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Receiver of Defendants Secure Investment Services, Inc.,
10 American Financial Services, Inc., and Lyndon Group, Inc.

11 UNITED STATES DISTRICT COURT
12 EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO DIVISION

13
14 SECURITIES AND EXCHANGE COMMISSION,

15 Plaintiff,

16 v.

17 SECURE INVESTMENT SERVICES, INC.,
AMERICAN FINANCIAL SERVICES, INC.,
18 LYNDON GROUP, INC., DONALD F. NEUHAUS,
and KIMBERLY A. SNOWDEN,

19 Defendants.

Case No. 2:07-cv-01724 GEB CMK

**RECEIVER'S FIFTEENTH INTERIM
APPLICATION TO ALLOW AND PAY
ATTORNEY'S FEES AND EXPENSES
OF LOCAL COUNSEL AND BRIEF IN
SUPPORT**

Hearing Date: December 16, 2013
Time: 9:00 a.m.
Courtroom: 10

20
21 TO THE HONORABLE GARLAND E. BURRELL, JR., UNITED STATES DISTRICT
JUDGE:

22 Michael J. Quilling, Receiver, files this, his Fifteenth Interim Application to Allow and
23 Pay Attorneys' Fees and Expenses of Local Counsel, and in support of such would respectfully
24 show the Court as follows:

25 **BACKGROUND**

26 1. On or about August 22, 2007, the Securities and Exchange Commission filed its
27 Complaint and request for appointment of a receiver. On October 31, 2007, the Court issued its
28

1 Order Appointing Receiver pursuant to which Michael J. Quilling was appointed to serve as
 2 Receiver in this case.

3 2. Pursuant to the terms of the Order Appointing Receiver, the Receiver was
 4 authorized to employ such attorneys as is necessary and proper in connection with the claims
 5 process. Subsequent to his appointment, the Receiver employed the law firm of Boutin Jones
 6 Inc. ("BOUTIN") as his local counsel.

7 3. This Application seeks approval and payment of the fees and reimbursement of
 8 expenses for BOUTIN for the time period from October 1, 2012 through October 31, 2013.

9 4. Pursuant to paragraph 17 of the Order Appointing Receiver and after obtaining
 10 the consent of the SEC, the Receiver has paid BOUTIN 90% of their fees and 100% of their
 11 expenses. The purpose of this Application is to request Court approval of all of the fees and
 12 expenses and to allow payment of the 10% fee holdback.

13 5. During the period covered by this Application, the Receiver has incurred fees and
 14 expenses with respect to BOUTIN as to these proceedings on a monthly basis as follows:

| Month | Fees | Expenses |
|-----------------|--------------------|------------------|
| October, 2012 | \$ 315.00 | \$ -0- |
| November, 2012 | 280.00 | -0- |
| December, 2012 | 35.00 | -0- |
| January, 2013 | -0- | -0- |
| February, 2013 | 112.50 | -0- |
| March, 2013 | 375.00 | -0- |
| April, 2013 | 712.50 | -0- |
| May, 2013 | 375.00 | -0- |
| June, 2013 | -0- | -0- |
| July, 2013 | 750.00 | 125.00 |
| August, 2013 | 1,275.00 | -0- |
| September, 2013 | 487.50 | -0- |
| October, 2013 | 525.00 | -0- |
| TOTAL | \$ 5,242.50 | \$ 125.00 |

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

3 (c) The Skill Requisite to Perform the Service. The Receiver believes that the
4 services performed in this case have required individuals with experience in the U.S. District
5 Court, Eastern District of California. BOUTIN has considerable experience in this district.

6 (d) The Preclusion of Other Employment Due to Acceptance of the Case. BOUTIN
7 has not declined any representation solely because of their services as local counsel for the
8 Receiver.

9 (e) The Customary Fee. The Receiver believes that the hourly rates sought herein are
10 commensurate with or lower than the rates charged by other practitioners of similar experience
11 levels in the Eastern District of California. During the course of these proceedings, the following
12 lawyers at BOUTIN have performed legal services on behalf of the Receiver with respect to
13 these proceedings: Maralee Eriksen (\$350.00 during 2012; \$375.00 during 2013) licensed in
14 California since 2000 (previously licensed in Wyoming).

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

18 (g) Time Limitations Imposed by the Client or Other Circumstances. The time
19 requirements during the period covered by this Application have not been extreme.

20 (h) The Amount Involved and the Results Obtained. This case currently involves 32
21 active insurance policies having a death benefit of close to \$30 million. In excess of 800
22 investors invested more than \$31 million to purchase fractionalized interests in the insurance
23 policies.

24 Since his appointment, the Receiver has closed all known bank accounts and has taken
25 possession of all known books and records. He has obtained accurate, current information
26 regarding each policy and has been able to pay premiums on the policies on a current basis. The
27 Receiver has also arranged for a \$4.5 million line of credit to be utilized to pay premiums and
28 other administrative expenses. A website is maintained by the Receiver so as to update the

1 investors. Claim forms have been approved and mailed to all known investors. To date, 811
2 claims have been received, with 718 claims totaling \$26,099,366.26 determined to be allowed by
3 this Court. During this period, the Receiver has sought and obtained Court approval of an
4 increase in the credit facility, the surrender of a policy that was an undue financial burden, the
5 release of funds held by the Shasta County Sheriff Department, and the bid and sale procedures
6 for the receivership estate.

7 (i) The Experience, Reputation and Ability of the Attorneys. BOUTIN has several
8 attorneys who work exclusively in the practice of civil trial law. The practice of those attorneys
9 includes the representation of parties before this Court. The reputation of BOUTIN's attorneys
10 is recognized and respected in this community.

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

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

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

18 WHEREFORE, the Receiver respectfully requests that the Court allow the requested
19 compensation for professional services and expenses rendered by BOUTIN and authorize the
20 Receiver to pay the 10% fee holdback of \$524.25, as per itemization in Exhibit "A" attached
21 hereto and for such other and further relief, general or special, at law or in equity, to which the
22 Receiver and BOUTIN may show themselves justly entitled.

23 BOUTIN JONES INC.

24 Dated: November 15, 2013

25 By: /s/ Maralee Eriksen
26 Maralee Eriksen
27 Attorneys for Receiver of Defendants
28 Secure Investment Services, Inc.,
American Financial Services, Inc., and
Lyndon Group, Inc.