

1 DAVID R. ZARO (BAR NO. 124334)
MICHAEL R. FARRELL (BAR NO. 173831)
2 TED FATES (BAR NO. 227809)
ALLEN MATKINS LECK GAMBLE
3 MALLORY & NATSIS LLP
515 South Figueroa Street, Ninth Floor
4 Los Angeles, California 90071-3309
Phone: (213) 622-5555
5 Fax: (213) 620-8816
E-Mail: dzaro@allenmatkins.com
6 mfarrell@allenmatkins.com
tfates@allenmatkins.com

7 Attorneys for Receiver Thomas A. Seaman
8

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
21

Case No. 8:09-cv-0818-DOC (RNBx)

**RECEIVER'S REPLY IN SUPPORT
OF MOTION FOR APPROVAL OF
SETTLEMENT WITH COALITION
AMERICA, INC. REGARDING
ATTORNEY FEES AND COSTS**

Date: February 14, 2011
Time: 8:30 a.m.
Ctrm: 9D
Judge: Hon. David O. Carter

22 The Receiver's Motion for Approval of the Settlement Agreement with
23 Coalition America Regarding Attorney Fees and Costs ("Motion") asks the Court to
24 approve the amount which, subject to Court Approval, the Receiver and Coalition
25 America, Inc. ("Coalition") have agreed that Coalition may be awarded as the
26 prevailing party at trial. As explained in the Motion, in an action pending in the
27 Northern District of Georgia, Coalition obtained a judgment against receivership
28 entity National Health Benefits Corporation ("NHBC") awarding it approximately

1 \$2.7 million in damages. Approval of the proposed settlement will end the long-
2 standing litigation between NHBC and Coalition, and Coalition will have a fully
3 liquidated claim. The Motion, however, does not address how the claim will be
4 treated and what amount(s) Coalition will actually receive in distributions from the
5 receivership estate. These issues will be determined at a later date and in due course
6 as the receivership progresses.

7 Dirk and Kimberlee Visser filed an objection to the Motion, a copy of which
8 is attached as Exhibit A, asserting that (a) they hold notes issued by Medical
9 Provider Financial Corporation III, Series 2 ("MP III.2"), (b) they believe the funds
10 derived from the assets of MP III.2 should not be pooled with the assets of other
11 receivership entities, but should be distributed directly to holders of MP III.2 notes,
12 (c) NHBC is a separate legal entity, and (d) they will be irreparably harmed if the
13 Receiver is allowed to pay a judgment, attorney fees and costs awarded against
14 NHBC.

15 The Motion does not propose to pay anyone or make any distributions of
16 receivership estate assets. The issue before the Court is simply whether the
17 proposed settlement, which will give Coalition a liquidated claim and end the
18 lengthy litigation, is in the best interests of the receivership estate. Resolving the
19 amount of a creditor's claim is a separate and distinct matter from determining what
20 amount(s) will be distributed to that creditor.

21 Likewise, the Motion does not address the issue of whether it is more
22 equitable to pool the assets of the receivership entities for purposes of distribution,
23 or to treat certain entities as separate. That issue will be put before the Court at the
24 appropriate time, and the Vissers can make their position known in connection with
25 that motion.

26 The Vissers' objection does not present any valid basis to deny the Motion.
27 The Receiver requests that the settlement with Coalition be approved, and that
28 Coalition be granted relief from the Preliminary Injunction for the limited purpose

1 of presenting the Stipulation and supporting papers to District Court for the
2 Northern District of Georgia for approval and entry of the Stipulation.

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Dated: January 31, 2011

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

By: /s/ Ted Fates

TED FATES
Attorneys for Receiver
Thomas A. Seaman

Dirk C. Visser
Kimberlee P. Visser
P.O. Box 2473
Missoula, MT 59806
Phone: (406) 370-5743
E-mail: dvisser@askallegiance.com
Pro se

IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF MONTANA
SOUTHERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION

Plaintiff,

v.

MEDICAL CAPITAL HOLDINGS,
INC.; MEDICAL CAPITAL
CORPORATION; MEDICAL
PROVIDER FUNDING
CORPORATION VI; SIDNEY M.
FIELD; and JOSEPH H.
LAMPARIELLO,

Defendants.

Cause No. CV-0818-DOC (RNBx)

DIRK C. VISSER AND KIMBERLEE
P. VISSER'S OBJECTION TO
RECEIVER'S MOTION FOR
APPROVAL OF SETTLEMENT
WITH COALITION AMERICA, INC.
REGRDING ATTORNEY FEES AND
COSTS

Comes Now, Dirk C. and Kimberlee P. Visser and file this objection to
Thomas Seaman's ("Receiver") motion seeking authorization for approval of settlement

with Coalition America, Inc. regarding Attorney Fees and Costs (Case No. 8:09-cv-0818-DOC (RNBx)).

BACKGROUND

Medical Provider Financial Corporation III issued us a \$200,000, Series II, Redeemable Secured Note ("MP III.2") on November 8, 2007. This Secured Note had an annual interest rate of 8.25%, with the original \$200,000 redeemable upon maturity on November 8, 2008. The assets securing MP III.2 notes include, but are not limited to: medical accounts receivable and the Legacy Hospital in New York. We believe any proceeds from the collection and sale of these assets should be distributed directly to MP III.2 noteholders, in accordance with the terms of the offering and not combined into a common pool for distribution to all creditors.

On August 17, 2009, this Court appointed Thomas Seaman permanent receiver for Medical Capital Holdings, Inc. ("MCHI"), Medical Capital Corporation ("MCC"), Medical Provider Financial Corporation VI ("MP VI"), and their subsidiaries MP I through MP V. Preliminary Injunction and Order Appointing Permanent Receiver (Aug. 17, 2009) ("Order"). This Order gives the Receiver "full power over all funds, assets, collateral, premises . . . papers and other property belonging to, being managed by or in the possession of or control of MCHI, MCC, MP VI, and their subsidiaries and affiliates." Order at 6. The Receiver sent a November 17, 2009 letter to all noteholders stating, "The Receiver's role is to preserve and protect the value of the Receivership Entities for the benefit of creditors." See Ltr. from Thomas Seaman Co., Receiver, to

Creditors of Medical Capital Holdings Inc., Nov. 17, 2009. We understand that to fulfill this role, the Receiver needs to market and sell assets, collect debts, and investigate and pursue claims for monies improperly transferred from the Receivership Entities.

However, we do not understand what occurs once these assets, debts, and claims are reduced to cash. We remain concerned the money from these assets is being pooled into a common fund rather than remaining separated according to fund class, and oppose the pooling of money collected by selling the assets of separate MP funds.

We realize certain assets owned by MCH, MCC, and their subsidiaries are not attributable to a specific MP fund. These assets include, but are not limited to: any revenues created by National Health Benefits Corporation, 15101 Red Hill, Tustin, and the 118 foot yacht known as the "Home Stretch" and other assets. We have no problem with the Receiver pooling any proceeds collected from the sale or liquidation of these assets and then making pro rata distributions to all creditors from the common pool of proceeds. However, we feel that we have priority to the proceeds generated from the sale of assets owned by MP III, and that noteholders of other MP funds have priority to the proceeds raised from the sale of the assets their funds owned. Only after all MP noteholders have been paid off from MCH holdings, should other creditors of MCH, MCC and/or its affiliates be allowed to collect from any recovered or collected assets attributed to the specific MP funds.

We feel that we will be irreparably harmed if the Receiver is allowed to pay expenses owed by NHBC from the collective MPC assets and that MP Noteholders have priority to the proceeds collected from MCH or MCC assets.

NHBC is a separate legal entity.

NHBC corporate financial statements have not been published by the Receiver.

On January 10, 2011 in the Receiver's Eighteen Report to the Court, page 9, the Receiver listed the investment of MPC in NHBC as "n/a"

In the same report, the latest information published by the Receiver about NHBC revenue and expenses listed NHBC revenues as \$3,405,322.19 and expenses as \$2,823,487.19. Further, the Receiver noted that "the foregoing receipts and disbursements are strictly on a cash basis and do not accurately reflect NHBC's profitability". There has been no GAAP or accrual accounting provided. No separate corporate balance sheet for NHBC has been reported by the Receiver. No corporate income statement for NHBC has been reported by the Receiver.

With no GAAP financial statements, we question how the Court can determine whether the payment of a judgment, attorney fees and costs collectively in the amount of \$4,042,169 for a separate subsidiary corporation of MCH, which was never formally capitalized by any MP is beneficial to the MP Noteholders or other legitimate creditors of MCH?

Unless NHBC has a book value or legitimate market value assessed by a qualified Merger & Acquisitions expert in the insurance or employee benefits industry in which NHBC operates, that is substantially greater than the \$4 million dollar cost of the judgment, fees and costs it would not make any financial sense to approve this request and NHBC should be liquidated to pay its judgment and associated fees and costs.

NHBC is a separate legal entity and its creditors' claims are limited to the assets of NHBC.

We would respectfully request that the Court deny the current request of the Receiver and that the Court direct the Receiver to produce financial statements for NHBC according to GAAP. If such GAAP financials statements conclude that NHBC has at least a book value greater than the known cost of the judgment, attorney fees and costs that the Court order the Receiver to have a business valuation completed with regard to the NHBC business prior a final ruling on the matter and subsequently only approve such request if the NHBC asset is determined to be worth substantially more to the MP Noteholders than the known cost of the judgment, fees and costs.

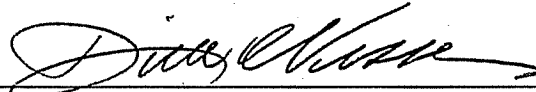
Until we are assured the Receiver recognizes that certain MP Noteholders have priority over other MP series Noteholders and MCH entity creditors, and that the Receiver is keeping proper records for determining this priority and accounting for the assets in accordance with Generally Accepted Accounting Principles, we object to the Receiver's motion seeking authorization for approval of Settlement with Coalition America, Inc.

PROCEDURAL REQUIREMENTS

The Notice of Motion and Motion for Approval of Settlement with Coalition America, Inc. Regarding Attorney Fees and Costs; indicates that written objections to the Motion must be sent to the Office of the Clerk, United States District Court, 411 West Fourth Street, Santa Ana, California 92701, and also served on the Receiver no later than twenty one (21) days before the February 14, 2011 hearing Our representative has

previously been informed we could not file objections electronically because we were not a named party to the suit. Therefore, we now file our objection manually. Further, Local Rules 83-2.3 and 83-2.8 require an attorney seeking to appear *pro hac vice* to designate local counsel, file an Application of Non-Resident Attorney to Appear in a Specific case and pay the applicable fees. We respectfully object to incurring further losses by having to retain local counsel simply to file this requested objection.

DATED this -19th day of January 2011.



Dirk C. Visser
Kimberlee P. Visser
Pro se

CERTIFICATE OF SERVICE

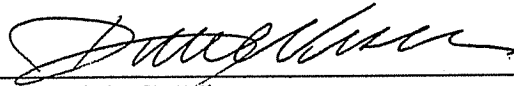
I hereby certify that on January 19, 2011, a copy of the foregoing document was served on the following persons by the following means:

- _____ CM/ECF
- _____ Hand Delivery
- 1, 2 Mail
- _____ Overnight Delivery Service
- _____ Fax
- _____ E-Mail

1. David R. Zaro
Michael R. Farrell
Allen Matkins Leck Gamble Mallory & Natsis LLP
515 South Figueroa Street, Ninth Floor
Los Angeles, CA 90071-3309

2. Jeffrey R. Patterson
Ted Fates
Allen Markins Leck Gamble Mallory & Natsis LLP
501 West Broadway, 15th Floor
San Diego, CA 92101-3541

Attorneys for Receiver Thomas A. Seaman



Dirk C. Visser
Kimberlee P. Visser
Pro se