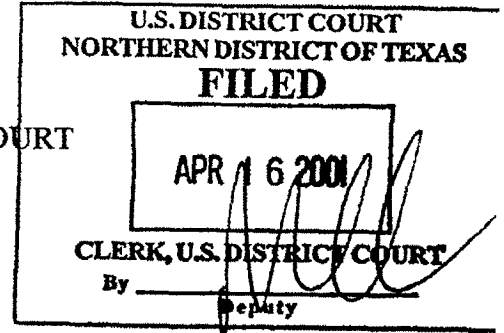


ORIGINAL

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



SECURITIES AND EXCHANGE  
COMMISSION

Plaintiff,

VS.

FUNDING RESOURCE GROUP  
a/k/a FRG TRUST, ET AL.

Defendants.

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NO. 3-98-CV-2689-M



ORDER

Michael J. Quilling, as Receiver for Funding Resource Group and related entities, has submitted a litigation budget in the amount of \$54,600.00 for a lawsuit pending in the United States District Court for the Western District of Tennessee. *Quilling v. David Johnson, et al.*, No. 00-2098-G/V. The law firm of Borod & Kramer, P.C., who represents the Receiver in the *Johnson* litigation, has submitted a separate budget in the amount of \$108,675.00. The Receiver was ordered to post a copy of these budgets on his website with instructions to all interested parties that any objections must be filed by April 6, 2001. No objections have been received by the court.

A hearing was held on April 12, 2001. The purpose of this hearing was to give all interested parties an opportunity to present any objections to the proposed litigation budgets. The Receiver posted notice of this hearing on his website as directed by the court. However, no one appeared at the hearing or has otherwise objected to the budget requests.

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The Court tentatively approves the budget submitted by Borod & Kramer, P.C. in the amount of \$108,675.00. The Court has approved this budget, in part, based on the Receiver's good faith belief that he realistically expects to recover at least \$1 million, and perhaps as much as \$5 million, as a result of this lawsuit. However, the Court is unable to prospectively approve the Receiver's \$54,600.00 litigation budget. Although the Receiver is entitled to be compensated for actual time spent responding to discovery, testifying at his deposition and attending trial, the estimates set forth in his budget appear to be excessive. The Receiver also estimates spending 30 hours on "administrative" matters without further explanation. Rather than approve this budget, the Court will continue to monitor the fees and expenses incurred by the Receiver and authorize periodic payments as appropriate.

The following procedures are hereby established for payment of the Receiver and out-of-state counsel in the *Johnson* litigation:

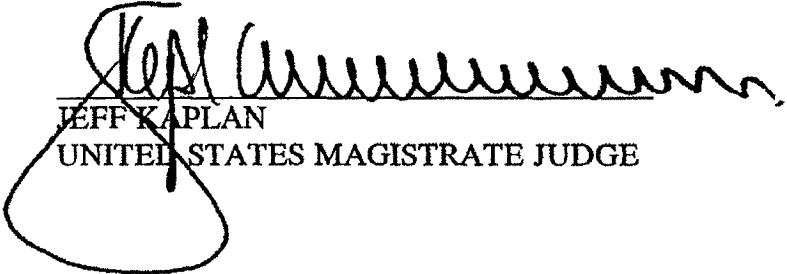
1. The Receiver shall submit quarterly applications specifying the amount of fees and expenses incurred in this case for the preceding 90 days. Fee applications shall be filed with the district clerk on or before the first Monday of September, December, March, and June. The application must be supported by detailed records documenting the time spent, services performed, and expenses incurred in connection with this matter. The hourly rate for each attorney or legal assistant who performed the service shall be listed for each entry. Any out-of-pocket expense item of more than \$500 must be supported by a receipt. A copy of the fee application shall be made available to all interested parties when it is filed with the court.

2. A hearing will be scheduled within 30 days after the Receiver submits his fee application. The Receiver shall notify all interested parties of this hearing date. Written objections to the fee application must be filed at least 10 days prior to the hearing.

3. The Receiver may comply with the notice requirements of this Order by posting a copy of his fee application and this Order on his website, [SECRECEIVER.COM](http://SECRECEIVER.COM). Appropriate links to the court's docket sheet shall also be provided on the website.

SO ORDERED.

DATED: April 13, 2001.

  
JEFF KAPLAN  
UNITED STATES MAGISTRATE JUDGE