IS THE WEIGHTY CONSIDERATION THAT WE URGE YOU TO TAKE INTO CONSIDERATION.

AND WHAT IS DONALD'S WEIGHTING INTEREST? A ** GEE ODD, A CAMPAIGN FOR THE REST OF HIS LIFE AGAINST HIS BITTER ENEMIES, THE NBA. AND HE WANTS TO RESTORE HIS DIGNITY AND HONOR. THOSE ARE NOT THE KINDS OF CONSIDERATIONS THAT SHOULD OUTWEIGH THE BENEFIT TO THIS FAMILY TRUST OF A TWO-BILLION-DOLLAR SALE.

YOUR HONOR, IN CONCLUSION, THIS IS NOT AN EASY MATTER FOR THE COURT TO DECIDE. BUT I SUBMIT TO YOU, THIS IS THE CASE. THESE ARE THE FACTS. THIS IS THE OCCASION TO EXERCISE YOUR DISCRETION AND ENTER A 1310(B) ORDER, ALLOW THIS SALE TO OCCUR. MR. STERLING IS FREE TO PURSUE TO HIS LIFE'S END LITIGATION, BUT THAT IS NOT ANY KIND OF A CONSIDERATION TO DESTROY THE VALUE OF THIS FAMILY ASSET.

THANK YOU VERY MUCH, YOUR HONOR.

CLOSING ARGUMENT

BY MS. CUTLER:

GOOD AFTERNOON, YOUR HONOR. THE GENERAL RULE IS THAT APPEALS IN PROBATE PROCEEDINGS AUTOMATICALLY STAY THE OPERATION AND EFFECT OF THE APPEALED ORDER. ONLY WHEN IT IS NECESSARY TO TAKE IMMEDIATE ACTION TO PREVENT IMMINENT INJURY OR LOSS TO A PERSON OR PROPERTY MAY A PROBATE COURT

DIRECT A FIDUCIARY TO EXERCISE SUCH POWERS AS IF NO APPEAL WAS TAKEN.

SUCH AN ORDER IS THE EXCEEDINGLY RARE EXCEPTION TO THE RULE. SO RARE THAT THERE'S ONLY TWO PUBLISHED OPINIONS THAT APPLY THE EXCEPTION TO THE RULE IN THE MODERN ERA. THIS IS BECAUSE 1310(B) AND ITS MANY PREDECESSOR STATUTES CONTEMPLATE THE INJURY OR LOSS TO PERSON OR PROPERTY IN THE CONTEXT OF CONTEMPLATED LIFE OR DEATH DECISIONS OR THE THREAT OF DEATH OR CONVERSION BY A DEFALCATING FIDUCIARY.

WHAT THIS CASE IS REALLY ABOUT AND WHAT IS BEING ASSERTED IS A SPECULATIVE ARGUMENT THAT IF THE SALE IS NOT COMPLETED AT THIS TIME, THAT THE STERLINGS WILL RECEIVE LESS MONEY FROM A POSSIBLE FUTURE SALE OF THE CLIPPERS.

MR. STERLING WILL ESTABLISH TODAY THREE SIMPLE POINTS:

1310(B) IS AN EXTRAORDINARY REMEDY NOT APPLICABLE TO THESE FACTS;

2, ANY LOSS TO PROPERTY IS PURELY SPECULATIVE;.

3, A 1310(B) RULING FOR SHELLY WOULD RESULT IN A AN IRREVERSIBLE HARM TO MR. STERLING.

SHELLY CLAIMS THAT IF THE SALE OF THE CLIPPERS IS NOT BLESSED BY THIS COURT, THE STERLING FAMILY TRUST MAY SUFFER SPECULATIVE MONETARY LOSSES BECAUSE ANOTHER BUYER WOULD POTENTIALLY OFFER LESS AND THAT OUTSTANDING FULLY SECURED LOANS ON REAL PROPERTIES NOT OWNED BY LAC BASKETBALL CLUB INC., WOULD PROBABLY NEED TO BE PAID OFF OR RENEGOTIATED.

DARREN SHIELD'S TESTIMONY WAS PURE SPECULATION

BECAUSE THERE'S BEEN NO NOTICE OF DEFAULT. THE VALUE OF THE TRUST PROPERTY MORE THAN COVERS ANY PROSPECTIVE DEFAULT, AND THERE ARE A NUMBER OF OPTIONS TO CURE INCLUDING NEGOTIATING NEW LOANS.

THE BANKS HAVE NOT ACTED SO THERE'S NO IMMINENT RISK AND ANY POTENTIAL FUTURE INJURY IS READILY PREVENTABLE AND WOULD BE CURED. ADDITIONALLY, THIS IS NOT THE LOSS OF PROPERTY THAT THIS COURT SHOULD CONSIDER UNDER 1310(B).

THE VALUE OF THE CLIPPERS IS THE RELEVANT PROPERTY FOR WHICH SHELLY ASKS 1310(B) TO BE IMPLEMENTED TO PROTECT AGAINST THE SPECULATIVE DEATH SPIRAL.

BUT IT IS MORE LIKELY THAT MR. STERLING WILL SUFFER A LOSS BY FORCING THE SALE OF THE TEAM IF THIS COURT'S ORDER IS REVERSED ON APPEAL BECAUSE HE WILL LOOSE HIS TROPHY ASSET AND HE WILL HAVE NO RECOURSE IF THE SALE IS COMPLETED. THERE MAY BE NO WAY TO UNDUE THE SALE AND SHELLY WILL BE IMMUNED FROM LIABILITY. THE APPLICATION OF 1310(B) WOULD NOT CREATE MORE CERTAINTY. IN THE SITUATION WHERE THE TEAM IS SOLD AND AN APPELLATE COURT REVERSES THIS COURT'S DECISION, THERE'S NO WAY TO KNOW WHAT WILL HAPPEN AND HOW TO UNWIND THE TRANSACTION.

MR. ZAKKOUR TESTIFIED THAT THE CLIPPERS ARE A TROPHY ASSET STATING: "THE CLIPPERS IS A TROPHY ASSET IN ONE OF THE MOST GLAMOROUS MARKETS WITH ONE OF THE HIGHEST CONCENTRATION OF BILLIONAIRES. SO I WOULD SAY THE CLIPPERS RANKS UP THERE AS ONE OF THE BIG TROPHY ASSETS."

MR. PARSONS ALSO ADMITTED THAT THE CLIPPERS ARE A TROPHY ASSET AND THAT THERE'S NO WAY TO CORRECTLY PRICE

SUCH AN ASSET ON A FINANCIAL METRIC BASIS. THIS MADE THE TOTALITY OF HIS AND MR. ZAKKOUR'S TESTIMONY ON THE TOPIC OF VALUATION OF THE CLIPPERS IRRELEVANT AND WHOLLY UNRELIABLE.

MR. PARSONS FURTHER TESTIFIED THAT'S IT'S NOT A FINANCIAL TRANSACTION. IT'S LIKE BUYING A FABERGE EGG. ITS VALUE IS TO THE PERSON WHO WANTS TO OWN IT, WHO WANTS TO ACQUIRE IT BECAUSE YOU CAN'T GET THERE ON THE NUMBERS, WHICH ONLY UNDERSCORES MR. STERLING'S POSITION.

IF THE TRANSACTION WITH MR. BALLMER DOES NOT TAKE PLACE, THERE'S NO GUARANTEE THAT THE PURCHASE PRICE WOULD BE DIMINISHED IF THE CLIPPERS WERE SOLD ON AN OPEN MARKET. THE MARKET HAS SPOKEN. THE CLIPPERS HAVE BEEN PROVEN TO BE WORTH TWO BILLION DOLLARS. IT'S COMPLETELY SPECULATIVE TO ARGUE THAT THEY WOULD SELL FOR LESS IN A NORMAL BIDING PROCESS OPEN TO BOTH DOMESTIC AND INTERNATIONAL INDIVIDUALS AND CORPORATE BIDDERS AS DONE WITH THE SALE OF THE LOS ANGELES DODGERS.

THE UNUSUAL CIRCUMSTANCES AND UNUSUALLY SHORT TIME LINE WITH SHELLY'S BIDING PROCESS FOR THE CLIPPERS POTENTIALLY DEPRIVED A COMPLETE BIDING PROCESS AMONG ALL INTERESTED PARTIES.

MR. PARSONS ALSO UNEQUIVOCALLY TESTIFIED THAT HE WAS INFORMED BY COMMISSIONER SILVER THAT THE NBA WOULD QUICKLY AND SWIFTLY MOVE TO REINSTITUTE THEIR PROCEEDINGS TO REMOVE MR. STERLING AS AN OWNER FROM THE NBA IF THE SALE OF THE CLIPPERS TO MR. BALLMER WAS NOT APPROVED. THIS EVIDENCE ALONE DEMONSTRATES THAT THERE WOULD BE NO IRREPARABLE OR IMMEDIATE LOSS TO SHELLY IF THIS COURT DOES

NOT GRANT HER PETITION. MR. PARSONS' PROPHECY OF A DEATH SPIRAL CANNOT COME TRUE BECAUSE THE DEATH SPIRAL IS CURED WHEN THE NBA HOLDS A VOTE TO SEIZE THE TEAM AND FORCE THE SALE.

THERE'S BEEN NO EVIDENCE OFFERED BY SHELLY THAT MR. BALLMER IS WALKING AWAY FROM THIS TEAM IF THIS COURT DOES NOT GRANT HER PETITION. MR. BALLMER DID NOT TESTIFY. HE DID NOT SAY THAT HE WASN'T GOING TO BE AROUND AGAIN TO BID ON THE CLIPPERS AND BENEFIT FROM A NEW NATIONAL AND LOCAL T.V. DEAL IN THE GLAMOROUS LOS ANGELES MARKET. TO THE CONTRARY, HE'S A VERY EAGER BUYER. THERE'S NO EVIDENCE THAT HE OR SOME OTHER BUYER WILL NOT PAY THE SAME PRICE OR MORE FOR THE CLIPPERS.

THE MERE POSSIBILITY OF THE NBA'S SEIZURE OF THE TEAM DOES NOT CONSTITUTE EVIDENCE OFFERED TO ESTABLISHING AN EXTRAORDINARY CIRCUMSTANCE OF IMMEDIATE OR IMMINENT RISK OF INJURY OR LOSS TO PROPERTY.

MR. ZAKKOUR'S TESTIMONY THAT THE CLIPPERS MIGHT SELL FOR LESS IF THE NBA SEIZES THE TEAM DOES NOT RISE TO THE LEVEL OF INJURY OR LOSS UNDER 1310(B) BECAUSE MR. PARSONS' TESTIMONY CLEARLY ESTABLISHES THAT THIS IS SPECULATIVE. WHEN ASKED SO WE REALLY CAN'T BE SURE WHAT'S GOING TO HAPPEN IF THE LEAGUE CONFISCATED THE CLIPPERS AND RESOLD THEM?

MR. PARSONS' RESPONSE WAS: "I'D HAVE TO AGREE WITH THAT." AND HE FURTHER TESTIFIED THAT HE COULD NOT BE SURE WHAT THE FUTURE HOLDS.

MOREOVER, IF THE NBA SEIZED THE TEAM, THE NBA CAN

MAINTAIN OWNERSHIP OF THE TEAM UNTIL TITLE IS PERFECTED AND ALL OTHER ISSUES ARE RESOLVED.

JUST LIKE THEY APPOINTED MR. PARSONS AS THE INTERIM CEO TO MANAGE THE BUSINESS SIDE OF THE ORGANIZATION, THEY COULD KEEP MR. PARSONS IN PLACE OR HIRE SOMEONE TO RUN THE ORGANIZATION UNTIL ALL APPELLATE REMEDIES WERE EXHAUSTED.

WE CAN EXPECT THE TEAM'S VALUE WILL INCREASE BECAUSE THE STERLINGS WILL BE OUT, AND THIS CERTAINLY IS NOT UNPRECEDENTED. THE NBA AND MLB HAVE BOTH DONE THIS BEFORE. A SMART LEGAL TEAM FOR A POTENTIAL BUYER COULD ALSO NEGOTIATE A DEAL CONTINGENT ON ALL FUTURE LEGAL ISSUES WITH THE NBA BEING RESOLVED.

MR. PARSONS' SPECULATION THAT THE CLIPPERS FRANCHISE WILL BE IMMEDIATELY AND IRREPARABLY HARMED BY POSSIBLE COACHES AND PLAYERS DEFECTIONS IF MR. STERLING REMAINS AS THE OWNER PENDING AN APPEAL IS NOT PERSUASIVE.

MR. STERLING OWNED THE TEAM 33 YEARS AGO, OWNED THE TEAM IN APRIL AND THROUGHOUT THE PLAYOFFS AND OWNS THE TEAM TODAY. NO PLAYERS HAVE QUIT. NO PLAYERS HAVE STEPPED DOWN. SEASON TICKET SALES ARE FINE, AND THE SPONSORS ARE THERE.

GAME 4 OF THE PLAYOFFS ON APRIL 27 WAS THE MOST VISIBLE WEEKEND OF THIS CONTROVERSY AT THE HEIGHT OF PUBLIC OUTRAGE. THERE WAS NO BOYCOTT THEN. A PENDING APPEAL WOULD BE NO DIFFERENT A SITUATION THAN THE COACHES AND PLAYERS FIND THEMSELVES IN TODAY. NO PLAYER OR COACH TESTIFIED TO THE TRUTH OF THIS MATTER THAT THEY'RE WILLING

TO WALK AWAY FROM THEIR MULTI-MILLION DOLLAR CONTRACTS AND ASSUME SIGNIFICANT LIABILITY IN DOING SO.

LASTLY, THERE'S A SAFETY NET ALREADY IN PLACE BY THE INSTALLATION OF MR. PARSONS AS AN INTERIM CEO AND IS ROUGHLY EQUIVALENT TO THIS COURT APPOINTING A TEMPORARY TRUSTEE OF AN ASSET IN QUESTION TO ENSURE ITS PRESERVATION DURING AN APPEAL.

SHELLY'S ARGUMENTS DO NOT RELATE TO THE TYPE OF IRREPARABLE LOSS THAT THE LEGISLATURE CONTEMPLATED AS DISCUSSED IN THE LIMITED CASE LAW INTERPRETING 1310(B) AND PREDECESSOR STATUTES. THE INJURY PREVENTION EXCEPTION DOES NOT AND CANNOT APPLY HERE BECAUSE THERE'S NO EVIDENCE THAT THERE'S A TRUE AND NON-SPECULATIVE IRREPARABLE HARM THAT EXISTS IF THIS COURT'S ORDER IS STAYED ON APPEAL.

SHELLY'S COUNSEL WOULD HAVE THIS COURT BUY INTO THEIR ARGUMENT THAT THIS STATUTE WAS CREATED TO PREVENT MONETARY LOSS. IF THIS WAS TRUE, THERE MOST CERTAINLY WOULD BE OTHER CASES OVER THE PAST 150-PLUS YEARS DISCUSSING SUCH TYPE OF LOSS. THE ONLY TWO CASES THAT THEY CITE, THEY CITE FOR THE WRONG HOLDINGS.

IN CONSERVATORSHIP OF MC ELROY, THE APPELLATE COURT FOUND THAT THE CONSERVATOR'S PETITION FOR SUBSTITUTED JUDGMENT SHOULD BE GRANTED BECAUSE THE CONSERVATEE WAS OLD, ILL AND FRAIL AND THE CONSERVATEE'S ESTATE PLAN COULD ONLY BE EXECUTED BY THE CONSERVATOR DURING THE CONSERVATEE'S LIFETIME SINCE NO ACTION COULD BE TAKEN AFTER HIS DEATH.

IN THAT DECISION, THE COURT'S FINDINGS DID NOT HAVE TO DO DO EXPLICITLY WITH THE TAX CONSEQUENCES. IT HAD

TO DO WITH THE ACTUAL EXECUTION OF THE ESTATE PLAN BECAUSE IT CAN'T BE DONE AFTER SOMEBODY DIES.

THE MC ELROY COURT CONTEMPLATED THE RISK OF HARM TO THE DECEDENT'S LONG-TERM GIRLFRIEND IN ALLOWING THE CONSERVATOR TO TAKE SUCH STEPS. THE RISK OF HARM TO THE GIRLFRIEND IN ALLOWING THE CONSERVATOR TO TAKE THE REQUESTED ACTIONS WAS INSIGNIFICANT IN RELATION TO THE RISK OF HARM TO THE ESTATE IF THE ACTIONS WERE NOT TAKEN. THE POTENTIAL HARM TO THE ESTATE WAS THE ESTATE PLAN WOULD NOT AND COULD NOT BE EXECUTED IF THE CONSERVATEE WERE TO DIE BEFORE THE ACTIONS WERE TAKEN.

HERE THE RISK OF HARM TO MR. STERLING IS SUBSTANTIAL. HE WILL LOSE THE TROPHY ASSET THAT CANNOT BE REPLACED AND BE FORCED TO PAY CAPITAL GAIN TAXES CLOSE TO $650 MILLION THAT WOULD OTHERWISE BE AVOIDED IF THE ASSETS WERE RETAINED UP UNTIL THE PASSING OF EITHER OF THE STERLINGS. AND POTENTIALLY HE WOULD BE DEPRIVED OF HIS ABILITY TO PURSUE HIS REMEDIES AGAINST THE NBA.

IN REACHING ITS HOLDING AS IN MC ELROY REGARDING THE APPLICATION OF 1310(B), THE COURT RELIED ON KANE VS. SUPERIOR COURT. IN KANE, THE TRIAL COURT SPECIFICALLY DIRECTED THE FIDUCIARY TO TURN OVER 3 OUT OF 15 VIALS OF THE DECEDENT'S FROZEN SPERM TO THE DECEDENT'S GIRLFRIEND TO PREVENT THE GIRLFRIEND FROM SUFFERING IMMINENT INJURY OR LOSS BECAUSE SHE WAS IN HER 40S AND HER ABILITY TO CONCEIVE WOULD HAVE BEEN ELIMINATED BEFORE THE APPEAL PROCESS ENDED.

AGAIN, THIS IS ANOTHER CASE ABOUT IMMINENT AND

IMMEDIATE INJURY OR LOSS WHERE THE PERSON SEEKING RELIEF CANNOT WAIT OUT THE APPELLATE PERIOD.

IN GUARDIANSHIP OF WALTERS, A TEMPORARY GUARDIAN WAS ORDERED FOR ALLIE WALTERS SACKS OVER HER OBJECTIONS AND THE TEMPORARY GUARDIAN TOOK IMMEDIATE POSSESSION OF ALL OF HER REAL AND PERSONAL PROPERTY PENDING THE APPEAL. ON APPEAL, THE TRIAL COURT WAS REVERSED BECAUSE MRS. SACKS HAD A MANAGEMENT TEAM IN PLACE TO ASSIST HER IN MANAGING HER ASSETS. THE COURT HELD THAT THERE WAS INSUFFICIENT EVIDENCE TO SUPPORT A FINDING OF LOSS OR INJURY TO THE ESTATE PENDING THE APPEAL.

ALL OF THE CASES APPLYING THE EXCEPTION HAVE ONE COMMON THEME. IF THE APPEAL WAS STAYED, THE PARKING -- THE PARTY SEEKING TO APPLY THE STAY EXCEPTION WOULD SUFFER A READILY KNOWN AND ASCERTAINABLE HARM, NOT BASED ON SPECULATION, IF THEY HAD TO WAIT OUT THE APPELLATE PROCESS.

IN KANE, THE GIRLFRIEND'S ABILITY TO CONCEIVE WOULD HAVE BEEN ELIMINATED, AND IN MC ELROY, THE CONSERVATEE WAS OLD, FRAIL AND ILL, AND IT WAS UNCLEAR IF HE WOULD SURVIVE THE APPEAL TO ALLOW HIS CONSERVATOR TO EXECUTE A NEW ESTATE PLAN.

THIS CASE IS AKIN TO WALTERS. HERE, AS IN WALTERS, THERE'S A SYSTEM IN PLACE TO MANAGE THE DAY-TO-DAY OPERATIONS OF LAC BASKETBALL CLUB, INC. MR. PARSONS TESTIFIED THAT HE'S BEEN ABLE TO STABILIZE THE ORGANIZATION. SEASON TICKET SALES, WHICH COMPRISE 85 PERCENT OF THE TEAM'S LARGEST REVENUE STREAM, ARE ON PAR WITH LAST YEAR AND REVENUE IS ACTUALLY UP DUE TO HIGHER

TICKET PRICES. THE ONLY SPONSOR WHO HAS NOT RENEWED THEIR CONTRACT WAS BURGER KING. IT IS CERTAIN THAT IF THEIR NON-RENEWAL OF THEIR CONTRACT HAD SOMETHING TO DO WITH MR. STERLING, THAT MR. PARSONS WOULD HAVE TOLD US.

THE LEGISLATURE'S INTENT TO LIMIT THE APPLICATION OF 1310(B) IS FURTHER ILLUSTRATED BY THE FACT THAT ARE NO PUBLISHED DECISIONS WHICH RELATE TO A TRUST PROCEEDING. THE LEGISLATIVE HISTORY ALSO SUPPORTS MR. STERLING'S POSITION. IT ESTABLISHES THAT THE WORDS "TRUST" AND "TRUSTEE" WERE ADDED TO 1310(B) BECAUSE THE LEGISLATURE WAS CONCERNED ABOUT A TRUSTEE CONTINUING TO RAID OR LOOT A TRUST ESTATE DURING THE PENDENCY OF AN APPEAL. THE LEGISLATURE DID NOT WANT THE FOX GUARDING THE HEN HOUSE.

THERE'S NO EVIDENCE THAT MR. STERLING IS LOOTING OR RAIDING THE TRUST ESTATE. THIS ACTION DOES NOT APPLY TO THESE FACTS. THE ONLY TYPE OF LOSS SHELLY COULD SUFFER IS A 50-PERCENT INTEREST IN A SPECULATIVE MONETARY LOSS. IF HOWEVER, THERE WAS A MONETARY LOSS, THIS COURT MUST ALSO WEIGH THE ACTUAL AND IRREPARABLE LOSS TO MR. STERLING.

BUT GRANTING SHELLY'S REQUEST UNDER 1310(B) WOULD CREATE, TO USE YOUR HONOR'S WORDS, A "HOLLOW APPEAL." AGAIN, SHELLY RECEIVING LESS MONEY FOR THE CLIPPERS IS NOT THE TYPE OF LOSS CONTEMPLATED BY THE LEGISLATURE. KNOWING THAT THIS MATTER WILL BE TAKEN UP ON APPEAL, IF THIS COURT MAKES SUCH A FINDING, IT WOULD SET AN UNTENABLE PRECEDENT.

THIS COURT SHOULD LOOK BEYOND THE FACT THAT THIS MATTER INVOLVES BILLIONS OF DOLLARS AND INSTEAD FOCUS ON THE TYPE OF LOSS CONTEMPLATED, AN IRREMEDIABLE LOSS BECAUSE

OF A LIMITED PERIOD OF TIME DUE TO A LIFE OR DEATH MATTER OR BY THEFT OR CONVERSION PENDING AN APPEAL.

THE REFUSAL OF THIS COURT TO APPLY THIS EXTRAORDINARY REMEDY WOULD NOT DEPRIVE THE STERLINGS OF THEIR ASSETS. TO THE CONTRARY, IT WOULD ALLOW MR. STERLING TO CONTINUE TO FIGHT THE NBA IN FEDERAL COURT. AN ORDER UNDER SECTION 1310(B) IS NOT APPROPRIATE WHERE, AS HERE, THE TRUST'S ASSETS ARE BEING COMPETENTLY MANAGED AND NOT AT THE RISK OF LOSS BY LEFT, CONVERSION OR OTHERWISE. THE MERE POTENTIAL OR SPECULATIVE LOSS, OR GAIN FOR THAT MATTER, IF A PARTY IS FORCED TO SELL THEIR VALUABLE PERSONAL PROPERTY AGAINST THEIR WILL, IS NOT A LOSS THAT FALLS WITHIN THE SCOPE OF 1310(B). OTHERWISE, 1310(B) WOULD BECOME THE GENERAL RULE RATHER THAN THE EXTREMELY RARE AND LIMITED EXCEPTION INTENDED BY THE LEGISLATURE.

THE COURT IS AWARE THAT AN ORDER PURSUANT TO 1310(B) EVISCERATES ANY MEANINGFUL APPEAL BY MR. STERLING. THE DEPRIVATION OF AN APPEAL IS MAGNIFIED BY THE RIGHTS AT ISSUE INCLUDING THE PARTY'S AUTHORITY TO SERVE AS TRUSTEE AND THE DEPRIVATION OF A PARTY'S PROPERTY RIGHTS AND SALE OF HIS VALUABLE PROPERTY OVER HIS REFUSAL TO SELL. SUCH AND ORDER ESSENTIALLY ELIMINATES THE OTHERWISE EXISTENT RIGHT TO APPEAL.

IN THE EVENT THIS COURT ORDERS -- ENTERS AN ORDER PURSUANT TO 1310(B), MR. STERLING ASKS THIS COURT TO STAY THE EFFECT OF THE ORDER FOR A LIMITED PERIOD OF TIME TO ALLOW MR. STERLING TO PREPARE AND FILE A WRIT OF MANDATE OR SUPERSEDEAS REGARDING THE APPLICATION OF 1310(B) TO THE

CIRCUMSTANCES THIS CASE. A BRIEF STAY WILL NOT PREJUDICE ANY PARTY OR RESULT IN ANY LOSS TO THE TRUST ESPECIALLY SINCE THE CLIPPERS ARE SUBJECT TO PROFESSIONAL MANAGEMENT. MOREOVER, A BRIEF STAY WILL ENSURE THAT ALL PARTIES' INTERESTS ARE PROTECTED AND PROVIDE MR. STERLING WITH A MEANINGFUL OPPORTUNITY FOR REVIEW OF THE SIGNIFICANT RIGHTS AT STAKE.

IN CONCLUSION, MR. STERLING REQUESTS THAT THIS COURT DENY SHELLY'S PETITION.

THANK YOU.

REBUTTAL ARGUMENT

BY MR. O'DONNELL:

BRIEFLY, YOUR HONOR. NEVER SEEN TENS OF HUNDREDS OF MILLIONS OF DOLLARS SO CASUALLY DISMISSED IN ALL OF MY CAREER.

THE EVIDENCE IS CLEAR THAT THERE IS A RISK OF SUBSTANTIAL DEVALUATION EVERY DAY THAT MR. STERLING OWNS IT. IT'S DEVALUED. MR. PARSONS GAVE TESTIMONY THAT FOR NOW HE'S STABILIZED TICKET SALES. HE SAID, HOWEVER, IF THIS ENDURES MUCH LONGER INTO THE SEASON, OCTOBER, SPONSORS WON'T SPONSOR; PLAYERS WON'T PLAY, ET CETERA; AND SEASON TICKET HOLDERS WILL ASK FOR REFUNDS.

WHAT WE ARE HEARING IS THE REASON NOT TO PUT IN A 1310(B) BECAUSE THIS IS A TROPHY ASSET. THIS IS NOT DONALD'S PERSONAL PROPERTY TO DO WITH AS HE WILL. THIS IS COMMUNITY PROPERTY NOW THAT THE TRUST HAS BEEN REVOKED.

AND WHAT WE'RE TOLD IS DON'T ISSUE A 1310(B) ORDER. THE SALE WILL BE KILLED BECAUSE HE'S TAKING AN APPEAL SO DONALD CAN LITIGATE FOREVER AGAINST THE NBA. THAT'S NOT VALID, YOUR HONOR.

BY THE WAY, THERE WILL BE $650 MILLION OF TAXES WHETHER SHELLY SELLS THE TEAM OR THE NBA SELLS THE TEAM. MONETARY LOSS, MC ELROY INCREASED TAXES.

FINALLY, YOUR HONOR, THE REQUEST FOR A STAY. THAT WOULD DEFEAT THE WHOLE PURPOSE OF A 1310(B) ORDER. THE LEGISLATURE GIVES YOU THE DISCRETION TO ENTER THE ORDER. COUNSEL'S FREE -- THERE'S CASE LAW THAT SAYS THEY CAN BRING A WRIT, BUT I WOULD URGE YOU NOT, YOUR HONOR, TO ISSUE A STAY.

FINALLY, HOLLOW APPEALS GO BOTH WAYS. SHELLY PREVAILS ON THE TWO SUBSTANTIVE ISSUES. LET'S ASSUME THE COURT DOES NOT TURN A 1310(B) ORDER. THE SALE IS KILLED. SHE TAKES AN APPEAL. IT'S OVER.

I RESPECTFULLY REQUEST, YOUR HONOR, THAT WE'VE MADE AN OVERWHELMING SHOWING ON THE EVIDENCE, ON THE LAW THAT YOU SHOULD ENTER THE 1310(B) ORDER AND NOT STAY THAT ORDER.

THANK YOU VERY MUCH.

THE COURT: CAN I ASK COUNSEL WHO WAS ARGUING ON BEHALF OF DONALD STERLING TO JUST GIVE ME YOUR THOUGHTS. YOU'VE ASKED FOR A STAY. IS THERE ANY REASON YOU CANNOT RUN A WRIT ON A 1310(B) ORDER OF THIS COURT WITHOUT A STAY?

MS. CUTLER: YOUR HONOR, WE'RE CONCERNED THAT THEY WILL SELL THE TEAM TODAY IF -- THE MOMENT THAT THE ACTUAL ORDER

OF THIS COURT IS SIGNED. AND SO THERE WILL BE ACTUALLY NO ABILITY TO GO AND FILE THE WRIT.

THE COURT: YOU REALLY BELIEVE THAT IF THEY ENTERED A CONTRACT CONDITIONAL UPON A 1310(B) FINDING AND OTHER FINDINGS, INCLUDING THAT SHE HAD THE AUTHORITY TO BIND THIS TRUST, THAT PENDING THE COURT'S REVIEW OF A WRIT, THEY WOULD MOVE FORWARD WITH A SALE? I DON'T UNDERSTAND THAT. WHY WOULD THEY DO THAT WHEN THE WHOLE PURPOSE OF THIS PROCEEDING IS TO GET ASSURANCES?

THEY'RE NOT -- I DON'T KNOW WHAT THEY'RE GOING TO DO, BUT THEY CERTAINLY AREN'T GOING TO DO SOMETHING PENDING ANY KIND OF WRIT THAT YOU HAVE OR POTENTIAL. YOU CAN HAVE THE COURT OF APPEAL LOOK AT IT. I JUST DON'T QUITE UNDERSTAND THAT ARGUMENT.

MS. CUTLER: YOUR HONOR, IT'S ANOTHER PROTECTIVE MEASUREMENT. IF YOU RULE AGAINST MR. STERLING ON ALL OF THE GROUNDS, AT THE VERY LEAST, AT THE VERY LEAST, A VERY SHORT LIMITED PERIOD OF TIME SHOULDN'T MAKE THAT BIG OF A DIFFERENCE. AND IF YOUR HONOR IS SAYING THAT THEY WOULDN'T DO ANYTHING ANYWAY UNTIL A WRIT IS FILED --

THE COURT: I'M SORRY. I'M SORRY. IT WOULD NOT BE PRUDENT TO COME FROM WHERE THEY COME FROM TO PROCEED WITH SOMETHING UNTIL THE FINAL ORDER OF THIS COURT. THIS ORDER WOULD BE A TENTATIVE ORDER. I'VE ALREADY SAID THAT I'M GOING TO BE GIVING AN ORAL TENTATIVE. SOMEONE'S GOING TO PREPARE A STATEMENT OF DECISION CONSISTENT WITH THAT.

ASSUMING IT WAS AGAINST YOUR CLIENT IN ALL RESPECTS, YOU THINK THEY WOULD MOVE FORWARD WITHOUT THAT

ORDER BEING FINAL WITHOUT EVEN GETTING A FINAL ORDER OR JUDGMENT WHICH WON'T BE FINAL UNTIL WE REVIEW YOUR OBJECTIONS TO THAT STATEMENT OF DECISION AND ADOPT A STATEMENT OF DECISION AS AN ORDER OR JUDGMENT OF THE COURT?

MS. CUTLER: I UNDERSTAND, YOUR HONOR.

THE COURT: ALL RIGHT. THANK YOU.

ALL RIGHT. AND SO I WANT TO THANK ALL THE LAWYERS AGAIN. THIS HAS GOT SOME REALLY INTERESTING ISSUES. AND THERE ARE -- BECAUSE THEY'RE INTERESTING ISSUES, THERE ARE A LOT OF GOOD ARGUMENTS THAT HAVE BEEN GIVEN TO THE COURT ON ALL OF THESE ISSUES. AND I'M GOING TO START BY WORKING THROUGH SOME FINDINGS REGARDING CREDIBILITY. AS I SAID BEFORE, I'M GOING TO GIVE AN ORAL TENTATIVE STATEMENT OF DECISION, AND THAT'S WHAT THE NEXT HOUR OR SO IS GOING TO TAKE UP. SO IF THERE'S NOTHING ELSE, I'LL BEGIN; OKAY.

FIRST OF ALL, IN TERMS OF THE FINDINGS REGARDING CREDIBILITY AND COMMENTS ABOUT MY ANALYSIS OF THE LEGAL ISSUES, I'LL START WITH ON DECEMBER 13, 2013, DONALD AND ROCHELLE STERLING EACH SIGNED THE STERLING FAMILY TRUST AGREEMENT WHICH WAS RECEIVED IN EVIDENCE AS EXHIBIT 42. THE TRUST ESTABLISHED THAT BOTH DONALD AND ROCHELLE WOULD BE ACTING AS CO-TRUSTEES.

THE LAW IN SPECIFICALLY PROBATE CODE SECTION 810(A) STATES THAT EVERY PERSON IS PRESUMED TO HAVE CAPACITY, AND THERE HAS BEEN NO EVIDENCE PRESENTED THAT DONALD STERLING LACKED CAPACITY WHEN HE SIGNED THE TRUST IN DECEMBER OF 2013.

SECTION 7.5.C OF THE TRUST DEALS WITH THE REMOVAL

OF AN INDIVIDUAL DUE TO INCAPACITY, AND SECTION 10.24 OF THE TRUST DEALS WITH A SECTION WHERE A PERSON, MEANING A TRUSTEE, IS DEEMED INCAPACITATED AND NO LONGER THEN IS ACTING AS A TRUSTEE.

SPECIFICALLY PARAGRAPH 10.24 WHICH IS ENTITLED, "INCAPACITY" SETS OUT THREE WAYS A TRUSTEE CAN BE DETERMINED TO BE INCAPACITATED AND REMOVED:

"A, CERTIFICATION BY THE INDIVIDUAL'S REGULAR TREATING PHYSICIAN;

"B, TWO REPORTS FROM LICENSED PHYSICIANS WHO REGULARLY PRACTICE IN AREAS INVOLVING CAPACITY OR;

"C, ESSENTIALLY AN ORDER OF THE COURT THAT THE INDIVIDUAL IS INCAPACITATED."

THE COURT DOES NOT FIND ANY CREDIBLE OR COMPELLING EVIDENCE OF A SECRET PLAN B. AS STATED ABOVE, THE ALLEGED SECRET PLAN B IS SECTION 10.24(B) OF THE TRUST WHICH CLEARLY SETS FORTH IN THE TRUST SIGNED BY DONALD STERLING ON DECEMBER -- IN DECEMBER 2013 THAT OPTION. IT CLEARLY IS NOT A SECRET OPTION AND IT'S NOT A SECRET TO DONALD STERLING.

THE COURT FINDS CREDIBLE AND COMPELLING, ROCHELLE'S TESTIMONY THAT OVER A PERIOD OF ABOUT TWO TO THREE YEARS, SHE NOTICED THAT DONALD'S BEHAVIOR WAS CHANGING, BECOMING FORGETFUL, SLURRING WORDS AND GETTING AGITATED FOR NO REASON. THE COURT BELIEVES THAT SHE, DURING THAT TIME AND AT ALL TIMES UP UNTIL MAY 29, WAS LEGITIMATELY CONCERNED ABOUT DONALD STERLING'S WELL-BEING.

ROCHELLE'S CONCERNS WERE SIGNIFICANTLY INCREASED WHEN SHE SAW THE ANDERSON COOPER INTERVIEWS ON OR ABOUT MAY 12. THEREAFTER, FRIENDS CALLED HER, URGED HER TO GET DONALD EXAMINED, AND THE COURT FINDS THAT ROCHELLE'S MOTIVATIONS IN SETTING UP THE TESTING AND THE EVALUATIONS BOTH BY PLATZER AND SPAR WERE MOTIVATED SOLELY BY HER CONCERNS FOR HIS WELL-BEING.

THE COURT SHOULD NOTE AND DOES NOTE THAT DESPITE ROCHELLE AND DONALD BEING SEPARATED, ROCHELLE WAS EXTENSIVELY INVOLVED IN HIS CARE, INCLUDING SETTING UP MEDICAL APPOINTMENTS, GETTING MEDICATIONS AND COORDINATING HIS CAREGIVERS AT HIS HOME.

THE COURT NOTES THAT BOTH DONALD AND ROCHELLE PROFESSING STRONG AFFECTIONS FOR THE OTHER ON THE WITNESS STAND, AND THE COURT FOUND THAT TO BE GENUINE IN SPITE OF ONE EMOTIONAL COMMENT MADE BY MR. STERLING DURING THE TRIAL.

THE COURT FINDS THAT ROCHELLE ACTED APPROPRIATELY IN SEEKING OUT DR. PLATZER AND DR. SPAR, BOTH RECOGNIZED AND RESPECTED EXPERTS IN THE FIELD OF CAPACITY BASED ON HER CONCERNS FOR DONALD.

THE COURT ALSO FINDS THAT SHE APPROPRIATELY SOUGHT OUT RECOMMENDATIONS, INCLUDING THROUGH HER ATTORNEY, FOR SOMEONE TO GIVE A SECOND OPINION ON THE FIRST DIAGNOSIS BY DR. PLATZER, A SERIOUS DIAGNOSIS REGARDING ALZHEIMER'S.

THE COURT FINDS THE WEIGHT OF THE CREDIBLE EVIDENCE AND COMPELLING EVIDENCE IS THAT ROCHELLE SET THESE APPOINTMENTS BASED SOLELY ON HER CONCERN FOR DONALD AND NOT

AS A SECRET PLAN TO REMOVE HIM AS A TRUSTEE OF THE TRUST.

IN THIS REGARD, DR. PLATZER TESTIFIED SHE DID NOT KNOW OF THE PLAN TO REMOVE DONALD AS A TRUSTEE. DR. SPAR TESTIFIED HE WAS ADVISED BUT DID NOT TELL ROCHELLE, AND THE COMPELLING EVIDENCE IS THAT SHE FIRST WAS ADVISED BY HER ATTORNEYS ABOUT THAT SECTION -- THOSE SECTIONS OF THE TRUST WHEN DONALD ABRUPTLY CHANGED HIS MIND AND REFUSED TO SIGN THE BINDING TERM SHEET ON MAY 29.

THE COURT FINDS THAT UP UNTIL THAT TIME, SHE HAD A GOOD FAITH REASONABLE BELIEF AND HAD BEEN AUTHORIZED BY DONALD TO SELL THE CLIPPERS AND SPECIFICALLY HE APPROVED OF THE DEAL. SHE NEGOTIATED WITH BALLMER. SHE REASONABLY EXPECTED HE WOULD SIGN THE AGREEMENT. THERE'S NO NEED FOR HER TO FOCUS ON A DIFFERENT PLAN.

DONALD WILLINGLY PARTICIPATED IN THE EVALUATIONS BY BOTH DR. SPAR AND DR. PLATZER. HE TESTIFIED: I AGREED TO BE EXAMINED BY DR. PLATZER AND DR. SPAR. THERE'S NO CREDIBLE OR COMPELLING EVIDENCE THAT DONALD WAS DISTRACTED OR UNDER STRESS DURING THE EVALUATIONS BY DR. PLATZER OR DR. SPAR AS SUGGESTED BY DR. CUMMINGS.

DR. CUMMINGS HAD NO FACTS THAT SUPPORTED HIS OPINION OUTSIDE OF THE FACT THAT HE WAS ADVISED THEY WERE SEPARATED. AND TO THE CONTRARY -- OR CONTRARY TO DR. CUMMINGS' TESTIMONY, DR. PLATZER AND DR. SPAR DESCRIBED HIM AS COMFORTABLE AND COOPERATIVE AND THAT HE ASKED ROCHELLE TO REMAIN AT EACH OF THESE EXAMINATION.

NO CREDIBLE EVIDENCE PRESENTED THAT DR. PLATZER CONTINUED HER EVALUATION OF DONALD AT THE POLO LOUNGE OR

THAT DR. PLATZER WAS INTOXICATED. DR. PLATZER AND ROCHELLE STERLING WERE CREDIBLE, AND THE COURT FINDS THAT DONALD'S TESTIMONY THAT DR. PLATZER SAID "CAN WE FINISH THE EVALUATION AT THE POLO LOUNGE AFTER DRINKS," UNQUOTE, TO BE NOT CREDIBLE.

THE COURT DOES NOTE THAT IN GENERAL, ROCHELLE STERLING'S TESTIMONY WAS FAR AWAY MORE CREDIBLE THAN DONALD'S. DONALD'S ANSWERS WERE OFTEN EVASIVE AND IN ONE INSTANCE INCONSISTENT WITH HIS PREVIOUS SWORN TESTIMONY ON THE RECORD CITING THE TRIAL TRANSCRIPT WHICH IS MARKED AS EXHIBIT 31.

IN ADDITION, THERE WERE WILD FLUCTUATIONS IN THE VALUE OR DAMAGE ESTIMATES THAT HE HAD NO EXPLANATION FOR. FOR EXAMPLE, DONALD AGREED THAT -- TO THE BALLMER DEAL FOR TWO BILLION IN MAY, LATE MAY 2014, YET WHEN HE TESTIFIED IN JULY, HE VALUED THE TEAM AT TWO-AND-A-HALF TO FIVE BILLION DOLLARS.

DONALD FILED HIS FEDERAL LAWSUIT AGAINST THE NBA CITING DAMAGES OF ONE BILLION DOLLARS, YET A SHORT TIME LATER IN TESTIMONY HE TESTIFIED HIS DAMAGES WERE NINE BILLION. IN ADDITION, IT IS NOT -- IN ADDITION, IT IS NOT SURPRISING OR UNUSUAL TO THE COURT THAT SHELLY WOULD WANT TO TALK AFTER THE EVALUATION TO DR. PLATZER ABOUT HER DIAGNOSIS OF ALZHEIMER'S. IT WOULD BE LOGICAL THAT ANYONE HEARING THAT WOULD WANT TO ASK THE EXPERT AS TO WHAT DOES THAT MEAN, WHAT'S IT LOOK LIKE GOING FORWARD, ESPECIALLY WHEN SHE'S INVOLVED IN HIS LIFE TO THE EXTENT THAT SHE WAS.

FINALLY, THE COURT READS NOTHING SINISTER INTO

ROCHELLE'S CONDUCT WHEN DONALD AND HIS LAWYER, MR. SIMINI, ARRIVED AT THE POLO LOUNGE LATER AFTER THE EXAMINATION TERMINATED.

THE COURT HAS PREVIOUSLY RULED ON THE ALLEGED HIPAA VIOLATIONS AND RULED THAT THERE'S NO EXCLUSION REMEDY OR REMEDY FOR CMIA VIOLATIONS IN THIS ACTION.

THE COURT DOES FIND THE SECTION 7.5.C OF THE TRUST INCLUDES A BROAD MEDICAL PRIVILEGE WAIVER REGARDING THE ISSUES OF CAPACITY OF A TRUSTEE INCLUDING HIPAA WAIVERS. THE COURT NOTES THAT WITHOUT THIS WAIVER, A NUMBER OF THE PROVISIONS OF THAT TRUST OF -- A NUMBER OF THE PROVISIONS OF 10.24 WOULD BE MEANINGLESS.

IN REACTION, IN PART, TO -- I'M SORRY. IN REACTION, IN PART, TO DONALD'S ANDERSON COOPER INTERVIEW ON MAY 18, 2014, THE NBA REPORTED THAT THEY WOULD VOTE TO TAKE THE CLIPPERS FROM DONALD AT THE JUNE 3, 2014 MEETING.

THE COURT FINDS CREDIBLE THAT THIS REPORT CAUSED DONALD GREAT CONCERN AND HE WAS INSISTENT THAT THE TEAM BE SOLD BEFORE THAT MEETING TELLING SHELLY: WE NEED TO SELL THE TEAM BEFORE THIS OCCURS.

SHELLY TESTIFIED THAT DONALD TOLD HER THAT HE KNEW THEY WOULD VOTE HIM OUT. SHELLY TESTIFIED THAT SHE WAS CHOSEN AND AUTHORIZED TO SELL THE TEAM ON MAY 22. THE LETTER SIGNED BY DONALD, EXHIBIT 14, CONFIRMS THAT SHE WAS GIVEN FULL AUTHORITY TO NEGOTIATE THE SALE OF THE TEAM WITH THE NBA.

SHELLY TESTIFIED THAT SHE WAS PRESENT WHEN DONALD SIGNED THE MAY 22, 2014 LETTER AND SHE TESTIFIED I

ABSOLUTELY HAD AUTHORITY TO SELL THE TEAM. I WAS TO DO THE BIDING AND THE SALE BEFORE THE JUNE 3, 2014 NBA MEETING.

SHELLY WAS CREDIBLE WHEN SHE TESTIFIED THAT DONALD TOLD HER THAT HE WANTED HER TO BE HAPPY AND TO GET OWNERSHIP OR PERKS IF SHE COULD. THE COURT FINDS SHELLY'S TESTIMONY CREDIBLE THAT DONALD TOLD HER, QUOTE: "HONEY, I WANT YOU TO GET WHATEVER YOU CAN GET TO MAKE YOU HAPPY." THEREAFTER, ROCHELLE RETAINED VALUATION EXPERTS, UNDERTOOK A SEARCH FOR BUYERS AND CONDUCTED THE AUCTION WHICH PRODUCED BIDS OF 1.2 BILLION, 1.6 BILLION AND TWO BILLION.

ROCHELLE TESTIFIED THAT SHE SPOKE WITH DONALD DAILY DURING THE BID PROCESS AND AT ALL TIMES HE CONTINUED TO ENCOURAGE THE SALE. SHE TESTIFIED SHE DISCUSSED THE TWO-BILLION-DOLLAR OFFER FROM BALLMER, AND DONALD WAS HAPPY SAYING, "YOU REALLY MADE A GOOD DEAL."

THERE'S NO CREDIBLE EVIDENCE THAT DONALD REMOVED HIS CONSENT TO THE SALE UNTIL MAY 29, 2014. UP TO THAT DATE, AS THE COURT HAS FOUND, SHE'S HAD EVERY GOOD REASON TO BELIEVE HE HAD AUTHORIZED THE SALE OF THE TEAM AND DONALD WAS HAPPY WITH THE TWO-BILLION-DOLLAR OFFER AND THAT HE WOULD SIGN.

ON MARCH 28, 2014, ROCHELLE CALLED DONALD TO COORDINATE TO GET HIS SIGNATURE. HE SAID HE DIDN'T FEEL WELL. THE NEXT DAY SHE CALLED AGAIN AND HE BECAME HOSTILE AND REFUSED TO SIGN.

ON MAY 29, 2014, AFTER DONALD UNEXPECTEDLY REFUSED TO THE SIGN THE BTS, IN CONSULTATION WITH HER LAWYER, DONALD WAS BEING NO LONGER A TRUSTEE PER THE SECTION 7.5.C

AND 10.24.D OF THE TRUST, AND SHE SIGNED THE BINDING TERM SHEET WITH BALLMER TO SELL THE CLIPPERS.

THE COURT FINDS THAT DONALD'S CHANGE OF HEART WAS NOT BECAUSE THE TWO-BILLION-DOLLAR OFFER WAS NOT IN THE BEST INTEREST OF THE TRUST. THE COURT FINDS NO CREDIBLE EVIDENCE TO SUPPORT THE ARGUMENT THAT DONALD WAS DEFRAUDED, SUBJECTED TO UNDUE INFLUENCE OR THAT ROCHELLE PROCEEDED WITH UNCLEAN HANDS IN OBTAINING THE PSYCHOLOGICAL PSYCHIATRIC EVALUATIONS.

AND EVEN IF IT WAS TRUE, WHICH THE COURT DOES NOT FIND, THE COURT DOES NOT BELIEVE THAT IS GOING -- WOULD CAUSE THE COURT TO STRIKE THE REPORTS PREPARED BY THE EXPERTS.

AND AS DISCUSSED EARLIER, THERE IS NO SECRET PLAN B. IT WAS A CLEAR OPTION, OPTION B. WHEN DONALD SIGNED THE TRUST, DONALD TESTIFIED THAT HE HAD BEEN -- HE HAD BEEN REMINDED OF THE -- OF 1310(B). HE WOULD HAVE COOPERATED WITH THE EXAMINATIONS ANYWAY. DONALD WAS MANDATED TO COOPERATE WITH THE EXAMINATIONS REGARDING HIS CAPACITY IN 7.5.C OF THE TRUST. DONALD VOLUNTARILY PARTICIPATED IN BOTH EVALUATIONS. THERE IS NO REQUIREMENT THAT HE BE ADVISED ABOUT THE PURPOSE OF AN EXAMINATION.

THERE'S NO CREDIBLE EVIDENCE PRESENTED BY DR. CUMMINGS THAT THERE IS SOME PROFESSIONAL DUTY OR ETHICAL REQUIREMENT THAT THE -- THAT EITHER DOCTOR NEEDED TO ADVISE DONALD OR THAT, IN GENERAL, A DOCTOR MUST ADVISE A PATIENT ABOUT POSSIBLE LEGAL CONSEQUENCES OF AN EXAMINATION. AND, IN FACT, CREDIBLE EVIDENCE IS THAT SUCH

WARNING WOULD MAKE SOMEONE TENSE AND COULD CAUSE NEGATIVE EFFECTS ON THE RESULTS.

THE CREDIBLE EVIDENCE PRESENTED BY DR. PLATZER AND DR. SPAR IS THAT YOU CANNOT PREPARE FOR THIS TYPE OF A NEUROLOGICAL EVALUATION.

THE COURT CONCLUDES THAT DONALD CANNOT COMPLAIN ABOUT BEING DEFRAUDED BY SHELLY TO DO SOMETHING THAT DONALD WAS LEGALLY OBLIGATED TO DO ANYWAY, AND THAT IS TO PARTICIPATE IN THE EVALUATIONS.

THE COURT DOES NOT FIND THE CONTRACT WAS ENTERED INTO WITH ROCHELLE -- OR I'M SORRY -- THAT THE CONTRACT ENTERED INTO WITH BALLMER PROVIDED ROCHELLE WITH AN UNFAIR ADVANTAGE. IT'S CLEAR THAT THE AMOUNT OF MONEY GOING TO CHARITY WILL ONLY GO IF DONALD AGREED, AND THAT THE PERKS IN THE CONTRACT WERE ASSIGNED TO THE TRUST.

THE COURT DOES NOT FIND ANY DIRECT OR COMPELLING EVIDENCE OF A PATTERN OF UNCLEAN HANDS BY ROCHELLE. THAT WOULD BAR THE RECEIPT AND CAUSE THE COURT TO STRIKE THE EVALUATIONS BY DR. SPAR AND DR. PLATZER.

BASED ON THAT EVIDENCE RELATING TO THE FIRST ISSUE WHETHER DONALD STERLING WAS PROPERLY DEEMED NO LONGER A CO-TRUSTEE PURSUANT TO THE TERMS OF THE TRUST, THE COURT FINDS THAT HAS BEEN SHOWN, AND THE COURT FINDS THAT ROCHELLE WAS ACTING AS A SOLE TRUSTEE WHEN SHE ENTERED THE BINDING TERM SHEET, BTS, ON MAY 29, 2014.

THE SECOND QUESTION THAT HAS BEEN POSED IS WHETHER OR NOT THIS COURT AND SHELLY HAS THE AUTHORITY TO PROCEED WITH THE 17200 PETITION AFTER A SETTLOR REVOKES THE TRUST.

OR ASKED IN ANOTHER WAY: DOES THE TRUSTEE RETAIN POWER TO PROCEED WITH THE 17200 PETITION ASKING THE COURT TO CONFIRM A CONDITION IN A CONTRACT HAS BEEN MET WHEN THE CONTRACT IS VALIDLY ENTERED INTO BY THE TRUSTEE BEFORE REVOCATION BY THE SETTLOR.

THERE'S BEEN MUCH ARGUMENT TODAY ABOUT ALL THE CASES THAT ARE LINED UP ON THIS ISSUE, AND I'LL HAVE TO SAY THAT ALTHOUGH I THINK THE LEGAL ARGUMENT IS MORE COMPELLING FROM SHELLY'S -- ROCHELLE'S POINT OF VIEW. IN CITING MYRICK AND BOTSFORD, THERE IS NO CASE LAW THAT IS DIRECTLY ON POINT TO ANSWER THIS QUESTION.

IN LIGHT OF THAT, THE COURT, AND WITHOUT ANY DIRECT AND -- WITHOUT ANY CASE THAT IS ON ALL POINTS AND ALL -- IS SIMILAR IN ALL RESPECTS TO OUR FACTS, THE COURT NEEDS TO GO TO THE LANGUAGE OF THE PROBATE CODE, AND THE COURT IS COMPELLED BY SECTION 15407(B) WHICH STATES:

> "ON TERMINATION OF THE TRUST, THE TRUSTEE CONTINUES TO HAVE THE POWER REASONABLY NECESSARY UNDER THE CIRCUMSTANCES, REASONABLY NECESSARY UNDER THE CIRCUMSTANCES TO WIND UP THE AFFAIRS OF THE TRUST."

AND THAT'S WHERE I'M GOING TO GROUND MY ARGUMENT THAT I BELIEVE THE COURT DOES RETAIN JURISDICTION TO HANDLE THIS 17200; THAT SECTION 15407(B) DOES NOT STATE THAT THE LANGUAGE ONLY APPLIES TO IRREVOCABLE TRUSTS AS HAS BEEN ARGUED BY DONALD STERLING LAWYERS. THEREFORE, I INTERPRET THAT THIS SECTION APPLIES TO BOTH REVOCABLE TRUSTS AND IRREVOCABLE TRUSTS.

THE COURT BELIEVES THAT THIS CODE SECTION PROVIDES THIS COURT WITH SIGNIFICANT LEEWAY TO DETERMINE WHEN AN ACTION IS REASONABLY NEGLIGENCE FOR A TRUSTEE IN WINDING DOWN THE AFFAIRS OF THE TRUST.

THIS 17200 IS, IN THIS COURT'S OPINION, REASONABLY NECESSARY UNDER THE CIRCUMSTANCES AS IT IS INTERPRETING A CONDITION IN A CONTRACT ENTERED INTO BY THE TRUSTEE BEFORE REVOCATION BY THE SETTLOR. AND THE ISSUE PRESENTED IS ESSENTIALLY HOW THE TRUSTEE IS TO DISTRIBUTE THE ASSETS OF THE TRUST. HERE THE TRUSTEE EITHER DISTRIBUTES IN CASH, IF THE SALE IS APPROVED, OR IN -- THE STOCK IS DISTRIBUTED IN KIND TO DONALD AND SHELLY.

IT PRESENTS SIGNIFICANT QUESTIONS REGARDING WHAT THE APPROPRIATE DISTRIBUTION IS WHICH ARE TRADITIONAL ACTS OF A TRUSTEE IN POST-REVOCATION ACTIONS.

IN THIS CASE, THE TRUSTEE ESSENTIALLY IS FACED WITH TWO OPTIONS: CONFIRM THE SALE TO BALLMER AND DISTRIBUTE THE MONEY IN CASH OR DISTRIBUTE THE SHARES TO DONALD AND SHELLY OUT OF THE TRUST WHICH ACT WILL THREATEN MAJOR LOSS TO THE TRUST AS THE NBA COULD SEIZE AND TERMINATE THE TEAM AS AN NBA FRANCHISE IF SHE UNDERTOOK THAT DISTRIBUTION BECAUSE THAT IS WHAT THE NBA CONTRACT AND RULES ARE.

FINALLY, AS TO THE ARGUMENT THAT ROCHELLE DID NOT HAVE AUTHORITY TO TRANSFER THE SHARES OF THE CORPORATION, THE BTS CLEARLY STATES THAT SHELLY WAS THE CHAIRMAN OF THE BOARD OF L.A. BASKETBALL CLUB, INC., ON MAY 29, 2014, THE DAY SHE ENTERED INTO THE CONTRACT AND BEFORE ANY TRANSFER

TO RICHARD PARSONS, WHICH I UNDERSTAND WAS DONE ON MAY 30. SO SHE CLEARLY HAD THE AUTHORITY TO ENGAGE IN THIS CONTRACT AND TRANSFER THE SHARES OF THE LAC BASKETBALL CLUB, INC., WHICH WERE -- WHICH WERE IN THE TRUST AT THAT TIME.

DONALD CONCEDES THAT AT THE TIME THE BTS WAS EXECUTED PRIOR TO HIS REVOCATION, 100 PERCENT OF THE STOCK IN LAC BASKETBALL CLUB, INC., WAS OWNED BY THE STERLING FAMILY TRUST. AND THAT'S IN DONALD'S BRIEF, PAGE 1, FOOTNOTE 1, THEREFORE UNDISPUTED THAT AS OF THE DATE SHE ENTERED INTO THE CONTRACT, THE TRUST OWNED 100 PERCENT OF LAC BASKETBALL, CLUB, INC., WHICH IN TURN OWNS THE CLIPPERS.

SO THE ANSWER TO NO. 2 IS I BELIEVE THAT THE COURT DOES HAVE THE AUTHORITY TO RULE ON THE 17200, AND I ALSO BELIEVE THAT IT'S APPROPRIATE FOR THE TRUSTEE TO BRING THIS MATTER TO THE COURT AND STILL HAVE THE POWERS OF THE TRUSTEE IN WINDING DOWN THE AFFAIRS TO HAVE THE COURT RESOLVE THIS ISSUE.

THE LAST ISSUE BEFORE THE COURT IS PROBABLY THE MOST DIFFICULT TO DECIDE, AND THAT IS WHETHER OR NOT THE COURT SHOULD PROVIDE 1310(B) PROTECTION UNDER THE FACTS OF THIS CASE.

AND AS HAS BEEN ARGUED BY COUNSEL, AN APPEAL ORDINARILY STAYS THE OPERATION AND EFFECT OR JUDGMENT ORDER. HOWEVER, THE COURT DOES HAVE THE CODE SECTION. IT IS PART OF THE PROBATE CODE. 1310(B) PROVIDES THIS COURT HAS DISCRETION TO DIRECT A TRUSTEE TO TAKE ACTIONS AS IF NO APPEAL WERE PENDING FOR THE PURPOSES OF PREVENTING INJURY

OR LOSS TO A PERSON OR PROPERTY IN AN ESTATE OR TRUST.

DONALD IN HIS WRITTEN -- HAD PROVIDE POINTS AND AUTHORITIES AND ARGUED THAT SECTION 1310(B) CAN ONLY BE APPLIED IN A LIMITED CLASS OF CASES WHERE THERE'S A SHOWING THAT A STAY OF APPEAL HAS A DIRECT EFFECT ON LIFE OR DEATH DECISIONS, AND THAT'S IN DONALD STERLING POST-TRIAL BRIEF PAGE 62, LINES 12 THROUGH 13.

I DON'T BELIEVE THAT'S THE LAW. AND AS CITED BY BOTH SIDES, THERE IS A CASE, IN RE THE CONSERVATORSHIP OF MC ELROY, 104 CAL.APP.4TH, AND IT WAS, IN FACT, CITED BY DONALD, WHERE A TRIAL COURT WAS UPHELD ON APPEAL AFTER APPLYING THE PROTECTIONS OF 1310(B) TO AVOID A POTENTIAL PECUNIARY LOSS TO A CONSERVATEE'S ESTATE. THE COURT OF APPEAL FOUND THAT THE TRIAL COURT DID NOT ABUSE ITS DISCRETION IN DETERMINING THAT IMMEDIATE ACTION WAS NECESSARY TO AVOID TAX LIABILITIES THE ESTATE WOULD UNNECESSARILY INCUR UPON THE DEATH OF THE CONSERVATEE BEFORE THE ACTION WAS TAKEN.

THE COURT OF APPEALS IN MC ELROY FOUND NO ABUSE OF DISCRETION WHERE THE APPLICATION OF 1310(B) SERVED ONLY TO PREVENT FINANCIAL HARM TO THE ESTATE OF THE CONSERVATEE AND NOT TO THE CONSERVATEE HIMSELF. IN FACT, EVEN TRIGGERING SUBSTANTIAL TAX LIABILITY TO THE ESTATE WOULD HAVE BEEN THE DEATH OF THE CONSERVATEE. ACCORDINGLY, 1310(B) CANNOT BE SAID TO APPLY ONLY IN CASES OF LIFE AND DEATH OR DEATH DECISIONS AS ARGUED BY DONALD STERLING.

IN ADDITION, THE COURT DOES NOT FIND THAT THE 1310(B) STATUTE IS EITHER UNCLEAR OR AMBIGUOUS AS ARGUED BY

MR. STERLING.

IN DECIDING THIS ISSUE, THE COURT NEEDS TO FIRST DISCUSS THE EVIDENCE THAT'S BEEN PRODUCED REGARDING VALUATION AND DAMAGES. THE COURT FOUND THAT RICHARD PARSONS, THE INTERIM CEO OF THE CLIPPERS, AND ANWAR ZAKKOUR, THE VALUATION EXPERTS FOR THE BANK OF AMERICA, WERE EXCEPTIONALLY QUALIFIED AND VERY COMPELLING AND PRODUCED VERY COMPELLING EVIDENCE OF THE VALUATION OF THE CLIPPERS AND ON DAMAGES TO THE CLIPPERS IF THE SALE DID NOT GO THROUGH, THE BALLMER SALE.

ON THE OTHER HAND, THE COURT FINDS THAT THE EXPERT TESTIMONY PRESENTED ON THE SAME ISSUES TO BE NOT CREDIBLE. IN THAT REGARD, THIS IS THE TESTIMONY OF DEAN BONHAM. THE COURT FOUND HIS TRAINING AND EXPERIENCE TOTALLY LACKING INCLUDING NO HIGH SCHOOL DIPLOMA, NO COLLEGE DEGREE, NO FORMAL TRAINING IN ACCOUNTING FOR VALUATION OF BUSINESSES. HE WAS UNABLE TO RECALL IF HE EVER TESTIFIED AS A VALUATION EXPERT IN A COURT BEFORE, AND HIS BLATANT MISREPRESENTATION OF HIS EXPERTISE WAS REMARKABLE TO THE COURT.

HE TESTIFIED ON DIRECT THAT HE WAS THE PRESIDENT OF THE DENVER NUGGETS IN 1990 WHEN IT WAS CLEAR ON CROSS-EXAMINATION THAT WAS AN INTENTIONAL MISREPRESENTATION WHERE AT WHICH TIME HE CONCEDED THAT HE WAS ONLY PRESIDENT OF MARKETING AND SALES FOR THE DENVER NUGGETS.

WHEN HE WAS ASKED WHAT FACTS HE RELIED ON IN FORMING HIS OPINION, HE SAID, "I CAN'T GIVE YOU A FACTUAL BASIS" AND THAT HE HAD NOT DONE ANY VALUATIONS FOR THE CLIPPERS. HE INDICATED HE WAS TESTIFYING JUST BASED ON HIS

EXPERIENCE.

SO MR. BONHAM'S TESTIMONY THE CLIPPERS WOULD FETCH TWO BILLION DOLLARS OR MORE AT AN NBA AUCTION, IN THE COURT'S OPINION, WAS TOTAL SPECULATION AND NOT GROUNDED IN ANY TRAINING OR EXPERTISE, AND THE COURT GIVES IT NO WEIGHT.

THE COURT FOUND CREDIBLE AND COMPELLING THE TESTIMONY OF MR. ZAKKOUR THAT THE AUCTION PROCESS UNDERTAKEN BY ROCHELLE IN OBTAINING THE TWO-BILLION-DOLLAR BALLMER OFFER WAS, AS HE DESCRIBED IT, THE PERFECT STORM AND IT PRODUCED HIGHER BIDS THAN ONE COULD EXPECT AT A TYPICAL OR MORE PROLONGED AUCTION IN PART BECAUSE OF TRANSPARENCY. HE TESTIFIED THAT THE BLIND, ONE-BID AUCTION WORKED TO PRODUCE THE HIGHEST BIDS POSSIBLE.

BASED ON THE EVIDENCE PRESENTED, THE COURT NEEDS TO DETERMINE WHETHER THAT EVIDENCE IS SUFFICIENT TO MAKE A FINDING UNDER 1310(B) AND DECIDE WHETHER IT IS LIKELY THAT WITHOUT -- IT THIS -- I'M SORRY -- IF THE APPEAL IS APPROVED AND MR. BALLMER'S SALE GOES FORWARD, THIS TRUST IS LIKELY TO SUFFER A MASSIVE LOSS IN VALUE, SUCH THE TYPE OF LOSS THAT WOULD SUPPORT THIS TYPE OF AN ORDER.

THE COURT FINDS THAT IF THE COURT DOES NOT PROTECT THE TWO-BILLION-DOLLAR OFFER WITH A 1310(B) FINDING, THREE THINGS ARE LIKELY TO OCCUR:

ONE, THE CREDIBLE EVIDENCE IS THAT BALLMER PAID AN AMAZING PRICE THAT CANNOT BE EXPLAINED BY A MARKET ANALYSIS AND WAS SO FAR IN EXCESS OF THE COMPREHENSIVE BANK OF AMERICA MARKET VALUATIONS, EXHIBIT 42 AND 43 THAT WERE DONE

BY MR. ZAKKOUR, THAT HE USED TERMS LIKE KNOCK-OUT, SLAM DUNK, HOME RUN, AND NIRVANA.

MR. ZAKKOUR TESTIFIED THAT ANYONE RECEIVING THIS PRICE WOULD BE EXCEEDINGLY ECSTATIC. HE TESTIFIED THAT THE MOST RECENT SALE OF AN NBA TEAM, THE MILWAUKEE BUCKS LAST YEAR, SOLD FOR FOUR TO FIVE TIMES REVENUES. THIS SALE IS 12 TIMES REVENUES. THAT IS THE HIGHEST REVENUE MULTIPLES EVER OFFERED FOR A SPORTS TEAM.

THIS STUNNING OFFER BY MR. BALLMER WAS PREMISED AND CONDITIONAL UPON CERTAINTY REGARDING OWNERSHIP AND LITIGATION THAT 1310(B) PROVIDES.

MR. ZAKKOUR PRODUCED CREDIBLE EVIDENCE THAT THE ONE-SHOT, BLIND BID AUCTION BY ROCHELLE CREATED THE HIGHEST BIDS POSSIBLE WHICH WILL NOT BE DUPLICATED IN ANY OF -- IN ANY OTHER ACTION GOING FORWARD SUCH AS THE NBA AUCTION. WE KNOW FROM THE EVIDENCE PRESENTED THAT THE NEXT BEST OFFER FOR THE CLIPPERS IS 1.6 BILLION. IF BALLMER'S OFFER FAILS BECAUSE THE COURT DOES NOT PROVIDE 1310(B) PROTECTION, THE TRUST WILL LOSE 400 MILLION DOLLARS IN VALUE. A MASSIVE AND IMMINENT LOSS OF VALUE SUPPORTS THE COURT EXERCISE ITS DISCRETION UNDER 1310(B).

BUT THEN YOU CAN SAY, OKAY, IF THE SALE DOESN'T GO FORWARD AND THE NEXT BEST OFFER WE CAN EXPECT FROM ANYONE IS 1.6 BILLION, WHAT ELSE DO WE HAVE LOOKING FORWARD? IF THE BALLMER DEAL DIES, THE NBA IS SCHEDULED TO VOTE TO TAKE THE TEAM FROM DONALD AND AUCTION IT OFF.

LET'S FIRST ASSUME THAT THREE QUARTERS OF THE OWNERS VOTE TO TAKE THE TEAM FROM DONALD AND SELL IT AT

AUCTION. WE KNOW FROM ZAKKOUR THE NBA AUCTION WILL NOT PRODUCE BIDS AS HIGH AS THE ROCHELLE AUCTION. MORE IMPORTANTLY, ANY BIDDER THAT THE NBA AUCTION WILL BE BUYING IT FROM, THE NBA IS A CURRENT DEFENDANT IN DONALD STERLING FEDERAL AND NOW STATE LAWSUITS SO THERE IS TREMENDOUS UNCERTAINTY ABOUT OWNERSHIP. ANY BIDDER IS FACED WITH A RISK THAT A COURT MIGHT, IN THE FUTURE, SET ASIDE THE NBA SALE AND RETURN OWNERSHIP BACK TO DONALD.

IN ADDITION, ANY BIDDER HAS THE UNCERTAINTY ABOUT WHETHER THEY WOULD BE EMBROILED IN DONALD'S LAWSUITS INVOLVING THE NBA AND THE COST ASSOCIATED WITH THAT.

MR. ZAKKOUR TESTIFIED THAT UNCERTAINTY IS THE ENEMY OF VALUE, AND HUGE OWNERSHIP LITIGATION, UNCERTAINTIES WOULD LOGICALLY CAUSE THE TEAM'S VALUE TO DROP SUBSTANTIALLY AT AUCTION BY THE NBA. A MASSIVE RISK TO THE VALUE OF THE CLIPPERS IS LIKELY.

GIVEN THE TESTIMONY OF PARSONS AND ZAKKOUR, THE RISK OF HARM IS NOT SPECULATIVE.

NO. 3, LET'S ASSUME THAT THE NBA HAS THEIR VOTE AND THE NBA OWNERS DO NOT -- THREE QUARTERS OF THEM DO NOT VOTE TO TAKE THE TEAM FROM DONALD AND DONALD REMAINS THE OWNER. MR. PARSONS, THE INTERIM CEO OF THE CLIPPERS, IS CREDIBLE IN SPELLING OUT WHAT IS LIKELY TO HAPPEN. THE TEAM WOULD EXPERIENCE A LOSS OF VALUE SPIRALED, AS HE DESCRIBES IT, A DEATH SPIRAL. HE TESTIFIED THAT THE NUMBER, FIVE OR SIX MAJOR SPONSORS, INCLUDING KIA, MANDALAY BAY, HAVE TOLD HIM IF DONALD'S IN, WE'RE OUT. HE TESTIFIED THAT THE WIDELY POPULAR FATHER FIGURE OF THE TEAM, COACH

DOC RIVERS, AND PLAYERS WOULD LIKELY DEFECT AND REFUSE TO PLAY FOR DONALD. RESULTING DEFECTIONS OF SPONSORS, COACH, PLAYERS WOULD AFFECT THE TICKET SALES, PROMOTIONS. THE VALUE OF THE TEAM WOULD BE THE VICTIM OF THIS SPIRAL. THE CLIPPERS WOULD SUFFER A MASSIVE LOSS OF VALUE IF IT SURVIVED AT ALL.

GIVEN THE TESTIMONY OF PARSONS AND ZAKKOUR, THE RISK OF HARM IS NOT SPECULATIVE.

SO UNDER ALL THESE SCENARIOS, THE CLIPPERS WOULD SUFFER A MASSIVE LOSS OF VALUE. THE COURT FINDS, BASED UPON ALL THE EVIDENCE AND ARGUMENTS PRESENTED, THE COURT CLEARLY HAS THE DISCRETION TO ORDER AND DOES ORDER THE PROTECTIONS OF 1310(B). THE COURT HEREBY INCORPORATES INTO THIS TENTATIVE RULING THE ARGUMENT OF ROCHELLE'S COUNSEL, PAGES 1 THROUGH 39 THROUGH LINE 15, PAGE 42 THROUGH 48 THROUGH LINE 8, AND ROCHELLE'S POST-TRIAL BRIEF FILED 7/24/2014.

A FEW ADDITIONAL COMMENTS, THE COURT DOES NOT FIND ROCHELLE'S ESTOPPEL ARGUMENT COMPELLING. ROCHELLE DID NOT CHANGE HER CONDUCT TO HER DETRIMENT IN ENTERING INTO THE CONTRACT WITH BALLMER AS URGED -- AS AGREED TO BY DONALD. THERE'S JUST NO DETRIMENTAL RELIANCE ON THAT.

ADDITIONALLY, THE COURT DOES NOT BASE ITS 1310(B) FINDING ON BANK LOANS BEING CALLED DUE TO THE FACT THAT THERE'S INSUFFICIENT EVIDENCE, UNLIKE THE TESTIMONY OF PARSONS AND ZAKKOUR THAT THERE IS A LIKELY SUBSTANTIAL AND MASSIVE HARM OF VALUE TO THE TEAM. BASED ON THAT, MOSTLY IN PART BECAUSE THERE IS NO ACTION CURRENTLY BEING TAKEN BY

THE BANK TO CALL THOSE LOANS.

THE COURT IS ORDERING ROCHELLE STERLING TO PREPARE THE PROPOSED STATEMENT OF DECISION CONSISTENT WITH THE COURT'S TENTATIVE AND THE PORTIONS OF THE POST-TRIAL BRIEF AS NOTED, AND SERVE AND FILE IT NO LATER THAN TOMORROW AT 4:00 O'CLOCK.

MR. O'DONNELL: THANK YOU VERY MUCH, YOUR HONOR.

MR. RUTTENBERG: THANK YOU, YOUR HONOR.

(AT 2:45 P.M. THE PROCEEDINGS WERE CONCLUDED.)

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