

1 Michael F. Lynch, Esq.
2 Nevada Bar No. 8555
3 LYNCH LAW PRACTICE, PLLC
4 3613 S. Eastern Ave.
5 Las Vegas, Nevada 89169
6 702.684.6000
7 702.543.3279 (fax)
8 Michael@LynchLawPractice.com

9 *Attorney for the Receiver,*
10 *Robb Evans & Associates LLC*

11 **UNITED STATES DISTRICT COURT**
12 **DISTRICT OF NEVADA**

13 SECURITIES AND EXCHANGE
14 COMMISSION,

15 Plaintiff,

16 vs.

17 EDWIN YOSHIHIRO FUJINAGA and
18 MRI INTERNATIONAL, INC.,

19 Defendants,

20 and

21 CSA SERVICE CENTER, LLC
22 THE FACTORING COMPANY,
23 JUNE FUJINAGA, and
24 THE YUNJU TRUST,

25 Relief Defendants.

Case No.: 2:13-cv-01658-JCM-CWH

**NOTICE OF MOTION AND MOTION FOR
ORDER**

**(1) APPROVING AND AUTHORIZING
PAYMENT OF RECEIVER'S AND
PROFESSIONALS' FEES AND
EXPENSES FROM JANUARY 1, 2018
THROUGH JUNE 30, 2018; AND**

**(2) GRANTING RELIEF FROM LOCAL
CIVIL RULE 66-5 PERTAINING TO
NOTICE TO CREDITORS**

26 **PLEASE TAKE NOTICE** that Robb Evans & Associates LLC (the "Receiver"),
27 pursuant to the Court's Order Appointing a Full Equity Receiver to Assume Control Over the
28 Defendants' Assets and Enforce the Final Judgment (ECF No. 226) entered on May 15, 2015,
hereby moves the Court for the following relief:

1. An order approving and authorizing payment of receivership fees and expenses
incurred for the six-month period from January 1, 2018 through June 30, 2018 (the "Reporting
Period"), including payment of the fees of the Receiver, its deputies, agents, staff and

1 professionals, and reimbursement of costs incurred during the six (6) month Reporting Period,¹
2 in the total sum of \$219,546.01:

3 a. The Receiver's fees, including those of its deputies, agents and staff, in the
4 amount of \$33,734.25, its expenses in the amount of \$2,354.26, and business
5 entity expenses in the amount of \$13,798.31;

6 b. Expenses relating to the estate's real property in the amount of
7 \$113,980.57;

8 c. Lynch Law Practice, PLLC's fees in the amount of \$54,222.25 and its
9 expenses in the amount of \$1,456.37;

10 2. An order deeming the foregoing notice of this Motion to be sufficient under Local
11 Civil Rule 66-5 based on the service of this Motion on all known non-consumer creditors of the
12 estate, but not the tens of thousands of potential consumer creditors of the estate.

13 This Motion is made pursuant to Local Civil Rules 7-2 and 66-5, the accompanying
14 memorandum of points and authorities, the contemporaneously filed: Notice of Filing Report of
15 Receiver's Activities from January 1, 2018 through June 30, 2018 and its attachment (ECF No.
16 500); the Declarations of Brick Kane and Michael Lynch, and all attachments thereto, the facts
17 of this case, and all other pleadings and/or documentary evidence as may be presented to the
18 Court by the Receiver.

19 **MEMORANDUM OF POINTS AND AUTHORITIES**

20 **I. Introduction.**

21 Robb Evans & Associates LLC was appointed receiver (the "Receiver") in the above-
22 captioned case by that certain Order Appointing an Equitable Receiver entered on February 23,
23 2015 (ECF No. 194) as enlarged on May 15, 2015, when the Court entered its Order Appointing
24 a Full Equitable Receiver to Assume Control over the Defendants' Assets and Enforce the Final
25 Judgment (the "Order Appointing Receiver") (ECF No. 226).

26
27

¹ As part of the Receiver's last application for fees, the Receiver requested an order authorizing
28 it to file bi-annual reports and fee applications instead of quarterly reports and fee applications as
previously directed (ECF No. 483). The Court granted the Receiver's request and entered an
order authorizing the bi-annual filings. (ECF No. 495).

1 The Receiver's first interim application for fees was filed on July 16, 2015, which
2 covered the period of February 23, 2015, through March 31, 2015, and was approved by order of
3 this Court entered on August 10, 2015. (ECF Nos. 244, 258). The Receiver's second interim
4 application for fees and costs, which covered the period of April 1, 2015 through September 30,
5 2015, was approved by order of this Court entered on December 24, 2015 (ECF Nos. 284, 294).
6 The Receiver's third interim application for fees and costs, which covers the period October 1,
7 2015 through December 31, 2015, was approved by order of this Court on April 1, 2016 (ECF
8 Nos. 313, 319). The Receiver's fourth motion for approval of fees and costs, which covered the
9 period of January 1, 2016 through March 31, 2016, was approved by order of this Court entered
10 on June 22, 2016 (ECF Nos. 337, 344). The Receiver's fifth motion for approval of fees and
11 costs, which covered the period of April 1, 2016 through June 30, 2016, was approved by order
12 of this Court entered on September 23, 2016 (ECF Nos. 352, 360). The Receiver's sixth motion
13 for approval of fees and costs, which covered the period of July 1, 2016 through September 30,
14 2016, was approved by order of this Court entered on February 2, 2017 (ECF Nos. 376, 385).
15 The Receiver's seventh motion for approval of fees and costs, which covered the period of
16 October 1, 2016 through December 31, 2016, was approved by order of this Court entered on
17 May 15, 2017 (ECF Nos. 415, 421). The Receiver's eighth motion for approval of fees and costs,
18 which covered the period January 1, 2017 through March 31, 2017, was approved by order of
19 this Court entered on June 9, 2017 (ECF Nos. 423, 429). The Receiver's ninth motion for
20 approval of fees and costs, which covered the period April 1, 2017 through June 30, 2017, was
21 approved by order of this Court entered on September 5, 2017 (ECF Nos. 441, 448). The
22 Receiver's tenth motion for approval of fees and costs, which covered the period July 1, 2017
23 through September 30, 2017, was approved by order of this Court entered on February 23, 2018
24 (ECF Nos. 461, 481). The Receiver's eleventh application for fees and costs, which covered the
25 period from October 1, 2017 through December 31, 2017, was approved by order of this Court
26 entered on May 3, 2018 (ECF Nos. 483, 495).

27 This is the Receiver's eleventh interim application for approval of fees and costs and
28 covers the period from January 1, 2018 through June 30, 2018 (the "Reporting Period").

1 **II. Summary of Operations During the Reporting Period.**

2 The Receiver's activities during the Reporting Period are described in the Receiver's
3 Report filed contemporaneously herewith (ECF No. 500) (the "Receiver's Report").

4 **III. Ongoing Administrative and Other Activities by the Receiver and its Counsel.**

5 In addition to the activities summarized in the Receiver's Report, the Receiver's services
6 and those of its counsel include numerous other administrative and legal activities during this
7 Reporting Period. The Receiver's deputies and staff respond to and cooperate with law
8 enforcement inquiries and activities as required. The Receiver's deputies and staff respond to
9 inquiries from creditors, prepare and reconcile the Receiver's accounting records for the case,
10 address tax issues concerning the estate, deal with banks and other financial institutions which
11 may have receivership funds or documentation for accounts of Receivership Defendants and
12 perform other similar administrative tasks.

13 The Receiver's counsel prosecutes and defends various lien claims and reviews and
14 monitors Court filings in federal and state cases as they may pertain to the interests of the estate,
15 responds to inquiries received from creditors and others, including taxing authorities, issues
16 demand letters to protect and investigate assets of the estate, files notices of pending actions to
17 protect real estate assets if deemed appropriate, and also performs numerous other tasks in
18 advising the Receiver and rendering services as the Receiver's counsel to protect the estate,
19 pursue claim enforcement, and advance the interests of the estate.

20 Numerous and varied issues arise in the supervision and administration of the estate by
21 the Receiver which are detailed in the billing records of the Receiver and its counsel attached to
22 the Declarations of Brick Kane and Michael Lynch filed in support of this Motion. The Receiver
23 performs regular accounting and bank reconciliations for the receivership accounts and maintains
24 and updates creditor lists for the case and responds to the inquiries of known or putative creditors
25 and other parties.

26 **IV. The Fees and Expenses of the Receiver and Its Professionals Should Be Approved.**

27 It is a fundamental tenet of receivership law that expenses of administration incurred by a
28 receiver, including those of the Receiver, its counsel and others employed by the Receiver,

1 constitute priority expenses for which compensation should be paid from the assets of the
2 receivership. As explained in the leading receivership treatise, Clark on Receivers:

3 The obligations and expenses which the court creates in its
4 administration of the property are necessarily burdens on the
5 property taken possession of, and this, irrespective of the question
6 who may be the ultimate owner, or who may have the preferred
7 lien, or who may invoke the receivership. The appointing court
8 pledges its good faith that all duly authorized obligations incurred
9 during the receivership shall be paid.

10 2 Clark, Ralph Ewing, A Treatise on the Law and Practice of Receivers § 637, p. 1052 (3rd ed.
11 1992) (internal citations omitted).

12 The Motion, and the declarations and the exhibits thereto submitted in support hereof,
13 establish that the Receiver, its deputies, staff and counsel rendered extensive and complex
14 services and obtained significant and beneficial results for the receivership estate during the
15 Reporting Period. *See Federal Trade Commission v. Capital Acquisitions & Management Corp.*,
16 2005 U.S. Dist. LEXIS 18504 (N.D. Ill. August 26, 2005). The activities in the receivership by
17 both the Receiver and its counsel are wide-ranging and varied as the Receiver has taken control
18 of and obtained information regarding scores of entities in numerous locations, protected and
19 preserved records, taken control of and liquidated assets, and obtained voluminous banking,
20 financial and business records from many various sources, as set forth in more detail in the
21 Receiver's Report. The billing rates charged in this case and reflected in the billing records filed
22 in support of this Motion, including the Receiver, the Receiver's members, and its senior
23 accounting staff, are discounted at 10% from the rates charged in private sector cases as of the
24 time of the Receiver's appointment.

25 The rates charged by counsel are also discounted by 10% from standard hourly billing
26 rates in place at the time of counsel's appointment. The Receiver submits that its fees and costs,
27 and those of its counsel, are reasonable considering the services rendered and the results obtained
28 and that the fees and expenses requested should be awarded in their entirety.

1 **V. Notice of This Motion Is Sufficient Under the Circumstances and Should Be**
2 **Approved.**

3 Local Civil Rule 66-5 provides for service of notice of a hearing on various motions by a
4 receiver concerning the administration of the estate. That rule provides for service of the notice
5 of hearing on such motions on all creditors of the receivership estate. No hearing has been set on
6 this Motion and the provisions of Local Civil Rule 66-5 do not specifically apply. Nevertheless,
7 the Receiver will serve the Motion on the parties, the affected lienholders, and on all known non-
8 consumer creditors of the estate and on known taxing authorities with a potential claim in the
9 receivership estate (“Notice Parties”), to provide them notice and an opportunity to be heard
10 concerning the Motion. As described more precisely below, this notice is consistent with notices
11 previously approved by the Court in this case.

12 In this case, there are believed to be many potential consumer creditors who may have
13 claims against the receivership defendants arising out of the business operations of the
14 receivership defendants prior to the Receiver’s appointment, although the precise number,
15 identity and location of such consumer creditors have not been determined by the Receiver. The
16 Receiver has had discussions for counsel representing many of the foreign investors and has been
17 advised that the number of consumer creditors is likely in the thousands. It is not realistically
18 possible or beneficial to the estate and its creditors for the Receiver to attempt to identify and
19 serve the potential consumer creditors with notice of this and other similar administrative
20 motions, and the expense and burden on the estate of attempting to effectuate such service would
21 drain the estate’s resources and cause undue administrative expense.

22 Based on the foregoing, to the extent that Local Civil Rule 66-5 applies to this motion,
23 the Receiver seeks an order providing that the notice requirement of that rule shall be deemed
24 satisfied if notice of the filing of the motion is given by serving copies of all motion papers on
25 the parties to the action and by serving copies on all known non-consumer creditors. The
26 Receiver submits that such service provides sufficient notice and an opportunity for hearing to
27 the interested parties and should be approved as adequate. This limited notice is consistent with
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1 the notice approved by the court concerning prior fee motions. (*See e.g.*, ECF Nos. 421, 429,
2 448, 481, 495).

3 There is ample authority for approval of the scope and method of notice as set forth
4 above. This Court, as a court of equity supervising the receivership estate, may make appropriate
5 administrative orders governing the receivership, including limitations on and changes in notice
6 and other procedures. *See* Fed. R. Civ. Proc. 5(a) and (c) (authorizing the court to modify service
7 procedures when numerous defendants are involved in litigation).

8 **VI. Conclusion.**

9 For the foregoing reasons, it is respectfully requested that the Court grant relief as
10 requested in the Motion in its entirety.

11 Dated October 12, 2018.

12 **LYNCH LAW PRACTICE, PLLC**

13 /s/ Michael F. Lynch
14 Nevada Bar No. 8555
15 3613 S. Eastern Ave.
16 Las Vegas, Nevada 89169
17 702.684.6000
18 702.543.3279 (fax)
19 Michael@LynchLawPractice.com

20 *Attorney for the Receiver,*
21 *Robb Evans & Associates LLC*

1 Michael F. Lynch, Esq.
Nevada Bar No. 8555
2 **LYNCH LAW PRACTICE, PLLC**
3613 S. Eastern Ave.
3 Las Vegas, Nevada 89169
702.684.6000
4 702.543.3279 (fax)
Michael@lynchlawpractice.com

5 *Attorney for the Receiver*
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7
8 **UNITED STATES DISTRICT COURT**
9 **DISTRICT OF NEVADA**

10 SECURITIES AND EXCHANGE
COMMISSION,

11
12 Plaintiff,
vs.

13 EDWIN YOSHIHIRO FUJINAGA and
MRI INTERNATIONAL, INC.,

14
15 Defendants,
and

16 CSA SERVICE CENTER, LLC
THE FACTORING COMPANY,
17 JUNE FUJINAGA, and
THE YUNJU TRUST,

18
19 Relief Defendants.

Case No.: 2:13-cv-01658-JCM-CWH

**DECLARATION OF BRICK KANE IN
SUPPORT OF MOTION FOR ORDER**

**(1) APPROVING AND AUTHORIZING
PAYMENT OF RECEIVER'S AND
PROFESSIONALS' FEES AND
EXPENSES FROM JANUARY 1, 2018
THROUGH JUNE 30, 2018; AND**

**(2) GRANTING RELIEF FROM LOCAL
CIVIL RULE 66-5 PERTAINING TO
NOTICE TO CREDITORS**

20 I, Brick Kane, declare:

21 1. I am the president and chief operating officer of Robb Evans & Associates LLC,
22 the court-appointed equitable receiver (the "Receiver"). I am one of the members of the
23 Receiver primarily responsible for the supervision and administration of the Receivership estate.
24 If called upon to testify as to the facts set forth in this declaration, I could and would testify
25 competently thereto as the facts are personally known to me to be true or I have gained
26 knowledge of the facts through my supervision and administration of the Receivership estate.

27 2. On January 27, 2015, the Clerk of Court entered judgment against Defendants
28 (ECF No. 189) (the "Judgment") pursuant to the Court's order granting summary judgment in

1 favor of plaintiff Securities and Exchange Commission (the “SEC”).

2 3. On February 23, 2015, the Court issued its Order Appointing an Equitable
3 Receiver (ECF No. 194) pursuant to which the Receiver was appointed as receiver for various
4 commercial properties and their rents and profits as more fully set forth therein.

5 4. On February 25, 2015, the Court issued its Rule 54(b) Certification (ECF No.
6 195) pursuant to which the judgment was made final as to the Defendants.¹

7 5. The Receiver’s duties and responsibilities were enlarged by that certain Order
8 Appointing a Full Equitable Receiver to Assume Control over the Defendants’ Assets and
9 Enforce the Final Judgment entered on May 15, 2015 (the “Order Appointing Receiver”) (ECF
10 No. 226). The Order Appointing Receiver supersedes the previous order, and directs Receiver to
11 take and retain immediate possession, custody, and control of all assets owned or controlled,
12 directly or indirectly, by any of the Defendants in the SEC Receivership Litigation. *Id.*

13 6. On July 16, 2015, the Receiver filed its first motion for approval and payment of
14 Receiver’s fees and expenses, which was approved by order of this Court entered on August 10,
15 2015 (ECF Nos. 244, 258).

16 7. On November 30, 2015, the Receiver filed its second motion for approval and
17 payment of Receiver’s fees and expenses, which was approved by order of this Court entered on
18 December 24, 2015 (ECF Nos. 284, 294).

19 8. On March 14, 2016, the Receiver filed its third motion for approval of fees and
20 costs, which covered the period of October 1, 2015 through December 31, 2015, which was
21 approved by order of this Court entered on April 1, 2016 (ECF Nos. 313, 319).

22 9. On May 31, 2016, the Receiver filed its fourth motion for approval of fees and
23 costs, which covered the period of January 1, 2016 through March 31, 2016, which was
24 approved by order of this Court entered on June 22, 2016 (ECF Nos. 337, 344).

25 ¹ Subsequently, the Court entered Amended Final Judgment Against Relief Defendants June
26 Fujinaga and the Yunju Trust on March 14, 2016 (ECF No. 317) (the “Final Judgment”), which
27 provides: “This Final Judgment, and the assets and funds of June Fujinaga and The Yunju Trust
28 up to the amount of the Final Judgment [of \$2,333,382.18], are included in the Receivership
Estate established by the Court’s May 20, 2015 Order Appointing a Full Equitable Receiver
(ECF No. 226), and all of the provisions of that Order are incorporated by reference and
applicable herein.” ECF No. 317 at §§ A, F.

1 10. On August 29, 2016, the Receiver filed its fifth motion for approval of fees and
2 costs, which covered the period of April 1, 2016 through June 30, 2016, which was approved by
3 order of this Court entered on September 23, 2016 (ECF Nos. 352, 360).

4 11. On December 21, 2016, the Receiver filed its sixth motion for approval of fees
5 and costs, which covered the period of July 1, 2016 through September 30, 2016, which was
6 approved by order of this Court entered on February 2, 2017 (ECF Nos. 376, 385).

7 12. On April 28, 2017, the Receiver filed its seventh motion for approval of fees and
8 costs, which covered the period of October 1, 2016 through December 31, 2016, which was
9 approved by order of this Court entered on May 15, 2017 (ECF Nos. 415, 421).

10 13. On May 25, 2017, the Receiver filed its eighth motion for approval of fees and
11 costs, which covered the period of January 1, 2017 through March 31, 2017, which was
12 approved by order of this Court entered on June 9, 2017 (ECF Nos. 423, 429).

13 14. On August 14, 2017, the Receiver filed its ninth motion for approval of fees and
14 costs, which covered the period of April 1, 2017 through June 30, 2017, which was approved by
15 order of this Court entered on September 5, 2017 (ECF Nos. 441, 448).

16 15. On December 20, 2017, the Receiver filed its tenth motion for approval of fees
17 and costs, which covered the period of July 1, 2017 through September 30, 2017, (ECF No. 461),
18 which was approved by order of this Court entered on February 23, 2018 (ECF Nos. 481).

19 16. On February 28, 2018, the Receiver filed its eleventh motion for approval of fees
20 and costs, which covered the period from October 1, 2017 through December 31, 2017, (ECF
21 No. 483), was approved by order of this Court entered on May 3, 2018 (ECF No. 495).

22 17. Contemporaneously herewith, the Receiver filed its detailed Report of Receiver's
23 Activities from January 1, 2018 through June 30, 2018 (the "Receiver's Report").

24 18. The term "Reporting Period" shall refer to the period from January 1, 2018
25 through June 30, 2018.

26 19. This Declaration is made and submitted in support of the Receiver's Motion for
27 Order (1) Approving and Authorizing Payment of Receiver's and Professionals' Fees and
28

1 Expenses from January 1, 2018 Through June 30, 2018; and (2) Granting Relief from Local Civil
2 Rule 66-5 Pertaining to Notice to Creditors, filed contemporaneously herewith.

3 20. As a member of Robb Evans & Associates LLC, I am familiar with the methods
4 and procedures used by the Receiver and its staff and employees to record the time spent
5 rendering services to receivership estates over which the Receiver has been appointed. The
6 invoices attached hereto as **Exhibit "1"** are regularly prepared by the members, staff and
7 employees of the Receiver at or about the time of the services rendered and each of whom has a
8 business duty to accurately record the information regarding their services set forth in these
9 records. The records are reviewed by the Receiver's accounting staff, summarized in the
10 Receiver's financial summary included within the Receiver's Report, and redacted only as the
11 Receiver has deemed necessary to preserve confidential, sensitive, tactical, strategic, attorney-
12 client privileged and/or attorney work-product information. Based upon my experience with
13 Robb Evans & Associates LLC, I believe the Receiver's methods and procedures for recording
14 and accounting for time and services for the Receivership estates over which the Receiver has
15 been appointed are reliable and accurate.

16 21. The applicant has not entered into any agreement, written or oral, express or
17 implied, with any other person concerning the amount of compensation paid or to be paid from
18 the assets of the estate, or any sharing thereof.

19 22. I have carefully read, reviewed, and assisted in drafting the Receiver's Report of
20 its activities during the Reporting Period, which report is incorporated herein by this reference,
21 and I hereby affirm that the statements, figures, and calculations made therein are true, accurate,
22 and correct to the best of my information, knowledge and belief.

23 I declare under penalty of perjury under the law of the State of Nevada that the foregoing
24 is true and correct.

25 Dated: *October 11, 2018*



26 Brick Kane
27 President and Chief Operating Officer of the
28 Receiver, Robb Evans & Associates LLC

1 Michael F. Lynch, Esq.
Nevada Bar No. 8555
2 **LYNCH LAW PRACTICE, PLLC**
3613 S. Eastern Ave.
3 Las Vegas, Nevada 89169
702.684.6000
4 702.543.3279 (fax)
Michael@lynchlawpractice.com

5 *Attorney for the Receiver*
6 *Robb Evans & Associates LLC*

7 **UNITED STATES DISTRICT COURT**
8 **DISTRICT OF NEVADA**

9 SECURITIES AND EXCHANGE
10 COMMISSION,

11 Plaintiff,

12 vs.

13 EDWIN YOSHIHIRO FUJINAGA and
MRI INTERNATIONAL, INC.,

14 Defendants,

15 and

16 CSA SERVICE CENTER, LLC
THE FACTORING COMPANY,
17 JUNE FUJINAGA, and
18 THE YUNJU TRUST,

19 Relief Defendants.

Case No.: 2:13-cv-01658-JCM-CWH

**DECLARATION OF MICHAEL LYNCH
IN SUPPORT OF MOTION FOR ORDER**

**(1) APPROVING AND AUTHORIZING
PAYMENT OF RECEIVER'S AND
PROFESSIONALS' FEES AND
EXPENSES FROM JANUARY 1, 2018
THROUGH JUNE 30, 2018; AND**

**(2) GRANTING RELIEF FROM LOCAL
CIVIL RULE 66-5 PERTAINING TO
NOTICE TO CREDITORS**

20 I, Michael F. Lynch, declare:

21 1. I am an attorney at law duly licensed and authorized to practice before all courts
22 in the State of Nevada, and am the managing member of Lynch Law Practice, PLLC ("Lynch
23 Law"), court-appointed counsel for Robb Evans & Associates LLC, the court-appointed
24 equitable receiver (the "Receiver"). If called upon to testify as to the facts set forth in this
25 declaration, I could and would testify competently thereto as the facts are personally known to
26 me to be true.

27 2. On July 16, 2015, the Court appointed Lynch Law as counsel for the Receiver by
28 minute order (ECF No. 247), and the proposed Order Appointing Counsel for Receiver (ECF No.

1 250) which was approved by minute order of the Court entered on August 20, 2015 (the “Order
2 Appointing Counsel”). (ECF No. 261).

3 3. The Order Appointing Counsel provides that, upon the request of the Receiver,
4 the Receiver’s counsel shall provide legal assistance to the Receiver in connection with the
5 discharge of the Receiver’s duties and responsibilities pursuant to the Order Appointing
6 Receiver,¹ and directed the Receiver’s counsel to neither perform, nor seek compensation for,
7 any of the non-legal tasks enumerated in the Order Appointing Receiver.

8 4. The Order Appointing Counsel authorizes Lynch Law to provide legal assistance
9 in connection with the following:

10 a. Providing legal advice to the Receiver concerning the Order Appointing
11 Receiver, including the legal interpretation of any provisions contained therein, or any
12 other order or filing in this case concerning the Receiver;

13 b. Providing legal advice to the Receiver concerning the disposition or
14 possession of any assets subject to the Order Appointing Receiver, including records
15 containing personal, financial or medical information and controlled substances;

16 c. Providing legal advice and representation in connection with obtaining
17 cooperation, compliance or assistance from the Defendants or any other entities claiming
18 to have an interest in the assets subject to the Order Appointing Receiver;

19 d. Providing legal advice and representation in connection with any civil or
20 criminal actions in which one or more of the Defendants is a party, but not including
21 *Takiguchi v. MRI International, Inc.*, Case No. 2:13-cv-1183 (D. Nev.);

22 e. Providing legal advice and representation in connection with any legal
23 claims made against the Defendants or any assets subject to the Order Appointing
24 Receiver; and

25 f. Providing legal advice and representation in connection with any civil or
26 other actions in which the Receiver is a party, including any legal actions instituted by the

27
28 ¹ The “Order Appointing Receiver” means the Order Appointing a Full Equitable Receiver to Assume Control over the Defendants’ Assets and Enforce the Final Judgment entered on May 15, 2015. (ECF No. 226).

1 Receiver pursuant to the Order Appointing Receiver, such as levying on assets, filing
2 collection actions or filing fraudulent transfer actions, and any legal filings requiring the
3 assistance of counsel.

4 5. The Order Appointing Counsel further provides that the compensation of Lynch
5 Law shall be fixed at \$310.50 per hour, which rate reflects a 10% discount on Lynch Law's
6 regular rate.

7 6. This Declaration is made and submitted in support of the Receiver's Motion for
8 Order (1) Approving and Authorizing Payment of Receiver's and Professionals' Fees and
9 Expenses from January 1, 2018 Through June 30, 2018; and (2) Granting Relief from Local Civil
10 Rule 66-5 Pertaining to Notice to Creditors (the "Motion") filed contemporaneously herewith.

11 7. The Motion seeks, among other relief, approval and authorization for payment of
12 receivership fees, costs, and expenses for the six-month period from January 1, 2018 through
13 June 30, 2018 (the "Reporting Period").

14 8. Lynch Law has acted as sole counsel for the Receiver since the Order Appointing
15 Counsel was entered. Lynch Law and the Receiver have coordinated their efforts to ensure that
16 the Receiver's and Lynch Law's responsibilities for work were strictly maintained to prevent
17 duplication of efforts.

18 9. Attached hereto as **Exhibit "1"**, are true and correct copies of Lynch Law's
19 invoices for fees and costs during the Reporting Period. The detailed descriptions of work done
20 on these invoices have been redacted where appropriate to preserve descriptions containing
21 confidential, sensitive, tactical, strategic, and attorney/client privileged and/or attorney work-
22 product information.

23 10. I personally enter time and/or personally verify billable time and cost entries in
24 the Lynch Law software at or about the time the billable time and costs are incurred. The
25 invoices attached hereto are prepared from computerized time and expense records prepared in
26 the ordinary course of business that accurately record the time actually spent and the expenses
27 actually incurred. The time records are entered into Lynch Law's time-keeping and billing
28 software that generates invoices reviewed by Michael Lynch. Based upon my experience and

1 personal involvement in this process, I believe that Lynch Law's methods and procedures for
2 recording and accounting for time and services for its clients are reliable and accurate.

3 11. During the Reporting Period, Lynch Law assisted the Receiver with its operations
4 described in its latest Receiver's report.

5 12. Lynch Law also engaged in multi-phase negotiations with Helen Tang's counsel
6 concerning funds held in an account held by Rabobank in a checking account held in the name of
7 One-Stop Pharmacy Corporation in an effort to resolve the disputed funds without litigation.
8 Lynch Law also engaged in additional investigative work pertaining to the funds in dispute.

9 13. Lynch Law participated, engaged, and assisted the Receiver's negotiations with
10 Relief Defendant June Fujinaga to have her voluntarily turnover a significant quantity of high-
11 value fine jewelry, artwork, and other valuable items.

12 14. Lynch Law assisted the Receiver and negotiated with counsel for a proposed
13 buyer of the Solvang Property (the last remaining piece of real property in the estate). These
14 negotiations were prolonged in part due to the buyer's increasing number, complexity, and
15 revisions of its concerns, including environmental studies, whether the Receiver could agree to a
16 firm closing date, the overbid process, and other terms, some of which are standard and
17 necessary provisions with respect to the sale of real property by receivers, and other issues that
18 involved complex issues raised by the proposed buyer concerning environmental, zoning, and
19 contract term negotiations. Lynch Law assisted the Receiver with the negotiation and agreement
20 finalized in a fully-executed proposed stipulated order between the Receiver and the Defendants
21 whereby the Defendants stipulated to the Receiver's proposed sale of the Solvang property.
22 During the Reporting Period, the Receiver was unable to file the executed stipulated order
23 approving the sale due to the proposed buyer's changing issues, concerns, and demands.

24 15. Lynch Law prepared a second motion to approve the Receiver's sale of the
25 Greensboro real property and personal property therein, after having cleared additional
26 underwriting concerns and having cleared further exceptions to the preliminary title report.
27 Lynch Law also assisted in handling the Receiver's overbid session and full compliance with the
28

1 approved terms of the sale. The Receiver's sale of the Greensboro Property was approved by the
2 Order of this Court entered on April 11, 2018 (ECF No. 492).

3 16. Lynch Law continues to: monitor the Court filings in this case and in the related
4 litigation as they pertain to the interests of the estate; respond to inquiries received from creditors
5 and others; investigate assets of the estate; file notices of pending actions to protect real estate
6 assets if deemed appropriate; and perform numerous other tasks in advising the Receiver and
7 rendering services as Receiver's counsel to protect the estate, pursue claim enforcement, and
8 advance the interests of the estate.

9 17. The fees incurred by Lynch Law during the six-month Reporting Period are
10 \$54,222.25, which fees were actually and necessarily incurred in its representation of the
11 Receiver. Lynch Law also incurred \$1,456.37 in costs during the Reporting Period, which costs
12 consist primarily of copying, postage, and service fees.

13 18. Michael Lynch has been practicing law in Nevada since 2003 and has been lead
14 counsel in over 50 receiverships in the Eighth Judicial District Court of Nevada, which
15 receiverships include obtaining Court approval of multiple sales of commercial real estate by
16 receivers and the successful consummation of those sales. Michael Lynch has successfully tried
17 numerous civil litigation cases, as well as by formal arbitration proceedings. Michael Lynch has
18 also been involved in approximately 120 bankruptcy proceedings and approximately 20 cases in
19 the United States District Court, District of Nevada. Mr. Lynch has tried cases in Clark County
20 Justic Court, Clark County District Court, the United States Bankruptcy Court, and in the United
21 States District Court. As of the date of this Declaration, Lynch Law is currently serving as
22 counsel in 3 federal equity receiverships and 4 federal equity monitor cases in this United States
23 District Court.

24 19. I believe my firm's rates and the amount incurred by the Receiver for the services
25 rendered during the Reporting Period are reasonable and appropriate based on the nature of the
26 services rendered, the quality and amount of services provided, the complexity of the issues
27 involved and other factors under the circumstances, including the results obtained.
28

