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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 Receiver,

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)

DECLARATION OF THOMAS A.
SEAMAN IN SUPPORT OF MOTION
FOR ORDER AUTHORIZING THE
EMPLOYMENT OF SPECIAL NEW
YORK COUNSEL (*FORMAN HOLD
ELIADES & RAVIN LLC*)

[Exhibit "A"]

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

1 I, Thomas A. Seaman, declare:

2 1. I am the duly Court-appointed receiver for Medical Capital Holdings,
3 Inc., Medical Capital Corporation, Medical Provider Funding Corporation VI, and
4 their subsidiaries and affiliates. I submit this declaration (the "Declaration") in
5 support of the receivership estates' ("Receivership Estates") Motion for Order
6 Authorizing the Employment of Special New York Counsel (Forman Hold Eliades
7 & Ravin LLC) ("Special Counsel"). I have personal knowledge of the facts stated in
8 this Declaration as to which I could and would personally and competently testify if
9 called upon to do so.

10 2. I was appointed as permanent receiver in this action on or about August
11 3, 2009, pursuant to the Preliminary Injunction and Order Appointing a Permanent
12 Receiver (the "Receiver Order"). The Receiver Order at Section VI provides that I,
13 as receiver, am "authorized, empowered and directed: (G) to employ attorneys,
14 accountants, and others to investigate and, where appropriate to institute, pursue,
15 and prosecute all claims and causes of action of whatever kind and nature which
16 may now or hereafter exist as a result of the activities of present or past employees
17 or agents of MCHI, MCC, and MP VI, and their subsidiaries and affiliates"

18 3. Pursuant to the Receiver Order, I sought to employ Special Counsel to
19 investigate the Collection Actions (as defined below), which are based on
20 underlying business transactions of the Receivership Entities, and, then if
21 appropriate, for Special Counsel to pursue and prosecute such Collection Actions.

22 4. I am seeking to employ the law firm of Forman Holt Eliades & Ravin
23 LLC, to act as Special Counsel, to (i) evaluate the merits and costs of pursuing
24 actions to collect on (a) certain note obligations made in favor of certain of the
25 entities of the Receivership Estates ("Receivership Entities"), which are in default
26 and have outstanding loan obligations, (the "Note Actions") and (b) certain amounts
27 due to the Receivership Entities under accounts receivable purchase agreements,
28 where the Receivership Entities sold its interests in healthcare accounts receivables

1 to third parties (the "Receivable Actions"), (the Note Actions and Receivable
2 Actions, are collectively referred to herein as the "Collection Actions"), and (ii) to
3 pursue the Collection Actions as appropriate.

4 5. Given the estimate that the Receivership Estates are owed
5 approximately \$38 million by the pertinent parties to the Collection Actions, I
6 believe that the employment of Special Counsel is critical to determine whether the
7 Collection Actions have any recoverable value to the Receivership Estates. The
8 proposed compensation structure for Special Counsel, as set forth in the Motion and
9 as set forth in the Retainer Agreement attached hereto as Exhibit "A", contemplates
10 that Special Counsel will initially provide an evaluation of the Collection Actions to
11 determine, among other things, the viability of such claims, the difficulty of
12 collection on such claims (e.g., whether venue and choice of law issues could make
13 pursuing such actions difficult), and possible defenses to such claims.

14 6. The evaluation from Special Counsel will greatly assist the
15 Receivership Estate in determining whether to pursue certain of the Collections
16 Actions at all. For those Collection Actions that may be pursued, this evaluation
17 will also substantially assist the Receivership Estates' decision whether, under a
18 cost-benefit analysis, it would be worthwhile for the Receivership Estates to expend
19 the necessary litigation funds to pursue such Collection Actions.

20 7. I also advise that selection of Special Counsel, was made based upon
21 the location of its office in the New York area, its favorable billing rates as a
22 medium sized law firm (approximately 18 attorneys), and its general expertise in
23 handling creditors' rights, bankruptcy, and collection matters. The Collection
24 Actions will also most likely involve the filing of suits in the New York area, and
25 require local knowledge of law and procedural practice, as nearly all the potential
26 defendants in the Collection Actions are either New York corporations or reside in
27 the New York area.

28

1 8. There is also the possibility that the Receivership Estates may have
2 other collection-related matters in the New York area, and I believe that for any
3 future potential matters, I anticipate employing Special Counsel for these actions as
4 well (subject to Court approval). Given this representation, the Receivership Estates
5 would benefit greatly by having one special counsel handle any future collection
6 actions, which is already familiar with me, my staff, and my general counsel, the
7 proposed compensation structure, and the ultimate objective of the representation.
8 This would conserve both time and expense of having to obtain new and different
9 counsel for such representation.

10 9. I have also contacted other potential special counsel ("Other Counsel")
11 in the New York area for evaluation and collection of the Collection Actions. But
12 the Other Counsel was only willing to take the representation on a hourly fee, which
13 was not capped, and offered rates that were not as favorable as Special Counsel.
14 Based upon comparison of compensation structures proposed by both Other Counsel
15 and Special Counsel, I determined that the Special Counsel compensation structure
16 (and rate structure) was more favorable to the Receivership Estates, and that
17 considering overall factors, selection of Special Counsel was in the best interest of
18 the Receivership Estates.

19 10. As far as compensation structure for the Collection Actions, I have
20 agreed to employ Special Counsel, pursuant to those terms detailed in the Motion
21 and as set forth in the true and correct copy of the Retainer Agreement attached
22 hereto as Exhibit "A".

23 11. I also advise the Court that, to the best of my knowledge, that Special
24 Counsel and their principals and employees: (a) do not hold or represent any interest
25 adverse to the Receiver, the Receivership Entities, the investors and creditors, and
26 the Receivership Estates, (b) have no connection with the Receiver, the
27 Receivership Entities, the investors and creditors, and the Receivership Estates, any
28 other parties in interest, their respective attorneys and accountants, and the SEC, (c)

1 are disinterested persons as that term is defined in 11 U.S.C. § 101(14)¹ and as used
2 in 11 U.S.C. § 327(a), and (d) hold no pre-receivership claims against the
3 Receivership Estates.

4 I declare under penalty of perjury under the laws of the United States of
5 America that the foregoing is true and correct. Executed on January 26, 2011, at
6 Irvine, California.



THOMAS A. SEAMAN

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¹ Section 101(14) provides that "[t]he term 'disinterested person' means a person that – (A) is not a creditor, an equity security holder, or an insider; (B) is not and was not, within 2 years before the date of the filing of the petition, a director, officer or employee of the debtor; and (C) does not have any interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the debtor, or for any other reason."

Exhibit "A"



Thomas A. Seaman
The Thomas Seaman Company
3 Park Plaza, Suite 550
Irvine, CA 02614

RETAINER AGREEMENT

Charles M. Forman**
Michael E. Holt**
Daniel M. Eliades*
Stephen B. Ravin**
Erin J. Kennedy***
Joseph M. Cerra**
Kim R. Lynch**
William L. Waldman**
David S. Catuogno***
Harry M. Gutfleish**
Michelle Rosen Silverman**
Kimberly J. Salomon**
Robert H. Johnson**
Dipesh Patel**
Constance N. DeSena**
Matteo Percontino**

OF COUNSEL
Michael J. Connolly***
William A. Calandra*

MEMBER NJ & PA BAR*
MEMBER NJ & NY BAR**
MEMBER NJ BAR***

www.formanlaw.com
firm@formanlaw.com

REPLY TO PARAMUS

Subject to the terms set forth below, Forman Holt Eliades & Ravin LLC has agreed to represent you, in your capacity as the Court-appointed receiver for Medical Capital Holdings, Inc. and affiliated entities in Case No. SACV 09-818 Doc (RNBx) pending in the United States District Court for the Central District of California (the "Court"), to evaluate and pursue collection of the obligations owed by the obligors and guarantors under the following agreements (the "Agreements"):

Note Obligations: (a) Note executed by Boston Post Road Medical Imaging, P.C. ("Boston") with an outstanding balance of approximately \$1.298 million, (b) Note executed by Preferred Medical Imaging, P.C. ("PMI") with an outstanding balance of approximately \$6.130 million, (c) Note executed by Deajess Medical Imaging, P.C. ("Deajess") with an outstanding balance of approximately \$1.704 million, and (d) Note executed by Robert Schepp, PMI, Boston and Deajess with an outstanding balance of approximately \$454,000. Robert Schepp is the guarantor of these obligations.

Accounts Receivable Purchase Agreements: MRI Global Imaging Services, Inc., Forum Medical Management, Inc., Boston, Deajess and PMI are parties to one or more account receivable purchase agreements with total outstanding debts owed of approximately \$29 million. All of these obligations are guaranteed by Robert Schepp and certain are guaranteed by Hillel Scher.

Our firm's responsibility for this representation will commence when we receive a copy of this agreement accepted and signed by you and the Court's entry of an order, in the form and substance satisfactory to our firm, authorizing you to retain our firm on the terms and conditions set forth herein (the "Retention Order").

We have agreed to represent you in these matters in consideration for the hybrid contingency fee arrangement explained below.

We will bill you at the following agreed-to reduced hourly rates up to a maximum of \$100,000.00 (the "Hourly Fee"):

80 Route 4 East, Suite 290 Paramus, NJ 07652 T 201.845.1000 F 201.845.9112	888 7th Ave., Suite 4500 New York, NY 10106 T 212.707.8500 F 212.707.8511	664 Chestnut Ridge Road Spring Valley, NY 10977 T 845.371.3451 F 845.371.7667	1615 Jackson Street Philadelphia, PA 19145 T 215.925.7191 F 215.925.7192
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FORMAN HOLT ELIADES & RAVIN

Charles M. Forman	\$500.00
Stephen B. Ravin	\$475.00
Erin J. Kennedy	\$400.00
Michael E. Holt	\$375.00
Daniel M. Eliades	\$375.00
Joseph M. Cerra	\$375.00
William L. Waldman	\$375.00
David S. Catuogno	\$375.00
Harry M. Gutfleish	\$375.00
Michael J. Connolly	\$375.00
William A. Calandra	\$375.00
Kim R. Lynch	\$350.00
Michelle Rosen Silverman.....	\$290.00
Kimberly J. Salomon	\$225.00
Robert H. Johnson	\$225.00
Dipesh Patel	\$200.00
Constance DeSena	\$200.00
Matteo Percontino	\$200.00
Paralegals and legal assistants	\$110.00 - \$200.00

We have agreed that within 30 days of the entry of the Retention Order, we will deliver to you a report addressing and discussing the proposed causes of action under the Agreements, which will include discussions of the nature of the potential claims against each defendant, venue and choice of law issues, and applicable statutes of limitation. We have also agreed that we will not bill more than \$30,000.00 to this aspect of our firm's retention, which shall constitute a component of the Hourly Fee.

After we prepare and deliver the report required in the preceding paragraph, our firm and you will then determine whether to commence an action or actions to prosecute any or all of the claims under the Agreements. If the decision is to proceed, then our firm will then be entitled to an additional \$70,000.00 (plus all amounts not billed in the report phase) on account of its fees billed to commence, prosecute and defend the actions(s), which also shall constitute a component of the Hourly fee.

In addition to the Hourly Fee, our firm is entitled to a contingency fee of 25% of all recoveries obtained in excess of \$100,000.00 (the "Contingency Fee").

In the event that our firm commences one or more actions on your behalf under the Agreements and any of the defendants (a) raises any counterclaim against you (or any of the receivership entities) that is not related to the transactions memorialized in the Agreements, or (b) files a third party complaint, you agree that our firm may be entitled

FORMAN HOLT ELIADES & RAVIN

to an alternative fee structure (including increasing the amount of the Hourly Fee, the Contingency Fee or both) and that we will use our best efforts to reach agreement on the modified structure.

Our firm is entitled to reimbursement of all out-of-pocket disbursements and expenses, including photocopies, travel, telephone calls, postage, search services, computer research charges, etc. Deposition charges, if any, will be sent directly to you for payment to the certified stenographer. To the extent that outside experts will be required, such as accountants, experts, investigators, etc., we will discuss such matters with you prior to their retention. All such disbursements will be paid in addition to the Hourly Fee and the Contingency Fee.

In the course of this representation, we may receive funds, on your behalf as your agent. Such funds will be deposited into our trust account earmarked for you. Before disbursing such funds to you, we reserve the right to set off any outstanding fees and disbursements due our firm as of the date of disbursement. This right, however, shall not relieve you of the obligation to pay our invoices in a timely manner as described above.

We understand and acknowledge that your retention of our firm, and the payment of our firm's fees and expenses, are subject to approval of the Court, including any requirements governing interim and final fee applications.

By accepting this agreement, you acknowledge that our firm has given no guarantees regarding the outcome of these matters.

FORMAN HOLT ELIADES & RAVIN LLC

By: _____
Harry M. Gutfleish

Dated: January ____, 2011

THOMAS A. SEAMAN, solely in his capacity as
the Court-appointed Receiver for Medical Capital
Holding, Inc. and affiliated entities

Dated: January ____, 2011