



appointment of a receiver as to each of the named Defendants. On November 13, 1998, the Court issued its Order Appointing Temporary Receiver in the SEC Proceedings pursuant to which Michael J. Quilling was named Receiver (“Receiver”).

2. On July 23, 1999, the Court issued an Order in the SEC Proceedings freezing the assets of and appointing Michael J. Quilling as the Receiver for Hammersmith Trust, LLC and a number of related entities.

3. Pursuant to the terms of each of the foregoing Orders, the Receiver was authorized to employ such attorneys as is necessary and proper for the collection, preservation, maintenance and operation of the Receivership’s Assets. Subsequent to his appointment, the Receiver employed the law firm of Quilling, Selander, Cummiskey & Lownds, P.C. (“QSC&L”) as his general counsel. The Receiver is an attorney and a shareholder of the law firm and has rendered many of the legal services which are the subject of this Application as well as performing his duties as the Receiver.

4. In connection with performance of his duties as Receiver, the Receiver became the successor-in-interest to United States Holdings and filed a Counterclaim in Case No. CIV 2001-0657-PHX-jws pending in the United States District Court for the District of Arizona (“the National Union Litigation”). The Receiver hired Michael Holden of Holden Brodman to represent the Receiver in connection with the case. Mr. Holden is handling much of the day-to-day work in the lawsuit and the Receiver is functioning more as the client.

5. On November 15, 2001, the Court entered its Order regarding the Receiver’s proposed budget as to the National Union Litigation pursuant to which the Court established procedures for fee applications to be submitted by the Receiver.

6. On December 4, 2001 the Receiver filed his First Interim Application to Allow and Pay (1) Receiver’s Fees and Expenses and (2) Attorney’s Fees and Expenses for the time period from

August 1, 2001 through November 30, 2001. On January 25, 2002 the Court issued its Order Approving the First Interim Application and thereafter QSC&L was paid \$15,608.99 and Holden Brodman was paid \$7,383.19.

7. On March 5, 2002 the Receiver filed his Second Interim Application to Allow and Pay (1) Receiver's Fees and Expenses and (2) Attorney's Fees and Expenses for the time period of December 1, 2002 through February 28, 2002. On April 19, 2002 the Court issued its Order Approving the Second Interim Application and thereafter QSC&L was paid \$1,136.36 and Holden Brodman was paid \$10,687.75.

8. This Application seeks approval and payment of the fees and reimbursement of expenses for the Receiver and QSC&L for the time period from March 1, 2002 through May 31, 2002. This Application also seeks approval and payment of the fees and reimbursement of expenses for the Receiver's counsel in Phoenix, Holden Brodman, for the period from February 1, 2002 through April 30, 2002.

8. During the period covered by this Application, the Receiver has incurred fees and expenses in the National Union Litigation with respect to his activities as Receiver and with respect to QSC&L and Holden Brodman on a monthly basis as follows:

<u>QSC&amp;L</u>		
<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
March, 2002	\$ 716.00	\$ 1.95
April, 2002	\$4,826.50	\$ 957.30
May, 2002	\$1,383.00	\$ 3.28
<b>TOTAL:</b>	<b><u>\$6,925.50</u></b>	<b><u>\$ 962.53</u></b>

**Holden Brodman**

<b><u>Month</u></b>	<b><u>Fees</u></b>	<b><u>Expenses</u></b>
February, 2002	\$ 2,797.00	\$ 186.02
March, 2002	\$ 8,005.50	\$ 239.91
April, 2002	\$ 3,000.00	\$ 17.10
<b>TOTAL:</b>	<b><u>\$13,802.50</u></b>	<b><u>\$ 443.03</u></b>

9. Exhibit "A," which is attached hereto and incorporated herein by reference for all purposes conveys the following information for the time period of March 1, 2002 through May 31, 2002 as to services rendered by QSC&L: (a) the number of hours worked by each attorney and staff member on a particular day, (b) the manner and type of work performed by each attorney 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 attorney and/or staff member. Each of the invoices attached hereto as Exhibit "A" reflect aggregate expenses by category during a given month. Expense items in excess of \$500.00, if any, have been itemized under Exhibit "B." The invoices of Holden Brodman for the time period from February 1, 2002 through April 30, 2002 are attached hereto as Exhibit "C" and are incorporated herein by reference. They convey the same information.

**JOHNSON FACTORS**

10. In support of this request for allowance of compensation and reimbursement of expenses, the Receiver, QSC&L and Holden Brodman respectfully direct this Court's attention to those factors generally considered by courts in awarding compensation to professionals for services performed in connection with the administration of a receivership estate. As stated by the Fifth Circuit Court of Appeals in *Migis v. Pearle Vision, Inc.*, 135 F.3d 1041, 1047 (5th Cir. 1998) "The

calculation of attorneys fees involves a well-established process. First, the court calculates a ‘lodestar’ fee by multiplying the reasonable number of hours expended on the case by the reasonable hourly rates for the participating lawyers. (cite omitted.) The court then considers whether the lodestar figure should be adjusted upward or downward depending on the circumstances of the case. In making a lodestar adjustment the court should look at twelve factors, known as the Johnson factors, after *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974).” Those factors as applied to the services rendered in this case by the Receiver, QSC&L and Holden Brodman are addressed below.

(a) The Time and Labor Required. The Receiver, QSC&L and Holden Brodman respectfully refer the Court’s attention to Exhibits “A” and “C” which detail the involvement of the Receiver, QSC&L’s and Holden Brodman attorneys in this case during the four month period covered by this Application during which a total of more than sixty-five (65) hours of attorney and Receiver time have been expended.

(b) The Novelty and Difficulty of the Questions. Many of the tasks reflected in Exhibits “A” and “C” involved factual and legal questions which were of substantial complexity.

(c) The Skill Requisite to Perform the Service. The Receiver believes that the services performed in this case have required individuals possessing considerable experience in asset seizure, tracing and liquidation and fidelity bond litigation. Both the Receiver, QSC&L and Holden Brodman have considerable experience in such areas.

(d) The Preclusion of Other Employment Due to Acceptance of the Case. The Receiver and QSC&L have not declined any representation solely because of their services as Receiver and counsel for the Receiver. Holden Brodman has not declined any representations because of its representation of the Receiver.

(e) The Customary Fee. The hourly rates sought herein are commensurate with the rates charged by other practitioners of similar experience levels in the Northern District of Texas. During the course of these proceedings, the following lawyers at QSC&L have performed legal services on behalf of the Receiver with respect to these proceedings: Mike Quilling (\$275.00 per hour), licensed in 1982 and Board Certified in Business Bankruptcy Law and Civil Trial Law; Ken Hill (\$200.00 per hour) licensed in 1991; and Dee Raibourn (\$170.00 per hour), licensed in 1998. During the course of these proceedings, the following lawyers at Holden Brodman have performed legal services on behalf of the Receiver: Michael Holden (\$200.00 per hour) licensed in 1981; Kevin Kasarjian (\$135.00 per hour) licensed in 1999.

(f) Whether the Fee is Fixed or Contingent. The Receiver's, QSC&L's and Holden Brodman's fees are fixed insofar as monies exist by way of Receivership Assets from which to pay such fees. Payment of such fees, however, is subject to Court approval.

(g) Time Limitations Imposed by the Client or Other Circumstances. The time requirements during the period covered by this Application have been normal.

(h) The Amount Involved and the Results Obtained. The National Union Litigation is an action by an insurance company to essentially rescind \$10 million of bonds which it issued to United Holdings, an entity controlled by Jeffrey Matz. The Receiver has counterclaimed alleging that the bonds are valid and the amount of the bonds should be paid to the Receiver to help cover losses as to the fraudulent Hammersmith program. During the period covered by this Application the Receiver has continued discovery in the case and has pursued settlement discussions.

(i) The Experience, Reputation, and Ability of the Attorneys. QSC&L has several attorneys who specialize exclusively in the practice of civil trial law. The practice of those attorneys regularly includes the representation of bankruptcy trustee and receivers. The reputation of

QSC&L's attorneys is recognized and respected in the community. Holden Brodman is an experienced law firm and regularly handles fidelity bond cases. Its reputation in its community is well-respected.

(j) The Undesirability of the Case. The representation of the Receiver incident to this case has not been undesirable.

(k) The Nature and Length of the Professional Relationship with the Client. QSC&L did not represent the Receiver in these proceedings prior to being retained in these proceedings. Holden Brodman did not represent the Receiver prior to being retained in these proceedings.

(l) Award in Similar Cases. The Receiver believes that the fees requested in this case are less than or equal to those which have been awarded in similar cases in this District.

WHEREFORE, PREMISES CONSIDERED, the Receiver, QSC&L and Holden Brodman request that this Court approve all of the fees and expenses as set forth herein and for such other and further relief, general or special, at law or in equity, to which the Receiver, QSC&L and Holden Brodman may show themselves justly entitled.

Respectfully submitted,

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

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By: 

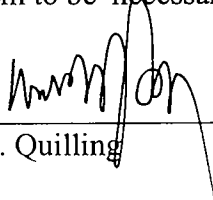
Michael J. Quilling

State Bar No. 16432300

ATTORNEYS FOR 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. The SEC consents to payment of the requested fees and expenses and believes them to be necessary and reasonable.

  
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Michael J. Quilling

**CERTIFICATE OF SERVICE**

I hereby certify that on the 4<sup>th</sup> day of June, 2002 a true and correct copy of the foregoing document was served via first class mail, postage pre-paid, on:

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

The Application will also be posted on the Receiver's website [www.secreceiver.com](http://www.secreceiver.com) immediately after filing.

  
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Michael J. Quilling