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9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11 SECURITIES AND EXCHANGE  
COMMISSION,

12 Plaintiff,

13 vs.

14 ALVIN R. BROWN, FIRST  
CHOICE INVESTMENT, INC.,  
15 and ADVANCED CORPORATE  
ENTERPRISES, INC., d/b/a A-  
16 CORP ENTERPRISES a/k/a  
ACORP DEVELOPMENT a/k/a A-  
17 CORP INVESTMENT,

18 Defendants.  
19  
20

) CASE NO. CV 13-01629-ABC  
(VBKx)

) **DECLARATION OF KRISTA L.  
FREITAG IN SUPPORT OF  
SECOND INTERIM  
APPLICATION FOR APPROVAL  
AND PAYMENT OF FEES AND  
COSTS OF KRISTA L. FREITAG,  
RECIEVER,**

) Date: January 6, 2014

) Time: 10:00 a.m.

) Ctrm: 680

) United States Courthouse  
Edward R. Roybal Federal Building  
255 East Temple Street  
Los Angeles, CA 90012-3332

) Judge: Hon. Audrey B. Collins  
21

22 I, Krista L. Freitag, hereby declare:

23 1. I am the Court-appointed Receiver (“Receiver”) in the instant litigation.  
24 I have direct and firsthand knowledge of the facts contained in this declaration, and if  
25 called upon as a witness, I could and would competently testify to such facts.

26 2. I have read the above-captioned application.

27 3. To the best of my knowledge, information and belief formed after  
28 reasonable inquiry, the application and all fees and expenses therein are true and

1 accurate and comply with the Billing Instructions.

2 4. All fees contained in the application are based on the rates listed in the  
3 Receiver's fee schedule attached as Exhibit "A" hereto, then discounted by 10 percent.  
4 Such fees are reasonable, necessary and commensurate with the skill and experience  
5 required for the activity performed.

6 5. True and correct copies of the billing statements relating to the  
7 Receiver's services are attached as Exhibit "B" hereto. A chart reflecting the hours  
8 and fees billed to each category of services on a monthly basis during the period from  
9 July 1, 2013 through September 30, 2013 is attached as Exhibit "C" hereto.

10 6. The Receiver has not included in the amount for which reimbursement is  
11 sought the amortization of the cost of any investment, equipment, or capital outlay  
12 (except to the extent that any such amortization is included within the permitted  
13 allowable amounts set forth herein for photocopies and facsimile transmission).

14 7. In seeking reimbursement for a service which the Receiver justifiably  
15 purchased or contracted for from a third party (such copying, imaging, bulk mail,  
16 messenger service, overnight courier, computerized research, or title and lien  
17 searches), the Receiver requests reimbursement only for the amount billed to the  
18 Receiver by the third party vendor and paid by the Receiver to such vendor. A  
19 summary of costs is attached as Exhibit "D" hereto. The Receiver charges \$.15 per  
20 page for copies and all other items are billed at actual cost.

21 I declare under penalty of perjury that the foregoing is true and correct and that  
22 this declaration was executed on November 19, 2013 at Los Angeles, California.

23 Dated: November 19, 2013 SULLIVAN, HILL, LEWIN, REZ & ENGEL  
24 A Professional Law Corporation

25 By: 

26 Krista L. Freitag, Receiver  
27  
28





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### HOURLY RATE SCHEDULE

PROFESSIONAL	HOURLY RATE
Krista L. Freitag, Principal	\$247.50
Geno Rodriguez, Director	\$180.00
Lisa Ryan, Associate Director	\$157.50
K. McClain, Administrative	\$67.50

**EXHIBIT B**

## SEC v Brown/Acorp/FCI

## July 2013 Fees

						A	B	C	D
Date	Description of Services	Hours	Personnel	Per Hour	Total Fee				
7/3/2013	Reviewed correspondence from FCI landlord, prepared and sent correspondence re: termination (.3). Prepared letter to M. Nedwick (.4).	0.7	K. Freitag	\$ 247.50	\$ 173.25	0.7			
7/9/2013	Conferred with M. Nedwick via telephone.	0.6	K. Freitag	\$ 247.50	\$ 148.50	0.6			
7/10/2013	Conferred with Carbonite customer support. Began download process of files.	0.3	G. Rodriguez	\$ 180.00	\$ 54.00	0.3			
7/17/2013	Followed up on bank requests (.1). Conferred with G. Rodriguez, and Atty Hawkins re: notices (.1).	0.2	K. Freitag	\$ 247.50	\$ 49.50	0.1	0.1		
7/17/2013	Reviewed notes and files for investor notice.	0.4	G. Rodriguez	\$ 180.00	\$ 72.00	0.4			
7/22/2013	Prepared fee app (2.8 (not billable)).	2.8	K. Freitag	\$ -	\$ -			2.8	
7/23/2013	Tied investor list to physical files to confirm investment amounts (5.5). Prepared list of Donato wires from bank documents (.5). Reviewed bank files and prepared list of additional bank accounts (.8).	6.8	L. Ryan	\$ 157.50	\$ 1,071.00		6.8		
7/23/2013	Traveled to Los Angeles (5.5).	5.5	L. Ryan	\$ 78.75	\$ 433.13		5.5		
7/23/2013	Met with L. Ryan to review bank records, updated requests therefor and research investor files (2.1). Conferred with Atty Hawkins and S. Puathasanon re: status and next steps (.3). Conferred with Atty Hawkins re: contacts located (.2).	2.6	K. Freitag	\$ 247.50	\$ 643.50	0.5	2.1		
7/24/2013	Finalized preparation of fee app (3.7 (not billable)).	3.7	K. Freitag	\$ -	\$ -			3.7	
7/29/2013	Corresponded with J. Bautista at US Bank (.3). Corresponded with T. Garcia at Wells Fargo re account detail (.3). Conferred with B. Hijirida at Chase regarding status of additional accounts and statements (.4).	1.0	L. Ryan	\$ 157.50	\$ 157.50		1.0		
7/31/2013	Conferred with accountants re: records, and conferred with M. Nedwick re: personal property retrieval (.3). Conferred with Atty Hawkins re: asset searches (.2).	0.5	K. Freitag	\$ 247.50	\$ 123.75		0.5		
<b>Total July Fees</b>		<b>25.10</b>			<b>\$ 2,926.13</b>	<b>2.6</b>	<b>16.0</b>	<b>6.5</b>	<b>-</b>

## SEC v Brown/Acorp/FCI

## Sept 2013 Fees

Date	Description of Services	Hours	Personnel	Per Hour	Total Fee	A	B	C	D
9/3/2013	Conferred with accountants re: records (.2).	0.2	K. Freitag	\$ 247.50	\$ 49.50		0.2		
9/4/2013	Prepared Balance Sheet summary for Acorp (CA) (.9).	0.9	L. Ryan	\$ 157.50	\$ 141.75		0.9		
9/5/2013	Conferred with L. Ryan re: payables stemming from fee app; coordinated payment of same (.2).	0.2	K. Freitag	\$ 247.50	\$ 49.50	0.2			
9/6/2013	Began accounting set-up and preparation of FCI, ACorp, FCEP and ACE fee app payments (1.0).	1.0	L. Ryan	\$ 157.50	\$ 157.50	1.0			
9/9/2013	Finalized set-up of FCI, Acorp, FCEP and ACE accounting file (.6). Recorded vendor invoices and prepared payments (.8). Verified cash balances (.3).	1.7	L. Ryan	\$ 157.50	\$ 267.75	1.7			
9/10/2013	Summarized profit and loss/source and use reports for Acorp (CA) (1.2).	1.2	L. Ryan	\$ 157.50	\$ 189.00		1.2		
9/10/2013	Conferred with Atty Hawkins re: trade payables (.2).	0.2	K. Freitag	\$ 247.50	\$ 49.50	0.2			
9/11/2013	Corresponded multiple times with Chase re releasing hold for specific Chase bank account payable run (1.1). Prepared list of specific checks and forwarded to J. Green (.2).	1.3	L. Ryan	\$ 157.50	\$ 204.75	1.3			
9/11/2013	Conferred with K. McClain re: coordinating personal property retrieval, and mail retrieval (.1). Conferred with G. Rodriguez re: storage (.1).	0.2	K. Freitag	\$ 247.50	\$ 49.50	0.1	0.1		
9/11/2013	Conferred with K. Freitag re document storage (.2).	0.2	G. Rodriguez	\$ 180.00	\$ 36.00	0.2			
9/12/2013	Retrieved personal property from Canoga Park (1.7). Retrieved mail from Redondo Beach address and Marina Del Ray address (1.0). Traveled to accountant office to pick up account information (.5). Assisted with the investor file review (1.1).	4.3	K. McClain	\$ 67.50	\$ 290.25		4.3		
9/12/2013	Traveled to/from Los Angeles.	7.1	K. McClain	\$ 33.75	\$ 239.63		7.1		
9/12/2013	Traveled to/from Los Angeles.	5.7	L. Ryan	\$ 78.75	\$ 448.88		5.7		
9/12/2013	Finalized review of investor files for FCI, FCEP and Acorp (Canadian investor); updated investor files and accounting accordingly; met with K. Freitag re: same (7.2).	7.2	L. Ryan	\$ 157.50	\$ 1,134.00		7.2		
9/12/2013	Met with L. Ryan to review accounting update, investor research (.3). Reviewed mail (.3). Reviewed Acorp (CA) summaries (.8).	1.4	K. Freitag	\$ 247.50	\$ 346.50	0.3	1.1		
9/13/2013	Updated ACorp investor schedule (.6).	0.6	L. Ryan	\$ 157.50	\$ 94.50		0.6		
9/17/2013	Conferred with Atty Hawkins re: Canada, and report (.3).	0.3	K. Freitag	\$ 247.50	\$ 74.25			0.3	
9/19/2013	Reviewed draft receivership report; conferred with counsel re: same (.7).	0.7	K. Freitag	\$ 247.50	\$ 173.25			0.7	

						A	B	C	D
Date	Description of Services	Hours	Personnel	Per Hour	Total Fee				
9/20/2013	Conferred with K. Freitag re tax return prep and bank records (.3). Corresponded multiple times for J. Alvarez re tax return needs (.2).	0.5	L. Ryan	\$ 157.50	\$ 78.75	0.5			
9/23/2013	Downloaded Chase bank activity (.5); corresponded with B. Hijirida re consolidating Chase bank accounts by entity (.3).	0.8	L. Ryan	\$ 157.50	\$ 126.00	0.8			
9/26/2013	Corresponded with J. Greene at Chase re consolidating accounts (.3). Corresponded with M. Matos at Chase re releasing freeze to allow consolidation by entity (.1).	0.4	L. Ryan	\$ 157.50	\$ 63.00	0.4			
9/26/2013	Met with bank to consolidate entity accounts (.5).	0.5	K. Freitag	\$ 247.50	\$ 123.75	0.5			
9/27/2013	Conferred with J. Alvaraz re tax return needs; prepared summary of same to K. Freitag (.3).	0.3	L. Ryan	\$ 157.50	\$ 47.25	0.3			
9/30/2013	Corresponded with J. Greene multiple times re remaining accounts to consolidate (.3).	0.3	L. Ryan	\$ 157.50	\$ 47.25	0.3			
<b>Total September Fees</b>		<b>37.2</b>			<b>\$ 4,482.00</b>	<b>7.8</b>	<b>28.4</b>	<b>1.0</b>	<b>-</b>



## SEC v Brown/Acorp/FCI

## August 2013 Fees

Date	Description of Services	Hours	Personnel	Per Hour	Total Fee	A	B	C	D
8/2/2013	Conferred with Citibank re bank records (.4). Corresponded with T. Garcia Wells Fargo re bank records (.3).	0.7	L. Ryan	\$ 157.50	\$ 110.25		0.7		
8/2/2013	Conferred with accountants re: records (.1). Conferred with Atty Hawkins re: creditor lists (.1).	0.2	K. Freitag	\$ 247.50	\$ 49.50	0.1	0.1		
8/5/2013	Worked with counsel re: communications with creditors, and updated schedules with contact information (.5).	0.5	K. Freitag	\$ 247.50	\$ 123.75	0.5			
8/6/2013	Conferred with accountants re: questions, communications (.5).	0.5	K. Freitag	\$ 247.50	\$ 123.75		0.5		
8/7/2013	Conferred with K. Freitag re bank records (.7).	0.7	L. Ryan	\$ 157.50	\$ 110.25		0.7		
8/7/2013	Met with L. Ryan re: status of bank documents, reviewed same (.8).	0.8	K. Freitag	\$ 247.50	\$ 198.00		0.8		
8/9/2013	Coordinated posting of documents on website (.1).	0.1	K. Freitag	\$ 247.50	\$ 24.75	0.1			
8/12/2013	Researched files for information re J. Fortenberry, A. Bernard and E. Nedwick (1.7).	1.7	G. Rodriguez	\$ 180.00	\$ 306.00		1.7		
8/13/2013	Reviewed correspondence from investors (.3). Conferred with G. Rodriguez re: email search results (.3).	0.6	K. Freitag	\$ 247.50	\$ 148.50	0.3	0.3		
8/13/2013	Researched emails to J. Fortenberry and corresponded with K. Freitag re same (.6). Conferred with K. Freitag re: search results (.3).	0.9	G. Rodriguez	\$ 180.00	\$ 162.00		0.9		
8/14/2013	Corresponded with T. Garcia at Wells Fargo (.2). Corresponded with B. Hijirida at Chase (.2). Researched additional bank records (.5).	0.9	L. Ryan	\$ 157.50	\$ 141.75		0.9		
8/14/2013	Corresponded with investors (.3). Reviewed additional correspondence, records received from accountant (1.8). Reviewed Vanatta response; conferred with Atty Hawkins re: same and Canadian research (.7). Reviewed mail; phoned vendors (.3). Sent files to prospective tax accountant (.4).	3.5	K. Freitag	\$ 247.50	\$ 866.25	1.0	1.8		0.7
8/15/2013	Conferred with K. Freitag re bank accounts (.2).	0.2	L. Ryan	\$ 157.50	\$ 31.50		0.2		
8/15/2013	Prepared documentation to obtain estimate for tax returns (1.6). Conferred with G. Garcia re: creditor list (.2). Reviewed asset search information (1). Conferred with L. Ryan re: bank records (.2).	3.0	K. Freitag	\$ 247.50	\$ 742.50	1.8	1.2		

						A	B	C	D
Date	Description of Services	Hours	Personnel	Per Hour	Total Fee				
8/16/2013	Prepared and emailed notice/demand on Capital Restoration email contact obtained (.2). Followed up with A. Bernard response (.1).	0.3	K. Freitag	\$ 247.50	\$ 74.25		0.3		
8/19/2013	Reviewed Vanatta Opposition; conferred with Atty Hawkins re: same (.2).	0.2	K. Freitag	\$ 247.50	\$ 49.50			0.2	
8/20/2013	Returned calls to eight investors (1.1). Reviewed Atty Hawkins correspondence with Canadian authorities (.2).	1.3	K. Freitag	\$ 247.50	\$ 321.75	1.1		0.2	
8/21/2013	Conferred with Marissa at Wells Fargo (.2).	0.2	L. Ryan	\$ 157.50	\$ 31.50		0.2		
8/22/2013	Conferred with Atty Hawkins re; and prepared Canadian correspondence (.6).	0.6	K. Freitag	\$ 247.50	\$ 148.50		0.6		
8/23/2013	Conferred with Atty Hawkins re: Canadian discussions (multiple) (.6).	0.6	K. Freitag	\$ 247.50	\$ 148.50		0.6		
8/29/2013	Conferred with Atty Hawkins re: tax returns (.1). Conferred with Atty Hawkins re: asset search (.1).	0.2	K. Freitag	\$ 247.50	\$ 49.50	0.1	0.1		
<b>Total August Fees</b>		<b>17.7</b>			<b>\$ 3,962.25</b>	<b>5.00</b>	<b>11.60</b>	<b>0.40</b>	<b>0.70</b>

**EXHIBIT C**

		July	August	Sept	Total
a	K. Freitag	\$ 470.25	\$ 1,237.50	\$ 321.75	\$ 2,029.50
a	G. Rodriguez	\$ 126.00	\$ -	\$ 36.00	\$ 162.00
a	L. Ryan	\$ -	\$ -	\$ 992.25	\$ 992.25
a	K. McClain	\$ -	\$ -	\$ -	\$ -
		<b>\$ 596.25</b>	<b>\$ 1,237.50</b>	<b>\$ 1,350.00</b>	<b>\$ 3,183.75</b>
					\$ -
b	K. Freitag	\$ 668.25	\$ 1,559.25	\$ 346.50	\$ 2,574.00
b	G. Rodriguez	\$ -	\$ 468.00	\$ -	\$ 468.00
b	L. Ryan	\$ 1,661.63	\$ 425.25	\$ 2,008.13	\$ 4,095.00
b	K. McClain	\$ -	\$ -	\$ 529.88	\$ 529.88
		<b>\$ 2,329.88</b>	<b>\$ 2,452.50</b>	<b>\$ 2,884.50</b>	<b>\$ 7,666.88</b>
					\$ -
c	K. Freitag	\$ -	\$ 99.00	\$ 247.50	\$ 346.50
c	G. Rodriguez	\$ -	\$ -	\$ -	\$ -
c	L. Ryan	\$ -	\$ -	\$ -	\$ -
c	K. McClain	\$ -	\$ -	\$ -	\$ -
		<b>\$ -</b>	<b>\$ 99.00</b>	<b>\$ 247.50</b>	<b>\$ 346.50</b>
					\$ -
d	K. Freitag	\$ -	\$ 173.25	\$ -	\$ 173.25
d	G. Rodriguez	\$ -	\$ -	\$ -	\$ -
d	L. Ryan	\$ -	\$ -	\$ -	\$ -
d	K. McClain	\$ -	\$ -	\$ -	\$ -
		<b>\$ -</b>	<b>\$ 173.25</b>	<b>\$ -</b>	<b>\$ 173.25</b>
		<b>\$ 2,926.13</b>	<b>\$ 3,962.25</b>	<b>\$ 4,482.00</b>	<b>\$ 11,370.38</b>

- a) General Receivership
- b) Accounting
- c) Reports
- d) Legal

	10/04/13		Total Fees	Total Costs
	Balance			
FCI 6762	14,279.22	9.15%	1,040.17	85.10
Acorp 6127	1,146.17	0.73%	83.49	6.83
FCEP 2830	139,207.35	89.18%	10,140.61	829.60
ACE 9277	1,456.47	0.93%	106.10	8.68
	<b>156,089.21</b>		<b>11,370.38</b>	<b>930.21</b>

July	August	Sept	Total	Blended Rate
1.90	5.00	1.30	<b>8.20</b>	
0.70	-	0.20	<b>0.90</b>	
-	-	6.30	<b>6.30</b>	
-	-	-	-	
<b>2.60</b>	<b>5.00</b>	<b>7.80</b>	<b>15.40</b>	206.74
			-	
2.70	6.30	1.40	<b>10.40</b>	
-	2.60	-	<b>2.60</b>	
13.30	2.70	15.60	<b>31.60</b>	
-	-	11.40	<b>11.40</b>	
<b>16.00</b>	<b>11.60</b>	<b>28.40</b>	<b>56.00</b>	136.91
			-	
6.50	0.40	1.00	<b>7.90</b>	
-	-	-	-	
-	-	-	-	
-	-	-	-	
<b>6.50</b>	<b>0.40</b>	<b>1.00</b>	<b>7.90</b>	
			-	
-	0.70	-	<b>0.70</b>	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	<b>0.70</b>	-	<b>0.70</b>	
<b>25.10</b>	<b>17.70</b>	<b>37.20</b>	<b>80.00</b>	142.13
			80.00	

Legal

**EXHIBIT D**

<b>Project</b>	<b>Date</b>	<b>Description</b>	<b>Expense</b>
SEC	4/24/2013	Mileage to/from LA - 290 Miles at .565 per mile	\$ 163.85
SEC	7/23/2013	Transportation (train)	\$ 93.00
SEC	7/30/2013	Storage monthly - August	\$ 66.00
SEC	8/14/2013	USPS for John Fortenberry Letter	\$ 7.57
SEC	8/30/2013	Storage monthly - September	\$ 66.00
SEC	8/31/2013	FedEx Package	\$ 19.01
SEC	8/31/2013	Website Updates	\$ 160.00
SEC	9/12/2013	Transportation (train)	\$ 39.00
SEC	9/13/2013	Mileage to/from multiple locations in LA - 371.3 Miles at .565 per mile	\$ 209.78
SEC	9/13/2013	Parking Expenses in LA	\$ 40.00
SEC	9/30/2013	Storage monthly - October	\$ 66.00
<b>Total Expenses</b>			<b>\$ 930.21</b>