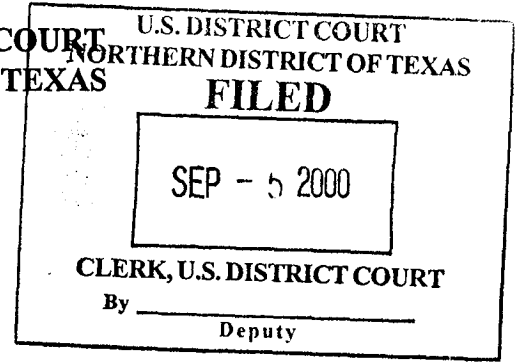


**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**



John Papagni, Pamela L. Albion, §
Byron W. Bacchi Irrevocable §
Trust, by Eddie M. Bacchi, Trustee, §
Eddie M. Bacchi & Virginia M. §
Bacchi 1991 Living Trust, by Eddie §
Bacchi, Trustee, And William L. Bacchi §
& Terri L. Bacchi Revocable §
Trust, by William L. Bacchi, Trustee, §

Plaintiffs, §

v. §

Hammersmith Trust, L.L.C., §
David Gilliland, [Jane Doe] §
Gilliland, [John Doe] Tsang §
[John Doe] Houran, And [John Doe] §
Van Aggol, §
Defendants. §

Civil Action No: 3:00-CV-1065-M

**RECEIVER'S FIRST INTERIM APPLICATION TO
ALLOW AND PAY (1) RECEIVER'S FEES AND EXPENSES
AND (2) ATTORNEYS' FEES AND EXPENSES AND BRIEF IN SUPPORT**

TO THE HONORABLE JEFF KAPLAN, UNITED STATES MAGISTRATE JUDGE:

Michael J. Quilling, Receiver, files this his First Interim Application to Allow and Pay (1) Receiver's Fees and Expenses and (2) Attorneys' Fees and Expenses and in support of such would show unto the Court as follows:

BACKGROUND

1. On November 13, 1998, the Securities and Exchange Commission ("SEC") initiated Civil Action No. 3:98-CV-2689-M styled *Securities and Exchange Commission vs. Funding*

Resources Group, et al (the "SEC 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 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, Clutts & Lownds, P.C., now known as 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. These proceedings were initially instituted by the Plaintiffs (defrauded Hammersmith Trust investors) in San Francisco, California against Hammersmith Trust and its principal, David Gilliland. The case was transferred to this Court after the receivership as to each of the Plaintiffs was put in place.

5. On August 24, 2000 the Court entered its Order regarding the Receiver's proposed budget pursuant to which the Court established procedures for fee applications to be submitted by the Receiver. This Application is submitted pursuant to that Order.

6. This Application seeks approval and payment of the fees and reimbursement of expenses for the Receiver and QSC&L for the time period from June 1, 2000 through

August 31, 2000. The Receiver did not establish a separate billing file for these proceedings until June 1, 2000.

7. During the period covered by this Application, the Receiver has incurred fees and expenses with respect to his activities as Receiver and with respect to QSC&L as to these proceedings on a monthly basis as follows:

<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
June 2000	\$ 810.00	\$ 0.00
July 2000	1,330.00	30.00
August 2000	<u>2,075.00</u>	<u>0.00</u>
TOTAL:	\$4,215.00	\$ 30.00

8. Exhibit "A," which is attached hereto and incorporated herein by reference for all purposes conveys the following information for the time period of June 1, 2000 through August 31, 2000: (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."

JOHNSON FACTORS

9. In support of this request for allowance of compensation and reimbursement of expenses, the Receiver and QSC&L 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 and QSC&L are addressed below.

(a) The Time and Labor Required. The Receiver and QSC&L respectfully refer the Court’s attention to Exhibit “A” which details the involvement of the Receiver and QSC&L’s attorneys in this case during the three month period covered by this Application during which a total of more than 19 hours of attorney and Receiver time have been expended.

(b) The Novelty and Difficulty of the Questions. Many of the tasks reflected in Exhibit “A” 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. Both the Receiver and QSC&L 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.

(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 (\$250.00 per hour), licensed in 1982 and Board Certified in Business Bankruptcy Law and Civil Trial Law and Andy Trusevich (\$200.00 per hour), licensed in 1992 and Board Certified in Labor and Employment Law.

(f) Whether the Fee is Fixed or Contingent. The Receiver's and QSC&L'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. During the period covered by this Application, the parties have complied with Court Orders regarding scheduling and budgets and have negotiated the amounts of Agreed Judgments. The documents are in the process of being prepared.

(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.

(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.

(1) Award in Similar Cases. QSC&L 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 and QSC&L 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 and QSC&L may show themselves justly entitled.

Respectfully submitted,

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

2001 Bryan Street, Suite 1800

Dallas, Texas 75201

(214) 871-2100 (Telephone)

(214) 871-2111 (Facsimile)

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.

Michael J. Quilling

CERTIFICATE OF SERVICE

I hereby certify that on the 5th day of September, 2000 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

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

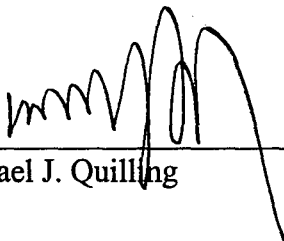
Wendell A. Odom, Jr.
440 Louisiana, Suite 800
Houston, Texas 77002

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

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

Michael G. Schwartz
Gray Cary Ware & Freidenrich L.L.P.
3340 Hillview Avenue
Palo Alto, CA 94304

Jim F. Adams
Passman & Jones
2500 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270-2599



Michael J. Quilling

QUILLING, SELANDER, CUMMISKEY & LOWNDS

A PROFESSIONAL CORPORATION
ATTORNEYS AND COUNSELORS

BRYAN TOWER
2001 BRYAN STREET, SUITE 1800
DALLAS, TEXAS 75201-4240

TELEPHONE: (214) 871-2100
TELECOPIER: (214) 871-2111

TAX ID #75-2459334

Michael J. Quilling, Receiver

Page: 1
06/30/00
Client No: 911-57M
Invoice No: 40416

Re: Funding Resources - John Papagani

	Hours	
06/02/00		
AMT Draft Agreed Motion to Transfer re: Papagani/ Hammersmith case (.5); Draft Order re: Motion to transfer re: Papagani/Hammersmith (.3).	.80	160.0
06/05/00		
MJQ Review and analysis of voluminous documents relating to Papagani lawsuit and claims of Plaintiff against receivership estate.	2.50	625.0
06/07/00		
MJQ Preparation of letter to Mike Schwartz.	.10	25.0
	----	----
For Current Services Rendered	3.40	810.0

Timekeeper	Recapitulation		Total
	Hours	Hourly Rate	
-----	-----	-----	-----
Michael J. Quilling	2.60	\$250.00	\$650.00
Andy M. Trusevich	0.80	200.00	160.00

Total Current Work 810.0

Balance Due \$810.0
=====

NOTE: PLEASE REFERENCE THE CLIENT NO. WITH PAYMENT

**PLEASE NOTE: NEW BILLING ADDRESS
DUE AND PAYABLE UPON RECEIPT**



QUILLING SELANDER, CUMMISKEY & LOWNDS

**A PROFESSIONAL CORPORATION
ATTORNEYS AND COUNSELORS**

**BRYAN TOWER
2001 BRYAN STREET, SUITE 1800
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**TELEPHONE: (214) 871-2100
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TAX ID #75-2459334

Michael J. Quilling, Receiver

Page: 1
07/31/00

Client No: 911-57M
Invoice No: 40975

Re: Funding Resources - John Papagani

	Hours	
07/13/00		
MJQ Review of materials from Mike Schwartz and prepare for pre-trial scheduling meeting (1.0); attend portion of pre-trial scheduling meeting (.5); meeting with Jim Adams regarding case issues (.5).	2.00	500.00
07/14/00		
MJQ Telephone conference with Jim Adams discussing issues relating to judgments (.1); preparation of letter to Jim Adams (.1).	.20	50.00
AMT Prepare joint status report and attend meeting in relation to Judge Kaplan's Order.	2.50	500.00
07/17/00		
AMT Prepare final joint status report.	.40	80.00
07/24/00		
MJQ Preparation of Receiver's Proposed Litigation Budget.	.70	175.00
07/25/00		
MJQ Telephone conference with Jim Adams discussing changes to Joint Status Report.	.10	25.00
	-----	-----
For Current Services Rendered	5.90	1,330.00

**PLEASE NOTE: NEW BILLING ADDRESS
DUE AND PAYABLE UPON RECEIPT**

Michael J. Quilling, Receiver

Page: 2
07/31/00

Client No: 911-57M
Invoice No: 40975

Re: Funding Resources - John Papagani

Timekeeper -----	Recapitulation		Total -----
	Hours -----	Hourly Rate -----	
Michael J. Quilling	3.00	\$250.00	\$750.00
Andy M. Trusevich	2.90	200.00	580.00
Telecopies			5.00
Courier Deliveries			25.00

Total Expenses Thru 07/31/00			30.00
Total Current Work			1,360.00
Balance Due			\$1,360.00 =====

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Michael J. Quilling, Receiver

Page: 1
08/31/00
Client No: 911-57M
Invoice No: 41524

Re: Funding Resources - John Papagani

	Hours	
08/06/00 MJQ Review and calendar Order regarding budget hearing (.1); preparation of letter to opposing counsel regarding same (.1).	.20	50.00
08/07/00 AMT Draft Agreed Motion and judgments re: (a) John Papagni/Pam Albion (.6), Eddie Bacchi Living Trust (.5), Virginia Bacchi (.6), Byron Bacchi (.5); discussion with Michael Swartz re: motions and agreed judgments (.4).	2.70	540.00
08/23/00 AMT Review John Papagni/Pam Albion Motion and Order sent to Plaintiff's counsel, Pam Davis (.4) and telephone conversation with Pam Davis re: same (.3); review William Bacchi Motion and Order sent to Pam Davis (.4) and telephone conversation with Pam Davis re: same (.3); review Eddie Bacchi Motion and Order sent to Pam Davis (.4) and telephone conversation with Pam Davis re: same (.3); review Byron Bacchi Motion and Order sent to Pam Davis (.4) and telephone conversation with Pam Davis re: same (.3); make changes requested by Pam Davis to all four Motions and Orders (1.6).	4.40	880.00
08/24/00 MJQ Review of file materials to determine judgment amount discrepancy (.5); telephone conference with opposing counsel regarding same (.2).	.70	175.00

**PLEASE NOTE: NEW BILLING ADDRESS
DUE AND PAYABLE UPON RECEIPT**

Michael J. Quilling, Receiver

Page: 2
08/31/00

Client No: 911-57M
Invoice No: 41524

Re: Funding Resources - John Papagani

	Hours		
AMT Make changes to final judgment and send copies to Pam Davis.	1.40	280.00	
08/30/00 MJQ Preparation of Fee Application and Order regarding the same.	.60	150.00	
	-----	-----	
For Current Services Rendered	10.00	2,075.00	
Recapitulation			
Timekeeper	Hours	Hourly Rate	Total
-----	-----	-----	-----
Michael J. Quilling	1.50	\$250.00	\$375.00
Andy M. Trusevich	8.50	200.00	1,700.00
Total Current Work			2,075.00
Balance Due			\$2,075.00
			=====

NOTE: PLEASE REFERENCE THE CLIENT NO. WITH PAYMENT