

1 THOMAS C. HEBRANK
Permanent Receiver
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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **WESTERN DIVISION - LOS ANGELES**

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 v.

15 CHARLES P. COPELAND,
COPELAND WEALTH
16 MANAGEMENT, A FINANCIAL
ADVISORY CORPORATION, and
17 COPELAND WEALTH
MANAGEMENT, A REAL ESTATE
18 CORPORATION,

19 Defendants.
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Case No. 11-08607-R-DTB

**RECEIVER'S FURTHER BRIEFING
ON EMPLOYMENT OF GENERAL
COUNSEL**

Ctrm: 8, 2nd Floor
Judge: Hon. Manuel L. Real

1 Thomas C. Hebrank ("Receiver"), the Court-appointed permanent receiver for
2 Copeland Wealth Management, a Financial Advisory Corporation ("CWM"),
3 Copeland Wealth Management, a Real Estate Corporation ("Copeland Realty"), and
4 their subsidiaries and affiliates (collectively, the "Receivership Entities"), hereby
5 submits his Receiver's Further Briefing on Employment of General Counsel.

6 On February 6, 2012, this Court held a hearing on, among other matters, the
7 Receiver's Application to employ Allen Matkins Leck Gamble Mallory & Natsis
8 LLP ("Allen Matkins") as his General Counsel. In its Minute Order following the
9 hearing, the Court denied this application and ordered the Receiver to submit bids
10 for three (3) law firms to the Court by March 5, 2012 to possibly be appointed as the
11 Receiver's General Counsel.

12 The Receiver had previously obtained and submitted five (5) bids from law
13 firms, as well as a revised proposal from Allen Matkins, in his Receiver's Report #2.
14 In order to provide the Court with additional proposals to review beyond just the
15 three (3) required, they are summarized below and attached to this report for the
16 Court's consideration.

17 18 **I. THE RECEIVER'S GENERAL COUNSEL**

19 At the December 19, 2011 hearing, the Court continued the hearing on the
20 employment application of Allen Matkins, stating that it was too expensive.
21 Pursuant to the Court's instructions, the Receiver contacted five firms in Southern
22 California that regularly practice in the receivership/bankruptcy arena. These firms
23 range in size from approximately 6 lawyers to more than 450 lawyers. The Receiver
24 asked these firms to describe their relevant experience and expertise with state and
25 federal equity receiverships, their experience with real estate limited partnerships,
26 and to provide the hourly rate for the primary attorney on the case as well as a
27 blended hourly rate for the firm that they would commit to if employed as the
28 Receiver's general counsel. The responses are attached as Exhibit A, and should be

1 reviewed for a more detailed analysis of the levels of relevant experience of each
 2 firm. Allen Matkins' relevant experience and expertise is discussed in its
 3 employment application (pp. 6-7) and the attorney biographies attached as Exhibit A
 4 thereto. Below is a summary of the responses:

Firm Name	Firm Size	Relevant Experience	Rate of Primary Attny	Firm Blended Rate
Sullivan Hill	31	State, federal court receiverships; federal bankruptcy; real estate. Represented SEC Receiver once.	\$315	\$350
Mulvaney, Kahan & Barry	17	State receiverships; federal bankruptcy; real estate.	\$285	\$310
Gerson Law Firm	6	State receiverships; federal bankruptcy; real estate.	a)\$365 b)\$295	a)\$265 b)\$295
Mintz Levin	450	State, federal court receiverships; federal bankruptcy; real estate. Represented SEC Receiver once.	\$257 - \$617	\$385
Parker Milliken	33	State receiverships; federal bankruptcy; real estate.	\$365 - \$510	\$350
Allen Matkins (Revised Bid)	220	State, federal court receiverships; federal bankruptcy; real estate.	\$350	\$350

1		Represented SEC Receivers in		
2		20+ cases.		

3
4 The Receiver selected Allen Matkins as his general counsel, and the firm was
5 part of the Receiver's initial proposal to the Commission. In its employment
6 application, Allen Matkins committed to a blended hourly rate for the entire case
7 under \$400. As stated above, Allen Matkins has agreed to further reduce its rates
8 and will commit to a blended hourly rate of \$350 or less for the entire case.

9 An important consideration in this evaluation in addition to hourly rate is the
10 level of relevant experience and expertise of each firm that relates specifically to
11 this equity receivership. A federal equity receivership is very different from a
12 typical state court rents and profits receivership, and is not the same as a bankruptcy
13 case. Although all involve court-appointed fiduciaries, federal equity receiverships
14 are governed by a different set of federal statutes, rules and case law. An equity
15 receiver's duties and powers are different from those of a rents and profits receiver
16 or a bankruptcy trustee. An equity receiver has different causes of action available,
17 and the priority in distributing assets among claimants is usually different (and often
18 opposite) than under bankruptcy law. The fact that they arise from securities fraud
19 affecting investor victims distinguishes in many important ways equity receiverships
20 initiated by the Commission or other federal agencies from state court receiverships
21 arising from defaulted loans and bankruptcy cases arising from insolvent businesses
22 or individuals.

23 Moreover, this case involves complex assets and issues. Thus far, the
24 Receiver took control of a financial advisory business with approximately \$125
25 million in client assets under management in the final stages of a sale. Clients were
26 no longer receiving investment advice and the value of the business was rapidly
27 diminishing. The Receiver had to quickly review documents, understand the details
28 of the business and the proposed transaction, determine what changes needed to be

1 made to the Asset Purchase Agreement in light of the significant change in
2 circumstances, and obtain authority from the Court for the sale, as amended, to
3 close.

4 In addition, the receivership entities own and manage eight commercial
5 properties which, collectively, were purchased for more than \$70 million. Some of
6 the properties have tenants, some are partially occupied, and some are vacant. Some
7 of the loans on the properties are current and some are in default. Some of the
8 properties are the subject of pending foreclosure, bankruptcy court jurisdiction,
9 receivership, and related actions. Several are the result of and subject to 1031
10 Exchange transaction rules. Maximizing the recovery from the properties will
11 involve (a) interactions and negotiations with lenders, tenants, vendors, brokers and
12 potential purchasers, and (b) with Court approval, execution of lease documents and
13 purchase and sale agreements. Legal counsel who understands federal equity
14 receivership law and the Receiver's role, duties and powers will be critical, as will
15 expertise in commercial real estate transactions.

16 Further, the Receiver will need to conduct a claims process, giving notice and
17 an opportunity to be heard to all investors and creditors. The Receiver will need to
18 review claims and, where necessary, object to claims. Counsel experienced in
19 federal equity receivership law will be critical to efficiently resolving claim
20 disputes. The Receivership Entities are currently involved in litigation; and the
21 recovery of notes receivable, enforcement of loan guaranties, and other matters will
22 almost certainly involve additional litigation, requiring a firm experienced in these
23 types of matters. Finally, the Receiver will need to formulate and seek Court
24 approval of a plan for distributing receivership estate assets. The distribution plan
25 will need to accurately define and classify claims, provide specific treatment for
26 each class of claims, establish cash reserves, as necessary and appropriate, and
27 provide for distributions to holders of allowed claims.

28

1 Allen Matkins has more significant experience and expertise than the firms
2 listed above, having represented equity receivers appointed in more than 20 federal
3 cases. Allen Matkins has also represented the Receiver in this matter from the
4 inception of the case, and therefore has the advantage of being familiar with the
5 Court's orders, the receivership entities and their assets, and the various pending
6 cases discussed above, eliminating the delay and expense associated with engaging a
7 new firm. Of the firms listed above, only Sullivan Hill and Mintz Levin have
8 represented an equity receiver in an SEC case, and each in only one instance. The
9 reduced blended hourly rate of \$350 to which Allen Matkins has committed is the
10 same as or less than that of Sullivan Hill and Mintz Levin. For these reasons, the
11 Receiver recommends that the Court approve the Employment Application of Allen
12 Matkins.

13 It is crucial that the issue of the Receiver's counsel be resolved promptly. The
14 Receiver cannot ask Allen Matkins or any other firm to provide legal services
15 without Court approval of their employment. There are numerous important legal
16 issues facing the receivership estate which cannot be addressed until the issue of the
17 Receiver's counsel is resolved.

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Dated: February 21, 2012

By: 
THOMAS C. HEBRANK,
Permanent Receiver

Exhibit A

Sullivan Hill General Counsel Proposal

Tom Hebrank

From: Christopher Hawkins <hawkins@sullivanhill.com>
Sent: Thursday, January 05, 2012 10:06 AM
To: 'Thomas Hebrank (thebrank@ethreadvisors.com)'
Subject: SEC v. Copeland, et al -- Sullivan Hill info

Tom,

Thanks for thinking of us. Here is the information you requested.

The firm's commercial insolvency group has extensive experience representing state and federal court receivers, bankruptcy trustees and other fiduciaries. The firm's work in SEC receiverships includes representation of victims of a real estate Ponzi scheme accomplished by the perpetrator's improper handling of Section 1031 exchanges. The work also includes:

- SEC v. Integrated Equities, Inc., 2006 WL 3717487 (D. Nev. 2006) (representing court appointed receiver in gold securities ponzi scheme)
- SEC v LF Global Investments L.L.C. and its subsidiary, Global Money Management L.P. (S.D. Cal.) (firm represented the investor who reported the Ponzi scheme to the SEC with the firm's assistance, and assisted the Receiver in collecting assets while protecting the investor's claims and interests)
- SEC v. FRASIER, et al., (S.D. Cal) (No. 3:03CV01958) (represent defrauded investor Earl Wong in his effort to be included as eligible claimant to recovered funds)
- SEC v Wenke (S.D. Cal) (represented investors in Walter Wenke fraud case)

The firm's work in other federal court receiverships includes:

- U.S. v. Guess, 2005 WL 1819382 (S.D. Cal., June 28, 2005) (involving Xelan, Inc. - representing court appointed receiver)
- Numerous representations of Bart Nowicki in his capacity as a federal court receiver appointed by the Federal Trade Commission in ponzi scheme cases

The firm's work in other ponzi scheme cases includes:

- Allard v DeLorean (represented trustee trying to recover funds in cases involving DeLorean fraud)
- J. David Investors (represented investors against claims by trustee)
- Coastal Equities (represented trustee trying to recover funds)

The firm's work in sales of real estate via receivership includes:

- North Island v. Pearson (S.D. Sup. Ct. – the firm represents a state court receiver selling a shuttered car dealership, presenting environmental risks to receiver)
- Webb v. Keenan – S.D. Sup. Ct. - the firm currently represents a state court receiver selling numerous commercial properties out of a receivership

Chris Hawkins (\$350) would handle primary responsibility for the representation. His associate is Katie Millerick (\$185). Other lawyers in the firm's commercial insolvency group whose experience is relevant include Jim Hill (\$475) and Gary Rudolph (\$425).

Three of Sullivan Hill's real estate lawyers have extensive experience relevant here. John Engel (\$425), Joseph Marshall (\$425) and Kenneth Jones (\$350) have a combined 90 years experience between them in all aspects of real estate, including real estate acquisition, development, financing, leasing, sales and exchanges; formation of limited partnerships, limited liability companies and other real estate entities; IRC 1031 exchanges; real estate mortgage note interests; securities regulation, including public and private offerings, disclosure issues and reporting obligations.

Sullivan Hill is willing to discount the above rates 10 percent across the board, and to commit to a blended rate of \$350 per hour.

Please let me know if you need additional information.

-Chris

Christopher V. Hawkins

Attorney

DIRECT 619.595.3218



Sullivan Hill Lewin Rez & Engel
A Professional Law Corporation

550 West C Street, 15th Floor | San Diego, CA 92101

T 619.233.4100 | F 619.231.4372

sullivanhill.com

San Diego - Las Vegas and worldwide through Meritas

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**Mulvaney, Kahan & Barry General
Counsel Proposal**

Tom Hebrank

From: Everett G. Barry, Jr. <ebarry@mkblaw.com>
Sent: Tuesday, January 03, 2012 2:38 PM
To: Tom Hebrank
Cc: Gayle R. Curtis
Subject: SEC v. Charles P. Copeland, Copeland Wealth Management, a Financial Advisory Corporation; and Copeland Wealth Management, a Real Estate Corporation
Attachments: hebrank.profiles_001.pdf

Tom:

Thank you for the opportunity to submit a proposal to serve as Receiver's counsel in the above matter.

Per our discussion, my 2012 standard hourly rate is \$390, but I would discount that rate to \$350. John Stephens of our firm would be working with us, and his hourly rate would be \$330. We would anticipate that Pat Prindle, a senior associate with the Firm, would be the primary associate working on this matter at an hourly rate of \$285. Attached are the Attorney Profiles from our website for me, John Stephens, and Pat Prindle. Per your request, we would be prepared to commit to a blended hourly rate of \$310 per hour. As you know, our Firm has a broad range of experience in receivership matters and, as you will note from John Stephens' Attorney Profile, John has significant litigation experience as well as extensive experience in real estate matters.

I am happy to provide additional information if you so desire.

Everett G. Barry, Jr.
Mulvaney, Kahan & Barry LLP
401 W. A Street
Seventeenth Floor
San Diego, CA 92101
Ph. (619) 238-1010
Fax (619) 238-1981
Email ebarry@mkblaw.com

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-----Original Message-----

From: Tom Hebrank [<mailto:thebrank@ethreadvisors.com>]

Sent: Thursday, December 29, 2011 9:26 AM

To: thebrank@ethreadvisors.com

Subject: SEC Engagement

MULVANEY, KAHAN & BARRY

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[John H. Stephens](#)

(Of Counsel)

EVERETT G. BARRY, JR.

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Everett G. Barry, Jr., is a Senior Partner at Mulvaney, Kahan & Barry. Mr. Barry attended Lafayette College and received his A.B. in History in 1968 and attended the University of Virginia School of Law, receiving his J.D. in 1971. Mr. Barry was admitted to the New Jersey bar in 1971 and to the California bar in 1972. Mr. Barry also served as a Captain in the United States Army Reserve. From 1973 through 1979, Mr. Barry served as a Bankruptcy Trustee for the United States Bankruptcy Court. Mr. Barry is a member of the Bankruptcy Mediation Panel and of the San Diego Superior Court Arbitration Panel. Mr. Barry has over three decades of experience in Banking, Real Estate, Creditor's Rights and Insolvency Law, and is a frequent lecturer on those topics. Mr. Barry is also a founding member of the Logan Heights Family Health Center Foundation and served on the Board of Directors from 1990 through 2001.

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JOHN H. STEPHENS

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John H. Stephens specializes in business, real estate and commercial litigation, and real estate transactions. He has over 30 years of experience having practiced in Los Angeles, New York City and San Diego. He received an undergraduate degree from the University of California, Irvine, a law degree in 1978 from the University of California, Hastings, and a Masters degree from Columbia University. Highlights of his career include clerking during law school for Joseph L. Alioto, the former mayor of San Francisco and renowned anti-trust attorney; working while at Columbia with Fred Friendly, the former President of CBS News, on the PBS series "Media Law & Society;" and serving as a staff attorney at the Legal Action Center of New York City, a public-interest law corporation then chaired by Arthur Liman, former chief counsel to the Senate during the Iran-Contra hearings. Mr. Stephens' litigation career

has included many complex federal and state court trials, as well as appeals, several of which have resulted in published opinions. He is admitted to practice before the United States Supreme Court, and the federal and states courts of both California and New York. Mr. Stephens was an attorney with Mulvaney Kahan & Barry's affiliated office in Beverly Hills before going to New York, and was a shareholder in San Diego with Wertz McDade & Wallace and Robbins & Keehn, before rejoining the firm. Mr. Stephens has been active in the Downtown San Diego Partnership, and the San Diego Regional Chamber of Commerce where he recently lectured on California's new E-Discovery Law.

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(Of Counsel)

PATRICK L. PRINDLE

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Patrick Prindle was admitted to practice in California in 1979, and in the State of Montana in 1983. He is also admitted to practice before The Supreme Court of the United States, as well as the United States District Courts for the Southern, Central, Eastern, and Northern Districts of California, and the District of Montana. Mr. Prindle specializes in general civil litigation, with emphasis in the trial, arbitration, and mediation of matters concerning complex commercial, employment, construction, and insurance disputes. He is rated "AV" by Martindale-Hubbell, is a member of the American Board of Trial Advocates (ABOTA), and is a Master in the William B. Enright Inn of Court.

Mr. Prindle has been lead counsel in over 33 jury trials, and counsel of record in over 70 trials and administrative hearings. He has briefed and appeared in 20 appeals, arguing cases before the U.S. Court of Appeals, Ninth Circuit; The Supreme Court of California; The Supreme Court of Montana; and the California Court of Appeal, Fourth Appellate District.

Mr. Prindle graduated from the University of Montana, with a Bachelor of Science degree in Business Administration (Finance). He attended law school in San Diego, graduating from Western State University, College of Law in 1978. He has taught law school courses in Products Liability Law as an Adjunct Professor, and has lectured various groups of attorneys and business managers on subjects including "Mold and Environmental Litigation" and "Handling Construction Disputes".



Patrick Prindle

visit superlawyers.com

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Gerson Law Firm General Counsel Proposal

GERSON LAW FIRM APC
PROPOSAL FOR REPRESENTATION OF RECEIVER
SEC vs. Charles P. Copeland, Copeland Wealth Management, A Financial Advisory Corporation,
and Copeland Wealth Management, A Real Estate Corporation

GERSON LAW FIRM APC (GLF) GLF is a small law firm of six full time lawyers primarily engaged in matters relating to real estate and business transactions and litigation. GLF's clients include financial institutions, receivers and creditors on all matters loan enforcement and collection-related. GLF has been recognized by US NEWS as one of the best tier 2 law firms in America (tier 2 being for small law firms).

Gordon L. Gerson, who is managing principal of GLF, has represented individuals and groups of investors, in mortgage scams and investment scams for more than 30 years. He began representing individuals and groups of investors, who were victims of mortgage scams and fraudulent investment schemes, in the early 1980s. He was appointed by the United States Bankruptcy Court in 1992 to be one of five members of the board of directors of Pioneer Mortgage Liquidation Corporation (PLC) which was charged to liquidate a portfolio of approximately \$250,000,000 trust deed loans made by over 1,000 investors. He has been recognized by U.S. News in annual editions of Best Lawyers in America since 2008. Gordon L. Gerson is immediate past president of the San Diego Chapter of the California Receivers Forum.

GLF's experience in real estate, lending and receivership matters is set forth below. Its reputation includes representing clients in "high volume" engagements at reduced legal fees. Among noteworthy examples:

- Representing PLC in over 150 fraudulent conveyances actions.
- Representing Midland Loan Services, Inc. relative to liquidating more than 80 REO properties.
- Representing Cohen Financial in over 100 loan enforcement proceedings.
- Representing California Credit Union in over 100 loan enforcement proceedings.

In 2011, GLF acted as counsel to lenders on more than 20 receivership cases in California, and also retained local counsel and monitored receivership cases on more than 30 out of state receivership cases involving real and investment property. Currently, GLF is acting as special counsel to a company formed to liquidate approximately \$24,000,000 in real estate and personal property secured loans made by a company that generated loan funds from more than 70 investors in violation of SEC requirements. In 2011, GLF acted as counsel to two receivers on five cases.

GLF has not previously represented Tom Hebrank on any cases, and has no prior attorney-client or other professional relationship with him.

GLF actively seeks this engagement given its ability as a small firm to handle matters required at the same or higher level of expertise of larger law firms, provide alternate billing structures, and immediately dedicate resources on Mr. Hebrank's behalf.

BILLING RATES:

GLF will not bill its standard billing rates on this matter in view of the anticipated volume of work and the recognized need to provide an alternative billing structure. Two alternative billing rate structures are presented in connection with this proposal.

Option 1: Gordon L. Gerson whose standard rate on matters of this nature is \$410 per hour, will bill all time at \$365 per hour, and all associates for this engagement will bill at a blended rate of \$265 per hour.

Option 2: Gordon L. Gerson's rate will be blended with associate rates, in which case the blended rate will be \$295 per hour.

REPRESENTATIVE MATTERS

Transactions:

- Representation of lender on more than 300 CMBS loan transactions.
- Representation of lender on more than 375 Fannie Mae DUS multifamily loan transactions.
- Representation of lender on more than 150 Freddie Mac Program Plus multifamily loan transactions.
- Representation of lender on more than 50 CDO commercial real estate financing transactions.
- Representation of lender on Ritz Carlton (Napa) acquisition and development loan transaction.
- Representation of lender on loan assumption for Four Seasons Biltmore (Santa Barbara) transaction.
- Representation of lender on acquisition, development and construction of time share, and fractionalized ownership resorts.
- Representation of lender on residential subdivisions of more than 100 residential units.
- Representation of lender on equity participations and mezzanine financings.
- Representation of lender on loans cross-collateralized in more than one state (including a six state transaction).
- Representation of lender on sale of loan portfolios.
- Representation of developer of one of largest high rise apartment buildings in San Diego County.
- Representation of national tenants in more than 300 shopping center leases.

Creditor Rights:

- Representation of lenders in over 125 state court receiverships.
- Counsel to receivers.
- Representation of lenders in bankruptcy matters, including high volume of relief of stay.
- Representation of shopping center owners in over 150 eviction proceedings.

Mintz Levin General Counsel Proposal

Tom Hebrank

From: Dunn, Joseph <JRDunn@mintz.com>
Sent: Tuesday, January 03, 2012 10:26 PM
To: 'Tom Hebrank'
Cc: Davis, Jeffry
Subject: RE: SEC Engagement

Tom,

Thank you for considering Mintz Levin for this engagement. We understand the restraints you are facing and we hope to help. The current standard billing rates for our San Diego restructuring attorneys on these types of matters, which typically increase annually in June of each year, are as follows:

Jeff Davis – Member – \$685
Joe Dunn – Senior Associate – \$475
Abby O'Brient – Associate – \$285

Although we typically charge our clients at the full rates above, we would be willing to discount our rates by 10% on this engagement such that the current hourly rates for the professionals above would be as follows:

Jeff Davis – Member – \$616.50
Joe Dunn – Senior Associate – \$427.50
Abby O'Brient – Associate – \$256.50

In addition, we would agree that our blended hourly rate would be no greater than \$385/hr. This billing structure would result in significant savings for the receivership estate when compared to our normal rates, while ensuring you are represented by experienced and diligent counsel. The above attorneys would be performing the bulk of the work on this engagement (assuming the same scope of representation set forth in Allen Matkins' employment application); however we have the resources to pull in professionals from any of our other practice groups (including tax, corporate and real estate) should you or the task require it.

As we discussed previously, Jeff Davis has represented SEC receivers in the past, and has a strong record of success in that regard. He previously represented Richard Kipperman as SEC receiver in an enforcement action against a telecommunications Ponzi scheme operation, *SEC v. Knoxville, LLC, et al.*, S.D. Cal., Case No. 941073B. There, he worked with the receiver and was successful in recovering assets from insiders, selling assets of the receivership estate (including wavelengths), and providing a distribution to creditors owed approximately \$35 million. I would be performing the primary share of the work on this engagement, with Jeff's input and involvement as necessary, and Abby O'Brient providing service on lower level tasks. I have considerable bankruptcy and commercial litigation experience, including representing trustees, debtors, and creditors in bankruptcy cases involving real estate disputes, real estate developers, asset sales and partnership issues. We believe our collective experience and our resources would enable us to provide you with excellent and comprehensive service in this matter.

Thank you again for your consideration and I look forward to hearing from you.

Joe

Joseph Dunn | Attorney
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
3580 Carmel Mountain Road, Suite 300 | San Diego, CA 92130

Parker Milliken General Counsel Proposal

PARKER MILLIKEN

PARKER, MILLIKEN, CLARK, O'HARA, SAMUELIAN
A PROFESSIONAL CORPORATION

LARRY G. IVANJACK

Direct Dial: (213) 683-6604
E-mail: LIVANJACK@PMCOS.COM

January 5, 2012

E-MAIL

Tom Hebrank
thebrank@ethreadvisors.com

Re: SEC engagement

Dear Tom:

Below is Parker Milliken's proposal, in response to your e-mail of December 29, 2011.

1. Hourly Rates for Anticipated Staffing: Staffing will depend upon particular tasks involved, so as to maximize the expertise applied to the particular part of the engagement and increase efficiency:

Name	Position	Applicable Practice Area	2012 Hourly Rate
Larry Ivanjack	Shareholder	Equity receivership law, real estate transactional, creditor's rights issues	\$450
Thomas Shuck	Shareholder	Investment Advisors Act issues; litigation and trial	\$410
David Eldan	Senior Counsel	Equity receivership law, creditor's rights issues, bankruptcy issues and litigation	\$365

Tom Hebrank
 January 5, 2012
 Page 2

Chris O'Connell	Shareholder	Investment Advisors Act issues	\$490
Carlo Sima	Shareholder	Real estate transactions	\$510
Mark Suttle	Shareholder	Litigation	\$410
Alan Weinfeld	Associate	Litigation	\$310
Jonathan Burke	Associate	Litigation	\$235
Gabriela Majidian	Paralegal	Litigation	\$180
Marilyn Alvarado	Paralegal	Litigation	\$180

2. Proposed Blended Hourly Rate: \$350.00
3. Attorney Doing the Primary Share of the Work: Litigation – David Eldan and Thomas Shuck; Transactional – Larry Ivanjack and Carlo Sima.
4. Prior Experience on SEC or Other Federal Receiverships: As we discussed, no direct experience in representing federal receiver. Substantial experience with Investment Advisors Act:
 - a. Firm represents 12 or so accounting firms and advised on this issue.
 - b. Thomas Shuck is a 22-year FINRA arbitrator for customer and industry disputes in retail, employment and regulatory areas, usually as chair. Tom has also represented both broker-dealers and customers/investors for 30 years. Please see his FINRA arbitrator profile for additional details.
5. Prior Experience in Equity Receiverships:
 - a. Over the last 4 years, we've handled multiple equity receiverships for secured creditors seeking to take control of busted residential and commercial construction projects, in order to gain control of assets, complete construction, and in some cases to permit a sale by the receiver of the real property and in others to permit foreclosure of the real property collateral. Loans have ranged in size from \$2,000,000 to \$25,000,000. Since my group at Parker Milliken represents primarily financial institutions, there have been many matters for multiple financial institutions

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(primarily commercial banks). Following are just a few of matters currently being handled or recently concluded:

- i. \$14,000,000 secured loan on luxury condominium project in San Diego County. Receiver appointed to complete construction, and to sell individual units at retail, after obtaining relief from the automatic stay and opposing a proposed Chapter 11 plan by borrower corporation.
 - ii. \$8,400,000 secured loan on condominium construction project for 12 condominiums in Los Angeles County. Receiver appointed to complete construction and to ultimately sell at retail the condominium units. There were multiple mechanics lien issues which were resolved, and lender liability litigation continues, having been initiated by LLC borrower and guarantor.
 - iii. \$10,600,000 secured loan on a 22-unit townhouse project in Los Angeles County. Receiver appointed to complete construction and to ultimately sell at retail the condominium units. Receiver completed approximately \$2,000,000 worth of repairs and completion in order to prepare property for sale. Lender liability litigation continues, having been initiated by LLC borrower and guarantor.
 - iv. \$16,000,000 secured loan on a 45-unit condominium conversion project in Los Angeles County. Receiver appointed to complete construction. As project neared completion, LLC borrower filed chapter 11. Ultimately chapter 11 plan was successfully opposed, and relief from stay granted. Client successfully foreclosed and property sold to third-party bidder at sale.
- b. Other equity receiverships, again for clients who are secured creditors, in order to preserve asset value (e.g., accounts receivable, inventory) pending ultimate liquidation.
6. Experience with Real Estate Limited Partnerships, 1031 Exchanges, and Sale of Real Estate Through Receiverships. The experience items can be in bullet-point format with brief descriptions of the cases.
- a. Tom Shuck has successfully handled many cases for customers against broker dealers and also represented R.I.A.'s and R.R.'s with claims under the Investment Company Act, SEC Act, and state laws.
 - b. I have represented lenders in the context of commercial real estate financing, including construction financing, where the borrower was initially an entity created

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by the accommodator in a 1031 exchange, in order to facilitate acquisition/rehabilitation of real property before completion of 1031 exchange.

I would be happy to discuss our experience and qualifications further at your convenience.

Very truly yours,

/s/

Larry G. Ivanjack

PARKER, MILLIKEN, CLARK,
O'HARA & SAMUELIAN

LGI/rp

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