

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

VS.

FUNDING RESOURCE GROUP, a/k/a FRG Trust;
QUENTIN HIX; GENE COULTER; STEVEN C.
ROBERTS; MVP NETWORK, INC., a Texas corporation,
a/k/a MVP Network (Trust); FMCI TRUST; FUNDERS
MARKETING COMPANY, INC., a Texas corporation;
RAYMOND G. PARR; WILLARD VEARL SMITH;
EARL D. McKINNEY; FORTUNE INVESTMENTS,
LTD., a Nevada corporation; ROBERT CORD, a/k/a
Robert F. Schoonover, Jr.; WINTERHAWK WEST
INDIES, INC.; IGW TRUST; CAROLYN
DON HICKS; and CARL LaDANE WEAVER,

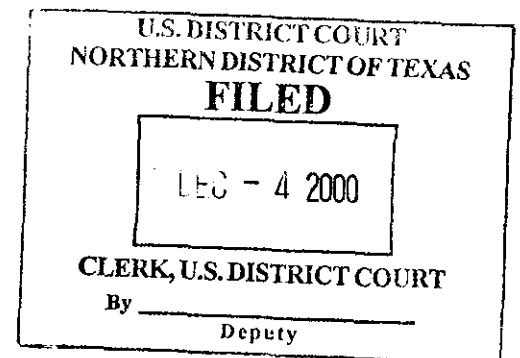
Defendants,

and

HOWE FINANCIAL TRUST, an Indiana corporation;
TREDS FINANCIAL TRUST; and
MARY ANN BAUCE,

Defendants Solely for Purposes
of Equitable Relief.

CIVIL ACTION-CV-2689-M



**FIFTH INTERIM APPLICATION BY RECEIVER
FOR COMPENSATION OF FEES AND REIMBURSEMENT OF EXPENSES FOR
ACCOUNTANTS FOR RECEIVER AND BRIEF IN SUPPORT**

TO THE HONORABLE JEFF KAPLAN, UNITED STATES MAGISTRATE JUDGE:

COMES NOW, Michael J. Quilling ("Receiver") and files this his Fifth Interim Application by Receiver for Compensation of Fees and Reimbursement of Expenses of Accountants for Receiver and Brief in Support ("Application") and in support thereof would respectfully show the Court as follows:

BACKGROUND

1. On November 13, 1998, the Securities and Exchange Commission ("SEC") initiated these proceedings and, in connection therewith, sought the appointment of a receiver as to each of the named Defendants. On November 13, 1998, the Court issued its Order Appointing Temporary Receiver pursuant to which Michael J. Quilling was named Receiver ("Receiver").

2. On January 21, 1999, the Court issued an Order freezing the assets of and appointing Michael J. Quilling as the Receiver for Hammersmith Trust, LLC and others.

3. Pursuant to the terms of each of the foregoing Orders, the Receiver was authorized to employ such accountants as is necessary and proper for the collection, preservation, maintenance and operation of the Receivership Assets. Subsequent to his appointment, the Receiver employed the accounting firm of Litzler, Segner, Shaw, McKinney & Dohmeyer as his accountants ("Accountants"). The Accountants have performed investigative and accounting services as requested by the Receiver.

4. On July 1, 1999 the Receiver filed his First Interim Application for Payment of Compensation to Accountants covering the period from November, 1998 to April 30, 1999. Pursuant to an Order entered by the Court on July 2, 1999 the Accountants were paid \$83,900.33 with respect to the First Interim Application.

5. On November 15, 1999 the Receiver filed his Second Interim Application for Payment of Compensation to Accountants covering the period from May 1, 1999 to October 31, 1999. Pursuant to an Order entered by the Court on November 15, 1999 the Accountants were paid \$80,762.00 with respect to the Second Interim Application.

6. On February 7, 2000 the Receiver filed his Third Interim Application for Payment of Compensation to Accountants covering the period from November 1, 1999 to December 31, 1999. Pursuant to an Order entered on March 17, 2000 the Accountants were paid \$11,008.40 with respect to the Third Interim Application.

7. On September 5, 2000 the Receiver filed his Fourth Interim Application for Payment of Compensation to Accountants covering the period from January 1, 2000 to August 31, 2000. Pursuant to an Order entered by the Court on October 6, 2000 the Accountants were paid \$197,536.81 with respect to the Fourth Interim Application.

8. This Application seeks approval and payment of the fees and reimbursement of expenses for the Accountants for the Receiver for the time period from September 1, 2000 through November 30, 2000.

9. During the Period covered by this Application, the Accountants have incurred fees and expenses with respect to their activities on a monthly basis as follows:

<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
September, 2000	\$22,553.00	\$3,089.00
October, 2000	\$48,453.00	\$6,907.57

November, 2000	\$24,286.50	\$1,752.39
Total:	\$95,292.50	\$11,748.96

10. Exhibit "A", which is attached hereto and incorporated herein by reference for all purposes conveys the following information for the time period September 1, 2000 through November 30, 2000: (a) the number of hours worked by each accountant and staff member on a particular day; (b) the manner and type of work performed by each accountant and staff member, (c) the customary billing rate for each person rendering service in this matter, and (d) the monetary value assigned to each task performed by a given accountant and/or staff member. Each of the invoices attached hereto as Exhibit "A" reflect aggregate expenses by category during a given month. Receipts for travel expenses and items in excess of \$500.00 are included in Exhibit "A".

JOHNSON FACTORS

11. In order to establish an objective basis for determining the amount of compensation that is reasonable for professionals' services, a court in the Fifth Circuit must consider the following twelve factors in awarding such fees:

- 1) Time and labor required;
- 2) Novelty and difficulty of the questions involved;
- 3) Skill requisite to perform the accounting services;
- 4) Exclusion of other employment by the accountants due to acceptance of the case;
- 5) The customary fee;

- 6) Whether the fee is fixed or contingent;
- 7) The amount involved and the results obtained;
- 8) The experience, reputation and the ability of the accountants;
- 9) The undesirability of the case;
- 10) The nature and length of the professional relationship with the client; and
- 11) Awards in similar cases.

Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974).

12. Information exists that is pertinent to each of these factors and that may assist this Court in assessing the merits of this Application. The information is summarized by factor in the paragraphs below.

TIME AND LABOR REQUIRED

13. The Accountants have expended 530.4 hours in the performance of professional services for the Receiver from September 1, 2000 through November 30, 2000, resulting in total accounting fees of \$95,292.50. The average hourly rate for these professional services was \$179.66 per hour.

14. The hourly billing rate of each professional and paraprofessional performing services on behalf of the Receiver are as follows:

Partner	\$ 195.00 - 250.00
Staff Accountant	100.00 - 165.00
Paraprofessional	30.00 - 95.00

15. The number of hours expended by each professional and paraprofessional are reflected in the summary attached hereto as Exhibit "A".

NOVELTY AND DIFFICULTY OF QUESTIONS PRESENTED

16. The Receiver believes that the accounting and tax questions encountered in representing the Receiver were of a complex and specialized nature, requiring a very high degree of skill in obtaining their successful resolution.

SKILL REQUISITE TO PERFORM SERVICES PROPERLY

17. The Accountant's firm have numerous members, including members who have performed services on behalf of the Receiver, who specialize exclusively in the practice of bankruptcy and insolvency accounting. Due to their expertise and skill in this highly specialized realm, the Receiver believes far more time would have been employed by less experienced professionals and with considerably less rewarding results. The array of financial and accounting considerations presented in this proceeding and the prompt and skillful action taken upon those problems by the Accountants required a very high degree of expertise and experience. Prompt, skillful action was utilized by the Accountants in providing professional services to the Receiver in this proceeding.

EXCLUSION OF OTHER EMPLOYMENT

18. The Receiver is unable to estimate the extent of other employment the Accountants were precluded from accepting by reason of the employment as accountants for the Receiver herein, but does not believe it to be significant.

CUSTOMARY FEES

19. The fees applied for herein are equivalent to customary fees allowed in other proceedings for similar services rendered and results obtained.

WHETHER THE FEE IS FIXED OR CONTINGENT

20. The fees of the Accountants are fixed insofar as funds exist with which to pay them from the Receivership Estate. Payment of such fees, however, is subject to Court approval.

THE AMOUNT INVOLVED AND THE RESULTS OBTAINED

21. This case involves the misappropriation of millions of dollars by hundreds of persons and entities. The accounting and tracing issues are extremely complex. As a result of the efforts of the accountants, much of the work with respect to future recoveries of funds by the Receiver has already been accomplished.

THE EXPERIENCE, REPUTATION AND ABILITY OF ACCOUNTANTS

22. As stated above, the Accountants specialize in the practice of accounting and consultation. Much of the Accountants' practice has been devoted to asset management, accounting services, development of accounting data, preparation of tax returns for estates, formulation of plans of reorganization and consultation with creditors and estate representatives. The Accountants are recognized as experts in the accounting field and possess a reputation of high quality, integrity and ability.

UNDESIRABILITY OF THE CASE

23. The Receiver does not believe the subject case or the representation of the Receiver in this proceeding was "undesirable".

**NATURE AND LENGTH OF THE
PROFESSIONAL RELATIONSHIP WITH THE CLIENT**

24. Prior to the institution of this proceeding, the Accountants have represented the Receiver from time to time with regard to general accounting matters and consultation in similar proceedings.

AWARDS IN SIMILAR CASES

25. The Receiver believes that the services rendered herein for the Receiver have substantially benefitted this estate and that such services are of a reasonable value of this date in the amount of \$95,292.50 plus expenses in the amount of \$11,748.96. The Receiver further represents that the fees applied for are in conformity with fees allowed in similar proceedings for similar services rendered and results obtained.

WHEREFORE, the Receiver respectfully requests that the Court allow and authorize him to pay the requested compensation for professional services and expenses rendered by the Accountants for the Receiver in the sum of \$107,041.46, as per itemization in Exhibit "A" attached hereto.

Respectfully submitted,

QUILLING, SELANDER, CUMMISKEY & LOWNDS, P.C.

By: _____

Michael J. Quilling
State Bar No. 16432300

2001 Bryan Street, Suite 1800
Dallas, Texas 75201
(214) 871-2100 (Telephone)
(214) 871-2111 (Fax)
ATTORNEY FOR THE RECEIVER

CERTIFICATE OF CONFERENCE

Prior to filing this Application, as required by the Order Appointing Temporary Receiver, I conferred with Bob Brunig of the SEC regarding the filing of this Application and the amounts requested. The SEC consents to payment of the requested fees and expenses and believes them to be necessary and reasonable.



Michael J. Quilling

CERTIFICATE OF SERVICE

I hereby certify that on the 4th day of December, 2000, a true and correct copy of the foregoing document was served via first class mail, postage pre-paid, to the following parties:

Robert B. Brunig
Securities & Exchange Commission
801 Cherry Street, 19th Floor
Fort Worth, Texas 76102

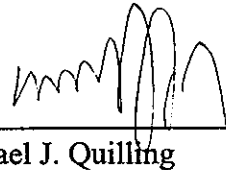
Wendell A. Odom, Jr.
440 Louisiana, Suite 800
Houston, Texas 77002

S. Cass Weiland
Sheinfeld, Maley & Kay, P.C.
1700 Pacific Avenue, Suite 4400
Dallas, Texas 75201-4618

Deborah Goodall
Goodall & Sooter
12830 Hillcrest Rd., Suite 111
Dallas, Texas 75230

Dan R. Waller
Secore & Waller, LLC
13355 Noel Road, Suite 2290
Dallas, Texas 75240

This Application will also be posted on the Receiver's website www.receiver.com immediately after filing.



Michael J. Quilling