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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 APRIL 1, 2016
THROUGH JUNE 30, 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 April 1, 2016 through June 30, 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 \$193,583.69 as follows:

3 a. The Receiver's fees, including those of its deputies, agents and staff, in the
4 amount of \$68,106.30, its expenses in the amount of \$478.40, business entity
5 expenses in the amount of \$11,108.43;

6 b. Expenses relating to the estate's real property in the amount of
7 \$92,141.79; and

8 c. Lynch Law Practice, PLLC's fees in the amount of \$20,245.80 and its
9 expenses in the amount of \$1,502.97;

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 April 1, 2016 through June 30, 2016 (Dkt. 351) and all other pleadings and documentary
17 evidence as may be presented to the Court by the Receiver.

18 DATED August 29, 2016.

19 **LYNCH LAW PRACTICE, PLLC**

20 /s/ Michael F. Lynch

21 Nevada Bar No. 8555

22 3613 S. Eastern Ave.

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702.684.6000

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25 *Attorney for Receiver Robb Evans*
26 *& 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). The Receiver’s third interim application for fees and costs, which
13 covers the period October 1, 2015 through December 31, 2015, was approved by order of this
14 Court on April 1, 2016 (Dkts. 313, 319). The Receiver’s fourth motion for approval of fees and
15 costs, which covered the period of January 1, 2016 through March 31, 2016, was approved by
16 order of this Court entered on June 22, 2016 (Dkts. 337, 344).

17 This is the Receiver’s fifth interim application for fees and costs, and covers the period
18 from April 1, 2016 through June 30, 2016 (the “Reporting Period”).

19 **A. Summary of Operations During Fourth Quarterly Reporting Period**
20 **(April 1, 2016 – June 30, 2016).**

21 The Receiver’s activities during the Reporting Period are set forth in the Report of
22 Receiver’s Activities from April 1, 2016 through June 30, 2016, filed on August 29, 2016 (Dkt.
23 351), a true and correct copy of which is attached hereto for ease of reference as **Exhibit “1”**.

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

25 In addition to the activities summarized in the Report of Receiver’s Activities attached
26 hereto, the Receiver's services and those of its counsel include numerous other administrative
27 and legal activities during this Expense Period. The Receiver's deputies and staff respond to and
28 cooperate with law enforcement inquiries and activities as required. The Receiver's deputies and

1 staff respond to inquiries from creditors, prepare and reconcile the Receiver's accounting records
2 for the case, address tax issues concerning the estate, deal with banks and other financial
3 institutions which may have receivership funds or documentation for accounts of Receivership
4 Defendants and perform other similar administrative tasks.

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

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

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

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

24 The obligations and expenses which the court creates in its
25 administration of the property are necessarily burdens on the
26 property taken possession of, and this, irrespective of the question
27 who may be the ultimate owner, or who may have the preferred
28 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.

1 2 Clark, Ralph Ewing, A Treatise on the Law and Practice of Receivers § 637, p. 1052 (3rd ed.
2 1992).

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

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

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

21 Local Civil Rule 66-5 provides for service of notice of the hearing on various motions by
22 a receiver concerning the administration of the estate. That rule provides for service of the notice
23 of hearing on such motions on all creditors of the receivership estate. No hearing has been set on
24 this Motion and the provisions of Local Civil Rule 66-5 do not specifically apply. Nevertheless,
25 the Receiver will serve the Motion on the parties, the affected lienholders, and on all known non-
26 consumer creditors of the estate and on known taxing authorities with a potential claim in the
27 receivership estate ("Notice Parties"), to provide them notice and an opportunity to be heard
28

1 concerning the Motion. This notice is consistent with notice previously approved by the Court in
2 this case.

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

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

21 There is ample authority for approval of the scope and method of notice as set forth
22 above. This Court, as a court of equity supervising the receivership estate, may make appropriate
23 administrative orders governing the receivership, including limitations on and changes in notice
24 and other procedures. *See* F.R.C.P. 5(a) and (c) (authorizing the court to modify service
25 procedures when numerous defendants are involved in litigation). In addition, pursuant to Local
26 Rule 66-10, a receiver is directed to administer receivership estates "as nearly as may be in
27 accordance with the practice in the administration of estates in Chapter 11 bankruptcy cases."
28 Orders limiting notice when the Bankruptcy Code or Rules would otherwise require notice to all

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

13 **IV. Conclusion.**

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

16 Dated August 29, 2016.

17 **LYNCH LAW PRACTICE, PLLC**

18 /s/ Michael F. Lynch
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25 *Attorney for Receiver Robb Evans*
26 *& Associates LLC*
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Exhibit 1

Exhibit 1

1 Michael F. Lynch, Esq.
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6 *Attorney for Receiver Robb Evans*
7 *& Associates LLC*

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

**NOTICE OF FILING REPORT OF
RECEIVER'S ACTIVITIES FROM
APRIL 1, 2016 THROUGH JUNE 30,
2015**

21 **PLEASE TAKE NOTICE THAT** Robb Evans & Associates LLC, the court-appointed
22 receiver pursuant to the Court's Order Appointing a Full Equity Receiver to Assume Control
23 Over the Defendants' Assets and Enforce the Final Judgment (Dkt. 226) hereby submits its
24 Report of Receiver's Activities from April 1, 2016, through June 30, 2016, a true and correct
25 copy of which is attached hereto.

26 DATED August 29, 2016.
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LYNCH LAW PRACTICE, PLLC

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*Attorney for Receiver Robb Evans
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ROBB EVANS & ASSOCIATES LLC
RECEIVER OF MRI INTERNATIONAL INC., et al.

REPORT OF RECEIVER'S ACTIVITIES
April 1, 2016 through June 30, 2016

This report covers the activities of the Receiver¹ since its last report as of March 31, 2016. This is the fourth Quarterly Report to the Court on the progress of the receivership. It does not constitute an audit of financial condition and is intended only to provide information for use by the Court in assessing the progress of the receivership.

Summary of Operations of the Receiver

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, 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 the personal property.

During this reporting period, the Court entered an order approving a settlement the Receiver entered into with Plaintiff's in the Hoy's litigation.

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

Real Property Assets

Durango Properties

The Receiver is pleased to report that the ongoing security challenges previously faced at the Durango property seem to have been resolved by the installation of AHERN's battery-powered surveillance system that when activated sounds an audible alarm and immediately videotapes the area being entered. There have not been any additional thefts as of the date of this report.

The second Purchase and Sale Agreement entered into with the Sina Companies LLC was terminated by the buyer after completion of their due diligence investigation. Limited

¹ Reference to the Receiver in this report means the Receiver, the Receiver's deputies, its staff and its counsel.

existing parking and major issues with the parking structure were again the primary reasons for terminating the purchase agreement

The Receiver placed the property back on the market and is in the process of negotiating with several interested parties that submitted letter of intent expressing the terms of their interest in the property.

Coleman Properties

On April 27, 2016, the Court approved the Receiver's motion to confirm a pending sale of the property at 2955 Coleman Road. The property closed on May 26, 2016 and the net proceeds of the sale were \$6,223,246.42.

The Receiver completed the auction of all personal property in 2955 Coleman and subject to a final accounting report from the auction company expects net proceeds of approximately \$158,000.

Harmon Property

On April 25, 2016, the Court approved the Receiver's motion seeking authority from the Court to list and market the property, enter into a sales agreement expressly conditioned upon Court approval and hold 30% of the net proceeds of the sale subject to the claims of the two individuals identified as Members of HMC Service Center LLC.

During this reporting period, the Receiver identified and interviewed four prospective brokers with specific expertise in medical properties and with past experience dealing with the gaming industry. The Receiver selected Michael Parks and John Knotts with CBRE and listed the property for sale. The Receiver has provided access to several buyers and their consultants that have expressed interest in the property. The Receiver has reviewed and boxed numerous records located in the Harmon property and is in the process of selecting a moving company to transport these documents to an offsite storage facility.

The Receiver has continued to serve as landlord to the single tenant located in the Harmon building. The Receiver has concluded a series of settlement discussions with the tenant which resolved past due amounts owing for utilities, trash, garbage, phones and other services. The tenant paid all past due amounts owed and continues to be current on all other rental payments.

Hawaii Property

As previously reported, the property is listed for \$1,950,000. The Receiver is currently in negotiations with a potential buyer².

Solvang Property

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

Schedule of Receivership Receipts and Disbursements

Under Exhibit 1 is a schedule of receipts and disbursements from the inception of the receivership through June 30, 2016.

During this reporting period total receipts were approximately \$6.5 million and total expenses were about \$194 thousand. Of the total expenses, approximately \$92 thousand related to the real properties.

Respectfully Submitted,

/s/ Brick Kane

Robb Evans & Associates LLC
Receiver

² Subsequent to the date of this report, the Receiver has negotiated a sales contract for \$1.8 million, subject to Court approval.

ROBB EVANS & ASSOCIATES LLC
Receiver of MRI International, Inc.
Receivership Administrative Expenses and Fund Balance
 From Inception (February 23, 2015) to June 30, 2016

	Previously Reported and Approved	Apr 16	May 16	Jun 16	4/1/16 to 6/30/16	TOTAL
Corporate Funds in Custody						
Mutual of Omaha Bank	0.00	0.00	202,706.20	0.00	202,706.20	202,706.20
Acct #009500122804	0.00	0.00	202,706.20	0.00	202,706.20	202,706.20
Total Mutual of Omaha Bank						
Talmer Bank						
Talmer Bank XX0767	164.74	0.00	0.00	0.00	0.00	164.74
Talmer Bank-Harmon Primary Care	7.25	0.00	0.00	0.00	0.00	7.25
Talmer Bank 0770	5,507.14	0.00	0.00	0.00	0.00	5,507.14
Talmer Bank - CSA	49,999.99	0.00	0.00	0.00	0.00	49,999.99
Total Talmer Bank	55,679.12	0.00	0.00	0.00	0.00	55,679.12
Wells Fargo Bank						
WFB Acct #91968013	63,571.85	0.00	0.00	0.00	0.00	63,571.85
Total Wells Fargo Bank	63,571.85	0.00	0.00	0.00	0.00	63,571.85
Total Corporate Funds in Custody	119,250.97	0.00	202,706.20	0.00	202,706.20	321,957.17
Sale of Real Property						
Sale - 2865 Coleman Ave.	2,272,515.74	0.00	0.00	0.00	0.00	2,272,515.74
Sale - 2875 Coleman Ave.	2,474,686.16	0.00	0.00	0.00	0.00	2,474,686.16
Sale - 2955 Coleman Ave.	0.00	0.00	6,223,246.42	0.00	6,223,246.42	6,223,246.42
Earnest Money Forfeited	50,000.00	0.00	0.00	0.00	0.00	50,000.00
Total Sale of Real Property	4,797,201.90	0.00	6,223,246.42	0.00	6,223,246.42	11,020,448.32
US District Court Funds						
Rent Receipts - 150 E. Harmon	1,110,984.94	0.00	0.00	0.00	0.00	1,110,984.94
Med Health Auction Proceeds	70,224.00	8,973.67	5,400.00	22,660.40	37,034.07	107,258.07
Hoy Litigation Settlement	56,226.27	2,051.85	0.00	0.00	2,051.85	58,278.12
Interest Income	0.00	0.00	10,000.00	0.00	10,000.00	10,000.00
Miscellaneous Income	205.86	64.06	85.00	168.57	317.63	523.49
Total Funds Collected	153.50	0.00	0.00	0.00	0.00	153.50
Total Funds Collected	6,154,247.44	11,089.58	6,441,437.62	22,828.97	6,475,356.17	12,629,603.61

ROBB EVANS & ASSOCIATES LLC
Receiver of MRI International, Inc.

Receivership Administrative Expenses and Fund Balance

From Inception (February 23, 2015) to June 30, 2016

	Previously Reported and Approved	Apr 16	May 16	Jun 16	4/1/16 to 6/30/16	TOTAL
Expenses						
Business Entity Expenses						
Drug Destruction Costs	5,047.96	0.00	0.00	0.00	0.00	5,047.96
Fees & Penalties	250.00	0.00	0.00	0.00	0.00	250.00
Records Storage	19,866.76	2,038.61	4,458.34	4,611.48	11,108.43	30,975.19
UCC Search Costs	261.50	0.00	0.00	0.00	0.00	261.50
Vehicle Title Fees	35.00	0.00	0.00	0.00	0.00	35.00
Total Business Entity Expenses	25,461.22	2,038.61	4,458.34	4,611.48	11,108.43	36,569.65
Real Property Expenses						
Hawaii Land						
Appraisal Fees	2,968.74	0.00	0.00	0.00	0.00	2,968.74
Property Insurance	4.77	0.51	0.53	0.51	1.55	6.32
Property Taxes	50.00	0.00	0.00	0.00	0.00	50.00
Total Hawaii Land	3,023.51	0.51	0.53	0.51	1.55	3,025.06
Solvang, CA Ranch						
Appraisal Fees	6,500.00	0.00	0.00	0.00	0.00	6,500.00
Caretaker Fees	9,000.00	1,500.00	1,500.00	1,500.00	4,500.00	13,500.00
Gas & Electricity	144.65	37.89	114.08	106.69	258.66	403.31
HOA Dues & Fees	35,664.73	5,000.00	0.00	0.00	5,000.00	40,664.73
Locksmith Services	156.72	0.00	0.00	0.00	0.00	156.72
Property Insurance	1,504.15	161.16	166.53	161.16	488.85	1,993.00
Property Taxes	165,934.86	0.00	234.66	24,729.69	24,964.35	190,899.21
Ranch Supplies	1,500.00	250.00	250.00	250.00	750.00	2,250.00
Total Solvang, CA Ranch	220,405.11	6,949.05	2,265.27	26,747.54	35,961.86	256,366.97
9009 Greensboro Lane LV, NV						
Property Insurance	19,554.22	2,095.10	2,164.93	2,095.10	6,355.13	25,909.35
Property Taxes	69,477.35	0.00	0.00	0.00	0.00	69,477.35
Total 9009 Greensboro Lane LV, NV	89,031.57	2,095.10	2,164.93	2,095.10	6,355.13	95,386.70

ROBB EVANS & ASSOCIATES LLC
Receiver of MRI International, Inc.
Receivership Administrative Expenses and Fund Balance
 From Inception (February 23, 2015) to June 30, 2016

	Previously Reported and Approved	Apr 16	May 16	Jun 16	4/1/16 to 6/30/16	TOTAL
150 E. Harmon Ave.						
Alarm Monitoring & Response	2,552.34	0.00	0.00	0.00	0.00	2,552.34
Appraisal Fees	7,250.00	0.00	0.00	0.00	0.00	7,250.00
Common Area Cleaning	2,632.50	0.00	0.00	1,430.00	1,430.00	4,062.50
Electricity	29,261.46	1,457.47	1,546.15	1,608.10	4,611.72	33,873.18
Fence Rental Fees	2,611.03	0.00	535.35	1,088.25	1,623.60	4,234.63
Fire Alarm & Monitoring	2,342.05	65.50	65.50	65.50	196.50	2,538.55
Garbage Service	15,669.50	1,877.49	0.00	0.00	1,877.49	17,546.99
Hazard & Liability Insurance	1,052.66	0.00	0.00	0.00	0.00	1,052.66
Landscaping Maintenance	4,125.00	0.00	0.00	0.00	0.00	4,125.00
Locksmith Services	2,148.20	0.00	0.00	83.00	83.00	2,231.20
Property Insurance	8,093.38	391.45	0.00	69.90	461.35	8,554.73
Property Taxes & Liens	240,598.63	0.00	0.00	0.00	0.00	240,598.63
Repairs & Maintenance	5,544.59	0.00	0.00	1,383.85	1,383.85	6,928.44
Sewer	5,823.77	0.00	0.00	0.00	0.00	5,823.77
Telephone & Internet	33,178.42	2,224.06	2,226.11	1,134.39	5,584.56	38,762.98
Water	13,592.50	660.84	616.05	703.62	1,980.51	15,573.01
Total 150 E. Harmon Ave.	376,476.03	6,676.81	4,989.16	7,566.61	19,232.58	395,708.61
2865 Coleman St.						
Appraisal Fees	6,500.00	0.00	0.00	0.00	0.00	6,500.00
C.A.M. Fees	18,768.38	0.00	0.00	0.00	0.00	18,768.38
Clean up Services	1,327.50	0.00	0.00	0.00	0.00	1,327.50
Electricity	5,674.96	0.00	0.00	0.00	0.00	5,674.96
Locksmith Services	604.02	0.00	0.00	0.00	0.00	604.02
Overbid Notice Publication	995.52	0.00	0.00	0.00	0.00	995.52
Property Insurance	16,041.11	(1,272.00)	1,386.93	0.00	114.93	16,156.04
Property Taxes & Liens	42,795.72	0.00	0.00	0.00	0.00	42,795.72
Water & Sewer	10,131.54	(730.27)	0.00	0.00	(730.27)	9,401.27
Total 2865 Coleman St.	102,838.75	(2,002.27)	1,386.93	0.00	(615.34)	102,223.41

ROBB EVANS & ASSOCIATES LLC
Receiver of MRI International, Inc.
Receivership Administrative Expenses and Fund Balance
 From Inception (February 23, 2015) to June 30, 2016

	Previously Reported and Approved	Apr 16	May 16	Jun 16	4/1/16 to 6/30/16	TOTAL
2875 Coleman St.						
Alarm Monitoring & Response	1,681.06	0.00	0.00	0.00	0.00	1,681.06
Appraisal Fees	6,500.00	0.00	0.00	0.00	0.00	6,500.00
C.A.M. Fees	15,672.87	0.00	0.00	0.00	0.00	15,672.87
Clean Up Services	2,413.00	0.00	0.00	0.00	0.00	2,413.00
Electricity	27,878.02	0.00	0.00	0.00	0.00	27,878.02
Fees & Permits	0.00	0.00	0.00	0.00	0.00	0.00
Locksmith Services	699.01	0.00	0.00	0.00	0.00	699.01
Overbid Notice Publication	495.84	0.00	0.00	0.00	0.00	495.84
Property Insurance	15,024.84	0.00	0.00	0.00	0.00	15,024.84
Property Taxes & Liens	40,461.74	0.00	0.00	0.00	0.00	40,461.74
Repairs & Maintenance	2,663.94	0.00	0.00	0.00	0.00	2,663.94
Water & Sewer	9,777.01	0.00	0.00	0.00	0.00	9,777.01
Total 2875 Coleman St.	123,267.33	0.00	0.00	0.00	0.00	123,267.33
2955 Coleman St.						
Appraisal Fees	6,500.00	0.00	0.00	0.00	0.00	6,500.00
C.A.M. Fees	42,856.53	1,297.44	0.00	0.00	1,297.44	44,153.97
Electricity	687.50	87.09	57.76	0.00	144.85	832.35
Graffiti Removal	560.00	0.00	0.00	0.00	0.00	560.00
Locksmith Services	1,254.64	0.00	0.00	0.00	0.00	1,254.64
Marketing Expense	103.50	0.00	0.00	0.00	0.00	103.50
Property Insurance	33,529.89	0.00	1,386.93	1,849.31	3,236.24	36,766.13
Property Taxes & Liens	107,180.64	0.00	0.00	0.00	0.00	107,180.64
Repairs & Maintenance	212.00	0.00	0.00	0.00	0.00	212.00
Water & Sewer	15,604.46	484.76	492.78	504.46	1,482.00	17,086.46
Total 2955 Coleman St.	208,489.16	1,869.29	1,937.47	2,353.77	6,160.53	214,649.69

ROBB EVANS & ASSOCIATES LLC
Receiver of MRI International, Inc.
Receivership Administrative Expenses and Fund Balance
 From Inception(February 23, 2015) to June 30, 2016

	Previously Reported and Approved	Apr 16	May 16	Jun 16	4/1/16 to 6/30/16	TOTAL
5330 & 5370 S. Durango Dr.						
Appraisal Fees	8,750.00	0.00	0.00	0.00	0.00	8,750.00
Fence Rental Fees	1,312.12	0.00	984.17	0.00	984.17	2,296.29
Garbage & Trash Removal Costs	2,178.85	0.00	0.00	0.00	0.00	2,178.85
Graffiti Removal	285.00	0.00	0.00	0.00	0.00	285.00
Landscape Maintenance	1,105.00	0.00	0.00	0.00	0.00	1,105.00
Locksmith Services	2,635.25	0.00	0.00	0.00	0.00	2,635.25
Marketing Expenses	4,785.25	0.00	0.00	0.00	0.00	4,785.25
Moving & Storage Costs	1,874.60	0.00	0.00	0.00	0.00	1,874.60
Property Insurance	34,528.78	0.00	1,386.93	1,849.30	3,236.23	37,765.01
Property Taxes & Liens	215,321.91	0.00	0.00	0.00	0.00	215,321.91
Repairs & Maintenance	16,654.99	455.00	0.00	0.00	455.00	17,109.99
Security & Patrol Services	30,026.22	2,981.73	1,364.50	1,036.50	5,382.73	35,408.95
Sewer	2,922.14	973.99	0.00	0.00	973.99	3,896.13
Vault Locksmith	5,000.00	0.00	0.00	0.00	0.00	5,000.00
Water	14,631.45	614.91	0.00	0.00	614.91	15,246.36
Total 5330 & 5370 S. Durango Dr.	342,011.56	5,025.63	3,735.60	2,885.80	11,647.03	353,658.59
5420 S. Durango Dr.						
Appraisal Fees	6,750.00	0.00	0.00	0.00	0.00	6,750.00
Fence Rental Fees	1,312.12	0.00	984.16	0.00	984.16	2,296.28
Landscape Maintenance	1,105.00	0.00	0.00	0.00	0.00	1,105.00
Locksmith Services	4,756.42	0.00	0.00	0.00	0.00	4,756.42
Property Insurance	38,817.96	0.00	1,386.93	1,849.31	3,236.24	42,054.20
Property Taxes & Liens	276,362.37	0.00	0.00	0.00	0.00	276,362.37
Repairs & Maintenance	5,442.60	0.00	0.00	0.00	0.00	5,442.60
Security Patrol Services	3,204.83	2,981.62	1,364.50	1,036.50	5,382.62	8,587.45
Sewer	2,936.07	2,936.07	0.00	0.00	2,936.07	5,872.14
Water	26,326.03	859.36	0.00	0.00	859.36	27,185.39
Total 5420 S. Durango Dr.	367,013.40	6,777.05	3,735.59	2,885.81	13,398.45	380,411.85
Total Real Property Expenses	1,832,556.42	27,391.17	20,215.48	44,535.14	92,141.79	1,924,698.21

ROBB EVANS & ASSOCIATES LLC
Receiver of MRI International, Inc.
Receivership Administrative Expenses and Fund Balance
 From Inception (February 23, 2015) to June 30, 2016

	Previously Reported and Approved	Apr 16	May 16	Jun 16	4/1/16 to 6/30/16	TOTAL
Receiver Fees & Expenses						
Receiver Fees						
B. Kane	16,763.40	693.45	1,628.10	723.60	3,045.15	19,808.55
K. Johnson	2,472.30	0.00	0.00	0.00	0.00	2,472.30
V. Miller	262,365.30	12,934.35	20,019.60	10,552.50	43,506.45	305,871.75
A. Jen	4,009.95	180.90	180.90	391.95	753.75	4,763.70
M. Lin	934.65	0.00	0.00	0.00	0.00	934.65
L. Lee	783.90	0.00	0.00	0.00	0.00	783.90
F. Jen	482.40	0.00	90.45	0.00	90.45	572.85
C. Callahan	20,182.50	1,597.50	900.00	2,047.50	4,545.00	24,727.50
E. Roop	14,809.50	0.00	1,849.50	0.00	1,849.50	16,659.00
C. DeCius	25,173.00	1,629.00	963.00	1,908.00	4,500.00	29,673.00
J. Dadbin	291.50	0.00	0.00	0.00	0.00	291.50
N. Wolf	41,064.00	858.00	4,470.00	4,488.00	9,816.00	50,880.00
W. Wolf	323.00	0.00	0.00	0.00	0.00	323.00
K. Drenth	7,760.00	0.00	0.00	0.00	0.00	7,760.00
Total Receiver Fees	397,415.40	17,893.20	30,101.55	20,111.55	68,106.30	465,521.70
Receiver Expenses						
Meetings & Meals	103.89	0.00	0.00	39.58	39.58	143.47
Office Telephone & Supplies	626.71	0.00	0.00	0.00	0.00	626.71
Postage & Delivery	2,385.01	38.91	36.47	21.86	97.24	2,482.25
Receiver Report Notification	598.71	0.00	0.00	0.00	0.00	598.71
Travel Expenses	5,671.96	0.00	0.00	0.00	0.00	5,671.96
Website Support	762.99	35.49	181.88	124.21	341.58	1,104.57
Total Receiver Expenses	10,149.27	74.40	218.35	185.65	478.40	10,627.67

ROBB EVANS & ASSOCIATES LLC
Receiver of MRI International, Inc.
Receivership Administrative Expenses and Fund Balance
 From Inception (February 23, 2015) to June 30, 2016

	Previously Reported and Approved	Apr 16	May 16	Jun 16	4/1/16 to 6/30/16	TOTAL
Legal Fees & Costs						
Dentons						
Legal Fees	20,701.35	0.00	0.00	0.00	0.00	20,701.35
Legal Costs	920.50	0.00	0.00	0.00	0.00	920.50
Total Dentons	<u>21,621.85</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>21,621.85</u>
Kolesar & Leatham						
Legal Fees	37.50	0.00	0.00	0.00	0.00	37.50
Total Kolesar & Leatham	<u>37.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>37.50</u>
Lynch Law Practice PLLC						
Legal Fees	91,970.10	5,682.15	10,967.10	3,596.55	20,245.80	112,215.90
Legal Costs	2,568.59	626.70	428.09	448.18	1,502.97	4,071.56
Total Lynch Law Practice PLLC	<u>94,538.69</u>	<u>6,308.85</u>	<u>11,395.19</u>	<u>4,044.73</u>	<u>21,748.77</u>	<u>116,287.46</u>
Total Legal Fees & Costs	<u>116,198.04</u>	<u>6,308.85</u>	<u>11,395.19</u>	<u>4,044.73</u>	<u>21,748.77</u>	<u>137,946.81</u>
Total Receiver Fees & Expenses	<u>523,762.71</u>	<u>24,276.45</u>	<u>41,715.09</u>	<u>24,341.93</u>	<u>90,333.47</u>	<u>614,096.18</u>
Total Expenses	<u>2,381,780.35</u>	<u>53,706.23</u>	<u>66,388.91</u>	<u>73,488.55</u>	<u>193,583.69</u>	<u>2,575,364.04</u>
Fund Balance	<u><u>3,772,467.09</u></u>					<u><u>10,054,239.57</u></u>

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 Nevada Bar No. 8555
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 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
 THE FACTORING COMPANY,
 17 JUNE FUJINAGA, and
 THE YUNJU TRUST,

18 Relief Defendants.
 19

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 APRIL 1, 2016
 THROUGH JUNE 30, 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 31, 2016, the Receiver filed its fourth motion for approval of fees and
23 costs, which covered the period of January 1, 2016 through March 31, 2016, which was
24 approved by order of this Court entered on June 22, 2016 (Dkts. 337, 344).

25 10. On August 29, 2016, the Receiver filed a detailed Report of Receiver’s Activities
26 April 1, 2016 through June 30, 2016 (“Receiver’s Report”) (Dkt. 351).

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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 APRIL 1, 2016
THROUGH JUNE 30, 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 (the “Order Appointing
2 Counsel”). (Dkt. 261).

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 April 1, 2016*
12 *Through June 30, 2016; and (2) Granting Relief from Local Rule 66-5 Pertaining to Notice to*
13 *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 April 1, 2016 through
16 June 30, 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"**, are true and correct copies 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 finalized the settlement of the Hoy's
7 litigation, drafted a detailed order authorizing the settlement (Dkts. 327, 333) and analyzed liens
8 and negotiated appropriate lien release language.

9 12. Also during the Expense Period, Lynch Law, in coordination with the Receiver
10 and the SEC, analyzed and evaluated newly discovered assets held in the name of Edwin
11 Fujinaga at the Mutual of Omaha Bank. After analysis and consultation with the Receiver,
12 Lynch Law drafted and filed the Receiver's application for an order to show cause concerning
13 defendants' failure to disclose these assets to the Receiver and provided legal advice to the
14 Receiver concerning the freezing of these assets. (Dkt. 331). After analysis of Edwin Fujinaga's
15 opposition (Dkt. 334) to the Receiver's motion for an order to show cause, and in consultation
16 with the Receiver, Lynch Law drafted the Receiver's reply in support of its application for a
17 show cause hearing. (Dkt. 341).

18 13. Lynch Law continued to assist the Receiver with its efforts to sell the real and
19 personal property located at 2955 Coleman Street. These continuing efforts included drafting,
20 finalizing, and publishing the overbid procedures in accord with the Court's order authorizing the
21 sale. Also during the Expense Period, Lynch Law responded to buyers' concerns, and worked
22 closely with the title company handling the sale and the underwriter to address numerous
23 concerns, objections, and questions raised by these parties concerning title, liens, and authority
24 for the sale.

25 14. Lynch Law assisted the Receiver with its efforts to list and market real property
26 located in California, Las Vegas, and Hawaii.

27 15. In addition, Lynch Law negotiated and resolved a long-standing dispute with the
28 tenant of the Harmon Property. Lynch Law facilitated the resolution of the tenant's concerns

1 and secured satisfaction by the tenant of the full amount the Receiver calculated was owing
2 under the lease, which returned the tenancy to good standing.

3 16. Lynch Law monitors the Court filings in this case and in the related litigation as
4 they may pertain to the interests of the estate, responds to inquiries receive from creditors and
5 others, investigates assets of the estate, files notices of pending actions to protect real estate
6 assets if deemed appropriate, and also performs numerous other tasks in advising the Receiver
7 and rendering services as Receiver's counsel to protect the estate, pursue claim enforcement, and
8 advance the interests of the estate.

9 17. The fees incurred by Lynch Law during the Expense Period are \$20,245.80,
10 which fees were actually and necessarily incurred in its representation of the Receiver. The costs
11 incurred by Lynch Law are \$1,502.97 during the Expense Period, consisting primarily of
12 publication and service fees, filing fees, and mailing and copying costs.

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

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

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

25 Dated August 29, 2016.

/s/ Michael F. Lynch