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7 Attorneys for Receiver
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-SECOND INTERIM FEE
APPLICATION OF ALLEN MATKINS
LECK GAMBLE MALLORY &
NATSIS LLP, COUNSEL TO THE
RECEIVER

Date: August 10, 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-Second Interim Application for
6 approval and payment of fees and reimbursement of expenses. This application
7 covers the period February 1, 2015 through April 30, 2015 ("Twenty-Second
8 Interim Period").

9 Allen Matkins seeks interim approval of \$95,944.00 in fees and \$708.28 in
10 expenses incurred during the Twenty-Second Interim Period. Allen Matkins asks
11 that the Receiver be authorized to pay 80% of the requested fees, or \$76,755.20, 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 Second 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 Twenty-Second 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-Second Interim Period.

12 **II. EXECUTIVE SUMMARY OF TASKS PERFORMED BY ALLEN**
13 **MATKINS DURING THE TWENTY-SECOND 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-Second 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 • **Sale of SITO stock:** Allen Matkins assisted the Receiver with respect
24 to the sale of shares of Single Touch Interactive Systems. Allen
25 Matkins' work included the negotiation and drafting of the stock sale
26 agreement and all supporting documentation, advising the Receiver as
27 to securities and other legal issues as to the sale, preparation of motion
28 for Court approval of the sale and all supporting documents, handle

1 various escrow issues, and advising Receiver as to various closing
2 issues. The stock sale generated revenue of over \$2.5 million to the
3 receivership estate.

- 4 • **Third Party Claims:** Allen Matkins provided extensive advice and
5 assistance to the Receiver on various actions and potential actions
6 during the Twenty-Second Interim Period. In the adversary proceeding
7 relating to the Mavusis and Pyramid Technology, Allen Matkins
8 assisted the Receiver with respect to potential settlement of the matter,
9 including various conferences and analysis re: settlement strategy and
10 timing. In the Receiver's action against Valley Health Care, Allen
11 Matkins engaged in extensive settlement discussions, including a
12 mediation, and negotiated a settlement. Allen Matkins also prepared
13 and filed a motion for Court approval of the settlement and supporting
14 papers, and took steps to enforce the settlement after approval, when a
15 default occurred.
- 16 • **General Receivership:** Allen Matkins assisted the Receiver is
17 addressing issues as to a prior settlement with Securities America.
18 Allen Matkins also provided extensive assistance to the Receiver in
19 providing information in response to SEC requests for information,
20 including the production of numerous documents. Allen Matkins
21 attended, and assisted the Receiver in preparing for, a status conference
22 with the Court concerning litigation status and the winding down of the
23 receivership. The firm also did research and analysis, and advised the
24 Receiver, with respect to the alternatives for disposing of remaining
25 assets and discharging the Receiver.

26 **III. FEE APPLICATION.**

27 With respect to its work performed during the Twenty-Second Interim Period,
28 Allen Matkins requests approval of \$95,944.00 in fees and \$708.28 in expenses.

1 For ease of review, Allen Matkins has categorized the time billed by its
 2 professionals as follows:

3 **A. Fees Requested (\$95,944.00)**

4 Allen Matkins seeks approval of \$95,944.00 in fees, which are categorized in
 5 the table below.¹ Detailed descriptions of each category of fees and a break-down
 6 of hours by professional are also included below.

CATEGORY	ALLEN MATKINS BILLING CODE	HOURS	FEES
General Receivership	298591-00002	34.7	\$18,669.50
Investigation / Reporting	298591-00004	9.1	\$4,838.50
Investor Issues	298591-00005	0.9	\$481.50
Sale of Assets/Disposition	298591-00006	61.9	\$33,685.50
Third Party Claims	298591-00008	70.8	\$34,973.50
Claims	298591-00009	2.6	\$1,372.00
Medical Provider Funding Corporation III.1 - Assets / Disposition	298591-00013	3.0	\$1,334.50
Plan & Distribution	298591-00024	1.4	\$589.00
TOTAL HOURS / FEES		184.4	\$95,944.00

16 **1. General Receivership [298591-00002] (34.7 hours)**

17 This category includes fees and costs for General Receivership issues.
 18 During the Twenty-Second Interim Period, Allen Matkins assisted the Receiver is
 19 addressing issues as to a prior settlement with Securities America. Allen Matkins
 20 also provided extensive assistance to the Receiver in providing information in
 21 response to SEC requests for information, including the production of numerous
 22 documents. Allen Matkins attended, and assisted the Receiver in preparing for, a
 23 status conference with the Court concerning litigation status and the winding down
 24 of the receivership. The firm also did research and analysis, and advised the
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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.

1 Receiver, with respect to the alternatives for disposing of remaining assets and
 2 discharging the Receiver.

3	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
4	David R. Zaro	Partner	\$560	12.6	\$7,056.00
5		Bankruptcy/Creditors' Rights			
6	Michael R. Farrell	Partner	\$535	17.9	\$9,576.00
7		Litigation			
8	Francis N. Scollan	Partner	\$485	4.2	\$2,037.00
9		Litigation			
9	TOTAL HOURS & FEES²			34.7	\$18,669.00
10	TOTAL EXPENSES				\$153.30

11 **2. Investigation / Reporting [298591-00004] (9.1 hours)**

12 This category contains time spent investigating, analyzing and providing legal
 13 advice as to the operations, transactions and assets of the Receivership Entities and
 14 recovering documents, records and other information regarding the business and
 15 assets of the Receivership Entities. During the Twenty-Second Interim Period,
 16 Allen Matkins assisted the Receiver with respect to gathering information for and
 17 preparing three monthly reports to the Court.

18	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
19	Michael R. Farrell	Partner	\$535	5.8	\$3,103.00
20		Litigation			
21	Francis N. Scollan	Partner	\$485	1.5	\$727.50
22		Litigation			
23	David R. Zaro	Partner	\$560	1.8	\$1,008.00
24		Bankruptcy/Creditors' Rights			
24	TOTAL HOURS & FEES³			9.1	\$4,838.50
25	TOTAL EXPENSES				\$130.55

28 ² See Farrell Decl., Exh. A, pp. 4-8.
³ See Farrell Decl., Exh. A, pp. 9-11.

1 **3. Investor Issues [298591-00005] (0.9 hours)**

2 This category includes fees and costs for General Receivership and Investor
 3 Issues. During the Twenty-Second Interim Period, Allen Matkins communicated
 4 with investors concerning responses to inquiries.

5 NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
6 Michael R. Farrell	Partner Litigation	\$535	.9	\$481.50
8 TOTAL HOURS & FEES⁴			.9	\$481.50
9 TOTAL EXPENSES				\$0.00

10 **4. Sale of Assets/Disposition [298591-00006] (61.9 hours)**

11 This category contains time spent assisting and advising the Receiver with
 12 respect to the sale or other disposition of assets. During the Twenty-Second Interim
 13 Period, Allen Matkins assisted the Receiver with respect to the sale of shares of
 14 Single Touch Interactive Systems. Allen Matkins' work included the negotiation
 15 and drafting of the stock sale agreement and all supporting documentation, advising
 16 the Receiver as to securities and other legal issues as to the sale, preparation of
 17 motion for Court approval of the sale and all supporting documents, handle various
 18 escrow issues, and advising Receiver as to various closing issues. The stock sale
 19 generated revenue of over \$2.5 million to the receivership estate.

20 NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
21 David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	32.8	\$18,368.00
22 Michael R. Farrell	Partner Litigation	\$535	0.8	\$428.00
23 Debra D. Hall	Partner Corporate	\$545	25.4	\$13,843.00

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 28 ⁴ See Farrell Decl., Exh. A, p. 12.

1	Roger S. Mertz	Partner Corporate	\$575	1.1	632.50
2	Eric W. Yang	Paralegal Finance	\$230	1.8	414.00
3	TOTAL HOURS & FEES⁵			61.9	\$33,685.50
4	TOTAL EXPENSES				\$257.02

6 **5. Third Party Claims [298591-00008] (70.8 hours)**

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

12 During the Twenty-Second Interim Period, Allen Matkins provided extensive
 13 advice and assistance to the Receiver on various actions and potential actions during
 14 the Twenty-Second Interim Period. In the adversary proceeding relating to the
 15 Mavusis and Pyramid Technology, Allen Matkins assisted the Receiver with respect
 16 to potential settlement of the matter, including various conferences and analysis re:
 17 settlement strategy and timing. In the Receiver's action against Valley Health Care,
 18 Allen Matkins engaged in extensive settlement discussions, including a mediation,
 19 and negotiated a settlement. Allen Matkins also prepared and filed a motion for
 20 Court approval of the settlement and supporting papers, and took steps to enforce
 21 the settlement after approval, when a default occurred.

22	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
23	David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	7.9	\$4,424.00
24	Michael R. Farrell	Partner Litigation	\$535	2.0	\$1,070.00
25	Francis N. Scollan	Partner Litigation	\$485	60.3	\$29,245.00

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28 ⁵ See Farrell Decl., Exh. A, pp. 13-22.

1	Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	0.1	\$36.50
2	Joshua R. Mandell	Associate Litigation	\$395	0.5	\$197.50
3	TOTAL HOURS & FEES⁶			70.8	\$34,973.00
4	TOTAL EXPENSES				\$0.00

6 **6. Claims [298591-00009] (2.6 hours)**

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

10 Allen Matkins engaged in various negotiations with claimant Dr. Gerstenfeld
11 and his counsel concerning a requested reassessment as to the unsecured nature of
12 the pertinent claim. Allen Matkins communicated with opposing counsel
13 concerning a proposed settlement and potential court action by the claimant.

14	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
15	Michael R. Farrell	Partner Litigation	\$535	1.8	\$963.00
16	Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	0.2	\$73.00
17	David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	0.6	\$336.00
18	TOTAL HOURS & FEES⁷			2.6	\$1372.00
19	TOTAL EXPENSES				\$0.00

22 **7. Medical Provider Funding Corporation III.1 – Assets /**
23 **Disposition [298591-00013] (3.0 hours)**

24 This category contains time spent analyzing, investigating and preserving the
25 assets of MPIII, Series 1. Allen Matkins assisted the Receiver in analyzing the
26 complex intellectual property collateral securing this substantial defaulted loan to
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28 ⁶ See Farrell Decl., Exh. A, pp. 23-31.
⁷ See Farrell Decl., Exh. A, pp. 32-33.

1 Lavipharm Laboratories, Inc. and Lavipharm Corporation (collectively,
 2 "Lavipharm"), which has a current principal balance owed of over \$24 million. The
 3 loan is secured by various assets, including rights in certain patents for medical
 4 delivery systems. During the Twenty-Second Interim Period, Allen Matkins
 5 communicated with counsel and the Receiver concerning the potential sale of the
 6 Receiver's interest in Lavipharm, including the possible use of alternative sale
 7 methods.

8	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
9	David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	0.7	\$392.00
10	Michael R. Farrell	Partner Litigation	\$535	0.7	\$374.50
11	Joshua Del Castillo	Senior Counsel Bankruptcy/Creditors' Rights/Litigation	\$355	1.6	\$568.00
12	TOTAL HOURS & FEES⁸			3.0	\$1334.50
13	TOTAL EXPENSES				\$0.0

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 16 **8. Plan & Distribution [298591-00024] (1.4 hours)**

17 This category contains time spent addressing issues relating to the Plan of
 18 Distribution approved by the Court. During the Twenty-Second Interim Period,
 19 Allen Matkins addressed investor inquiries concerning plan distribution issues.
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21	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
22	David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	0.4	\$224.00
23	Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	1.0	\$365.00
24	TOTAL HOURS & FEES⁹			1.4	\$589.00
25	TOTAL EXPENSES				\$0.00

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 28 ⁸ See Farrell Decl., Exh. A, pp. 34-35.
⁹ See Farrell Decl., Exh. A, p. 36.

B. Expenses Requested (\$708.28)

Allen Matkins also requests that the Court approve \$708.28 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-Second Interim Period, substantial expenses were incurred with respect to discovery and/or trial preparation in the Sedgwick, Pyramid and Interstate matters.

CATEGORY	EXPENSES
General Receivership	\$153.30
Investigation / Reporting	\$130.55
Sale of Assets/Disposition	\$257.02
Sedgwick Detert Moran & Arnold	\$167.41
TOTAL EXPENSES:	\$708.28

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-Second Interim Period. Therefore, pursuant to the legal authorities

1 cited in Allen Matkins' Twenty-Second Interim Fee Application, and this Court's
2 power to approve the requested interim fees and expenses, Allen Matkins
3 respectfully requests an order:

- 4 1. Approving and allowing fees totaling \$95,944.00 for the Twenty-
5 Second Interim Period;
- 6 2. Approving and allowing reimbursement of costs totaling \$708.28 for
7 the Twenty-Second Interim Period;
- 8 3. Authorizing the Receiver to pay 80% of the allowed amount of
9 Allen Matkins' fees, which amount is \$76,755.20.
- 10 4. Authorizing the Receiver to pay 100% of the allowed amount of Allen
11 Matkins' costs, which amount is \$708.28; and
- 12 5. For other and further relief as is appropriate.

13
14 Dated: July 7, 2015

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

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16 By: /s/ Michael R. Farrell

17 MICHAEL R. FARRELL
18 Attorneys for Receiver
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