

ROBB EVANS & ASSOCIATES LLC
Permanent Receiver of
Lucas Law Center and Future Financial Services, LLC., et al

Federal Trade Commission v. Lucaslawcenter “Incorporated”, et al.
CASE No. SACV 09-0770 DOC (ANx)

Notice of Motion and Motion for Order:

- (1) Approving Reports of Receiver’s Activities;**
- (2) Approving and Authorizing Payment of Receiver’s and Professionals’ Fees and Expenses; and**
- (3) Limiting Notice Under Local Rule 66-7;**

Memorandum of Points and Authorities and Declaration of Gary Owen Caris in Support Thereof

Filed November 12, 2009

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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 SOUTHERN DIVISION

12 FEDERAL TRADE COMMISSION,

13 Plaintiff,

14 v.

15 LUCAS LAW CENTER, INC., *et al.*,

16 Defendants.
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Case No. SACV 09-0770 DOC (ANx)

**NOTICE OF MOTION AND
MOTION FOR ORDER: (1)
APPROVING REPORTS OF
RECEIVER'S ACTIVITIES; (2)
APPROVING AND AUTHORIZING
PAYMENT OF RECEIVER'S AND
PROFESSIONALS' FEES AND
EXPENSES; AND (3) LIMITING
NOTICE UNDER LOCAL RULE 66-
7; MEMORANDUM OF POINTS
AND AUTHORITIES AND
DECLARATION OF GARY OWEN
CARIS IN SUPPORT THEREOF**

**[DECLARATION OF KENTON
JOHNSON FILED
CONCURRENTLY UNDER
SEPARATE COVER]**

DATE: December 7, 2009
TIME: 8:30 a.m.
PLACE: Courtroom 9D

26 PLEASE TAKE NOTICE that on December 7, 2009 at 8:30 a.m., or as soon
27 thereafter as counsel may be heard in Courtroom 9D of the above-entitled court
28

1 located at 411 West Fourth Street, Santa Ana, California, Permanent Receiver Robb
2 Evans & Associates LLC (“Receiver”), the permanent receiver for Receivership
3 Defendants LucasLawCenter “Incorporated” (“Lucas Law”) and Future Financial
4 Services LLC (“Future Financial Services”), will and does hereby move the Court
5 for the following relief:

6 1. For an order approving the Report of Temporary Receiver’s Activities
7 for the period of July 9, 2009 through July 13, 2009 filed with the Court on July 14,
8 2009 (“Temporary Receiver’s Report”) and the Report of Receiver’s Activities for
9 the period of July 14, 2009 through July 27, 2009 filed with the Court on July 29,
10 2009 (“Second Receiver’s Report”) (collectively, the “Receiver’s Reports”) and
11 confirming the activities of the Receiver described therein;

12 2. For an order approving and authorizing payment of the Receiver’s and
13 professionals’ fees and expenses from the inception of the receivership through
14 September 30, 2009 (“Initial Expense Period”), comprised of fees of the Receiver,
15 its members and staff of \$120,575.52 and Receiver’s expenses of \$5,244.60 and
16 attorneys’ fees of \$48,730.50 and costs of \$2,080.22 for total Receiver’s fees and
17 expenses of \$176,630.84; and

18 3. For an order limiting notice of the hearing on this Motion under Local
19 Rule 66-7 so that notice of the hearing on this Motion is deemed sufficient if served
20 on the parties to the action and any known non-consumer creditors.

21 This motion is made pursuant to Local Civil Rule 66-7(c) and (f), and is
22 based upon this notice of motion and motion, the memorandum of points and
23 authorities and declarations of Kenton Johnson and Gary Owen Caris filed in
24 support hereof, on such pleadings and files of the Court of which the Receiver may
25 request the Court take judicial notice, and upon such other pleadings and oral and
26 documentary evidence as may be presented at or before the time of the hearing on
27 the motion.

28

1 PLEASE TAKE FURTHER NOTICE that this motion is posted on the
2 Receiver's website at www.robbevans.com/html/lucaslaw.html.¹ Copies of this
3 Motion will be provided to any interested party upon receipt of a written request
4 which may be sent to: Robb Evans & Associates LLC, Attn: Cherrie Eustaquio,
5 11450 Sheldon Street, Sun Valley, CA 91352-1121; Telephone: (818) 768-8100;
6 Facsimile: (818) 768-8802.

7
8 Dated: November 12, 2009

MCKENNA LONG & ALDRIDGE LLP
GARY OWEN CARIS
LESLEY ANNE HAWES

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11 By: /s/ Gary Owen Caris

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

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27 ¹ Due to the voluminous nature of the billing record exhibits attached to the
28 declarations supporting the Receiver's motion, the voluminous time records will
not be posted on the Receiver's website.

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION AND SUMMARY OF FACTS**

3 This action is a civil enforcement action initiated by plaintiff Federal Trade
4 Commission (“FTC”) alleging various violations of the FTC Act and regulations by
5 defendants LucasLawCenter “Incorporated” (“Lucas Law”), Future Financial
6 Services, LLC (“Future Financial”), Paul Jeffrey Lucas (“Lucas”), Christopher
7 Francis Betts (“Betts”) and Frank Sullivan (“Sullivan”). The Court issued its
8 Amended Order Granting Ex Parte Application for Temporary Restraining Order
9 and Issuing Order to Show Cause on July 9, 2009 (“Order Granting Temporary
10 Restraining Order”). Pursuant to the Order Granting Temporary Restraining Order,
11 Robb Evans was named Temporary Receiver over Lucas Law and Future Financial
12 (collectively the “Receivership Defendants”) (the Receivership Defendants and
13 Lucas, Betts and Sullivan are collectively referred to as the “Defendants”).

14 On July 16, 2009, the Court entered its Order Freezing Assets, Appointing
15 Permanent Receiver, Extending Amended Temporary Restraining Order and
16 Issuing Order to Show Cause pursuant to which, among other things, Robb Evans
17 & Associates LLC was named Permanent Receiver over the Receivership
18 Defendants and the Temporary Restraining Order issued pursuant to the Order
19 Granting Temporary Restraining Order was continued through August 3, 2009
20 (“Order Freezing Assets”) (the Order Granting Temporary Restraining Order and
21 Order Freezing Assets are collectively hereinafter referred to as the “Temporary
22 Restraining Order”). Robb Evans in his capacity as Temporary Receiver and Robb
23 Evans & Associates LLC in its capacity as Permanent Receiver are collectively
24 referred to in this Motion as the “Receiver.” On August 24, 2009, the Court issued
25 a Preliminary Injunction Order Freezing Assets, Appointment of Permanent
26 Receiver and Other Equitable Relief (“Preliminary Injunction”).

27 Since the receivership commenced, the Receiver has filed a Report of
28 Temporary Receiver’s Activities (“Temporary Receiver’s Report”) covering the

1 period from the inception of the receivership on July 9, 2009 though July 13, 2009
2 which was filed with the Court on July 14, 2009 in advance of the hearing on the
3 FTC's motion for a preliminary injunction and appointment of the Receiver as
4 Permanent Receiver on July 16, 2009. The Receiver filed a second Report of
5 Receiver's Activities covering the period of July 14, 2009 through July 27, 2009
6 ("Receiver's Second Report"), supplementing the Temporary Receiver's Report.
7 The Receiver's Second Report was filed with the Court on July 29, 2009, in
8 advance of the Court's August 3, 2009 continued preliminary injunction hearing.
9 This Motion seeks approval of these two Receiver's Reports and confirmation of
10 the Receiver's activities described therein.

11 The Receiver has also submitted a financial report entitled Receiver
12 Administrative Expense by Month ("Financial Summary") covering the period
13 from the inception of the receivership on July 9, 2009 through September 30, 2009
14 ("Initial Expense Period"). The Financial Summary for the Initial Expense Period
15 is attached as Exhibit 1 to the Declaration of Kenton Johnson filed in support of this
16 Motion. By this Motion, the Receiver also seeks approval and authorization for
17 payment of the Receiver's fees and expenses and the Receiver's counsel's fees and
18 expenses incurred during the Initial Expense Period. The Receiver has incurred
19 fees for its members and staff of \$120,575.52 and costs of \$5,244.60 during the
20 Initial Expense Period. The Receiver has incurred attorneys' fees of \$48,730.50
21 and costs of \$2,080.22 for the services of its counsel McKenna Long & Aldridge
22 LLP ("McKenna Firm") during the Initial Expense Period. Attached as Exhibit 2 to
23 the Declaration of Kenton Johnson are copies of the Receiver's billing records from
24 the Initial Expense Period detailing the services rendered by the Receiver's
25 members and staff. The Motion is also supported by the Declaration of Gary Owen
26 Caris, and attached as Exhibit 1 to the Caris Declaration are copies of the billing
27 records for services rendered and costs incurred by the McKenna Firm during the
28 Initial Expense Period.

1 A. Receiver's Activities and Reports

2 Among other relief, this Motion seeks approval of the Report of Temporary
3 Receiver's Activities ("Temporary Receiver's Report") covering the period from
4 the inception of the receivership on July 9, 2009 though July 13, 2009 filed with the
5 Court on July 14, 2009, two days in advance of the hearing on the expansion of the
6 Order Granting Temporary Restraining Order to include an asset freeze of the
7 assets of the individual defendants. The Receiver's activities reported in the
8 Temporary Receiver's Report included the Receiver's initial seizure and securing
9 of the business premises occupied by the Receivership Defendants in Orange
10 County, California.

11 During the initial period after the Receiver obtained control of the business
12 premises, the Receiver also seized and secured the Receivership Defendants'
13 documents and electronic records. The Receiver's members and staff met with
14 Lucas but only briefly with Betts and Sullivan, who departed the premises shortly
15 after the Receiver began meeting with them. The Receiver met with employees and
16 staff of the Receivership Defendants and investigated the operational structure of
17 the Receivership Defendants' business to determine which entities employed which
18 personnel, to evaluate the services and tasks performed by the various personnel
19 and the nature of the services provided to consumer clients of the business. This
20 investigation also included an investigation into some of the claims and complaints
21 raised by consumers that in part prompted the commencement of the FTC's actions,
22 including the extent to which attorneys or other personnel were responsible for
23 conducting loan modification negotiations with lenders. The Receiver's members
24 and staff reviewed scripts used by the Receivership Defendants' personnel in
25 responding to incoming calls from potential consumer clients and reviewed the
26 advertising by the business. The Receiver determined the business could not
27 continue to operate lawfully and profitably, and the Receiver suspended the
28 Receivership Defendants' operations.

1 The Receiver investigated the Receivership Defendants' financial and
2 accounting records. The records indicated that since 2008, Lucas Law had 2,159
3 consumer clients. The Receiver used various sampling methods to investigate the
4 results of Lucas Law's loan modification activities and reviewed representative
5 samples of the Receivership Defendants' files pertaining to consumer loan
6 modification files designated by the Receivership Defendants as "completed"
7 modifications and consumer files pertaining to loan modifications identified as
8 pending. The Receiver's members and staff also reviewed a representative sample
9 of files in which consumers had requested refunds of the fees for loan modification
10 services. The Receiver's investigation also included an investigation of complaints
11 by consumers filed with the Better Business Bureau and others.

12 The Receiver investigated the financial condition of the Receivership
13 Defendants as well as the financial and business relationship between Lucas Law
14 and Future Financial. The Receiver evaluated the sources of income of Lucas Law,
15 the expenses of Lucas Law and other transfers of funds by Lucas Law, the
16 management fees paid by Lucas Law to Future Financial, and the disposition of
17 funds paid to Future Financial.

18 As reflected in the Second Receiver's Report, the Receiver conducted
19 additional analyses of consumer files to evaluate completed modifications and the
20 results of Lucas Law's efforts to modify the consumers' loans. The Receiver also
21 conducted an additional analysis of consumer files to evaluate the refunds issued to
22 consumers by Lucas Law for files designated as "terminated" to determine if
23 consumers received full refunds. The Receiver's findings regarding this additional
24 investigation are set forth in the Second Receiver's Report.

25 The Receiver's members and staff also focused on assisting consumers
26 during the Initial Expense Period. The Receiver's staff initially attempted to
27 determine all consumer files in which foreclosure sales were imminent and took
28 steps to postpone those sales. The Receiver employed certain personnel of Lucas

1 Law for a limited period to develop a list of all files with pending foreclosures set
2 in the near term on or before August 7, 2009. The Receiver's staff contacted all
3 consumers whose foreclosure sales were set within that time period to advise
4 consumers to contact their lenders immediately to try to negotiate a postponement
5 of the foreclosure sale and a modification of their loan. The Receiver prepared and
6 also posted a notice to consumers on its website for the proceeding to advise them
7 to make direct contact with their lenders.

8 Members of the Receiver appeared at five hearings before the Court during
9 the Initial Expense Period. These hearings included three hearings on the proposed
10 preliminary injunction order on July 16, 2009, August 3, 2009, and August 24,
11 2009, and hearings on September 28 and 29, 2009 on the FTC's application for an
12 order holding the defendants in contempt of court for their failure to submit
13 completed financial statements required by the Court's preliminary injunction
14 order, and an ex parte application filed by counsel for Defendants seeking the
15 release of \$100,000 in funds for payment of Defendants' attorneys' fees.

16 The Receiver's members and staff also addressed ongoing administrative and
17 other issues during the Initial Expense Period. The Receiver's staff have served
18 copies of the Temporary Restraining Order and/or Preliminary Injunction on
19 various banks and financial institutions and frozen and/or recovered funds from
20 bank accounts. The Receiver's staff has addressed consumer inquiries, performed
21 bank reconciliations, and relocated receivership records to terminate the office
22 premises lease and provide for storage and preservation of records at a facility with
23 less costly monthly rent. The Receiver's staff prepared and coordinated the
24 production of documents and the electronic records of the Receivership Defendants
25 to the Defendants with the assistance of counsel.

26 Another issue addressed by the Receiver's members and staff with the
27 assistance of counsel has been chargebacks to the Receivership Defendants'
28 merchant account by consumers and disputes with the merchant account payment

1 processor, Electronic Cash Systems (“ECS”). The Receiver’s representatives have
2 monitored chargebacks by consumers as well as engaged in ongoing discussions
3 with ECS directly and through counsel concerning the chargebacks, the requested
4 application of reserve funds and related issues.

5 B. Services of Receiver’s Counsel During the Initial Expense Period

6 During the Initial Expense Period, the Receiver’s counsel prepared for and
7 attended five hearings in this matter, negotiated and documented a proposed form
8 of stipulation for a protective order to set forth the terms and conditions for the
9 parties’ access to receivership records which may contain attorney-client privileged
10 communications or personal financial and other information regarding consumer
11 clients subject to potential privacy concerns,² monitored proceedings in the FTC
12 case and assisted the Receiver in addressing various administrative and other issues,
13 including disputes with the payment processor ECS.

14 With respect to access to the Receivership Defendants’ records, pursuant to
15 the Order Granting Temporary Restraining Order, the Receiver was directed to
16 allow Plaintiff’s representatives, agents and assistants immediate access to the
17 business premises of the Receivership Defendants to, among other things, allow
18 Plaintiff to inspect and copy materials relevant to this action. The Receiver was
19 also directed to allow Plaintiff’s representatives and Defendants and their
20 representatives reasonable access to the business premises of the Receivership
21 Defendants for the purpose of inspecting and copying books, records, accounts and
22 other property owned by or in the possession of the Receivership Defendants. The
23 Receiver was also authorized to segregate or redact any portions of files or
24 documents that may contain privileged information to the extent that they reflect
25 the substance of any attorney-client communication pertaining to professional legal

26 _____
27 ² The stipulation was not ultimately executed by the parties. As noted hereafter,
28 the essential terms of the stipulation were incorporated into the Preliminary
Injunction entered by the Court.

1 services unrelated to Receivership Defendants' mortgage loan modification
2 business.

3 The Receiver believed that, whether or not documents were related to
4 mortgage loan modification services, some of the documents and electronic records
5 might potentially constitute attorney-client communications subject to the attorney-
6 client privilege. In addition, the receivership records included records with
7 personal information regarding consumer clients, raising potential privacy issues.
8 For reasons of practicality and expense given the voluminous nature of the records,
9 the Receiver did not review all documents of the Receivership Defendants to
10 determine the extent of the privileged materials. To resolve any issues concerning
11 potentially privileged or private information or documents, the Receiver's duties
12 with respect to the production of receivership records and the parties' access to such
13 records, the Receiver through counsel prepared provisions for a protective order
14 covering the documents produced in the case which were incorporated into Section
15 XXVII of the Court's Preliminary Injunction issued August 24, 2009.

16 Defendants filed multiple applications seeking the release of \$100,000 in
17 receivership funds for payment to Defendants' counsel, Richard Gilbert. In
18 addition, the FTC filed an application to have Defendants held in contempt of court
19 for their failure to complete the required financial disclosure statements. In
20 connection with the first application for release of funds, counsel for Defendants
21 filed a petition for writ of mandamus to the Court of Appeals for the Ninth Circuit
22 from the Court's adverse ruling, asserting that Defendants had been improperly
23 deprived of their ability to assert their Fifth Amendment privilege. The Receiver's
24 counsel analyzed the pleadings and monitored the progress of the requests for
25 release of funds, the proceedings in the Ninth Circuit and the FTC's contempt
26 proceedings. As set forth above, counsel for the Receiver prepared for and attended
27 five hearings in this case during the Initial Expense Period, including the series of
28 three hearings on the issuance of the order for the appointment of a permanent

1 receiver and the issuance of a preliminary injunction and the subsequent two days
2 of hearings at the end of September 2009 on the FTC's application to hold the
3 Defendants in contempt of court and on the proposed release of funds for payment
4 to Defendants' counsel.

5 Counsel for the Receiver also addressed various administrative issues. The
6 Receiver's counsel assisted the Receiver in revising and filing the two Receiver's
7 Reports. Counsel reviewed the proposed relocation of the Receivership
8 Defendants' records and reviewed and revised the proposed lease agreement for the
9 premises where the records are now stored. Counsel has engaged in extensive
10 analysis of the legal and factual issues pertaining to the consumer chargebacks, the
11 reserve account, and the claims by the payment processor ECS arising out of its
12 merchant processing agreement with the Receivership Defendants. The Receiver's
13 counsel has also had extensive discussions that commenced during the Initial
14 Expense Period and have continued in an effort to resolve the disputes with ECS.

15 C. Request to Limit Notice to the Parties and Non-Consumer Creditors

16 The Receiver also seeks an order limiting the notice required to be provided
17 under Local Rule 66-7 which ordinarily would require notice of the hearing on the
18 Motion to be sent to all known creditors of the estate in addition to the parties. The
19 Receiver has not yet determined the status of all of the individual consumer clients
20 of the Receivership Entities as "creditors," but based on the number of clients the
21 Receiver believes existed there are potentially 2,159 or more consumer creditors, as
22 well as approximately nine known non-consumer creditors. The Receiver submits
23 that service of notice on more than 2,150 consumer creditors is not cost-effective
24 and will unduly deplete the resources of the estate with administrative, postage and
25 copying costs. The Receiver proposes instead to serve only the parties and known
26 non-consumer creditors and to post a copy of the Motion and supporting pleadings
27 on the Receiver's website for the case where any interested party may view the
28

1 Motion. The Receiver will also provide a complete copy of the Motion to any
2 interested party who makes a request for a copy in writing to the Receiver's office.

3 **II. THE RECEIVER REQUESTS APPROVAL OF THE RECEIVER'S**
4 **REPORTS**

5 The Receiver is entitled to have the Court review and approve the Receiver's
6 reports of activities and confirm its activities during the course of the receivership.
7 *See 2 Clark on Receivers* § 383.1, pp. 643-644 (3rd ed. 1992) ("A receiver's
8 account and report is for the purpose of informing the appointing court and parties
9 interested of the receiver's stewardship. Since the receiver is the court's officer, the
10 court may at its own instance approve or disapprove the report of the receiver").
11 The Receiver seeks approval of the Receiver's Reports filed on July 14, 2009 and
12 July 29, 2009 and its activities described therein. Based on the activities performed
13 and the results obtained, the Receiver submits that approval of the reports is
14 appropriate.

15 **III. THE RECEIVER REQUESTS APPROVAL AND**
16 **AUTHORIZATION FOR THE PAYMENT OF THE FEES AND**
17 **EXPENSES OF THE RECEIVER, THE RECEIVER'S STAFF**
18 **AND THE RECEIVER'S COUNSEL FOR THE INITIAL**
19 **EXPENSE PERIOD**

20 The Receiver seeks approval and authority for payment of the fees and
21 expenses of the Receiver, the Receiver's staff and the Receiver's counsel for the
22 Initial Expense Period. The fees and costs of the Receiver for which approval is
23 requested are summarized in the Financial Summary attached as Exhibit 1 to the
24 Johnson Declaration. The services rendered by the Receiver for which payment is
25 sought are detailed in the Receiver's billing records attached collectively as Exhibit
26 2 to the Johnson Declaration filed in support of the Motion. The fees and expenses
27 of the Receiver's counsel, the McKenna Firm, are attached hereto to the
28 Declaration of Gary Owen Caris as Exhibit 1.

1 The Receiver seeks Court approval of all of these fees and expenses and
2 authority to pay such fees and expenses from receivership assets. In light of the
3 work performed during the Initial Expense Period, the Receiver submits that its fees
4 and costs and those of its counsel are reasonable and should be approved and
5 authorized for payment in their entirety.

6 **IV. THE RECEIVER REQUESTS THAT THIS MOTION BE**
7 **GRANTED WITHOUT REQUIRING THE RECEIVER TO**
8 **GIVE WRITTEN NOTICE TO ALL CREDITORS**

9 The Receiver requests that this Motion be granted without requiring the
10 Receiver to give written notice of the hearing on the Motion to all known creditors
11 pursuant to Local Rule 66-7. Local Rule 66-7 applies to the following: (a)
12 petitions for payment of dividends to creditors; (b) petitions for confirmation of
13 sales of real property and personal property; (c) reports of the Receiver; (d)
14 applications for instructions concerning administration of the estate; (e) applications
15 for discharge of the Receiver; and (f) applications for fees and expenses of the
16 Receiver, the attorney for the Receiver and any other person appointed to aid the
17 Receiver (collectively referred to as "Rule 66-7 Motions").

18 Local Rule 66-7 requires that all "known" creditors of the Receivership
19 Defendants receive notice by mail of the hearing on all Rule 66-7 Motions. In this
20 case, there are over 2,150 consumer clients who are potential creditors in this case,
21 and there are also approximately nine known vendor and other non-consumer
22 creditors with potential claims arising from pre-receivership transactions with the
23 Receivership Defendants. If the Receiver were required to give notice to all
24 potential creditors, such a requirement would be burdensome, time-consuming and
25 expensive for the receivership estate, causing the estate to incur substantial
26 administrative, photocopying and postage costs.

27 The Receiver seeks an order providing that the notice requirement for the
28 hearing on this Motion shall be deemed satisfied if copies of this Motion are served

1 on all parties to this action, on the nine known non-consumer creditors and on all
2 interested parties who request a copy of the Motion in writing directed to: Robb
3 Evans & Associates LLC, Attn: Cherrie Eustaquio, 11450 Sheldon Street, Sun
4 Valley, CA 91352-1121; Telephone: (818) 768-8100; Facsimile: (818) 768-8802.
5 The Receiver will post a copy of this Motion, exclusive of voluminous billing
6 records attached as exhibits, on the Receiver's website for this case at
7 www.robbevans.com/html/lucaslaw.html, allowing all interested parties an
8 opportunity to review the Motion and to submit a written request for service
9 thereof. This procedure for limited notice is reasonable in light of the large number
10 of potential creditors, and provides adequate notice while allowing for efficient,
11 cost-effective administration of the receivership estate.

12 There is ample authority for approval of the scope and method of limited
13 notice as set forth above. Local Rule 66-7 provides that the provisions of Local
14 Rule 6-1 apply to notice of Rule 66-7 Motions. Local Rule 6-1 in turn provides for
15 the filing and service of written notices of motion "unless otherwise provided by
16 rule or ordered by the Court." This Court, as a court of equity supervising the
17 receivership estate, may make appropriate administrative orders governing the
18 receivership, including limitations on and changes in notice and other procedures.
19 See F.R.Civ.P. 5(a) and (c) (authorizing the court to modify service procedures
20 when numerous defendants are involved in litigation). Pursuant to Local Rule 66-8,
21 a receiver is directed to administer receivership estates "as nearly as possible in
22 accordance with the practice in the administration of estates in bankruptcy." Orders
23 limiting notice when the Bankruptcy Code or Rules would otherwise require notice
24 to all creditors are routinely granted in bankruptcy cases to promote the expeditious
25 and economical administration of bankruptcy estates. See In re First Alliance
26 Mortgage Co., 269 B.R. 428, 442 (C.D. Cal. 2001) (referencing in dicta in the
27 court's recitation of facts the bankruptcy court's order limiting notice issued in that
28 case); 11 U.S.C. § 102(1)(A) (defining the phrase "after notice and a hearing" to

1 mean “after such notice as is appropriate in the particular circumstances, and such
2 opportunity for hearing as is appropriate in the particular circumstances”);
3 11.U.S.C. § 105(a) and (s) (granting broad equitable powers to the court to issue
4 orders “necessary or appropriate to carry out the provisions” of Title 11 including
5 “prescribing such limitations and conditions as the court deems appropriate to
6 ensure the case is handled expeditiously and economically”); and F.R.Bankr.P.
7 2002(m) (authorizing the court to enter “orders designating the matters in respect to
8 which, the entity to whom, and the form and manner in which notices shall be sent
9 except as otherwise provided by these rules”).

10 **V. CONCLUSION**

11 Based on the foregoing, the Receiver respectfully requests that this Court
12 grant this Motion and issue an order (1) approving the Temporary Receiver’s
13 Report and the Receiver’s Second Report and confirming the Receiver’s activities
14 described therein; (2) approving and authorizing payment of the fees and costs of
15 the Receiver and his professionals incurred from the inception of the case through
16 September 30, 2009, and (3) approving limited notice of this Motion pursuant to the
17 procedures outlined herein, without the need to provide all known creditors of the
18 estate notice by mail as required by Local Rule 66-7.

19
20 Dated: November 12, 2009

MCKENNA LONG & ALDRIDGE LLP
GARY OWEN CARIS
LESLEY ANNE HAWES

21
22
23 By: /s/Gary Owen Caris

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

DECLARATION OF GARY OWEN CARIS

I, Gary Owen Caris, declare:

1. I am an attorney at law duly licensed before all courts of the State of California and the United States District Court for the Central District of California and am a partner in the firm of McKenna Long & Aldridge LLP (“McKenna Firm”), attorneys for Robb Evans & Associates LLC (“Receiver”) in this case. I am the attorney primarily responsible for the representation of the Receiver in this matter. If called upon to testify as to the matters set forth in this declaration, I could and would competently testify to these matters as they are personally known to me to be true.

2. Attached hereto as Exhibit 1 are billing summaries reflecting the services rendered, time spent and costs incurred by the McKenna Firm pertaining to this matter for the period from the inception of the receivership on July 9, 2009 through September 30, 2009 (the “Initial Expense Period”). The time records, as well as the time records for the Receiver and its staff, have been redacted by my firm where appropriate to preserve descriptions containing confidential, tactical, strategic, attorney-client privileged and/or attorney work-product information. Attorneys’ fees incurred by my firm during this time period total \$48,730.50 and costs incurred total \$2,080.22 for total legal fees and costs of \$50,810.72.

3. During the Initial Expense Period, I prepared for and attended five hearings in this matter. I also negotiated and documented the form of a proposed stipulation for a protective order to set forth the terms and conditions for the parties’ access to receivership records which may contain attorney-client privileged communications or personal financial and other information regarding consumer clients subject to potential privacy concerns, although the stipulation was not ultimately signed by the parties. As set forth hereafter, the essential terms of the stipulation were incorporated into the Preliminary Injunction entered by the Court. My firm also monitored proceedings in the FTC case and assisted the Receiver in

1 addressing various administrative and other issues, including disputes with the
2 payment processor ECS.

3 4. With respect to access to the Receivership Defendants' records,
4 pursuant to the Order Granting Temporary Restraining Order, the Receiver was
5 directed to allow Plaintiff's representatives, agents and assistants immediate access
6 to the business premises of the Receivership Defendants to, among other things,
7 allow Plaintiff to inspect and copy materials relevant to this action. The Receiver
8 was also directed to allow Plaintiff's representatives and Defendants and their
9 representatives reasonable access to the business premises of the Receivership
10 Defendants for the purpose of inspecting and copying books, records, accounts and
11 other property owned by or in the possession of the Receivership Defendants. The
12 Receiver was also authorized to segregate or redact any portions of files or
13 documents that may contain privileged information to the extent that they reflect
14 the substance of any attorney-client communication pertaining to professional legal
15 services unrelated to Receivership Defendants' mortgage loan modification
16 business.

17 5. Whether or not documents were related to mortgage loan modification
18 services, there was a concern on the Receiver's part that some of the documents and
19 electronic records might potentially constitute attorney-client communications
20 subject to the attorney-client privilege. In addition, the receivership records
21 included personal information regarding consumer clients, raising potential privacy
22 issues. For reasons of practicality and expense given the voluminous nature of the
23 records, the Receiver did not review all documents of the Receivership Defendants
24 to determine the extent of the privileged materials. To resolve any issues
25 concerning potentially privileged or private information or documents, the
26 Receiver's duties with respect to the production of receivership records and the
27 parties' access to such records, I prepared the terms of a proposed stipulation for a
28 protective order covering the documents produced in the case which were

1 incorporated into Section XXVII of the Court's Preliminary Injunction issued
2 August 24, 2009.

3 6. I also reviewed and evaluated the Defendants' multiple applications
4 seeking the release of \$100,000 in receivership funds for payment to Defendants'
5 counsel, Richard Gilbert as well as the FTC's application to hold the Defendants in
6 contempt of court for their failure to complete the required financial disclosure
7 statements. In connection with the Defendants' first application for release of
8 funds, counsel for Defendants filed a petition for writ of mandamus to the Court of
9 Appeals for the Ninth Circuit from the Court's adverse ruling, asserting that
10 Defendants had been improperly deprived of their ability to assert their Fifth
11 Amendment privilege. My firm analyzed the pleadings and monitored the progress
12 of the requests for release of funds, the proceedings in the Ninth Circuit and the
13 FTC's contempt proceedings. As set forth above, I also prepared for and attended
14 five hearings in this case during the Initial Expense Period, including the series of
15 three hearings on the issuance of the order for the appointment of a permanent
16 receiver and the issuance of a preliminary injunction and the subsequent two days
17 of hearings at the end of September 2009 on the FTC's application to hold the
18 Defendants in contempt of court and on the proposed release of funds for payment
19 to Defendants' counsel.

20 7. The McKenna Firm also addressed various administrative issues in the
21 receivership. My firm assisted the Receiver in revising and filing the two
22 Receiver's Reports. I reviewed issues concerning the proposed relocation of the
23 Receivership Defendants' records and reviewed and revised the proposed lease
24 agreement for the premises where the records are now stored. My firm has engaged
25 in extensive analysis of the legal and factual issues pertaining to the consumer
26 chargebacks, the reserve account, and the claims by the payment processor ECS
27 arising out of its merchant processing agreement with the Receivership Defendants.

28

1 I have also had extensive discussions that commenced during the Initial Expense
2 Period and have continued in an effort to resolve the disputes with ECS.

3 8. I am a partner of the McKenna Firm and am familiar with the methods
4 and procedures used to create, record and maintain billing records for the firm's
5 clients. The billing summaries attached hereto as Exhibit 1 are prepared from
6 computerized time records prepared contemporaneously with the services rendered
7 by each attorney and paralegal billing time to this matter. These computerized
8 records are prepared in the ordinary course of business by the attorneys and
9 paralegals employed by the firm who have a business duty to accurately record their
10 time spent and services rendered on the matters on which they perform work. The
11 time records are transferred into a computerized billing program that generates
12 monthly invoices under the supervision of the firm's accounting department. Based
13 upon my experience with the firm, I believe the McKenna Firm's methods and
14 procedures for recording and accounting for time and services for its clients are
15 reliable and accurate.

16 9. I have more than 29 years' experience as a business and commercial
17 litigator and also have extensive experience as a bankruptcy attorney representing
18 creditors in Chapter 11 and Chapter 7 bankruptcy cases. For ten years I have also
19 specialized in representing receivers in federal equity receiverships. I am familiar
20 with the billing rates and practices of firms in the Los Angeles area providing
21 comparable services, and I believe my firm's rates and the amount incurred by the
22 Receiver for the services rendered during the Initial Expense Period are reasonable
23 and appropriate based on the nature of the services rendered, the quality and
24 amount of services provided, the complexity of the issues involved and other
25 factors under the circumstances, including the results obtained.

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I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on this 12th day of November 2009 at Los Angeles, California.

/s/ Gary Owen Caris

GARY OWEN CARIS

1 GARY OWEN CARIS (SBN 088918)
gcaris@mckennalong.com
2 LESLEY ANNE HAWES (SBN 117101)
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4 444 South Flower Street, 8th Floor
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Telephone: (213) 688-1000
5 Facsimile: (213) 243-6330

6 Attorneys for Permanent Receiver
ROBB EVANS & ASSOCIATES LLC
7

8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **SOUTHERN DIVISION**
11

12 FEDERAL TRADE COMMISSION,

13 Plaintiff,

14 v.

15 LUCAS LAW CENTER, INC., *et al.*,

16 Defendants.
17
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19

Case No. SACV 09-0770 DOC (ANx)

**DECLARATION OF KENTON
JOHNSON IN SUPPORT OF
MOTION FOR ORDER: (1)
APPROVING REPORTS OF
RECEIVER'S ACTIVITIES; (2)
APPROVING AND AUTHORIZING
PAYMENT OF RECEIVER'S AND
PROFESSIONALS' FEES AND
EXPENSES; AND (3) LIMITING
NOTICE UNDER LOCAL RULE 66-
7**

20 DATE: December 7, 2009
21 TIME: 8:30 a.m.
22 PLACE: Courtroom 9D

23
24 I, Kenton Johnson, declare:

25 1. I am a principal of Robb Evans & Associates LLC, the entity
26 appointed by this Court as permanent receiver of LucasLawCenter "Incorporated"
27 ("Lucas Law") and Future Financial Services, LLC ("Future Financial") and any
28

1 successors, assigns, affiliates and subsidiaries that conduct any business related to
2 Lucas Law's or Future Financial's mortgage loan modification business which are
3 owned or controlled in whole or in part by any of the Defendants (collectively, the
4 "Receivership Defendants") in connection with the above referenced matter. I have
5 personal knowledge of the matters set forth in this declaration based upon my
6 management of this receivership estate or have gained knowledge of these matters
7 based upon my supervision of other members and staff of Robb Evans &
8 Associates LLC involved in the day to day management of this receivership estate.
9 If called upon to testify as to these matters, I could and would competently testify
10 thereto.

11 2. Robb Evans was originally appointed as Temporary Receiver over the
12 Receivership Defendants pursuant to the Amended Order Granting Ex Parte
13 Application for Temporary Restraining Order and Issuing Order to Show Cause
14 issued by the Court on July 9, 2009 ("Order Granting Temporary Restraining
15 Order"). On July 16, 2009, the Court entered its Order Freezing Assets, Appointing
16 Permanent Receiver, Extending Amended Temporary Restraining Order and
17 Issuing Order to Show Cause pursuant to which, among other things, Robb Evans
18 & Associates LLC was named Permanent Receiver over the Receivership
19 Defendants and the Temporary Restraining Order issued pursuant to the Order
20 Granting Temporary Restraining Order was continued through August 3, 2009
21 ("Order Freezing Assets") (the Order Granting Temporary Restraining Order and
22 Order Freezing Assets are collectively hereinafter referred to as the "Temporary
23 Restraining Order"). Robb Evans in his capacity as Temporary Receiver and Robb
24 Evans & Associates LLC in its capacity as Permanent Receiver are collectively
25 referred to in this Motion as the "Receiver." On August 24, 2009, the Court issued
26 a Preliminary Injunction Order Freezing Assets, Appointment of Permanent
27 Receiver and Other Equitable Relief ("Preliminary Injunction").
28

1 3. Since the receivership commenced, the Receiver has filed a Report of
2 Temporary Receiver's Activities ("Temporary Receiver's Report") covering the
3 period from the inception of the receivership on July 9, 2009 though July 13, 2009
4 which was filed with the Court on July 14, 2009 in advance of the hearing on the
5 FTC's motion for a preliminary injunction and appointment of the Receiver as
6 Permanent Receiver on July 16, 2009. The Receiver filed a second Report of
7 Receiver's Activities covering the period of July 14, 2009 through July 27, 2009
8 ("Receiver's Second Report"), supplementing the Temporary Receiver's Report.
9 The Receiver's Second Report was filed with the Court on July 29, 2009, in
10 advance of the Court's August 3, 2009 continued preliminary injunction hearing.
11 The Receiver's Motion with respect to which this declaration is submitted seeks
12 approval of these two Receiver's Reports and confirmation of the Receiver's
13 activities described therein.

14 4. The Receiver's accounting staff has prepared a financial report entitled
15 Receiver Administrative Expense by Month ("Financial Summary") summarizing
16 the receipts and expenses of the receivership incurred during the period from the
17 inception of the receivership on July 9, 2009 through September 30, 2009 ("Initial
18 Expense Period"). A true and correct copy of the Financial Summary for the Initial
19 Expense Period is attached hereto as Exhibit 1.

20 5. The Receiver has incurred fees for the services rendered to the
21 receivership estate by its members and staff of \$120,575.52 and costs of \$5,244.60
22 during the Initial Expense Period. Attached hereto as Exhibit 2 are copies of the
23 Receiver's billing records from the Initial Expense Period detailing the services
24 rendered by the Receiver's members and staff. As explained in the Declaration of
25 Gary Owen Caris filed in support of the Receiver's Motion, the billing records of
26 the Receiver and the Receiver's attorneys have been redacted to eliminate attorney-
27 client privileged communications, attorney work product and other confidential or
28 sensitive information, the disclosure of which may be detrimental to the

1 receivership. During the Initial Expense Period, the Receiver has incurred
2 attorneys' fees of \$48,730.50 and costs of \$2,080.22 for the services of its counsel
3 McKenna Long & Aldridge LLP ("McKenna Firm"). Copies of the billing records
4 of the McKenna Firm are attached to the Declaration of Gary Owen Caris filed in
5 support of the Motion.

6 6. The Receiver's activities reported in the Temporary Receiver's Report
7 included the Receiver's initial seizure and securing of the business premises
8 occupied by the Receivership Defendants in Orange County, California. During the
9 initial period after the Receiver obtained control of the business premises, the
10 Receiver also seized and secured the Receivership Defendants' documents and
11 electronic records. The Receiver's members and staff met with Lucas but only
12 briefly with Betts and Sullivan, who departed the premises shortly after the
13 Receiver began meeting with them.

14 7. The Receiver met with employees and staff of the Receivership
15 Defendants and investigated the operational structure of the Receivership
16 Defendants' business to determine which entities employed which personnel, to
17 evaluate the services and tasks performed by the various personnel and the nature of
18 the services provided to consumer clients of the business. This investigation also
19 included an investigation into some of the claims and complaints raised by
20 consumers that in part prompted the commencement of the FTC's actions,
21 including the extent to which attorneys or other personnel were responsible for
22 conducting loan modification negotiations with lenders. The Receiver's members
23 and staff reviewed scripts used by the Receivership Defendants' personnel in
24 responding to incoming calls from potential consumer clients and reviewed the
25 advertising by the business. The Receiver determined the business could not
26 continue to operate lawfully and profitably, and the Receiver suspended the
27 Receivership Defendants' operations.

1 8. The Receiver investigated the Receivership Defendants' financial and
2 accounting records. The records indicated that since 2008, Lucas Law had 2,159
3 consumer clients. The Receiver used various sampling methods to investigate the
4 results of Lucas Law's loan modification activities and reviewed representative
5 samples of the Receivership Defendants' files pertaining to consumer loan
6 modification files designated by the Receivership Defendants as "completed"
7 modifications and consumer files pertaining to loan modifications identified as
8 pending. The Receiver's members and staff also reviewed a representative sample
9 of files in which consumers had requested refunds of the fees for loan modification
10 services. The Receiver's investigation also included an investigation of complaints
11 by consumers filed with the Better Business Bureau and others.

12 9. The Receiver investigated the financial condition of the Receivership
13 Defendants as well as the financial and business relationship between Lucas Law
14 and Future Financial. The Receiver evaluated the sources of income of Lucas Law,
15 the expenses of Lucas Law and other transfers of funds by Lucas Law, the
16 management fees paid by Lucas Law to Future Financial, and the disposition of
17 funds paid to Future Financial.

18 10. As reflected in the Second Receiver's Report, the Receiver conducted
19 additional analyses of consumer files to evaluate completed modifications and the
20 results of Lucas Law's efforts to modify the consumers' loans. The Receiver also
21 conducted an additional analysis of consumer files to evaluate the refunds issued to
22 consumers by Lucas Law for files designated as "terminated" to determine if
23 consumers received full refunds. The Receiver's findings regarding this additional
24 investigation are set forth in the Second Receiver's Report.

25 11. The Receiver's members and staff also focused on assisting consumers
26 during the Initial Expense Period. The Receiver's staff initially attempted to
27 determine all consumer files in which foreclosure sales were imminent and took
28 steps to postpone those sales. The Receiver employed certain personnel of Lucas

1 Law for a limited period to develop a list of all files with pending foreclosures set
2 in the near term on or before August 7, 2009. The Receiver's staff contacted all
3 consumers whose foreclosure sales were set within that time period to advise
4 consumers to contact their lenders immediately to try to negotiate a postponement
5 of the foreclosure sale and a modification of their loan. The Receiver prepared and
6 also posted a notice to consumers on its website for the proceeding to advise them
7 to make direct contact with their lenders.

8 12. Members of the Receiver appeared at five hearings before the Court
9 during the Initial Expense Period. These hearings included three hearings on the
10 proposed preliminary injunction order on July 16, 2009, August 3, 2009, and
11 August 24, 2009, and hearings on September 28 and 29, 2009 on the FTC's
12 application for an order holding the defendants in contempt of court for their failure
13 to submit completed financial statements required by the Court's preliminary
14 injunction order, and an ex parte application filed by counsel for Defendants
15 seeking the release of \$100,000 in funds for payment of Defendants' attorneys'
16 fees.

17 13. The Receiver's members and staff also addressed ongoing
18 administrative and other issues during the Initial Expense Period. The Receiver's
19 staff has served copies of the Temporary Restraining Order and/or Preliminary
20 Injunction on various banks and financial institutions and frozen and/or recovered
21 funds from bank accounts. The Receiver's staff has addressed consumer inquiries,
22 performed bank reconciliations, and relocated receivership records to terminate the
23 office premises lease and provide for storage and preservation of records at a
24 facility with less costly monthly rent. The Receiver's staff prepared and
25 coordinated the production of documents and the electronic records of the
26 Receivership Defendants to Defendants with the assistance of counsel.

27 14. Another issue addressed by the Receiver's members and staff with the
28 assistance of counsel has been chargebacks to the Receivership Defendants'

1 merchant account by consumers and disputes with the merchant account payment
2 processor, Electronic Cash Systems ("ECS"). The Receiver's representatives have
3 monitored chargebacks by consumers as well as engaged in ongoing discussions
4 with ECS directly and through counsel concerning the chargebacks, the requested
5 application of reserve funds and related issues.

6 15. As reflected in the Receiver's Reports, while the Receiver has not yet
7 determined the status of all of the individual consumer clients of the Receivership
8 Entities as "creditors," based on the number of Lucas Law clients the Receiver
9 believes existed, there are potentially 2,159 or more consumer creditors, as well as
10 approximately nine known non-consumer creditors. The Receiver submits that
11 service of notice of the hearing on the Receiver's Motion on more than 2,150
12 consumer creditors is not cost-effective and will unduly deplete the resources of the
13 estate with administrative, postage and copying costs. The Receiver proposes
14 instead to serve only the parties and known non-consumer creditors and to post a
15 copy of the Motion and supporting pleadings on the Receiver's website for the case
16 where any interested party may view the Motion. The Receiver will also provide a
17 complete copy of the Motion to any interested party who makes a request for a copy
18 in writing to the Receiver's office.

19 16. After filing, a copy of this Motion, exclusive of voluminous billing
20 records, will be posted on the Receiver's website at
21 www.robbevans.com/html/lucaslaw.html, where it may be reviewed in its entirety.
22 Copies of this Motion will be provided to any interested party upon receipt of a
23 written request which may be sent to: Robb Evans & Associates LLC, Attn:
24 Cherrie Eustaquio, 11450 Sheldon Street, Sun Valley, CA 91352-1121; Telephone
25 (818) 768-8100; Facsimile: (818) 768-8802.

26 17. As a member of Robb Evans & Associates LLC, I am familiar with the
27 methods and procedures used by the Receiver and its staff and employees to record
28 the time spent rendering services to receivership estates over which the Receiver

1 has been appointed. The records attached hereto as Exhibit 2 are regularly prepared
2 by the members, staff and employees of the Receiver at or about the time of the
3 services rendered and each of whom has a business duty to accurately record the
4 information regarding their services set forth in these records. The records are
5 reviewed by the Receiver's accounting staff and summarized in the Financial
6 Summary attached hereto as Exhibit 1. Based upon my experience with Robb
7 Evans & Associates LLC, I believe the Receiver's methods and procedures for
8 recording and accounting for time and services for the receivership estates over
9 which it has been appointed are reliable and accurate.

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

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14 
15 KENTON JOHNSON
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EXHIBIT 1

Robb Evans & Associates LLC,
Receiver of
Lucas Law Center, Future Financial Services, LLC, et al.
Receiver Administrative Expense by Month
From Inception (July , 2009) to September 30, 2009

	<u>Jul 09</u>	<u>Aug 09</u>	<u>Sep 09</u>	<u>TOTAL</u>
Funds Transferred In				
BOA-Future Fin 1220540807	150,000.00	0.00	0.00	150,000.00
BOA-Lucas Law-71009001053	200,000.00	0.00	568,520.78	768,520.78
Total Funds Transferred In	<u>350,000.00</u>	<u>0.00</u>	<u>568,520.78</u>	<u>918,520.78</u>
Expense				
Asset Preservation				
Moving/Storage	0.00	0.00	1,890.00	1,890.00
Insurance	0.00	438.46	0.57	439.03
Payroll & Contractor Expense	18,924.50	0.00	14,600.00	33,524.50
Rent	27,962.46	933.80	0.00	28,896.26
Total Asset Preservation	<u>46,886.96</u>	<u>1,372.26</u>	<u>16,490.57</u>	<u>64,749.79</u>
Receiver's Fees & Costs				
Receiver's Fees				
Receiver Fees				
R. Evans	0.00	550.80	32.40	583.20
A. Jen	1,530.90	718.20	1,096.20	3,345.30
B. Kane	9,100.00	875.00	3,500.00	13,475.00
K. Johnson	10,527.30	2,135.70	1,077.30	13,740.30
V. Miller	9,563.40	207.90	18.90	9,790.20
Total Receiver Fees	<u>30,721.60</u>	<u>4,487.60</u>	<u>5,724.80</u>	<u>40,934.00</u>
Senior & Accounting Staff				
C. DeCius	0.00	0.00	30.00	30.00
F. Jen	5,443.20	0.00	0.00	5,443.20
L. Lee	2,589.30	1,360.80	1,077.30	5,027.40
M. Lin	8,221.50	0.00	0.00	8,221.50
N. Wolf	85.00	335.00	110.00	530.00
P. Chung	6,255.90	0.00	151.20	6,407.10
Total Senior & Accounting Staff	<u>22,594.90</u>	<u>1,695.80</u>	<u>1,368.50</u>	<u>25,659.20</u>
Onsite Coordinators				
B. Owings	0.00	4,839.00	0.00	4,839.00
C. Callahan	32,867.10	3,307.50	1,436.40	37,611.00
P. Nuntavong	0.00	726.00	0.00	726.00
Total Onsite Coordinators	<u>32,867.10</u>	<u>8,872.50</u>	<u>1,436.40</u>	<u>43,176.00</u>

Robb Evans & Associates LLC,
Receiver of
Lucas Law Center, Future Financial Services, LLC, et al.
Receiver Administrative Expense by Month
From Inception (July , 2009) to September 30, 2009

	<u>Jul 09</u>	<u>Aug 09</u>	<u>Sep 09</u>	<u>TOTAL</u>
IT Management				
E. Roop	4,637.50	700.00	0.00	5,337.50
K. Chapin	377.06	128.64	199.62	705.32
Total IT Management	<u>5,014.56</u>	<u>828.64</u>	<u>199.62</u>	<u>6,042.82</u>
Support Staff	<u>1,299.40</u>	<u>1,979.80</u>	<u>1,484.30</u>	<u>4,763.50</u>
Total Receiver's Fees	<u>92,497.56</u>	<u>17,864.34</u>	<u>10,213.62</u>	<u>120,575.52</u>
Receiver's Costs				
Supplies/Telephone	32.62	1,285.16	23.49	1,341.27
Bond	200.00	0.00	0.00	200.00
Postage/Delivery	772.38	147.16	0.88	920.42
Travel expense	2,382.91	0.00	0.00	2,382.91
Website hosting	0.00	400.00	0.00	400.00
Total Receiver's Costs	<u>3,387.91</u>	<u>1,832.32</u>	<u>24.37</u>	<u>5,244.60</u>
Legal Fees & Costs				
Fees	16,521.75	19,868.40	12,340.35	48,730.50
Costs	528.53	362.00	1,189.69	2,080.22
Total Legal Fees & Costs	<u>17,050.28</u>	<u>20,230.40</u>	<u>13,530.04</u>	<u>50,810.72</u>
Total Receiver's Fees & Costs	<u>112,935.75</u>	<u>39,927.06</u>	<u>23,768.03</u>	<u>176,630.84</u>
Total Expense	<u>159,822.71</u>	<u>41,299.32</u>	<u>40,258.60</u>	<u>241,380.63</u>
Fund Balance	<u>190,177.29</u>	<u>(41,299.32)</u>	<u>528,262.18</u>	<u>677,140.15</u>