

IN THE UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SECURITIES AND EXCHANGE  
COMMISSION

Plaintiff,

VS.

MEGAFUND CORPORATION,  
ET AL.

Defendants.

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NO. 3-05-CV-1328-L

**ORDER**

On April 10, 2006, Michael J. Quilling, as Receiver for Lancorp Financial Group, LLC, filed a second interim application for payment of \$43,448.00 in fees and \$2,456.13 in expenses incurred by his law firm, Quilling Selander Cummiskey & Lownds, P.C., from January 1, 2006 through March 31, 2006. [Doc. #122]. The court conducted a preliminary review of the fee application and noted several deficiencies, including: (1) the failure to provide information regarding the experience and billing rates of certain lawyers and legal assistants who recorded time during the relevant period; (2) the failure to attach receipts for out-of-pocket expense items of more than \$500.00; (3) charging travel time at the full hourly rate without any indication that legal work was performed during such travel; and (4) entries that were inadequately documented or appeared to be excessive, redundant, or unnecessary. *See* Order, 5/8/06 at 1-3. The Receiver corrected these deficiencies and addressed the court's concerns in an amended second interim application for payment of fees and expenses filed on May 17, 2006. [Doc. #145]. In his amended fee application, the Receiver seeks payment of \$43,501.00 in fees and \$2,456.13 in expenses incurred from January 1, 2006 through March 31,

2006.<sup>1</sup>

The Receiver was ordered to post a copy of the fee application on his website with notice to all interested parties that any objections must be filed with the court by May 1, 2006. No written objections have been received.<sup>2</sup> The Securities and Exchange Commission, through its regional counsel, previously consented to payment of the amounts requested.

The court has reviewed the amended second interim fee application and the exhibits attached thereto, and finds that the time spent, services performed, expenses incurred, and hourly rates charged by the Receiver are justified under the factors set forth in *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974). To date, Receiver has recovered more than \$1.3 million for the Lancorp Financial Group Receivership Estate. With the approval of this fee application, the total fees and expenses paid to the Receiver are \$45,957.13, which is manifestly reasonable in light of the complexities of this case and the results obtained for defrauded investors. The court therefore determines that no adjustments to the fees requested by the Receiver are warranted at the present time.

Accordingly, the Receiver's amended second interim application for payment of fees and expenses [Doc. #145] is approved. The Receiver is authorized to pay the law firm of Quilling Selander Cummiskey & Lownds, P.C. the sum of \$43,501.00 in attorney's fees and \$2,456.13 in expenses incurred from January 1, 2006 through March 31, 2006. All payments shall be chargeable to the Lancorp Financial Group Receivership Estate.

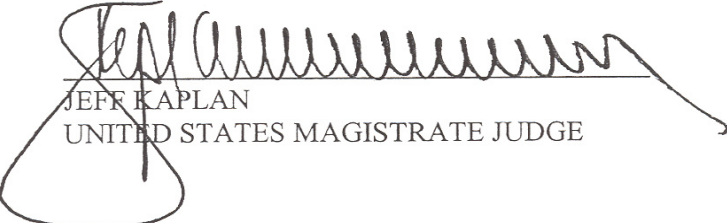
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<sup>1</sup> The court previously authorized the Receiver to "pay up to 90% of the professional fees and 100% of the expenses on a monthly basis, provided statements are made on a monthly basis to the [SEC], no objections thereto have been presented and [fee] applications have been made as required." Order, 7/19/05 at 6-7, ¶ 16. As permitted by this order, the Receiver has paid himself and his law firm 90% of the fees, or \$11,729.70, and 100% of the expenses, or \$475.88 for February 2006. No amounts have been paid for January and March 2006.

<sup>2</sup> After the fee application was filed, the court received letters from June Slinkard and Norman Mason, Reverend DuWayne Nelson, and Edward Sizer, generally complaining about the manner in which the Receiver is handling this case. However, none of those letters contain any specific objections to the fee application.

SO ORDERED.

DATED: June 1, 2006.



JEFF KAPLAN  
UNITED STATES MAGISTRATE JUDGE