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

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

10 SECURITIES AND EXCHANGE  
COMMISSION,

11 Plaintiff,

12 vs.

13 EDWIN YOSHIHIRO FUJINAGA and  
14 MRI INTERNATIONAL, INC.,

15 Defendants,

16 and

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

19 Relief Defendants.  
20

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

**MOTION FOR ORDER (1)  
APPROVING AND AUTHORIZING  
PAYMENT OF RECEIVER'S AND  
PROFESSIONALS' FEES AND  
EXPENSES FROM OCTOBER 1, 2015  
THROUGH DECEMBER 31, 2015;  
AND (2) GRANTING RELIEF FROM  
LOCAL RULE 66-5 PERTAINING TO  
NOTICE TO CREDITORS**

21 PLEASE TAKE NOTICE that Robb Evans & Associates LLC ("Receiver"), pursuant to  
22 the Court's Order Appointing a Full Equity Receiver to Assume Control Over the Defendants'  
23 Assets and Enforce the Final Judgment (Dkt. 226) entered on May 15, 2015, hereby moves the  
24 Court for the following relief:

25 1. An order approving and authorizing payment of receivership fees and expenses  
26 incurred for the three-month period from October 1, 2015 through December 31, 2015 (the  
27 "Expense Period"), including payment of the fees of the Receiver, its deputies, agents, staff and  
28

1 professionals, and reimbursement of costs incurred during the Expense Period in the total sum of  
2 \$682,964.60 as follows:

3 a. The Receiver's fees, including those of its deputies, agents and staff, in the  
4 amount of \$125,216.45, its expenses in the amount of \$5,285.29, business entity  
5 expenses in the amount of \$14,536.90;

6 b. Expenses relating to the estate's real property in the amount of  
7 \$502,566.28; and

8 c. Lynch Law Practice, PLLC's fees in the amount of \$34,558.65 and its  
9 expenses in the amount of \$801.03;

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

13 This Motion is made pursuant to Local Civil Rules 7-2 and 66-5, the accompanying  
14 memorandum of points and authorities, the Declarations of Brick Kane and Michael Lynch and  
15 the exhibits thereto filed in support hereof, the Notice of Filing Report of Receiver's Activities  
16 from October 1, 2015 through December 31, 2015 (Dkt. 311) and all other pleadings and  
17 documentary evidence as may be presented to the Court by the Receiver.

18 DATED March 14, 2016.

19 **LYNCH LAW PRACTICE, PLLC**

20 /s/ Michael F. Lynch

21 Michael F. Lynch

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28 *Attorney for Receiver Robb Evans  
& Associates LLC*

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. Introduction**

3 Robb Evans & Associates LLC was appointed receiver ("Receiver") in the above-  
4 captioned case by that certain Order Appointing an Equitable Receiver entered on February 23,  
5 2015 (Dkt. 194) as enlarged by that certain Order Appointing a Full Equitable Receiver to  
6 Assume Control over the Defendants' Assets and Enforce the Final Judgment entered on May  
7 15, 2015 (the "Order Appointing Receiver") (Dkt. 226). The Receiver's first application for fees  
8 was filed on July 16, 2015, which covered the period of February 23, 2015, through March 31,  
9 2015, and was approved by order of this Court entered on August 10, 2015. (Dkts. 244, 258).  
10 The Receiver's second interim application for fees and costs, which covered the period of April  
11 1, 2015 through September 30, 2015, was approved by order of this Court entered on December  
12 24, 2015 (Dkts. 284, 294).

13 This is the Receiver's third interim application for fees and costs, and covers the period  
14 October 1, 2015 through December 31, 2015 (the "Reporting Period").

15 **A. The Receiver's Third Report (October 1, 2015 – December 31, 2015)**

16 The security of the Durango Properties<sup>1</sup> has proven to be an ongoing challenge. Despite  
17 the installation of the perimeter fence and other security measures, there have been a series of  
18 burglaries during this reporting period, most of which have not resulted in significant damage to  
19 the property. In an attempt to curtail the continued vandalism and theft, the Receiver contracted  
20 with a security company to conduct several drive by visits each evening. The presence of the  
21 evening security patrols has resulted in an interruption of several burglary attempts. The  
22 Receiver is investigating additional security options to avoid further damage to the building.

23 As previously reported, the Receiver listed the Durango Properties with two qualified  
24 brokers and directed that they work as a team in marketing the property. After the initial  
25 marketing campaign, the brokers held open houses during July and August 2015 for all parties  
26 that had submitted an expression of interest in the properties. The open houses were well  
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<sup>1</sup> The term "Durango Properties" means 5330, 5370, 5420 S. Durango Drive, Las Vegas, Nevada.

1 attended with numerous buyers inspecting the Durango properties accompanied by personal  
2 contractors, agents and consultants. All potential buyers were invited to submit written offers to  
3 the Receiver on or before September 30, 2015. The Receiver and brokers carefully reviewed all  
4 written offers and selected buyers that submitted the five best offers and invited them to submit a  
5 “final and best” offer on or before Wednesday, October 14, 2015. The Receiver selected the best  
6 offer of the five and on November 5, 2015 entered into a Purchase and Sale Agreement with a  
7 sophisticated real estate development, MIG Real Estate, LLC (“MIG”).

8 MIG conducted extensive due diligence activities, including engaging contractors,  
9 consultants, structural engineers and a consultant specializing in working with county officials  
10 on property entitlement issues. MIG’s decision appears to have been based upon its concerns  
11 with the limitations of the existing parking and issues with the parking structure. The Receiver  
12 promptly took action to secure another qualified buyer.

13 As previously reported, the Coleman Properties<sup>2</sup> are located in a development comprised  
14 primarily of light industrial buildings. An aggressive marketing campaign of the three Coleman  
15 Properties was undertaken and the Receiver oversaw numerous inspections of the properties by  
16 various buyers. The Receiver negotiated Sale and Purchase Agreements for 2875 and 2865  
17 Coleman with well qualified buyers. Pursuant to Stipulations entered into by the Receiver and  
18 counsel for Mr. Fujinaga, the Court approved both sales. (Dkts. 279, 278).

19 The sale of 2875 Coleman closed after the Receiver published notice of the opportunity  
20 to participate in an overbid session in the Las Vegas Review Journal. The net proceeds of the  
21 sale were \$2,474,686.

22 The sale of 2865 Coleman did not close, however, as the proposed buyer in that  
23 contemplated sale failed to close the transaction and thereby forfeited its earnest money deposit  
24 to the Receivership Estate. Subsequently, the Receiver negotiated another sales agreement with  
25 the owner of the building immediately adjacent to 2865 Coleman. The Receiver entered into a  
26 Stipulation to approve the sale and filed it with the Court. (Dkt. 300). The Court approved the  
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28 <sup>2</sup> The term “Coleman Properties” means 2865, 2875, and 2955 Coleman Street, North Las Vegas, Nevada.

1 Stipulation and authorized the Receiver to proceed with the sale. (Dkt. 304). Pursuant to the  
2 Court's Order, the Receiver published notice of the opportunity to overbid in the Las Vegas  
3 Review Journal and expects to close the sale in the first quarter of 2016.

4 The marketing of 2955 Coleman, as previously reported, has presented specific  
5 challenges to the Receiver and its brokers. The Receiver's brokers have targeted regulated  
6 industries that could benefit from the special use of the building's improvements. The Receiver  
7 rejected several offers that were well below the amount that could be realized in a sale of 2955  
8 Coleman to a special use company. The Receiver's brokers were able to identify a special use  
9 company interested in the building. After numerous visits to inspect the building and substantial  
10 negotiations, the Receiver entered into an agreement to sell 2955 Coleman for \$6,595,000  
11 subject to Court approval. The Receiver recently filed a motion seeking the Court's approval of  
12 the pending sale and Order authorizing the Receiver to close the sale after conducting an overbid  
13 session. (Dkt. 301).

14 The Harmon Property<sup>3</sup> is owned by HMC Service Center, LLC. The Receiver has  
15 concerns regarding the validity of the claimed minority membership interests in HMC. The  
16 Receiver has requested proof of the payment of consideration by the putative minority members,  
17 but has not yet received a sufficient response. The Receiver was able to locate documents at the  
18 Durango Property that show each member of HMC appears to have paid a token amount for their  
19 interest in HMC, but the Receiver has not been able to determine the source of funds used to  
20 purchase the interests. As such, the Receiver is not prepared to concede that the two other  
21 Members have a legitimate claim to HMC and/or the Harmon Property. During the Reporting  
22 Period, the Receiver's counsel worked on drafting a motion seeking direction from the Court  
23 about a recommendation by the Receiver to list and market the Harmon Property, enter into a  
24 sales agreement expressly conditioned upon Court approval and hold thirty percent (30%) of the  
25 net proceeds of the sale subject to the claims of the two individuals identified as members of  
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27 <sup>3</sup> The term "Harmon Property" means the former Harmon Medical Center, which is  
28 a two-story structure containing a total area of approximately 25,741 square feet  
built upon a 1.62-acre site, title to which is held in the name of HMC Service  
Center, LLC.

1 HMC. The Receiver has received a number of inquiries from brokers representing buyers  
2 interested in the Harmon Property.

3 The Receiver has also taken custody of undeveloped land located on the Big Island of  
4 Hawaii, at 47-4400 Hawaii Belt Road, outside of the small town of Honokaa, consisting of  
5 approximately 167 acres. The Receiver obtained two appraisals of the property. The Receiver  
6 investigated and met with realtors while on site at the property. The realtor chosen has not only  
7 expertise in raw land, but has offices internationally to assist with marketing. The property is  
8 listed for \$1,950,000.

9 The Receiver is also in possession of a horse ranch located at 1145 Arroyo Mesa Road,  
10 Solvang, California, consisting of approximately 62.08 acres, and improved with a 7,290 square  
11 foot barn with two second-floor apartments totaling approximately 2,072 square feet. The  
12 Receiver has obtained two appraisals of the property. The Receiver's investigation of realtors in  
13 and around the area determined that a local realtor had the best experience in selling ranches of  
14 this size, having sold this property once before as well as another within the same gated  
15 community. The property is listed for sale for \$3,100,000.

16 After gaining familiarity with the issues presented in the Hoy's litigation, the Receiver's  
17 counsel and the Receiver entered into good faith negotiations with the Plaintiffs in the Hoy's  
18 litigation in an attempt to reach a settlement.

19 The Receiver made significant progress in its efforts to account for and properly store the  
20 voluminous number of documents stored at the various properties. The Receiver was advised that  
21 an agreement for certain of the documents to be stored by the F.B.I. was made between the  
22 Department of Justice and counsel for Mr. Fujinaga. The Consent to Seizure Agreement required  
23 the Receiver to prepare a general index of the documents identified by the Department of Justice  
24 and personally monitor the removal of the documents. The documents identified by the  
25 Department of Justice consisted of 631 boxes which were removed to a secure storage location  
26 and turned over to the exclusive custody and control of the F.B.I.

27 Properly packing the remaining records proved to still be a massive undertaking. The  
28 remaining documents consisted of approximately 1,500 boxes which have been relocated into

1 several storage lockers near the Receiver's office in Las Vegas. The Receiver entered into  
2 stipulations with the defendants' counsel for the destruction of expired drug products and the sale  
3 at auction of personal property located in the buildings on Durango and one of the three  
4 buildings located on Coleman Road. On October 5, 2015, the Court entered an Order approving  
5 both stipulations. Pursuant to these Orders, the Receiver packaged the drugs and confirmed that  
6 they were destroyed in accordance with DEA guidelines and monitored the auction of the  
7 personal property at 2875 Coleman and the three buildings on Durango. As the Court is aware,  
8 Mr. Fujinaga filed a motion asking the Court to allow the defendant to continue to occupy his  
9 home during the pendency of his criminal case. The Receiver filed a response objecting to this  
10 request and reiterates its opinion that custody and control of the personal residence of the  
11 defendant should be turned over to the Receiver to market and sell this asset for the benefit of the  
12 Receivership Estate.

13           During this reporting period total receipts were approximately \$2.6 million and total  
14 expenses were about \$683 thousand. As detailed in the Receiver's Report, of the total expenses,  
15 approximately \$502 thousand related to the real properties. (Dtk. 311). Additional detailed  
16 information concerning the Receiver's activities during the Reporting Period are contained in the  
17 Notice of Filing Report of Receiver's Activities from October 1, 2015 through December 31,  
18 2015 filed on March 8, 2016 (Dkt. 311).

19           **B.       Ongoing Administrative and Other Activities by the Receiver and Counsel**

20           During this Reporting Period, the Receiver has continued its efforts to locate additional  
21 assets and identify claims against third parties, protect and preserve existing assets, serve as  
22 landlord of the tenant in the Harmon Property, take exclusive custody and control of all  
23 documents by packing them and placing them in secure storage facilities and oversee the  
24 marketing of the real properties and liquidation of the personal property.

25           The Receiver's services and those of its counsel include numerous other administrative  
26 and legal activities during this Expense Period. The Receiver's deputies and staff respond to and  
27 cooperate with law enforcement inquiries and activities as required. The Receiver's deputies and  
28 staff respond to inquiries from creditors, prepare and reconcile the Receiver's accounting records

1 for the case, address tax issues concerning the estate, deal with banks and other financial  
2 institutions which may have receivership funds or documentation for accounts of Receivership  
3 Defendants and perform other similar administrative tasks.

4 The Receiver's counsel prosecutes and defends various lien claims and reviews and  
5 monitors Court filings in several federal and state cases as they may pertain to the interests of the  
6 estate, responds to inquiries received from creditors and others, including taxing authorities,  
7 issues demand letters to protect and investigate assets of the estate, files notices of pending  
8 actions to protect real estate assets if deemed appropriate, and also performs numerous other  
9 tasks in advising the Receiver and rendering services as the Receiver's counsel to protect the  
10 estate, pursue claim enforcement, and advance the interests of the estate. The Receiver's counsel  
11 is also evaluating liens against the various properties and advising the Receiver whether such  
12 liens appear bona fide.

13 Numerous and varied issues arise in the supervision and administration of the estate by  
14 the Receiver which are detailed in the billing records of the Receiver and counsel filed in support  
15 of this Motion. The Receiver performs regular accounting and bank reconciliations for the  
16 receivership accounts, and maintains and updates creditor lists for the case and responds to  
17 creditor and other inquiries.

18 **II. The Fees and Expenses of the Receiver and Its Professionals Should Be Approved**

19 It is a fundamental tenet of receivership law that expenses of administration incurred by  
20 the receiver, including those of the receiver, its counsel and others employed by the receiver,  
21 constitute priority expenses for which compensation should be paid from the assets of the  
22 receivership. As explained in the leading receivership treatise, Clark on Receivers:

23 The obligations and expenses which the court creates in its  
24 administration of the property are necessarily burdens on the  
25 property taken possession of, and this, irrespective of the question  
26 who may be the ultimate owner, or who may have the preferred  
27 lien, or who may invoke the receivership. The appointing court  
28 pledges its good faith that all duly authorized obligations incurred  
during the receivership shall be paid.

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



1           The Motion, and the declarations and the exhibits thereto submitted in support hereof,  
2 establish that the Receiver, its deputies, staff and counsel rendered extensive and complex  
3 services and obtained significant and beneficial results for the receivership estate during the  
4 Expense Period. *See Federal Trade Commission v. Capital Acquisitions & Management Corp.*,  
5 2005 U.S. Dist. LEXIS 18504 (N.D. Ill. August 26, 2005). The activities in the receivership by  
6 both the Receiver and its counsel are wide-ranging and varied as the Receiver has taken control  
7 of and obtained information regarding scores of entities in numerous locations, protected and  
8 preserved records, taken control of and liquidated assets, and obtained voluminous banking,  
9 financial and business records from many different sources. The billing rates charged in this case  
10 and reflected in the billing records filed in support of the Motion for the Receiver, the Receiver's  
11 members, and its senior accounting staff are discounted at 10% from the rates charged in private  
12 sector cases as of the time of the Receiver's appointment.

13           The rates charged by counsel are also discounted by 10% from standard hourly billing  
14 rates. The Receiver submits that its fees and costs, and those of its counsel, are reasonable in  
15 light of the services rendered and the results obtained and that the fees and expenses requested  
16 should be awarded in their entirety.

17 **IV. Notice of This Motion Is Sufficient Under the Circumstances and Should Be**  
18 **Approved**

19           Local Civil Rule 66-5 provides for service of notice of the hearing on various motions by  
20 a receiver concerning the administration of the estate. That rule provides for service of the notice  
21 of hearing on such motions on all creditors of the receivership estate. No hearing has been set on  
22 this Motion and the provisions of Local Civil Rule 66-5 do not specifically apply. Nevertheless,  
23 the Receiver will serve the Motion on the parties, the affected lienholders, and on all known non-  
24 consumer creditors of the estate and on known taxing authorities with a potential claim in the  
25 receivership estate (“Notice Parties”), to provide them notice and an opportunity to be heard  
26 concerning the Motion. This notice is consistent with notice previously approved by the Court in  
27 this case.

28           In this case, there are believed to be a large number of potential consumer creditors who  
may have claims against the receivership defendants arising out of the business operations of the

1 receivership defendants prior to the Receiver's appointment, although the precise number,  
2 identity and location of such consumer creditors have not been determined by the Receiver. The  
3 Receiver has had discussions for counsel representing many of the foreign investors and has been  
4 advised that the number of consumer creditors is likely in the thousands. It is not realistically  
5 possible or beneficial to the estate and its creditors for the Receiver to attempt to identify and  
6 serve the potential consumer creditors with notice of this and other similar administrative  
7 motions, and the expense and burden on the estate of attempting to effectuate such service would  
8 drain the estate's resources and cause undue administrative expense.

9 To the extent that Local Rule 66-5 applies to this Motion, the Receiver seeks an order  
10 that notice of this Motion is sufficient if notice of the filing of the Motion is given by serving  
11 copies of all motion papers on the parties to the action and the affected lienholders and by  
12 serving copies of the notice of filing of the motion on the Notice Parties identified above. The  
13 Receiver submits that such service provides sufficient notice and an opportunity for hearing to  
14 the interested parties and should be approved as adequate.

15 Based on the foregoing, to the extent that Local Rule 66-5 applies to this motion, the  
16 Receiver seeks an order providing that the notice requirement of that rule shall be deemed  
17 satisfied if notice of the filing of the motion is given by serving copies of all motion papers on  
18 the parties to the action and by serving copies of the notice of filing of the motion on all known  
19 non-consumer creditors. The Receiver submits that such service provides sufficient notice and an  
20 opportunity for hearing to the interested parties and should be approved as adequate. This limited  
21 notice is consistent with the notice approved by the court concerning the prior fee motions. (*See*  
22 *e.g.*, Dkt. 245).

23 There is ample authority for approval of the scope and method of notice as set forth  
24 above. This Court, as a court of equity supervising the receivership estate, may make appropriate  
25 administrative orders governing the receivership, including limitations on and changes in notice  
26 and other procedures. *See* F.R.C.P. 5(a) and (c) (authorizing the court to modify service  
27 procedures when numerous defendants are involved in litigation). In addition, pursuant to Local  
28 Rule 66-10, a receiver is directed to administer receivership estates "as nearly as may be in

1 accordance with the practice in the administration of estates in Chapter 11 bankruptcy cases.”  
2 Orders limiting notice when the Bankruptcy Code or Rules would otherwise require notice to all  
3 creditors are routinely granted in bankruptcy cases to promote the expeditious and economical  
4 administration of bankruptcy estates. *See In re First Alliance Mortgage Co.*, 269 B.R. 428, 442  
5 (C.D. Cal. 201) (referencing in dicta in the court’s recitation of facts the bankruptcy court’s order  
6 limiting notice issued in that case); 11 U.S.C. § 102(1)(A) (defining the phrase “after notice and  
7 a hearing” to mean “after such notice as is appropriate in the particular circumstances, and such  
8 opportunity for hearing as is appropriate in the particular circumstances”); 11 U.S.C. § 105(a)  
9 and (d) (granting broad equitable powers to the court to issue orders “necessary or appropriate to  
10 carry out the provisions” of title 11 including “prescribing such limitations and conditions as the  
11 court deems appropriate to ensure the case is handled expeditiously and economically”); and  
12 F.R. Bankr. P. 2002(m) (authorizing the court to enter “orders designating the matters in respect  
13 to which, the entity to whom, and the form and manner in which notices shall be sent except as  
14 otherwise provided by these rules”).

15 **IV. Conclusion**

16 For the foregoing reasons, it is respectfully requested that the Court grant relief as  
17 requested in the Motion.

18 Dated March 14, 2016.

19 **LYNCH LAW PRACTICE, PLLC**

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

9 SECURITIES AND EXCHANGE  
10 COMMISSION,

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13 EDWIN YOSHIHIRO FUJINAGA and  
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15 and

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

19 Relief Defendants.

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

**DECLARATION OF BRICK KANE IN  
SUPPORT OF MOTION FOR ORDER  
(1) APPROVING AND  
AUTHORIZING PAYMENT OF  
RECEIVER'S AND  
PROFESSIONALS' FEES AND  
EXPENSES FROM OCTOBER 1, 2015  
THROUGH DECEMBER 31, 2015;  
AND (2) GRANTING RELIEF FROM  
LOCAL RULE 66-5 PERTAINING TO  
NOTICE TO CREDITORS**

20 I, Brick Kane, declare:

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

27 2. On January 27, 2015, the Clerk of Court entered judgment against Defendants  
28 (Dkt. 189) (the "Judgment") pursuant to Court's order granting summary judgment in favor of

1 plaintiff Securities and Exchange Commission ("SEC").

2 3. On February 23, 2015, the Court issued its Order Appointing an Equitable  
3 Receiver (Dkt. 194) pursuant to which Receiver was appointed as receiver for various  
4 commercial properties and their rents and profits as more fully set forth therein.

5 4. On February 25, 2015, the Court issued its Rule 54(b) Certification (Dkt. 195)  
6 pursuant to which the judgment was made the final judgment as to Defendants.

7 5. On March 8, 2016, Receiver filed a detailed Report of Receiver's Activities  
8 October 1, 2015 through December 31, 2015 ("Receiver's Report") (Dkt. 311).

9 6. Receiver's duties and responsibilities were enlarged by that certain Order  
10 Appointing a Full Equitable Receiver to Assume Control over the Defendants' Assets and  
11 Enforce the Final Judgment entered on May 15, 2015 (the "Order Appointing Receiver") (Dkt.  
12 226). The Order Appointing Receiver supersedes the previous order, and directs Receiver to  
13 take and retain immediate possession, custody, and control of all assets owned or controlled,  
14 directly or indirectly, by any of the Defendants in the SEC Receivership Litigation. *Id.*

15 7. On July 16, 2015, the Receiver filed its first motion for approval and payment of  
16 Receiver's fees and expenses, which was approved by order of this this Court entered on August  
17 10, 2015. (Dkts. 244, 258).

18 8. On November 30, 2015, the Receiver filed its second motion for approval and  
19 payment of Receiver's fees and expenses, which was approved by order of this this Court entered  
20 on December 24, 2015. (Dkts. 284, 294).

21 9. This Declaration is made and submitted in support of Receiver's third motion for  
22 approval and payment of fees and expenses.


23 10. As a member of Robb Evans & Associates LLC, I am familiar with the methods  
24 and procedures used by the Receiver and its staff and employees to record the time spent  
25 rendering services to receivership estates over which the Receiver has been appointed. The  
26 invoices attached hereto as **Exhibit "1"** are regularly prepared by the members, staff and  
27 employees of Robb Evans & Associates LLC at or about the time of the services rendered and  
28 each of whom has a business duty to accurately record the information regarding their services

1 set forth in these records. The records are reviewed by the Receiver's accounting staff,  
2 summarized in the Receiver's financial summary included within the Receiver's Report, and  
3 redacted only as Receiver has deemed necessary to preserve confidential, sensitive, tactical,  
4 strategic, attorney-client privileged and/or attorney work-product information. Based upon my  
5 experience with Robb Evans & Associates LLC, I believe the Receiver's methods and procedures  
6 for recording and accounting for time and services for the Receivership estates over which the  
7 Receiver has been appointed are reliable and accurate.

8 11. I have carefully read, reviewed, and assisted in drafting the Report of Receiver's  
9 Activities for October 1, 2015 through December 31, 2015 (Dkt. 311), which report is  
10 incorporated herein by this reference, and I hereby aver that the statements, figures, and  
11 calculations made therein are true, accurate, and correct to the best of my information,  
12 knowledge and belief.

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

15 Dated March 14, 2016.

  
BRICK KANE

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

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

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24 THE YUNJU TRUST,

25 Relief Defendants.

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

**DECLARATION OF MICHAEL  
LYNCH IN SUPPORT OF MOTION  
FOR ORDER (1) APPROVING AND  
AUTHORIZING PAYMENT OF  
RECEIVER'S AND  
PROFESSIONALS' FEES AND  
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THROUGH DECEMBER 31, 2015;  
AND (2) GRANTING RELIEF FROM  
LOCAL RULE 66-5 PERTAINING TO  
NOTICE TO CREDITORS**

26 I, Michael F. Lynch, declare:

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

2. On July 16, 2015, the Court appointed Lynch Law as counsel for Receiver by  
minute order (Dkt. 247), and the proposed Order Appointing Counsel for Receiver (Dkt. 250)

1 was approved by minute order of the Court entered on August 20, 2015 (Dkt. 261) (the “Order  
2 Appointing Counsel”).

3 3. The Order Appointing Counsel provides that, upon request of the Receiver, the  
4 Receiver’s Counsel shall provide legal assistance to the Receiver in connection with the  
5 discharge of the Receiver’s duties and responsibilities pursuant to the Receiver Order, which is  
6 incorporated into this Order. The Receiver’s Counsel shall not perform, or seek compensation  
7 for, any non-legal tasks enumerated in the Order Appointing Receiver.

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

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

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

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

19 d. Providing legal advice and representation in connection with any  
20 civil or criminal actions in which one or more of the Defendants is a party,  
21 including *Hoy’s, Inc. v. EBJ&F, LLC*, Case No. 2:13-cv-912 (D. Nev.), but not  
22 including *Takiguchi v. MRI International, Inc.*, Case No. 2:13-cv-1183 (D. Nev.);

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

26 f. Providing legal advice and representation in connection with any  
27 civil or other actions in which the Receiver is a party, including any legal actions  
28 instituted by the Receiver pursuant to the Receiver Order, such as levying on



1                   assets, filing collection actions or filing fraudulent transfer actions, and any legal  
2                   filings requiring the assistance of counsel.

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

6                   6.       This Declaration is made and submitted in support of Receiver’s second motion  
7                   for approval and payment of fees and expenses, entitled *Motion for Order (1) Approving and*  
8                   *Authorizing Payment of Receiver's and Professionals' Fees and Expenses from October 1, 2015*  
9                   *Through December 31, 2015; and (2) Granting Relief from Local Rule 66-5 Pertaining to Notice*  
10                  *to Creditors* (the “Motion”) filed contemporaneously herewith.

11                  7.       The Motion seeks, among other relief, approval and authorization for payment of  
12                  Receiver’s legal fees and expenses for the three-month period from October 1, 2015 through  
13                  December 31, 2015 (the “Expense Period”).

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

18                  9.       Attached hereto as **Exhibit “1”**, is a true and correct copy of Lynch Law’s  
19                  invoices for fees and costs during the Expense Period. The detailed descriptions of work done  
20                  on this invoice have been redacted where appropriate to preserve descriptions containing  
21                  confidential, sensitive, tactical, strategic, and attorney/client privileged and/or attorney work-  
22                  product information.

23                  10.       I personally enter time and cost entries in the Lynch Law software at or about the  
24                  time the time and costs are incurred. The invoice attached hereto is prepared from computerized  
25                  time records prepared in the ordinary course of business that accurately record the time actually  
26                  spent and the costs actually incurred. The time records are entered into Lynch Law’s time-  
27                  keeping and billing software that generates invoices reviewed by Michael Lynch. Based upon  
28                  my experience and personal involvement in this process, I believe that Lynch Law’s methods

1 and procedures for recording and accounting for time and services for its clients are reliable and  
2 accurate.

3 11. During the Expense Period, Lynch Law met numerous times with plaintiffs'  
4 counsel in the Hoy's litigation, and continued its review and analysis of the many tens of  
5 thousands of pages of documents produced by both sides. Although the litigants in the Hoy's  
6 case have vastly different opinions of the merits of each parties' positions, Lynch Law actively  
7 worked towards a negotiated resolution of the litigation.

8 12. Also during the Expense Period, Lynch Law continued to assist the Receiver with  
9 its efforts to sell the real and personal property located at 2865 Coleman Street and 2875  
10 Coleman, which included drafting, finalizing, and lodging stipulated orders authorizing the sales  
11 of those properties.

12 13. In addition, Lynch Law analyzed, evaluated, and negotiated the release and/or  
13 discharge of a wide variety of liens that were recorded against the Durango properties, located at  
14 5420, 5330, and 5370 Durango Drive. An updated title report shows that there were liens  
15 recorded against the Durango properties in the face amount of \$4,988,950.93. Lynch Law was  
16 able to secure the releases of these encumbrances, with the exception of a single \$75,000 lien,  
17 which may require a quiet title action to secure. In sum, however, Lynch Law was able to secure  
18 the release of various encumbrances in the face amount of \$4,913,950.93 against the Durango  
19 properties alone. The total payments that have or will be required of the Estate to secure these  
20 releases is a relatively nominal \$160,000, which will be paid out of the proceeds of the sale of  
21 the Durango properties.

22 14. Lynch Law monitors the Court filings in this case and in the related litigation as  
23 they may pertain to the interests of the estate, responds to inquiries receive from creditors and  
24 others, investigates assets of the estate, files notices of pending actions to protect real estate  
25 assets if deemed appropriate, and also performs numerous other tasks in advising the Receiver  
26 and rendering services as Receiver's counsel to protect the estate, pursue claim enforcement, and  
27 advance the interests of the estate.  
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