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UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. SECURE INVESTMENT SERVICES, INC., AMERICAN FINANCIAL SERVICES, INC., LYNDON GROUP, INC., DONALD F. NEUHAUS, and KIMBERLY A. SNOWDEN, Defendants.	Case No. 2:07-cv-001724 GEB CMK **EXAMINER'S SECOND INTERIM FEE APPLICATION** Date: January 26, 2009 Time: 9:00 a.m. Courtroom: 10 Judge: Hon. Garland E. Burrell, Jr.

TO THE HONORABLE UNITED STATES DISTRICT COURT:

Examiner Steven A. Harr ("Examiner") moves for an order directing payment of his fees and expenses and that of his counsel herein, respectfully stating:

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Introduction

1. On December 3, 2007, the Court appointed the Examiner to work through various investor issues that have arisen in this case as more specifically described in the motion seeking his appointment (Dkts. 90-91). Since that time, the Examiner and/or his counsel and staff have established and periodically updated a website containing information and comments designed to inform and to assist investors in evaluating various issues in the case, responded directly to many investors on a variety of issues, corrected false and misleading information circulated by a number of parties, evaluated possible alternative courses of action to those proposed by the Receiver and discussed the relative merits of the Receiver's intended course of action, and otherwise acted to represent the interests of the investors in this matter.

2. The Examiner has previously presented one application (Dkt. 226), which the Court approved (Dkt. 292).

3. The Examiner now presents his second application.

Facts

4. This Application covers principally the period from May 16, 2008 through September 15, 2008.

5. As shown more fully on the billing statements attached hereto as Exhibit "A," the Examiner, his counsel, and his local counsel have continued to primarily address the appropriate handling of the multiowner policies, although investors have also inquired into related matters, such as the relative value of the policies; particular information about the policies; the Receiver's investigation, administration and intentions; possible strategies for salvaging the portfolio, such as a sale or holding the portfolio to maturity; and the like. During the period covered by this Application, the Examiner and his counsel responded to many additional inquiries made by investors who were struggling to understand these issues. The Examiner and his counsel's efforts in this respect were again complicated by the misinformation being presented by certain parties. The Examiner and his counsel and local counsel also prepared and presented a Statement and Brief (Dkt. 207) for the Court in

anticipation of hearings on the Receiver's Motions for Authorization to Abandon various multi-owner policies (Dkts. 185-190), and attended two hearings and related investor meetings on the subject. Following these efforts, most investors seem to have come to a consensus as to the appropriate handling of this issue, which has resulted in decisions by an overwhelming majority of investors to transfer their ownership interests to the Receiver, and to act collectively to salvage the portfolio. Likewise, it appears that the questions from investors have for the present been largely answered, as reflected in the lower September expenditures of time reflected below.

6. As shown on Exhibit "A," the total amount sought for this period is $48,173.45. Specifically, the fees and expenses incurred are as follows:

Invoice No.	Bill Date	Fees	Cost	Total
MGS19487	6/10/2008	201.00	0.00	201.00
MH10199522	6/17/2008	5,668.50	176.38	5,844.88
MGS19555	7/8/2008	4,106.75	71.00	4,177.75
MH10201059	7/17/2008	15,644.00	775.88	16,419.88
MGS19620	8/7/2008	1,180.00	217.40	1,397.40
MH10202911	8/22/2008	15,946.00	2,397.69	18,343.69
MGS19733	9/8/2008	128.50	0.00	128.50
MH10204232	9/17/2008	1,660.00	.35	1,660.35
		$44,534.75	**$3,638.70**	**$48,173.45**

Consistent with the procedures established for professionals in the Order Appointing Receiver, these fees were incurred as was necessary and proper for the carrying out of the assigned duties of the Examiner herein.

Applicable Legal Standards

7. Although the present matter is an equitable receivership, analogous cases involving bankruptcy estates set forth an appropriate standard for evaluating applications for compensation. See Pennsylvania v. Delaware Valley Citizens Counsel for Clean Air, 478 U.S. 546 (1986); Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974); Lindy Brothers Builders, Inc. v. Am. Radiator and Standard Sanitory Corp., 540 F.2d 102 (3rd Cir. 1976); Copper Liquor, Inc. v. Adolph Coors Co., 624 F.2d 575 (5th Cir. 1980) ("Copper I") and Copper Liquor, Inc. v. Adolph Coors Co., 684 F.2d 1087 (5th Cir. 1982) ("Cooper II"); Hensley v. Eckerhart, 461 U.S. 424, 103 S. Ct. 1933, 76 L.Ed.2d 40 (1983); In re Blum v. Stenson, 465

U.S. 886, 104 S.Ct. 1541, 79 L.Ed.2d 891 (1984); see also Meronk v. Arter & Hadden, LLP (In re Meronk), 249 B.R. 208, 213 (9th Cir. BAP 2000), aff'd, 24 Fed. Appx. 737 (9th Cir. 2001) (citing Burgess v. Klenske (In re Manoa Fin. Co.), 853 F.2d 687 (9th Cir. 1988)); In re Buckridge, 367 B.R. 191 (Bankr. C.D. Cal. 2007) (citing Kerr v. Screen Extras Guild, Inc., 526 F.2d 67, 70 (9th Cir. 1975), cert. denied, 425 U.S. 951, 96 S.Ct. 1726, 48 L.Ed.2d 195 (1976)).

8. As shown in the above authorities, the Court is entitled to exercise its discretion in taking into consideration a variety of factors, which are discussed below.

Application of Legal Standards

9. In similar fashion, Local Rule 54-293(c) lists the criteria to be considered for the award of attorney's fees. The following addresses the application of certain of the factors applicable to the circumstances of this case:

(1) Time and Labor Required. Attached as Exhibit "A" hereto are statements setting forth the services rendered during the period covered by this Application. The statements show that the time as set forth was actually expended in carrying out the tasks detailed therein. The time expended and expenses incurred were necessary, reasonable and appropriate under the circumstances of this case.

(2) The Novelty and Difficulty of the Issues. As explained in part above, many of the issues raised in this case are novel and complex.

(3) The Skill Required to Perform the Service. A number of issues in this case required a relatively high degree of skill and experience to address. The Examiner and his counsel have directly relevant experience that has allowed them to respond to this situation without incurring nearly as much time and expense as others might under similar circumstances. The Examiner's local counsel is directly familiar with the practices and procedures of this Court, and so has been able to assist the Examiner and his counsel in complying with this Court's rules. Reasonable efforts have been made to have counsel with particular expertise handle matters while at the same time avoiding duplication of work.

(4) The Preclusion of Other Employment Due to the Acceptance of the Case. The Examiner has not declined any representation solely because of the services rendered in this case.

(5) Customary Fee. The Examiner represents and would demonstrate that the hourly rates charged are competitive and customary for the degree and skill of expertise required in the performance of similar services rendered by other experienced professionals in this District. Indeed, the rates were fixed and approved at the time of his appointment (Dkt. 91).

(6) Whether the Fee is Fixed or Contingent. Although the professionals in this matter are retained on the basis of a fixed hourly rate, the ability to compensate these fees is subject to the limited and uncertain liquidity of the Receivership Estate, as well as the potential for delays occasioned by the process of seeking approval by this Court.

(7) Time Limitations. The Examiner and his counsel have been required to respond promptly to investors. The Examiner has been unable to handle the volume of inquiries personally at certain times and has therefore relied, in part, on his counsel and staff for assistance.

(8) Amounts Involved and Results Obtained. This case involves in excess of 600 investors who invested over $31 million. Many have their life savings at stake. As a result, the attention required to this matter in view of its seriousness is significant. The results obtained by the Examiner are intangible, however, and difficult to measure.

(9) Counsel's Experience, Reputation and Ability. As noted above, the Examiner and his counsel have directly relevant experience that has allowed them to respond to this situation without incurring nearly as much time and expense as others might under similar circumstances. The Examiner's counsel was not retained on the basis of a particular reputation, although his counsel is regarded as good among those familiar with securities enforcement receiverships.

(10) Undesirability. This matter is not undesirable.

(11) Nature and Length of Relationship. The Examiner retained the firm of which he is a member.

(12) Awards in Similar Actions. This is a relatively modest application compared to fees charged in similar cases for similar services. Mainly, this was achieved because of the experience of the Examiner and his counsel in a related action, and in other, similar actions.

Conclusion

10. For the foregoing reasons, the Examiner requests approval and payment of compensation for services rendered and reimbursement of actual and necessary out-of-pocket expenses incurred as more fully set forth in the invoices attached as Exhibit "A."

Dated: November 21, 2008

Respectfully submitted,

MUNSCH HARDT KOPF & HARR, P.C.

/s/ Dennis L. Roossien, Jr.
Dennis L. Roossien, Jr.

MENNEMEIER, GLASSMAN & STROUD LLP

/s/ Kenneth C. Mennemeier
Kenneth C. Mennemeier

COUNSEL FOR EXAMINER

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