

1 JOHNSON LAW FIRM
A Professional Corporation
2 FRANK J. JOHNSON, Cal. Bar No. 174882
BRETT M. WEAVER, Cal. Bar No. 204715
3 402 W. Broadway, 27th Floor
San Diego, California 92101
4 Telephone: 619-230-0063
Facsimile: 619-230-1839
5

FILED TS
06 AUG 28 PM 2:57
CLERK
U.S. BANKRUPTCY CT
SO. DIST. OF CALIF.

6 Attorneys for Party in Interest Wade Y. Sato
7

8 UNITED STATES BANKRUPTCY COURT
9 SOUTHERN DISTRICT OF CALIFORNIA

10 In re:

Case No. SD 06-00510 LA11

11 SERACARE LIFE SCIENCES, INC. a
12 California Corporation (d/b/a Therasource
International; f/k/a The Western States
13 Group, Inc.; d/b/a Biomedical Resources, a
division of SeraCare Life Sciences, Inc.;
14 d/b/a Genomics Collaborative, a division
of SeraCare Life Sciences, Inc.; f/k/a
15 Southwest Biological Services Western
States Plasma Co., Inc.; d/b/a Boston
16 Biomedica, Inc.; d/b/a SeraCare
Bioservices; and d/b/a SeraCare
17 Diagnostics).

Chapter 11

**OBJECTION OF DERIVATIVE
PLAINTIFF WADE SATO TO
DEBTOR'S MOTION FOR
APPROVAL OF BREAK-UP FEE AND
LENDER REIMBURSEMENT**

Date: August 31, 2006
Time: 3:00 p.m.
Dept.: 2
Judge: Hon. Luise DeCarl Adler

18 Debtor and Debtor-in-Possession
19
20
21

22 Party in interest Wade Sato hereby objects to the motion submitted by SeraCare
23 Life Sciences, Inc. ("SeraCare") for an order approving certain terms of SeraCare's
24 proposed secured financing.

25 On February 8, 2006, Sato filed a derivative action against certain non-debtor
26 officers and directors of SeraCare seeking to hold them accountable for various breaches
27 of their fiduciary duties. To the extent any financing plan for SeraCare involves a release
28

1 of pending derivative claims against its non-debtor defendant officers and directors, party
2 in interest Sato objects to that extent.

3 The release of derivative claims against the non-debtor defendants does not appear
4 in the term sheet submitted by SeraCare in support of its motions, but it appears that such
5 releases may have been discussed. *See, e.g.*, reply brief in support of the motion by the Ad
6 Hoc Committee of Equityholders to Lift-Stay, etc. at Ex. D, p. 3 ("a key part of the
7 restructuring is removing the direct and indirect distraction of the securities-fraud and
8 derivative litigation"); *id.* at Ex. H, p. 2 (draft joint term sheet submitted by the committee
9 proposing that "[d]erivative claims shall revert in the Debtor, but the Debtor shall dismiss
10 with prejudice all officers and directors with the exception of" non-debtor defendants
11 Plost, Crowley, Hooson and Burdick).

12 By lodging this objection, Sato does not intend to interfere with SeraCare's
13 reorganization, but merely wishes to ensure that any refinancing plan does not deplete a
14 potential asset of the estate. The preservation and protection of SeraCare's derivative
15 claims is in the best interest of its bankruptcy estate, its creditors and shareholders.
16 Because any release of such claims would prejudice those interests, Sato objects to any
17 plan that contemplates such releases.

18 DATED: August 28, 2006

19 JOHNSON LAW FIRM APC

20
21 By



22 FRANK J. JOHNSON
23 BRETT M. WEAVER

24 Attorneys for Party In Interest Wade Y. Sato

Johnson Law Firm APC
402 W. Broadway, 27th Floor
San Diego, CA 92101
619-230-0063

FILED TS
06 AUG 28 PM 2:57
CLERK
U.S. BANKRUPTCY CT
SO. DIST. OF CALIF.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF CALIFORNIA
325 West "F" Street, San Diego, California 92101-6991

In Re

SERACARE

Debtor.

BANKRUPTCY NO. SD 06-00510 LA11

Plaintiff(s)

ADVERSARY NO.

v.

Defendants (s)

PROOF OF SERVICE

I, Sherry Martin, certify that I am, and at all times during the service of process was, not less than 18 years of age and not a party to the matter concerning which service of process was made. I further certify that I served a copy of the following documents [describe each document served]:

OBJECTION OF DERIVATIVE PLALINTIFF WADE SATO TO DEBTOR'S MOTION FOR APPROVAL OF BREAK-UP FEE AND LENDER REIMBURSEMENT

on August 28, 2006 by:
[date]

Mail Service - Regular, first class United States mail, postage fully pre-paid, addressed to:

See Attached List

Personal Service - By leaving the documents with the following named person(s) or an officer or agent of the person(s) at:

Residence Service - By leaving the documents with the following adult at:

Under penalty of perjury, I declare that the foregoing is true and correct.

August 28, 2006

[Date]


[Signature]

Print Name	Sherry Martin
Business Address	402 W. Broadway, 27th Floor
City, State, ZIP	San Diego, CA 92101

06-00510-LA11 SeraCare Life Sciences, Inc.

Case type: bk **Chapter:** 11 **Asset:** Yes **Vol:** v **Judge:** Louise DeCarl Adler

Service List

Martin R. Barash

Klee, Tuchin, Bogdanoff & Stern LLP
2121 Avenue of the Stars 23rd Fl.
Los Angeles, CA 90067-1698
(310) 407-4005
(310) 407-9090 (fax)

Sara L. Chenetz

DLA Piper Rudnick Gray Cary US
LLP
1999 Avenue of the Stars, 4th Floor
Los Angeles, CA 90067 310-595-3122

Paul J. Couchot

Garrick A. Hollander

Peter W. Lianides

Sean A. O'Keefe

Winthrop Couchot, PC
660 Newport Center Dr, Suite 400
Newport Beach, CA 92660
(949) 720-4100
(949) 720-4111 (fax)

Donald H. Cram, III

Severson & Werson
One Embarcadero Center, Suite 2600
San Francisco, CA 94111
(415) 677-5536

K. Todd Curry

Nugent, Weinman, et al., APC
1010 Second Ave., Suite 2200
San Diego, CA 92101
619-236-1323
(619) 238-0465 (fax)

Mary Testerman Duvoisin

Office of the US Trustee
402 West Broadway, Suite 600
San Diego, CA 92101
(619) 557-5013

Jeffrey K. Garfinkle

Buchalter Nemer, A Professional
Corp.
18400 Von Karman Ave, Suite 800
Irvine, CA 92612
949-760-1121
949-224-6474 (fax)

Matthew Gold

Argo Partners
12 West 37th Street, 9th Floor
New York, NY 10018
(212) 643-5444
(212) 643-6401 (fax)

Henry C. Kevane

Maxim Litvak
Pachuiski Stang Ziehl Young Jones
Weintr
150 California Street, 15th Floor
San Francisco, CA 94111
415-263-7000

Brian Metcalf

O'Melveny & Myers LLP
400 South Hope Street
Los Angeles, CA 90071-2899
213-430-6493

Jeffrey M. Reisner

Irell & Manella LLP
840 Newport Center Drive, Suite 400
Newport Beach, CA 92660
(949) 760-0991

Mark Shinderman

Munger, Tolles, & Olson
355 So. Grand Ave., Ste. 3500
Los Angeles, CA 90071
213-683-9201

Laura S. Taylor

Sheppard, Mullin, Richter &
Hampton 501 West Broadway,
Suite 1900
San Diego, CA 92101

Victor A. Vilaplana

Seltzer Caplan McMahon Vitek
A Law Corporation
750 B. Street, Suite 2100
San Diego, CA 92101
(619) 685-3003

Gilbert B. Weisman

Becket & Lee LLP
16 General Warren Blvd
PO Box 3001
Malvern, PA 19335
(610) 644-7800