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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

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 J. LAMPARIELLO, Defendants.	Case No. SA CV09-0818 DOC (RNBx) SIXTEENTH INTERIM FEE APPLICATION OF ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP, COUNSEL TO THE RECEIVER Date: March 3, 2014 Time: 8:30 a.m. Ctrm: 9D Judge: Hon. David O. Carter

Allen Matkins Leck Gamble Mallory & Natsis LLP ("Allen Matkins"), general counsel for Thomas A. Seaman ("Receiver"), the court-appointed Permanent Receiver for Medical Capital Holdings, Inc., Medical Capital Corporation, Medical Provider Funding Corporation VI, and their subsidiaries and affiliates (collectively, the "Receivership Entities"), submits this Sixteenth Interim Application for approval and payment of fees and reimbursement of expenses. This application covers the period August 1, 2013 through October 31, 2013 ("Sixteenth Interim Period").

Allen Matkins seeks interim approval of $171,670.50 in fees and $11,746.92 in expenses incurred during the Sixteenth Interim Period. Allen Matkins asks that the Receiver be authorized to pay 80% of the requested fees, or $137,336.40, and 100% of the requested expenses. In light of the Court's prior comments, Allen Matkins has carefully reviewed its invoices with an eye toward providing the best possible value to the receivership estate and has made significant adjustments to such invoices. Because of the resolution of certain matters and the change in its fee arrangement as to the Sedgwick matter to a contingency fee, Allen Matkins' fee request herein is **less than half the amount** requested in the Fifteenth Interim Fee Application recently approved by the Court**.** Allen Matkins expects that future application amounts will be similarly reduced.

The Securities and Exchange Commission ("SEC") has reviewed this Sixteenth Interim Fee Application, along with the Fee Application set for hearing concurrently herewith filed by the Receiver. The SEC does not oppose this Sixteenth Interim Fee Application.

I. INTRODUCTION.

On August 18, 2009, the Court entered the Preliminary Injunction and Order Appointing a Permanent Receiver ("Appointment Order"), making the Receiver's appointment permanent. Section VI of the Appointment Order empowers and directs the Receiver to engage and employ attorneys to (1) assist in investigation and discovery as may be necessary to locate and account for assets of or managed by the

Receivership Entities, and (2) investigate and, where appropriate, to institute, pursue, and prosecute all claims and causes of action of whatever kind and nature as a result of the activities of the employees or agents of the Receivership Entities. The Receiver immediately engaged Allen Matkins to serve as his general counsel.

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

The Receiver and his team have utilized numerous strategies to reduce the amount of attorneys' fees incurred as the case proceeds, including the use of additional junior attorneys and paralegals as appropriate. While the fees and costs incurred by Allen Matkins during this Sixteenth Interim Period were significant, the time and effort of Allen Matkins attorneys were necessary to preserve the receivership estate (e.g. address a lawsuit against the Receiver relating to the Trace nuclear facility in Texas) and maximize the recovery from receivership assets. By this Fee Application, Allen Matkins respectfully requests to be compensated for the services provided during the Sixteenth Interim Period.

II. EXECUTIVE SUMMARY OF TASKS PERFORMED BY ALLEN MATKINS DURING THE SIXTEENTH INTERIM PERIOD.

This case requires significant, complex legal work across a broad spectrum of activities, including preserving assets, collecting debts, analyzing and pursuing claims against third parties (including against attorneys and other professionals), negotiating and documenting complex transactions, addressing environmental issues, and obtaining Court approval of various actions by the Receiver. The following is an overview of Allen Matkins' work in significant matters affecting the Receivership Estate during the Sixteenth Interim Period. Further detail is contained within this Fee Application, as well as in the Receiver's monthly reports to the

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

- **Claims/Third Party Recoveries:** Allen Matkins incurred significant fees during the Sixteenth Interim Period assisting the Receiver in obtaining, analyzing and reporting third party recovery information obtained from noteholders and their representatives. Allen Matkins had extensive contact with noteholders and/or their counsel to obtain noteholder recovery information to either verify or dispute amounts reported by noteholders. Allen Matkins filed various reports and pleadings with the Court addressing third party recovery issues and resolved numerous disputes and open issues with noteholders. Allen Matkins participated in a hearing on August 12, 2013, concerning third party offsets, and provided extensive assistance thereafter to the Receiver and his team to resolve open offset issues per the Court's instruction, including the preparation and filing of a final report to the Court as to proposed offset amounts. Allen Matkins also assisted the Receiver in addressing the claim submitted by the IRS, resulting in a stipulation with the IRS that was approved by the Court. Finally, Allen Matkins worked with class and mass action counsel to resolve offset issues and facilitate distribution of trustee settlement funds.
- **Interstate Restoration Litigation:** 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 Sixteenth Interim Period, Allen Matkins provided extensive assistance to the Receiver as

to both formal and informal discovery, including Rule 26 disclosures and the informal exchange of documents. Allen Matkins conducted a review of numerous documents for production and identified privilege issues. The Court granted the Receiver's Motion to Dismiss on October 9, 2013. Allen Matkins reviewed the Court's order, as well as the amended complaint filed by Interstate, and began preparation of a Motion to Dismiss the Amended Complaint.

- **Lavipharm:** 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 Allen Matkins worked with an expert concerning a valuation of the borrower's IP assets, and evaluated strategies to maximize the recovery on the loan. Allen Matkins also conducted negotiations with a potential third party purchase for the interest in Lavipharm.
- **Reporting:** Allen Matkins assisted the Receiver in compiling the information necessary to prepare and draft his 49th, 50th and 51st Interim Reports to the Court.

III. FEE APPLICATION.

With respect to its work performed during the Sixteenth Interim Period, Allen Matkins requests approval of $171,670.50 in fees and $11,746.92 in expenses. For ease of review, Allen Matkins has categorized the time billed by its professionals as follows:

A. Fees Requested ($171,777.50)

Allen Matkins seeks approval of $171,670.50 in fees, which are categorized in the table below.[1] Detailed descriptions of each category of fees and a break-down of hours by professional are also included below.

CATEGORY	ALLEN MATKINS BILLING CODE	HOURS	FEES
Investigation / Reporting	298591-00004	7.5	$3,264.50
Third Party Claims	298591-00008	44.4	$21,634 .50
Claims	298591-00009	152.4	$70,811.50
Medical Provider Funding Corporation III.1 - Assets / Disposition	298591-00013	39.8	$15,149.50
The Perfect Game	298591-00021	12.1	$6,696.50
Parkway/Dr. Aquino	298591-00022	1.9	$693.50
Plan & Distribution	298591-00024	23.7	$11,795.50
Manatt Phelps & Phillips Litigation	298591-00025	10.1	$5,388.50
Interstate Restoration	298591-00029	93.4	$30,853.00
Miscellaneous (General Receivership/Investor Issues)	298591-00002 298591-00005	11.3	$5,383.50
TOTAL HOURS / FEES		**396.6**	**$171,670.50**

1. Investigation / Reporting *[298591-00004] (7.5 hours)*

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

[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	3.1	$1,658.50
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	$365	4.4	$1,606.00
TOTAL HOURS & FEES[2]			**7.5**	**$3,264.50**
TOTAL EXPENSES				**$47.00**

2. Third Party Claims *[298591-00008] (44.4 hours)*

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"), Anthony Macaluso/ TEEM, LLC ("TEEM"), and Valley Health Care ("VHC").

The Receiver filed a case against Pyramid Technologies in which summary judgment in favor of the Receiver was granted, and the parties stipulated to dismiss the remaining claims in the complaint. The defendants filed a Notice of Appeal on January 6, 2012. One of the owners of Pyramid filed for bankruptcy and Allen Matkins provided advice to the Receiver concerning bankruptcy issues, including participation in a debtor's examination, and preparation of a complaint contesting the dischargeability of the debt. During the Sixteenth Interim Period, Allen Matkins handled various aspects of the adversary proceeding, including preparation of various discovery responses and review of related documents. Allen Matkins also participated in meet and confer efforts and motion practice concerning discovery disputes.

As to the Receiver's claims against VHC, Allen Matkins advised the Receiver regarding collection options, including pursuit of a new action. Allen Matkins also prepared the pleadings and related documents for such action.

[2] *See* Farrell Decl., Exh. A, pp. 7-8.

In the Receiver's case against TEEM, Allen Matkins advised the Receiver regarding the settlement agreement that had been approved by the Court.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	$560	2.9	$1,624.00
Francis N. Scollan	Partner Litigation	$485	40.4	$19,594.00
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	$365	0.6	$219.00
Andrea M. Schoor	Senior Counsel Bankruptcy/Creditors' Rights	$395	0.5	$197.50
TOTAL HOURS & FEES[3]			**44.4**	**$21,634.50**
TOTAL EXPENSES				**$596.20**

3. Claims *[298591-00009] (152.4 hours)*

Allen Matkins incurred significant fees during the Sixteenth Interim Period assisting the Receiver in obtaining, analyzing and reporting third party recovery information obtained from noteholders and their representatives. Allen Matkins had extensive contact with noteholders and/or their counsel to obtain noteholder recovery information to either verify or dispute amounts reported by noteholders. Allen Matkins filed various reports and pleadings with the Court addressing third party recovery issues and resolved numerous disputes and open issues with noteholders. Allen Matkins participated in a hearing on August 12, 2013, concerning third party offsets, and provided extensive assistance thereafter to the Receiver and his team to resolve open offset issues per the Court's instruction, including the preparation and filing of a final report to the Court as to proposed offset amounts. Allen Matkins also assisted the Receiver in addressing the claim submitted by the IRS, resulting in a stipulation with the IRS that was approved by

[3] *See* Farrell Decl., Exh. A, pp. 10-14.

the Court. Finally, Allen Matkins worked with class and mass action counsel to resolve offset issues and facilitate distribution of trustee settlement funds.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	$560	4.0	$2,240.00
Michael R. Farrell	Partner Litigation	$535	10.5	$5,617.50
Loraine L. Pedowitz	Senior Counsel Bankruptcy/Creditors' Rights	$480	103.1	$52,581.00
John T. Kaup	Paralegal Litigation	$195	4.1	$799.50
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	$365	21.1	$7,701.50
Emily Gillula	Paralegal Litigation	$195	9.6	$1,872.50
TOTAL HOURS & FEES[4]			**152.4**	**$70,811.50**
TOTAL EXPENSES				**$758.61**

4. Medical Provider Funding Corporation III.1 – Assets / Disposition *[298591-00013] (39.8 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 Allen Matkins worked with an expert concerning a valuation of the borrower's IP assets, and evaluated strategies to maximize the recovery on the loan. Allen Matkins also conducted negotiations with a potential third party purchase for the interest in Lavipharm.

[4] *See* Farrell Decl., Exh. A, pp. 15-35.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	$560	3.8	$2,128.00
Michael R. Farrell	Partner Litigation	$535	2.3	$1,230.50
Debra D. Hall	Partner Corporate & Securities	$545	0.9	$490.50
Joshua Del Castillo	Senior Counsel Bankruptcy/Creditors' Rights/Litigation	$355	23.3	$8,271.50
Tim Hsu	Associate Litigation	$295	4.2	$1,386.00
Alana Thorbourne	Associate Litigation	$275	5.3	$1,643.00
TOTAL HOURS & FEES[5]			**39.8**	**$15,149.50**
TOTAL EXPENSES				**$0.0**

5. The Perfect Game *[298591-00021] (12.1 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 Receivership Entities own a percentage of TPG and control a majority of the voting shares of the entity.

During the Sixteenth Interim Period, Allen Matkins assisted the Receiver with issues relating to the termination of the distribution agreement with Camelot Distribution Group ("Camelot"), including the response of the Mexican sub-distributor to such termination, consultations with local Mexican counsel, and advising the Receiver as to various distribution issues.

[5] *See* Farrell Decl., Exh. A, pp. 36-43.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	$365	4.1	$1,496.50
Daniel G. McIntosh	Partner Corporate/Entertainment	$650	8.0	$5,200.00
TOTAL HOURS & FEES[6]			**12.1**	**$6,696.50**
TOTAL EXPENSES				**$0.0**

6. Parkway/Dr. Aquino *[298591-00022] (1.9 hours)*

During the Sixteenth Interim Period, Allen Matkins assisted the Receiver with issues relating to the bankruptcy case of Parkway Acquisition, including communications with the Receiver's office, local counsel and counsel for the note buyer.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	$365	1.9	$693.50
TOTAL HOURS & FEES[7]			**1.9**	**$693.50**
TOTAL EXPENSES				**$0.0**

7. Plan & Distribution *[298591-00024] (23.7 hours)*

During the Sixteenth Interim Period, Allen Matkins Allen Matkins provided substantial advice and assistance concerning positions taken by creditor Stratose as to trustee settlements and the impact of same on distribution issues. Allen Matkins engaged in settlement discussions with Stratose and documented the settlement reached by the parties, including a stipulation identifying a complex formula for payment of Stratose distributions, an amended distribution plan and related documents. Allen Matkins also advised the Receiver on the potential effect of such stipulation on other claimants. Allen Matkins also advised the Receiver as to

[6] *See* Farrell Decl., Exh. A, pp. 44-47.
[7] *See* Farrell Decl., Exh. A, pp. 48.

addressing remaining impediments to making an interim distribution and resolution of same.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	$560	6.8	$3,808.00
Michael R. Farrell	Partner Litigation	$535	10.7	$5,724.50
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	$365	6.2	$2,263.00
TOTAL HOURS & FEES[8]			**23.7**	**$11,795.50**
TOTAL EXPENSES				**$12.10**

8. Manatt Phelps & Phillips Claim *[298591-00025] (10.1 hours)*

This category includes time spent by Allen Matkins with respect to the Receiver's claims against former counsel for the Receivership Entities, the law firm of Manatt Phelps & Phillips. In the Sixteenth Interim Period, Allen Matkins communicated with conflicts counsel as to document requests. Allen Matkins also reviewed correspondence from Manatt's counsel, reviewed prior communications, time entries and documents, and prepared a responsive letter to Manatt's counsel.

[8] *See* Farrell Decl., Exh. A, pp. 49-54.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Michael R. Farrell	Partner Litigation	$550	9.2	$5,060.00
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	$365	0.9	$328.50
TOTAL HOURS & FEES[9]			**10.1**	**$5,388.50**
TOTAL EXPENSES				**$0.0**

9. Interstate Restoration *[298591-00029] (93.4 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 Sixteenth Interim Period, Allen Matkins provided extensive assistance to the Receiver as to both formal and informal discovery, including Rule 26 disclosures and the informal exchange of documents. Allen Matkins conducted a review of numerous documents for production and identified privilege issues. The Court granted the Receiver's Motion to Dismiss on October 9, 2013. Allen Matkins reviewed the Court's order, as well as the amended complaint filed by Interstate, and began preparation of a Motion to Dismiss the Amended Complaint.

[9] Due to confidentiality obligations and the sensitive nature of the matters relating 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.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Michael R. Farrell	Partner Litigation	$535	7.0	$3,745.00
Rhonda Reid	Paralegal Litigation	$310	3.5	$1,085.00
Sara R. Cramton	Paralegal Litigation	$265	0.6	$135.00
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	$365	38.6	$14,089.00
Josi Swonetz	Associate Litigation	$270	43.7	$11,799.00
TOTAL HOURS & FEES[10]			**93.4**	**$30,853.00**
TOTAL EXPENSES				**$121.10**

10. Miscellaneous *[298591-00002; 00005] (11.3 hours)*

This category includes fees and costs for two billing categories: General Receivership and Investor Issues. Specifically, time relating to the administration of the Receivership and communicating with investors are included in this category, including but not limited to:

- General Receivership: Allen Matkins assisted the Receiver with addressing issues raised by a creditor of a former receivership entity. Allen Matkins also assisted the Receiver in responding to inquiries relating to the effect of the Court's injunction on an unrelated property subject to a sale. Allen Matkins also communicated with Colorado regulators to address issues relating to the sentencing of a broker.
- Allen Matkins corresponded with investors to address receivership inquiries.

[10] Due to confidentiality obligations and the sensitive nature of the matters relating 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.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	$560	1.8	$1,008.00
Michael R. Farrell	Partner Litigation	$535	4.4	$2,354.00
Joe M. Davidson	Partner Corporate	$565	0.8	$452.00
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	$365	4.3	$1,569.50
TOTAL HOURS & FEES[11]			**11.3**	**$5,383.50**
TOTAL EXPENSES				**$460.58**

B. Expenses Requested ($11,746.92)

Allen Matkins also requests that the Court approve $11,746.92 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 Sixteenth Interim Period, substantial expenses were incurred with respect to document productions in the Sedgwick matter.

[11] *See* Farrell Decl., Exh. A, pp. 3-6; 9.

CATEGORY	EXPENSES
Investigation / Reporting	$47.00
Third Party Claims	$596.20
Claims	$758.61
Plan & Distribution	$12.10
Sedgwick, LLP Litigation	$9,751.33
Interstate Restoration	$121.10
Miscellaneous (General Receivership, Investor Issues	$460.58
TOTAL EXPENSES:	**$11,746.92**

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 Fifteenth Interim Period. Therefore, pursuant to the legal authorities cited in Allen Matkins' 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 $171,670.50 for the Sixteenth Interim Period;

2. Approving and allowing reimbursement of costs totaling $11,746.92 for the Fifteenth Interim Period;

3. Authorizing the Receiver to pay 80% of the allowed amount of Allen Matkins' fees, which amount is $137,336.40.

4. Authorizing the Receiver to pay 100% of the allowed amount of Allen Matkins' costs, which amount is $11,746.92 and

5. For other and further relief as is appropriate.

Dated: January 31, 2014

ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP

By: /s/ Michael R. Farrell
MICHAEL R. FARRELL
Attorneys for Receiver