

1 THANE F. KELTON, CPA
2 DUFFY KRUSPODIN, LLP
3 Certified Public Accountants
4 4225 Executive Square, Suite 900
5 La Jolla, CA 92037-1485
6 Phone: (858) 642-5050
7 Fax: (858) 642-5065
8 E-Mail: thane@dkllpcpa.com

9 Tax Accountants for Receiver
10 Thomas C. Hebrank

11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**

13 SECURITIES AND EXCHANGE
14 COMMISSION,

15 Plaintiff,

16 vs.

17 PACIFIC WEST CAPITAL GROUP,
18 INC.; ANDREW B CALHOUN IV;
19 PWCG TRUST; BRENDA CHRISTINE
20 BARRY; BAK WEST, INC.; ANDREW
21 B CALHOUN JR.; ERIC
22 CHRISTOPHER CANNON; CENTURY
23 POINT, LLC; MICHAEL WAYNE
24 DOTTA; and CALEB AUSTIN MOODY
25 (dba SKY STONE),

26 Defendants,

Case No. 2:15-cv-02563-DDP-FFM

**THIRD INTERIM APPLICATION
FOR APPROVAL AND PAYMENT
OF FEES TO DUFFY KRUSPODIN,
LLP, AS TAX ACCOUNTANTS FOR
RECEIVER**

Date: April 18, 2022
Time: 10:00 a.m.
Ctmm: 9C
Judge: Hon. Dean D. Pregerson

27 Duffy Kruspodin, LLP ("Duffy"), tax accountants for Thomas C. Hebrank
28 ("Receiver"), the Court-appointed receiver for PWCG Trust, hereby submits this
third interim application for approval and payment of professional fees for work in
preparing the 2020 federal and state tax returns for PWCG and related research and
consultation for 2020 and 2021 tax years. This Application covers the period from
January 1, 2021 through December 31, 2021 ("Application Period").

1 Duffy incurred \$6,785.55 in fees for this Application Period and seeks interim
 2 approval and payment of these fees. Detailed descriptions of the services are
 3 contained in Exhibit A attached hereto. Exhibit B is a summary of Duffy staff total
 4 hours and corresponding rates. During the Application Period, Duffy spent 20.1
 5 hours on behalf of the Receiver at an overall blended billing rate of \$337.59
 6 per hour. Duffy has discounted all fees by ten percent (10%) from regular hourly
 7 billing rates.

8 I. FEE APPLICATION

9 Duffy's work during the Application Period focused on preparation of 2020
 10 Income Tax Returns for PWCG Trust and associated research and consultation for
 11 2020 and 2021 with receiver and attorneys.

12 A. PWCG Trust 2020 Income Tax Returns:

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

- 14 a) processing the initial receipt of the PWCG Trust books and
 15 records;
- 16 b) formatting and organizing the files with the current year data;
- 17 c) verifying cash receipts and disbursements for the year and
 18 scanning detail for reporting accuracy and consistency;
- 19 d) evaluation and calculations regarding state fiduciary rules and
 20 residency of the trust;
- 21 e) reviewing input sheets of information entered into Axxess Tax;
- 22 g) partner level review of the above areas, as well as, overall review
 23 of tax return forms and input;
- 24 h) partner level verification of reporting accuracy, formatting, and
 25 adherence to current federal and state tax laws;
- 26 i) finalizing of tax return and accompanying letters and schedules;
- 27
- 28

- j) printing tax return copies for the receivership entity and for government filing;
- k) electronic filing of the 2020 return to Receiver for signature.

	Hours	Fees	Average Hourly Rate
TOTAL	20.1	\$6,785.55	\$337.5

II. THE REQUESTED FEES ARE REASONABLE AND SHOULD BE ALLOWED

In considering interim requests for payment of fees in federal receivership matters, the following factors have been considered by other Courts: (1) the complexity of the tasks performed; (2) the fair value of the time, labor, and skill measured by conservative business standards; (3) the quality of work performed, including the results obtained and the benefit to the receivership estate; (4) the burden the receivership estate may safely be able to bear; and (5) the Securities and Exchange Commission's opposition or acquiescence. *See SEC v. Schooler*, S.D. Cal., Case No. 12-cv-02164-GPC-JMA (March 7, 2013), Dkt. 169.

A. Complexity of Tasks

Duffy's preparation of PWCG Trust tax returns are considered complex in nature. The complexity lies in the structure of the trust and the determination of proper filing for the 2020 tax year dependent on the highly unique circumstances in this court proceeding. Time spent on research and discussion with the other advisors involved was expended to establish proper filing in light of prior Court orders and an accurate reporting of trust assets.

B. Fair Value of Time, Labor & Skill

There are various levels of staff that worked on the engagement, but mostly highly experienced and skilled CPAs versed in tax research and trust filings. For this fee application, the 2021 rates were used for all staff levels. Thane F. Kelton, CPA, the partner on the engagement, was billed at an hourly rate of \$550, Livia

Benjamin, CPA, the manager and tax researcher on the engagement, was billed at an hourly rate of \$385, Carol Hood, CPA, the tax consultants on the engagement, was billed at an hourly rate of \$240. The remaining administrative staff that worked on the engagement were billed at a rate of \$100 to 125. These rates represent typical rates in California for CPAs of similar experience and expertise for the 2021 year. All compensation based on billing rates was discounted by ten percent (10%). The blended hourly rate for all services provided by Duffy during the Application Period is \$337.59. A summary of Duffy staff that worked on the engagement is included as Exhibit B.

C. Quality of Work Performed

Duffy has provided the client with quality tax preparation and ancillary services, with a high level of professionalism and excellent customer service. Duffy worked diligently to ensure it was prompt in its completion of all of the returns for 2020 and/or requests based on the Receivers requests.

D. Commission's Opposition of Acquiescence

Prior to filing, Duffy, through the Receiver's counsel, provided this fee application to counsel for the Commission in substantially final form. Counsel for the Commission advised that the Commission has no opposition to the fees requested.

Accordingly, the five considerations identified by the Court for considering interim fee applications all support interim approval and payment of the requested fees and costs.

III. CONCLUSION

Duffy has ensured that PWCG Trust has been able to fulfill their responsibilities to the federal and state governments with respect to their tax filings.

WHEREFORE, Duffy respectfully requests an order:

1 1. Approving payment of \$6,785.55 in fees incurred by Duffy during the
2 Application Period, and authorizing payment of \$6,785.55 from receivership estate
3 cash, as discussed above; and

4 2. Granting such other and further relief as is appropriate.
5

6 Dated: March 16, 2022

7
8 By: 

THANE F. KELTON, CPA
DUFFY KRUSPODIN, LLP
Certified Public Accountants
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EXHIBIT A

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PWCG Trust
2021 Consultation and 2020 Return Preparation

Date	Staff ID	Memo	Hours	Original Amount	Discounted Amount
1/27/2021	LM2	Email regarding distributions/1099s	0.3	115.5	\$ 103.95
2/17/2021	LM2	2020 information request	0.2	77	69.30
3/3/2021	LM2	2020 information to Karla	0.2	77	69.30
3/22/2021	LM2	2020 Tax Return setup and begin preparation	1.3	500.5	450.45
3/23/2021	LM2	2020 tax return	0.1	38.5	34.65
3/23/2021	LM2	Email to Tom regarding ordinary vs capital treatment in the sale of a policy	0.3	115.5	103.95
3/24/2021	LM2	Email regarding 2020 return/looked at prior historical	0.5	192.5	173.25
4/5/2021	LM2	2020 tax return	0.4	154	138.60
4/13/2021	LM2	2020 tax return	1.7	654.5	589.05
4/14/2021	KL3	efile extension	0.1	10	9.00
4/14/2021	KL3	updated extended project	0.1	10	9.00
4/14/2021	LM2	2020 return and 2021 estimates	6.3	2425.5	2,182.95
4/15/2021	LM2	Email regarding OH taxation/filing	0.2	77	69.30
8/19/2021	LM2	Email regarding quarterly payments	0.1	38.5	34.65
9/8/2021	LM2	Emails with Tom regarding 2021 third quarter estimates	0.2	77	69.30
9/14/2021	LM2	2021 Q3 planning no vouchers	1.1	423.5	381.15
9/23/2021	CH2	Help Livia with data input	0.5	120	108.00
9/23/2021	LM2	2020 final review tax return	0.1	38.5	34.65
9/23/2021	LM2	2020 final review tax return	3.3	1270.5	1,143.45
9/23/2021	MR1	assembly	0.6	69	62.10
9/23/2021	MR1	review	0.1	11.5	10.35
9/26/2021	LM2	2020 tax return finalization	0.2	77	69.30
9/26/2021	TK1	Sign and final review	1	550	495.00
9/26/2021	TK1	Sign and final return	0.4	220	198.00
9/27/2021	LM2	2020 OH return	0.2	77	69.30
9/27/2021	KL3	Deliver return	0.1	10	9.00
9/28/2021	KL3	efile return	0.2	20	18.00
9/28/2021	RA1	Efiled	0.1	12.5	11.25
10/15/2021	LM2	2018 CA notice re payment due email to Tom	0.2	77	69.30

Total before discount 20.1 7,539.50

Total discounted invoice amount

\$ 6,785.55

Summary by Employee:

Hood, CPA (CH2)	0.5	120.00	\$ 108.00
Legaspi (KL3)	0.5	50.0	\$ 45.00
Benjamin, CPA (LM2)	16.9	6,506.5	\$ 5,855.85
Ramirez (MR1)	0.7	80.5	\$ 72.45
Aviles (RA1)	0.1	12.50	\$ 11.25
Kelton, CPA (TK1)	1.4	770.0	\$ 693.00
	20.1	\$ 7,539.50	\$ 6,785.55

EXHIBIT B

EXHIBIT B

<i>Rate Summary</i>	Hours	Rate/hr	Original Amount	Discounted rate (10%)	Discounted Amount
Carol Hood, CPA	0.5	240.00	120.00	216.00	108.00
Karla Legaspi	0.5	100.00	50.00	90.00	45.00
Livia Benjamin, CPA	16.9	385.00	6,506.50	346.50	5,855.85
Melissa Ramirez	0.7	115.00	80.50	103.50	72.45
Rossana Aviles	0.1	125.00	12.50	112.50	11.25
Thane F. Kelton, CPA	1.4	550.00	770.00	495.00	693.00
	<u>20.1</u>		<u>\$ 7,539.50</u>		<u>\$ 6,785.55</u>
Average blended hourly rate			\$ 375.10		
Average blended hourly rate with 10% discount				\$	337.59