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 7

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

SHARTSIS FRIESE LLP
 ONE MARITIME PLAZA
 EIGHTEENTH FLOOR
 SAN FRANCISCO, CA 94111

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 Defendants.
 20

Case No. SACV 09-818 DOC (RNBx)

**DECLARATION OF FRANK A.
 CIALONE SEAMAN IN SUPPORT
 OF THE RECEIVER'S MOTION
 FOR APPROVAL OF
 SETTLEMENT WITH WELLS
 FARGO AND BANK OF NEW
 YORK MELLON**

Date: August 27, 2012
 Time: 3:00 P.M.
 Ct Rm: 9D
 Judge: Hon. David O. Carter

21
 22 I, FRANK A. CIALONE, declare as follows:

23 1. I am an attorney admitted to practice law in the State of California and
 24 in this District. I am a partner at Shartsis Friese LLP ("Shartsis Friese"), counsel
 25 for Thomas A. Seaman (the "Receiver"), the court-appointed Permanent Receiver
 26 for Medical Capital Holdings, Medical Capital Corporation, Medical Provider
 27 Funding Corporation VI and their subsidiaries and affiliates (collectively, the
 28 "Receivership Entities") in this matter. I make this declaration in support of the

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1 Receiver’s Motion for Approval of Settlement with Wells Fargo and Bank of New
2 York Mellon, filed concurrently herewith. I make the following declaration of my
3 own personal knowledge, and if called to testify, could and would testify truthfully
4 thereto.

5 2. Waverton Group LLC (“Waverton”), through its counsel in Colorado,
6 repeatedly accused the Receiver and his counsel of “colluding” with *Masonek* Class
7 Action counsel in order to discredit Waverton and to disrupt the *Abbate* Mass
8 Action. They even threatened to seek sanctions against the Receiver for this
9 alleged (and entirely imaginary) conduct. See the email from Thomas Quinn,
10 Waverton’s counsel in Colorado, to Kirk Ingebretsen, the Receiver’s counsel in
11 Colorado, on July 28, 2010, which was copied to me and is attached as **Exhibit A**.
12 Involving only Class Action counsel would have exposed the Receiver to such
13 wasteful collateral attacks

14 3. The Receiver was not willing to involve only *Abbate* counsel in
15 negotiations with the Trustees, not only because that would have rewarded
16 Waverton’s threats but also because I had found Waverton’s representatives
17 extremely difficult to deal with after they caused the Receiver to incur tens of
18 thousands of dollars in legal fees to deal with a simple matter arising from a
19 subpoena.

20 I declare under the penalty of perjury that the foregoing is true. Executed at
21 San Francisco, California on June 11, 2012.

22
23 /s/ Frank A. Cialone
24 FRANK A. CIALONE

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EXHIBIT A

Cialone, Frank

From: Kirk Ingebretsen [Kirk@siwlegal.com]
Sent: Wednesday, July 28, 2010 10:02 AM
To: Thomas Quinn
Subject: RE: Masonek: Waverton Production

Tom: it is my understanding that the Court did not order the Receiver to produce a load file. Isn't that correct?

Kirk

From: Thomas Quinn [mailto:tquinn@tfqlaw.com]
Sent: Wednesday, July 28, 2010 10:37 AM
To: Kirk Ingebretsen
Subject: FW: Masonek: Waverton Production

I should have copied you on this in the first instance. Waverton also wants me to seek sanctions against the receiver, in part because Waverton believes the receiver is colluding with Plaintiffs in efforts to frustrate and discredit Waverton. Lack of any meaningful information about how the tif files were created (e.g., in Summation, or using some other utility), makes it difficult to assess the receiver's position. For example, the information you conveyed that a load file does not exist, but would have to be generated, strikes me as possibly disingenuous – just as with your accounting system, which keeps track of your billable hours but does not contain a “report” of that information until requested, many programs permit data to be resident and assembled to useful formats upon request. Waverton views the receiver as providing the least amount of cooperation possible to Waverton. I doubt this issue will end with Waverton's production of a confidentiality designation, so any information you may be able to provide regarding the current status of the electronic files will likely be helpful at some point.

Thanks for your help,

TFQ

From: Thomas Quinn
Sent: Wednesday, July 28, 2010 10:24 AM
To: Jordanna G Thigpen (jthigpen@cpmlegal.com); Jeff S Westerman (jwesterman@milberg.com); Joel A Feuer (jfeuer@gibsondunn.com); Timothy William Loose (tloose@gibsondunn.com); Joshua P Groban (joshua.groban@mto.com)
Cc: Richard Block
Subject: Masonek: Waverton Production

Waverton's efforts to obtain the load file from the receiver have been unsuccessful. We note that Plaintiffs did not follow through on their commitment to facilitate obtaining the load file. Nevertheless, Waverton is now in the position that it must proceed with designation of its confidential records without access to the load file. Accordingly, Waverton has started (and will complete by the delivery date) designation of its confidential records by reference to the “native” files produced by Waverton to the receiver.

6/11/2012

This email is to advise you of the foregoing and to solicit your consent to a modification of the Subpoenas (and if necessary, the Court's Orders), to permit this form of designation. Obviously, if you propose another solution, Waverton will consider it.

Very truly yours,

Thomas F. Quinn, Esq.

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