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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)

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

Date: February 13, 2012
Time: 8:30 a.m.
Ctrm: 9D
Judge: Hon. David O. Carter

1 Allen Matkins Leck Gamble Mallory & Natsis LLP ("Allen Matkins"),
2 general counsel for Thomas A. Seaman ("Receiver"), the court-appointed Permanent
3 Receiver for Medical Capital Holdings, Inc., Medical Capital Corporation, Medical
4 Provider Funding Corporation VI, and their subsidiaries and affiliates (collectively,
5 the "Receivership Entities"), submits this Seventh Interim Application for approval
6 and payment of fees and reimbursement of expenses. This application covers the
7 period May 1, 2011 through July 31, 2011 ("Seventh Interim Period").

8 Allen Matkins seeks interim approval of \$497,422.40 in fees and \$17,271.05
9 in expenses incurred during the Seventh Interim Period. Allen Matkins asks that the
10 Receiver be authorized to pay 80% of the requested fees, or \$397,937.92, and 100%
11 of the requested expenses. In light of the Court's prior comments, Allen Matkins
12 has carefully reviewed its invoices with an eye toward providing the best possible
13 value to the receivership estate, and has made significant adjustments to such
14 invoices.

15 The Securities and Exchange Commission ("SEC") has reviewed this Seventh
16 Interim Fee Application, along with the Fee Applications filed concurrently
17 herewith by the Receiver and other counsel. The SEC supports this Seventh Interim
18 Fee Application.

19 **I. INTRODUCTION.**

20 On August 18, 2009, the Court entered the Preliminary Injunction and Order
21 Appointing a Permanent Receiver ("Appointment Order"), making the Receiver's
22 appointment permanent. Section VI of the Appointment Order empowers and
23 directs the Receiver to engage and employ attorneys to (1) assist in investigation and
24 discovery as may be necessary to locate and account for assets of or managed by the
25 Receivership Entities, and (2) investigate and, where appropriate, to institute,
26 pursue, and prosecute all claims and causes of action of whatever kind and nature as
27 a result of the activities of the employees or agents of the Receivership Entities. The
28 Receiver immediately engaged Allen Matkins to serve as his general counsel.

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

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

14 **II. EXECUTIVE SUMMARY OF TASKS PERFORMED BY ALLEN**
15 **MATKINS DURING THE SEVENTH INTERIM PERIOD.**

16 This case requires significant, complex legal work across a broad spectrum of
17 activities, including preserving assets, collecting debts, analyzing and pursuing
18 claims against third parties (including against attorneys and other professionals),
19 negotiating and documenting complex transactions, addressing environmental
20 issues, and obtaining Court approval of various actions by the Receiver. The
21 following is an overview of Allen Matkins' work in the significant matters affecting
22 the Receivership Estate during the Seventh Interim Period. Further detail is
23 contained within this Fee Application, as well as in the Receiver's monthly reports
24 to the Court. Allen Matkins provided crucial and continuous hands-on assistance to
25 the Receiver on numerous legal matters, including:

- 26 • Allen Matkins investigated claims and drafted documents relating to two
27 law firms which formerly represented the Receivership Entities, Manatt
28 Phelps & Phillips and Sedgwick Detert Moran & Arnold. Given the scope

1 of the law firms' involvement with Medical Capital over a long period of
2 time in connection with over \$1.7 billion in securities offerings, the
3 investigation, analysis and pursuit of these claims is particularly time-
4 intensive. Allen Matkins' activities during the time period covered by this
5 Application include filing an action against the Sedgwick firm in this
6 Court, responding to a motion to dismiss filed by the Defendant, beginning
7 the process of responding to discovery requests, initiating an arbitration
8 proceeding against the Manatt firm, and related activities.

- 9 • Pending Litigation: Allen Matkins represented the Receiver in addressing
10 important and complex issues involved in pending litigation relating to
11 Receivership Entity Corporate Impressions, Medical Capital borrowers
12 Capitol Health Management and Edge Capital, and the bankruptcy case of
13 Edge Capital principal Matthew Nunez. In particular, Allen Matkins
14 assisted the Receiver with a settlement relating to a Capitol Health
15 Management loan, and a potential settlement in the Crown Plaza v. Edge
16 Capital matter. Pursuant to the Capitol Health-related settlement with
17 Dr. Aquino and Mr. Marinaro, which was approved by the Court during
18 the Seventh Interim Period, \$168,000 was returned to the Receivership
19 Entities. Another \$500,000 was received from the Capitol Health
20 Management bankruptcy estate in early November as a result of these and
21 prior efforts.
- 22 • Allen Matkins continued to pursue litigation of claims belonging to the
23 Receivership Entities against Valley Health Care Medical Group, Pyramid
24 Technologies, and Anthony Macaluso/TEEM, LLC, and also analyzed the
25 viability of potential claims against other third parties.
- 26 • The Perfect Game: In order to protect the Receivership Entities'
27 \$20 million plus investment in this film, Allen Matkins continued to work
28 with the Receiver's local counsel in Mexico to defend against a threat by a

1 terminated Mexican sub-distributor to improperly distribute the film in
 2 Mexico. Allen Matkins also handled issues relating to the Court-approved
 3 distribution agreements with Image Entertainment and Camelot
 4 Distribution Group, as well as possession and control of the film's website
 5 and music licensing.

- 6 • Reporting: Allen Matkins assisted the Receiver in compiling the
 7 information necessary to prepare and draft the 22nd, 23rd and 24th Interim
 8 Reports to the Court.

9 **III. FEE APPLICATION.**

10 With respect to its work performed during the Seventh Interim Period, Allen
 11 Matkins requests the Court's approval of \$497,422.40 in fees and \$17,271.05 in
 12 expenses. For ease of review, Allen Matkins has categorized the time billed by its
 13 professionals as follows:

14 **A. Fees Requested (\$497,422.40)**

15 Allen Matkins seeks approval of \$497,422.40 in fees, which are categorized
 16 in the table below.¹ Detailed descriptions of each category of fees and a break-down
 17 of hours by professional are also included below.

| 18 | CATEGORY | ALLEN MATKINS BILLING CODE | HOURS | FEES |
|----|---|-------------------------------------|-------|-------------|
| 19 | Investigation / Reporting | 298591-00004 | 41.2 | \$15,147.00 |
| 20 | Outstanding Litigation | 298591-00007 | 69.4 | \$25,723.50 |
| 21 | Third Party Claims | 298591-00008 | 76.6 | \$37,523.50 |
| 22 | Claims | 298591-00009 | 16.4 | \$7,212.00 |
| 23 | Medical Provider Funding Corporation II - Assets / Disposition | 298591-00012 | 12.8 | \$4,756.00 |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |

27 ¹ In compliance with agreements reached with the Trustees, a separate billing
 28 number was established for each of the MP entities. Typically, far fewer billing
 categories would be used in such a receivership.

| | | | | |
|----|---|--------------|-----------------|---------------------|
| 1 | Medical Provider Funding Corporation III.2 - Assets / Disposition | 298591-00014 | 70.7 | \$34,936.00 |
| 2 | | | | |
| 3 | Medical Provider Funding Corporation IV.1 - Assets / Disposition | 298591-00015 | 27.7 | \$9,199.00 |
| 4 | | | | |
| 5 | Medical Provider Funding Corporation IV.2 - Assets / Disposition | 298591-00016 | 26.9 | \$8,907.00 |
| 6 | | | | |
| 7 | Trace Life Science | 298591-00020 | 35.7 | \$18,834.50 |
| 8 | The Perfect Game | 298591-00021 | 76.4 | \$42,861.50 |
| 9 | Parkway / Dr. Aquino | 298591-00022 | 108.0 | \$44,016.00 |
| 10 | Plan & Distribution | 298591-00024 | 12.1 | \$6,426.00 |
| 11 | Manatt Phelps & Phillips Claim | 298591-00025 | 253.7 | \$121,976.85 |
| 12 | Sedgwick, LLP Claim | 298591-00026 | 215.3 | \$95,076.55 |
| 13 | Miscellaneous (General Receivership, Investor Issues, Sale of Assets / Disposition) | 298591-00002 | 1.3 | \$439.50 |
| 14 | | 298591-00005 | 2.2 | \$1,177.00 |
| 15 | | 298591-00006 | 48.2 | \$23,210.50 |
| 16 | TOTAL HOURS / FEES | | 1,094.60 | \$497,422.40 |

1. Investigation / Reporting [298591-00004] (41.2 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 Seventh Interim Period, Allen Matkins attorneys and paralegals assisted the Receiver in handling various issues, including preparation of subpoenas and review of documents received from financial institutions for the purpose of tracing the sources and uses of funds for the Receiver's forensic accounting. Allen Matkins attorneys also gathered information for and participated in a meeting with the Receiver to discuss possible depositions of various witnesses. Time spent gathering information for and preparing three monthly reports to the Court is also included in this category.

| NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|---|--|----------|-------------|-------------|
| Michael R. Farrell | Partner Litigation | \$535 | 16.7 | \$8,934.50 |
| Edward G. Fates | Senior Counsel Bankruptcy/Creditors' Rights | \$365 | 10.1 | \$3,686.50 |
| Rhonda Reid | Litigation Technology Manager | \$247.50 | 5.6 | \$1,386.00 |
| Carolina Echeverria | Paralegal Litigation | \$205 | .5 | \$102.50 |
| Felicia M. Hernandez | Paralegal Litigation | \$125 | 8.3 | \$1,037.50 |
| TOTAL HOURS & FEES² | | | 41.20 | \$15,147.00 |
| TOTAL EXPENSES | | | | \$216.61 |

2. Outstanding Litigation [298591-00007] (69.4 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 are parties. In each instance, Allen Matkins' focus was on preserving assets that were at risk in the 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. In December 2010, the basic terms of a settlement

² See Farrell Decl., Exh. A, pp. 13.

1 between the Receiver and Crown Plaza were negotiated, subject to
2 agreeable documentation. The settlement involves the allocation of four
3 commercial properties owned by Crown Plaza. A restaurant owned by
4 two of the principals of Crown Plaza is located on one of the properties.
5 During the Seventh Interim Period, Allen Matkins worked with Crown
6 Plaza counsel in drafting a settlement agreement and related lease
7 agreement for the restaurant, and attended to various discovery issues.
8 Allen Matkins inquired with Crown Plaza regularly regarding the status of
9 settlement documents. Due primarily to environmental issues with one of
10 the four commercial properties, which issues are still being evaluated, the
11 settlement has not yet been executed. Once it is, the Receiver will seek
12 Court approval.

- 13 • *In re Matthew Nunez*: On April 11, 2011, Matthew Nunez, one of the
14 principals of Edge Capital, filed a chapter 7 bankruptcy case in the Central
15 District of California. Allen Matkins assisted the Receiver in analyzing
16 potential claims against Nunez, including whether such claims would be
17 deemed non-dischargeable under the Bankruptcy Code.
- 18 • *Hollie Sault v. Corporate Expressions, et al.*: In this action, pending in
19 San Diego Superior Court, Hollie Sault claims she was injured while
20 performing duties as a crew member on the Homestretch, a yacht owned
21 by Corporate Impressions, a Receivership Entity. In the Seventh Interim
22 Period, Allen Matkins communicated with counsel for Corporate
23 Impressions' insurer, Chubb Insurance, regarding discovery issues.
- 24 • *Sister State Judgments*: Allen Matkins assisted the Receiver in obtaining
25 sister state judgments in California for several judgments obtained by the
26 Receivership Entities in Nevada such that the judgments can be enforced
27 against the relevant defendants and their assets located in California.

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| NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|---|--|--------|-------------|-------------|
| Pamela L. Andes | Partner Land Use / Environmental | \$575 | 1.0 | \$575.00 |
| David R. Zaro | Partner Bankruptcy/Creditors' Rights | \$560 | .9 | \$504.00 |
| Michael R. Farrell | Partner Litigation | \$535 | 0.7 | \$374.50 |
| Brad H. Nielsen | Partner Real Estate | \$460 | 11.1 | \$5,106.00 |
| Debra D. Hall | Partner Corporate & Securities | \$545 | .2 | \$109.00 |
| Edward G. Fates | Senior Counsel Bankruptcy/Creditors' Rights | \$365 | 46.0 | \$16,790.00 |
| Morgan A. Maltzman | Associate Litigation | 270.00 | 5.5 | \$1,485.00 |
| Erin B. Sedloff | Associate Litigation | 195.00 | 4.0 | \$780.00 |
| TOTAL HOURS & FEES³ | | | 69.40 | \$25,723.50 |
| TOTAL EXPENSES | | | | \$2,161.50 |

3. Third Party Claims [298591-00008] (76.6 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 Valley Health Care Medical Group ("Valley Health"), Pyramid Technologies, Inc. ("Pyramid"), and Anthony Macaluso/TEEM, LLC ("TEEM"), as well as issues relating to the pending noteholder class action against broker-dealer Securities America, Inc. The firm also advised the Receiver regarding potential claims against Thomas R. Fazio and Fazio, Rynsky & Associates, LLP. Allen Matkins prepared and filed papers necessary to obtain Court-approval of the expanded employment of the Forman Holt firm to handle certain collection matters in New York and New Jersey. Papers necessary to obtain

³ See Farrell Decl., Exh. A, pp. 35.

1 Court-approval of a settlement with borrower Vincent Mallon were also prepared
2 and filed by Allen Matkins.

3 The Receiver's claims against Valley Health and Dr. Kroop include
4 approximately \$22 million owed to the Receivership Entities under loan agreements,
5 an accounts receivable purchase agreement, and related security agreements and
6 guaranties. During the Seventh Interim Period, Allen Matkins addressed issues
7 raised in Valley Health's cross-complaint, attended to issues relating to mediation
8 and discovery, including the review of documents and discovery responses produced
9 by Valley Health, analyzed potential settlement approaches, and drafted a mediation
10 brief.

11 In the Receiver's pending case against Pyramid Technologies, Allen Matkins
12 attended to ongoing discovery issues and reviewed Defendants' briefs and the court's
13 order denying a motion to enforce a settlement agreement. Allen Matkins prepared
14 and filed opposition to Defendants' motion for reconsideration of the settlement
15 motion, which was denied. Allen Matkins also prepared and filed a stipulation to
16 continue pretrial and trial dates set in the case in light of the pending motions, which
17 stipulation was approved, and attended a scheduling conference before Judge Carter.

18 In the Receiver's pending case against TEEM, LLC and Anthony Macaluso,
19 which case is pending before Judge Carney, Allen Matkins was able to serve all
20 defendants and file proofs of such service. Allen Matkins also responded to an OSC
21 re: Dismissal for failure to prosecute, in which the Receiver explained that the
22 Defendants had been served and had requested additional time to respond to the
23 complaint. The OSC was subsequently discharged. On June 1, 2011, Defendants
24 answered the complaint.

25 With regard to potential claims against broker-dealers, Allen Matkins spent
26 time during the Seventh Interim Period analyzing claims and a potential settlement
27 of the matter. Allen Matkins engaged in several conferences with broker-dealer
28 class counsel regarding a potential settlement and the trustee class action document

1 production. Allen Matkins also reviewed the motion for preliminary approval of a
 2 settlement with the broker-dealers, as well as objections to the class action
 3 settlement. Allen Matkins attended the hearing on the class action settlement
 4 approval motion in Dallas, assisted in providing information to complete settlements
 5 of some broker-dealer claims that will return more than \$100 million to investors,
 6 and communicated with the Receiver on these issues.

| 7 | NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|----|---|--|-------|-------------|-------------|
| 8 | David R. Zaro | Partner Bankruptcy/Creditors' Rights | \$560 | 8.8 | \$4,928.00 |
| 9 | Stephen S. Walters | Partner Litigation | \$550 | 22.9 | \$12,595.00 |
| 10 | Michael R. Farrell | Partner Litigation | \$535 | 5.2 | \$2,782.00 |
| 11 | Francis N. Scollan | Partner Litigation | \$485 | 23.2 | \$11,252.00 |
| 12 | Edward G. Fates | Senior Counsel Bankruptcy/Creditors' Rights | \$365 | 15.7 | \$5,730.50 |
| 13 | Ryan T. Waggoner | Associate Bankruptcy/Creditors' Rights | \$295 | .8 | 236.00 |
| 14 | TOTAL HOURS & FEES⁴ | | | 76.60 | \$37,523.50 |
| 15 | TOTAL EXPENSES | | | | \$63.66 |

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 20 **4. Claims [298591-00009] (16.4 hours)**

21 This category contains time spent assisting the Receiver in implementing the
 22 claims process and advising the Receiver regarding the analysis of and objections to
 23 claims, including specific treatment and classification of claims. The firm also
 24 promptly responded to all inquiries from potential claimants regarding the claims
 25 process.

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 28 ⁴ See Farrell Decl., Exh. A, pp. 47.

| NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|---|--|-------|-------------|------------|
| David R. Zaro | Partner Bankruptcy/Creditors' Rights | \$560 | 1.6 | \$896.00 |
| Michael R. Farrell | Partner Litigation | \$535 | 3.4 | \$1,819.00 |
| Loraine L. Pedowitz | Senior Counsel Bankruptcy/Creditors' Rights | \$400 | 9.6 | \$3,840.00 |
| Edward G. Fates | Senior Counsel Bankruptcy/Creditors' Rights | \$365 | 1.8 | \$657.00 |
| TOTAL HOURS & FEES⁵ | | | 16.40 | \$7,212.00 |
| TOTAL EXPENSES | | | | \$0.00 |

**5. Medical Provider Funding Corporation II – Assets /
Disposition [298591-00012] (12.8 hours)**

This category contains time spent analyzing and investigating the assets of MP II. During the Seventh Interim Period, Allen Matkins assisted with issues relating to the Gulf Pines Hospital property located in St. Joe, Florida, including communicating with counsel for the City of Port St. Joe, which filed an action in the Northern District of Florida regarding its reversionary interest in the property. The focus of these communications is a possible transfer of the property to the City, as well as environmental issues relating to the property. The Receiver obtained permission to abandon the property by Court order entered on October 22, 2010.

| NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|---|---|-------|-------------|------------|
| Pamela L. Andes | Partner Land Use / Environmental | \$575 | .40 | \$230.00 |
| Edward G. Fates | Senior Counsel Bankruptcy/Creditors Rights | \$365 | 12.4 | \$4,526.00 |
| TOTAL HOURS & FEES⁶ | | | 12.80 | \$4,756.00 |
| TOTAL EXPENSES | | | | \$0.00 |

⁵ See Farrell Decl., Exh. A, pp. 53.
⁶ See Farrell Decl., Exh. A, pp. 57.

**6. Medical Provider Funding Corporation III.2 – Assets /
Disposition [298591-00014] (70.7 hours)**

This category contains time spent analyzing, investigating and preserving the assets of MP III, Series 2. In the Seventh Interim Period, Allen Matkins assisted the Receiver in negotiating and drafting an amendment to a loan made to Transfac, LLC, as well as an amendment to a related letter agreement with The Calvert Company. Notably, this amendment resulted in a principal reduction payment of \$875,000 from the borrower. Allen Matkins also prepared and filed motion papers seeking approval of the amendments, which was granted on August 2, 2011.

| NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|---|--|-------|-------------|-------------|
| David R. Zaro | Partner Bankruptcy/Creditors' Rights | \$560 | 3.7 | \$2,072.00 |
| Anne E. Klokow | Partner Real Estate | \$550 | 43.8 | \$24,090.00 |
| Michael R. Farrell | Partner Litigation | \$535 | 5.1 | \$2,728.50 |
| Edward G. Fates | Senior Counsel Bankruptcy/Creditors' Rights | \$365 | 12.7 | \$4,635.50 |
| Richard M. Dinets | Associate Bankruptcy/Creditors' Rights | \$270 | 3.0 | \$810.00 |
| Robyn L. Williams | Paralegal Real Estate | \$250 | 2.4 | \$600.00 |
| TOTAL HOURS & FEES⁷ | | | 70.70 | \$34,936.00 |
| TOTAL EXPENSES | | | | \$153.18 |

**7. Medical Provider Funding Corporation IV.1 – Assets /
Disposition [298591-00015] (27.7 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 Seventh Interim Period, Allen Matkins assisted the

⁷ See Farrell Decl., Exh. A, pp. 69.

1 Receiver in responding to a motion filed by creditor Inamax Medical Staffing, Inc.
 2 ("Inamax") seeking to invalidate as a fraudulent transfer a deed of trust recorded by
 3 Medical Capital against the Southwest Atlanta Medical Center property. Allen
 4 Matkins assisted in investigating the relevant facts, researching and analyzing the
 5 legal issues, and preparing the Receiver's opposition to the Inamax motion. The
 6 motion was denied on the grounds that it was premature. The order was entered on
 7 July 27, 2011.

| 9 | NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|----|---|--|-------|-------------|------------|
| 10 | Michael R. Farrell | Partner Litigation | \$535 | 3.3 | \$1,765.50 |
| 11 | Edward G. Fates | Senior Counsel Bankruptcy/Creditors' Rights | \$365 | 8.9 | \$3,248.50 |
| 12 | Morgan A. Maltzman | Associate Litigation | \$270 | 15.5 | \$4,185.00 |
| 13 | TOTAL HOURS & FEES⁸ | | | 27.70 | \$9,199.00 |
| 14 | TOTAL EXPENSES | | | | \$265.55 |

16
 17 **8. *Medical Provider Funding Corporation IV.2 – Assets /***
 18 ***Disposition* [298591-00016] (26.9 hours)**

19 This category contains time spent on analyzing and investigating the assets of
 20 MP IV, Series 2, and negotiating, structuring and documenting the sale of various
 21 assets of MP IV, Series 2.

22 The fees incurred in this category relate to Southwest Atlanta Medical Center
 23 as set forth in detail in section IV.A.7. above. The fees for Southwest sale related
 24 issues are split evenly between MP IV.1 and MP IV.2 based on the ownership
 25 structure of the various loans made to the prior operators.

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 28 ⁸ See Farrell Decl., Exh. A, pp. 75.

| NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|---|--|-------|-------------|------------|
| Michael R. Farrell | Partner Litigation | \$535 | 3.3 | \$1,765.50 |
| Edward G. Fates | Senior Counsel Bankruptcy/Creditors' Rights | \$365 | 8.1 | \$2,956.50 |
| Morgan A. Maltzman | Associate Litigation | \$270 | 15.5 | \$4,185.00 |
| TOTAL HOURS & FEES⁹ | | | 26.90 | \$8,907.00 |
| TOTAL EXPENSES | | | | \$1,296.68 |

9. Trace Life Science [298591-00020] (35.7 hours)

The Receivership Entities made loans to Trace Life Sciences, Inc. ("Trace"), a Texas corporation, which, when it was operating, manufactured radiochemicals and radiopharmaceuticals. Prior to the Receiver's appointment, Medical Capital exercised proxies giving it the right to vote the stock of Trace's majority owner. Throughout the case, Allen Matkins has advised and consulted with the Receiver regarding options and strategies for minimizing costs and maximizing the recovery on the loans for the receivership estate. A sale of the loans and related interests to NuView Life Sciences was approved by the Court on April 26, 2011.

During the Seventh Interim Period, Allen Matkins assisted in all issues pertaining to closing of the sale transaction with NuView, including preparation of closing documents, insurance issues, escrow issues, and communications with NuView, NuView's counsel, and counsel for the trustees Wells Fargo Bank and Bank of New York Mellon.

⁹ See Farrell Decl., Exh. A, pp. 79.

| NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|--|--|-------|-------------|-------------|
| Michael R. Farrell | Partner Litigation | \$535 | 4.6 | \$2,461.00 |
| Debra D. Hall | Partner Corporate & Securities | \$545 | 27.9 | \$15,205.50 |
| Edward G. Fates | Senior Counsel Bankruptcy/Creditors' Rights | \$365 | 3.2 | \$1,168.00 |
| TOTAL HOURS & FEES¹⁰ | | | 35.70 | \$18,834.50 |
| TOTAL EXPENSES | | | | \$386.39 |

10. *The Perfect Game* [298591-00021] (76.4 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 Seventh Interim Period, including spending significant time to protect the receivership estate's interest in the film. Allen Matkins assisted the Receiver with issues relating to the distribution agreements with Image Entertainment and Camelot Distribution Group, and the threats made by the former distributor's terminated sub-distributor to distribute the film in Mexico. The firm interfaced with Mexican counsel regularly regarding the status and strategy for protecting the film's value, and promoting a successful DVD release by Camelot Distribution Group and its authorized sub-distributor. The firm interfaced with Camelot Distribution Group regarding the status of minimum guaranty payments due under its Court-approved

¹⁰ See Farrell Decl., Exh. A, pp. 86.

1 Distribution Agreement. Allen Matkins also handled issues relating to the
 2 possession and control of the film's website and music licensing, as well as
 3 communications with the author of the book and screenplay, William Winokur, and
 4 representatives of High Road Entertainment, Christian Tureaud and David Salzberg.

| 5 | NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|----|--|---|-------|-------------|-------------|
| 6 | Daniel G. McIntosh | Partner Corporate/Entertainment | \$650 | 44.9 | \$29,185.00 |
| 7 | | | | | |
| 8 | Michael R. Farrell | Partner Litigation | \$535 | 12.5 | \$6,687.50 |
| 9 | | | | | |
| 10 | Philip C. Schroeder | Senior Counsel Corporate & Securities | \$395 | 1.8 | \$711.00 |
| 11 | Edward G. Fates | Associate Bankruptcy/Creditors' Rights | \$365 | 17.2 | \$6,278.00 |
| 12 | TOTAL HOURS & FEES¹¹ | | | 76.40 | \$42,861.50 |
| 13 | TOTAL EXPENSES | | | | \$224.73 |

14
 15 **11. Parkway Hospital / Dr. Aquino [298591-00022] (108.0 hours)**

16 This category contains time spent analyzing and investigating the portfolio of
 17 loans the Receivership Entities made to Parkway Hospital, Dr. Robert Aquino, and
 18 Capitol Health Management, Inc., which loans total more than \$90 million,
 19 including principal and accrued interest. During the Seventh Interim Period, Allen
 20 Matkins assisted the Receiver with his dual-track efforts to recover on the loan
 21 secured by the hospital property via both judicial foreclosure and a possible sale of
 22 the loan. Allen Matkins continued to assist and advise the Receiver regarding the
 23 foreclosure action, which was filed in New York state court in December 2010.
 24 Allen Matkins also assisted the Receiver in efforts to agree on the terms of a sale of
 25 the note to several different interested parties, including reviewing loan documents,
 26 reviewing and providing comments on letters of intent, communicating with
 27 potential buyers and their counsel, and drafting a Loan Sale Agreement. At this

28 ¹¹ See Farrell Decl., Exh. A, pp. 104.

1 point, the Loan Sale Agreement has not been signed, but discussions with interested
2 parties continue.

3 Allen Matkins also continued to assist the Receiver with efforts to recover on
4 a loan made to Capitol Health Management, a portion of which was used by
5 Dr. Aquino to make a deposit toward the purchase of a company called Century
6 Ambulance Services, Inc. The purchase was never completed, and litigation in New
7 York ensued between Dr. Aquino and Century Ambulance. Allen Matkins prepared
8 and filed a motion for approval of a settlement with Dr. Aquino and Mr. Marinaro,
9 under which the majority of the deposit (\$168,000) would be returned to the
10 Receivership Entities. The firm also prepared UCC Amendment documents which
11 were filed as part of the settlement. The settlement agreement was approved on
12 June 8, 2011, and the \$168,000 settlement payment was received on July 12, 2011.

13 In addition, Allen Matkins handled issues relating to the bankruptcy cases of
14 Parkway Hospital, Inc. and Capitol Health Management, including reviewing court
15 pleadings and orders, and communicating with the respective bankruptcy trustees.
16 The firm also continued to assist and advise regarding the action the Receiver filed
17 in Nevada to collect on a loan to Dr. Aquino. Finally, Allen Matkins continued to
18 assist the Receiver in investigating various large payments from an escrow account
19 at the Fazio Rynsky firm associated with one of the Parkway loans.

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| NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|--|--|-------|-------------|-------------|
| Jeffrey R. Patterson | Partner Litigation | \$560 | 6.5 | \$3,640.00 |
| Anne E. Klokow | Partner Real Estate | \$550 | 18.8 | \$10,340.00 |
| Edward G. Fates | Senior Counsel Bankruptcy/Creditors' Rights | \$365 | 81.4 | \$29,711.00 |
| Robyn L. Williams | Paralegal Real Estate | \$250 | 1.3 | \$325.00 |
| TOTAL HOURS & FEES¹² | | | 108.00 | \$44,016.00 |
| TOTAL EXPENSES | | | | \$152.08 |

12. Plan & Distribution [298591-00024] (12.1 hours)

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

| NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|--|--|-------|-------------|------------|
| David R. Zaro | Partner Bankruptcy/Creditors' Rights | \$560 | 8.9 | \$4,984.00 |
| Michael R. Farrell | Partner Litigation | \$535 | 1.2 | \$642.00 |
| Loraine L. Pedowitz | Senior Counsel Bankruptcy/Creditors' Rights | \$400 | 2.0 | \$800.00 |
| TOTAL HOURS & FEES¹³ | | | 12.10 | \$6,426.00 |
| TOTAL EXPENSES | | | | \$9.00 |

¹² See Farrell Decl., Exh. A, pp. 121.
¹³ See Farrell Decl., Exh. A, pp. 125.

13. Manatt Phelps & Phillips Claim [298591-00025]
(253.7 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 of Manatt Phelps & Phillips. During the Seventh Interim Period, Allen Matkins continued to spend significant time reviewing documents produced by Manatt and various other materials identifying the legal work performed for Medical Capital by Manatt. Given the scope of Manatt's involvement with Medical Capital over a long period of time in connection with approximately \$1.7 billion in securities offerings, the investigation and analysis of these issues is particularly time-intensive. Allen Matkins also researched duty of care issues pertaining to securities counsel, safe harbor periods of the Private Securities Litigation Reform Act, the "bespeaks caution" doctrine, and loss causation theories. Allen Matkins prepared various submissions to the Court under seal in connection with potential claims against Manatt, initiated an arbitration proceeding against that firm following the Court's approval, researched potential arbitrators for that proceeding and communicated with opposing counsel on that and other issues.

| NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|--|------------------------------|----------|-------------|--------------|
| Stephen S. Walters | Partner Litigation | \$550 | 158.6 | \$87,230.00 |
| Michael R. Farrell | Partner Litigation | \$550 | 13.6 | \$7,480.00 |
| Nicholas A. Subias | Senior Counsel Litigation | \$355.50 | 31.8 | \$11,304.90 |
| Cathy A. Hongola | Associate Litigation | \$328.50 | 47.0 | \$15,439.50 |
| Timothy S. Terry | Paralegal Litigation | \$193.50 | 2.7 | \$522.45 |
| TOTAL HOURS & FEES¹⁴ | | | 253.70 | \$121,976.85 |

¹⁴ Due to confidentiality obligations and the sensitive nature of the matters relating to the SEVENTH INTERIM FEE APPLICATION OF ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP, COUNSEL TO THE RECEIVER

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|-----------------------|------------|
| TOTAL EXPENSES | \$4,953.35 |
|-----------------------|------------|

14. Sedgwick, LLP Claim [298591-00026] (215.3 hours)

This category includes time spent by Allen Matkins to pursue litigation against former counsel for the Receivership Entities, the law firm of Sedgwick, LLP. During the Seventh Interim Period, Allen Matkins revised and filed a Complaint against the Sedgwick firm in this Court and responded to a motion to dismiss that was filed by the Defendant. Allen Matkins also analyzed insurance coverage maintained by the firm and related issues, and communicated extensively with counsel for Sedgwick regarding the case, discovery efforts and mediation. Allen Matkins conducted necessary research regarding statute of limitations and tolling issues in responding to the motion to dismiss.

| NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|--|----------------------------------|----------|-------------|-------------|
| Michael R. Farrell | Partner Litigation | \$550 | 2.5 | \$1,375.00 |
| Stephen S. Walters | Partner Litigation | \$550 | 108.3 | \$59,565.00 |
| Cathy A. Hongola | Associate Litigation | \$328.50 | 102.8 | \$33,769.80 |
| Rhonda Reid | Litigation Technology Manager | \$247.50 | .7 | \$173.25 |
| Timothy S. Terry | Paralegal Litigation | \$193.50 | 1.0 | \$193.50 |
| TOTAL HOURS & FEES¹⁵ | | | 215.30 | \$95,076.55 |
| TOTAL EXPENSES | | | | \$2,419.26 |

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.

¹⁵ 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.

1 **15. *Miscellaneous* [298591-00002, 00005, 00006] (51.7 hours)**

2 This category includes fees and costs for three billing categories: General
3 Receivership, Investor Issues, and Sale of Assets/Disposition. Specifically, time
4 relating to the administration of the Receivership, researching and securing
5 Receivership assets, and negotiating and structuring the sale of various assets are
6 included in this category, including but not limited to:

- 7 • General Receivership: Allen Matkins assisted the Receiver with issues
8 relating to communications with trustee counsel on the handling of
9 unclaimed funds pursuant to disbursing agreements.
- 10 • Investor Issues: Allen Matkins continued to correspond with investors
11 and their representatives relating to questions regarding the
12 Receivership; and
- 13 • Sale of Assets: In the Seventh Interim Period, Allen Matkins assisted
14 the Receiver in attending to issues relating to the potential sale of
15 Receivership Entity National Health Benefits Corporation ("NHBC"),
16 including drafting and revising employment agreements for NHBC
17 personnel, and preparing a response to a letter of intent from a potential
18 buyer.

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| NAME | TITLE | RATE | TOTAL HOURS | TOTAL FEES |
|--|--|----------|-------------|-------------|
| David R. Zaro | Partner Bankruptcy/Creditors' Rights | \$560 | 2.3 | \$1,288.00 |
| Debra D. Hall | Partner Corporate & Securities | \$545 | 16.4 | \$8,938.00 |
| Michael R. Farrell | Partner Litigation | \$535 | 11.8 | \$6,313.00 |
| Matthew J. Ertman | Partner Corporate & Securities | \$460 | 2.4 | \$1,104.00 |
| Monica M. Quinn | Partner Labor/Employment | \$450 | 4.8 | \$2,160.00 |
| Edward G. Fates | Senior Council Bankruptcy/Creditors' Rights | \$365 | 13.0 | \$4,745.00 |
| Marissa M. Dennis | Associate Litigation | \$325 | .40 | \$130.00 |
| Rhonda Reid | Technology Manager Litigation | \$247.50 | .4 | \$99.00 |
| Timothy Hutter | Associate Litigation | \$250 | .2 | \$50.00 |
| TOTAL HOURS & FEES¹⁶ | | | 51.70 | \$24,827.00 |
| TOTAL EXPENSES | | | | \$4,969.06 |

B. Expenses Requested (\$17,271.05)

Allen Matkins also requests that the Court approve \$17,271.05 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 \$0.19 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.

¹⁶ See Farrell Decl., Exh. A, pp. 6,16 & 24.

1 Copying charges and mail expenses likewise reflect the large volume of
 2 parties involved in certain matters, and the Receiver's goal to provide as much
 3 information as possible to interested parties. Travel expenses were incurred by
 4 Allen Matkins attorneys when their attendance was required at Court hearings and
 5 other litigation proceedings.

| CATEGORY | EXPENSES |
|---|--------------------|
| Investigation / Reporting | \$216.61 |
| Outstanding Litigation | \$2,161.50 |
| Third Party Claims | \$63.66 |
| Medical Provider Funding Corporation III.2 Assets / Disposition | \$153.18 |
| Medical Provider Funding Corporation IV.1 Assets / Disposition | \$265.55 |
| Medical Provider Funding Corporation IV.2 Assets / Disposition | \$1,296.68 |
| Trace Life Science | \$386.39 |
| The Perfect Game | \$224.73 |
| Parkway / Dr. Aquino | \$152.08 |
| Plan & Distribution | \$9.00 |
| Manatt Phelps & Phillips Litigation | \$4,953.35 |
| Sedgwick Detert Moran & Arnold Litigation | \$2,419.26 |
| Miscellaneous (Sale of Assets / Disposition, Investor Issues, General Receivership) | \$4,969.06 |
| TOTAL EXPENSES | \$17,271.05 |

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 Seventh Interim Period. Therefore, pursuant to the legal authorities cited in
 24 Allen 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 \$497,422.40 for the Seventh
 27 Interim Period;
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1 2. Approving and allowing reimbursement of costs totaling \$17,271.05 for
2 the Seventh Interim Period;

3 3. Authorizing the Receiver to pay 80% of the allowed amount of Allen
4 Matkins' fees, which amount is \$397,937.92.

5 4. Authorizing the Receiver to pay 100% of the allowed amount of Allen
6 Matkins' costs, which amount is \$17,271.05; and

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

8 Dated: January 13, 2012

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

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