

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

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CIVIL MINUTES - GENERAL

CASE NO.: CV 14-07249 SJO (FFMx) DATE: September 15, 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 THIRD INTERIM FEE APPLICATIONS [Dkt. Nos. 82, 83]

This matter is before the Court on the Third Interim Fee Application of the Receiver, William Hoffman of Trigild, Inc. ("Receiver") for Payment of Fees and Reimbursement of Expense ("Receiver Application"), and on the Third 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 August 18, 2015. On August 31, 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. 82.) 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.) On August 3, 2015, Receiver filed his fourth report and recommendations, again recommending the Receiver continue with ATM operations, clawback claims, and preparation for administration of creditor claims. (Fourth Report and Recommendations 9, ECF No. 80.)

II. DISCUSSION

A. Receiver Application

Receiver requests interim approval of \$221,832.50 in fees and payment on an interim basis of 80% of that amount, or \$177,466.00. (Receiver Appl. 2; see *generally* Receiver Appl. Ex. A.) Receiver also requests interim approval and payment in full of \$8,064.70 in expenses. The work is broken down as follows:

Category	Hours	Amount
Asset Analysis and Recovery	183.4	\$33,145.00
Asset Disposition	1.5	\$225.00
Business Operations	163.4	\$23,402.50
Investor Communications	81.1	\$15,542.50
Case Administration	13.5	\$5,150.00
Third Party Recoveries	95.0	\$27,417.50
Accounting/Auditing	39.5	\$6,677.50
Business Analysis	10.7	\$3,385.00
Data Analysis	32.8	\$4,920.00
Status Report	12.5	\$5,007.50
Forensic Accounting	529.9	\$84,775.0
Tax Issues	74.2	\$11,662.50
Travel Time	8.7	\$1,522.50
Total	1,246.7	\$221,832.50

(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 \$51,826.50 in fees for 128.3 hours worked and payment on an interim basis of 80% of that amount, or \$41,461.20. (Counsel Appl. 2; see *generally* Counsel Appl. Ex. A.) Counsel also requests interim approval and payment in full of \$2,951.36 in expenses. The work is broken down as follows:

Category	Hours	Amount
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General Receivership	3.5	\$1,622.25
Asset Investigation	85.3	\$32,251.05
Reporting	8.5	\$3,939.75
Claims & Distributions	3.7	\$1,687.05
Third Party Recoveries	22.3	\$10,008.90
Pending Litigation	0.7	\$324.45
Employment/Fees	4.3	\$1,993.05
Total	128.3	\$51,826.50

(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 Third Application Period are allowed and approved, on an interim basis, in the amounts of \$221,832.50 and \$8,064.70, respectively.
- (2) It is **ORDERED** that the Receiver is authorized and directed to pay himself \$177,466.00 in fees and \$8,064.70 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 Third Application Period are allowed and approved, on an interim basis, in the amounts of \$51,826.50 and \$2,951.36, respectively.
- (4) It is **ORDERED** that the Receiver is authorized and directed to pay Allen Matkins \$41,461.20 in fees and \$2,951.36 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.