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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)

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

Date: May 7, 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 Eighth Interim Application for approval
6 and payment of fees and reimbursement of expenses. This application covers the
7 period August 1, 2011 through October 31, 2011 ("Eighth Interim Period").

8 Allen Matkins seeks interim approval of \$492,994.05 in fees and \$9,147.26 in
9 expenses incurred during the Eighth Interim Period. Allen Matkins asks that the
10 Receiver be authorized to pay 80% of the requested fees, or \$394,395.24, 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 Eighth
16 Interim Fee Application, along with the Fee Application filed concurrently herewith
17 by the Receiver. The SEC does not oppose this Eighth Interim Fee Application.

18 **I. INTRODUCTION.**

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

28

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

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

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

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

- 25 • **Litigation with Law Firms:** Allen Matkins investigated and pursued
26 claims and drafted documents relating to two law firms which formerly
27 represented the Receivership Entities, Manatt Phelps & Phillips and
28 Sedgwick Detert Moran & Arnold. Given the scope of the law firms'

1 involvement with Medical Capital over a long period of time in connection
2 with over \$1.7 billion in securities offerings, the investigation, analysis
3 and pursuit of these claims is particularly time-intensive. Allen Matkins'
4 activities during the time period covered by this Application include
5 gathering information and documents, and preparing responses to
6 numerous broad discovery requests propounded by Sedgwick, meeting and
7 conferring with Sedgwick on discovery issues, and opposing a motion to
8 dismiss filed by Sedgwick. With regard to the pending arbitration with
9 Manatt, Allen Matkins assisted the Receiver in reviewing potential
10 arbitrators and analyzing their prior decisions. Allen Matkins also
11 conferred with counsel for Manatt regarding selection of a three-arbitrator
12 panel.

- 13 • **Claims Analysis:** Allen Matkins assisted the Receiver in reviewing and
14 analyzing various complex trade creditor and employee claims, and in
15 formulating and drafting omnibus objections to such claims, as well as
16 noteholder claims. Allen Matkins assisted the Receiver in obtaining a
17 short extension of the period to file claim objections due to the volume and
18 complexity of trade claims and the need to involve conflicts counsel to
19 review and analyze claims submitted by Wells Fargo Bank and Bank of
20 New York Mellon.
- 21 • **Receiver Claims Against Third Parties:** Allen Matkins continued to
22 pursue litigation of claims belonging to the Receivership Entities against
23 Valley Health Care Medical Group, Pyramid Technologies, and Anthony
24 Macaluso/TEEM, LLC, and also analyzed the viability of potential claims
25 against other third parties. Allen Matkins also assisted the Receiver in
26 obtaining Court approval of (a) settlements with Vincent Mallon and Gez
27 Agolli, and (b) expanded employment of special counsel in New York to
28 pursue certain collection matters.

- 1 • **Parkway Hospital/Dr. Robert Aquino:** Allen Matkins assisted the
2 Receiver's efforts to collect on the loans made to Parkway Hospital,
3 Capitol Health Management, and Dr. Robert Aquino. These efforts
4 include an action in New York to foreclose on the hospital property
5 located in Queens, efforts to sell the loan secured by the property, a
6 lawsuit against Aquino in Nevada federal court, and continued monitoring
7 of the Parkway Hospital and Capitol Health bankruptcy cases pending in
8 New York. The Receiver has moved for summary judgment in the
9 foreclosure action, obtained a default judgment against Aquino in the
10 Nevada action, obtained Court approval of a sale of one of the loans made
11 to Parkway Hospital, and thus far has recovered \$501,300 from the
12 bankruptcy estates.
- 13 • **Distribution Plan:** Allen Matkins assisted the Receiver in researching,
14 analyzing and evaluating options, and in formulating an initial draft
15 distribution plan. This was a significant task due to the volume and
16 variety of claims, the numerous receivership entities, the various sources
17 of funds in the receivership estate, the potential additional recoveries
18 through pending litigation and other sources, the need for a comprehensive
19 plan document that adequately provides for and governs the rights to
20 distributions of all claimants, and the critical importance of establishing an
21 equitable distribution scheme under the unique facts and circumstances of
22 the case. The Receiver's initial draft distribution plan was attached to the
23 Declaration of Thomas Seaman in Support of Objections to Claims filed
24 on November 28, 2011 to provide the Court with context for issues raised
25 in the claims process.
- 26 • **Reporting:** Allen Matkins assisted the Receiver in compiling the
27 information necessary to prepare and draft his 25th, 26th and 27th Interim
28 Reports to the Court.

1 **III. FEE APPLICATION.**

2 With respect to its work performed during the Eighth Interim Period, Allen
 3 Matkins requests approval of \$492,994.05 in fees and \$9,147.26 in expenses. For
 4 ease of review, Allen Matkins has categorized the time billed by its professionals as
 5 follows:

6 **A. Fees Requested (\$492,994.05)**

7 Allen Matkins seeks approval of \$492,994.05 in fees, which are categorized
 8 in the table below.¹ Detailed descriptions of each category of fees and a break-down
 9 of hours by professional are also included below.

CATEGORY	ALLEN MATKINS BILLING CODE	HOURS	FEES
Investigation / Reporting	298591-00004	22.5	\$9,685.50
Outstanding Litigation	298591-00007	18.6	\$7,075.00
Third Party Claims	298591-00008	129.9	\$61,731.50
Claims	298591-00009	200.4	\$83,639.00
Medical Provider Funding Corporation II - Assets / Disposition	298591-00012	6.1	\$2,226.50
Medical Provider Funding Corporation III.2 - Assets / Disposition	298591-00014	.5	\$182.50
Trace Life Sciences	298591-00020	2.4	\$1,214.00
The Perfect Game	298591-00021	18.6	\$11,128.50
Parkway / Dr. Aquino	298591-00022	85.4	\$36,216.00
Plan & Distribution	298591-00024	81.6	\$40,030.50
Manatt Phelps & Phillips Litigation	298591-00025	95.7	\$43,259.10
Sedgwick, LLP Litigation	298591-00026	337.8	\$155,989.95
Southwest Atlanta Medical Center	298591-00027	31.7	\$14,002.00
Miscellaneous (General Receivership, Investor Issues, Sale of Assets / Disposition)	298591-00002	17.9	7,819.50
	298591-00005	11.6	\$6,206.00
	298591-00006	24.6	\$12,588.50
TOTAL HOURS / FEES		1,085.30	\$492,994.05

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. Investigation / Reporting [298591-00004] (22.5 hours)

This category contains time spent investigating, analyzing and providing legal advice as to the operations, transactions and assets of the Receivership Entities and recovering documents, records and other information regarding the business and assets of the Receivership Entities. During the Eighth Interim Period, Allen Matkins attorneys and paralegals assisted the Receiver in preparing and issuing subpoenas and reviewing documents received from financial institutions for the purpose of tracing the sources and uses of funds. Allen Matkins attorneys also assisted the Receiver in reviewing and revising his forensic accounting report (filed December 20, 2011). 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
David R. Zaro	Partner Bankruptcy/Creditor Rights	\$560	3.0	\$1,680.00
Michael R. Farrell	Partner Litigation	\$535	12.0	\$6,420.00
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	2.7	\$985.50
Felicia M. Hernandez	Paralegal Litigation	\$125	4.8	\$600.00
TOTAL HOURS & FEES²			22.50	\$9,685.50
TOTAL EXPENSES				\$641.81

2. Outstanding Litigation [298591-00007] (18.6 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.

² See Farrell Decl., Exh. A, pp. 6-11.

1 • *Crown Plaza Development, LLC v. Edge Capital, Medical Capital*
2 *Corporation, et al.*: This adversary proceeding, pending in bankruptcy
3 court in the Central District of California (Hon. Robert Kwan presiding),
4 relates to the bankruptcy case of Crown Plaza Development, LLC ("Crown
5 Plaza"). Crown Plaza borrowed money from Edge Capital, an entity that
6 borrowed money from Medical Capital. Edge Capital was unable to repay
7 its loans from Medical Capital, and assigned the notes and deeds of trust
8 for the Crown Plaza loans to Medical Capital. Crown Plaza filed
9 bankruptcy and sued Edge Capital, Edge Capital's principals, and Medical
10 Capital. Pursuant to the Preliminary Injunction Order, the proceeding is
11 enjoined as it pertains to Medical Capital. In December 2010, the basic
12 terms of a settlement between the Receiver and Crown Plaza were
13 negotiated, subject to agreeable documentation. The settlement involves
14 the allocation of four commercial properties owned by Crown Plaza. A
15 Mexican restaurant owned by two of the principals of Crown Plaza is
16 located on one of the properties. During the Eighth Interim Period, Allen
17 Matkins communicated with Crown Plaza's counsel about Crown Plaza's
18 efforts to employ an environmental engineer to assess concerns regarding
19 underground storage tanks located on one of the four properties. Allen
20 Matkins also drafted a statement for a mediation ordered by the
21 bankruptcy court. Allen Matkins attended the mediation with the Receiver
22 on November 16, 2011. The parties added certain terms to the previously
23 negotiated settlement to address the environmental concerns and potential
24 need for remediation to the property. The settlement remains contingent
25 on the outcome of the engineer's report and on an executed lease with the
26 Mexican restaurant. Once a settlement agreement is signed, the Receiver
27 will seek Court approval of the terms.
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NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Pamela L. Andes	Partner Land Use / Environmental	\$575	1.2	\$690.00
Michael R. Farrell	Partner Litigation	\$535	.2	\$107.00
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	17.2	\$6,278.00
TOTAL HOURS & FEES³			18.60	\$7,075.00
TOTAL EXPENSES				\$3.60

3. Third Party Claims [298591-00008] (129.9 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"). Allen Matkins also 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 Court-approval of settlements with borrowers Vincent Mallon and Gez Agolli were also prepared and filed by Allen Matkins.

The Receiver's claims against Valley Health and Dr. Kroop include approximately \$22 million owed to the Receivership Entities under loan agreements, an accounts receivable purchase agreement, and related security agreements and guaranties. During the Eighth Interim Period, Allen Matkins prepared and filed an answer to Valley Health's cross-complaint, as well as a Memorandum of Contentions of Law and Fact. Allen Matkins participated in settlement discussions with Valley Health and its counsel, which produced a settlement. Allen Matkins attended a pretrial conference on September 7, 2011, and advised the Court of the

³ See Farrell Decl., Exh. A, pp. 22-27.

1 settlement. The firm also prepared a Notice of Settlement, which was filed on
 2 October 7, 2011. The case was dismissed on December 8, 2011.

3 In the Receiver's pending case against Pyramid Technologies, Allen Matkins
 4 prepared and filed a motion for summary judgment and a reply brief in connection
 5 therewith. Summary judgment in favor of the Receiver was granted, and the parties
 6 stipulated to dismiss the remaining claims in the complaint. The defendants filed a
 7 Notice of Appeal on January 6, 2012.

8 In the Receiver's case against TEEM, LLC and Anthony Macaluso, which
 9 case is pending before Judge Carney, Allen Matkins assisted the Receiver in
 10 meeting and conferring with counsel for defendants and preparing a joint report and
 11 Rule 26(f) discovery plan, which was filed on October 31, 2011. Judge Carney has
 12 set a discovery cutoff date of May 4, 2012, a motion cutoff date of July 6, 2012, a
 13 pretrial conference on August 6, 2012, and a trial date of August 14, 2012.

14	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
15	Stephen S. Walters	Partner Litigation	\$605	1.3	\$786.50
16	Michael R. Farrell	Partner Litigation	\$535	5.8	\$3,103.00
17	Francis N. Scollan	Partner Litigation	\$485	108.5	\$52,622.50
18	Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	14.3	\$5,219.50
19	TOTAL HOURS & FEES⁴			129.90	\$61,731.50
20	TOTAL EXPENSES				\$1,738.25

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 24 **4. Claims [298591-00009] (200.4 hours)**

25 This category contains time spent assisting the Receiver in implementing the
 26 claims process. During the Eighth Interim Period, Allen Matkins reviewed and
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28 ⁴ See Farrell Decl., Exh. A, pp. 28-39.

1 analyzed certain trade creditor claims submitted to the Receiver. The Receiver
2 received 81 claims from trade creditors in the aggregate amount of over
3 \$250,000,000. These claims involve allegations that the Medical Capital entities
4 breached contracts with and duties to various vendors, lawyers, accountants, banks,
5 securities brokers, and others. Tax claims were also submitted by the Internal
6 Revenue Service and the New York State Department of Taxation & Finance.
7 Many of the claims required considerable review, investigation and analysis, often
8 including conferences with the claimants and/or their counsel and informal
9 exchange of information and documents. Based on this investigation and analysis,
10 Allen Matkins assisted the Receiver in drafting objections to 47 different trade
11 creditor claims, which objections were originally filed on November 14, 2011, and
12 amended on November 28, 2011.

13 Allen Matkins also assisted the Receiver in formulating objections to the
14 employee claims of Medical Capital officers Alan Meister and William Noll on the
15 grounds that the claims should be equitably subordinated. The firm drafted the
16 Receiver's objection to noteholder claims, including the proposed "netting" of each
17 investor's transactions across all investments, also known as the "money-in/
18 money-out" or "MIMO" formula. Like the trade creditor claim objections, the
19 employee and noteholder claim objections were originally filed on November 14,
20 2011, and were amended on November 28, 2011. Finally, Allen Matkins promptly
21 responded to all inquiries from claimants regarding the claims process.

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NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Daniel G. McIntosh	Partner Corporate/Entertainment	\$650	5.0	\$3,250.00
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	4.7	\$2,632.00
Michael R. Farrell	Partner Litigation	\$535	34.5	\$18,457.50
Loraine L. Pedowitz	Senior Counsel Bankruptcy/Creditors' Rights	\$450	26.9	\$12,105.00
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	129.3	\$47,194.50
TOTAL HOURS & FEES⁵			200.40	\$83,639.00
TOTAL EXPENSES				\$1,246.21

**5. Medical Provider Funding Corporation II – Assets /
Disposition [298591-00012] (6.1 hours)**

This category contains time spent analyzing and investigating the assets of MPII. During the Eighth 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 was a 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. The Receiver transferred the property to the City by quit claim deed on November 23, 2011.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Edward G. Fates	Senior Counsel Bankruptcy/Creditors Rights	\$365	6.1	\$2,226.50
TOTAL HOURS & FEES⁶			6.1	\$2,226.50
TOTAL EXPENSES				\$30.00

⁵ See Farrell Decl., Exh. A, pp. 40-55.
⁶ See Farrell Decl., Exh. A, pp. 56-58.

1 **6. *Medical Provider Funding Corporation III.2 – Assets /***
 2 ***Disposition* [298591-00014] (.5 hours)**

3 This category contains time spent analyzing, investigating and preserving the
 4 assets of MPIII, Series 2. Allen Matkins previously assisted the Receiver in
 5 negotiating and drafting an amendment to a loan made to Transfac, LLC, as well as
 6 an amendment to a related letter agreement with The Calvert Company. Notably,
 7 this amendment resulted in a principal reduction payment of \$875,000 from the
 8 borrower. The motion seeking approval of the amendments was filed on July 8,
 9 2011.

10 During the Eighth Interim Period, Allen Matkins reviewed the order
 11 approving the amendments, which was entered on August 2, 2011. The firm also
 12 monitored developments in the Private Label Cosmetics bankruptcy, in which the
 13 receivership estate has a claim arising from its loans to and interests in Dermacia.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	.5	\$182.50
TOTAL HOURS & FEES⁷			.5	\$182.50
TOTAL EXPENSES				\$231.00

19 **7. *Trace Life Science* [298591-00020] (2.4 hours)**

20 The Receivership Entities made loans to Trace Life Sciences, Inc. ("Trace"), a
 21 Texas corporation, which, when it was operating, manufactured radiochemicals and
 22 radiopharmaceuticals. A sale of the Medical Capital loans and related interests to
 23 NuView Life Sciences was approved by the Court on April 26, 2011.

24 During the Eighth Interim Period, Allen Matkins assisted the Receiver with
 25 NuView's failure to pay past due utility bills as required under the sale agreement.
 26 Allen Matkins prepared and sent a letter to Trace/NuView addressing this issue.
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28 ⁷ See Farrell Decl., Exh. A, pp. 59-60.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Michael R. Farrell	Partner Litigation	\$535	.4	\$214.00
Debra D. Hall	Partner Corporate & Securities	\$545	1.5	\$817.50
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	.5	\$182.50
TOTAL HOURS & FEES⁸			2.40	\$1,214.00
TOTAL EXPENSES				\$2.28

8. *The Perfect Game* [298591-00021] (18.6 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 Eighth 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

⁸ See Farrell Decl., Exh. A, pp. 61-63.

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	\$650	12.9	\$8,385.00
7		Corporate/Entertainment			
8	Michael R. Farrell	Partner	\$535	3.9	\$2,086.50
9		Litigation			
10	Edward G. Fates	Associate	\$365	1.8	\$657.00
11		Bankruptcy/Creditors' Rights			
12	TOTAL HOURS & FEES⁹			18.60	\$11,128.50
	TOTAL EXPENSES				\$465.00

13 **9. Parkway Hospital / Dr. Aquino [298591-00022] (85.4 hours)**

14 This category contains time spent analyzing and investigating the portfolio of
 15 loans the Receivership Entities made to Parkway Hospital, Dr. Robert Aquino, and
 16 Capitol Health Management, Inc., on which, including principal and accrued
 17 interest, more than \$97 million is owed. During the Eighth Interim Period, Allen
 18 Matkins assisted the Receiver with his dual-track efforts to recover on the loan
 19 secured by the hospital property via judicial foreclosure and a sale of the loan.
 20 Allen Matkins continued to assist and advise the Receiver regarding the foreclosure
 21 action, which was filed in New York state court in December 2010. Allen Matkins
 22 also assisted the Receiver in efforts to agree on the terms of a sale of the note to
 23 several different interested parties, including reviewing loan documents, reviewing
 24 and providing comments on letters of intent, communicating with potential buyers
 25 and their counsel, and drafting a Loan Purchase and Sale Agreement. The Loan
 26 Purchase and Sale Agreement was executed and a motion for approval of the sale
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28 ⁹ See Farrell Decl., Exh. A, pp. 64-70.

1 was filed on February 3, 2012. A qualified overbid was received and the sale to
 2 overbidder was approved at the hearing held on March 5, 2012.

3 In addition, Allen Matkins handled issues relating to the bankruptcy cases of
 4 The Parkway Hospital, Inc. and Capitol Health Management, LLC, including
 5 reviewing court pleadings and orders, and communicating with the respective
 6 bankruptcy trustees. An initial disbursement from the Capitol Health bankruptcy
 7 trustee of \$501,300 was received on October 27, 2011. Allen Matkins also
 8 continued to assist and advise regarding the action the Receiver filed in Nevada to
 9 collect on a loan to Dr. Aquino. A judgment against Dr. Aquino in excess of
 10 \$26 million was entered on November 14, 2011. Finally, Allen Matkins continued
 11 to assist the Receiver in investigating various large payments from an escrow
 12 account at the Fazio Rynsky firm associated with one of the Parkway Hospital loans.

13	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
14	Jeffrey R. Patterson	Partner Litigation	\$560	3.0	\$1,680.00
15	Anne E. Klokow	Partner Real Estate	\$550	22.2	\$12,210.00
16	Michael R. Farrell	Partner Litigation	\$535	3.7	\$1,979.50
17	Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	54.1	\$19,746.50
18	Robyn L. Williams	Paralegal Real Estate	\$250	2.4	\$600.00
19	TOTAL HOURS & FEES¹⁰			85.40	\$36,216.00
20	TOTAL EXPENSES				\$41.12

24 **10. Plan & Distribution [298591-00024] (81.6 hours)**

25 This category includes time spent by Allen Matkins on an initial draft plan for
 26 distributing receivership estate assets to holders of allowed claims. During the
 27 Eighth Interim Period, Allen Matkins assisted the Receiver in researching, analyzing

28 ¹⁰ See Farrell Decl., Exh. A, pp. 71-85.

1 and evaluating options, and in formulating and drafting an initial draft distribution
 2 plan. This was a significant task due to the volume and variety of claims, the
 3 numerous receivership entities, the various sources of funds in the receivership
 4 estate, the potential additional recoveries through pending litigation and other
 5 sources, the need for a comprehensive plan document that adequately provides for
 6 and governs the rights of all claimants to receive distributions, and the critical
 7 importance of establishing an equitable distribution scheme under the unique facts
 8 and circumstances of the case. The Receiver's initial draft distribution plan was
 9 attached to the Declaration of Thomas Seaman in Support of Objections to Claims
 10 filed on November 28, 2011, to provide the Court with context for issues raised in
 11 the claims process.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	9.0	\$5,040.00
Michael R. Farrell	Partner Litigation	\$535	33.8	\$18,083.00
Loraine L. Pedowitz	Senior Counsel Bankruptcy/Creditors' Rights	\$450	32.3	\$14,535.00
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	6.5	2,372.50
TOTAL HOURS & FEES¹¹			81.60	\$40,030.50
TOTAL EXPENSES				\$27.00

11. ***Manatt Phelps & Phillips Claim [298591-00025] (95.7 hours)***

23 This category includes time spent by Allen Matkins investigating and
 24 pursuing claims against former counsel for the Receivership Entities, the law firm of
 25 Manatt Phelps & Phillips. On May 19, 2011, the Receiver commenced an
 26 arbitration against Manatt before JAMS. During the Eighth Interim Period, Allen
 27

28 ¹¹ See Farrell Decl., Exh. A, pp. 86-94.

1 Matkins assisted the Receiver in carefully reviewing and investigating the numerous
 2 potential arbitrators, including analyzing their prior decisions. Reaching a final
 3 proposed three-arbitrator panel composed of retired judges or justices that both
 4 parties could agree on presented a challenge and required Allen Matkins and counsel
 5 for Manatt to meet and confer on several occasions, followed by additional research
 6 and investigation, when a candidate was rejected. The panel was appointed by
 7 JAMS on December 7, 2011, and the initial pre-arbitration hearing took place on
 8 February 8, 2012.

9	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
10	Stephen S. Walters	Partner Litigation	\$550.00	48.3	\$26,565.00
11	Nicholas A. Subias	Senior Counsel Litigation	\$355.50	41.6	\$14,788.80
12	Cathy A. Hongola	Associate Litigation	\$328.50	5.8	\$1,905.30
13	TOTAL HOURS & FEES¹²			95.70	\$43,259.10
14	TOTAL EXPENSES				\$939.19

17 **12. Sedgwick, LLP Claim [298591-00026] (337.8 hours)**

18 This category includes time spent by Allen Matkins to pursue litigation
 19 against former counsel for the Receivership Entities, the law firm of
 20 Sedgwick, LLP. The Receiver filed a complaint against Sedgwick on May 2, 2011.
 21 During the Eighth Interim Period, Allen Matkins gathered and organized large
 22 amounts of information and documents necessary to respond to Sedgwick's broad
 23 and expansive discovery requests. This included responding to 58 requests for
 24 admission, as well as interrogatories that incorporated a request asking for a detailed
 25 factual explanation for each of the 52 requests for admission that were not
 26

27 ¹² Due to confidentiality obligations and the sensitive nature of the matters relating
 28 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 unqualified admissions. Allen Matkins met and conferred with Sedgwick's counsel
2 regarding the scope of these requests and drafted the responses to the requests for
3 admission and interrogatories, which were served on counsel for Sedgwick on
4 September 21, 2011.

5 In addition, Allen Matkins assisted the Receiver with coordinating the
6 production of documents responsive to Sedgwick's 53 requests for production, many
7 of which sought all documents related to broad categories such as communications
8 with trustees or all communications with the noteholders. In light of Sedgwick's
9 broad discovery requests, part of managing the document production included
10 numerous meet and confer efforts with Sedgwick's counsel regarding the scope of
11 the documents sought by Sedgwick and the eventual method of document
12 production.

13 On July 11, 2011, Sedgwick filed an extensive motion to dismiss the
14 complaint, initially set for hearing on August 15, 2011, attacking the complaint
15 based on both the alleged running of the statute of limitations as well as the merits
16 or plausibility of the Receiver's claims. Allen Matkins researched and prepared an
17 opposition to the numerous arguments raised in the motion to dismiss. Although the
18 motion to dismiss was granted with leave to amend, the Court rejected Sedgwick's
19 statute of limitations defense and held that the Receiver has a reasonable period after
20 his appointment to investigate and discover claims. With Allen Matkins' assistance,
21 the Receiver prepared a detailed amended complaint providing additional facts
22 regarding the investigation and discovery of facts giving rise to claims against
23 Sedgwick. The amended complaint was filed on September 26, 2011.

24 Sedgwick filed a motion to dismiss the amended complaint on October 21,
25 2011, again attacking the complaint based on the purported running of the statute of
26 limitations and the plausibility of the claims. Allen Matkins assisted the Receiver in
27 preparing and filing opposition to the second motion to dismiss, which was filed on
28 November 7, 2011. The motion was denied by order entered January 27, 2012.

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NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Michael R. Farrell	Partner Litigation	\$550.00	18.4	\$10,120.00
Stephen S. Walters	Partner Litigation	\$550.00	187.3	\$103,015.00
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$391.50	40.0	\$15,660.00
Cathy A. Hongola	Associate Litigation	\$328.50	58.5	\$19,217.25
Rhonda Reid	Litigation Technology Manager	\$247.50	29.8	\$7,375.50
Delia S. Cuenca	Paralegal Litigation	\$215.00	.5	107.50
Felicia Hernandez	Paralegal Litigation	\$125.00	2.1	\$262.50
Timothy S. Terry	Paralegal Litigation	\$193.50	1.2	\$232.20
TOTAL HOURS & FEES¹³			337.80	\$155,989.95
TOTAL EXPENSES				\$2,648.81

**13. *Southwest Atlanta Medical Center* [298591-00027]
(31.7 hours)**

This category contains time spent by Allen Matkins on issues relating to the Southwest Atlanta Medical Center property located in Atlanta, Georgia. Receivership Entity Georgia Medical Provider Financial Corporation holds title to the property, which is currently vacant. During the Eighth Interim Period, in response to a signed letter of intent received from a potential purchaser, Allen Matkins assisted the Receiver in negotiating and drafting a purchase and sale agreement and joint escrow instructions. The purchase and sale agreement has not yet been executed. Allen Matkins also prepared a release of claims to be signed by

¹³ 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 vendor ABM Engineering in connection with the Receiver's payment of its final
 2 invoice.

3	NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
4	Pamela L. Andes	Partner Land Use / Environmental	\$575	6.6	\$3,795.00
5	Susan E. Graham	Partner Real Estate	\$540	1.1	\$594.00
6	Michael R. Farrell	Partner Litigation	\$535	7.4	\$3,959.00
7	Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	3.1	\$1,131.50
8	Jason R. Perscheid	Associate Real Estate	\$335	13.5	\$4,522.50
9	TOTAL HOURS & FEES¹⁴			31.70	\$14,002.00
10	TOTAL EXPENSES				\$112.60

14 **14. *Miscellaneous* [298591-00002, 00005, 00006] (54.10 hours)**

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

- 20 • General Receivership: Allen Matkins assisted the Receiver with issues
 21 relating to communications with trustee counsel on the handling of
 22 unclaimed funds pursuant to disbursing agreements.
- 23 • Investor Issues: Allen Matkins continued to correspond with investors
 24 and their representatives relating to questions regarding the
 25 Receivership; and

28 ¹⁴ See Farrell Decl., Exh. A, pp. 95-100.

- Sale of Assets: Allen Matkins assisted the Receiver with issues relating to the potential sale of Receivership Entity National Health Benefits Corporation ("NHBC"), including drafting and revising employment agreements for NHBC personnel, drafting a non-disclosure agreement for potential purchasers, preparing a summary of the overbid process and stalking horse protections, advising on due diligence materials, and responding to inquiries from potential purchasers.

NAME	TITLE	RATE	TOTAL HOURS	TOTAL FEES
Stephen S. Walters	Partner Litigation	\$605	.4	242.00
David R. Zaro	Partner Bankruptcy/Creditors' Rights	\$560	.2	112.00
Debra D. Hall	Partner Corporate & Securities	\$545	8.5	\$4,632.50
Michael R. Farrell	Partner Litigation	\$535	30.1	\$16,103.50
Matthew J. Ertman	Partner Corporate & Securities	\$460	.9	\$414.00
Edward G. Fates	Senior Counsel Bankruptcy/Creditors' Rights	\$365	14.0	\$5,110.00
TOTAL HOURS & FEES¹⁵			54.10	\$26,614.00
TOTAL EXPENSES				\$1,020.39

B. Expenses Requested (\$9,147.26)

Allen Matkins also requests that the Court approve \$9,147.26 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

¹⁵ See Farrell Decl., Exh. A, pp. 1-5, 12-15 and 16-21.

1 faxes is included. Messenger fees include hand delivery charges and federal express
 2 or other overnight services. The urgency of many matters and the volume of
 3 interested parties to whom service of pleadings and other notices were required
 4 made overnight services the only practical alternative in many instances. In
 5 addition, certain of the pleadings were voluminous.

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

CATEGORY	EXPENSES
Investigation / Reporting	\$641.81
Outstanding Litigation	\$3.60
Third Party Claims	\$1,738.25
Claims	\$1,246.21
Medical Provider Funding Corporation II Assets / Disposition	\$30.00
Medical Provider Funding Corporation III.2 Assets / Disposition	\$231.00
Medical Provider Funding Corporation IV.1 Assets / Disposition	\$92.27
Trace Life Science	\$2.28
The Perfect Game	\$465.00
Parkway / Dr. Aquino	\$41.12
Plan & Distribution	\$27.00
Manatt Phelps & Phillips Litigation	\$939.19
Sedgwick Detert Moran & Arnold Litigation	\$2,648.81
Southwest Atlanta Medical Center	\$20.33
Miscellaneous (Sale of Assets / Disposition, Investor Issues, General Receivership)	\$1,020.39
TOTAL EXPENSES	\$9,147.26

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1 **IV. CONCLUSION.**

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

- 7 1. Approving and allowing fees totaling \$492,994.05 for the Eighth
- 8 Interim Period;
- 9 2. Approving and allowing reimbursement of costs totaling \$9,147.26 for
- 10 the Eighth Interim Period;
- 11 3. Authorizing the Receiver to pay 80% of the allowed amount of Allen
- 12 Matkins' fees, which amount is \$394,395.24.
- 13 4. Authorizing the Receiver to pay 100% of the allowed amount of Allen
- 14 Matkins' costs, which amount is \$9,147.26; and
- 15 5. For other and further relief as is appropriate.

16 Dated: March 21, 2012

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

17
18
19 By: /s/ Ted Fates

MICHAEL R. FARRELL
Attorneys for Receiver
THOMAS A. SEAMAN