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5 Receiver

6
7 UNITED STATES DISTRICT COURT
8 CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION
9

10 SECURITIES AND EXCHANGE)
11 COMMISSION)
12 Plaintiff,)
13 vs.)
14 SUN EMPIRE, LLC, ECAM, LLC a/k/a)
EMPIRE CAPITAL ASSET)
15 MANAGEMENT, DELILAH A)
PROCTOR, SHAUNTEL A. MCCOY,)
16 SUN INVESTMENT SAVINGS AND)
LOAN, SUN GROUP, BICH QUYEN)
17 NGUYEN, and JOHNNY E. JOHNSON,)
18 Defendants.)
19 SUN COMMERCE AND INVESTMENT,)
INFINITY INVESTMENT CLUB, LLC,)
20 SUNLAND INVESTMENT CLUB, LLC,)
RECOMMENDED SERVICES, INC. and)
21 TYCOON CLUB INTERNATIONAL,)
LLC,)
22 Relief Defendants.)

Case No.: SACV09-399 DOC (RNBx)

ASSIGNED JUDGE:
HON. DAVID O. CARTER

NOTICE OF MOTION AND
MOTION FOR ORDER:

- (1) APPROVING AND
AWARDING RECEIVERSHIP
FEES AND EXPENSES UNDER
SUBMISSION; AND
- (2) APPROVING AND
AWARDING RECEIVERSHIP
FEES AND EXPENSES
INCURRED IN CONNECTION
WITH CLAIMS PROCEDURE
AND DISTRIBUTION TO
CLAIMANTS;

MEMORANDUM OF POINTS AND
AUTHORITIES AND
DECLARATION OF RICHARD
WEISSMAN IN SUPPORT THEREOF

[FILED CONCURRENTLY WITH
NOTICE OF MOTION AND MOTION
FOR ORDER APPROVING
RECEIVER'S FOURTH REPORT AND
THIRD ACCOUNT]

DATE: December 17, 2012
TIME: 8:30 a.m.
COURTROOM: 9 D

1 **TO: THE HONORABLE DAVID O. CARTER, JUDGE, UNITED STATES DISTRICT**
2 **COURT, INTERESTED PARTIES AND COUNSEL OF RECORD:**

3 **NOTICE IS HEREBY GIVEN** that on December 17, 2012, at 8:30 a.m., in
4 Courtroom 9-D, of the above-entitled Court, located at 411 West Fourth Street, Santa Ana,
5 California, 92701, the Receiver herein, Richard Weissman (“Receiver”), will move the Court
6 for an Order: (1) Approving and Awarding Receivership Fees and Expenses under
7 Submission; and (2) Approving and Awarding Receivership Fees and Expenses Incurred in
8 Connection with Claims Procedure and Distribution to Claimants.

9 This Motion is made on the grounds:

10 1. On or about June 30, 2011, the Receiver filed his Third Interim Report and
11 Second Account (“Third Report”) (Document Nos. (“Doc. No.”) 344 and 345) and Receiver’s
12 Notice of Motion and Motion for Order: (1) Approving and Awarding Interim Receivership
13 Fees and Expenses and (2) Approving and Awarding Forensic Accounting Fees and
14 Expenses; Memorandum of Points and Authorities and Declarations of Richard Weissman
15 and Dominic LoBuglio in Support Thereof (“June 30, 2011 Fee Motion”) (Doc. No. 343). At
16 a hearing on August 11, 2011 the Court took the Third Report and, by Second Amended
17 Minute Order issued on August 17, 2011 (Doc. No. 357), the Court took the Third Report and
18 the June 30, 2011 Fee Motion under submission. By this Motion, the Receiver is respectfully
19 requesting that the Court issue an Order approving and awarding the fees and expenses
20 requested in the June 30, 2011 Fee Motion.


21 2. Concurrently with this Motion, the Receiver is filing (a) Receiver’s Fourth
22 Report and Third Account (“Fourth Report”), in which the Receiver reports and accounts for
23 his activities in designing and implementing the claims procedure and distribution of funds to
24 victims of the Defendants’ fraudulent investment activities; and (b) a renewed Motion for
25 Order Approving and Awarding Fees and Expenses incurred by Receiver’s forensic
26 accountants, LoBuglio & Sigman (“L&S”), which had originally been a part of the June 30,
27 2011 Fee Motion, and was also taken under submission under the August 17, 2011 Order
28 (Doc. No. 357.)

1 3. By this Motion, the Receiver is also seeking an Order Approving Fees and
2 Expenses incurred by the Receiver during the reporting period of the Fourth Report, from
3 April 1, 2011 through September 30, 2012 ("Fourth Reporting Period"), which includes the
4 fees and expenses incurred in the design and implementation of an expedited Distribution
5 Plan that resulted in the distribution of the sum of \$3 Million to approved claimants on
6 December 23, 2011, and incurred in performing the other duties described in the Fourth
7 Report.

8 This Motion is based on this Notice of Motion and Motion; the Memorandum of Points
9 and Authorities filed herewith, the attached declaration of Richard Weissman and the Exhibits
10 filed herewith and made a part hereof; the Receiver's Third Report filed herein on June 30,
11 2011 (Doc. Nos. 344 and 345) and the Receiver's Fourth Report and Third Account, filed
12 concurrently herewith and the exhibits referred to therein; upon the Preliminary Injunctions
13 and Orders Appointing Receiver issued by the Court on, respectively, April 30, 2009 and May
14 26, 2009; and upon such additional orders, pleadings and oral and documentary evidence as
15 may be considered in connection with the hearing and determination of this Motion, and the
16 Fourth Report filed concurrently herewith.

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18 DATED: November 15, 2012

Respectfully submitted,

19
20 By: 
21 Richard Weissman
22 Receiver for Sun Empire, LLC, Sun
23 Commerce and Investment, Sun Group, Sun
24 Investment Savings and Loan, ECAM, LLC,
25 et al.
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MEMORANDUM OF POINTS AND AUTHORITIES

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I. INTRODUCTION.

This action was brought by the Securities and Exchange Commission ("SEC") to enjoin and restrain Defendants Bich Quyen Nguyen ("Nguyen"), Johnny E. Johnson ("Johnson") and Delilah A. Proctor's ("Proctor") (collectively, "Defendants") violations of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a) and fraud, and to seek civil penalties and restitution for the victims of Defendants' fraudulent investment schemes.

The Receiver was appointed as permanent receiver under orders issued by the Court on April 30, 2009 and May 26, 2009, respectively ("Receivership Orders") (Doc. Nos. 11 and 52) and was ordered to take possession and control of the assets of certain entities, including, without limitation, Sun Empire, ECAM, LLC, Empire Capital Asset Management, Sun Investment Savings and Loan, Sun Commerce and Investment, Infinity Investment Club, LLC, Sunland Investment Club, LLC, Recommended Services, LLC, Tycoon International Investment Club, LLC, and their subsidiaries and affiliates ("Receivership Entities"). Under the Receivership Orders, the Receiver was authorized and directed to account for investors' funds and to recover assets for the benefit of the Receivership.

This Memorandum of Law is filed in support of Receiver's Motion ("Fee Motion") for Order approving and awarding the fees and expenses of the Receiver.

II. AN ORDER APPROVING AND AWARDING FEES AT THIS TIME IS NECESSARY AND PROPER.

A receiver, the attorney for the receiver, and such other persons appointed by the Court or employed by the receiver to aid the receivership, shall keep an itemized record of time spent and services rendered. Fed.R.Civ.Proc. 66, Local Rule 66-8.1, and shall serve and file with the Court a report showing receipts and expenditures of the Receivership and a report of the actions and transactions performed by the Receiver. Fed.R.Civ. P. 66, L.R. 66-8.1 and 66-6.1.

1 Notice of hearing on all reports by the receiver and all applications for fees must be
2 given to all parties and creditors of the receivership entities. F.R.Civ.P. 66, L.R. 66-8.1 and
3 66-6.7.

4 **A. Fees Requested in the June 30, 2011 Fee Motion.**

5 The Receiver's Third Report (Doc. Nos. 344 and 345), which was signed under penalty
6 of perjury, describes the activities undertaken and services provided by the Receiver and his
7 staff during the period of February 1, 2010 through March 31, 2011 ("Third Reporting
8 Period"). The June 30, 2011 Fee Motion (Doc. No. 343), which was supported by the
9 declaration of Richard Weissman, included detailed time and billing statements for the
10 Receiver and his staff, showing time expended by the Receiver and his staff, and describing
11 the services performed and time expended for such services. Those services were also
12 described in the Third Report. Based upon the Exhibits and evidence submitted in support of
13 the Third Report and the June 30, 2011 Fee Motion, the Receiver requested that the Court
14 issue an Order approving and awarding interim Receivership Fees in the sum of \$342,508 for
15 services performed by the Receiver and his staff during the period of February 1, 2010
16 through March 31, 2011. (See, June 30, 2011 Fee Motion, Doc. No. 343.)¹ By this Motion,
17 the Receiver proposes an adjustment of his fees requested under the June 30, 2011 Fee
18 Motion, from \$342,508 to \$250,000, which is a 27% adjustment. The Receiver requests the
19 Court to approve and award the fees petitioned under the June 30, 2011 Fee Motion, as
20 adjusted, to \$250,000.00, plus costs of \$5,761, for a total of \$255,761 for the Third Reporting
21 Period.

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25 The June 30, 2011 Fee Motion also sought an Order approving and awarding fees incurred by
26 Receiver's forensic accountants, LoBuglio & Sigman ("L&S") for services rendered by L&S during
27 the period of January 1, 2010 through March 31, 2011, in the sum of \$138,025.06. This portion of
28 the June 30, 2011 Fee Motion is the subject of a renewed and separate Motion for Order Approving
and Awarding L&S's fees and expenses as reported in the June 30, 2011 Fee Motion, filed
concurrently herewith by the Receiver, at the request of L&S.

1 **B. Receiver's Fees Incurred in Design and Implementation of**
2 **Claims Procedure and Distribution Plan.**

3 In addition, the Receiver is requesting the Court to issue an Order approving fees and
4 expenses incurred during the period of April 1, 2011 through September 30, 2012 ("Fourth
5 Reporting Period") by the Receiver in performing those tasks described in the Fourth Report,
6 filed concurrently herewith, including most particularly the costs and fees incurred by the
7 Receiver in the expedited development and implementation of a Distribution Plan and the
8 distribution of \$3 Million to the Approved Claimants during the Fourth Reporting Period.
9 This Distribution Plan was initiated following the Court hearings on August 1 and August 11,
10 2011, and Receiver's drafting of a "Claims Package" and a proposed Distribution Plan,
11 providing for the immediate implementation of a claims procedure, the mailing and posting on
12 internet websites of the Claims Packages, the review of more than 300 Proofs of Claim and
13 related documents; verification of amounts claimed against the forensic database created by
14 the Receiver's forensic accountants, preparation of claims status reports to the Court and
15 multiple communications with claimants. These activities are more fully detailed in the Fourth
16 Report and are described in the billing statements by the Receiver and his Staff submitted in
17 support of this Motion. The fees of the Receiver and his staff for this Fourth Reporting Period
18 aggregate to \$155,278. The Receiver proposes an adjustment to \$80,000, a 48.5% reduction,
19 for said services at this time.

20 The Receiver submits the fees and expenses sought in the June 30, 2011 Fee Motion,
21 as adjusted, and for the Fourth Reporting Period, are fair and reasonable, and they have been
22 of substantial benefit to the estate. Counsel for the SEC had reviewed the Receiver's billing
23 statements and filed a Non-Opposition to the June 30, 2011 Fee Motion (Doc. No. 350) in
24 2011. SEC Counsel has been informed of this Motion and the proposed fee adjustments.

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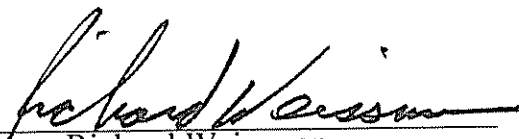
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1 **III. CONCLUSION.**

2 For all the foregoing reasons, this Court is respectfully requested to approve the June
3 30, 2011 Fee Motion, as adjusted, and this Fee Motion and to authorize the payments thereon
4 as prayed.

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6 DATED: November 15, 2012

Respectfully submitted,

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9 Richard Weissman
Receiver

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DECLARATION OF RICHARD WEISSMAN

I, Richard Weissman, declare:

1. I am the duly appointed and acting receiver over Sun Group, Sun Investment Savings and Loan, Sun Commerce and Investment (collectively, "SISL"), Sun Empire LLC, ECAM, LLC, and their affiliates and subsidiaries, including, without limitation, D'Quadrant Strategies, LLC, Empire Capital Holdings, LLC, Empire Club, Inc., Tycoon Club International, LLC, Infinity Investment Club, LLC, and Sun Celebrity, LLC ("Celebrity") (collectively, the "Receivership Entities"). I was appointed under the Temporary Restraining Orders and Ex Parte Orders Appointing Receiver issued, respectively, on April 2, 2009 and May 13, 2009, and the Preliminary Injunctions and Orders Appointing Receiver dated, respectively, April 30, 2009 and May 26, 2009 (collectively, "Receivership Orders") (Document Nos. ("Doc. No.") 11 and 52). In my capacity as receiver, I have obtained personal and first-hand knowledge of the facts stated below, except as to those facts of which I am informed by others, and as to those facts I believe them to be true and correct.

2. I am an attorney licensed to practice law before all the Courts of the State of California, and the United States District Court, Central District of California, and several other Districts. I have a Bachelor of Arts Degree from UCLA, and a Juris Doctor from Loyola School of Law, Los Angeles (1972). I have served the Courts as a Receiver, provisional director and partition referee for 34 years. My professional practice, since 1985, has been exclusively serving in said capacities in complex Civil, Family Law, Probate and State and Federal regulatory litigation involving myriad kinds of businesses and personal and real property, and regulatory enforcement of multi-state and multi-victim securities and real estate pyramid fraud and Ponzi schemes in both the California Superior Courts and United States District Courts. I have served in these capacities in more than 500 cases. Prior to 1985, my areas of practice included real estate and business litigation and complex transactional negotiations and documentation. I am a Board Member of the state-wide California Receiver's Forum, and Past President of its Los Angeles/Orange County Chapter.

1 3. Funds in my custody and control as Receiver in this action, from all sources,
2 aggregated to \$4,144,856.58. Of that amount, I had recovered and marshaled approximately
3 \$3,205,033 from the Defendants and third parties, including the FDIC, as successor to
4 Community Bank of Nevada (“CBN”). In addition, I collected approximately \$888,016 in
5 additional funds pursuant to “turnover” orders in 2011, which funds had been held in frozen
6 accounts following the TRO and Freeze Order, which were owned or controlled by
7 Receivership Entities, their subsidiaries or affiliates and third parties. When the banks failed
8 to turn these funds over to me as Receiver, notwithstanding my demands for turnover, I
9 sought and obtained additional orders from this Court compelling turn over of these funds
10 from the banks. Revenue recovered for the benefit of the Receivership, plus interest earned on
11 receivership deposits, are summarized as follow:

12 Receiver Marshaled Funds:

13	Bich Nguyen	\$1,099,922	
14	R. White/Recommended Services	1,103,840	
15	FDIC	988,389	
16	Shambala Land-US Bank	6,972	
17	Misc. Accounts	5,910	
18	Subtotal Receiver Recovered Funds		\$3,205,033
19	Frozen Funds Recovered per Order:		\$ 888,016
20	Interest Received:		51,807
21	TOTAL REVENUE:		<u>\$4,144,856</u>

22 4. This Declaration is submitted in support of my Application for Orders
23 approving fees and expenses incurred during the Third Reporting Period and Fourth Reporting
24 Period, respectively, as follows:

25 A. RENEWAL OF REQUEST FOR ORDER APPROVING FEES AND
26 EXPENSES SOUGHT IN JUNE 30, 2011 FEE MOTION.

27 5. On June 30, 2011, I filed the June 30, 2011 Fee Motion (Doc. No. 343), in
28 which I as Receiver applied to the Court for approval and an award of \$342,508.50 for

1 Receiver's fees and expenses of \$5,761.10, totaling \$348,269.60, incurred during the Third
2 Reporting Period. The June 30, 2011 Fee Motion was supported by a declaration of Richard
3 Weissman and the Exhibits 1 through 6 thereto to Receiver's Motion for Orders: (1)
4 Approving and Awarding Interim Receivership Fees and Expenses and (2) Approving and
5 Awarding Forensic Accounting Fees and Expenses (Doc. No. 343) ("Exhibits to the June 30,
6 2011 Fee Motion"), which included detailed billing statements ("Billing Statements") for the
7 Receiver and his Staff. A true and correct copy of the June 30, 2011 Fee Motion (without
8 Exhibits thereto) is filed herewith, marked as Exhibit 1, and is made a part hereof. In the
9 interests of judicial economy, the voluminous Exhibits to the June 30, 2011 Fee Motion (filed
10 as Attachments 1 through 7 to the June 30, 2011 Fee Motion (Doc. No. 343) are not appended
11 hereto as Exhibits. References to the Exhibits to the June 30, 2011 Fee Motion hereinbelow
12 shall refer to the designated Attachments filed with the June 30, 2011 Motion (Doc. No. 343).
13 Following the hearing on August 1, 2011, the Court took the June 30, 2011 Fee Motion under
14 submission pursuant to a Minute Order issued on August 17, 2011. (Doc. No. 357.)

15 6. I administered the Receivership Estate directly and through paralegals and in-
16 house accounting staff ("Staff"), who are my employees. My staff are experienced in
17 Receivership "takeovers," business administration, crisis management, business fraud audit
18 processes and cash accounting reporting. My staff rendered the services described in the fee
19 statements under my direct supervision. Receiver and Staff fees and expenses were incurred
20 in the course of marshaling assets, investigating potential claims of the Receivership against
21 participants and third parties and pursuing recovery of investors' funds from various
22 transferees; analyzing account and other records of the Receivership Entities and pursuing and
23 analyzing records and data relating to the Receivership Entities, Relief Defendants, affiliated
24 PICs and individual investors, to determine the nature and scope of their inter-relationships in
25 light of the allegations of the Complaint herein, as amended, and the payment of funds to such
26 individuals. My staff and I also assisted the SEC in ascertaining facts that supported its
27 Motions for Summary Judgment that the Defendants were engaged in fraudulent securities
28 schemes resulting in substantial losses by investors.

1 7. My professional services have been charged at the reasonable professional rate
2 of \$250.00 per hour, which has been substantially reduced for this regulatory action from my
3 customary \$395 to \$425 per hour fee charged for Receiverships. I have prepared all pleadings,
4 declarations and other legally grounded documents relating to the Third Report, and other
5 documents filed with the Court relating thereto.

6 8. The Court indicated at a hearing on August 1, 2011, regarding the June 30, 2011
7 Fee Motion, its concern that the costs of administration appeared to be getting too high. The
8 Court had previously approved interim Receiver's fees and costs for the Second Reporting
9 Period, in an amount of \$328,577.59, or 7.9% of the value of the recovered cash. The June
10 30, 2011 Fee Motion, seeking \$342,508 in additional fees, constituted 8.26% of assets. The
11 Receiver's fees requested through the Third Reporting Period aggregated to \$671,086, or
12 16.2% of the value of the estate.

13 9. To address the Court's concerns regarding the Receiver's fees at the August 1,
14 2011 hearing (excluding the fees of the forensic accountant), I propose an adjustment to the
15 June 30, 2011 Fee Motion by reducing the requested fees of the Receiver and his Staff from
16 \$342,508 to \$250,000, which is an adjustment of \$92,508 or 27% of the earlier requested fees
17 for the Third Reporting Period (Third Report).

18 10. The Court further indicated during the August 1, 2011 hearing that it would not
19 render a decision on the foregoing fee Motion until the Court, the SEC and Receiver promptly
20 addressed a distribution plan.

21 11. The Receiver's fees and expenses sought in the June 30, 2011 Fee Motion and
22 the proposed adjustment thereto, are summarized as follows:

23	RECEIVER FEES:	\$126,250	
24	PARALEGAL STAFF FEES:	\$205,335	
25	STAFF ACCOUNTING FEES:	\$ 10,923	
26	SUBTOTAL FEES:		\$342,508
27	LESS: ADJUSTMENT		<u><92,508></u>
28	<u>SUBTOTAL, AS ADJUSTED:</u>		<u>\$250,000</u>

1 ADMINISTRATIVE EXPENSES: \$ 5,761
2 TOTAL PETITIONED FEES AND EXPENSES
2/01/10-03/31/2011(as adjusted): \$255,761
3

4 The foregoing fees of the Receiver and his Staff are 6.0% of the recovered assets herein. If
5 approved, the aggregate of the two interim petitions for fees through the Third Reporting
6 Period would constitute 13.9% of the gross estate.

7 12. A payment of \$80,000 was made on account of the fees petitioned under the
8 June 30, 2011 Fee Motion. Credit for said payment to the adjusted fee Petition would leave a
9 balance payable of \$175,761. Said payment on account is reflected in the Receiver's
10 accountings in both the Third and Fourth Reports.

11 13. The fee statements previously submitted in support of the June 30, 2011 Fee
12 Motion (See, Exhibits 2-4 to June 30, 2011 Fee Motion, Doc. No. 343, Attachment 1, p. 0002
13 through Attachment 6, p. 0306) described the activities and accounted for the time spent by
14 me as Receiver, my accounting staff, paralegals and field staff in performing the tasks
15 described in the Billing Statements. The Billing Statements were contemporaneously
16 recorded with the work being performed. My staff and my respective hand-written or
17 computer recorded time records were converted to computer data and compiled into the
18 foregoing detailed computer Billing Statements which identify the services rendered by date, a
19 brief description thereof, the amount of time expended (in tenths of an hour) and the total time
20 expended and fees per item and total charged by month. The Billing Statements were prepared
21 on a continuous basis and constitute a permanent record of the Receiver's billings in this
22 matter, which are maintained at the Receiver's office as business records. Said records cover
23 the Third Reporting Period (February 1, 2010 through March 31, 2011). These fee statements
24 of the Receiver and his Staff are appended to the June 30, 2011 Fee Motion (Doc. No. 343),
25 as follows:

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<u>EXHIBIT NO.</u>	<u>TITLE</u>	<u>CITATION TO RECORD</u>
1 Exhibit 2	Receiver's Billing Statements for Third Reporting Period	Doc. No. 343, Attachment 1, p. 0002 through Attachment 2, p. 0106
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3		
4 Exhibit 3	Receiver's Staff Billing Statements for Third Reporting Period	Doc. No. 343, Attachment 2, p. 0107 through Attachment 4, p. 230
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6		
7		
8 Exhibit 4	Receiver's Paralegal Supervisor's Statements for Third Reporting Period	Doc No. 343, Attachment 4, p. 231 through Attachment 6, p. 0306
9		

10
11 The activities I undertook as Receiver and undertaken by my Staff were described in the
12 Declaration of Richard Weissman submitted in support of the June 30, 2011 Fee Motion (Doc.
13 No. 343) which is filed herewith as Exhibit 1.

14 14. By this Motion, I am respectfully requesting that the Court to issue a ruling on
15 the June 30, 2011 Fee Motion, approving and awarding the fees and expenses requested
16 therein in the sum of \$255,761, as described above.

17 **B. REQUEST FOR ORDER APPROVING FEES AND EXPENSES**
18 **INCURRED APRIL 1, 2011 THROUGH SEPTEMBER 30, 2012**
19 **("FOURTH REPORTING PERIOD")**

20 15. I am also seeking an Order approving and awarding Receiver's fees incurred in
21 connection with the performance of the duties and activities described in full in the Fourth
22 Report filed concurrently herewith and the duties undertaken during the period of April 1,
23 2011 through September 30, 2012 ("Fourth Reporting Period"), addressing primarily the
24 Claims Program and Distribution Plan. I have administered the Receivership Estate directly
25 and through paralegals and in-house accounting staff ("Staff"), who are my employees. My
26 Staff rendered services under my direct supervision and their fees were incurred in the course
27 of implementing an expedited claims procedure under the direction of the Court, including
28 drafting of documents, a Claims Bar Date Notice, and proof of claim form (the "Claims

1 Package”), giving notice of the claims process, and development of a Distribution Plan, filing
2 status reports, appearances at Court hearings and seeking Court approval of the proposed
3 claims process, researching investors’ addresses and mailing Claims Packages to all known
4 claimants pursuant to the Distribution Plan and further Court Orders; constant and continuing
5 communication with all investors to answer questions and provide assistance with completion
6 and submission of their Claims; reviewing all submitted claims and communicating with
7 claimants regarding deficiencies in Claims; analysis of supporting documents and verification
8 of the amounts of all actual investment claims and of early payments received by claimants
9 from Defendants as identified in the forensic database prepared under the Receiver’s
10 direction; preparation of reports to the Court concerning recommendations for *pro rata*
11 distribution, the approval and denial of claims and *pro rata* calculation of \$3 Million in
12 disbursements to approved claimants; preparing checks to the approved claimants, providing
13 notice of distribution and the actual distribution of checks on December 23, 2011 to dozens of
14 approved claimants who picked up their distribution checks in person at the Receiver’s
15 offices, and the mailing of the remaining distribution checks to approved claimants and
16 accounting oversight of the investors’ cashing of their distribution checks and preparation of
17 the Fourth Report (Third Account). The actions taken by the Receiver and his Staff in the
18 furtherance of these duties are described in more detail in the Fourth Report, filed
19 concurrently herewith, and in the detailed Billing Statements prepared by my staff and me.

20 16. Interim fees and expenses requested herein for services performed during the
21 Fourth Reporting Period are summarized and described hereinbelow. My professional services
22 as Receiver have been charged at the reasonable professional rate of \$250.00 per hour, which
23 has been substantially reduced for this regulatory action from \$395 to \$425 per hour normally
24 charged for Receiverships. I have prepared all pleadings, declarations and other legally
25 grounded documents relating to the Distribution Plan, Claims Status Reports and Fourth
26 Report, and other documents I filed with the Court.

27 17. The Receiver’s fees and expenses for the Fourth Reporting Period are
28 summarized as follows:

1	RECEIVER FEES:	\$ 66,950.00	
2	PARALEGAL STAFF FEES:	\$ 76,525.00	
3	STAFF ACCOUNTING FEES:	\$ 11,803.00	
4	TOTAL FEES (4/1/2011 through 9/30/12)		<u>\$155,278</u>

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6 18. The Receiver proposes a fee adjustment of the foregoing chargeable fees, from
7 \$155,278 to \$80,000 (as discussed hereinbelow), which is a reduction of \$75,278 or 51.5% of
8 the actual fees incurred for the Fourth Reporting Period, from April 1, 2011 through
9 September 30, 2012.

10 19. The descriptions of the services rendered by me as Receiver and by my Staff
11 were recorded contemporaneously with the work being performed. Our respective hand-
12 written or computer recorded time records were compiled into detailed computer Billing
13 Statements ("Billing Statements") which identify the services rendered by date, a brief
14 description thereof, the amount of time expended (in tenths of an hour) and the total time
15 expended and fees per item and total charged by month. The Billing Statements were prepared
16 on a continuous basis and constitute a permanent record of the Receiver's billings in this
17 matter, which are maintained at the Receiver's office as business records. Said records cover
18 the Fourth Reporting Period (April 1, 2011 through September 30, 2012), and are filed
19 herewith, marked respectively as follows:

- 20 Exhibit 2 Summary of Receiver's and Staff's Billing for Fourth Reporting
- 21 Period
- 22 Exhibit 3 Receiver's Billing Statements for Fourth Reporting Period; and
- 23 Exhibit 4 Receiver's Staff Billing Statements for Fourth Reporting Period.

24
25 20. The Receiver's Billing Statements allocate my services and time among several
26 general categories of services, which comport with the SEC's billing guidelines. These
27 categories are identified in each monthly statement and totaled. The fees and expenses of Staff
28 and the Receiver are separately presented hereinbelow.

1 **Receiver's Fees for the Fourth Reporting Period**

2 21. I have rendered services to the Receivership as reported in the Fourth Report
3 and herein above, in the marshaling assets of Receivership Entities, and in the development,
4 implementation and completion of an expedited Claims Process and Distribution Plan; in the
5 preparation of pleadings and other documents filed with the Court; and appearances at Court
6 hearings, as necessary. The development of the Claims Process and Distribution Plan through
7 completion of the actual distribution of \$3 Million was completed within five (5) months.

8 22. I expended 267.80 hours in the performance of such services during the Fourth
9 Reporting Period. In connection with the Fourth Report, I request approval of the
10 professional hourly rate of \$250.00 for such services and an interim approval of fees of
11 \$66,950. (The fees for travel to Court appearances and for other required travel have been
12 charged at one-half of the Receiver's hourly rate. The Receiver's services are fully itemized
13 under the Billing Statements filed herewith and marked as Exhibit 3, and made a part hereof).

14 **Receiver's Accounting Staff's Fees for the Fourth Reporting Period.**

15 23. The Accounting Staff are my employees and they prepared and monitored the
16 Receivership bank accounts, including preparation of checks for all disbursements, accounting
17 for all revenue coming into the Receiver's possession and control; opening and reconciling
18 the Receivership bank accounts; and preparing reports to the Receiver and reconciling the
19 data for all of the Receivership assets. The Accounting Staff also prepared monthly Income
20 and Expense Statement data and the reports which constitute my accounting as Receiver for
21 the Fourth Reporting Period. The Staff Billing Statements are filed herewith as Exhibit 4 and
22 set forth in detail the date, time spent, and the service performed.

23 24. My Accounting Staff have expended 148.30 hours in the performance of said
24 duties, at the reasonable professional rates ranging from \$40.00 per hour to \$85.00 per hour. I
25 request approval of \$11,803.00 for these accounting services rendered during the Reporting
26 Period.

27 **Paralegal Staff Fees for the Fourth Reporting Period.**

28 25. My receivership administrator, Sandra Stevens, who is an attorney, expended

1 91.60 hours in the performance of said services during the Reporting Period. Copies of her
2 Billing Statements, setting forth the date, amount of time and summary of services rendered
3 are filed herewith as a part of the Staff Billing statements that are marked as Exhibit 4, and
4 made a part hereof. Her services have been charged to the Receivership at the reasonable rate
5 of \$180.00 per hour, which is less than my law firm's attorney fee schedule. I request that the
6 Court approve the sum of \$16,488.00 for said services.

7 26. Paralegal Staff and my Claims Administrator, Mr. Dipo Fashakin, performed the
8 reported services under my direction and supervision and the direction and supervision of Ms.
9 Stevens. The hourly rates for these staff members range from \$150.00 to \$40.00, respectively.
10 The Receiver's Staff implemented and conducted the Claims Process and distribution of
11 funds, analysis of claims, verification of investments and early payments (ROI) to investors
12 from Defendants and innumerable communications with investors about their claims. These
13 Paralegal Staff charges are also set forth in the monthly Staff Billing Statements filed under
14 Exhibit 4, and summarized by the initials of the "timekeeper" rendering said services. No
15 "administrative" services, such as secretarial or office clerical customarily included within an
16 attorney's hourly billing rate, were charged to the estate. The Court is requested to approve
17 the sum of \$60,037 for said Paralegal Staff fees for the Reporting Period.

18 27. The aggregate amount of the Receiver's interim fees for the Fourth Reporting
19 Period is the sum of \$155,278. It is submitted that all of the reported services have materially
20 benefitted the Receivership and the investor victims herein.

21 28. The direct copying and mailing and other administrative costs paid in
22 connection with the Distribution Plan are set forth in the Accounting in the Fourth Report.

23 29. The total Receiver's fees to date, if all the requested fees are approved (as
24 adjusted), would be in the sum of \$664,338.69, or 15.5% of the gross estate (\$4,144,856). As
25 part of the foregoing sum, the Court has already approved interim fees of \$328,577.59 (7.9%),
26 which would result in a fee balance due of \$330,000 (7.6%) plus reimbursable costs of
27 \$5,761.10, totaling \$335,671.10, summarized as follows:

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1	First Petition for Fees:	\$328,577.59
2	June 30, 2011 Fee Motion (As adjusted)	250,000.00
3	Subtotal - Pending Interim Fees	\$578,577.59
4	Current Fee Petition (As adjusted (- 48.5%))	<u>\$ 80,000.00</u>
5	Subtotal (Petitioned Fees)	\$658,577.59
6	Costs (Reimbursable)	<u>\$ 5,761.10</u>
7	Total Petitioned Fees/Expenses	<u>\$664,338.69</u>
8	Less Approved Interim Fees (Second Report)	<\$328,577.59>
9	BALANCE OF FEES/COSTS PETITIONED	<u>\$335,761.10</u>

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11 30. The Receiver submits to the Court's discretion the issue of his unpaid fees and
12 expenses from the June 30, 2011 Fee Motion and the fees and expenses incurred in
13 developing and implementing the Claims Process and Distribution Plan. In determining the
14 fair and reasonable amount of fees to be awarded, the Court is requested to consider the
15 following:

- 16 A. The Receiver was fully or partially responsible for the recovery of more
17 than \$3 Million of the approximate \$4.14 Million in Receivership assets.
- 18 B. The aggregate requested fees and expenses of the Receiver (exclusive of
19 L&S's fees) is approximately 16% of the Receivership assets;
- 20 C. The Receiver successfully developed, implemented and completed a
21 Distribution Plan in approximately five months which resulted in a
22 distribution of more than 72% of aggregate Receivership assets to
23 approved victim investors.

24


25 31. The foregoing Motion, the Third Report and the Fourth Report provide the facts
26 in support of the Court's approval and award of the Receiver's aggregate interim fees and
27 expenses (as adjusted), in the sum of \$664,338.69 and an order authorizing the payment of the
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1 balance due, in the net sum of \$255,761.10, after credits for payments made (\$664,338.69 -
2 \$328,577.59 - \$80,000).

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I declare under penalty of perjury under the laws of the United States of
America that the foregoing is true and correct.

Executed on November 15, 2012, at Los Angeles, California.


Richard Weissman