

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p>Plaintiff, vs.</p> <p>TRAVIS E. CORRELL, individually and doing business as Horizon Establishment; et al.</p> <p>Defendants, and</p> <p>BANNER SHIELD, LLC; et al.</p> <p>Defendants Solely for Purposes of Equitable Relief.</p> <hr/>	<p style="text-align: center;">Lead Case</p> <p style="text-align: center;">Case No.: 4:05-CV-472 RAS</p>
<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p>Plaintiff, vs.</p> <p>GLOBAL FINANCE & INVESTMENTS, INC.; et al.</p> <p>Defendants, and</p> <p>USASSET & FUNDING CORP.; et al.</p> <p>Defendants Solely for Purposes of Equitable Relief.</p>	<p style="text-align: center;">Consolidated Case</p> <p style="text-align: center;">Case No.:4:07-cv-346 RAS</p> <p style="text-align: center;">RECEIVER'S TENTH INTERIM APPLICATION FOR PAYMENT OF PROFESSIONAL FEES AND EXPENSES INCURRED IN CONSOLIDATED CASE GLOBAL FINANCE IN JUNE AND JULY 2009 AND BRIEF IN SUPPORT</p>

**RECEIVER'S TENTH INTERIM APPLICATION FOR PAYMENT OF
PROFESSIONAL FEES AND EXPENSES INCURRED IN CONSOLIDATED CASE OF
GLOBAL FINANCE IN JUNE AND JULY 2009**

S. Gregory Hays (“Receiver”), Receiver for Consolidated Defendants Global Finance and Investments, Inc., Charles R. Davis, Lucre Fund, LLC, JTA Enterprises, Inc., William H. Clark, Sterling Meridian, LLC, Consolidated Relief Defendant Wells Ventures, LLC and certain assets believed to be in the possession of other Relief Defendants (collectively, “the Global Finance Receivership Estate”), files this Interim Application seeking the Court’s authority to pay the fees for professional services rendered and to reimburse costs advanced on behalf of the Receiver, and respectfully shows the following:

BACKGROUND

1. On July 18, 2007, the Securities and Exchange Commission (“SEC”) filed this action seeking permanent injunctive relief, disgorgement and other monetary sanctions against the Defendants.

2. The three offerings that are the subjects of this action are purported “high-yield investment” or “prime bank” schemes (referred to herein as the “Prime Bank Schemes”). These schemes were uncovered by the SEC and the Receiver during discovery in lead case *SEC v. Travis Correll, et al.*; Case No.: 4:05-CV-472-RAS [E.D. Tx./Sherman Division (Dec. 7, 2005)].

3. In sum, it appears that investors were enticed to invest in the various Prime Bank Schemes by promises of high returns with no risk to their investment principal. One scheme promised 25 percent returns per month, another scheme promised returns from 25 percent per month to 90 percent per week, and the returns in the third scheme ranged from 18 - 20 percent per month.

4. On September 21, 2007, this Court entered an Amended Order appointing S. Gregory Hays as Receiver for certain of the Defendants and for certain assets of the Relief

Defendants (the “Amended Receivership Order”). Among other things, this Court authorized and directed the Receiver to:

- a. take custody, control and possession of all records, assets and other property of the Global Finance Receivership Estate;
- b. administer the assets of the Global Finance Receivership Estate, including the authority to liquidate assets;
- c. perform an accounting of the receipt, disposition and use of the subject investment proceeds; and
- d. investigate any matters that the Receiver deems appropriate in connection with the Global Finance Receivership Estate.

5. Pursuant to the terms of the Amended Receivership Order, the Receiver is authorized to employ all attorneys, accountants, consultants and others necessary to properly administer to the Global Finance Receivership Estate. (*See* Amended Receivership Order ¶ 16.) The Receiver has employed the law firm of Troutman Sanders LLP (“Troutman Sanders”) as his counsel. The Receiver has also employed his own firm, Hays Financial Consulting, LLC (“HFC”), to render accounting, financial, investigative and administrative services in connection with his duties as Receiver. The Amended Receivership Order directs the Receiver to seek and obtain the approval of this Court prior to making payment of the professional fees and expenses that are the subject of this Application.

APPLICATION FOR FEES

6. This Application seeks approval and payment of the fees and reimbursement of expenses for the Receiver, Troutman Sanders and HFC (collectively, “the Receiver Team”) for the time period from June 1, 2009 through July 31, 2009.

7. During the period covered by this Application, the Receiver Team has incurred fees and expenses in connection with these proceedings as follows:

June 2009

Receiver: \$2,137.50 (fees)

HFC: \$5,754.50 (fees); \$61.77 (expenses)

Troutman Sanders: \$4,315.11 (fees)¹; \$25.00 (expenses)

July 2009

Receiver: \$1,200.00 (fees)

HFC: \$2,659.50 (fees); \$662.34 (expenses)

Troutman Sanders: \$8,811.18 (fees)²

8. The various monthly statements attached hereto as Exhibits “A” through “C” contain the following information for the time period of June 1, 2009 through July 31, 2009 regarding the Receiver, Troutman Sanders, and HFC, respectively: (a) the number of hours worked by each professional on a particular day, (b) the manner and type of work performed by each professional, and (c) the monetary value assigned to each task performed by each professional.³

¹ Troutman Sanders credited back \$133.00 to the Receiver Estate in June 2009.

² Troutman Sanders credited back \$867.36 to the Receiver Estate in July 2009.

³ In submitting these detailed statements, the Receiver does not intend to and should not be construed to waive, limit or otherwise modify any rights that he may have with respect to the attorney-client privilege, the attorney work product doctrine or any other applicable privilege. Complete “non-redacted” versions of the attached exhibits will be provided to the Court, only, under separate cover.

JOHNSON FACTORS

9. In support of this Application, the Receiver Team respectfully directs this Court's attention to those factors generally considered by courts in awarding compensation to attorneys for services performed in connection with the administration of a receivership estate. As stated by the Fifth Circuit Court of Appeals in *Migis v. Pearle Vision, Inc.*:

[t]he calculation of attorney's fees involves a well-established process. First, the court calculates a "lodestar" fee by multiplying the reasonable number of hours expended on the case by the reasonable hourly rates for the participating lawyers. The court then considers whether the lodestar figure should be adjusted upward or downward depending on the circumstances of the case. In making a lodestar adjustment the court should look to twelve factors, known as the *Johnson* factors, after *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974).

135 F.3d 1041, 1047 (5th Cir. 1998) (citations omitted). Those factors, as applied to the services rendered in this case by the Receiver Team, are addressed below.

10. The Time and Labor Required. This case involves the recovery of approximately \$11.9 million that was invested in various but connected Prime Bank Schemes. To date, the Receiver Team has identified over a dozen entities and parties worldwide who were involved or implicated in the Prime Bank Schemes in some capacity. Because of the circumstances surrounding the discovery of the underlying schemes, the Receiver Team has worked closely with the SEC from the outset of this case. The Receiver Team has devoted significant efforts and resources to investigating these parties and tracing, recovering and taking control of the funds, and to date has recovered and/or taken control of in excess of \$7 million for the benefit of the Global Finance Receivership Estate. While most of these recoveries were actually effected by the SEC, the Receiver Team has devoted time and paid expenses in connection with achieving these recoveries. The activities and expenses of the Receiver Team are reflected in Exhibits "A" through "C."

Although the Receiver is now in possession of the majority of the investments, he continues to investigate matters related to the monies that are currently unaccounted for. Because of the number of people involved, the structure of the Prime Bank Schemes, the cumulative amount of investor money involved, the disparate geographic location of people and assets, and the substantial volume of records and electronic information that the Receiver has had to review, this case initially required significant time and labor; however, as the case winds down, the time and effort devoted to this case will continue to decrease.

Although under the constraints of litigation and the responsibility of receivership administration, the members of the Receiver Team endeavor to commit time and money to tasks based upon a “cost/benefit” analysis. All professionals involved in this case are well aware that the expense associated with their activities is substantial. They are also mindful of the fact that they are being paid from funds that are assets of the Global Finance Receivership Estate (which includes investor monies). The Receiver and other professionals have made and will continue to make a concerted effort to be good stewards of the assets of the Global Finance Receivership Estate.

11. The Novelty and Difficulty of the Questions. By its very nature, a receivership is unique and complex. One of the most difficult problems encountered in this particular case involved determining where the Prime Bank Schemes involved in the lead case Correll stop and where the Prime Bank Schemes involved in the consolidated case Global Finance begin. In light of the overlapping schemes, tracing the funds through the morass of fraudsters, investors and implicated third parties have posed particularly difficult problems in this case.

12. The Skill Requisite to Perform the Service. The Receiver believes that the services performed in this case have required professionals who are experienced in dealing with

the issues that arise in the course of receiverships, including: specialized knowledge of the substantive and procedural law applicable to receiverships; formal and informal processes for obtaining, assimilating and analyzing information; electronic data recovery, preservation and analysis; forensic financial analysis and funds tracing; asset administration and liquidation; and obtaining information from and communicating with investors. All members of the Receiver Team have considerable experience in such areas.

13. The Preclusion of Other Employment Due to Acceptance of the Case. The Receiver Team has not declined any representation solely because of their services as Receiver and counsel or consultants for the Receiver. However, given the effort required, the individual professionals working on this case have obviously been precluded from working on other matters during the time that they have been engaged in activities on behalf of the Receiver.

14. The Customary Fee. The hourly rates sought herein are commensurate with the rates charged by other professionals of similar experience levels in Atlanta, Georgia. During the period covered by this fee application, the following professionals have performed services on behalf of the receivership at the hourly rates listed below:

Receiver

S. Gregory Hays - \$375.00 per hour: Mr. Hays has more than 25 years of experience including 15 years in managing receivership and bankruptcy cases including extensive forensic accounting and financial investigations. He has been appointed as receiver in Federal District Courts and State Courts and has been appointed Chapter 11 bankruptcy trustee in over a dozen cases. Mr. Hays serves on the Chapter 7 trustee panel in the Northern District of Georgia and is a Certified Turnaround Professional and a Certified Insolvency & Restructuring Advisor.

Troutman Sanders

J. David Dantzler, Jr. - \$515.00 per hour: Mr. Dantzler, lead counsel to the Receiver, is a partner at Troutman Sanders and has been practicing law since 1981. A substantial portion of his practice is focused on securities and financial fraud. Since 1995, he has

served as lead counsel for receivers appointed in significant cases filed by the SEC, CFTC and FTC.

Saba Ashraf - \$525.00 per hour: Ms. Ashraf is a partner at Troutman Sanders and has been practicing law since 1993. She has an LLM from New York University and has served as an adjunct professor of law at the University of Georgia and Georgia State University law schools. Her practice is concentrated on the structuring and effecting of complex business transactions and tax planning.

Charles R. Burnett - \$280.00 per hour: Mr. Burnett is an associate at Troutman Sanders. His practice is focused exclusively on civil litigation and he has experience representing the Receiver in other actions filed by the SEC.

Harrilee Cheshire - \$275.00 per hour: Ms. Cheshire is a litigation paralegal with more than 33 years of experience.

HFC

Scott S. Askue - \$275.00 per hour: Mr. Askue is a Managing Director at Hays Financial Consulting, LLC. He has over 11 years experience investigating complex receiverships involving the SEC, the CFTC and the FTC. He also has significant experience in bankruptcy cases, financial and fraud investigations and restructurings.

Richard Atcheson, CPA - \$250.00 per hour: Mr. Atcheson is a Director of Tax at Hays Financial Consulting, LLC. Mr. Atcheson has over 30 years of corporate tax experience in the Financial Services Industry. He has a BBA from Kent State University and a Masters in Tax from Drake University.

K. Shelby Bao - \$150.00 per hour: Ms. Bao is the Manager of Consumer Bankruptcies for Hays Financial Consulting. She administers the Chapter 7 consumer cases where S. Gregory Hays serves as Trustee. She reviews the debtors' bankruptcy petitions and schedules, researches and calculates equity in assets, searches for undisclosed assets, reviews claims and prepares pleadings. She actively corresponds with the debtors, debtor's counsel, creditors, creditors' counsel, the Office of the U. S. Trustee and other interested parties.

Kathy A. Malek - \$170.00 per hour: Ms. Malek serves as a Director for Hays Financial Consulting where she assists failed companies with the termination of their retirement plans and healthcare plans. She has over 17 years experience in the Human Resource field as well as numerous years of experience with accounting administration and claims analysis in bankruptcy cases and receiverships. Ms. Malek is certified as a Professional in Human Resources.

Monica Renaud - \$150.00 per hour: Ms. Renaud is a Manager at Hays Financial Consulting, LLC. She is responsible for the tax affairs including preparation of delinquent and current tax returns for Chapter 7 consumer cases and Chapter 11 corporate

cases. Prior to joining Hays, she was a Tax Manager at Majors Management and a Sr. Associate at Berman and Associates in Atlanta. Ms. Renaud has a BBA in Accounting and Finance from East Carolina University and an MBA in Accounting and Finance from American University.

Shuwanda Y. Sloane - \$130.00 per hour: Ms. Sloane serves as Fraud Investigator for Hays Financial Consulting, LLC. In this position, she is responsible for investor communications for companies where Mr. Hays serves as receiver or trustee. Ms. Sloan also serves in the Collections Department and is responsible for collecting outstanding receivables. Ms. Sloane is a Certified Fraud Examiner and a member of the Association of Certified Fraud Examiners.

J. Colt Conner - \$110.00 per hour: Mr. Conner is an Associate with Hays Financial Consulting, LLC. He has served as business analyst in business valuation, litigation consulting, forensic accounting, and damage analysis. He has negotiated cross border claims in several South and Central American countries, Israel, Seychelles, Spain and France. Mr. Conner has also worked with corporate and consumer bankruptcy matters and property management and liquidation. He is also a Certified Fraud Examiner and a member of the Association of Certified Fraud Examiners.

Julie N. Hentosz - \$110.00 per hour: Ms. Hentosz is an Associate with Hays Financial Consulting, LLC. She has served as business analyst in business valuation, litigation consulting, forensic accounting, and damage analysis. She has assisted in several operational and financial management, accounting, and liquidation services to companies in bankruptcy and receivership. Ms. Hentosz is a Certified Fraud Examiner, a member of the Association of Certified Fraud Examiners, and has worked with corporate and consumer bankruptcy matters and property management and liquidation.

The Receiver refers the Court to the Receiver's Third Interim Application, filed May 8, 2008 (Doc. No. 306), for further information regarding professionals who performed services on behalf of the receivership as of that time, including their hourly rates.

15. Whether the Fee is Fixed or Contingent. The fees of the Receiver Team are fixed insofar as they are based upon the hourly rates described above. However, payment of professional fees and expenses is contingent upon there being enough money in the receivership to make such payments. At present, there appears to be sufficient money available in this receivership to fund the activities of the Receiver and the professionals working with him.

Pursuant to the terms of the Amended Receivership Order, the payment of professional fees is subject to Court approval.

16. Time Limitations Imposed by the Client or Other Circumstances. Because a significant aspect of this receivership is a search for money and other assets, time is critical. While the litigation schedule is no different from other complex civil cases, the analysis of financial records and the recovery of money and assets were necessarily conducted on an expedited basis. While the Receiver's efforts to search for money and other assets are continuing, the vast majority of the efforts have already been completed. Accordingly, the Receiver expects that the time and effort required each month will, on the whole, be significantly less than that required in the beginning of this case.

17. The Amount Involved and the Results Obtained. This case involves a cumulative investment (i.e., including "roll-overs" or re-investments) in excess of \$11.9 million from approximately 100 investors. It appears that more than the majority of the funds were invested and outstanding (i.e., owed to investors) at the time that the Receiver was appointed. During the period covered by this Application, the Receiver Team performed the following significant professional services on behalf of the Receiver Estate:

- a. Drafted correspondence to Level Par Investors;
- b. Drafted correspondence to Global Finance investors;
- c. Handled and resolved numerous tax issues, including research regarding unique tax issues, preparation of returns, and correspondence with investors and the IRS;
- d. Prepared and sent distribution checks to 91 claimants;
- e. Followed up on returned distribution checks;
- f. Handled and resolved investor inquiries regarding distribution checks;
- g. Researched various additional potential sources of recovery; and

- h. Participated in status conference with Judge Schell regarding various outstanding issues.

18. The Experience, Reputation and Ability of the Attorneys. The attorneys at Troutman Sanders principally responsible for this case specialize exclusively in the practice of civil trial law and have many years of experience in cases involving securities and financial fraud. The practice of those attorneys regularly includes the representation of receivers. These attorneys are recognized and respected in their communities.

19. The Undesirability of the Case. The representation of the Receiver incident to this case has not been undesirable.

20. The Nature and Length of the Professional Relationship with the Client. Troutman Sanders has represented S. Gregory Hays, the Receiver, in other matters.

21. Award in Similar Cases. Based on their collective experience, the Receiver and the professionals working with him believe that the fees requested in this case are consistent with fees awarded in similar cases.

WHEREFORE, PREMISES CONSIDERED, the Receiver, on behalf of himself, Troutman Sanders and HFC, requests that this Court approve all of the fees and expenses that are the subject of this Application and authorize the immediate payment of same.

Respectfully submitted this 4th day of September, 2009.

[Signature on following page]

TROUTMAN SANDERS LLP

/s/ J. David Dantzler, Jr.

J. DAVID DANTZLER, JR.

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CERTIFICATE OF CONFERENCE

Pursuant to Local Rule CV-7(i) of the United States District Court for the Eastern District of Texas, the Receiver has, prior to filing the Fee Application, consulted with counsel for all remaining parties to this action in a good faith attempt to resolve the matter without court intervention and no opposition was voiced.

Furthermore, in accordance with his practice in the above-styled case, the Receiver is posting the Fee Application on his website so that any and all investors will have an opportunity to review it and file objections. Accordingly, and out of an abundance of caution, the Receiver states for purposes of this certificate that **this Fee Application is opposed at this time**. If no investor objects to this Fee Application after fifteen (15) days from the date of the filing of this Fee Application, the Receiver will file an amended certificate of conference indicating that it is unopposed.

Additionally, in accordance with Paragraph 17 of the Order Appointing Receiver, the Receiver has, prior to filing this Fee Application, consulted with counsel for the Securities and Exchange Commission regarding the fees and expenses that are the subject of this application.

/s/ J. David Dantzler, Jr.

J. DAVID DANTZLER, JR.

Ga. State Bar No. 205125

CERTIFICATE OF SERVICE

I do hereby certify that on September 4, 2009, I electronically filed the foregoing Document with the Clerk of this Court using the CM/ECF system, which will automatically send notification of such filing to the following:

Timothy S. McCole
Scott R. Baker

I further certify that on September 4, 2009, the foregoing has been served to the following non-CM/ECF participants by depositing a copy in the United States Mail with adequate postage thereon and addressed as follows:

William Clark
JTA Enterprises
16 Beech Place
Denville, NJ 07834

/s/ J. David Dantzler, Jr. _____
J. DAVID DANTZLER, JR.
Ga. State Bar No. 205125