

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

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CIVIL MINUTES - GENERAL

CASE NO.: CV 14-07249 SJO (FFMx) DATE: June 16, 2015

TITLE: Securities and Exchange Commission v. Nationwide Automated Systems Inc., et al.

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PRESENT: THE HONORABLE S. JAMES OTERO, UNITED STATES DISTRICT JUDGE

Victor Paul Cruz Not Present
Courtroom Clerk Court Reporter

COUNSEL PRESENT FOR PLAINTIFF: COUNSEL PRESENT FOR DEFENDANTS:

Not Present Not Present

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PROCEEDINGS (in chambers): ORDER GRANTING RECEIVER'S AND RECEIVER'S COUNSEL'S FEE APPLICATIONS [Dkt. Nos. 74, 75]

This matter is before the Court on the Second Interim Fee Application of the Receiver, William Hoffman of Trigild, Inc. ("Receiver") for Payment of Fees and Reimbursement of Expenses ("Receiver Application"), and on the Second Interim Fee Application of Allen Matkins Gamble Mallory & Natsis LLP, General Counsel to the Receiver, for Payment of Fees and Reimbursement of Expenses ("Counsel Application") (collectively, "Applications"), both filed June 8, 2015. On June 12, 2015, Plaintiff Securities and Exchange Commission ("Plaintiff") filed a Notice of Non-Opposition to the Applications. No other opposition has been filed with the Court by the prescribed deadline. (See Notice of Hearing, ECF No. 76.) Having carefully considered the issues raised, the Court deems the matters appropriate for decision without oral argument and vacates the hearing set for July 6, 2015. See Fed. R. Civ. P. 78. For the reasons set forth below, the Court **GRANTS** the Applications.

I. BACKGROUND

On September 30, 2014, the Court appointed William Hoffman as the temporary receiver for Defendant Nationwide Automated Systems, Inc. ("NASI"). On October 29, 2014, the Court then appointed Mr. Hoffman as Receiver for NASI. Receiver's appointment was necessary to preserve NASI's property and to prevent the further dissipation and misappropriation of investor funds.

On November 6, 2014, Receiver filed his First Report and Recommendations, and on November 18, 2014, the Court approved and adopted Receiver's First Report and Recommendations. On January 30, 2015, Receiver filed his Second Report and Recommendations, detailing the status of Receiver's efforts and recommending (1) that NASI's ATM operations be preserved until the ATM business could be marketed and sold, (2) recommending that clawback claims be pursued by the receivership estate, and (3) that the Court approve procedures for the administration of claims at the appropriate time. (Second Report and Recommendations 10, ECF No. 60.) On May 27, 2015, Receiver filed his third report and recommendations, again recommending the Receiver

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continue with ATM operations, clawback claims, and preparation for administration of creditor claims. (Third Report and Recommendations 8-9, ECF No. 73.)

II. DISCUSSION

A. Receiver Application

Receiver requests interim approval of \$206,845.00 in fees and payment on an interim basis of 80% of that amount, or \$165,476.00. (Receiver Appl. 2; see *generally* Receiver Appl. Ex. A.) Receiver also requests interim approval and payment in full of \$2,458.08 in expenses. The work is broken down as follows:

Category	Hours	Amount
Asset Analysis and Recovery	71.5	\$24,805.00
Asset Disposition	1.6	\$320.00
Business Operations	231.8	\$38,510.00
Investor Claims and Distributions	66.4	\$15,472.50
Case Administration	43.2	\$13,960.00
Claims Admin. and Objections	1.2	\$420.00
Accounting/Auditing	96.7	\$17,725.00
Business Analysis	19.8	\$6,770.00
Data Analysis	6.8	\$1,212.50
Status Report	7.5	\$2,350.00
Forensic Accounting	424.6	\$57,672.50
Tax Issues	141.8	\$26,790.00
Travel Time	5.0	\$837.50
Total	1,117.9	\$206,845.00

(Receiver Appl. 2.) The Court has reviewed Receiver's fee and expense requests and finds that they are fair. Accordingly, the Court **GRANTS** Receiver's Application.

B. Counsel Application

Receiver's Counsel requests interim approval of \$67,638.75 in fees for 153.50 hours worked and payment on an interim basis of 80% of that amount, or \$54,111.00. (Counsel Appl. 2; see *generally* Counsel Appl. Ex. A.) Counsel also requests interim approval and payment in full of \$4,420.18 in expenses. The work is broken down as follows:

Category	Hours	Amount
General Receivership	9.0	\$4,282.20
Asset Investigation	71.3	\$29,084.40
Reporting	8.8	\$4,078.80

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Operations & Asset Sales	1.9	\$880.65
Claims & Distributions	5.9	\$2,900.70
Third Party Recoveries	53.3	\$24,882.45
Employment/Fees	3.3	\$1,529.55
Total	153.5	\$67,638.75

(Counsel Appl. 2.) The Court has reviewed Counsel's fee and expense requests and finds that they are fair. Accordingly, the Court **GRANTS** Counsel's Application.

III. RULING

Based on the foregoing, it is hereby ordered that the Applications are **GRANTED**. The Court rules as follows:

- (1) It is **ORDERED** that the Receiver's fees and costs for the Second Application Period are allowed and approved, on an interim basis, in the amounts of \$206,845.00 and \$2,458.08, respectively.
- (2) It is **ORDERED** that the Receiver is authorized and directed to pay himself \$165,476.00 in fees and \$2,458.08 in costs from assets of the receivership estate, which amounts reflect an interim payment of 80% of the allowed fees and 100% of the allowed costs.
- (3) It is **ORDERED** that Allen Matkins' fees and costs for the Second Application Period are allowed and approved, on an interim basis, in the amounts of \$67,638.75 and \$4,420.18, respectively.
- (4) It is **ORDERED** that the Receiver is authorized and directed to pay Allen Matkins \$54,111.00 in fees and \$4,420.18 in costs from assets of the receivership estate, which amounts reflect an interim payment of 80% of the allowed fees and 100% of the allowed costs.

IT IS SO ORDERED.