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8 THOMAS A. SEAMAN

9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA
11 SOUTHERN DIVISION

12 SECURITIES AND EXCHANGE
COMMISSION,

13 Plaintiff,

14 v.

15 MEDICAL CAPITAL HOLDINGS,
16 INC.; MEDICAL CAPITAL
CORPORATION; MEDICAL
17 PROVIDER FUNDING
CORPORATION VI; SIDNEY M.
18 FIELD; and JOSEPH J.
LAMPARIELLO,

19 Defendants.
20

Case No. SA CV09-0818 DOC (RNBx)

TWENTIETH INTERIM FEE
APPLICATION OF ALLEN MATKINS
LECK GAMBLE MALLORY &
NATSIS LLP, COUNSEL TO THE
RECEIVER

Date: February 23, 2015
Time: 8:30 a.m.
Ctrm: 9D
Judge: Hon. David O. Carter

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1 Allen Matkins Leck Gamble Mallory & Natsis LLP ("Allen Matkins"),
2 general counsel for Thomas A. Seaman ("Receiver"), the court-appointed Permanent
3 Receiver for Medical Capital Holdings, Inc., Medical Capital Corporation, Medical
4 Provider Funding Corporation VI, and their subsidiaries and affiliates (collectively,
5 the "Receivership Entities"), submits this Twentieth Interim Application for
6 approval and payment of fees and reimbursement of expenses. This application
7 covers the period August 1, 2014 through October 31, 2014 ("Twentieth Interim
8 Period").

9 Allen Matkins seeks interim approval of \$60,987.00 in fees and \$7,944.12 in
10 expenses incurred during the Twentieth Interim Period. Allen Matkins asks that the
11 Receiver be authorized to pay 80% of the requested fees, or \$48,789.60, and 100%
12 of the requested expenses. In light of the Court's prior comments, Allen Matkins
13 has carefully reviewed its invoices with an eye toward providing the best possible
14 value to the receivership estate and has made significant adjustments to such
15 invoices.

16 The Securities and Exchange Commission ("SEC") has reviewed this
17 Twentieth Interim Fee Application, along with the Fee Application set for hearing
18 concurrently herewith filed by the Receiver. The SEC does not oppose these
19 applications.

20 **I. INTRODUCTION.**

21 On August 18, 2009, the Court entered the Preliminary Injunction and Order
22 Appointing a Permanent Receiver ("Appointment Order"), making the Receiver's
23 appointment permanent. Section VI of the Appointment Order empowers and
24 directs the Receiver to engage and employ attorneys to (1) assist in investigation and
25 discovery as may be necessary to locate and account for assets of or managed by the
26 Receivership Entities, and (2) investigate and, where appropriate, to institute,
27 pursue, and prosecute all claims and causes of action of whatever kind and nature as
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1 a result of the activities of the employees or agents of the Receivership Entities. The
2 Receiver immediately engaged Allen Matkins to serve as his general counsel.

3 With the assistance of Allen Matkins, the Receiver has worked diligently and
4 effectively during the Twentieth Interim Period to preserve and protect the
5 receivership estate, and maximize the value and recovery from the various
6 receivership assets.

7 The Receiver and his team have utilized numerous strategies to reduce the
8 amount of attorneys' fees incurred as the case proceeds, including the use of
9 additional junior attorneys and paralegals as appropriate. As anticipated in the prior
10 application, the fees and costs incurred by Allen Matkins during this Twentieth
11 Interim Period were far less (i.e reduced by over 85%) due to the resolution of the
12 Interstate Restoration matter, among other things.

13 By this Fee Application, Allen Matkins respectfully requests to be
14 compensated for the services provided during the Twentieth Interim Period.

15 **II. EXECUTIVE SUMMARY OF TASKS PERFORMED BY ALLEN**
16 **MATKINS DURING THE TWENTIETH INTERIM PERIOD.**

17 This case requires significant, complex legal work across a broad spectrum of
18 activities, including preserving assets, collecting debts, analyzing and pursuing
19 claims against third parties, negotiating and documenting complex transactions,
20 addressing environmental issues, and obtaining Court approval of various actions by
21 the Receiver. The following is an overview of Allen Matkins' work in significant
22 matters affecting the Receivership Estate during the Twentieth Interim Period.
23 Further detail is contained within this Fee Application, as well as in the Receiver's
24 monthly reports to the Court. Allen Matkins provided crucial and continuous hands-
25 on assistance to the Receiver on numerous legal matters, including:

- 26 • **Third Party Claims:** Allen Matkins provided extensive advice and
27 assistance to the Receiver on various actions and potential actions
28 during the Twentieth Interim Period. In the adversary proceeding

1 relating to the Mavusi's and Pyramid Technology, Allen Matkins
2 prepared an order denying the Mavusis' summary judgment motion,
3 and handled tasks relating to the use of experts, including
4 communication with opposing counsel. In the Receiver's action against
5 Valley Health Care, Allen Matkins handled various discovery tasks,
6 including review of materials in preparation for Dr. Kroop's deposition
7 and formulation of discovery strategy. Allen Matkins also performed
8 extensive research and analysis, and consulted with the Receiver,
9 concerning a potential indemnity claim against NuView entites arising
10 out of the Interstate litigation.

- 11 • **Lavipharm:** Allen Matkins assisted the Receiver in analyzing the
12 complex intellectual property collateral securing this substantial
13 defaulted loan to Lavipharm Laboratories, Inc. and Lavipharm
14 Corporation (collectively, "Lavipharm"), which has a current principal
15 balance owed of over \$24 million. The loan is secured by various
16 assets, including rights in certain patents for medical delivery systems.
17 During the Twentieth Interim Period, Allen Matkins performed
18 numerous tasks relating to the potential foreclosure of the interest in
19 Lavipharm, including preparation of the necessary notices. Allen
20 Matkins also engaged with a potential consultant concerning sales
21 opportunities and had preliminary discussions with counsel concerning
22 a potential new buyer.
- 23 • **Claims:** During the Twentieth Interim Period, Allen Matkins engaged
24 in various negotiations with claimant Dr. Gerstenfeld and his counsel
25 concerning a requested reassessment as to the unsecured nature of the
26 pertinent claim. Allen Matkins reviewed various agreements and other
27 documents concerning the underlying claims, consulted with the
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1 Receiver and drafted and reviewed correspondence with opposing
 2 counsel.

3 **III. FEE APPLICATION.**

4 With respect to its work performed during the Twentieth Interim Period,
 5 Allen Matkins requests approval of \$60,987.00 in fees and \$7,944.12 in expenses.
 6 For ease of review, Allen Matkins has categorized the time billed by its
 7 professionals as follows:

8 **A. Fees Requested (\$60,987.00)**

9 Allen Matkins seeks approval of \$60,987.00 in fees, which are categorized in
 10 the table below.¹ Detailed descriptions of each category of fees and a break-down
 11 of hours by professional are also included below.

CATEGORY	ALLEN MATKINS BILLING CODE	HOURS	FEES
Investigation / Reporting	298591-00004	8.7	\$4,461.00
Third Party Claims	298591-00008	23.0	\$12,122.00
Claims	298591-00009	25.3	\$13,532.00
Medical Provider Funding Corporation III.1 - Assets / Disposition	298591-00013	38.9	\$15,671.50
The Perfect Game	298591-00021	0.2	\$73.00
Parkway/Dr. Aquino	298591-00022	0.7	\$306.50
Plan & Distribution	298591-00024	2.7	\$1,407.00
Interstate Restoration	298591-00029	19.6	\$9,814.50
Miscellaneous (General Receivership/Investor Issues)	298591-00002	7.3	\$3,599.50
TOTAL HOURS / FEES		126.4	\$60,987.00

22 **I. Investigation / Reporting [298591-00004] (8.7 hours)**

23 This category contains time spent investigating, analyzing and providing legal
 24 advice as to the operations, transactions and assets of the Receivership Entities and
 25 recovering documents, records and other information regarding the business and
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27 ¹ In compliance with agreements reached with the Trustees, a separate billing
 28 number was established for each of the MP entities. Typically, far fewer billing
 categories would be used in such a receivership.

1 assets of the Receivership Entities. During the Twentieth Interim Period, Allen
 2 Matkins assisted the Receiver with respect to gathering information for and
 3 preparing three monthly reports to the Court.

4	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
5	David R. Zaro	Partner	\$560	1.1	\$616.00
6		Bankruptcy/Creditors' Rights			
7	Michael R. Farrell	Partner	\$535	6.3	\$3,370.50
8		Litigation			
9	Edward G. Fates	Associate	\$365	1.3	\$474.50
10		Bankruptcy/Creditors' Rights			
11	TOTAL HOURS & FEES²			8.7	\$4,461.00
12	TOTAL EXPENSES				\$141.35

12 **2. Third Party Claims [298591-00008] (23.0 hours)**

13 This category contains time spent analyzing and prosecuting claims on behalf
 14 of the receivership estate. Pending actions Allen Matkins assisted the Receiver with
 15 include the Receiver's claims against Pyramid Technologies, Inc. ("Pyramid") and
 16 Valley Health Care ("VHC"). Allen Matkins also assisted the Receiver with respect
 17 to a potential new claim.

18 In the adversary proceeding relating to the Mavusi's and Pyramid Technology,
 19 Allen Matkins prepared an order denying the Mavusis' summary judgment motion,
 20 and handled tasks relating to the use of experts, including communication with
 21 opposing counsel. In the Receiver's action against Valley Health Care, Allen
 22 Matkins handled various discovery tasks, including review of materials in
 23 preparation for Dr. Kroop's deposition and formulation of discovery strategy. Allen
 24 Matkins also performed extensive research and analysis, and consulted with the
 25 Receiver, concerning a potential indemnity claim against NuView entites arising out
 26 of the Interstate litigation.

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² See Farrell Decl., Exh. A, pp. 7-9.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	4.2	\$2,352.00
Michael R. Farrell	Partner Litigation	\$535	15.2	\$8,132.00
Francis N. Scollan	Partner Litigation	\$485	2.4	\$1,164.00
Andrea M. Schoor	Associate Bankruptcy/Creditors' Rights	\$395	1.2	\$474.00
TOTAL HOURS & FEES³			23.0	\$12,122.00
TOTAL EXPENSES				\$8.20

3. Claims [298591-00009] (25.3 hours)

During the Twentieth Interim Period, Allen Matkins assisted the Receiver working with claimants and/or their counsel to address issues relating to claims.

Allen Matkins engaged in various negotiations with claimant Dr. Gerstenfeld and his counsel concerning a requested reassessment as to the unsecured nature of the pertinent claim. Allen Matkins reviewed various agreements and other documents concerning the underlying claims, consulted with the Receiver and drafted and reviewed correspondence with opposing counsel.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	0.7	\$392.00
Michael R. Farrell	Partner Litigation	\$535	23.2	\$12,412.00
Loraine L. Pedowitz	Senior Counsel Bankruptcy/Creditors' Rights	\$520	1.4	\$728.00
TOTAL HOURS & FEES⁴			25.3	\$13,532.00
TOTAL EXPENSES				\$48.54

³ See Farrell Decl., Exh. A, pp. 11-14.
⁴ See Farrell Decl., Exh. A, pp. 15-18.

**4. Medical Provider Funding Corporation III.1 – Assets /
Disposition [298591-00013] (38.9 hours)**

This category contains time spent analyzing, investigating and preserving the assets of MPIII, Series 1. Allen Matkins assisted the Receiver in analyzing the complex intellectual property collateral securing this substantial defaulted loan to Lavipharm Laboratories, Inc. and Lavipharm Corporation (collectively, "Lavipharm"), which has a current principal balance owed of over \$24 million. The loan is secured by various assets, including rights in certain patents for medical delivery systems. During the Twentieth Interim Period, Allen Matkins performed numerous tasks relating to the potential foreclosure of the interest in Lavipharm, including preparation of the necessary notices. Allen Matkins also engaged with a potential consultant concerning sales opportunities and had preliminary discussions with counsel concerning a potential new buyer.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	6.0	\$3,360.00
Michael R. Farrell	Partner Litigation	\$535	2.7	\$1,444.50
Joshua Del Castillo	Senior Counsel Bankruptcy/Creditors' Rights/Litigation	\$355	22.9	\$8,129.50
Tim Hsu	Associate Litigation	\$375	7.3	\$2,737.50
TOTAL HOURS & FEES⁵			38.9	\$15,671.50
TOTAL EXPENSES				\$266.80

5. The Perfect Game [298591-00021] (0.2 hours)

The Perfect Game, LLC ("TPG") is a Nevada limited liability corporation whose primary asset is the rights to a film entitled *The Perfect Game*. The

⁵ See Farrell Decl., Exh. A, pp. 19-26.

1 Receivership Entities own a percentage of TPG and control a majority of the voting
2 shares of the entity.

3 During the Twentieth Interim Period, Allen Matkins advised the Receiver
4 with respect to payments due from Image Entertainment.

5	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
6	Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	0.2	\$73.00
7	TOTAL HOURS & FEES⁶			0.2	\$73.00
8	TOTAL EXPENSES				\$0.00

10 **6. Parkway/Dr. Aquino [298591-00022] (0.7 hours)**

11 During the Twentieth Interim Period, Allen Matkins analyzed recent
12 developments with respect to the Parkway foreclosure and consulted with New York
13 counsel re: same.

14	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
15	Michael R. Farrell	Partner Litigation	\$535	0.3	\$160.50
16	Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	0.4	\$146.00
17	TOTAL HOURS & FEES⁷			0.7	\$306.50
18	TOTAL EXPENSES				\$0.00

21 **7. Plan & Distribution [298591-00024] (2.7 hours)**

22 During the Twentieth Interim Period, Allen Matkins corresponded with
23 various investors concerning distribution issues and consulted with the Receiver
24 concerning distribution issues and strategy.

28 ⁶ See Farrell Decl., Exh. A, p. 27.
⁷ See Farrell Decl., Exh. A, p. 28.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	0.7	\$392.00
Michael R. Farrell	Partner Litigation	\$535	0.4	\$214.00
Loraine L. Pedowitz	Senior Counsel Bankruptcy/Creditors' Rights	\$520	1.4	\$728.00
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	0.2	\$73.00
TOTAL HOURS & FEES⁸			2.7	\$1407.00
TOTAL EXPENSES				\$0.0

8. Interstate Restoration [298591-00029] (19.6 hours)

On May 2, 2013, Interstate Restoration LLC filed an action against the Receiver in the Central District, asserting various causes of action and seeking damages of over \$900,000. The action involves the Receiver's sale of a loan made to Trace Life Sciences, Inc. ("Trace") secured by Texas property, including a radiochemical manufacturing facility, and restoration work performed by the plaintiff at the property.

During the Twentieth Interim Period, Allen Matkins handled various matters relating to the finalizing of the settlement, including review of settlement papers, corresponding with counsel, preparation of ex parte application papers to obtain court approval of the settlement, participation in the hearing to approve the settlement, and handling various payment and dismissal issues.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Michael R. Farrell	Partner Litigation	\$535	14.0	\$7,490.00
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	0.5	\$182.50

⁸ See Farrell Decl., Exh. A, pp. 29-30.

1	Nancy Fong	Associate Litigation	\$420	5.1	\$2,142.00
2	TOTAL HOURS & FEES⁹			19.6	\$9,814.50
3	TOTAL EXPENSES				\$232.47

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5 **9. Miscellaneous [298591-00002](7.3 hours)**

6 This category includes fees and costs for General Receivership Issues.
7 During the Twentieth Interim Period, Allen Matkins assisted the Receiver in
8 addressing the foreclosure of a senior lien on property in Illinois, including
9 correspondence with counsel. Allen Matkins also communicated with Colorado
10 regulators and Receiver's office to provide additional information concerning victim
11 recoveries.

12	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
13	Michael R. Farrell	Partner Litigation	\$535	5.5	\$2,942.50
14	Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	1.8	\$657.00
15	TOTAL HOURS & FEES¹⁰			7.3	\$3,599.50
16	TOTAL EXPENSES				\$0.0

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18 **B. Expenses Requested (\$7,944.00)**

19 Allen Matkins also requests that the Court approve \$7,944.00 in expenses. A
20 summary of the expenses by matter is contained in the charts above, and are
21 consolidated for the Court's convenience below. Allen Matkins charges \$0.15 per
22 page for copies and \$2.00 per page on outgoing faxes only. No charge for incoming
23 faxes is included. Messenger fees include hand delivery charges and federal express
24 or other overnight services. The urgency of many matters and the volume of
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27 ⁹ Due to confidentiality obligations and the sensitive nature of the matters relating
28 to this matter, billing invoices have not been included in this public document.
Copies of such invoices will be provided to the Court, in camera, immediately
upon the Court's request.
¹⁰ See Farrell Decl., Exh. A, pp. 4-6.

1 interested parties to whom service of pleadings and other notices were required
2 made overnight services the only practical alternative in many instances. In
3 addition, certain of the pleadings were voluminous.

4 Copying charges and mail expenses likewise reflect the large volume of
5 parties involved in certain matters, and the Receiver's goal to provide as much
6 information as possible to interested parties. Travel expenses were incurred by
7 Allen Matkins attorneys when their attendance was required at Court hearings and
8 other litigation proceedings.

9 During the Twentieth Interim Period, substantial expenses were incurred with
10 respect to discovery and/or trial preparation in the Sedgwick, Pyramid and Interstate
11 matters.

CATEGORY	EXPENSES
Investigation / Reporting	\$141.35
Outstanding Litigation	\$682.20
Third Party Claims	\$8.20
Claims	\$48.54
Medical Provider Funding Corporation III.I – Assets / Disposition	\$266.80
Sedgwick Detert Moran & Arnold	\$6,564.56
Interstate Restoration	\$232.47
TOTAL EXPENSES:	\$7,944.12

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21 **IV. CONCLUSION.**

22 Allen Matkins has worked diligently to assist the Receiver in fulfilling his
23 assigned duties, and has provided valuable service to the Receivership estate during
24 this Twentieth Interim Period. Therefore, pursuant to the legal authorities cited in
25 Allen Matkins' First Interim Fee Application, and this Court's power to approve the
26 requested interim fees and expenses, Allen Matkins respectfully requests an order:

- 27 1. Approving and allowing fees totaling \$60,987.00 for the Twentieth
28 Interim Period;

1 2. Approving and allowing reimbursement of costs totaling \$7,944.12 for
2 the Twentieth Interim Period;

3 3. Authorizing the Receiver to pay 80% of the allowed amount of
4 Allen Matkins' fees, which amount is \$48,789.60.

5 4. Authorizing the Receiver to pay 100% of the allowed amount of Allen
6 Matkins' costs, which amount is \$7,944.12; and

7 5. For other and further relief as is appropriate.
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9 Dated: January 26, 2015

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

11 By: /s/ Michael R. Farrell

12 MICHAEL R. FARRELL
13 Attorneys for Receiver
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