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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)

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

Date: June 13, 2011
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 (the "Receiver"), the court-appointed
3 Permanent Receiver for Medical Capital Holdings, Inc., Medical Capital
4 Corporation, Medical Provider Funding Corporation VI, and their subsidiaries and
5 affiliates (collectively, the "Receivership Entities"), submits this Fifth Interim
6 Application for approval and payment of fees and reimbursement of expenses. This
7 application covers the period November 1, 2010 through January 31, 2011 (the
8 "Fifth Interim Period").

9 By this Fifth Interim Fee Application, Allen Matkins seeks compensation for
10 \$577,089.00 in fees and \$11,950.64 in costs incurred during the Fifth Interim
11 Period. Allen Matkins asks that the Receiver be authorized to pay 80% of the
12 requested fees, or \$461,671.20, and 100% of the requested costs. In light of the
13 Court's prior comments, Allen Matkins has carefully reviewed its invoices with an
14 eye toward providing the best possible value to the receivership estate, and has made
15 significant adjustments to such invoices.

16 The Securities and Exchange Commission ("SEC") has reviewed this Fifth
17 Interim Fee Application, along with the Fee Applications filed concurrently
18 herewith by the Receiver and other counsel. The SEC has no objection to this Fifth
19 Interim Fee Application, or the concurrently filed Fee Applications by the Receiver
20 and his other counsel.

21 As detailed below, the Receiver and Allen Matkins request that the Court
22 allow Allen Matkins to be compensated for their fees and costs incurred in the Fifth
23 Interim Period.

24 **I. INTRODUCTION.**

25 On August 18, 2009, the Court entered the Preliminary Injunction and Order
26 Appointing a Permanent Receiver ("Appointment Order"), making the Receiver's
27 appointment permanent. Section VI of the Appointment Order empowers and
28 directs the Receiver to engage and employ attorneys to (1) assist in investigation and

1 discovery as may be necessary to locate and account for assets of or managed by the
2 Receivership Entities, and (2) investigate and, where appropriate, to institute,
3 pursue, and prosecute all claims and causes of action of whatever kind and nature as
4 a result of the activities of the employees or agents of the Receivership Entities. The
5 Receiver immediately engaged Allen Matkins to serve as his general counsel.

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

9 The Receiver and his team have utilized numerous strategies to reduce the
10 amount of attorneys' fees incurred as the case proceeds, including the use of
11 additional junior attorneys and paralegals as appropriate, as well as requiring third
12 parties to help defray such fees. While the fees and costs incurred by Allen Matkins
13 during this Fifth Interim Period were significant, the time and effort of Allen
14 Matkins attorneys were absolutely critical to preserve the receivership estate and
15 maximize the recovery from receivership assets. By this Fee Application, Allen
16 Matkins respectfully requests to be compensated for the services provided during
17 the Fifth Interim Period.

18 **II. EXECUTIVE SUMMARY OF TASKS PERFORMED BY ALLEN**
19 **MATKINS DURING THE FIFTH INTERIM PERIOD.**

20 This case requires significant, complex legal work across a broad spectrum of
21 activities, including preserving assets, collecting debts, analyzing and pursuing
22 claims against third parties (including professionals), negotiating and documenting
23 complex transactions, addressing environmental issues, and obtaining Court
24 approval of various actions by the Receiver. Given the nature of the case, the
25 recovery to investors will depend greatly upon the Receiver's ability to collect the
26 hundreds of millions of dollars owed to the company by borrowers, and in selling a
27 myriad of assets that range from promissory notes to an interest in a
28 radiopharmaceutical company to a yacht.

1 The following is an overview of Allen Matkins' work in the significant
2 matters affecting the Receivership Estate during the Fifth Interim Period. Further
3 detail is contained within this Fee Application, as well as in the Receiver's monthly
4 reports to the Court. Allen Matkins provided crucial and continuous hands-on
5 assistance to the Receiver on numerous legal matters, including:

- 6 • The Perfect Game: Allen Matkins successfully prosecuted an arbitration
7 against MIP Film Partners, LLC ("MFP"). As a result of the arbitration,
8 MFP acknowledged in writing that the Distribution Agreement between
9 The Perfect Game, LLC ("TPG") and MFP was properly terminated by
10 TPG. The arbitration was dismissed as moot and TPG was awarded its
11 costs. Allen Matkins also negotiated, drafted and obtained Court approval
12 of new domestic and foreign distribution agreements. These new
13 distribution agreements give the Receivership Estate the best chance at a
14 significant recovery from the film through the domestic and foreign DVD
15 and home entertainment markets.
- 16 • Pending Litigation: Allen Matkins represented the Receiver in addressing
17 important and complex issues involved in pending litigation relating to
18 Receivership Entity National Health Benefits Corporation, and Medical
19 Capital borrowers Edge Capital, Dr. Robert Schepp, and New Life
20 Centers. In particular, Allen Matkins assisted the Receiver in securing
21 settlements and recovering a total of \$592,000 from Mr. Blodnick and
22 State Farm Insurance, and a total of \$26,500 from Addison Larreau, one of
23 the guarantors of New Life's obligations to the Receivership Entities.
24 Allen Matkins continued work toward a settlement with Crown Plaza,
25 pursuant to which the Receiver hopes to be able to generate more than
26 \$4 million for the Receivership Estate.
- 27 • Allen Matkins pursued litigation regarding claims belonging to the
28 Receivership Entities against Valley Health Care Medical Group, Pyramid

Technologies, and Autumn Senior Living, Inc. and also did substantial work analyzing the viability of potential claims against former counsel to the receivership entities and various broker-dealers.

- Allen Matkins assisted the Receiver in compiling the information necessary to prepare and draft the Thirteenth, Fourteenth and Fifteenth Reports to the Court.

III. FEE APPLICATION.

With respect to its work performed during the Fifth Interim Period, Allen Matkins requests the Court's approval of \$577,089.00 in fees and \$11,950.64 in expenses. For the Court's review, Allen Matkins has categorized the time billed by its professionals as follows:

A. Fees Requested (\$577,089.00)

Allen Matkins seeks approval and payment of \$577,089.00 in fees, which are categorized in the below chart.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	27.2	\$10,172.00
Outstanding Litigation	298591-00007	122.4	\$44,493.50
Third Party Claims	298591-00008	159.3	\$85,379.50
Claims	298591-00009	40.2	\$18,394.00
Medical Provider Funding Corporation II Assets / Disposition	298591-00012	5.8	\$2,185.00
Medical Provider Funding Corporation III.2 Assets / Disposition	298591-00014	0.3	\$109.50
Medical Provider Funding Corporation IV.1 Assets / Disposition	298591-00015	20.9	\$8,129.50

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 established in such a receivership.

1	Medical Provider Funding Corporation IV.2 Assets / Disposition	298591-00016	3.4	\$1,394.00
2	Medical Provider Funding Corporation V Assets / Disposition	298591-00017	1.1	\$605.00
3	Trace Life Science	298591-00020	36.4	\$15,025.50
4	The Perfect Game	298591-00021	275.8	\$141,671.00
5	Parkway / Dr. Aquino	298591-00022	203.5	\$89,699.00
6	Plan & Distribution	298591-00024	9.3	\$3,816.00
7	Manatt Phelps & Phillips Litigation	298591-00025	178.2	\$74,262.00
8	Sedgwick, LLP Claim	298591-00026	94.3	\$49,815.50
9	Miscellaneous (General Receivership, Investor Issues, Sale of Assets / Disposition)	298591-00002 298591-00005 298591-00006	66.7 3.5 3.7	\$28,664.00 \$1,804.50 \$1,469.50
10				
11	TOTAL HOURS / FEES		1,252.0	\$577,089.00
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13 **1. Investigation / Reporting (27.2 hours)**

14 This category contains time spent investigating, analyzing and providing legal
15 advice as to the operations, loan transactions and assets of the Receivership Entities,
16 and recovering documents, records and other information regarding the business and
17 assets of the Receivership Entities. During the Fifth Interim Period, Allen Matkins
18 attorneys and paralegals assisted the Receiver in handling issues arising from, and
19 reviewing and analyzing documents received pursuant to, subpoenas issued to Wells
20 Fargo, Bank of America, Chase Bank, and Healthcare Financial, among others. The
21 subpoenas served by the Receiver sought documents relating to the bank accounts of
22 individuals and entities potentially involved in the misappropriation of Medical
23 Capital funds, as well as documents needed to trace the sources and uses of funds
24 for the Receiver's forensic accounting. This category also contains time spent in
25 preparing three monthly reports to the Court.
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NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Michael R. Farrell	Partner Litigation	\$535	11.6	\$6,206.00
Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	8.4	\$3,066.00
Felicia M. Hernandez	Paralegal Litigation	\$125	7.2	\$900.00
TOTAL HOURS & FEES²			27.2	\$10,172.00
TOTAL EXPENSES				\$127.81

2. Outstanding Litigation (122.4 hours)

This category contains time spent analyzing and defending the receivership estate's interest in outstanding litigation to which the Receivership Entities or their borrowers is a party. In each instance, Allen Matkins' focus was on preserving valuable assets that were at risk as a result of pending litigation.

- *Crown Plaza Development, LLC v. Edge Capital, Medical Capital Corporation, et al.*: This adversary proceeding, pending in bankruptcy court in the Central District of California (Hon. Robert Kwan presiding), relates to the bankruptcy case of Crown Plaza Development, LLC ("Crown"). Crown borrowed money from Edge Capital, an entity that borrowed money from Medical Capital. Edge Capital was unable to repay its loans from Medical Capital, and assigned the notes and deeds of trust for the Crown loans to Medical Capital. Crown filed bankruptcy and sued Edge Capital, Edge Capital's principals, and Medical Capital. Pursuant to the Preliminary Injunction Order, the proceeding is enjoined as it pertains to Medical Capital. During the Fifth Interim Period, Allen Matkins appeared telephonically at a status conference in the adversary proceeding, worked with Crown Plaza counsel in drafting a joint status report, and

² See Farrell Decl., Exh. A, pp. 16-22.

1 continued to participate in settlement discussions with Crown Plaza. A
2 verbal agreement on the terms of a settlement with Crown Plaza was
3 reached in December 2010. Efforts to document and get Court approval of
4 the settlement have been delayed by disagreements among the principals
5 of Crown Plaza, as well as Crown Plaza's efforts to obtain equity
6 financing on one of the properties at issue in order to contribute cash to the
7 settlement.

- 8 • *Coalition America v. NHBC*: In this case, pending in district court in the
9 Northern District of Georgia, Coalition America obtained a \$2.7 million
10 judgment against NHBC, a subsidiary of MCH. During the Fifth Interim
11 Period, Allen Matkins assisted and advised the Receiver in analyzing
12 issues relating to the potential sale of NHBC, and drafted a non-disclosure
13 agreement regarding the potential sale of NHBC. In addition, Allen
14 Matkins communicated with counsel for Coalition America regarding
15 resolution of the pending cross-appeals and other issues in the Georgia
16 litigation, reviewed and analyzed Coalition America's attorney's fees and
17 costs in the Georgia litigation, drafted a stipulation with Coalition America
18 regarding dismissal of the cross-appeals and resolution of the attorney fees
19 and costs issues, and moved for Court approval of the stipulated
20 resolution. Allen Matkins drafted and filed a response to an objection to
21 the motion filed by investors Dirk and Kimberlee Visser. The stipulation
22 was approved by the Court on February 9, 2011. Pursuant thereto, the
23 cross-appeals were dismissed by the Eleventh Circuit Court of Appeals
24 and the Georgia district court entered judgment in favor of Coalition
25 America for the stipulated amount of attorney fees and costs. .
- 26 • Actions involving Medical Capital borrowers Dr. Robert Schepp and his
27 medical practices ("Schepp"), insurance companies, and Dr. Schepp's
28 counsel Edward Blodnick: In these cases, Schepp was sued by, and in turn

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sued, various insurance companies. During the Fifth Interim Period, Allen Matkins drafted an ex parte application for order shortening time regarding a previously filed motion for approval of a settlement with Mr. Blodnick. The settlement with Mr. Blodnick was approved by the Court on November 4, 2011. Allen Matkins continued to assist the Receiver with settlement issues related to Dr. Schepp, including the receipt of settlement funds from State Farm Insurance pursuant to the settlement approved by the Court on June 8, 2010, and issues pertaining to the Blodnick settlement. Allen Matkins worked with local counsel in New York regarding dismissal of the action filed by Mr. Blodnick against the Receiver. In addition, Allen Matkins discussed and analyzed strategy regarding investigation and pursuit of claims against Dr. Schepp.

- *Hollie Sault v. Corporate Expressions, et al.*: In this action, pending in San Diego Superior Court, Sault claims she was injured while performing duties as a crew member on the Homestretch, a yacht owned by one of the Receivership Entities. In the Fifth Interim Period, Allen Matkins continued communications with counsel for Chubb insurance regarding the case, and responded to Sault's motion seeking relief from the stay to pursue claims against the yacht insurer.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Jeffrey R. Patterson	Partner Litigation	\$560	6.9	\$3,864.00
Michael R. Farrell	Partner Litigation	\$535	5.8	\$3,103.00
Matthew J. Ertman	Partner Corporate	\$460	6.3	\$2,898.00
Monica M. Quinn	Partner Labor / Employment	\$450	0.4	\$180.00
Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	69.8	\$25,477.00
Ryan T. Waggoner	Associate Litigation	\$295	.3	\$88.50
Josi Swonetz	Associate Litigation	\$270	32.9	\$8,883.00
TOTAL HOURS & FEES³			122.4	\$44,493.50
TOTAL EXPENSES				\$1,087.74

3. Third Party Claims (159.3 hours)

This category contains time spent analyzing and prosecuting claims on behalf of the Receivership estate, including claims against Valley Health Care Medical Group ("Valley Health"), Pyramid Technologies, Inc. ("Pyramid"), and the potential pursuit of claims against additional third parties, including against the law firms formerly representing the Receivership Entities.

Allen Matkins spent significant time in the Fifth Interim Period reviewing documents, correspondence and records produced by former counsel, and researching potential claims against the firms for breaches of securities law, fiduciary duty and other business torts. For example, Allen Matkins attorneys met with the Receiver and his staff to discuss potential claims against Thomas Fazio and the Fazio Rynsky firm, communicated with Mr. Fazio and Ms. Rynsky regarding the

³ See Farrell Decl., Exh. A, pp. 28-44.

1 production of legal files, as well as a tolling agreement, and reviewed files
2 produced. Given the scope of the potential claims, the complexity of the facts and
3 legal issues, and the likelihood that any claims would be vigorously contested,
4 substantial effort has been required to fully investigate these claims.

5 The Receiver's claims against Valley Health and Dr. Kroop include
6 approximately \$22 million owed to the Receivership Entities under loan agreements,
7 an accounts receivable purchase agreement, and related security agreements and
8 guaranties. During the Fifth Interim Period, Allen Matkins opposed Valley Health's
9 motion for leave to file a cross-claim, analyzed the cross-complaint, conferred with
10 opposing counsel and drafted a stipulation regarding scheduling and issues raised by
11 the cross-complaint, and handled continuing discovery issues.

12 In the Receiver's pending case against Pyramid Technologies, Allen Matkins
13 propounded discovery demands, and conferred with opposing counsel regarding
14 mediation.

15 With regard to potential claims against broker-dealers, Allen Matkins spent
16 time during the Fifth Interim Period analyzing claims and potential resolutions of
17 the matter.

18 Allen Matkins also prepared and filed a complaint against TEEM, LLC and
19 Anthony Macaluso for breach of guaranty, judicial foreclosure, disgorgement,
20 among other claims, seeking an award of damages in excess of \$10 million.

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NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	2.3	\$1,288.00
Michael R. Farrell	Partner Litigation	\$535	17.6	\$9,416.00
Stephen S. Walters	Partner Litigation	\$605	7.6	\$4,598.00
Alan B. Clark	Partner Litigation	\$650	66.7	\$43,355.00
Francis N. Scollan	Partner Litigation	\$485	21.4	\$10,379.00
Cathy A. Hongola	Associate Litigation	\$365	0.4	\$146.00
Yale K. Kim	Associate Bankruptcy/Creditors' Rights	\$395	13.1	\$5,174.50
Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	30.2	\$11,023.00
TOTAL HOURS & FEES⁴			159.3	\$85,379.50
TOTAL EXPENSES				\$1,047.13

4. Claims (40.2 hours)

This category contains time spent evaluating potential claims and communicating with potential claimants regarding the claims process, as well as analysis and planning as to the claims process itself. In the Fifth Interim Period, Allen Matkins researched issues relating to the claims process and drafted claims forms and instructions. Allen Matkins worked with the SEC to obtain input and approval on claims motion and forms, and also conferred with investors regarding the claims motion. On December 21, 2010, Allen Matkins filed its Motion for Order (1) Setting Claims Bar Date, (2) Approving Proof of Claim and Claim Information Forms, and (3) Establishing Summary Procedures for Claims Administration ("Motion"). The Court granted the Motion on January 31, 2011.

⁴ See Farrell Decl., Exh. A, pp. 45-64.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	2.4	\$1,344.00
Michael R. Farrell	Partner Litigation	\$535	14.4	\$7,704.00
Loraine L. Pedowitz	Senior Counsel Bankruptcy/Creditors' Rights	\$400	23.0	\$9,200.00
Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	0.4	\$146.00
TOTAL HOURS & FEES⁵			40.2	\$18,394.00
TOTAL EXPENSES				\$63.57

5. Medical Provider Funding Corporation II – Assets /

Disposition (5.8 hours)

This category contains time spent analyzing and investigating the assets of MP II. On October 22, 2010, the Receiver's request for authority to abandon the Gulf Pines Hospital property was granted by the Court. During the Fifth Interim Period, Allen Matkins communicated with counsel for The St. Joe Company, which filed an action in the Northern District of Florida regarding its reversionary interest in the property. On behalf of the Receiver, Allen Matkins advised counsel for The St. Joe Company that the Receiver was authorized and prepared to turn the property over, which The St. Joe Company had previously demanded. The St. Joe Company then requested access to the property, which the Receiver provided, and later determined that it did not want to take title to the property. Discussions with the City of Port St. Joe, which also has a reversionary interest in the property, and the Internal Revenue Service, which has liens on the property for unpaid taxes, are currently ongoing.

⁵ See Farrell Decl., Exh. A, pp. 66-71.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Michael R. Farrell	Partner Litigation	\$535	0.4	\$214.00
Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	5.4	\$1,971.00
TOTAL HOURS & FEES⁶			5.8	\$2,185.00
TOTAL EXPENSES				\$0

**6. Medical Provider Funding Corporation III.2 – Assets /
Disposition (0.3 hours)**

This category contains time spent on analyzing and investigating the assets of MP III, Series 2. In the Fifth Interim Period, Allen Matkins communicated with the Receiver regarding Concept 1 Academies and reviewed relevant pleadings in the Concept 1 matter.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	0.3	\$109.50
TOTAL HOURS & FEES⁷			0.3	\$109.50
TOTAL EXPENSES				\$120.00

**7. Medical Provider Funding Corporation IV.1 – Assets /
Disposition (20.9 hours)**

This category contains time spent analyzing and investigating the assets of MP IV, Series 1, and negotiating, structuring and documenting the sale of various assets of MP IV, Series 1.

In the Fifth Interim Period, Allen Matkins worked on the below significant matters involving the assets of MP IV.1, including, but not limited to:

⁶ See Farrell Decl., Exh. A, pp. 73-75.
⁷ See Farrell Decl., Exh. A, pp. 77.

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- Southwest Atlanta (Legacy) Medical Center: After an initial sale transaction fell through shortly before an approval motion was to be heard in December 2009, Allen Matkins assisted in negotiating and drafting a second Purchase and Sale Agreement with a different buyer. The new buyer executed a short term lease and expended considerable funds in an effort to obtain a Certificate of Need from the Georgia authorities which, in turn, would assist it in obtaining financing for the sale. Unfortunately, the new buyer has been unable to obtain a Certificate of Need thus far. During the Fifth Interim Period, the new buyer continued to possess the property and pay the operating expenses pursuant to the lease. Allen Matkins finalized the Amended and Restated Purchase Agreement for the sale of the property and Fourth Amendment to Lease, and advised the Receiver regarding related issues. Allen Matkins also communicated with the liquidating agent from the Southwest Hospital bankruptcy case pending in the Northern District of Georgia about distributions from the bankruptcy estate.
- New Life Center: Medical Capital executed an Accounts Receivable Purchase Agreement with New Life Centers. New Life's obligations under the agreement were guaranteed by Addison Larreau and Illya Gonta. Prior to the Receiver's appointment, Medical Capital commenced an action in Nevada against New Life, Larreau and Gonta to collect under the agreement. During the Fifth Interim Period, Allen Matkins advised the Receiver regarding settlement, and negotiated settlement terms with counsel for Addison Larreau. Allen Matkins worked to finalize the settlement by drafting a settlement agreement, stipulated judgment, and motion for Court approval. The settlement agreement was approved by the Court on March 10, 2011. The full

1 settlement payment of \$26,500 was received from Mr. Larreau on
 2 March 17, 2011.

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	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
5	Michael R. Farrell	Partner Litigation	\$535	0.9	\$481.50
6	Alex Y. Choi	Partner Real Estate	\$450	1.3	\$585.00
7	Brad H. Nielsen	Partner Real Estate	\$460	2.5	\$1,150.00
8	Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	16.2	\$5,913.00
9	TOTAL HOURS & FEES⁸			20.9	\$8,129.50
10	TOTAL EXPENSES				\$613.68

13 **8. Medical Provider Funding Corporation IV.2 – Assets /**
 14 **Disposition (3.4 hours)**

15 This category contains time spent on analyzing and investigating the assets of
 16 MP IV, Series 2, and negotiating, structuring and documenting the sale of various
 17 assets of MP IV, Series 2.

18 The fees incurred in this category relate to Southwest Atlanta (Legacy)
 19 Medical Center, as set forth in detail in section IV.A.7. above. The fees for the
 20 Southwest sale and related issues are split evenly between MP IV.1 and MP IV.2
 21 based on the ownership structure of the various loans made to the prior operators.

22	23	24	25	26	27
	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
24	Michael R. Farrell	Partner Litigation	\$535	0.9	\$481.50
25	Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	2.5	\$912.50
26	TOTAL HOURS & FEES⁹			3.4	\$1,394.00

28 ⁸ See Farrell Decl., Exh. A, pp. 79-85.

1 TOTAL EXPENSES	\$0
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3 **9. Medical Provider Funding Corporation V – Assets / Disposition**
4 **(1.1 hours)**

5 This category contains time spent analyzing and investigating the assets of
6 MP V. In the Fifth Interim Period, Allen Matkins reviewed the Discounted Payoff
7 Agreement and dealt with minor post-closing issues relating to the Mail.com Media
8 Corporation discounted loan payoff.

9 NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
10 Anne E. Klokow	Partner Real Estate	\$550	1.1	\$605.00
11 TOTAL HOURS & FEES¹⁰			1.1	\$605.00
12 TOTAL EXPENSES				\$0

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14 **10. Trace Life Science (36.4 hours)**

15 The Receivership Entities made loans made to Trace Life Sciences, Inc.
16 ("Trace"), a Texas corporation, which, when it was operating, manufactured
17 radiochemicals and radiopharmaceuticals. Prior to the Receiver's appointment,
18 Medical Capital exercised proxies giving it the right to vote the stock of Trace's
19 majority owner. Throughout the case, Allen Matkins has advised and consulted
20 with the Receiver regarding options and strategies for minimizing costs and
21 maximizing the recovery on the loans for the receivership estate. During the Fifth
22 Interim Period, Allen Matkins advised and assisted the Receiver regarding Trace's
23 issuance of a notice of termination of the Management Agreement with NuView
24 Life Sciences, engagement of an nuclear engineer located in Arlington, Texas to
25 provide consulting services, several insurance claims, and related issues.
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28 ⁹ See Farrell Decl., Exh. A, pp. 86-87.
¹⁰ See Farrell Decl., Exh. A, pp. 89.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Pamela L. Andes	Partner Land Use / Environmental	\$575	1.5	\$862.50
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	0.3	\$168.00
Michael R. Farrell	Partner Litigation	\$535	7.4	\$3,959.00
Debra D. Hall	Partner Corporate & Securities	\$545	0.6	\$327.00
Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	26.6	\$9,709.00
TOTAL HOURS & FEES¹¹			36.4	\$15,025.50
TOTAL EXPENSES				\$33.30

11. The Perfect Game (275.8 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. This is a potentially valuable asset (in which the Receivership Entities invested over \$20 million). However, given the nature of the asset, realizing value has involved a series of intensive negotiations with various interested parties, investors and distributors.

Allen Matkins handled numerous tasks related to this film asset during the Fifth Interim Period, including spending significant time to protecting the Receiver's interest in the film. The distributor, MIP Films, LLC ("MFP"), and its agents failed to comply with various provisions of the Distribution Agreement, and the Receiver terminated the agreement. MFP disputed the termination, requiring the Receiver to file a demand for arbitration seeking an order validating the Receiver's actions. Such an order was necessary for the Receiver to retain new distribution partners, who would require "clean title." During the Fifth Interim Period, Allen

¹¹ See Farrell Decl., Exh. A, pp. 91-98.

1 Matkins prosecuted the Arbitration to successful conclusion. On February 4, 2011,
2 after MFP had acknowledged and acquiesced in the proper termination of the
3 Distribution Agreement by TPG, the Arbitration was dismissed as moot and TPG
4 was awarded its costs. In addition to requesting permission to conduct discovery
5 and addressing various procedural and substantive issues concerning the arbitration,
6 Allen Matkins also dealt with issues arising from the termination of the lease to
7 High Road Entertainment, a potential DVD distribution deal, and the trademark of
8 The Perfect Game.

9 In addition, Allen Matkins assisted the Receiver in negotiating, documenting
10 and executing new domestic and foreign distribution agreements with Image
11 Entertainment and Camelot Distribution Group, respectively. On January 12, 2011,
12 the Receiver applied for Court approval of the new distribution agreements, which
13 was granted by order entered on January 18, 2011. These new distribution
14 agreements provide the best chance for a significant recovery from the Film through
15 the domestic and foreign DVD and home entertainment markets.

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1	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
2	Daniel G. McIntosh	Partner Corporate/Entertainment	\$650	103.6	\$67,340.00
3	Michael R. Farrell	Partner Litigation	\$535	75.2	\$40,232.00
4	Philip C. Schroeder	Associate Corporate & Securities	\$395	2.4	\$948.00
5	Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	84.2	\$30,733.00
6	Lauren Danielson	Associate Litigation	\$250	4.4	\$1,100.00
7	Josi Swonetz	Associate Litigation	\$270	2.8	\$756.00
8	Scott B. Drake	Paralegal Litigation	\$235	2.2	\$517.00
9	X.X. Para/Sec.		\$45	1.0	\$45.00
10	TOTAL HOURS & FEES¹²			275.8	\$141,671.00
11	TOTAL EXPENSES				\$2,898.30

12. *Parkway Hospital / Dr. Aquino (203.5 hours)*

This category contains time spent analyzing and investigating the portfolio of loans the Receivership Entities made to Parkway Hospital, Dr. Robert Aquino, and Capitol Health Management, Inc., which loans total more than \$74 million.

In the Fifth Interim Period, Allen Matkins assisted the Receiver in working with the bankruptcy trustees for Parkway Hospital and Capitol Health Management to obtain the necessary stay relief orders from the bankruptcy court in New York that would allow the Receiver to commence a foreclosure action in New York state court with respect to the hospital property. The necessary stay relief orders were entered by the bankruptcy court, and the Receiver filed the foreclosure action.

At the same time, Allen Matkins continued to assist the Receiver in efforts to sell the Parkway loans, including drafting a letter of intent to a potential purchaser,

¹² See Farrell Decl., Exh. A, pp. 100-135.

1 negotiated terms and drafting a Loan Sale Agreement and related documents, and
2 drafting a Confidentiality Agreement for potential bidders. The firm also assisted
3 the Receiver in obtaining relevant records and investigating large cash transfers
4 made to various third parties from an escrow account associated with one of the
5 Parkway loans. The escrow account was maintained by Medical Capital's former
6 counsel at Fazio Rynsky & Associates, LLP.

7 Allen Matkins also assisted the Receiver in attempting to recover on a loan
8 made to Capitol Health Management, a portion of which was used by Dr. Aquino to
9 make a deposit toward the purchase of a company called Century Ambulance
10 Services, Inc. The purchase was never completed and Dr. Aquino is currently in
11 litigation in New York with Century Ambulance and its owner, Domenic Marinaro.
12 Allen Matkins assisted the Receiver in discussions with counsel for Dr. Aquino and
13 counsel for Mr. Marinaro regarding a settlement, under which the majority of the
14 deposit would be returned to the Receivership Entities. These settlement
15 discussions are still underway. If and when settlement terms are reached, the
16 Receiver will seek Court approval of the agreement.

17 Allen Matkins assisted the Receiver in monitoring the Parkway Hospital and
18 Capitol Health Management bankruptcy cases, and communicating with the
19 respective bankruptcy trustees regarding the disposition of assets and pursuit of
20 claims that are subject to Medical Capital's liens. The firm also advised the
21 Receiver regarding strategy for collecting on loans made to Dr. Aquino.

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NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Jeffrey R. Patterson	Partner Litigation	\$560	24.1	\$13,496.00
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	1.9	\$1,064.00
Anne E. Klokow	Partner Real Estate	\$550	63.6	\$34,980.00
Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	101.6	\$37,084.00
Robyn L. Williams	Paralegal Real Estate	\$250	12.3	\$3,075.00
TOTAL HOURS & FEES¹³			203.5	\$89,699.00
TOTAL EXPENSES				\$96.31

13. Plan & Distribution (9.3 hours)

This category includes time spent by Allen Matkins to establish and draft a distribution plan for the classes of claimants. During the Fifth Interim Period, Allen Matkins assisted the Receiver in analyzing various legal issues related to the distribution plan.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	0.6	\$336.00
Lorraine L. Pedowitz	Senior Counsel Bankruptcy/Creditors' Rights	\$400	8.7	\$3,480.00
TOTAL HOURS & FEES¹⁴			9.3	\$3,816.00
TOTAL EXPENSES				\$0.19

14. Manatt Phelps & Phillips Claim (178.2 hours)

This category includes time spent by Allen Matkins to advise the Receiver as to potential claims against former counsel for the Receivership Entities, the law firm

¹³ See Farrell Decl., Exh. A, pp. 137-170.
¹⁴ See Farrell Decl., Exh. A, pp. 172-173.

1 of Manatt Phelps & Phillips. During the Fifth Interim Period, Allen Matkins spent
 2 significant time reviewing documents produced by Manatt and various other
 3 materials identifying the legal work performed for Medical Capital by Manatt,
 4 addressing Manatt's access to information concerning the operations of various
 5 Medical Capital entities, and relating to Manatt's legal obligations to the different
 6 Medical Capital entities. Allen Matkins also researched several issues, including
 7 securities law regarding remedies and disclosure requirements, conflict issues,
 8 disgorgement and unity of interest. Given the scope of Manatt's involvement with
 9 Medical Capital over a long period of time in connection with approximately \$1.7
 10 billion in securities offerings, the investigation and analysis of these issues is
 11 particularly time-intensive.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	0.2	\$112.00
Stephen S. Walters	Partner Litigation	\$605	63.7	\$38,538.50
Cathy A. Hongola	Associate Litigation	\$365	43.9	\$16,023.50
Hsin-Hsin Yang	Associate Litigation	\$295	55.0	\$16,225.00
Arica A. Delakovias	Paralegal Litigation	\$225	5.2	\$1,170.00
Delia R. Cuenca	Paralegal Litigation	\$215	10.2	\$2,193.00
TOTAL HOURS & FEES¹⁵			178.2	\$74,262.00
TOTAL EXPENSES				\$742.72

15. *Sedgwick, LLP Claim (94.7 hours)*

This category includes time spent by Allen Matkins to pursue litigation against former counsel for the Receivership Entities, the law firm of Sedgwick,

¹⁵ See Farrell Decl., ¶ 2.

1 LLP. During the Fifth Interim Period, Allen Matkins analyzed issues concerning
 2 claims against Sedgwick and damages. Allen Matkins drafted the complaint against
 3 Sedgwick, and prepared an ex parte application and related documents for approval
 4 to file the lawsuit. The Court subsequently granted the ex parte application. Allen
 5 Matkins also conducted research regarding statute of limitations issues.

6	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
7	David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	0.6	\$336.00
8	Michael R. Farrell	Partner Litigation	\$535	11.9	\$6,366.50
9	Stephen S. Walters	Partner Litigation	\$605	55.4	\$33,517.00
10	Alan B. Clark	Partner Litigation	\$650	0.4	\$260.00
11	Cathy A. Hongola	Associate Litigation	\$365	24.1	\$8,796.50
12	Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	0.3	\$109.50
13	Timothy S. Terry	Paralegal Litigation	\$215	2.0	\$430.00
14	TOTAL HOURS & FEES¹⁶			94.7	\$49,815.50
15	TOTAL EXPENSES				\$93.64

16 **16. Miscellaneous (73.9 hours)**

17 This category includes fees and costs for three billing categories: General
 18 Receivership, Investor Issues, and Sale of Assets/Disposition. Specifically, time
 19 relating to the administration of the Receivership, researching and securing
 20 Receivership assets, and negotiating and structuring the sale of various assets are
 21 included in this category, including but not limited to:
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¹⁶ See Farrell Decl., ¶ 2.

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- General Receivership: Allen Matkins worked extensively with the Receiver regarding a plan for management and inventory of all documents relating to the Receivership Entities. Allen Matkins also handled issues relating to an expansive document subpoena issued to the Receiver by plaintiffs' counsel in the Masonek class action against the trustees, and production of documents thereunder. Significant time was required to negotiate production terms with counsel.
- Investor Issues: Allen Matkins continued to correspond with investors and their representatives relating to questions regarding the Receivership; and
- Sale of Assets: In the Fifth Interim Period, Allen Matkins assisted the Receiver in finalizing the sale of the yacht, Home Stretch, including attending to issues relating to the bill of sale, buyer's delay, and an extension of the closing date. The sale closed and the Receiver received the remainder of the \$1.8 million purchase price in February 2011. The buyer also reimbursed the Receiver for all operating expenses for the yacht during the delay between Court approval of the sale and closing.

1	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
2	David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	1.9	\$1,064.00
3					
4	Michael R. Farrell	Partner Litigation	\$535	17.9	\$9,576.50
5	Stephen S. Walters	Partner Litigation	\$605	19.0	\$11,495.00
6					
7	Edward G. Fates	Associate Bankruptcy/Creditors' Rights	\$365	4.0	\$1,460.00
8	Cathy A. Hongola	Associate Litigation	\$365	1.5	\$547.50
9					
10	Rhonda Reid	Litigation Technology Man. Litigation	\$275	28.1	\$7,727.50
11	X.X.	Paralegal/Secretary	\$45	1.5	\$67.50
12	TOTAL HOURS & FEES¹⁷			73.9	\$31,938.00
13	TOTAL EXPENSES				\$5,026.25

B. Expenses Requested (\$11,216.03)

Allen Matkins also requests that the Court approve \$11,216.03 in costs. 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 \$0.19 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

¹⁷ See Farrell Decl., Exh. A, pp. 3-14, 23-26.

1 Allen Matkins attorneys when their attendance was required at Court hearings and
 2 other litigation proceedings.

CATEGORY	EXPENSES
Investigation / Reporting	\$127.81
Outstanding Litigation	\$1,087.74
Third Party Claims	\$1,047.13
Claims	\$63.57
Medical Provider Funding Corporation II Assets / Disposition	\$0
Medical Provider Funding Corporation III.2 Assets / Disposition	\$120.00
Medical Provider Funding Corporation IV.1 Assets / Disposition	\$613.68
Medical Provider Funding Corporation IV.2 Assets / Disposition	\$0
Medical Provider Funding Corporation V Assets / Disposition	\$0
Trace Life Science	\$33.30
The Perfect Game	\$2,898.30
Parkway / Dr. Aquino	\$96.31
Plan & Distribution	\$0.19
Manatt Phelps & Phillips Litigation	\$742.72
Sedgwick Detert Moran & Arnold Litigation	\$93.64
Miscellaneous (Sale of Assets / Disposition, Investor Issues, General Receivership)	\$5,026.25
TOTAL EXPENSES	\$11,950.64

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 20 **IV. CONCLUSION.**

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

- 26 1. Approving and allowing fees totaling \$577,089.00 for the Fifth Interim
 27 Period;

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1 2. Approving and allowing reimbursement of costs totaling \$11,950.64 for
2 the Fifth Interim Period;

3 3. Authorizing the Receiver to pay 80% of the allowed amount of Allen
4 Matkins' fees, which amount is \$461,671.20;

5 4. Authorizing the Receiver to pay 100% of the allowed amount of Allen
6 Matkins' costs, which amount is \$11,950.64; and

7 5. For other and further relief as is appropriate.

8 Dated: May 11, 2011

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

By: /s/ Michael R. Farrell

MICHAEL R. FARRELL
Attorneys for Receiver
THOMAS A. SEAMAN

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