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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)

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

Date: July 13, 2015
Time: 8:30 a.m.
Ctrm: 9D
Judge: Hon. David O. Carter

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 Twenty-First Interim Application for
6 approval and payment of fees and reimbursement of expenses. This application
7 covers the period November 1, 2014 through January 31, 2015 ("Twenty-First
8 Interim Period").

9 Allen Matkins seeks interim approval of \$63,970.00 in fees and \$5,587.08 in
10 expenses incurred during the Twenty-First Interim Period. Allen Matkins asks that
11 the Receiver be authorized to pay 80% of the requested fees, or \$51,176.00, and
12 100% of the requested expenses. In light of the Court's prior comments, Allen
13 Matkins has carefully reviewed its invoices with an eye toward providing the best
14 possible value to the receivership estate and has made significant adjustments to
15 such invoices.

16 The Securities and Exchange Commission ("SEC") has reviewed this Twenty-
17 First 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
28

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 Twenty-First 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.

10 By this Fee Application, Allen Matkins respectfully requests to be
11 compensated for the services provided during the Twenty-First Interim Period.

12 **II. EXECUTIVE SUMMARY OF TASKS PERFORMED BY ALLEN**
13 **MATKINS DURING THE TWENTY-FIRST INTERIM PERIOD.**

14 This case requires significant, complex legal work across a broad spectrum of
15 activities, including preserving assets, collecting debts, analyzing and pursuing
16 claims against third parties, negotiating and documenting complex transactions, and
17 obtaining Court approval of various actions by the Receiver. The following is an
18 overview of Allen Matkins' work in significant matters affecting the Receivership
19 Estate during the Twenty-First Interim Period. Further detail is contained within
20 this Fee Application, as well as in the Receiver's monthly reports to the Court.

21 Allen Matkins provided crucial and continuous hands-on assistance to the Receiver
22 on numerous legal matters, including:

- 23 • **Third Party Claims:** Allen Matkins provided extensive advice and
24 assistance to the Receiver on various actions and potential actions
25 during the Twenty-First Interim Period. In the adversary proceeding
26 relating to the Mavusis and Pyramid Technology, Allen Matkins
27 performed numerous expert and trial related tasks, including review
28 and preparation of evidence, research and analysis of trial issues,

1 preparation of expert disclosure documents, preparation of a trial brief,
2 and handling of settlement discussions. In the Receiver's action against
3 Valley Health Care, Allen Matkins prepared written discovery, drafted
4 papers in opposition and reviewed reply papers relating to a summary
5 judgment motion, and addressed issues as to a cross-complaint. Allen
6 Matkins also continued its research and analysis, and consultation with
7 the Receiver, concerning a potential indemnity claim against NuView
8 entities arising out of the Interstate litigation.

- 9
- 10 • **Lavipharm:** Allen Matkins assisted the Receiver in analyzing the
11 complex intellectual property collateral securing this substantial
12 defaulted loan to Lavipharm Laboratories, Inc. and Lavipharm
13 Corporation (collectively, "Lavipharm"), which has a current principal
14 balance owed of over \$24 million. The loan is secured by various
15 assets, including rights in certain patents for medical delivery systems.
16 During the Twenty-First Interim Period, Allen Matkins performed
17 numerous tasks relating to the potential sale of the Receiver's interest in
18 Lavipharm, including exchange of proposals with counsel for the
19 prospective buyer, consultations with consultants, and addressing
20 potential manufacturing issues.
 - 21 • **Claims:** During the Twenty-First Interim Period, Allen Matkins
22 engaged in various negotiations with claimant Dr. Gerstenfeld and his
23 counsel concerning a requested reassessment as to the unsecured nature
24 of the pertinent claim. Allen Matkins reviewed various agreements and
25 other documents concerning the underlying claims, consulted with the
26 Receiver and drafted and reviewed correspondence with opposing
27 counsel.
28

1 **III. FEE APPLICATION.**

2 With respect to its work performed during the Twenty-First Interim Period,
 3 Allen Matkins requests approval of \$63,970.00 in fees and \$5,587.08 in expenses.
 4 For ease of review, Allen Matkins has categorized the time billed by its
 5 professionals as follows:

6 **A. Fees Requested (\$63,970)**

7 Allen Matkins seeks approval of \$63,970.00 in fees, which are categorized in
 8 the table below.¹ Detailed descriptions of each category of fees and a break-down
 9 of hours by professional are also included below.

CATEGORY	ALLEN MATKINS BILLING CODE	HOURS	FEES
Investigation / Reporting	298591-00004	6.9	\$3,691.50
Third Party Claims	298591-00008	86.1	\$42,000.00
Claims	298591-00009	20.0	\$10,700.00
Medical Provider Funding Corporation III.1 - Assets / Disposition	298591-00013	15.2	\$6,629.50
Miscellaneous (General Receivership/Investor Issues)	298591-00002	1.0	\$545.00
	298591-00005	0.8	404.00
TOTAL HOURS / FEES		130.0	\$63,970.00

17 **I. Investigation / Reporting [298591-00004] (6.9 hours)**

18 This category contains time spent investigating, analyzing and providing legal
 19 advice as to the operations, transactions and assets of the Receivership Entities and
 20 recovering documents, records and other information regarding the business and
 21 assets of the Receivership Entities. During the Twenty-First Interim Period, Allen
 22 Matkins assisted the Receiver with respect to gathering information for and
 23 preparing three monthly reports to the Court.
 24
 25
 26

27 _____
 28 ¹ In compliance with agreements reached with the Trustees, a separate billing number was established for each of the MP entities. Typically, far fewer billing categories would be used in such a receivership.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Michael R. Farrell	Partner Litigation	\$535	6.9	\$3,691.50
TOTAL HOURS & FEES²			6.9	\$3,691.50
TOTAL EXPENSES				\$143.30

2. Third Party Claims [298591-00008] (86.1hours)

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

In the adversary proceeding relating to the Mavusis and Pyramid Technology, Allen Matkins performed numerous expert and trial related tasks, including review and preparation of evidence, research and analysis of trial issues, preparation of expert disclosure documents, preparation of a trial brief, and handling of settlement discussions. In the Receiver's action against Valley Health Care, Allen Matkins prepared written discovery, drafted papers in opposition and reviewed reply papers relating to a summary judgment motion, and addressed issues as to a cross-complaint. Allen Matkins also continued its research and analysis, and consultation with the Receiver, concerning a potential indemnity claim against NuView entities arising out of the Interstate litigation.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	2.5	\$1,400.00
Michael R. Farrell	Partner Litigation	\$535	6.2	\$3,317.00
Francis N. Scollan	Partner Litigation	\$485	75.2	\$36,472.00

² See Farrell Decl., Exh. A, pp. 6-8.

1	Joshua R. Mandell	Associate Litigation	\$395	0.9	\$355.50
2	C. Echeverria	Paralegal Litigation	\$250	0.4	\$100.00
3	Andrea M. Schoor	Associate Bankruptcy/Creditors' Rights	\$395	0.9	\$355.50
4	TOTAL HOURS & FEES³			86.1	\$42,000.00
5	TOTAL EXPENSES				\$0.0

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8 **3. Claims [298591-00009] (20.0 hours)**

9 During the Twenty-First Interim Period, Allen Matkins assisted the Receiver
10 working with claimants and/or their counsel to address issues relating to claims.

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

16	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
17	Michael R. Farrell	Partner Litigation	\$535	20.0	\$10,700.00
18	TOTAL HOURS & FEES⁴			20.0	\$10,700.00
19	TOTAL EXPENSES				\$0.40

20
21 **4. Medical Provider Funding Corporation III.1 – Assets /**
22 **Disposition [298591-00013] (15.2 hours)**

23 This category contains time spent analyzing, investigating and preserving the
24 assets of MPIII, Series 1. Allen Matkins assisted the Receiver in analyzing the
25 complex intellectual property collateral securing this substantial defaulted loan to
26 Lavipharm Laboratories, Inc. and Lavipharm Corporation (collectively,
27

28 ³ See Farrell Decl., Exh. A, pp. 11-16.
⁴ See Farrell Decl., Exh. A, pp. 17-19.

1 "Lavipharm"), which has a current principal balance owed of over \$24 million. The
 2 loan is secured by various assets, including rights in certain patents for medical
 3 delivery systems. During the Twenty-First Interim Period, Allen Matkins performed
 4 numerous tasks relating to the potential sale of the Receiver's interest in Lavipharm,
 5 including exchange of proposals with counsel for the prospective buyer,
 6 consultations with consultants, and addressing potential manufacturing issues.

7	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
8	David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	2.7	\$1,512.00
9	Michael R. Farrell	Partner Litigation	\$535	3.6	\$1,926.00
10	Joshua Del Castillo	Senior Counsel Bankruptcy/Creditors' Rights/Litigation	\$355	7.3	\$2,591.50
11	Tim Hsu	Associate Litigation	\$375	1.6	\$600.00
12	TOTAL HOURS & FEES⁵			15.2	\$6,629.50
13	TOTAL EXPENSES				\$0.0

17 **5. Miscellaneous [298591-00002 and 298591-00005] (1.8**
 18 **hours)**

19 This category includes fees and costs for General Receivership and Investor
 20 Issues. During the Twenty-First Interim Period, Allen Matkins interacted with
 21 Court personnel concerning an ex parte application and communicated with SEC
 22 counsel. Allen Matkins also communicated with investors concerning responses to
 23 inquiries.

24	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
25	David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	0.8	\$448.00

28 ⁵ See Farrell Decl., Exh. A, pp. 20-24.

1	Michael R. Farrell	Partner Litigation	\$535	0.8	\$428.00
2	Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	0.2	\$73.00
3	TOTAL HOURS & FEES⁶			1.8	\$949.00
4	TOTAL EXPENSES				\$47.10

B. Expenses Requested (\$5,587.08)

Allen Matkins also requests that the Court approve \$5,587.08 in expenses. A summary of the expenses by matter is contained in the charts above, and are consolidated for the Court's convenience below. Allen Matkins charges \$0.15 per page for copies and \$2.00 per page on outgoing faxes only. No charge for incoming faxes is included. Messenger fees include hand delivery charges and federal express or other overnight services. The urgency of many matters and the volume of interested parties to whom service of pleadings and other notices were required made overnight services the only practical alternative in many instances. In addition, certain of the pleadings were voluminous.

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

During the Twenty-First Interim Period, substantial expenses were incurred with respect to discovery and/or trial preparation in the Sedgwick, Pyramid and Interstate matters.

CATEGORY	EXPENSES
Investigation / Reporting	\$143.30
Claims	\$0.40
Sedgwick Detert Moran & Arnold	\$5,396.28

⁶ See Farrell Decl., Exh. A, pp. 4-5; pp. 9-10.

Miscellaneous (General Receivership /Investor Issues)	\$47.10
TOTAL EXPENSES:	\$5,587.08

IV. CONCLUSION.

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

1. Approving and allowing fees totaling \$63,970.00 for the Twenty-First Interim Period;
2. Approving and allowing reimbursement of costs totaling \$5,587.08 for the Twenty-First Interim Period;
3. Authorizing the Receiver to pay 80% of the allowed amount of Allen Matkins' fees, which amount is \$51,176.00.
4. Authorizing the Receiver to pay 100% of the allowed amount of Allen Matkins' costs, which amount is \$5,587.08; and
5. For other and further relief as is appropriate.

Dated: June 1, 2015

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

By: /s/ Michael R. Farrell

MICHAEL R. FARRELL
Attorneys for Receiver