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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 SOUTHERN DIVISION
11

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

20 Defendants.

Case No. SACV 09-818 DOC (RNBx)

**RECEIVER'S REPLY TO WELLS
FARGO BANK, N.A.'S RESPONSE
TO RECEIVER'S OBJECTIONS TO
THE NOTEHOLDER CLAIMS
SUBMITTED BY WELLS FARGO
BANK, N.A. ON BEHALF OF
NOTEHOLDERS**

Date: March 12, 2012
Time: 8:30 a.m.
Judge: Hon. David O. Carter
Court Room: 9D

21
22 Thomas A. Seaman ("Receiver"), the Court-appointed permanent receiver for
23 Medical Capital Holdings, Inc., Medical Capital Corporation, Medical Provider
24 Funding Corporation VI, and their subsidiaries and affiliates (collectively, the
25 "Receivership Entities"), hereby submits a Reply to Wells Fargo Bank, N.A.'s
26 ("Wells Fargo") Response to the Receiver's Objections to the Noteholder Claims
27 submitted by Wells Fargo on behalf of Noteholders ("Response");
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1 **I. THE RECEIVER’S REPLY**

2 **A. Section 6.04 Of The Note Issuance And Security Agreements Is**
3 **Arguably Superseded By The Claims Procedure Order**

4 Wells Fargo asserts in its Response that it is entitled to file proofs of claim on
5 behalf of Noteholders of the Medical Provider Financial Corporation III (“MPFC
6 III”) Redeemable Secured Notes (Series I), the MPFC III Redeemable Secured
7 Notes (Series II), and the Medical Provider Financial Corporation V (“MPFC V”)
8 Redeemable Secured Notes (Series I), pursuant to Section 6.04(a) of (i) the Note
9 Issuance and Security Agreement between MPFC III and Wells Fargo (“MPFC III
10 Agreement”), (ii) the Note Issuance and Security Agreement between MPFC V and
11 Wells Fargo (“MPFC V Agreement”), and (iii), the First Supplemental Note
12 Issuance and Security Agreement between MPFC III and Wells Fargo (“MPFC III
13 Supplemental Agreement”), which supplemented and amended the MPFC III
14 Agreement. (Collectively, the MPFC III Agreement, MPFC V Agreement, and
15 MPFC III Supplemental Agreement are referred to as the “NISAs”).

16 While Wells Fargo may be empowered to file claims on behalf of
17 noteholders, the Receiver maintains that the NISAs do not create an exclusive way
18 for noteholders to file claims. Nothing in the NISAs prevents noteholders from
19 filing claims themselves. Further, Wells Fargo has not addressed the Receiver’s
20 assertion that the Claims Procedure Order dated December 21, 2010 (Docket No.
21 453) arguably supersedes Section 6.04 of the NISAs. As set forth in the Receiver’s
22 Objection to the Noteholder Claims Submitted by Wells Fargo (Docket No. 589)
23 (“Objection”), the Receiver maintains that the Claims Procedure Order and claims
24 process provided therein were intended to streamline the process for noteholders to
25 submit claims to the Receiver.

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1 **B. The Receiver And Wells Fargo Agree That The Court Should**
2 **Disallow Wells Fargo's Claims That Are Duplicative Of Claims**
3 **Submitted By Noteholders**

4 As previously set forth in the Receiver's Status Report Summarizing Wells
5 Fargo's Response (Docket No. 645) ("Status Report"), Wells Fargo has
6 acknowledged that it agrees with the Receiver that the Court may disallow claims
7 that Wells Fargo submitted that are duplicative of claims filed by individual
8 Noteholders in the MPFC III Redeemable Secured Notes (Series I), the MPFC III
9 Redeemable Secured Notes (Series II), and the MPFC V Redeemable Secured
10 Notes (Series I). Status Report at 3.

11 The Receiver therefore requests that the Court disallow any claims that Wells
12 Fargo submitted that are duplicative of claims filed by individual Noteholders in
13 MPFC III (Series I), MPFC III (Series II), and MPFC V (Series I).

14 **C. The Receiver Has Not Excluded Any Noteholders Who Have An**
15 **Amount Owing To Them**

16 As previously set forth in the Status Report, Wells Fargo has maintained that
17 to the extent that the Noteholder Claims filed by Wells Fargo are not duplicative,
18 such claims should be allowed on behalf of the Noteholders who did not file a
19 Noteholder Claim Information Form ("Claim Form"), in an amount to be
20 determined by the Court. Status Report at 3. The Receiver responds that the
21 Receiver is not excluding any Noteholders who have an amount owing to them,
22 regardless of whether they filed a Claim Form or not. Supplemental Declaration of
23 Thomas A. Seaman In Support of Objections to Trade Creditor, Employee and
24 Noteholder Claims, ¶ 2. The Receiver has included claims for all Noteholders with
25 principal amounts due regardless of whether the Noteholder filed a Claim Form or
26 not. *Id.*, ¶ 2. If a Claim Form was not returned to the Receiver's office, the
27 Receiver deemed that the Noteholder did not dispute the amounts that the Receiver
28 has in its record of the principal amount that the Noteholder invested and the
 amount of interest paid to him or her. *Id.*, ¶ 2. The Receiver included Noteholders

1 who did not file a Claim Form, but had a principal amount due, in the list of
2 Noteholders who did not dispute the amounts contained in the Claim Form as part
3 of Exhibit B to the Receiver's Amended Objection to Noteholder Claims (Docket
4 No. 601).

5 Accordingly, the Receiver requests that the Court disallow all claims that
6 Wells Fargo submitted on behalf of Noteholders in MPFC III (Series I), MPFC
7 (Series II) and MPFC V (Series I) as duplicative of claims already considered by
8 the Receiver.

9 DATED: February 27, 2012

SHARTSIS FRIESE LLP

11 By:  /s/ Frank A. Cialone
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14 THOMAS SEAMAN

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