

1 Michael F. Lynch, Esq.
2 Nevada Bar No. 8555
3 LYNCH LAW PRACTICE, PLLC
4 3613 S. Eastern Ave.
5 Las Vegas, Nevada 89169
6 702.684.6000
7 702.413.8282 (direct)
8 702.543.3279 (fax)
9 Michael@LynchLawPractice.com

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

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

14 SECURITIES AND EXCHANGE
15 COMMISSION,

16 Plaintiff,

17 vs.

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

20 Defendants,

21 and

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

26 Relief Defendants.

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 JANUARY 1, 2016
THROUGH MARCH 31, 2016; AND
(2) GRANTING RELIEF FROM
LOCAL RULE 66-5 PERTAINING TO
NOTICE TO CREDITORS**

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

1. An order approving and authorizing payment of receivership fees and expenses
incurred for the three-month period from January 1, 2016 through March 31, 2016 (the "Expense
Period"), including payment of the fees of the Receiver, its deputies, agents, staff and

1 professionals, and reimbursement of costs incurred during the Expense Period in the total sum of
2 \$247,871.48 as follows:

3 a. The Receiver's fees, including those of its deputies, agents and staff, in the
4 amount of \$60,288.20, its expenses in the amount of \$496.12, business entity
5 expenses in the amount of \$7,899.23;

6 b. Expenses relating to the estate's real property in the amount of
7 \$143,410.67; and

8 c. Lynch Law Practice, PLLC's fees in the amount of \$34,589.70 and its
9 expenses in the amount of \$1,187.56;

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 January 1, 2016 through March 31, 2016 (Dkt. 336) and all other pleadings and
17 documentary evidence as may be presented to the Court by the Receiver.

18 DATED May 31, 2016.

19 **LYNCH LAW PRACTICE, PLLC**

20 /s/ Michael F. Lynch
21 Nevada Bar No. 8555
22 3613 S. Eastern Ave.
23 Las Vegas, NV 89169
24 702.684.6000
25 702.543.3279 (fax)
26 Michael@LynchLawPractice.com

27 *Attorney for Receiver Robb Evans*
28 *& Associates LLC*

MEMORANDUM OF POINTS AND AUTHORITIES**I. Introduction.**

Robb Evans & Associates LLC was appointed receiver (“Receiver”) in the above-captioned case by that certain Order Appointing an Equitable Receiver entered on February 23, 2015 (Dkt. 194) as enlarged by that certain Order Appointing a Full Equitable Receiver to Assume Control over the Defendants’ Assets and Enforce the Final Judgment entered on May 15, 2015 (the “Order Appointing Receiver”) (Dkt. 226). The Receiver’s first application for fees was filed on July 16, 2015, which covered the period of February 23, 2015, through March 31, 2015, and was approved by order of this Court entered on August 10, 2015. (Dkts. 244, 258). The Receiver’s second interim application for fees and costs, which covered the period of April 1, 2015 through September 30, 2015, was approved by order of this Court entered on December 24, 2015 (Dkts. 284, 294). The Receiver’s third interim application for fees and costs, which covers the period October 1, 2015 through December 31, 2015, was approved by order of this Court on April 1, 2016 (Dkts. 313, 319).

This is the Receiver’s fourth interim application for fees and costs, and covers the period from January 1, 2016 through March 31, 2016 (the “Reporting Period”). Additional details of the Receiver’s activities during the Reporting Period are set forth in the Report of Receiver’s Activities from January 1, 2016 Through March 31, 2016, filed on May 26, 2016 (Dkt. 336).

A. Summary of Operations During Third Quarterly Reporting Period (January 1, 2016 – March 31, 2016).

During this reporting period, the Receiver has continued its efforts to locate additional assets and identify claims against third parties, protect and preserve existing assets, serve as landlord of the tenant in the Harmon Property,¹ take exclusive custody and control of all documents by packing them and placing them in secure storage facilities and oversee the marketing of the real properties and liquidation of personal property.

¹ The term “Harmon Property” means that certain real property located at 150 E Harmon Ave., Las Vegas, Nevada.

1 During this reporting period, after significant negotiations, the Receiver entered into a
2 detailed proposed settlement agreement with Plaintiffs in the Hoy's litigation and filed a motion
3 seeking approval of the settlement.²

4 As the Court is aware, Mr. Fujinaga filed a motion asking the Court to allow the
5 defendant to continue to occupy his home during the pendency of his criminal case. (Dkt. 295).
6 The Receiver filed a response objecting to this request and reiterates its opinion that custody and
7 control of the personal residence of the defendant should be turned over to the Receiver to
8 market and sell this asset for the benefit of the Receivership Estate. (Dkt. 298).

9 **B. The Durango Properties.**

10 The security of the Durango Properties³ has proven to be an ongoing challenge,
11 particularly as they do not have electrical service. Prior to the Receiver's appointment, the
12 electrical panels, breakers, and much of the building's wiring were stolen and/or damaged such
13 that the cost to reestablish electrical service would be prohibitive to the estate. During this
14 reporting period, the Receiver increased security measures by contracting with a security
15 company to conduct several drive-by visits each evening. The presence of the evening security
16 patrols resulted in an interruption of several attempts to steal additional copper from the Durango
17 Properties, but the thieves still attempted to enter the buildings periodically. The Receiver
18 investigated additional security options and installed a battery-powered surveillance system that
19 when activated sounds an audible alarm and immediately videotapes the area being entered.
20 Installation of this security system has proven successful as there have not been any additional
21 thefts as of the date of the Third Quarterly Report.

22 **C. Coleman Properties.**

23 During this reporting period, the Court approved the pending sale of 2865 Coleman
24 Road. The property closed on March 7, 2016 and the net proceeds of the sale were
25 \$2,272,515.74.

26
27
28

² The Court approved the settlement on May 11, 2016.

³ The term "Durango Properties" means 5330, 5370, and 5420 S. Durango Drive, Las Vegas, Nevada.

1 As previously reported, the marketing of 2955 Coleman Road presented specific
2 challenges to the Receiver and its broker. The Receiver's broker was able to identify a special
3 use company interested in the building and the Receiver entered into a Purchase and Sale
4 Agreement for \$6,595,000 subject to Court approval. Mr. Fujinaga would not agree to stipulate
5 to the sale so the Receiver filed a motion seeking the Court's approval of the pending sale of the
6 property and auction of personal property.⁴

7 **D. Harmon Property.**

8 Previously, the Receiver disclosed the percentage of ownership purportedly held by
9 associates of Mr. Fujinaga in HMC Service Center LLC, which entity owns the Harmon
10 Property. The Receiver filed a motion seeking authority from the Court to list and market the
11 property, enter into a sales agreement expressly conditioned upon Court approval and hold thirty
12 percent (30%) of the net proceeds of the sale subject to the claims of the two individuals
13 identified as Members of HMC Service Center LLC⁵.

14 The Receiver has continued to serve as landlord to the single tenant located in the
15 Harmon building. The Receiver has conducted a series of settlement discussions with the tenant
16 to resolve past due amounts owing for utilities, trash, garbage, phones and other common area
17 maintenance charges and services. The Receiver expects to reach a settlement agreement with
18 the tenant without the need for litigation. The tenant continues to be current on all rental
19 payments during the pendency of the settlement discussions.

20 **E. Hawaii Property.**

21 As previously reported, the Hawaii property⁶ is listed for \$1,950,000. The Receiver is
22 currently in negotiations with a potential buyer.

23
24 _____
25 ⁴ The Court approved this motion on April 27, 2016.

26 ⁵ The Court approved this motion on April 25, 2016.

27 ⁶ The property in Hawaii is raw land located on the Big Island of Hawaii. The property is
28 located at 47-4400 Hawaii Belt Road, and consists of approximately 167 acres of land with a
sweeping view of the ocean.

1 **F. Solvang Property.**

2 As previously reported, the Receiver listed the Solvang property⁷ for \$3,100,000. To
3 date, no offers have been forthcoming.

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

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

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

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

27
28

⁷ The Solvang property is a horse ranch located at 1145 Arroyo Mesa Road, Solvang, California,
consisting of approximately 62 acres.

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

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

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

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

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

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

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

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

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

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

28 Based on the foregoing, to the extent that Local Rule 66-5 applies to this motion, the
Receiver seeks an order providing that the notice requirement of that rule shall be deemed

1 satisfied if notice of the filing of the motion is given by serving copies of all motion papers on
2 the parties to the action and by serving copies of the notice of filing of the motion on all known
3 non-consumer creditors. The Receiver submits that such service provides sufficient notice and an
4 opportunity for hearing to the interested parties and should be approved as adequate. This limited
5 notice is consistent with the notice approved by the court concerning the prior fee motions. (*See*
6 *e.g.*, Dkt. 245).

7 There is ample authority for approval of the scope and method of notice as set forth
8 above. This Court, as a court of equity supervising the receivership estate, may make appropriate
9 administrative orders governing the receivership, including limitations on and changes in notice
10 and other procedures. *See* F.R.C.P. 5(a) and (c) (authorizing the court to modify service
11 procedures when numerous defendants are involved in litigation). In addition, pursuant to Local
12 Rule 66-10, a receiver is directed to administer receivership estates “as nearly as may be in
13 accordance with the practice in the administration of estates in Chapter 11 bankruptcy cases.”
14 Orders limiting notice when the Bankruptcy Code or Rules would otherwise require notice to all
15 creditors are routinely granted in bankruptcy cases to promote the expeditious and economical
16 administration of bankruptcy estates. *See In re First Alliance Mortgage Co.*, 269 B.R. 428, 442
17 (C.D. Cal. 201) (referencing in dicta in the court’s recitation of facts the bankruptcy court’s order
18 limiting notice issued in that case); 11 U.S.C. § 102(1)(A) (defining the phrase “after notice and
19 a hearing” to mean “after such notice as is appropriate in the particular circumstances, and such
20 opportunity for hearing as is appropriate in the particular circumstances”); 11 U.S.C. § 105(a)
21 and (d) (granting broad equitable powers to the court to issue orders “necessary or appropriate to
22 carry out the provisions” of title 11 including “prescribing such limitations and conditions as the
23 court deems appropriate to ensure the case is handled expeditiously and economically”); and
24 F.R. Bankr. P. 2002(m) (authorizing the court to enter “orders designating the matters in respect
25 to which, the entity to whom, and the form and manner in which notices shall be sent except as
26 otherwise provided by these rules”).
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

IV. Conclusion.

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

Dated May 31, 2016.

LYNCH LAW PRACTICE, PLLC

/s/ Michael F. Lynch
Nevada Bar No. 8555
3613 S. Eastern Ave.
Las Vegas, Nevada 89169
702.684.6000
702.413.8282 (direct)
702.543.3279 (fax)
Michael@LynchLawPractice.com

*Attorney for Receiver Robb Evans
& Associates LLC*

1 Michael F. Lynch, Esq.
Nevada Bar No. 8555
2 **LYNCH LAW PRACTICE, PLLC**
3613 S. Eastern Ave.
3 Las Vegas, Nevada 89169
702.684.6000
4 702.413.8282 (direct)
702.543.3279 (fax)

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

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

9 SECURITIES AND EXCHANGE
COMMISSION,

10 Plaintiff,

11 vs.

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

14 Defendants,

15 and

16 CSA SERVICE CENTER, LLC
17 THE FACTORING COMPANY,
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 JANUARY 1, 2016
THROUGH MARCH 31, 2016; 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 (the "Receiver"). I am one of the members of the
23 Receiver primarily responsible for the supervision and administration of the Receivership estate.
24 If called upon to testify as to the facts set forth in this declaration, I could and would testify
25 competently thereto as the facts are personally known to me to be true or I have gained
26 knowledge of the facts through my supervision and administration of the Receivership estate.

27 2. On January 27, 2015, the Clerk of Court entered judgment against Defendants
28 (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 the Receiver was appointed as receiver for various
4 commercial properties and their rents and profits as more fully set forth therein.

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

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

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

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

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

22 9. On May 26, 2016, the Receiver filed a detailed Report of Receiver's Activities
23 January 1, 2016 through March 31, 2016 ("Receiver's Report") (Dkt. 336).

24 10. This Declaration is made and submitted in support of Receiver's fourth motion for
25 fees and costs, which covers the period of January 1, 2016 through March 31, 2016, filed
26 contemporaneously herewith.

27 11. As a member of Robb Evans & Associates LLC, I am familiar with the methods
28 and procedures used by the Receiver and its staff and employees to record the time spent

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

12 12. I have carefully read, reviewed, and assisted in drafting the Report of Receiver's
13 Activities January 1, 2016 through March 31, 2016 ("Receiver's Report") (Dkt. 336), which
14 report is incorporated herein by this reference, and I hereby aver that the statements, figures, and
15 calculations made therein are true, accurate, and correct to the best of my information,
16 knowledge and belief.

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

19 Dated May 31, 2016.

/s/ Brick Kane

BRICK KANE

1 Michael F. Lynch, Esq.
2 Nevada Bar No. 8555
3 **LYNCH LAW PRACTICE, PLLC**
4 3613 S. Eastern Ave.
5 Las Vegas, Nevada 89169
6 702.684.6000
7 702.413.8282 (direct)
8 702.543.3279 (fax)

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

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

13 SECURITIES AND EXCHANGE
14 COMMISSION,

15 Plaintiff,

16 vs.

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

19 Defendants,

20 and

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

25 Relief Defendants.

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

**DECLARATION OF MICHAEL
LYNCH IN SUPPORT OF MOTION
FOR ORDER (1) APPROVING AND
AUTHORIZING PAYMENT OF
RECEIVER'S AND
PROFESSIONALS' FEES AND
EXPENSES FROM JANUARY 1, 2016
THROUGH MARCH 31, 2016; 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 (the
"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 the 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 Order Appointing
6 Receiver,¹ and directed the Receiver’s Counsel to neither perform, nor seek compensation for,
7 any of the non-legal tasks enumerated in the Order Appointing Receiver.

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

10 a. Providing legal advice to the Receiver concerning the 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

27
28 ¹ The “Order Appointing Receiver” means the Order Appointing a Full Equitable Receiver to Assume Control over the Defendants’ Assets and Enforce the Final Judgment entered on May 15, 2015. (Dkt. 226).

1 f. Providing legal advice and representation in connection with any
2 civil or other actions in which the Receiver is a party, including any legal actions
3 instituted by the Receiver pursuant to the Receiver Order, such as levying on
4 assets, filing collection actions or filing fraudulent transfer actions, and any legal
5 filings requiring the assistance of counsel.

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

9 6. This Declaration is made and submitted in support of the Receiver's fourth
10 motion for approval and payment of fees and expenses, entitled *Motion for Order (1) Approving*
11 *and Authorizing Payment of Receiver's and Professionals' Fees and Expenses from January 1,*
12 *2016 Through March 31, 2016; and (2) Granting Relief from Local Rule 66-5 Pertaining to*
13 *Notice to Creditors* (the "Motion") filed contemporaneously herewith.

14 7. The Motion seeks, among other relief, approval and authorization for payment of
15 the Receiver's legal fees and expenses for the three-month period from January 1, 2016 through
16 March 31, 2016 (the "Expense Period").

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

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

26 10. I personally enter time and personally verify cost entries in the Lynch Law
27 software at or about the time the time and costs are incurred. The invoices attached hereto is
28 prepared from computerized time records prepared in the ordinary course of business that

1 accurately record the time actually spent and the costs actually incurred. The time records are
2 entered into Lynch Law's time-keeping and billing software that generates invoices reviewed by
3 Michael Lynch. Based upon my experience and personal involvement in this process, I believe
4 that Lynch Law's methods and procedures for recording and accounting for time and services for
5 its clients are reliable and accurate.

6 11. During the Expense Period, Lynch Law continued settlement negotiations with
7 plaintiffs' counsel in the Hoy's litigation, as well as other parties involved in the Hoy's dispute
8 but who were not formally named in the Hoy's litigation. As part of the settlement negotiation
9 process, Lynch Law finalized a detailed settlement agreement that was acceptable to both the
10 Receiver, the SEC, and the parties to the Hoy's litigation. Upon execution of the settlement
11 agreement Lynch Law drafted and filed a motion to approve the Hoy's settlement. (Dkt. 305).
12 Edwin Yoshihiro filed an opposition to the motion, and Lynch Law filed a response. (Dkts. 309,
13 361). The Motion was ultimately granted by the Court. (Dkt. 327).

14 12. Also during the Expense Period, Lynch Law, after consultation with the Receiver,
15 drafted and filed the Receiver's opposition to defendant's motion for an order temporarily
16 excepting the residential property located at 9009 Greensboro Lane from turnover to the estate
17 (Dkts. 298).

18 13. Lynch Law continued to assist the Receiver with its efforts to sell the real and
19 personal property located at 2865 Coleman Street, after the first proposed sale was terminated.
20 These continuing efforts included drafting, finalizing, and lodging a stipulated order authorizing
21 the sales of this property to a new proposed buyer, which stipulation was approved on February
22 9, 2016 (Dkts. 300, 304).

23 14. Lynch Law assisted the Receiver with its efforts to sell the real and personal
24 property located at 2955 Coleman Street. Edwin Fujinaga refused to stipulate to this sale, and
25 Lynch Law therefore drafted and filed a motion to approve the sale. (Dkt. 301). During the time
26 this motion was pending, Lynch Law provided assistance to the Receiver relating to the proposed
27 buyer's concerns regarding the sale.
28

1 15. In addition, Lynch Law continued its analysis, evaluation, and negotiations
2 related to a wide variety of liens that were recorded against the Durango properties, located at
3 5420, 5330, and 5370 Durango Drive. As the closing process progressed, additional issues were
4 raised by the title company handling the sale, and each issue was addressed in turn. In sum,
5 Lynch Law as able to secure the release of liens recorded against the Durango properties in the
6 face amount of \$4,913,950.93 against the Durango properties alone without the need for a single
7 quiet title action. The total payments that have or will be required of the Estate to secure these
8 releases is a relatively nominal \$160,000, which will be paid out of the proceeds of the sale of
9 the Durango properties.

10 16. Lynch Law assisted the Receiver in its evaluation of the various claims raised by
11 defendants concerning the ownership of HMC Service Center, LLC, the owner of the Harmon
12 Property.² The Receiver's instructions concerning the Harmon Property are distinguishable from
13 other real property, insofar as there is a tenant occupying a portion of the Harmon Property. See
14 Order Appointing Receiver at ¶ 6. Pursuant to the Order Appointing Receiver, the Receiver has
15 been acting as landlord, collecting all rents and issues paid by the tenant. The tenant gave notice
16 that it will be terminating the tenancy at the end of this year. The Receiver has no plans to start
17 or restart any Estate business at the Harmon Property after the sole tenant vacates the premises.
18 The Receiver determined in its business judgment that the interests of the Estate and its creditors
19 would best be served by marketing the Harmon Property for sale, and Lynch Law drafted and
20 filed a motion³ for authority to list and market the Harmon Property. (Dkt. 307).

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

27
28 ² The "Harmon Property" is located at 150 E. Harmon Street, Las Vegas, Nevada.

³ The motion was subsequently approved by order entered April 25, 2016 (Dkt. 326).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

18. The fees incurred by Lynch Law during the Expense Period are \$34,589.70, which fees were actually and necessarily incurred in its representation of the Receiver. The costs incurred by Lynch Law are \$1,187.56 during the Expense Period, consisting primarily of runner's fees, cost of recording and certification, and mailing and copying costs.

19. Michael Lynch has been practicing law in Nevada since 2003, and has been lead counsel in over 50 receiverships in Nevada District Courts, which receivership included obtaining Court approval of multiple sales of commercial real estate by receivers and the successful consummation of those sales. Michael Lynch has taken numerous cases to trial and/or arbitration. Michael Lynch has also been involved in approximately 120 bankruptcy proceedings and approximately 20 cases in the United States District Court, District of Nevada.

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

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

Dated May 31, 2016. /s/ Michael F. Lynch