

ROBB EVANS & ASSOCIATES, LLC

Receiver of

Forex Liquidity LLC

11450 Sheldon Street

Sun Valley, California 91352-1121

Telephone No.: (818) 768-8100

Facsimile No.: (818) 768-8802

**U.S. Commodity Futures Trading Commission v. Forex Liquidity LLC
CASE No. SACV-07-01437 CJC (RNBx)**

**Notice of Motion and Motion for Order Approving and Authorizing
Payment of Receiver's and Professional's Fees and Expenses
for the Period September 1, 2008 Through June 30, 2009
(and August 1, 2008 Through August 31, 2008 for FRBC);
Memorandum of Points and Authorities;
Declarations of Brick Kane and Craig A. Welin in Support Thereof**

Filed August 18, 2009

1 Craig A. Welin (SBN 138418)
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2 Thomas S. Arthur (SBN 070030)
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3 FRANDZEL ROBINS BLOOM & CSATO, L.C.
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6 Attorneys for Receiver ROBB
EVANS & ASSOCIATES LLC
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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA - SOUTHERN DIVISION**

10
11 U.S. COMMODITY FUTURES
TRADING COMMISSION,

12 Plaintiff,

13 v.

14 FOREX LIQUIDITY LLC,

15 Defendant.
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CASE NO. SACV07-1437 CJC (RNBx)

**NOTICE OF MOTION AND
MOTION FOR ORDER
APPROVING AND AUTHORIZING
PAYMENT OF RECEIVER'S AND
PROFESSIONALS' FEES AND
EXPENSES FOR THE PERIOD
SEPTEMBER 1, 2008 THROUGH
JUNE 30, 2009 (AND AUGUST 1,
2008 THROUGH AUGUST 31, 2008
FOR FRBC); MEMORANDUM OF
POINTS AND AUTHORITIES;
DECLARATIONS OF BRICK
KANE AND CRAIG A. WELIN IN
SUPPORT THEREOF**

[Honorable District Court Judge
Cormac J. Carney]

DATE: September 14, 2009
TIME: 1:30 p.m.
PLACE: Courtroom 9B

1 TO: THE HONORABLE CORMAC J. CARNEY, UNITED STATES
2 DISTRICT JUDGE, AND ALL PARTIES OF INTEREST:

3 PLEASE TAKE NOTICE that on September 14, 2009, commencing at 1:30
4 p.m., or as soon thereafter as the parties may be heard in Courtroom 9B of the
5 above-entitled court located at 411 West Fourth Street, Santa Ana, California 92701,
6 Robb Evans & Associates LLC (the "Receiver"), as Receiver for Forex Liquidity
7 LLC ("FXLQ"), will and hereby does move the Court for an order approving and
8 authorizing payment of \$414,493.64 from receivership assets of: (a) the fees and
9 expenses of the Receiver, comprised of administrative fees and costs of the Receiver
10 and its staff of \$93,152.60 for the period from September 1, 2008 through June 30,
11 2009 (the "Third Reporting Period"); (b) fees and costs of \$261,632.56 incurred by
12 the Receiver's lead outside counsel, Frandzel Robins Bloom & Csato, L.C.
13 ("FRBC") during the Third Reporting Period; (c) fees and costs of \$43,442.41
14 incurred by FRBC during the period from August 1, 2008, through August 31,
15 2008;¹ (d) fees and costs of \$710.90 incurred by the Receiver's Utah counsel,
16 Holland & Hart, during the Third Reporting Period; and, (e) fees and costs of
17 \$15,555.17 incurred by the Receiver's San Diego counsel, John David Kirby, Esq.,
18 during the Third Reporting Period.

19 PLEASE TAKE FURTHER NOTICE that this Motion is made pursuant to
20 Local Rules 66-6 and 66-7, and in accordance with the Court's Orders dated
21 December 14, 2007, and January 25, 2008, appointing the Receiver, which require
22 the Receiver to submit periodic requests for payment of reasonable compensation
23 and actual out-of-pocket expenses incurred by the Receiver and all personnel hired
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25 ¹ FRBC's request for payment of its fees and costs for services provided in
26 August of 2008 was withdrawn because the invoice associated therewith was
27 inadvertently dropped as an exhibit from the Receiver's Second Motion for Order
28 Approving and Authorizing Payment but is submitted herewith for approval.

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1 by the Receiver, including counsel to the Receiver, and is based upon this Notice of
2 Motion and Motion, the accompanying memorandum of points and authorities and
3 declarations of Brick Kane and Craig A. Welin, upon the pleadings, records and
4 files of this case of which the Receiver requests the Court take judicial notice, the
5 separate Notice of Hearing served concurrently herewith, and upon all other further
6 pleadings, oral and documentary evidence and argument of counsel as may be
7 presented by the Receiver at or before the time of the hearing on the Motion.

8 PLEASE TAKE FURTHER NOTICE that a copy of this Motion, exclusive of
9 voluminous exhibits, is posted on the Receiver's website at
10 <http://www.robbevans.com/html/forexlq.html> where it may be reviewed in its
11 entirety. Copies of this Motion will be provided to any interested party upon receipt
12 of a written request which may be sent to: Robb Evans & Associates LLC, 11450
13 Sheldon Street, Sun Valley, CA 91352-1121; Telephone (818) 768-8100; Facsimile:
14 (818) 768-8802.

15
16 Dated: August 17, 2009

FRANDZEL ROBINS BLOOM & CSATO, L.C.

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19 By: /s/ CRAIG A. WELIN
20 CRAIG A. WELIN
21 Attorneys for Receiver, ROBB
22 EVANS & ASSOCIATES LLC
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MEMORANDUM OF POINTS AND AUTHORITIES

I

INTRODUCTION

This action was commenced by the U.S. Commodity Futures Trading Commission (the "CFTC") in December 2007 against Forex Liquidity LLC ("FXLQ"), which is alleged by the CFTC (1) to have failed to meet the minimum adjusted net capital requirements for a Futures Commission Merchant registered with the CFTC and a member of the National Futures Association, and (2) to have failed to adequately maintain records that currently reflect its assets, liabilities and capital. On December 14, 2007, Robb Evans & Associates LLC (the "Receiver") was originally appointed as the temporary receiver for FXLQ pursuant to this Court's ex parte statutory restraining order and order to show cause regarding preliminary injunction. The appointment of the Receiver was subsequently confirmed pursuant to this Court's consent order of preliminary injunction dated January 25, 2008, and subsequent orders issued by the Court (the "Receivership Orders"). The Receivership Orders provide that the Receiver is to take over possession and control of the assets of FXLQ, with the full power of an equity receiver.

The Receiver has filed three reports of the Receiver's activities in this case. Each of the reports describe the Receiver's efforts, in compliance with the Receivership Orders, to locate, preserve, protect and safeguard FXLQ's assets. As noted in the Receiver's third report filed with the Court in December 2008, the Receiver is not currently holding sufficient funds to pay all non-customer creditors' claims in full, which by previous order of the court necessitated a pro-rata interim distribution.

However, the Receiver does believe that if the principal of FXLQ, Robert Gray, would immediately return to the estate all FXLQ funds which have been diverted to FXLQ affiliates, there would be sufficient funds to pay all claims in full.

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1 The Receiver continues its best efforts to recover these funds, with the ultimate goal
2 of repaying all claims in full.

3 This motion seeks approval of payment of the Receiver's administrative
4 expenses for the period September 1, 2008, through June 30, 2009 ("Third
5 Reporting Period"), including payment of the fees and expenses of the Receiver, the
6 Receiver's deputies, agents, staff and professionals, and reimbursement of costs
7 incurred during the Third Reporting Period.² The Receiver has collected funds
8 through the Third Reporting Period totaling \$28,091,901.25 and has distributed
9 approximately \$26,033,313.79 to customers and creditors of FXLQ through the
10 Third Reporting Period in accordance with this Court's orders. The Receiver's
11 administrative fees and costs for the Third Reporting Period totaled \$371,051.23,
12 which is comprised of administrative fees and costs of the Receiver and its staff of
13 \$93,152.60, and the fees and costs incurred by FRBC and other counsel of
14 \$277,898.63. In addition to the foregoing, fees and costs incurred by FRBC during
15 the August 2008 Period total \$43,442.41.³

16 This is the Receiver's third motion seeking approval of payment of fees and
17 costs of the Receiver and its counsel in this case. The Receiver filed its first motion
18 for approval of the Receiver's fees and costs incurred by the Receiver and its
19 counsel for the period from inception of the receivership on December 14, 2007, to

20 _____
21 ² With regard *only* to the receiver's lead outside counsel, Frandzel Robins
22 Bloom & Csato, L.C. ("FRBC"), in addition to seeking approval of fees and
23 expenses for the Third Reporting Period, this Motion also seeks approval of
24 payment of fees and expenses for the period August 1, 2008, through August 31,
25 2008 (the "August 2008 Period"). FRBC's request for payment of its fees and costs
26 for services provided in August of 2008 was withdrawn because the invoice
associated therewith was inadvertently dropped from the Receiver's Second Motion
for Order Approving and Authorizing Payment.

27 ³ Including both the Third Reporting Period and the August 2008 Period, this
28 Motion seeks approval and authorization for payment of a total of \$407,268.89.

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1 February 29, 2008 (the "Initial Reporting Period"), which was granted on June 2,
2 2008. On November 26, 2008, the Receiver filed its second motion for approval
3 and authorization of the Receiver's fees and costs incurred by the Receiver and its
4 counsel, for the period from March 1, 2008, through August 31, 2008, which was
5 granted by order entered on February 13, 2009.

6 By this motion, the Receiver seeks an order authorizing and approving
7 payment of fees and expenses of the Receiver incurred during the Third Reporting
8 Period, which are specified in the summary the Receiver's office has prepared
9 entitled "Receivership Administrative Expenses by Month and Fund Balance from
10 Inception (December 14, 2007) to June 30, 2009" (the "Third Administrative
11 Expenses Report"), Exhibit "1" hereto. The fees and costs of the Receiver incurred
12 during the Third Reporting Period are further detailed in Exhibits "2" through "11"
13 which are invoices for the Third Reporting Period (Exhibits "1" through "11"
14 collectively comprise the Receiver's Third Administrative Expenses Report). This
15 motion also seeks approval and authorization for payment of FRBC's fees and costs
16 incurred during the August 2008 Period.

17 The Receiver submits that it has complied and continues to comply with the
18 duties and responsibilities imposed upon it pursuant to the Receivership Order. A
19 summary of the Receiver's outside counsel's fees, costs and description of activities
20 is discussed in the accompanying declaration of Craig A. Welin.

21 II

22 **SUMMARY OF RECEIVER'S AND RECEIVER'S COUNSELS'**
23 **ACTIVITIES DURING THE THIRD REPORTING PERIOD**

24 The Receiver's services during the Third Reporting Period have continued to
25 focus on performing the financial reconstruction of FXLQ's multiple brokerage
26 accounts and financial transactions, as well as continued distributions of the assets
27 of the receivership estate and distributions to creditors. During the Third Reporting
28 Period, the Receiver: (1) performed analysis of FXLQ's lawsuit against Homelan

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1 Technologies, Inc., et al., filed in the Orange County Superior Court, Case No.
2 07CC04326 ("Homelan Action"), resulting in a dismissal of the Complaint filed by
3 FXLQ and the dismissal of the Cross-Complaint filed against FXLQ; (2) prepared a
4 motion for an order to show cause re contempt against Robert Gray, including
5 detailed factual analysis of FXLQ records, and analysis of Robert Gray's opposition
6 to the motion, resulting in an order to show cause and subsequent contempt trial and
7 order against Robert Gray; (3) analyzed motion for an emergency stay of
8 proceedings filed by Robert Gray in the 9th Circuit, and prepared its response to the
9 motion, resulting in the denial of Robert Gray's motion; (4) conducted discovery
10 from multiple sources regarding the tracing of funds held by Robert Gray which the
11 Receiver contends are assets of the receivership estate; (5) prepared for depositions
12 of Robert Gray, Brian McMahon, and Jeffrey Slott; (6) analyzed various motions
13 filed by defendants Worldwide Business Consultants, Inc. and Patrick Kish in the
14 FXLQ lawsuit against Worldwide Business Consultants, Inc. and Patrick Kish, filed
15 in the Los Angeles Superior Court, Case No. YC055024 ("WBC Action"), to set
16 aside the default and default judgment, prepared responses to the motions, and
17 engaged in extensive settlement discussions resulting in dismissal of action; (7)
18 conducted an on-line auction of FXLQ's office furniture and equipment; and
19 (8) resolved a pending action in Utah by FXLQ.

20 Lead counsel for the Receiver, Frandzel Robins Bloom & Csato, L.C.
21 ("FRBC"), assisted and analyzed all pertinent documents, reviewed all information
22 presented and analyzed multiple claims with respect to, among other issues, the
23 areas set forth above. FRBC worked extensively with the Receiver regarding the
24 analysis of the Homelan Action and the resolution of the FXLQ Homelan Action,
25 including the dismissal of the Complaint filed by FXLQ and the dismissal of the
26 Cross-Complaint filed against FXLQ. FRBC prepared the motion for an order to
27 show cause re contempt against Robert Gray, analyzed the opposition filed by
28 Robert Gray, and appeared at the hearing at which the Order to Show Cause was

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1 issued and trial scheduled. FRBC also prepared the Receiver's response to the
2 motion by Robert Gray for an emergency stay of the proceedings filed in the 9th
3 Circuit. FRBC conducted the depositions of Robert Gray, Brian McMahon, and
4 Jeffrey Slott, and drafted various discovery requests regarding the tracing of funds.
5 FRBC worked with the Receiver regarding the various motions filed by the
6 defendants in the WBC Action, preparing oppositions to the various motions,
7 including defendants' motions to set aside the default and default judgment,
8 appearing at the hearings on the motions, and negotiating the resolution of the WBC
9 Action. FRBC assisted the Receiver in the finalization of his third report. FRBC
10 also was involved in the negotiations regarding the resolution of the action filed by
11 FXLQ in Utah against various parties.

12 The activities undertaken by the Receiver's members and staff are described
13 in the third Report of Receiver's Activities for the period June 6, 2008 through
14 December 12, 2008 filed with the court December 23, 2008, and such activities
15 generally have continued through the Third Reporting Period in the context of the
16 Receiver's efforts to identify, obtain, safeguard and preserve assets of the
17 receivership estate and otherwise to perform its duties and responsibilities under the
18 authority granted by the Receivership Order.

19 **III**

20 **CONCLUSION**

21 Based on the foregoing, the Receiver respectfully requests that this Court
22 grant this Motion and issue an order approving and authorizing payment of the fees
23 and costs of (1) the Receiver incurred during the Third Reporting Period; (2) FRBC
24 incurred during *both* the August 2008 Period *and* the Third Reporting Period; (3)
25 Holland & Hart incurred during the Third Reporting Period; and, (4) John David
26 Kirby, Esq. incurred during the Third Reporting Period. In addition, the Receiver
27 respectfully requests that this Court issue an order deeming that, in light of the work
28 performed during the Third Reporting Period (and, with regard to FRBC only, the

1 August Report Period), the fees and costs of the Receiver and its professionals are
2 reasonable and should be approved and authorized for payment in their entirety.

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Dated: August 17, 2009

FRANDZEL ROBINS BLOOM & CSATO, L.C.

By: /S/ CRAIG A. WELIN
CRAIG A. WELIN
Attorneys for Receiver, ROBB
EVANS & ASSOCIATES LLC

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DECLARATION OF BRICK KANE

I, Brick Kane, declare as follows:

1. I am a deputy to the Receiver Robb Evans & Associates LLC (the "Receiver") and a principal of the firm. I have been one of the deputies to the Receiver with primary responsibility for the day-to-day supervision and management of the receivership estate over the assets of Forex Liquidity LLC ("FXLQ") since the Receiver was first appointed as receiver on December 14, 2007. I have personal knowledge of the matters set forth in this declaration and, if I were called upon to testify as to those matters, I could and would competently testify thereto based upon my personal knowledge.

2. The Receiver was first appointed as temporary receiver in this matter by this Court's order dated December 14, 2007. The Receiver is currently acting as receiver pursuant to this Court's Consent Order of Preliminary Injunction entered January 25, 2008 (the "Receivership Order"). Under Section IX of the Receivership Order, the Receiver, and all personnel hired by the Receiver, including counsel to the Receiver, are entitled to reasonable compensation for the performance of duties pursuant to the Receivership Order, and for the cost of actual out-of-pocket expenses incurred by them.

3. The administrative fees, costs and expenses for which approval is requested are specified in the summary which the Receiver's office has prepared entitled "Receivership Administrative Expenses by Month and Fund Balance From Inception (December 14, 2007) to June 30, 2009" (the "Third Administrative Expense Report") which is attached hereto as Exhibit "1." This motion seeks approval of payment of the Receiver's administrative expenses for the period September 1, 2008, through June 30, 2009 (the "Third Reporting Period"), including payment of the fees and expenses of the Receiver, the Receiver's deputies, agents, staff and professionals, and reimbursement of costs incurred. With regard to Frandzel Robins Bloom & Csato, L.C. ("FRBC") only, the Receiver's lead outside

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1 counsel, this motion seeks approval of payment of the fees and costs for the period
2 August 1, 2008 through June 30, 2009.⁴

3 4. The Receiver has collected funds through the Third Reporting Period
4 totaling \$28,091,901.25 and has distributed approximately \$26,033,313.79 to
5 customers and creditors of FXLQ through the Third Reporting Period in accordance
6 with this court's orders. The Receiver's administrative fees and costs for the Third
7 Reporting Period totaled \$371,051.23, which is comprised of administrative fees
8 and costs of the Receiver and its staff of \$93,152.60, and the fees and costs incurred
9 by FRBC and other counsel of \$277,898.63. Specifically, the Receiver's fees,
10 accounting staff fees, IT management staff fees, support staff fees, total receivership
11 costs and total legal fees and costs are itemized as set forth in pages 1-3 of the Third
12 Administrative Expenses Report. Exhibits "2" through "11" are invoices which set
13 forth itemized descriptions of receivership professional services provided and
14 invoiced to the receivership estate for the Third Reporting Period.⁵ (Exhibits "1"
15 through "11" collectively comprise the Receiver's Third Administrative Expenses
16 Report.)

17 5. In addition to the foregoing, this Motion also seeks approval and
18 authorization of payment of \$43,442.41⁶ in fees and costs incurred by FRBC during
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20 ⁴ FRBC's request for payment of its fees and costs for services provided in
21 August of 2008 was withdrawn because the invoice associated therewith was
22 inadvertently not included in the Receiver's second Motion Approving and
23 Authorizing Payment.

24 ⁵ The receiver is not seeking reimbursement for attorney's fees in the amount
25 of \$154.00 rendered by Thomas S. Arthur on November 18, 2008 regarding the "El
26 Monte Property" as this matter does not pertain to the FXLQ receivership and was
27 inadvertently included in FRBC's bill to the Receiver.

28 ⁶ The receiver is not seeking reimbursement for attorney's fees in the amount
of \$75.00 for services rendered by Craig A. Welin on August 17, 2008 regarding the
"Cal Sierra lien" as this matter does not pertain to the FXLQ receivership and was

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1 the period August 1, 2008, through August 31, 2008.

2 6. The fees and expenses invoices of the Receiver's lead outside counsel,
3 FRBC, are attached collectively hereto as Exhibit "12" and are described in the
4 accompanying declaration of Craig A. Welin.

5 7. In 2008, the Receiver retained the law firm Holland & Hart to serve as
6 Receiver's Utah local counsel in connection with collection efforts in Utah
7 regarding property of the receivership estate. The fees and expense invoices of
8 Holland & Hart are collectively attached hereto as Exhibit "13."

9 8. The fees and expenses invoices of the Receiver's San Diego counsel,
10 John David Kirby, are attached as Exhibit "14".

11 9. The Receiver has complied and continues to comply with the duties and
12 responsibilities imposed upon it pursuant to the Receivership Order.

13 10. The Receiver's services during the Third Reporting Period have
14 continued to focus on performing the financial reconstruction of FXLQ's multiple
15 brokerage accounts and financial transactions, as well as continued distributions of
16 the assets of the receivership estate and distributions to creditors. During the Third
17 Reporting Period, the Receiver: (1) performed analysis of FXLQ's lawsuit against
18 Homelan Technologies, Inc., et al., filed in the Orange County Superior Court, Case
19 No. 07CC04326 ("Homelan Action"), resulting in a dismissal of the Complaint filed
20 by FXLQ and the dismissal of the Cross-Complaint filed against FXLQ; (2)
21 prepared a motion for an order to show cause re contempt against Robert Gray,
22 including detailed factual analysis of FXLQ records, and analysis of Robert Gray's
23 opposition to the motion, resulting in an order to show cause and subsequent
24 contempt trial and order against Robert Gray; (3) analyzed motion for an emergency
25 stay of proceedings filed by Robert Gray in the 9th Circuit, and prepared its

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27 inadvertently included in FRBC's bill to the Receiver.
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1 response to the motion, resulting in the denial of Robert Gray's motion;
2 (4) conducted discovery from multiple sources regarding the tracing of funds held
3 by Robert Gray which the Receiver contends are assets of the receivership estate;
4 (5) assisted in the preparation for the depositions of Robert Gray, Brian McMahon,
5 and Jeffrey Slott; (6) analyzed various motions filed by defendants Worldwide
6 Business Consultants, Inc. and Patrick Kish in the FXLQ lawsuit against Worldwide
7 Business Consultants, Inc. and Patrick Kish, filed in the Los Angeles Superior
8 Court, Case No. YC055024 ("WBC Action"), to set aside the default and default
9 judgment, prepared responses to the motions, and engaged in extensive settlement
10 discussions resulting in dismissal of action; (7) conducted an on-line auction of
11 FXLQ's office furniture and equipment; and (8) resolved a pending action in Utah
12 by FXLQ.

13 11. The Receiver respectfully requests that the Court approve of its total
14 administrative expenses and costs, and submits that in light of the work performed
15 during the Third Reporting Period as itemized in the Third Administrative Expenses
16 Report, the total fees and costs of the Receiver and its professionals are reasonable,
17 and should be approved and authorized for payment in their entirety.

18 12. The Receiver has complied with the notice requirements of Local Rules
19 66-6 and 66-7 concerning motions for approval of a receiver's administrative
20 expenses by serving an entire copy of this Motion, including the declarations and all
21 exhibits thereto, on the CFTC, counsel (David Kenner) for FXLQ's principal, Robert
22 Gray, and has provided a Notice of this Motion setting forth the nature of the relief
23 requested along with the date, time, and place of the hearing on the Motion, on the
24 remaining creditors of the receivership estate. As the Court may recall, the vast
25 majority of claims of the account holders of FXLQ (i.e., creditors of the estate) were
26 resolved through the sale and assignment of their accounts to GFT and IKON.
27 Hence, the only remaining creditors of the estate are several institutional creditors
28 and pre-receivership vendors, all of whom will receive the Notice of Motion filed

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concurrently herewith. In addition, the Receiver will provide an entire copy of the Motion to anyone who requests a copy of the Motion in writing directed to Robb Evans & Associates, LLC, 11450 Sheldon Street, Sun Valley, California 91352-1121. The Receiver has also posted a copy of this Motion, exclusive of the voluminous exhibits, on the Receiver's website for this case at <http://www.robbevans.com/html/forex1q.html>. Accordingly, the Receiver has complied with Local Rule 66-7 regarding notice to creditors of this type of motion.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on August 12, 2009, at Sun Valley, California.


BRICK KANE

DECLARATION OF CRAIG A. WELIN

I, Craig A. Welin, declare:

1. I am an attorney at law duly licensed before this Court and all Courts of the State of California and am a shareholder of the firm of Frandzel Robins Bloom & Csato, L.C. ("FRBC"), attorneys for Robb Evans & Associates LLC, the Receiver in this matter. I am one of the attorneys primarily responsible for the representation of the Receiver. I have personal knowledge of the matters specified in this declaration, and I could and would competently testify thereto if called upon to do so.

2. I attach hereto as Exhibit "12" FRBC's invoices and billing summaries reflecting the services rendered, time spent and costs incurred by FRBC pertaining to this matter for the period September 1, 2008, through June 30, 2009 (the "Third Reporting Period"), with the descriptions redacted where appropriate to preserve the attorney-client privilege and attorney work product privileges or to otherwise protect the Receiver and the estate from inappropriate disclosures. Attorneys' fees and costs incurred by FRBC during the Third Reporting Period total \$261,632.56.⁷

3. Also attached as a part of Exhibit "12" are FRBC's invoices and billing summaries reflecting the services rendered, time spent and costs incurred by FRBC pertaining to this matter for the period August 1, 2008, through August 31, 2008 (the "August 2008 Period"), with the descriptions redacted where appropriate to preserve the attorney-client privilege and attorney work product privileges or to otherwise protect the Receiver and the estate from inappropriate disclosures.

⁷ The receiver is not seeking reimbursement for attorney's fees in the amount of \$154.00 rendered by Thomas S. Arthur on November 18, 2008 regarding the "El Monte Property" as this matter does not pertain to the FXLQ receivership and was inadvertently included in FRBC's bill to the Receiver.

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1 Attorneys' fees and costs incurred by FRBC during the August 2008 Period total
2 \$43,442.41.⁸

3 4. As described in greater detail in the billing summaries (Exhibit "12"
4 hereto) during the August 2008 Period and the Third Reporting Period, our office,
5 among other things, worked extensively with the Receiver when requested and
6 assisted and analyzed all pertinent documents, reviewed all information presented
7 and analyzed multiple claims with respect to, among other issues, the areas outlined
8 and set forth in the Kane declaration above. FRBC worked extensively with the
9 Receiver regarding the analysis of the Homelan Action and the resolution of the
10 FXLQ Homelan Action, including the dismissal of the Complaint filed by FXLQ
11 and the dismissal of the Cross-Complaint filed against FXLQ. FRBC prepared the
12 motion for an order to show cause re contempt against Robert Gray, analyzed the
13 opposition filed by Robert Gray, and appeared at the hearing at which the Order to
14 Show Cause was issued and subsequent contempt trial and order against Robert
15 Gray. FRBC also prepared the Receiver's response to the motion by Robert Gray
16 for an emergency stay of the proceedings filed in the 9th Circuit. FRBC conducted
17 the depositions of Robert Gray, Brian McMahon, and Jeffrey Slott, and drafted
18 various discovery requests regarding the tracing of funds. FRBC worked with the
19 Receiver regarding the various motions filed by the defendants in the WBC Action,
20 preparing oppositions to the various motions, including defendants' motions to set
21 aside the default and default judgment, appearing at the hearings on the motions,
22 and negotiating the resolution of the WBC Action. FRBC assisted the Receiver in

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⁸ The receiver is not seeking reimbursement for attorney's fees in the amount of \$75.00 for services rendered by Craig A. Welin on August 17, 2008 regarding the "Cal Sierra lien" as this matter does not pertain to the FXLQ receivership and was inadvertently included in FRBC's bill to the Receiver.

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1 the finalization of his third report. FRBC also was involved in the negotiations
2 regarding the resolution of the action filed by FXLQ in Utah against various parties.

3 5. I am familiar with the methods and procedures used to create, record
4 and maintain billing records for the FRBC's clients. The billing summaries attached
5 collectively hereto as Exhibit "12" are prepared from computerized time records
6 prepared contemporaneously with the services rendered by each attorney and
7 paralegal billing time to this matter. These computerized records are prepared in the
8 ordinary course of business by the attorneys and paralegals employed by FRBC who
9 have a business duty to accurately record their time spent and services rendered on
10 the matters on which they perform work. The time records are transferred into a
11 computerized billing program which generates monthly invoices under the
12 supervision of FRBC's accounting department. Based upon my experience with
13 FRBC, I believe FRBC's methods and procedures for recording and accounting for
14 time and services for its clients is reliable and accurate.

15 I declare under penalty of perjury under the laws of the State of California
16 that the foregoing is true and correct and that this declaration was executed on
17 August 17, 2009, at Los Angeles, California.



CRAIG A. WELIN

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