

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

FILED
CHARLOTTE, N. C.

JAN 21 2005

U. S. DISTRICT COURT
W. DIST. OF N. C.

CIVIL ACTION FILE
NO. 3:02-CV-128-McK

SECURITIES & EXCHANGE COMMISSION,)
Plaintiff,)
vs.)
FREDERICK J. GILLILAND,)
Defendant,)
and)
MM APMC BANQUE DE COMMERCE, INC.,)
Relief Defendant.)

**RECEIVER'S UNOPPOSED FIFTH INTERIM APPLICATION TO
ALLOW AND PAY (1) RECEIVER'S FEES AND EXPENSES
AND (2) ATTORNEYS' FEES AND EXPENSES AND BRIEF IN SUPPORT**

TO THE HONORABLE DAVID C. KEESLER, UNITED STATES MAGISTRATE JUDGE:

Michael J. Quilling, Receiver, files this his Unopposed Fifth Interim Application to Allow and Pay (1) Receiver's Fees and Expenses and (2) Attorneys' Fees and Expenses and in support of such would show unto the Court as follows:

BACKGROUND

1. On March 5, 2003 the United States Securities and Exchange Commission filed a Motion to Appoint Receiver in these proceedings. On May 22, 2003 the Court issued an Order appointing Michael J. Quilling as receiver and he continues to function in that capacity.

2. Pursuant to the terms of the Order Appointing Receiver, the Receiver was authorized to employ such attorneys as is necessary and proper in connection with performing his duties. Subsequent to his appointment, the Receiver employed the law firm of Quilling Selander Cummiskey & Lownds, P.C. ("QSCL") as his general counsel. The Receiver is an attorney and a

shareholder of the law firm and has rendered many of the legal services which are the subject of this Application as well as performing his duties as the Receiver.

3. On October 8, 2003 the Receiver filed his First Interim Application to Allow and Pay (1) Receiver's Fees and Expenses and (2) Attorneys' Fees and Expenses for the time period from July 1, 2003 through September 30, 2003. On November 24, 2003, the Court entered an Order Approving the First Interim Application and thereafter QSCL was paid \$69,746.32 of fees and expenses.

4. On February 13, 2004 the Receiver filed his Second Interim Application to Allow and Pay (1) Receiver's Fees and Expenses and (2) Attorneys' Fees and Expenses for the time period from October 1, 2003 through January 31, 2004. On June 1, 2004 the Court entered an Order Approving the Second Interim Application and thereafter QSCL was paid \$91,634.81 of fees and expenses.

5. On June 9, 2004 the Receiver filed his Third Interim Application to Allow and Pay (1) Receiver's Fees and Expenses and (2) Attorneys' Fees and Expenses for the time period from February 1, 2004 through April 30, 2004. On July 20, 2004 the Court entered an Order Approving the Third Interim Application and thereafter QSCL was paid \$25,548.25 of fees and expenses.

6. On October 13, 2004 the Receiver filed his Fourth Interim Application to Allow and Pay (1) Receiver's Fees and Expenses and (2) Attorneys' Fees and Expenses for the time period from May 1, 2004 through September 30, 2004. On October 27, 2004 the Court entered an Order Approving the Fourth Interim Application and thereafter QSCL was paid \$18,336.98 of fees and expenses.

7. This Application seeks approval and payment of the fees and reimbursement of expenses for the Receiver and QSCL for the time period from October 1, 2004 through December 31, 2004.

8. During the period covered by this Application, the Receiver has incurred fees and expenses with respect to his activities as Receiver and with respect to QSCL as to these proceedings on a monthly basis as follows:

<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
October 2004	\$1,565.00	\$60.52
November 2004	\$3,290.00	\$106.57
December 2004	\$1,376.00	\$286.18
TOTAL:	\$6,231.00	\$453.27

9. Exhibit "A," which is attached hereto and incorporated herein by reference for all purposes conveys the following information for the time period of October 1, 2004 through December 31, 2004: (a) the number of hours worked by each attorney and staff member on a particular day, (b) the manner and type of work performed by each attorney and staff member, (c) the customary billing rate for each person rendering service in this matter, and (d) the monetary value assigned to each task performed by a given attorney and/or staff member. Each of the invoices attached hereto as Exhibit "A" reflect aggregate expenses by category during a given month.

JOHNSON FACTORS

10. In support of this request for allowance of compensation and reimbursement of expenses, the Receiver and QSCL respectfully direct this Court's attention to those factors generally considered by courts in awarding compensation to professionals for services performed in connection with the administration of a receivership estate. As stated by the Fifth Circuit Court of Appeals in

Migis v. Pearle Vision, Inc., 135 F.3d 1041, 1047 (5th Cir. 1998) “The calculation of attorneys fees involves a well-established process. First, the court calculates a ‘lodestar’ fee by multiplying the reasonable number of hours expended on the case by the reasonable hourly rates for the participating lawyers. (cite omitted.) The court then considers whether the lodestar figure should be adjusted upward or downward depending on the circumstances of the case. In making a lodestar adjustment the court should look at twelve factors, known as the Johnson factors, after *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974).” The Johnson factors have been expressly adopted by the Fourth Circuit. See, *Barber v. Kimbrell’s Inc.*, 577 F.2d 216, 226 (4th Cir. 1978). Those factors as applied to the services rendered in this case by the Receiver and QSCL are addressed below.

(a) The Time and Labor Required. The Receiver and QSCL respectfully refer the Court’s attention to Exhibit “A” which details the involvement of the Receiver and QSCL’s attorneys in this case during the three-month period covered by this Application during which a total of more than 24 hours of attorney and Receiver time have been expended.

(b) The Novelty and Difficulty of the Questions. Many of the tasks reflected in Exhibit “A” involved factual and legal questions which were of substantial complexity.

(c) The Skill Requisite to Perform the Service. The Receiver believes that the services performed in this case have required individuals possessing considerable experience in asset seizure, tracing and liquidation. Both the Receiver and QSCL have considerable experience in such areas.

(d) The Preclusion of Other Employment Due to Acceptance of the Case. The Receiver and QSCL have not declined any representation solely because of their services as Receiver and counsel for the Receiver.

(e) The Customary Fee. The hourly rates sought herein are commensurate with the rates charged by other practitioners of similar experience levels in the Western District of North Carolina. During the course of these proceedings, the following lawyers at QSCL have performed legal services on behalf of the Receiver with respect to these proceedings: Michael Quilling (\$350.00 per hour) licensed in Texas in 1982 and Texas Board Certified in Business Bankruptcy Law and Civil Trial Law; Dee Raibourn (\$190.00 per hour) licensed in Texas in 1998; Marcie L. Schout (\$195.00 per hour) licensed in Texas in 2000; and Hudson Jobe (\$195.00 per hour) licensed in Texas in 2003.

(f) Whether the Fee is Fixed or Contingent. The Receiver's and QSCL's fees are fixed insofar as monies exist by way of Receivership Assets from which to pay such fees. Payment of such fees, however, is subject to Court approval.

(g) Time Limitations Imposed by the Client or Other Circumstances. The time requirements during the period covered by this Application have been normal.

(h) The Amount Involved and the Results Obtained. The Receiver has been charged with the task of tracing the origin of millions of dollars of funds raised from defrauded investors, developing a claims process and making recommendations to the Court regarding distributions. During the period covered by this Application the Receiver has made considerable progress in this regard. In addition, the Receiver has retained counsel in Canada and successfully seized and sold a \$1.5 million (Canadian) house in Canada owned by Fred Gilliland and has seized all of his other physical assets and records. The Receiver has also filed two lawsuits against several individuals and entities to recover fraudulent transfers. Finally, the Receiver continues to devote a substantial amount of time to continuing the tracing of funds and locating investors.

(i) The Experience, Reputation, and Ability of the Attorneys. QSCL has several attorneys who specialize exclusively in the practice of civil trial law. The practice of those attorneys regularly includes the representation of bankruptcy trustee and receivers. The reputation of QSCL's attorneys is recognized and respected in their community in Texas.

(j) The Undesirability of the Case. The representation of the Receiver incident to this case has not been undesirable.

(k) The Nature and Length of the Professional Relationship with the Client. QSCL did not represent the Receiver in these proceedings prior to being retained in these proceedings.

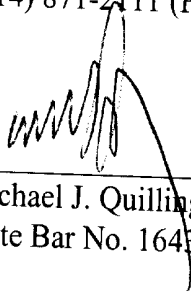
(l) Award in Similar Cases. QSCL believes that the fees requested in this case are less than or equal to those which have been awarded in similar cases in this District.

WHEREFORE, PREMISES CONSIDERED, the Receiver and QSCL request that this Court approve all of the fees and expenses as set forth herein and for such other and further relief, general or special, at law or in equity, to which the Receiver and QSCL may show themselves justly entitled.

Respectfully submitted,

QUILLING SELANDER CUMMISKEY & LOWNDS, P.C.
2001 Bryan Street, Suite 1800
Dallas, Texas 75201-4240
(214) 871-2100 (Telephone)
(214) 871-2111 (Facsimile)

By:

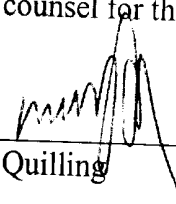


Michael J. Quilling
State Bar No. 16432300

ATTORNEYS FOR RECEIVER

CERTIFICATE OF CONFERENCE

Prior to filing this Application, I conferred with counsel for the SEC. He does not oppose the Application.



Michael J. Quilling

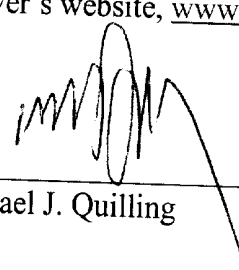
CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of January, 2005 a true and correct copy of the foregoing document was served via first class mail, postage pre-paid, on:

Graham Loomis
Securities and Exchange Commission
3475 Lenox Road, Suite 1000
Atlanta, Georgia 30326

W. Robinson Deaton, Jr.
Deaton & Biggers, PLLC
402 East Graham Street
Shelby, North Carolina 28150

This Application will also be posted on the Receiver's website, www.secreceiver.com after filing.



Michael J. Quilling

Exhibit “A”



Michael J. Quilling, Trustee

Page: 1

Federal ID #75-2459334

10/31/2004

Client No: 911-0600M

Invoice No: 25994

Re: Fred Gilliland

	Hours	
10/08/04 MJQ Reconcile bank accounts (.3); Begin work on website updates (.2).	0.50	175.00
10/11/04 MJQ Preparation of fee application.	1.00	350.00
10/13/04 MJQ Review and respond to email from SEC.	0.20	70.00
SMT Claim status reviews. Telephone and email correspondence. Claim classifications and review for content and approval. Website, bank record and Visio updates.	2.00	200.00
10/14/04 MJQ Work on website updates.	1.00	350.00
10/20/04 MJQ Work on website updates.	0.50	175.00
10/26/04 MJQ Telephone conference with Canadian counsel regarding status.	0.20	70.00
10/27/04 MJQ Review of additional documents relating to Gilliland accounts.	0.30	105.00
10/29/04 MJQ Review of order from Court and attention to issuance of check and movement of funds.	0.20	70.00
For Current Services Rendered	5.90	1,565.00

Timekeeper		Recapitulation		
	Hours	Hourly Rate		Total
Michael J. Quilling	3.90	\$350.00		\$1,365.00
Stephen M. Tomasky	2.00	100.00		200.00

Photocopies	58.40
Postage	2.12
Total Expenses Thru 10/31/04	60.52
Total Current Work	1,625.52
Balance Due	\$1,625.52

NOTE: PLEASE REFERENCE THE CLIENT MATTER NO. WITH PAYMENT

Bryan Tower 2001 Bryan St., Suite 1800 Dallas, TX 75201

ph. 214.871.2100 fx. 214.871.2111 www.qsclpc.com

A P R O F E S S I O N A L C O R P O R A T I O N

A T T O R N E Y S A N D C O U N S E L O R S



Michael J. Quilling, Trustee

Page: 1
 11/30/2004
 Client No: 911-0600M
 Invoice No: 26247

Re: Fred Gilliland

	Hours	
11/03/04 MJQ Review of materials relating to Paramount insurance.	0.50	175.00
11/05/04 MJQ Review of Motion to Extend Time in Grand Street Trust lawsuit (.1); Reconcile bank accounts (.2).	0.30	105.00
11/20/04 MJQ Review of order from court regarding Grand Street Trust lawsuit.	0.10	35.00
11/22/04 MJQ Preparation of letters to Judge McKnight regarding new decision.	0.40	140.00
11/23/04 MJQ Review of Motion to Dismiss filed by Paquette and office conference with Marcie Schout regarding response to same (.5); Preparation of website updates (.4).	1.20	420.00
MLS Draft Response to Paquette Defendants Motion to Dismiss.	2.50	487.50
11/24/04 HMJ Research and review case law on Fed. R. Civ. P. 12(b)(2) motions and related request for discovery (1.0); Research and review N.C. and C.A. case law on one year statute of limitations (1.5).	2.50	487.50
MLS Draft Response to Paquette Defendants Motion to Dismiss.	2.00	390.00
MJQ Work on Response to Motion to Dismiss filed by Paquette defendants.	3.00	1,050.00
For Current Services Rendered	12.50	3,290.00

Recapitulation

<u>Timekeeper</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
Michael J. Quilling	5.50	\$350.00	\$1,925.00
Marcie L. Schout	4.50	195.00	877.50
Hudson Jobe	2.50	195.00	487.50

Long-Distance Telephone	0.23
Courier Deliveries	4.75
Express Mail Service	24.39
Photocopies	65.60
Postage	11.60
Total Expenses Thru 11/30/04	106.57
Total Current Work	3,396.57

Michael J. Quilling, Trustee

Page: 2
11/30/2004

Client No: 911-0600M
Invoice No: 26247

Re: Fred Gilliland

Balance Due

\$3,396.57

NOTE: PLEASE REFERENCE THE CLIENT MATTER NO. WITH PAYMENT



Michael J. Quilling, Trustee

Page: 1
 12/31/2004
 Client No: 911-0600M
 Invoice No: 26872

Federal ID #75-2459334

Re: Fred Gilliland

	Hours	
12/03/04 MJQ Review of letter from Canadian counsel.	0.10	35.00
12/06/04 MJQ Reconcile bank accounts.	0.20	70.00
12/13/04 MJQ Review of Belize Bank spreadsheets to determine missing information.	0.50	175.00
12/17/04 SMT Waldorf bank account record review.	1.00	85.00
12/18/04 SMT Waldorf bank account deposit review.	1.60	136.00
12/20/04 MJQ Meeting with Steve Tomasky to review Waldorf claims and prepare materials for transmission to Michelle Heldmyer.	2.50	875.00
For Current Services Rendered	5.90	1,376.00

		Recapitulation		
Timekeeper	Hours	Hourly Rate		Total
Michael J. Quilling	3.30	\$350.00		\$1,155.00
Stephen M. Tomasky	2.60	85.00		221.00

Express Mail Service	44.92
Photocopies	7.00
Online outside service expense for legal research - Invoice #807851650	234.26
Total Expenses Thru 12/31/04	286.18
Total Current Work	1,662.18
Balance Due	\$1,662.18