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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 FOURTH INTERIM FEE APPLICATION** Date: December 20, 2010 Time: 9:00 a.m. Courtroom: 10

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:

Facts

1. This Application covers principally the period from January 16, 2009 through October 15, 2010. Billing statements showing the specific activities of the Examiner are set forth on the attached Exhibit "A."

2. In summary, during the period covered by this Application, the Examiner primarily acted to respond to investor inquiries and update the investors on the management of the portfolio and the efforts of the Receiver to investigate potential recoveries against third-parties. The Examiner's counsel and his local counsel also complied with the local rules relative to motions filed by other parties, and complied with administrative requirements, such as preparing filings like this Application.

3. During the period covered by this Application, there were several months in the Spring of 2009 when there were an usually large number of discussions with investors that could not be handled in a routine manner. These discussions primarily concerned policies where the Receiver owned a fractional interest and maintained a fractional beneficiary interest. As the Court will recall, when the Receiver advised investors that he was authorized to abandon policies in which he had a fractional interest, most investors chose to transfer their ownership to the Receiver rather than seek alternative means of organizing themselves to support the policies. This left a few investors who were not pleased with this approach, and who accordingly refused to pay their fair share of the premium costs. This led to a need for the Court to resolve the issue. The Court sustained the Receiver's request that these investors be given the choice of paying a portion of the premiums or transferring their ownership. Following this resolution, there were a number of investors who then sought assistance from the Examiner in order to evaluate the choice being offered to them. These investors requested from the Examiner detailed information and comments as to the cost/benefit to them of transferring their interests. Some investors also wished to discuss whether the Receiver could re-convey interests that were previously transferred to the Receiver. As a result of these discussions, investors were able to make reasonably informed decisions, and further resort to the Court was avoided.

4. The Examiner and his counsel also continued to monitor the management of the portfolio in an effort to ensure that the management is in the best interests of the investors which required extensive review of the entire portfolio in both the fall of 2009 and the fall of 2010. The Examiner also provided updates to the investors in response to their comments as

to whether selling or holding the portfolio is preferred. This remains a difficult issue that involves risk either way, but the Examiner continues to believe, based upon discussions with investors, that the investors as a whole continue to favor holding the portfolio. Many investors continuously and regularly call to discuss the matter with the Examiner and/or his agents at some length, and the Examiner believes that these discussions allow the Receiver to respect the wishes of investors with regard to how their assets are being administered.

5. The Examiner and his counsel also addressed a controversy that arose when the FOW-S(1) and FOW-S(2) policies matured. FOW-S(2) was owned largely by third-party investors and the Examiner monitored the distribution of the proceeds and the court filings relating to the same, including a motion to compel payment of death benefits (which included recovery of the premiums previously paid by the Receiver) filed by the Receiver and certificates of non-opposition filed in connection therewith. The Examiner and his counsel and local counsel worked on filing investor comments to the motion to compel. Additionally, in the course of the distribution of the FOW-S(2) proceeds, the Examiner and his counsel worked with the Receiver on processes designed to streamline information available on multiple-owner policies so that the Examiner was better equipped to respond to inquires and questions.

6. During the period covered by this Application, the Examiner was involved in resolving whether the supposed bonds had any value and/or whether any relief could be obtained from the agents who established what was ultimately determined to be fraudulent bonds. The Examiner and/or his counsel met regularly with the Receiver to discuss the Receiver's investigations into bonds that were supposed to have supported the life settlement investments at issue. Ultimately, it was determined that all bond issuers used by the Defendants were sham entities with very little asset-worth and any recovery efforts by the Receivership would be a waste of resources. Through the course of his meeting with the Receiver, the Examiner was able to discuss the specifics of the bond investigation so that the Examiner could respond to numerous investor inquires and update the Examiner website.

7. In order to comply with the Court's procedural requirements, it has also been necessary for the Examiner to employ local counsel. The local counsel expenses were related to monitoring filings, seeking direction from the Examiner's lead counsel as to appropriate responses, and preparing and presenting routine responses.

8. As shown on Exhibit "A," the total amount sought for the Examiner and the Examiner's lead counsel and his local counsel for this period is $34,734.88. Specifically, the fees and expenses incurred are designated with the prefix MH for lead counsel and MGS for local counsel as follows:

Invoice No.	Bill Date	Fees	Cost	Total
MH10213822	03/04/2009	4,501.00	142.57	4,643.57
MGS20388	03/17/2009	334.00	91.00	425.00
MH10216091	03/30/2009	5,158.00	10.26	5,168.26
MGS20472	04/15/2009	275.75	30.00	305.75
MH10216122	04/22/2009	3,635.00	0.00	3,635.00
MGS20569	05/20/2009	280.75	26.00	306.75
MH10218188	05/26/2009	5,335.00	0.00	5,335.00
MGS20741	06/09/2009	300.25	9.20	309.45
MGS20857	07/14/2009	85.50	0.00	85.50
MH10221607	07/24/2009	4,427.00	354.90	4,781.90
MGS20993	08/17/2009	52.25	0.00	52.25
MH10223906	09/17/2009	2,060.00	100.00	2,160.00
MGS21093	09/18/2009	99.75	0.00	99.75
MGS21243	10/07/2009	33.50	0.00	33.50
MH10227099	11/17/2009	770.00	0.00	770.00
MGS21330	11/17/2009	38.00	0.00	38.00
MGS21499	12/15/2009	100.00	0.00	100.00
MH1028714	12/17/2009	1,472.00	300.00	1,772.00
MGS21625	01/18/2010	76.00	0.00	76.00
MGS21694	02/09/2010	23.75	0.00	23.75
MH10231641	02/18/2010	2,410.00	4.85	2,414.85
MH10233166	03/17/2010	1,299.00	0.00	1,299.00
MGS22098	05/18/2010	114.00	0.00	114.00
MGS22199	06/09/2010	19.00	49.80	68.80
MH10237575	06/18/2010	399.00	103.30	502.30
MGS22264	07/16/2010	28.50	0.00	28.50
MGS22437	08/12/2010	142.50	15.00	157.50
MGS22576	09/14/2010	28.50	0.00	28.50
MH10242336	09/21/2010	553.00	650.12	1,203.12
MH10243611	10/20/2010	1,958.00	166.94	2,124.94
		33,098.00	1,236.88	34,334.88

These fees and expenses were reasonable and were necessarily incurred by the Examiner in carrying out the duties assigned to him herein.

Applicable Legal Standards

9. 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)).

10. 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

11. 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.

(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 at this time, 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 well regarded 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

12. 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 19, 2010.

Respectfully submitted,

MUNSCH HARDT KOPF & HARR, P.C.

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