

**ROBB EVANS & ASSOCIATES LLC**

**Receiver of**

**Homeland Financial Services, National Support Services, LLC, United Debt Recovery, LLC,  
Freedom First Financial, LLC, Prosper Financial Solutions,  
USA Debt Co, LLC, aka USADEBT.CO.COM and  
Monitor of Nationwide Support Services, Inc.**

11450 Sheldon Street

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**Federal Trade Commission v. Dennis Connelly, et al.  
CASE No. SACV 06-701 DOC (RNBx)**

**Notice of Motion and Motion for Order:**

- (1) Approving Receiver's Final Report and Accounting;**
- (2) Approving Distribution to Non-Consumer Creditors;**
- (3) Approving Receiver's and Attorneys' Fees and Expenses From  
September 1, 2007 Through Closing;**
- (4) Discharging Receiver;**
- (5) Relieving Receiver of All Duties and Liabilities;**
- (6) Exonerating Receiver's Bond;**
- (7) Authorizing Destruction of Records and Wind-Up of Receivership  
Estate; and**
- (8) Approving Limited Notice of Motion under Local Civil Rule 66-7;  
Memorandum of Points and Authorities; Declaration of Gary Owen Caris**

**Filed March 20, 2009**

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6 Attorneys for Permanent Receiver  
7 ROBB EVANS and ROBB EVANS &  
ASSOCIATES LLC

8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA

10  
11 FEDERAL TRADE COMMISSION,

12 Plaintiff,

13 v.

14 DENNIS CONNELLY, et al.,

15 Defendants.  
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CASE NO. SACV-06-701 DOC (RNBx)

**NOTICE OF MOTION AND MOTION FOR ORDER (1) APPROVING RECEIVER'S FINAL REPORT AND ACCOUNTING; (2) APPROVING DISTRIBUTION TO NON-CONSUMER CREDITORS; (3) APPROVING RECEIVER'S AND ATTORNEYS' FEES AND EXPENSES FROM SEPTEMBER 1, 2007 THROUGH CLOSING; (4) DISCHARGING RECEIVER; (5) RELIEVING RECEIVER OF ALL DUTIES AND LIABILITIES; (6) EXONERATING RECEIVER'S BOND; (7) AUTHORIZING DESTRUCTION AND ABANDONMENT OF RECORDS AND WIND-UP OF RECEIVERSHIP ESTATE; AND (8) APPROVING LIMITED NOTICE OF MOTION UNDER LOCAL CIVIL RULE 66-7; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF GARY OWEN CARIS**

DATE: April 13, 2009  
TIME: 8:30 a.m.  
PLACE: Courtroom 9D

1 PLEASE TAKE NOTICE THAT on April 13, 2009 commencing at 8:30  
2 a.m. or as soon thereafter as the parties may be heard in Courtroom 9D of the  
3 above-entitled Court located at 411 W. 4<sup>th</sup> Street, Santa Ana, California, Robb  
4 Evans and Robb Evans & Associates LLC as Permanent Receiver (“Receiver”) of  
5 Homeland Financial Services, Inc., National Support Services, Inc., United Debt  
6 Recovery, LLC, and Financial Liberty Services, LLC (for convenience referred to  
7 herein as the “Homeland Entities”) will and does hereby move the Court for the  
8 following relief:

- 9 1. An order approving the Receiver’s Final Report and Accounting  
10 attached to the Declaration of Kenton Johnson as Exhibit 1 (“Final Report”);  
11 2. An order approving the Receiver’s first and final distribution of  
12 receivership assets to non-consumer creditors, in accordance with the Court’s prior  
13 order issued December 18, 2007 granting the Receiver’s Motion for Order (1)  
14 Approving Proposed Claims Filing and Allowance Procedures for Non-Consumer  
15 Creditors, Including Setting Claims Bar Date; (2) Approving Proposed Pro Rata  
16 Distribution to Creditors and Proposed Procedures for and Administration of  
17 Payments and Consumer Claims; and (3) Approving Limited Notice of Motion  
18 under Local Rule 66-7 (“Claims/Distribution Procedures Motion”), pursuant to  
19 which the Receiver shall distribute to holders of Allowed Non-Consumer Claims  
20 against the receivership estate their pro rata share of assets available for distribution  
21 from the estate, consisting of the sum of \$7,340.61, to be paid pro rata on account  
22 of such Allowed Non-Consumer Claims. In connection therewith, and in the  
23 interests of completing the closing and wind up of the estate expeditiously and cost-  
24 effectively given the limited assets available, the Receiver proposes that (a) all  
25 distribution checks issued on account of the Allowed Non-Consumer Claims be  
26 required to be negotiated within 60 days of the date of issuance (“stale date  
27 deadline”) and that checks returned without a valid forwarding address or checks  
28 uncashed after the stale date deadline be deemed void, and (b) the Receiver be

1 authorized to turn over to the Federal Trade Commission all funds remaining in the  
2 estate after payment of administrative expenses and after making the distribution on  
3 Allowed Non-Consumer Claims under the procedures set forth herein;

4 3. An order approving and confirming all actions and activities taken by  
5 or on behalf of the Receiver and all payments made by the Receiver in connection  
6 with the administration of the receivership estate of the Homeland Entities;

7 4. An order approving all receivership administrative expenses, including  
8 the Receiver's fees and expenses and those of its professionals, incurred in  
9 connection with the receivership proceeding, including those previously paid to the  
10 Receiver and its counsel, and approving and authorizing payment of all  
11 administrative expenses and Receiver's and professionals' fees and expenses  
12 through the conclusion of this proceeding and the discharge of the Receiver, as  
13 reflected in the Final Report, to the extent any such administrative expenses and  
14 Receiver's and counsel's fees and expenses remain unpaid, including Receiver's  
15 and counsel's fees and expenses incurred and unpaid from the period from  
16 September 1, 2007 through the closing of the estate;

17 5. An order authorizing the Receiver to abandon records of the  
18 Receivership Defendant, and to destroy all records of the Homeland Entities and  
19 any other corporations or businesses under the control of any of the Homeland  
20 Entities if, within 30 days after service of written notice to plaintiff Federal Trade  
21 Commission, the Federal Trade Commission does not take custody of such records;

22 6. An order discharging the Receiver, its agents, employees, members,  
23 officers, independent contractors, attorneys and representatives and relieving the  
24 Receiver, its agents, employees, members, officers, independent contractors,  
25 attorneys and representatives of all duties, liabilities and responsibilities pertaining  
26 to the receivership previously established in this action;

27 7. An order exonerating the Receiver's bond;

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1           8.     An order for any other and further relief as may be reasonable or  
2 appropriate in connection with the wind up and closure of the receivership estate;  
3 and

4           9.     An order deeming the Receiver's service of notice of this motion and  
5 the motion on the parties to this action through service on their counsel of record,  
6 service of notice of the hearing on the motion on known non-consumer creditors of  
7 the Homeland Entities and a small number of potential consumer creditors who  
8 have affirmatively contacted the Receiver for a refund, and the Receiver's posting  
9 of the notice of motion and motion, supporting memorandum and declarations,  
10 exclusive of voluminous time records attached as Exhibits to the supporting  
11 declarations, on the Receiver's website for this case at  
12 <http://www.robbevans.com/html/homeland.html> pursuant to Local Civil Rules 66-7  
13 and 6-1 to be sufficient and appropriate notice under the circumstances.

14           This motion is made pursuant to Local Civil Rule 66-7 and is made and  
15 based on this notice of motion and motion, the memorandum of points and  
16 authorities and Declaration of Gary Owen Caris attached hereto and the Declaration  
17 of Kenton Johnson filed concurrently herewith, the separate notice of hearing on the  
18 motion, on the pleadings, records and files of the Court in connection with this  
19 action and on such other oral and documentary evidence and arguments of counsel  
20 as may be presented by the Receiver prior to or at the hearing on the motion.

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DATED: March 20, 2009

McKENNA LONG & ALDRIDGE LLP  
GARY OWEN CARIS  
LESLEY ANNE HAWES

By: /s/ Gary Owen Caris  
Gary Owen Caris  
Attorneys for Permanent Receiver, ROBB  
EVANS and ROBB EVANS &  
ASSOCIATES LLC

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 A. **Procedural History**

4 This action is a civil enforcement action filed by plaintiff Federal Trade  
5 Commission ("FTC") against numerous individual defendants and entities,  
6 including Dennis Connolly ("Connolly"), Richard Wade Torkelson ("Torkelson"),  
7 Joanne Garneau ("Garneau"), an individual formerly doing business as Prosper  
8 Financial Solutions ("Prosper"), Homeland Financial Service, LLC ("Homeland"),  
9 National Support Service, LLC ("National"), United Debt Recovery, LLC  
10 ("United"), Freedom First Financial LLC ("Freedom"), and USA Debt Co., LLC  
11 ("DebtCo"). Robina Capital, Inc. ("Robina"), a corporation owned and controlled  
12 by Garneau, assumed the fictitious business name of Prosper ("Robina/Prosper").  
13 By Temporary Restraining Orders entered on August 9, 2006 and August 11, 2006  
14 (individually and collectively the "Restraining Order"), the Court appointed Robb  
15 Evans and Robb Evans & Associates LLC as Temporary Receiver over defendants  
16 Homeland, Prosper, National, United, Freedom, DebtCo and Financial Liberty  
17 Services, LLC ("FLS"), and their affiliates, subsidiaries, successors and assigns and  
18 any other corporations or businesses under their control. See Temporary  
19 Restraining Order entered August 11, 2006, Section X. Such orders further  
20 appointed the Receiver as Monitor over the entity Nationwide Support Services,  
21 Inc. ("Nationwide"). See Temporary Restraining Order entered August 11, 2006,  
22 Section XII. The Court's August 11, 2006 Temporary Restraining Order which  
23 also set the hearing on the Court's Order to Show Cause regarding issuance of a  
24 Preliminary Injunction Order was extended from time to time by various orders of  
25 the Court.

26 The Court subsequently issued three preliminary injunction orders. The  
27 Stipulated Preliminary Injunction as to Defendant Joanne Garneau filed October 10,  
28 2006 provided for the appointment of the Receiver as permanent receiver over

1 Robina/ Prosper, its affiliates, subsidiaries, successors and assigns and any other  
2 corporations or businesses under their control, and also provided for the Receiver to  
3 continue as Monitor over Nationwide. The Revised Preliminary Injunction with  
4 Asset Freeze, Appointment of Receiver and Other Equitable Relief filed  
5 October 18, 2006, provided for the Receiver to be appointed as Permanent Receiver  
6 over Homeland, National, United, and Liberty. The Stipulated Preliminary  
7 Injunction as to Defendants Freedom First Financial, LLC and USA DebtCo, LLC  
8 aka USADebtCo.Com Order entered October 13, 2006 provided for the  
9 appointment of Robb Evans & Associates LLC as Monitor over DebtCo and  
10 Freedom and their affiliates, subsidiaries, successors and assigns and any other  
11 corporations or businesses under their control.<sup>1</sup>

12 1. Proceedings Resolved as to Nationwide, DebtCo, Freedom and  
13 Certain Homeland Entities

14 Stipulations were entered between the FTC and certain defendants that have  
15 resolved the proceedings with Nationwide, DebtCo and Freedom and certain  
16 Homeland Entities. The FTC and defendants Garneau and Robina/Prosper entered  
17 into a settlement agreement and proposed final order providing for the winding up  
18 of the Monitor proceedings with respect to Nationwide and the winding up of the  
19 Robina/Prosper receivership and for the discharge of the Monitor over Nationwide  
20 and the Receiver over Robina/Prosper. The Court approved the settlement  
21 agreement, and a final judgment as to Nationwide and Robina/Prosper was entered  
22 by the Court on February 23, 2007. The FTC and defendants Freedom and DebtCo  
23 entered into a settlement providing for the winding up of the Monitor proceedings  
24 with respect to Freedom and DebtCo and discharging the Monitor which was  
25 approved by the Court on April 2, 2007. The required payments under these

26  
27 <sup>1</sup> The October 10, 2006 Stipulated Preliminary Injunction, the October 13,  
28 2006 Stipulated Preliminary Injunction and the October 18, 2006 Revised  
Preliminary Injunction are referred to individually and collectively herein for  
convenience as the "Preliminary Injunction Orders."

1 settlements were made to the Receiver, and therefore this receivership proceeding is  
2 now limited to proceedings pertaining to the Homeland Entities.

3 On September 21, 2007, the Court entered the Stipulated Final Order as to  
4 Defendants Financial Liberty Services, LLC, Homeland Financial Services,  
5 National Support Services, LLC and United Debt Recovery, LLC ("Final  
6 Homeland Judgment"). The Final Homeland Judgment resolved the FTCs claims  
7 against the remaining Homeland Entities and provides for the continuation of the  
8 receivership until all assets and claims have been liquidated by the Receiver and the  
9 Receiver files its final report.

10 B. Claims/Distribution Procedures Motion

11 In November 2007, the Receiver filed its Claims/Distribution Procedures  
12 Motion which was granted by the Court by minute order issued December 17,  
13 2007. Pursuant to that motion, the Receiver was authorized to implement a claims  
14 filing and allowance procedure for the non-consumer creditors with pre-  
15 receivership claims against the estate. The non-consumer creditors were advised in  
16 writing of the amount of their claim that the Receiver would allow based on the  
17 books and records of the estate, and they were given an opportunity to contest the  
18 proposed claim amount and demonstrate to the Receiver's satisfaction that the  
19 claim amount should be modified. The Receiver has resolved the allowed amount  
20 of all non-consumer claims against the estate. All known non-consumer claimants  
21 have received notice of the hearing on this Motion.

22 Pursuant to the order granting the Claims/Distribution Procedures Motion,  
23 the Court has also authorized that the assets of the receivership available for  
24 distribution be distributed pro rata among all consumer and non-consumer creditors  
25 of the estate and that the FTC be responsible for making any distributions to the  
26 tens of thousands of consumer creditors with claims in this case. Pursuant to the  
27 Final Homeland Judgment, the Receiver was also authorized to turn over to the  
28 FTC the pro rata amount of receivership assets available for distribution to the



1 consumer creditors, and to retain and distribute the pro rata portion of the  
2 receivership assets that will be distributed on account of Allowed Non-Consumer  
3 Claims. As more particularly described in section E below, the Receiver has  
4 already turned over the sum of \$661,051.41 to the FTC pursuant to the Homeland  
5 Final Judgment and the order granting the Claims/Distribution Procedures Motion.

6 The precise dollar amount of funds to be distributed by the Receiver on  
7 account of Allowed Non-Consumer Claims was unknown at the time of the  
8 Claims/Distribution Procedures Motion in that the Receiver was still in the process  
9 of liquidating the estate's remaining asset; namely, the claims of receivership entity  
10 FLS against Nationwide under a pre-receivership contract dispute. That claim has  
11 now been resolved as set forth below.

12 C. Disposition of Remaining Asset By Settlement Between Receivership  
13 Entity FLS and Nationwide

14 On October 31, 2008, the Receiver filed a motion for approval of the  
15 Receiver's Settlement Agreement with Nationwide resolving the claims of FLS  
16 against Nationwide under a pre-receivership Purchase Agreement dated October 17,  
17 2005 pursuant to which Nationwide purchased all of FLS's assets, as the term  
18 assets is defined in the Purchase Agreement. Under the Purchase Agreement,  
19 Nationwide was required to make periodic payments to FLS to pay FLS for the  
20 assets purchased. Disputes arose between Nationwide and FLS under the Purchase  
21 Agreement and FLS's right to the balance of the purchase price based on an  
22 indemnity provision in the Purchase Agreement. Nationwide asserted it had claims  
23 and offsets against the remainder of the purchase price, citing the claims asserted by  
24 the FTC against FLS allegedly arising in part out of FLS's past servicing of its  
25 clients for which FLS agreed to indemnify Nationwide under the Purchase  
26 Agreement. In addition, the Receiver was holding payments totaling \$170,462.50  
27 made by Note World post-receivership which Nationwide claimed constituted  
28 Nationwide's funds which the Receiver should turn over to Nationwide. Under the

1 settlement which was approved by the Court, the Receiver was allowed to retain the  
2 \$170,462.50 being held and Nationwide paid the Receiver the additional sum of  
3 \$277,000.00 in full satisfaction of all remaining amounts due FLS under the  
4 Purchase Agreement.

5 D. Approval of Final Report and Accounting and Approval of Receiver's  
6 Fees and Costs and Attorneys' Fees and Costs from September 1, 2007  
7 Through the Conclusion of the Receivership

8 The Receiver seeks approval of the Receiver's Final Report and Accounting  
9 and activities performed in the case. The Receiver also seeks approval and  
10 authorization for payment of the Receiver's fees and costs and attorneys' fees and  
11 costs incurred by the Receiver from September 1, 2007 through the conclusion of  
12 the receivership ("final expense period"), including estimated fees and expenses  
13 incurred and to be incurred after December 31, 2008 until the wind up of the estate  
14 is completed. All Receiver's fees and costs and attorneys fees and costs incurred by  
15 the Receiver through August 31, 2007 have been previously approved by the Court.

16 The Receiver's and its counsel's principal activities during the period since  
17 the Receiver's prior Report of Receiver's Activities and its prior fee application  
18 covering the period ending August 31, 2007 have been directed toward negotiating  
19 and resolving through settlement the claims of FLS against Nationwide and taking  
20 steps to wind up the receivership estate. In November 2007, the Receiver through  
21 counsel filed the Claims/Distribution Procedures Motion which was granted by the  
22 Court by order entered in December 2007. By that motion, the Court authorized the  
23 distribution of receivership assets to consumer creditors to be handled by the FTC  
24 and the Receiver to transfer funds from the receivership to the FTC for that  
25 purpose. The Court also approved the claims filing and allowance procedures to be  
26 implemented by the Receiver with respect to claims of non-consumer creditors and  
27 approved the pro rata distribution of receivership assets among all consumer and  
28 non-consumer creditors.

1 During the final expense period, the Receiver with the assistance of counsel  
2 negotiated a resolution of the disputes between FLS and Nationwide. The  
3 Receiver's counsel documented the settlement and prepared and filed the motion to  
4 approve the settlement which was heard and granted by the Court on December 1,  
5 2008. The Receiver's counsel also prepared and filed a motion for approval of the  
6 Receiver's and counsel's fees and expenses for the fourth expense period ending  
7 August 31, 2007, which was granted by the Court by minute order entered  
8 November 26, 2007.

9 During the final expense period, from September 1, 2007 through December  
10 31, 2008, the Receiver has incurred Receiver's fees of \$20,671.99 and costs of  
11 \$3,293.41 as well as attorneys' fees of \$28,799.50 and costs of \$1,118.81 The  
12 Receiver estimates it will incur asset preservation expenses and Receiver's fees and  
13 costs from January 1, 2009 through the closing of the estate of \$21,136.00,  
14 including fees and costs to make the distribution payments to non-consumer  
15 creditors, administer any uncashed checks and turn over the remaining estate funds  
16 to the FTC, close the estate's bank accounts, prepare any final tax returns and tax-  
17 related documents for the remaining receivership entities, and dispose of the  
18 records of the Homeland Entities whether by turnover to the FTC or destruction. In  
19 addition, the Receiver estimates it will incur attorneys' fees and costs from January  
20 1, 2009 through closing of the estate of \$13,000.00, including fees and costs for  
21 preparing of this final wind up motion, appearing at the hearing on the motion and  
22 advising the Receiver regarding the activities and issues that may arise in  
23 connection with the Receiver's wind up of the estate.

24 E. Distribution of Receivership Assets and Wind Up of Estate

25 Allowed consumer claims against the receivership estate have previously  
26 been determined to be in the amount of \$36,416,979.72 based on the records of the  
27 receivership entities. Based on the results of the claims process, the Receiver has  
28 determined there are \$404,390.63 in allowed non-consumer claims against the

1 estate, representing 1.10% of the total consumer and non-consumer claims against  
2 the estate. As set forth in the Receiver's Final Report and Accounting, attached as  
3 Exhibit 1 to the Declaration of Kenton Johnson in support of this motion, the funds  
4 on hand in the receivership estate available for distribution are estimated to be  
5 \$668,392.02 after deducting actual receivership expenses, Receiver's fees and costs  
6 and attorneys' fees and costs incurred by the Receiver through December 31, 2008  
7 and estimated receivership expenses, Receiver's fees and costs, and attorneys' fees  
8 and costs through the conclusion of the receivership and wind up of the estate. Of  
9 that sum, 1.10%, or \$7,340.61, is required to be retained by the Receiver to make  
10 the pro rata distribution to holder of allowed non-consumer claims pursuant to the  
11 Court's order granting the Receiver's Claims/Distribution Procedures Motion.  
12 Pursuant to the order granting the Claims/Distribution Procedures Motion and the  
13 Final Homeland Judgment entered in this case against the Homeland Entities, the  
14 Receiver has turned over to the FTC the pro rata amount of receivership funds to be  
15 distributed to consumer creditors in the amount of \$661,051.41.

16 In connection with the final distribution to non-consumer creditors, the  
17 Receiver also seeks authorization from the Court to impose a 60-day "stale date"  
18 for distribution checks issued to the non-consumer creditors. Given the limited  
19 amount involved and the need to limit administrative expenses incurred in making  
20 the distribution and winding up the estate, the Receiver seeks authority to turn over  
21 any funds remaining in the estate to the FTC, including funds remaining from  
22 distribution checks issued to non-consumer creditors that are not cashed once the  
23 checks have become stale-dated.

24 **II. THE RELIEF SOUGHT IS APPROPRIATE TO ALLOW THE**  
25 **RECEIVER TO WIND UP THE ESTATE FORTHWITH**

26 Court approval of the Receiver's actions and requests is consistent with  
27 federal receivership practice as required by Federal Rule of Civil Procedure,  
28 Rule 66. *See*, 2 Clark on Receivers, § 383.1 (3d ed. 1959). The Court has wide

1 latitude in supervising the Receiver and may provide for the administration of the  
2 receivership as it deems appropriate. 13 *Moore's Federal Practice*, § 66.06[4][a],  
3 pp. 66-22 (Matthew Bender 3d ed. Rev. 2008).

4 The relief sought in this motion will promote the orderly and prompt wind up  
5 of the receivership estate in an expeditious and cost-effective manner. The relief  
6 sought is customary and appropriate in closing a receivership estate, discharging the  
7 receiver and exonerating the Receiver's bond. The fees and expenses sought by the  
8 Receiver, both those previously authorized and paid and those remaining unpaid,  
9 are reasonable under the circumstances given the services rendered, the scope of the  
10 case and various services undertaken and the Receiver's duties under the applicable  
11 receivership orders.

12 **III. NOTICE OF THIS MOTION IS SUFFICIENT AND APPROPRIATE**  
13 **UNDER THE CIRCUMSTANCES**

14 Local Civil Rule 66-7 provides for service of notice of hearings on  
15 applications for orders concerning the administration of receivership estates should  
16 be made on all parties to the action and "on all known creditors of the defendant."  
17 Local Rule 66-7 further states that Local Civil Rule 6-1 applies to the notice, and  
18 Local Rule 6-1 provides that "unless otherwise ordered by the Court," service of the  
19 notice of motion and motion is to be made not later than 24 days in advance of the  
20 hearing. As to the Homeland Entities, Homeland itself and other receivership  
21 entities ceased doing business prior to the Receiver's appointment. Not including  
22 the thousands of potential consumer creditors, the Receiver has compiled a list of  
23 non-consumer creditors from receivership records and a small number of potential  
24 consumer creditors who have affirmatively contacted the Receiver for a refund.  
25 The Receiver has caused the known non-consumer creditors and consumers who  
26 have contacted the Receiver for a refund to date to be served with notice of hearing  
27 on this motion. Consumer claims will be administered by the FTC under the  
28 Receiver's proposal. It is neither practical nor cost-effective for the receivership

1 estate to serve notice of the hearing on the motion at this time on the thousands of  
2 potential consumer claimants who may have done business with the receivership  
3 entities. For these reasons, the Receiver submits that notice of this motion should  
4 be deemed sufficient and appropriate under the circumstances based on service of  
5 the motion on the parties to the action through their respective counsel of record as  
6 well as service of a notice of the hearing on the motion on the known non-consumer  
7 creditors and the consumers who have affirmatively requested a refund, and posting  
8 of the motion on the Receiver's website for this matter.

9 **IV. CONCLUSION**

10 Based upon the foregoing, the Receiver respectfully requests that the Court  
11 grant this motion.

12  
13 DATED: March 20, 2009

McKENNA LONG & ALDRIDGE LLP  
GARY OWEN CARIS  
LESLEY ANNE HAWES

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15  
16 By: /s/ Gary Owen Caris

Gary Owen Caris  
Attorneys for Permanent Receiver,  
ROBB EVANS and ROBB EVANS &  
ASSOCIATES LLC

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**DECLARATION OF GARY OWEN CARIS**

I, Gary Owen Caris, declare:

1. I am an attorney at law duly admitted to practice before the courts of the State of California and before the United States District Court for the Central District of California and am a member of the firm of McKenna Long & Aldridge LLP (“McKenna Firm”), the attorneys for Robb Evans and Robb Evans & Associates LLC as Permanent Receiver (“Receiver”) in this case. I have personal knowledge of the matters set forth in this declaration, and if I were called upon to testify as to these matters, I could and would competently testify based upon my personal knowledge.

2. I am the attorney primarily responsible for the representation of the Receiver in this case. Attached hereto collectively as Exhibit 1 are copies of redacted billing statements for services rendered by the McKenna Firm in connection with its representation of the Receiver as Receiver of the Homeland Entities for the period from September 1, 2007 through December 31, 2008. The billing statements have been redacted to remove the descriptions of privileged and confidential attorney-client communications between the McKenna Firm and the Receiver. During this final expense period, my firm prepared a motion for approval of claims filing and allowance procedures concerning the non-consumer creditors of the estate and of distribution procedures by which all consumer and non-consumer creditors would be paid pro rata from the funds available for distribution from the estate, with the Receiver making the distributions to allowed non-consumer claimants and the Receiver turning over to the Federal Trade Commission the pro rata share of receivership funds for distribution to consumer creditors. My firm also addressed the disputes between FLS and Nationwide regarding the balance owing under the Purchase Agreement between FLS and Nationwide. The McKenna Firm negotiated and documented a written settlement agreement resolving those disputes with Nationwide, prepared a motion for

1 approval of the settlement and appeared at the hearing on the motion. My firm also  
2 prepared a motion for approval of the Receiver's and counsel's fees and costs  
3 during this expense period, with the Court approving and allowing payment of  
4 those fees and costs for the period ending August 31, 2007. The McKenna Firm  
5 also assisted the Receiver is addressing various issues regarding the administration  
6 of the receivership and prepared and filed the third fee application.

7 3. In addition to the attorneys' fees and costs incurred through December  
8 31, 2008, the Receiver seeks approval and authorization to pay the attorneys' fees  
9 and costs the Receiver has incurred and will continue to incur from January 1, 2009  
10 through the conclusion of the receivership and wind up of the estate. I believe the  
11 Receiver's estimated attorneys' fees and costs for the period from January 1, 2009  
12 through the end of the receivership of \$13,000.00 are fair and reasonable. The  
13 estimate includes the fees and costs incurred for the preparation of the Receiver's  
14 wind up motion and appearance at the hearing on that motion, as well as estimated  
15 fees and costs that the Receiver and my firm anticipate will be incurred to provide  
16 advice to the Receiver in implementing the wind up of the estate.

17 4. I am familiar with the billing practices and procedures of the McKenna  
18 Firm and the attorneys, paralegals and other professionals whose services are billed  
19 by the Firm to its clients. The billing statements are prepared in the ordinary course  
20 of business by the Firm's accounting department from time records regularly input  
21 and updated by attorneys, paralegals and other professionals rendering services to  
22 clients. I review the draft "proformas" that are generated from the time entries and  
23 the final billing statements for my clients. I find that the billing statements  
24 accurately reflect the time entries regularly made by professionals at the Firm and  
25 the services rendered and expenses incurred in connection with the McKenna  
26 Firm's representation of its clients.

27 5. I have practiced law in the State of California for over 29 years and  
28 have specialized in the representation of federal equity receivers in civil



1 enforcement actions filed by the Federal Trade Commission and the Securities and  
2 Exchange Commission for more than eight years. I am familiar with the billing  
3 rates charged by attorneys in the Southern California area and believe the rates  
4 charged by the McKenna Firm in this matter and the fees and expenses requested  
5 for this final expense period are fair and reasonable given the nature of the services  
6 rendered, the time expended, the expertise of the attorneys and others performing  
7 services in this matter, the rates charged by other firms and attorneys in the  
8 Southern California area and other factors.

9 I declare under penalty of perjury that the foregoing is true and correct and  
10 that this declaration was executed on March 20, 2009 at Los Angeles, California.

11  
12 /s/ Gary Owen Caris  
13 GARY OWEN CARIS  
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