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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
21

Case No. 8:09-cv-0818-DOC (RNBx)

**DECLARATION OF THOMAS A.
SEAMAN IN SUPPORT OF REPORT
ON THE STATUS OF CLAIMS AND
REQUEST TO DETERMINE
OUTSTANDING UNRESOLVED
CLAIMS AND APPROVE MIMO
CLAIM APPROACH**

Date: May 11, 2012
Time: 3:00 p.m.
Ctrm: 9D
Judge: Hon. David O. Carter

1 I, Thomas A. Seaman, declare:

2 1. I am the duly Court-appointed receiver for Medical Capital
3 Holdings, Inc., Medical Capital Corporation, Medical Provider Funding
4 Corporation VI, and their subsidiaries and affiliates. I have personal knowledge of
5 the facts stated herein, and if called upon to do so, I could and would personally and
6 competently testify to them.

7 **EMPLOYEE CLAIMS**

8 2. My staff and I have conferred with the three individuals asserting the
9 remaining unresolved employee claims: Christian Tureaud, David Salzberg and
10 Jason French. Tureaud and Salzberg have withdrawn their claims. I have proposed
11 that Jason French's claim be allowed in the amount of \$6,400, and he has agreed to
12 that amount.

13 **TRADE CREDITOR CLAIMS**

14 3. The only unresolved trade creditor claims remaining after the March
15 12th hearing, other than that submitted by the I.R.S., were the claims of Anthony
16 Macaluso and his company, TEEM, LLC, in the aggregate amount of over
17 \$42,000,000. I am currently pursuing claims against TEEM and Mr. Macaluso
18 before Judge Carney. I have had productive discussions with Mr. Macaluso
19 regarding the claims asserted in the lawsuit before Judge Carney, but a final
20 settlement has not been reached or documented. Mr. Macaluso and TEEM have
21 nevertheless agreed to withdraw their trade creditor claims.

22 4. In February 2012, I was contacted by a union representing musicians
23 who worked on the soundtrack for the film The Perfect Game regarding their right
24 to residuals from the gross revenue of the film pursuant to their contract with
25 Receivership Entity The Perfect Game, LLC ("TPG"). My staff and I investigated
26 the claim and learned that certain other guilds and with potential claims against TPG
27 relating to production of the film had not participated in the claims process. I
28 promptly sent notice of the requirement to submit a claim to be sent to these guilds

1 and unions. A total of nine claims were submitted (“TPG-Related Claims”). I
 2 reviewed and analyzed the TPG-Related Claims and engaged in discussions with the
 3 claimants. As a result, I have reached agreement on proposed allowed claim
 4 amounts for seven of the claimants in the aggregate amount of \$83,505. I
 5 recommend that the TPG-Related Claims be allowed as follows:

6 Claimant	Original Amount	Nature of Claim	Proposed Allowed Amount
7 Director's Guild of America	\$22,315.19	Residuals	\$13,998.16
8 SAG-AFTRA	\$343,037.68	Residuals	\$16,002.09
9 Motion Picture Industry Pension and Health Plans	At least \$4,523.00	Benefits	\$44,116.00
10 Film Musicians Secondary Markets Fund	1% of gross revenue worldwide	Residuals	\$5,363.00
11 Studio Utility Employee Ruben Arce	\$1,964.75	Wages	\$1,964.75
12 Studio Utility Employee Aunfrance Crosby II	\$1,454.43	Wages	\$1,454.43
13 Studio Utility Employee Lance Woodruff	\$606.90	Wages	\$606.90
IATSE	\$300,000		Under review
Andre Guimond	\$15,000		Under review

14 5. With respect to the claims of Andre Guimond and IATSE, I am
 15 continuing to investigate these claims and discuss them with claimants. The claim
 16 amounts are linked to the film's production costs, and I am reviewing information
 17 related to such production costs. I anticipate completing this review in the next few
 18 weeks and request that the Court schedule a hearing as to such claims for June 11,
 19 2012 if the parties are unable to reach agreement prior to that date.

20 6. The claims held by Director’s Guild of America, SAG-AFTRA, the
 21 Film Musicians Secondary Market Fund and the Motion Picture Industry Pension
 22 and Health Plans are based on revenues from the film. Although the vast majority
 23 of the revenue from the film has been received, there may be nominal additional
 24 revenue, requiring that these claims be adjusted. I estimate that such nominal
 25 additional revenue, after application of claimants' aggregate percentage "share" of
 26 such revenue per the applicable contracts and the likely pro rata method of
 27 distributing funds from the receivership, would result in additional distributions to
 28 these claimants, in the aggregate, of less than \$10,000. Therefore, in the interest of

1 finalizing the claims process and conserving the receivership estate resources that
2 would be expended in addressing the effect of future TPG-related claims
3 adjustments on distributions, I request that the Court authorize me to pay any such
4 future payments from funds to be reserved for future administrative expenses.

5 **NOTEHOLDER CLAIMS**

6 7. As a result of the efforts of my staff in providing information to
7 Noteholders and communicating with them, there are only two remaining
8 Noteholders that were unresolved at the time of the March 12 hearing who have not
9 either affirmatively agreed with my figures or failed to respond to additional
10 information provided and request for response. As described in the status report
11 those two remaining Noteholders, Ms. Rodriguez and Mr. Sacco, have failed to
12 provide documentation that refutes my calculations.

13 8. In addition, there are three Noteholders who were previously included
14 in the Uncontested Noteholder spreadsheet filed on November 28, 2011, as Exhibit
15 B to the Omnibus Objection, Docket No. 601 and who have subsequently
16 communicated that they dispute their claim calculation. These Noteholders are
17 Denise Rachal, Karen Templeton, and Gus and Doris Zogas. None of these
18 Noteholders have provided my office with documentation demonstrating that our
19 calculation of the their claims calculation is incorrect.

20 9. Seven Noteholders who were also brokers and received commissions
21 from Medical Capital objected to the Receiver's proposal of including the
22 commissions paid to brokers as money out, and also objected on the basis that the
23 commission actually received was less than that stated in their claim calculation.
24 My staff contacted each of these broker/Noteholders and asked for documentation
25 evidencing the actual commission received. Only two broker/Noteholders provided
26 that information, Barbara Culver and Jim McGuffin. The claim calculations for
27 these two brokers have been adjusted accordingly.

28 **First Worldsec Securities Limited and SinoPac Securities**

1 10. A dispute has arisen with respect to two Hong Kong brokerage firms:
2 First Worldsec Securities Limited ("First World") and SinoPac Securities (Asia)
3 Ltd. ("SinoPac"). The brokers state that they hold Medical Capital notes on behalf
4 of various other investors, and assert, among other things, that I must calculate each
5 such investor's MIMO claim amount individually, rather than calculate the MIMO
6 claim amount for the brokers who actually held the notes.

7 11. First World owns 52 notes and SinoPac owns 9 notes. The title for
8 each of First World's notes is held by "First Worldsec Securities Limited –A/C
9 clients." Title for each of SinoPac's notes is held by "SinoPac Securities (Asia)
10 Ltd." Prior to the initiation of the receivership, neither company provided Medical
11 Capital with any information or details about who their purported clients were or
12 what their interests in the notes might have been. In fact, all pre-receivership
13 payments of interest or principal were made by ACH transfer to First World or
14 SinoPac.

15 12. In the receivership claims process, each of First World and SinoPac
16 returned claim information forms confirming that it was the holder of the notes.
17 First World also confirmed the accuracy of the Receiver's information concerning
18 principal invested and principal and interest returned as to the notes. SinoPac did
19 not return the Receiver's pre-populated claim information form, but returned a claim
20 information document that included only the note that was not paid off and omitted
21 the interest paid on that note. Based on the confirmed figures of First World and the
22 Medical Capital records with respect to SinoPac, the Receiver calculated First
23 World's allowed MIMO claim would be \$3,088,125.78 and SinoPac's allowed
24 MIMO claim amount would be \$84,472.43.

25 13. It was not until each company received summaries of the MIMO claim
26 calculation that each first raised the issue of their individual clients' interests in the
27 notes, protested the combining of notes, and requested that the applicable allowed
28 claim amounts be adjusted to \$3,875,108.80 and \$297,937.43, respectively. My

1 staff has endeavored to communicate with First World and SinoPac to explain the
2 logistical and equitable barriers to their request. However, the brokers have refused
3 to accept the Receiver's proposed allowed claim amounts.

4 **MIMO Claim Calculation Issues**

5 14. The database maintained by Medical Capital for purposes of tracking
6 Noteholder investments and payments on those investments was generally very
7 reliable. However, in order to calculate the proposed MIMO claim amount, it was
8 necessary to aggregate the individual notes held by Noteholders, which in turn
9 required that portions of the database be exported to an excel spreadsheet. After this
10 process was completed, and in the process of working through the remaining
11 Noteholder disputes, my staff discovered that the "name" field used in the database
12 did not always accurately reflect the manner in which legal title to a particular note
13 was held. For example, a particular individual investor might have had an interest in
14 three notes; two owned jointly with his wife and one note that was owned by his
15 business. However, the "name" field might only reflect the individuals' names and
16 not that of the business, thus causing all three notes to be netted even though it was
17 only appropriate to aggregate the two notes owned by the individuals. In addition,
18 some investors had been entered into the database with slight variations in how their
19 name appeared on multiple notes; i.e., with and without a middle initial, causing, in
20 some instances, a failure to aggregate two notes owned by the same individual.

21 15. My staff has reviewed and compared the "title" field with the "name"
22 field and have corrected all anomalies identified. The number of affected
23 Noteholders is less than 200. The necessity of making these corrections, however,
24 means that there have been minor adjustments to some claim calculations previously
25 filed with the Court in the Uncontested Noteholder Claims Exhibit. Attached hereto
26 as Exhibit 2 is a comprehensive spreadsheet that reflects the amounts of principal
27 and interest paid and returned for all Noteholders and the proposed allowed MIMO
28

1 claim amount netting the investments that were held by the same individuals or
2 entities at the time the Receivership case was initiated.

3 I declare under penalty of perjury under the laws of the State of California
4 that the foregoing is true and correct.

5 Executed this 9th day of May, 2012, at Irvine, California.

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THOMAS A. SEAMAN