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5 Tax Accountants for Receiver
6 THOMAS C. HEBRANK

7
8 **UNITED STATES DISTRICT COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**

10
11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 v.

14 LOUIS V. SCHOOLER and FIRST
15 FINANCIAL PLANNING
CORPORATION d/b/a WESTERN
16 FINANCIAL PLANNING
CORPORATION,

17 Defendants.

Case No. 3:12-cv-02164-GPC-JMA

**SECOND INTERIM APPLICATION
FOR APPROVAL AND PAYMENT
OF FEES AND COSTS TO DUFFY,
KRUSPODIN & COMPANY, LLP, AS
TAX ACCOUNTANTS FOR
RECEIVER**

Date: July 11, 2014
Time: 1:30 p.m.
Ctrm.: 2D
Judge: Hon. Gonzalo P. Curiel

**NO ORAL ARGUMENT UNLESS
REQUESTED BY THE COURT**

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1 Duffy, Kruspodin & Company, LLP ("Duffy"), tax accountants for Thomas C.
2 Hebrank ("Receiver"), the Court-appointed permanent receiver for First Financial
3 Planning Corporation d/b/a Western Financial Planning Corporation ("Western"), its
4 subsidiaries and specifically-listed entities, hereby submits this second interim
5 application for approval and payment of professional fees and reimbursement of
6 costs for the time period January 1, 2013 through December 31, 2013 ("Application
7 Period").

8 Duffy's first interim application covered its work in preparing 2012 tax returns
9 and K-1s for the general partnerships that are part of the receiverships ("GPs"). This
10 fee application covers Duffy's work in preparing 2012 tax returns for Western and
11 subsidiaries Fernley I, LLC, P51, LLC, Santa Fe Venture, and SFV II, LLC
12 ("Western Group"), as well as 2012 tax returns for Real Asset Locators, Inc.
13 ("RAL"). This application also covers Duffy's work in representing RAL in
14 connection with an Internal Revenue Service ("IRS") audit of RAL's 2010 tax return.
15 The audit was successfully resolved and no change to the RAL 2010 tax return was
16 required.

17 Duffy incurred \$23,844.04 in fees for the above work and seeks interim
18 approval and payment of this amount. Detailed descriptions of the services rendered
19 by entity are contained in Exhibit A attached hereto. Exhibit B is a summary of
20 Duffy staff total hours and corresponding rates, as well as hours and total cost by
21 billing category. During the Application Period, Duffy spent 114.1 hours on behalf
22 of the Receiver at an overall blended billing rate of \$208.97 per hour. Duffy has
23 discounted all fees by ten percent (10%) from regular hourly billing rates.

24 I. OVERVIEW

25 The Temporary Restraining Order ("TRO") and the Preliminary Injunction
26 Order vests the Receiver with authority to employ professionals to assist in his
27 efforts. TRO, Dkt. No. 10, Part VII.C. and G; Preliminary Injunction, Dkt. No. 174,
28 Part III.C. and G. Pursuant to that authority, the Receiver engaged Duffy as tax

1 accountants to prepare the 2012 income tax filings for the Western Group and RAL.
 2 Additionally, the Receiver engaged Duffy as tax representatives before the IRS for
 3 the 2010 tax audit for Real Asset. The Receiver selected Duffy after a bid was
 4 submitted and an initial discussion took place to discuss preparation of the tax returns
 5 and representation for the tax audit.

6 II. FEE APPLICATION

7 Duffy spent time during the Application Period in the following categories:

- 8 A. General Engagement Services
- 9 B. Preparation of 2012 Income Tax Returns
- 10 C. Representation for 2010 IRS Audit

11 A. General Engagement Services

12 Time in this category pertains to general communication and meetings for the
 13 2012 engagement. Duffy was in contact with the Receiver through phone calls and
 14 emails with the purpose of establishing the engagement and to agree upon procedures
 15 and reporting timelines to fulfill the expectations of the shareholders and the
 16 Receiver. Furthermore, there were various other emails and phone calls between
 17 Duffy, the Receiver and Western regarding engagement timing, status, and special
 18 circumstances arising from the receivership.

	Hours	Fees	Average Hourly Rate
TOTAL	9.2	\$2,790.00	\$303.26

21 B. Preparation of 2012 Income Tax Returns

22 Time in this category was spent preparing the income tax returns as follows:

- 23 a) processing the initial receipt of the Western Group and RAL books and
 24 records;
- 25 b) formatting and organizing the files with the current year data;
- 26 c) verifying cash receipts and disbursements for the year and scanning
 27 detail for reporting accuracy and consistency;

- 1 d) checking balance sheet account balances for assets, loan receivables,
2 and loan payables for variances compared to prior year. When differences were
3 noted, detail of change in current year was reviewed to verify correct application of
4 accounting rules;
- 5 e) verifying and reconciling "investment in" accounts to the related LLC
6 books for Western, which included single member LLCs;
- 7 f) preparation of the 263A calculation with reconciling spreadsheets;
- 8 g) reviewing input sheets of information entered into Lacerte;
- 9 h) manager level review of the above areas, as well as, overall review of
10 tax return forms and input;
- 11 i) manager level review of the 263A calculation and spreadsheets;
- 12 j) manager level verification of reporting accuracy, formatting, and
13 adherence to current federal and state corporate tax laws;
- 14 k) staff and manager communication with Traci and Susanne as needed to
15 answer return discrepancies or additional information needed to complete the tax
16 return;
- 17 l) partner level review of the above areas, as well as, overall review of tax
18 return forms and input;
- 19 m) partner level review of the 263A calculation and spreadsheets;
- 20 n) partner level verification of reporting accuracy, formatting, and
21 adherence to current federal and state partnership tax laws;
- 22 o) finalizing of tax return and accompanying letters and schedules;
- 23 p) printing tax return copies for each of the receivership entities and for
24 government filing;
- 25 q) electronic filing of the 2012 corporate returns;
- 26 r) printing acceptance letters for the tax files to verify successful submittal
27 and receipt by government agencies;
- 28

	Hours	Fees	Average Hourly Rate
TOTAL	81.4	\$16,583.29	\$203.73

C. Representation for 2010 IRS Audit

As noted above, Duffy also provided audit representation services in connection with the IRS audit of RAL's 2010 tax return. The work completed was as follows:

- a) reviewed IRS audit notice and 2010 tax return;
- b) prepared Form 2848 Power of Attorney and engagement letter;
- c) set initial meeting with auditor;
- d) reviewed Information Document Request (IDR) and communicated with bookkeeper to obtain necessary documentation for audit;
- e) prepared auditor package with information to review per request in all areas under audit, including preparation of spreadsheets and explanations as needed;
- f) met with auditor and discussed auditor package. Also established follow up information needed for audit;
- g) obtained information for second IDR and submitted to auditor as requested;
- h) follow up communications with auditor on audit and communicated with Receiver on audit progress;
- i) met with auditor for close of audit review of variance report and submittal of audit results to IRS final review;

	Hours	Fees	Average Hourly Rate
TOTAL	23.5	\$4,470.75	\$190.24

III. THE REQUESTED FEES ARE REASONABLE AND SHOULD BE ALLOWED

In its Order Granting in Part First Interim Fee Applications, the Court analyzed the case law regarding approval of interim fee applications in regulatory

1 receiverships and determined that the following factors should be considered: (1) the
2 complexity of the task; (2) the fair value of the time, labor, and skill measured by
3 conservative business standards; (3) the quality of work performed, including the
4 results obtained and the benefit to the receivership estate; (4) the burden the
5 receivership estate may safely be able to bear; and (5) the Commission's opposition
6 or acquiescence.

7 **A. Complexity of Tasks**

8 Duffy's preparation of the Western Group and RAL's corporate tax returns and
9 the RAL audit representation was complex in nature. The complexity lies in the
10 numerous transactions in which Western engages in and the Section 263A
11 calculation needed per IRS regulations. The volume of data needed to be verified to
12 ensure accuracy was vast and the corporation had interrelated account balances with
13 other Western entities. As a result, it was labor intensive to verify all information on
14 the return and ensure proper treatment under Section 263A of the Internal Revenue
15 Code. Additionally, the audit work required Duffy to ensure that all documentation
16 requested by the Internal Revenue Service was obtained and verify the information
17 reported on the audited return agreed to the substantiating support. The process and
18 preparation for the audit required ample time and exceptional attention to detail in
19 order to present a complete and accurate product to the IRS auditor.

20 **B. Fair Value of Time, Labor & Skill**

21 There are various levels of staff that worked on the Western Group
22 engagement. Thane F. Kelton, CPA, the partner on the engagement, was billed at an
23 hourly rate of \$375, Laura J. Kelton, CPA, the manager on the engagement, was
24 billed at an hourly rate of \$250, Livia Benjamin, CPA, the supervisor on the
25 engagement, was billed at an hourly rate of \$175. The staff preparers on the
26 engagement were billed at an hourly rate of \$125 and were as follows: Freda Fiedler,
27 Bejan Noorani, CPA, and Kimberly Thornton, EA. The remaining administrative
28

1 Duffy staff that worked on the Western Group engagement billed at rates ranging
2 from \$40 to \$70.

3 These rates represent typical rates in California for CPAs and EAs of similar
4 experience and expertise. All compensation based on billing rates was discounted by
5 ten percent (10%). The blended hourly rate for all services provided by Duffy during
6 the Application Period is \$208.97. A summary of Duffy staff that worked on the
7 engagement is included as Exhibit B.

8 **C. Quality of Work Performed**

9 Duffy has provided the Receiver with quality tax preparation and ancillary
10 services, with a high level of professionalism and excellent customer service. Duffy
11 was able to complete the corporate tax returns for 2012, guaranteeing compliance
12 with government agencies. Duffy also completed the IRS audit successfully,
13 obtaining a no change determination for RAL for the 2010 tax year.

14 **D. Receivership Estate's Ability to Bear Burden of Fees**

15 The Receiver proposes the approved fees and costs be paid from Western's
16 assets above and beyond cash necessary to make payments on loans secured by GP
17 properties. As directed by the Court, the Receiver continues efforts to collect loans
18 the GPs owe to Western through billings sent to investors. The Receiver also
19 continues efforts to collect on the LinMar loans through the pending cases against the
20 LinMar borrowers. Depending on the outcome of the appeals, Western's equity
21 interests in the GPs may be liquidated. Approved fees and costs will likely have to
22 be paid in increments over time as funds are collected. The fees and costs should
23 nevertheless be approved.

24 First and foremost, the Receiver will ensure that mortgage payments are being
25 timely made. The Court's recent Order granting the Receiver's ex parte application
26 (Dkt. No. 524) alleviates the immediate crisis regarding mortgage payments. As a
27 result, the Receiver does not anticipate problems timely making mortgage payments
28 while the appeals are pending.

EXHIBIT INDEX

Exhibit A	Detailed Time Reports	10
Exhibit B	Summary of Duffy hours and rates by employee and by Category	19

EXHIBIT A

EXHIBIT A

SEC - Western Financial
 First Financial Planning

Date	Personnel	Description of Services	Hours	Total Fees		Discounted	Billing Category Allocation		
				Total Fees	Total Fees	Total Fees	A	B	C
1/22/2013	Kelton, CPA	2012 ENGAGEMENT LETTER	1.0	\$ 375.00	\$ 337.50		1.0		
1/25/2013	Kelton, CPA	RETURNS TO TOM RE 2008-2011	0.5	187.50	168.75		0.5		
1/29/2013	Kelton, CPA	1099 QUESTION	0.2	75.00	67.50		0.2		
2/11/2013	Kelton, CPA	REVIEW FILE FOR ITEMS NEEDED RE 2012 ENGAGEMENT	1.1	412.50	371.25		1.1		
3/9/2013	Bodenstadt	ASSEMBLING EXTENSION	0.1	4.00	3.60			0.1	
3/11/2013	Benjamin, CPA	EMAIL TO SUSANNE REGARDING EXTENSION PAYMENTS FOR 2012	0.1	17.50	15.75				0.1
3/12/2013	Thornton, EA	EFILE 2012 EXTENSION OF TIME TO FILE; MAIL CLIENT COPY	0.1	12.50	11.25				0.1
3/14/2013	Kelton, CPA	2012 EXTENSION OF TIME TO FILE	0.1	37.50	33.75				0.1
5/2/2013	Kelton, CPA	TELEPHONE CONFERENCE WITH TRACY REGARDING K1 SUPPORTING WORKPAPER SCHEDULE AND APPLICABLE							
5/2/2013	Kelton, CPA	ADJUSTING JOURNAL ENTRY. DISCUSS 263A	0.5	187.50	168.75		0.5		
5/2/2013	Kelton, CPA	FORWARD INFORMATION NEEDED BY TRACY REGARDING SECTION 263A CALCULATIONS TO LIVIA	0.4	150.00	135.00		0.4		
5/7/2013	Benjamin, CPA	GAVE FILE TO PREPARER/PRINTED INFO	0.5	87.50	78.75				0.5
5/8/2013	Benjamin, CPA	EMAIL TO TRACI RE 263A CALCULATION FOR 2012/SCHEDULING AND TIMING OF RETURNS	0.4	70.00	63.00				0.4
5/13/2013	Kelton, CPA	SPEAK WITH GENO REGARDING SPREADSHEET REFLECTING WFP OWNERSHIP INTEREST IN PARTNERSHIPS. DISCUSS							
5/13/2013	Kelton, CPA	WITH TRACY AND EMAIL SPREADSHEET TO GENO. FOLLOW UP CALL REGARDING ADDITIONAL MODIFICATIONS							
5/13/2013	Kelton, CPA	NEEDED TO DETERMINE OWNERSHIP PERCENTAGES	0.8	300.00	270.00		0.8		
5/14/2013	Kelton, CPA	SCHEDULE OF OWNERSHIP PERCENTAGES OF PARTNERSHIPS BY WFP	0.3	112.50	101.25		0.3		
5/15/2013	Kelton, CPA	REVIEW SUMMARY SCHEDULE OF OWNERSHIP OF PARTNERSHIP INTEREST AND TOTAL UNITS. MADE CHANGES							
5/15/2013	Kelton, CPA	AND SPOKE WITH GENO. FORWARD SCHEDULE AND INFORMATION	1.5	562.50	506.25		1.5		
5/21/2013	Fiedler	2012 INCOME TAX RETURN	1.0	125.00	112.50				1.0
5/22/2013	Fiedler	2012 INCOME TAX RETURN	0.9	112.50	101.25				0.9
5/24/2013	Benjamin, CPA	TALKED TO PREPARER ABOUT THINGS TO LOOK FOR ON THE 2012 TAX RETURN	0.5	87.50	78.75				0.5
5/24/2013	Fiedler	2012 INCOME TAX RETURN	1.2	150.00	135.00				1.2
5/28/2013	Fiedler	2012 INCOME TAX RETURN	1.0	125.00	112.50				1.0
5/28/2013	Fiedler	2012 INCOME TAX RETURN	2.0	250.00	225.00				2.0
7/17/2013	Benjamin, CPA	FORWARDED KIM EMAIL TO SEND TOM DEPRECIATION SCHEDULE	0.1	17.50	15.75		0.1		
7/18/2013	Benjamin, CPA	TALKED TO KIM ABOUT FTB NOTICE. LOOKED AT K-1 COMPARISONS FOR ID NUMBER	0.4	70.00	63.00		0.4		
7/18/2013	Thornton, EA	PHONE CALL WITH THE FTB RE NOTICE - RELEASE DEMAND FOR TAX RETURN; MET WITH LIVIA; EMAILED TRACI	0.7	87.50	78.75		0.7		
7/24/2013	Thornton, EA	RESPOND TO BEVS EMAIL RE FTB NOTICE AND CHANGES TO BE MADE IN PROSYSTEM	0.2	25.00	22.50		0.2		
8/16/2013	L. Kelton, CPA	2012 CORPORATE INCOME TAX RETURNS	3.4	850.00	765.00				3.4
8/19/2013	L. Kelton, CPA	2012 CORPORATE INCOME TAX RETURNS - RESEARCH	3.1	775.00	697.50				3.1
8/23/2013	Kelton, CPA	FOLLOW UP ON STATUS AND ITEMS NEEDED FOR 2012 RETURN	1.1	412.50	371.25				1.1
8/26/2013	Kelton, CPA	FILE PROGRESS AND INVESTMENTS PER BALANCE SHEET	2.0	750.00	675.00				2.0
8/26/2013	L. Kelton, CPA	2012 CORPORATE INCOME TAX RETURN	1.2	300.00	270.00				1.2
8/28/2013	Benjamin, CPA	REVIEWED THE 2012 TAX RETURN	4.8	840.00	756.00				4.8
8/28/2013	L. Kelton, CPA	2012 CORPORATE INCOME TAX RESEARCH	1.9	475.00	427.50				1.9
8/29/2013	Benjamin, CPA	REVIEWED THE 2012 TAX RETURN, RECORDED SALE OF ASSETS RELATED TO 9861, LP AND PREPARED 263A							
8/29/2013	Benjamin, CPA	CALCULATION	7.7	1,347.50	1,212.75				7.7
8/30/2013	Benjamin, CPA	FINISHED 263A CALCULATION, GAVE FILE TO FINAL REVIEW	2.9	507.50	456.75				2.9
8/30/2013	Kelton, CPA	2012 TAX REVIEW	4.3	1,612.50	1,451.25				4.3
8/30/2013	L. Kelton, CPA	2012 CORPORATE INCOME TAX RETURNS	1.6	400.00	360.00				1.6
8/30/2013	L. Kelton, CPA	2012 CORPORATE INCOME TAX RETURNS	2.2	550.00	495.00				2.2
9/3/2013	Kelton, CPA	2012 TAX REVIEW	2.0	750.00	675.00				2.0
9/4/2013	Benjamin, CPA	SPOKE TO TFK ABOUT 2012 TRANSACTIONS FOR THE TAX RETURN PREP	0.4	70.00	63.00				0.4
9/4/2013	Kelton, CPA	2012 TAX REVIEW	2.0	750.00	675.00				2.0
9/5/2013	Benjamin, CPA	2012 TAX RETURN	0.4	70.00	63.00				0.4
9/5/2013	Gilbert	REVIEW FILINGS FOR WESTERN FINANCIAL, RESEARCH TAX TREATMENT OF QUALIFIED SETTLEMENT TRUST AND S							
9/5/2013	Kelton, CPA	CORPS, CALL THANE TO DISCUSS IDEAS FOR S CORP.	1.0	350.00	315.00		1.0		
9/5/2013	Kelton, CPA	BOOK VARIOUS ACCRUAL ITEMS FOR 12/31/12 BALANCE SHEET	0.8	300.00	270.00				0.8
9/7/2013	Benjamin, CPA	SPOKE TO TFK ABOUT 2012 RETURN/EFILE	0.3	52.50	47.25				0.3
9/10/2013	Kelton, CPA	2012 TAX RETURN ADJUSTMENTS	0.8	300.00	270.00				0.8
9/10/2013	Kelton, CPA	SPOKE WITH TRACI REGARDING GENERAL LEDGER MATTERS AND ACCRUED FEES	1.7	637.50	573.75				1.7
9/10/2013	Thornton, EA	MET WITH TFK RE 2012 ACCRUALS	0.4	50.00	45.00				0.4

SEC - Western Financial
First Financial Planning

Date	Personnel	Description of Services	Hours	Total Fees	Discounted		Billing Category Allocation		
					Total Fees	Total Fees	A	B	C
9/11/2013	Benjamin, CPA	MET W/ TFK TO DISCUSS CHANGES TO THE 2012 TAX RETURN, BEJAN TO MAKE CHANGES	1.0	175.00	157.50				1.0
9/11/2013	Benjamin, CPA	REVIEWED CHANGES MADE TO 2012 RETURN, ADJUSTED 263A CALCULATION	4.7	822.50	740.25				4.7
9/11/2013	Kelton, CPA	ADDRESS UPDATES TO KT	0.1	37.50	33.75				0.1
9/11/2013	Noorani, CPA	MADE ADJUSTMENTS FOR 2012 RETURN	2.0	250.00	225.00				2.0
9/11/2013	Thornton, EA	CALCULATE NUMBER FOR 2012 ACCRUAL ON RETURN	0.7	87.50	78.75				0.7
9/12/2013	Benjamin, CPA	REVIEWED CHANGES, MADE CHANGES TO 263A AND TIED OUT LACERTE, GAVE BACK TO FINAL REVIEW, SENT TOM	2.6	455.00	409.50				2.6
9/12/2013	Gaspar	EFILE FORMS/DRAFT	0.2	8.00	7.20				0.2
9/12/2013	Good	ASSEMBLY	0.1	4.00	3.60				0.1
9/12/2013	Kelton, CPA	2012 ASSEMBLY REVIEW	1.1	412.50	371.25				1.1
9/12/2013	Kelton, CPA	FINAL REVIEW AFTER CHANGES TO ASSEMBLY	0.3	112.50	101.25				0.3
9/12/2013	Kelton, CPA	REVIEW ASSEMBLY AND SIGN AND FINAL RETURN	0.2	35.00	31.50				0.2
9/16/2013	Benjamin, CPA	TALKED TO TFK ABOUT EFILE FORMS/COMMUNICATION WITH TOM'S OFFICE	0.2	75.00	67.50				0.2
9/16/2013	Kelton, CPA	FOLLOW UP REGARDING EFILE FORMS	0.1	17.50	15.75				0.1
9/26/2013	Benjamin, CPA	SENT COPY OF 2012 TAX RETURN							
Total Services			74.9	18,283.50	16,455.15		8.7	66.2	-
Total before discount				<u>\$ 18,312.64</u>					
Total discounted invoice amount					<u>\$ 16,484.29</u>				
10/16/2013	Edwards	FEDEX DELIVERED ON SEPTEMBER 13, 2013		29.14	29.14				

Summary by Employee:

Benjamin, CPA	27.1	\$ 4,742.50	\$ 4,268.25	\$ 78.75	\$ 4,189.50	\$ -
Bodensdadt	0.1	4.00	3.60	-	3.60	-
Edwards	N/A	29.14	29.14	-	29.14	-
Fiedler	6.1	762.50	686.25	-	686.25	-
Gaspar	0.2	8.00	7.20	-	7.20	-
Gilabert	1.0	350.00	315.00	315.00	-	-
Good	0.1	4.00	3.60	-	3.60	-
L. Kelton, CPA	13.40	3,350.00	3,015.00	-	3,015.00	-
Kelton, CPA	22.8	8,550.00	7,695.00	2,126.25	5,568.75	-
Noorani, CPA	2.0	250.00	225.00	-	225.00	-
Thornton, EA	2.10	262.50	236.25	101.25	135.00	-
	<u>74.9</u>	<u>\$ 18,312.64</u>	<u>\$ 16,484.29</u>	<u>\$ 2,621.25</u>	<u>\$ 13,863.04</u>	<u>\$ -</u>

SEC - Western Financial
 Fernley I, LLC

Date	Last Name	Memo	Hours	Total Fees	Discounted	Billing Category Allocation			
					Total Fees	A	B	C	
4/5/2013	Bodenstadt	EXTENSION ASSEMBLY	0.1	\$ 4.00	\$ 3.60		0.1		
4/5/2013	Thornton, EA	REVIEW EXT ASSEMBLY; MAIL \$800 VOUCHER FOR CA SMLLC	0.1	12.50	11.25		0.1		
5/7/2013	Benjamin, CPA	GAVE FILE TO PREPARER/PRINTED INFO	0.2	35.00	31.50		0.2		
5/21/2013	Fiedler	2012 SINGLE MEMBER INCOME TAX RETURN	0.6	75.00	67.50		0.6		
8/26/2013	Thornton, EA	UPDATE CLIENT ADDRESS IN LACERTE	0.1	12.50	11.25		0.1		
8/27/2013	Benjamin, CPA	REVIEWED THE 2012 TAX RETURN	0.5	87.50	78.75		0.5		
9/7/2013	Kelton, CPA	REVIEW RETURN AND GENERAL LEDGER OPEN ITEMS	0.5	187.50	168.75		0.5		
9/11/2013	Thornton, EA	UPDATE ADDRESS ON RETURN TO TOM HEBRANK	0.1	12.50	11.25		0.1		
9/12/2013	Good	2012 ASSEMBLY	0.2	8.00	7.20		0.2		
9/12/2013	Kelton, CPA	REVIEW ASSEMBLY AND SIGN AND FINAL	0.2	75.00	67.50		0.2		
Total before discount			2.6	<u>\$ 509.50</u>		-	2.6		-
Total discounted invoice amount					<u>\$ 458.55</u>				

Summary by Employee:

Benjamin, CPA	0.7	\$ 122.50	\$ 110.25	\$ -	\$ 110.25	\$ -
Bodenstadt	0.1	4.00	3.60	-	3.60	-
Fiedler	0.6	75.00	67.50	-	67.50	-
Good	0.2	8.00	7.20	-	7.20	-
Kelton, CPA	0.7	262.50	236.25	-	236.25	-
Thornton, EA	0.3	37.50	33.75	-	33.75	-
	<u>2.6</u>	<u>\$ 509.50</u>	<u>\$ 458.55</u>	<u>\$ -</u>	<u>\$ 458.55</u>	<u>\$ -</u>

SEC - Western Financial
P51, LLC

Date	Last Name	Memo	Hours	Discounted Category Allocation				
				Total Fees	Total Fees	A	B	C
4/5/2013	Bodenstadt	EXTENSION ASSEMBLY	0.1	\$ 4.00	\$ 3.60		0.1	
4/5/2013	Thornton, EA	REVIEW EXT ASSEMBLY; MAIL \$800 VOUCHER FOR CA SMLLC	0.1	12.50	11.25		0.1	
5/7/2013	Benjamin, CPA	GAVE FILE TO PREPARER/PRINTED INFORMATION	0.3	52.50	47.25		0.3	
5/21/2013	Fiedler	2012 SINGLE MEMBER INCOME TAX RETURN	1.4	175.00	157.50		1.4	
8/26/2013	Thornton, EA	UPDATE CLIENT ADDRESS IN LACERTE	0.1	12.50	11.25		0.1	
8/28/2013	Benjamin, CPA	REVIEWED THE 2012 TAX RETURN	0.8	140.00	126.00		0.8	
9/7/2013	Kelton, CPA	REVIEW RETURN AND GENERAL LEDGER OPEN ITEMS/2 SALES	1.0	375.00	337.50		1.0	
9/11/2013	Thornton, EA	UPDATE ADDRESS ON RETURN TO TOM HEBRANK	0.1	12.50	11.25		0.1	
9/12/2013	Good	2012 ASSEMBLY	0.2	8.00	7.20		0.2	
9/12/2013	Kelton, CPA	REVIEW ASSEMBLY/SIGN AND FINAL	0.2	75.00	67.50		0.2	
Total before discount			4.3	<u>\$ 867.00</u>		-	4.3	-
Total discounted invoice amount					<u><u>\$ 780.30</u></u>			

Summary by Employee:

Benjamin, CPA	1.1	\$ 192.50	\$ 173.25	\$ -	\$ 173.25	\$ -
Bodenstadt	0.1	4.00	3.60	-	3.60	-
Fiedler	1.4	175.00	157.50	-	157.50	-
Good	0.2	8.00	7.20	-	7.20	-
Kelton, CPA	1.2	450.00	405.00	-	405.00	-
Thornton, EA	0.3	37.50	33.75	-	33.75	-
	<u>4.3</u>	<u>\$ 867.00</u>	<u>\$ 780.30</u>	<u>\$ -</u>	<u>\$ 780.30</u>	<u>\$ -</u>

SEC - Western Financial
 Santa Fe Venture, LLC

Date	Last Name	Memo	Hours	Discounted Category Allocation				
				Total Fees	Total Fees	A	B	C
4/5/2013	Bodenstadt	EXTENSION ASSEMBLY	0.1	\$ 4.00	\$ 3.60		0.1	
4/5/2013	Thornton, EA	REVIEW EXT ASSEMBLY; MAIL \$800 VOUCHER FOR CA SMLLC	0.1	12.50	11.25		0.1	
5/7/2013	Benjamin, CPA	GAVE FILE TO PREPARER/PRINTED INFO	0.2	35.00	31.50		0.2	
5/21/2013	Fiedler	2012 SINGLE MEMBER LLC INCOME TAX RETURN	0.5	62.50	56.25		0.5	
8/26/2013	Thornton, EA	UPDATE CLIENT ADDRESS IN LACERTE	0.1	12.50	11.25		0.1	
8/27/2013	Benjamin, CPA	REVIEWED THE 2012 TAX RETURN	0.6	105.00	94.50		0.6	
9/7/2013	Kelton, CPA	REVIEW RETURN AND GENERAL LEDGER OPEN ITEMS	0.5	187.50	168.75		0.5	
9/11/2013	Thornton, EA	UPDATE ADDRESS ON RETURN TO TOM HEBRANK	0.1	12.50	11.25		0.1	
9/12/2013	Good	2012 ASSEMBLY	0.2	8.00	7.20		0.2	
9/12/2013	Kelton, CPA	REVIEW ASSEMBLY AND SIGN AND FINAL	0.2	75.00	67.50		0.2	
Total before discount			2.6	<u>\$ 514.50</u>		-	2.6	-
Total discounted invoice amount					<u>\$ 463.05</u>			

Summary by Employee:

Benjamin, CPA	0.8	\$ 140.00	\$ 126.00	\$ -	\$ 126.00	\$ -
Bodenstadt	0.1	4.00	3.60	-	3.60	-
Fiedler	0.5	62.50	56.25	-	56.25	-
Good	0.2	8.00	7.20	-	7.20	-
Kelton, CPA	0.7	262.50	236.25	-	236.25	-
Thornton, EA	0.3	37.50	33.75	-	33.75	-
	<u>2.6</u>	<u>\$ 514.50</u>	<u>\$ 463.05</u>	<u>\$ -</u>	<u>\$ 463.05</u>	<u>\$ -</u>

SEC - Western Financial
SFV II, LLC

Date	Last Name	Memo	Hours	Total Fees	Discounted	Billing Category Allocation			
					Total Fees	A	B	C	
4/5/2013	Bodenstadt	EXTENSION ASSEMBLY	0.1	\$ 4.00	\$ 3.60		0.1		
4/5/2013	Thornton, EA	REVIEW EXT ASSEMBLY; MAIL \$800 VOUCHER FOR CA SMLLC	0.1	12.50	11.25		0.1		
5/7/2013	Benjamin, CPA	GAVE FILE TO PREPARER/PRINTED INFO	0.2	35.00	31.50		0.2		
5/21/2013	Fiedler	2012 SINGLE MEMBER LLC INCOME TAX RETURN	0.5	62.50	56.25		0.5		
8/26/2013	Thornton, EA	UPDATE CLIENT ADDRESS IN LACERTE	0.1	12.50	11.25		0.1		
8/27/2013	Benjamin, CPA	REVIEWED THE 2012 TAX RETURN	0.1	17.50	15.75		0.1		
8/27/2013	Benjamin, CPA	REVIEWED THE 2012 TAX RETURN	0.5	87.50	78.75		0.5		
9/7/2013	Kelton, CPA	REVIEW RETURN AND GENERAL LEDGER OPEN ITEMS	0.5	187.50	168.75		0.5		
9/11/2013	Thornton, EA	UPDATE ADDRESS ON RETURN TO TOM HEBRANK	0.1	12.50	11.25		0.1		
9/12/2013	Good	2012 ASSEMBLY	0.2	8.00	7.20		0.2		
9/12/2013	Benjamin, CPA	HELPED CHRISTINA WITH PRINTING OF RETURN DUE TO DIAGNOSTICS	0.1	17.50	15.75		0.1		
9/12/2013	Kelton, CPA	REVIEW ASSEMBLY AND SIGN AND FINAL	0.2	75.00	67.50		0.2		
Total before discount			2.7	<u>\$ 532.00</u>		-	2.7		-
Total discounted invoice amount					<u><u>\$ 478.80</u></u>				

Summary by Employee:

Benjamin, CPA	0.9	\$ 157.50	\$ 141.75	\$ -	\$ 141.75	\$ -
Bodenstadt	0.1	4.00	3.60	-	3.60	-
Fiedler	0.5	62.50	56.25	-	56.25	-
Good	0.2	8.00	7.20	-	7.20	-
Kelton, CPA	0.7	262.50	236.25	-	236.25	-
Thornton, EA	0.3	37.50	33.75	-	33.75	-
	<u>2.7</u>	<u>\$ 532.00</u>	<u>\$ 478.80</u>	<u>\$ -</u>	<u>\$ 478.80</u>	<u>\$ -</u>

SEC - Western Financial
Real Asset Locators, Inc.

Date	Last Name	Memo	Hours	Total Fees	Discounted Total Fees	Billing Category Allocation		
						A	B	C
4/22/2013	Kelton, CPA	RESPOND TO TOM HEBRANK INQUIRY	0.1	\$ 37.50	\$ 33.75	0.1		
4/24/2013	Kelton, CPA	SPEAK WITH TOM HEBRANK AND REVIEW TAX RETURNS 2009, 2010, 2011 INSTRUCT STAFF TO FORWARD COPY	0.4	150.00	135.00	0.4		
5/2/2013	Kelton, CPA	TELEPHONE CONFERENCE WITH TRACY REGARDING EXTENSION AND CURRENT YEAR RETURN	0.2	75.00	67.50		0.2	
5/2/2013	Kelton, CPA	RECEIVE ACCOUNTING. REVIEW BALANCE SHEET AND INCOME STATEMENT AND PRIOR YEAR FILE	0.3	112.50	101.25			0.3
5/2/2013	Robinson	PREPARATION OF 2012 FEDERAL INCOME TAX RETURN	1.2	150.00	135.00			1.2
5/8/2013	Benjamin, CPA	REVIEWED THE 2012 TAX RETURN, PUT INTO ASSEMBLY	0.6	105.00	94.50			0.6
5/8/2013	Flores	ASSEMBLY OF 2012 RETURN	0.1	7.00	6.30			0.1
5/8/2013	Kelton, CPA	FINAL REVIEW AND SIGNATURE	0.3	112.50	101.25			0.3
5/20/2013	Thornton, EA	2012 TAX RETURN ENGAGEMENT LETTER	0.3	37.50	33.75		0.3	
		LOOKED AT 2010 RETURN & AUDIT NOTICE, MET WITH TFK TO DISCUSS AUDIT AND POA, FILLED OUT FORM 2848						
5/24/2013	Benjamin, CPA	POA AND HAD EVERYONE SIGN, EMAILED SCANNED COPY TO TOM FOR SIGNATURE	0.7	122.50	110.25			0.7
5/24/2013	Kelton, CPA	SPEAK WITH TOM REGARDING AUDIT ENGAGEMENT	0.4	150.00	135.00			0.4
5/24/2013	Kelton, CPA	MEET WITH LIVIA REGARDING 2010 TAX AUDIT AND SIGN POA	1.0	375.00	337.50			1.0
5/29/2013	Thornton, EA	MET WITH LIVIA REGARDING ENGAGEMENT LETTER FOR 2010 IRS AUDIT	0.2	25.00	22.50			0.2
5/29/2013	Thornton, EA	PREPARE ENGAGEMENT LETTER FOR 2010 IRS AUDIT	0.5	62.50	56.25			0.5
6/3/2013	Thornton, EA	MAKE CHANGES TO AUDIT ENGAGEMENT LETTER - EMAIL TO TOM HEBRANK	0.2	25.00	22.50			0.2
6/3/2013	Benjamin, CPA	FAXED POA TO AUDITOR, LEFT MESSAGE TO SET APPOINTMENT	0.2	35.00	31.50			0.2
6/3/2013	Kelton, CPA	REVIEW ENGAGEMENT LETTER FOR AUDIT AND SIGN. FORWARD TO TOM HEBRANK	0.3	112.50	101.25			0.3
6/10/2013	Benjamin, CPA	SETUP TAX AUDIT APPOINTMENT FOR 2010 TAX YEAR	0.1	17.50	15.75			0.1
		LOOKED AT INFORMATION DOCUMENT REQUEST FOR 2010 TAX AUDIT, EMAIL TO TFK TO DISCUSS, DISCUSSED WITH THANE	0.7	122.50	110.25			0.7
6/12/2013	Benjamin, CPA	WITH THANE						
6/12/2013	Kelton, CPA	MEET WITH LIVIA RE ADDITIONAL AUDIT ITEMS REQUESTED	0.2	75.00	67.50			0.2
6/13/2013	Benjamin, CPA	LOOKED AT GL FOR 2010 TAX RETURN AND IDR, EMAIL TO TRACI TO SEE IF WE CAN GET BACKUP	0.5	87.50	78.75			0.5
7/1/2013	Benjamin, CPA	TALKED TO TFK ABOUT TAX AUDIT FOR 2010 FOR CALL WITH BOB SCHAFFER	0.1	17.50	15.75			0.1
7/1/2013	Kelton, CPA	SPEAK WITH ROB SCHAFFER RE ITEMS NEEDED	0.2	75.00	67.50			0.2
7/2/2013	Benjamin, CPA	EMAILS TO TRACI WITH LOGIN INFO FOR OUR WEBSITE FOR THE QB FILE	0.4	70.00	63.00			0.4
7/15/2013	Benjamin, CPA	2010 AUDIT - PREPARED AUDIT DOCS FOR AUDITOR MEETING	2.7	472.50	425.25			2.7
		SPOKE WITH TFK ABOUT ENG LETTER, ASKED KIM TO RESEND TO TOM HEBRANK, EMAIL TO TRACI WITH ITEMS NEEDED	0.9	157.50	141.75			0.9
7/16/2013	Benjamin, CPA	NEEDED						
7/17/2013	Benjamin, CPA	SPOKE TO TFK ABOUT AUDIT	0.1	17.50	15.75			0.1
7/18/2013	Benjamin, CPA	PREPARED FOR AUDIT MEETING WITH SANDRA	0.7	122.50	110.25			0.7
		INITIAL MEETING WITH THE AUDITOR FYE 2/28/11 (2010 RETURN), DISCUSSED FOLLOW UP IDR/TALKED TO TFK TO RECAP, EMAIL TO TRACI	1.3	227.50	204.75			1.3
7/18/2013	Benjamin, CPA	TO RECAP, EMAIL TO TRACI						
7/19/2013	Benjamin, CPA	EMAILED UPDATE TO TOM HEBRANK RE AUDIT MEETING	0.2	35.00	31.50			0.2
7/22/2013	Kelton, CPA	ADDITIONAL ITEMS REQUEST FROM AUDITOR	0.3	112.50	101.25			0.3
7/29/2013	Benjamin, CPA	PRINTED INVOICES REQUESTED FOR SECOND IDR/LOOKED AT COMMUNICATION WITH BOB SCHAFFER	0.3	52.50	47.25			0.3
7/30/2013	Benjamin, CPA	2010 TAX AUDIT - INVOICES FROM TRACI AND OTHER QUESTIONS	1.0	175.00	157.50			1.0
		2010 TAX AUDIT - ORGANIZED INFORMATION REQUESTED BY AUDITOR, SPOKE WITH MEL GOLDBERG RE ROB SCHAFFER'S PERSONAL TAX RETURNS NEEDED FOR THE AUDIT	1.8	315.00	283.50			1.8
7/31/2013	Benjamin, CPA	SCHAFFER'S PERSONAL TAX RETURNS NEEDED FOR THE AUDIT						
8/1/2013	Benjamin, CPA	EMAILS TO SCHAFFER/SCHOOLER AND TRACI RE MISSING ITEMS FOR 2ND IDR	0.5	87.50	78.75			0.5
		EMAIL TO TRACI CHECKING IN ON STATUS OF ADDITIONAL INFO NEEDED FOR AUDITOR IN A WEEK, FOLLOWED UP ABOUT ANSWERS TO QUESTIONS REQUESTED BY AUDITOR, PHONE CALL WITH TRACI RE INFO NEEDED	0.8	140.00	126.00			0.8
8/12/2013	Benjamin, CPA	UP ABOUT ANSWERS TO QUESTIONS REQUESTED BY AUDITOR, PHONE CALL WITH TRACI RE INFO NEEDED						
8/15/2013	Benjamin, CPA	PUT TOGETHER INFORMATION FOR SECOND IDR, DISCUSSED WITH THANE	1.6	280.00	252.00			1.6
8/15/2013	Kelton, CPA	MEET WITH LIVIA AND REVIEW AUDIT PACKAGE FOR THE IRS AUDIT	1.7	637.50	573.75			1.7
8/16/2013	Benjamin, CPA	2010 TAX AUDIT - FINISHED DOCS FOR 2ND IDR AND SENT TO AUDITOR	0.6	105.00	94.50			0.6

SEC - Western Financial
Real Asset Locators, Inc.

Date	Last Name	Memo	Hours	Total Fees	Discounted Total Fees	Billing Category Allocation		
						A	B	C
11/22/2013	Benjamin, CPA	LEFT SANDRA AT IRS AN EMAIL REGARDING STATUS OF AUDIT	0.1	17.50	15.75			0.1
11/26/2013	Benjamin, CPA	LEFT AUDITOR VOICEMAIL REGARDING 2010 RETURN	0.1	17.50	15.75			0.1
12/3/2013	Benjamin, CPA	PHONE CALL WITH AUDITOR, SCHEDULED CLOSING CONFERENCE WITH AUDITOR	0.4	70.00	63.00			0.4
12/17/2013	Benjamin, CPA	SCHEDULING CONFERENCE ROOM	0.2	35.00	31.50			0.2
12/18/2013	Benjamin, CPA	PHONE CALL WITH AUDITOR REGARDING RESCHEDULING MEETING, CALLED ROB TO UPDATE	0.4	70.00	63.00			0.4
12/30/2013	Benjamin, CPA	SENT AUDITOR 2011 FORM 1139 CARRYBACK TO 2010 AND TOTALS ON RETURN FOR OTHER DEDUCTIONS PER REQUEST, PHONE CALL WITH AUDITOR REGARDING NOL	0.9	157.50	141.75			0.9
12/30/2013	Benjamin, CPA	MET W/ AUDITOR TO REVIEW VARIANCE REPORT, DISCUSSED MEETING WITH TFK AND SCANNED AND EMAILED TO SCHAFFER AND SCHOOLER/TOM HEBRANK	0.8	140.00	126.00			0.8
12/30/2013	Kelton, CPA	DISCUSS AUDIT CLOSURE	0.4	150.00	135.00			0.4
Total before discount			27.0	<u>\$ 5,754.50</u>		0.5	3.0	23.5
Total discounted invoice amount					<u>\$ 5,179.05</u>			

Summary by Employee:

Benjamin, CPA	18.7	\$ 3,272.50	\$ 2,945.25	\$ -	\$ 94.50	\$ 2,850.75
Flores	0.1	7.00	6.30	-	6.30	-
Kelton, CPA	5.8	2,175.00	1,957.50	168.75	270.00	1,518.75
Robinson	1.2	150.00	135.00	-	135.00	-
Thornton, EA	1.2	150.00	135.00	-	33.75	101.25
	<u>27.0</u>	<u>\$ 5,754.50</u>	<u>\$ 5,179.05</u>	<u>\$ 168.75</u>	<u>\$ 539.55</u>	<u>\$ 4,470.75</u>

EXHIBIT B

EXHIBIT B

Rate Summary	Hours	Rate/hr	Original Amount	Discounted	
				Rate (10%)	Amount
Livia Benjamin, CPA	49.3	175.00	\$ 8,627.50	157.50	\$ 7,764.75
Kristin Bodenstadt	0.5	40.00	20.00	36.00	18.00
Freda Fiedler	9.1	125.00	1,137.50	112.50	1,023.75
Charlene Flores	0.1	70.00	7.00	63.00	6.30
Kylie Gaspar	0.2	40.00	8.00	36.00	7.20
Diane Gilbert, CPA	1.0	350.00	350.00	315.00	315.00
Christina Good	0.9	40.00	36.00	36.00	32.40
Laura J. Kelton, CPA	13.4	250.00	3,350.00	225.00	3,015.00
Thane F. Kelton, CPA	31.9	375.00	11,962.50	337.50	10,766.25
Bejan Noorani	2.0	125.00	250.00	112.50	225.00
Drew Robinson	1.2	125.00	150.00	112.50	135.00
Kimberly Thornton, EA	4.5	125.00	562.50	112.50	506.25
FedEx Costs	-	-	29.14	-	29.14
	<u>114.1</u>		<u>\$ 26,490.14</u>		<u>\$ 23,844.04</u>
Average blended hourly rate			\$ 232.17		
Average blended hourly rate with 10% discount					\$ 208.97

Billing Category Summary	Total Hours	First Financial	SMLLCs	Real Asset	Total
A - General Engagement Services	9.2	\$ 2,621.25	-	168.75	\$ 2,790.00
B - Preparation of 2012 Income Tax Returns	81.4	\$ 13,863.04	2,180.70	539.55	\$ 16,583.29
C - Representation for 2010 IRS Audit	23.5	\$ -	-	4,470.75	\$ 4,470.75
Total:	<u>114.1</u>				<u>23,844.04</u>