IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

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| SECURITIES AND EXCHANGE COMMISSION, | : | |
| Plaintiff, | : | Civil Action File No. 1:12-CV-1996-TWT |
| v. | : | |
| BENJAMIN DANIEL DEHAAN AND LIGHTHOUSE FINANCIAL PARTNERS, LLC, | : | |
| Defendants. | : | |

**RESPONSE BY THE RECEIVER TO THE MELAMUD OBJECTION TO THE SIXTH APPLICATION FOR FEES AND REIMBURSEMENT OF COSTS**

S. Gregory Hays, the Receiver (the "Receiver") of Lighthouse Financial Partners, LLC ("Lighthouse"), by and through counsel, hereby responds to the Objection (the "Objection") filed by Anatoliy Melamud ("Melamud") and Yelena Melamud (together the "Objectors") to the Sixth Application of the Receiver for Authority to Pay Professional Fees and to Reimburse Costs (the "Application") as follows:

## INTRODUCTION

The only objection filed to date to the professional fees and expenses incurred by the Receiver of the Lighthouse Estate (the "Receivership Estate")

during the Court ordered process of the Receiver conducting an investigation of, marshaling, and administering the assets remaining and liabilities incurred as a result of the securities fraud arising from the operation of Lighthouse by Benjamin D. DeHaan ("DeHaan") has been filed by Anatoliy Melamud who: 1) was a joint corporate venturer with DeHaan; 2) through certain corporate entities, is an owner of Lighthouse and therefore an "insider" of Lighthouse; and 3) is pursing for his own benefit the full amount of the principal asset available for recovery by the Receivership Estate to potentially repay the losses incurred by the other investors in Lighthouse (the Malpractice Policy, as defined below, of former counsel for Lighthouse). Coincidentally, a significant portion of the administrative expenses approved to date and sought in the Application have been incurred in the investigation of the involvement of Melamud in the scheme perpetuated by DeHaan, efforts to resist the attempt by Melamud to obtain for his sole benefit the full amount of the Malpractice Policy, advancing the institution and mediation of litigation that has been complicated by the conduct of Melamud, and the investigation and negotiation of claims against Melamud for recoveries, clawbacks, and offsets against the substantial investment loss claimed by Melamud of $720,000 in Lighthouse (approximately 10% of the investor losses asserted against the Receivership Estate).

## SUMMARY OF THIS RESPONSE

1. The Application seeks the approval of fees and expenses incurred by the Receivership Estate as a result of services rendered by the Receiver and two professional firms, Hays Financial Consulting, LLC (the "Accountants") and James C. Frenzel, P.C ("General Counsel"). Fees incurred as a result of services by the Receiver, General Counsel, and the Accountants for the Receiver consist of, respectively, approximately 10.4%, 48.4% and 41.2% of the total fees sought in the Application.

2. The Receiver maintains that: a) the Objection is without merit and the contention in the Objection that the Receiver is "ransacking the Receivership Estate for its own benefit" is particularly without basis; b) the Receiver has fairly and efficiently administered the assets of the Receivership Estate; c) the fees and expenses sought in the Application were actually incurred by the professionals in the proper administration of the assets and liabilities of the Receivership Estate and are reasonable under the circumstances; d) the Application, including the attached exhibits, this Response, and further evidence that may be presented at any hearing on the Application, the Objection, and this Response demonstrate that few hours, if any, of the fees requested in the Application are redundant, unnecessary, or inappropriate; and e) administration and recovery of assets for the benefit of the Receivership

Estate is not yet complete as the "low hanging fruit" was recovered first in the administration of the Receivership Estate and the Receiver has spent significant effort more recently in preparing and presenting a claim for a significant recovery from a third party, but anticipates significant resistance and the potential of hard fought litigation in order to obtain a substantial recovery for the benefit of the Receivership Estate and the investors who suffered losses with Lighthouse.

3. After obtaining an initial overview of this case, the Receiver became aware that and advised creditors of Lighthouse that the primary meaningful source of recovery for investors would be from claims asserted by the Receiver. To recover any value back into the Receivership Estate, a thorough investigation of transactions, assets, and values was required before cost effective recovery efforts were instituted.

4. Since the Objection does not provide details regarding certain matters referenced in the Objection, this Response will first provide relevant background information and detail relevant litigation impacting the Receivership Estate. Next, this Response will address the basis for compensation as well as issues raised in the Objection regarding: a) the reasonableness of the fees incurred related to the Motion to Stay (as defined herein) and investigation of claims against the Melamud Parties (as defined

herein); b) the reasonableness of the fees incurred in the pursuit of the Page Perry Claims (as defined herein); and c) the content of and detail set forth in the Application.

## A. FACTUAL BACKGROUND

5. From 2008 until approximately June, 2012, Page, Perry, and Associates, LLC ("Page Perry") and J. Steven Parker ("Parker"), an attorney at Page Perry, served as outside compliance counsel for Lighthouse during which time: a) Lighthouse accepted investments under the guise that Lighthouse was a legitimate business; and b) the principal of Lighthouse, DeHaan operated Lighthouse as a scheme involving securities to defraud investors and misappropriate funds paid by investors of Lighthouse for legitimate investments.

6. Between March, 2010, and July, 2012, Melamud: a) invested funds with Lighthouse; b) soon after originally investing with Lighthouse discussed business opportunities and pursued his desire to be part of the business of Lighthouse; c) functioned as the owner of LetoTech, Inc. ("Letotech"), a software and technology development and consulting company wholly owned by Melamud, and of Quantplat, LLC ("Quantplat"), a vendor to Lighthouse, by first entering a licensing agreement for certain stock analysis and investment management software developed by Melamud known as Quantplat

that was originally used internally by Lighthouse and later used by clients of Lighthouse and marketed to other investment firms; and d) caused an entity owned by Melamud to enter negotiations regarding a joint venture with Lighthouse for the sale and marketing of Quantplat to the securities industry.

7. On June 6, 2011, DeHaan issued correspondence to clients of Lighthouse indicating that, effective June 30, 2011, the eMoney service that clients previously utilized would be discontinued and no longer linked to custodial accounts maintained by banks. Although Quantplat did not provide a reconciliation feature similar to eMoney or any other apparent fraud security control features, clients of Lighthouse were advised to use the Quantplat software going forward.

8. The Quantplat software developed by Melamud required certain data to be manually entered and did not incorporate a reconciliation feature and, thereby, allowed DeHaan to enter false information into the system and create false statements that were sent or available to investors to conceal and increase the misappropriation by DeHaan of funds from clients of Lighthouse.

9. Melamud had the opportunity to conduct due diligence and investigate documents provided by DeHaan and Lighthouse, but formally documented the joint venture with Lighthouse as of November 31, 2011, even though Melamud had not at that time: a) received all information requested from

Lighthouse; b) independently verified certain information provided to Melamud related to the joint venture; or c) clarified regulatory concerns impacting the joint venture and Lighthouse and whether Lighthouse would be able to continue as an investment advisor after the ownership interests were exchanged. For further information regarding the ownership structure of Lighthouse and related parties, see Exhibit A attached hereto and incorporated herein by reference.

10. After the filing of a complaint by the Securities and Exchange Commission against Lighthouse and DeHaan, on July 2, 2012, the Receiver was appointed pursuant to an Order (the "Appointment Order") of this Court to administer the Receivership Estate.

11. Pursuant to Paragraph II of the Appointment Order, the Receivership Estate includes "all assets acquired for the benefit of Lighthouse and any entities or assets owned by it or clients committed to Lighthouse for the benefit of its advisory clients....[as well as] any assets, wherever located, which are determined by the Receiver to have been purchased, in whole or part, with funds of Lighthouse advisory clients."

12. Paragraph 18 of the Appointment Order, provides that, except by leave of the Court: "...all creditors and other persons seeking money damages or other relief from the Receiver Estate and all others acting on behalf of any such

creditors…are, until further order of this Court, hereby stayed and restrained from doing anything to interfere with the possession, recovery or management by the Receiver of the property and assets owned, controlled, belonging to, or in the possession of the Receiver Estate, or to interfere with the Receiver in any manner during the pendency of this proceeding."

13. Despite the imposition of the stay set forth in the Appointment Order, the Receiver has encountered interference from Melamud with the possession, recovery and management of assets of the Receivership Estate and such interference has complicated and increased the costs and expenses related to the administration of the Receivership Estate.

14. Despite such interference from Melamud, the Receiver has attempted to fairly and efficiently administer and marshal the assets of the Receivership Estate in accordance with the terms of the Appointment Order.

15. During the course of the administration of the Receivership Estate, the tasks performed by the Receiver and his professionals have included, but are not limited to:

    a. The investigation of: i) the misappropriation of funds from Lighthouse prior to the entry of the Appointment Order; and ii) potential available causes of action or claims that may be asserted by the Receiver,

including with regard to Melamud and entities related to Melamud that received payments from Lighthouse in the amount of $469,636.96;

b. Conduct to protect potential recovery from assets of the Receivership Estate in danger of depletion from the conduct of third-parties, including efforts to preserve a recovery from the Malpractice Policy for the benefit of all creditors of the Receivership Estate from actions by the Melamud Parties seeking to recover from the Malpractice Policy for their sole benefit to the detriment of the Receivership Estate;

c. The determination, analysis, recovery, and disposition of assets of the Receivership Estate;

d. Providing assistance to litigants, investors, and government authorities in obtaining criminal prosecution, recoveries, and loss minimization, including the Melamud Parties;

e. Pursuit and recovery of claims of the Receivership Estate, including, but not limited to, developing claims, assisting contingency counsel in pursuit of certain claims, and communicating with counsel in litigation related to the Receivership Estate;

f. The administration of claims and objections, including, but not limited to, reviewing, reconciling, and managing claim forms and development

of a process to facilitate a fair and accurate distribution, administration, reconciliation, and objection to claims process;

g. Researching, developing, and drafting documents related to a claims resolution plan and distribution methodology and negotiations related thereto;

h. Investigation, research, analysis, and pursuit of clawback claims of the Receivership Estate, including, but not limited to, research regarding viability of clawback claims, analysis of transfers to and from investors of Lighthouse, and negotiations to settle certain clawback claims of the Receivership Estate;

i. Coordinating the dissemination of documents and information to interested parties including investors of Lighthouse and their professionals, the SEC and other governmental agencies, and professionals for litigants seeking damages as the result of the financial failure of Lighthouse;

j. Continuing to manage and address legal, financial, tax matters including unfiled returns and refunds due, administration, and other issues related to the Receivership Estate; and

k. Researching, developing, and drafting a Plan for Administration of Claims and Distribution of Proceeds of the Receivership Estate (the

"Plan of Distribution") that is ready to be filed soon after the Page Perry Claims are resolved.

16. Although the amount of time and expense incurred during an appropriate investigation into a Ponzi scheme involving more than $7.6 million in losses is not contingent on the amount of assets ultimately recovered, the Receiver and his professionals have at all times endeavored to work in an efficient, cost effective, and productive manner on matters that benefit the Receivership Estate with the goal of achieving a maximum recovery into the Receivership Estate from which to make a significant distribution to innocent creditors of Lighthouse with allowed claims.

17. Other than certain outstanding claims that may be asserted by the Receiver to reduce the amount of ultimately allowed claims against the Receivership Estate or to attempt to recover additional proceeds for the benefit of the Receivership Estate, the primary asset remaining in the Receivership Estate consists of malpractice claims against Page Perry, including certain attorneys at Page Perry, to attempt to recover the full amount of losses incurred by Lighthouse (the "Page Perry Claims").

18. Page Perry maintained a $5 million malpractice policy (the "Malpractice Policy") applicable to the period in which Page Perry represented Lighthouse

and the Receiver is mindful that the proceeds of the Malpractice Policy may be the primary source of recovery for the Page Perry Claims.

## B. MELAMUD LITIGATION

19. Without obtaining relief from the stay imposed by the Appointment Order entered in July, 2012, or as 49% owner, issuing a demand upon DeHaan and Co. to pursue claims against Page Perry and Parker (the "Page Perry Defendants") on behalf of DeHaan and Co., on August 6, 2012, Melamud, Letotech, Quantplat, and DeHaan and Co. (collectively, the "Melamud Parties") filed a compliant against the Page Perry Defendants in the Superior Court of Fulton County, State of Georgia (the "Superior Court"), Civil Action File No. 2012CV219444 (the "Melamud Litigation") seeking recovery for claims sounding in malpractice, fraud, aiding and abetting violations of fiduciary duty, and civil conspiracy.[1]

20. Due to the close relationship between Lighthouse and the Melamud Parties that developed from the vendor, joint venturer, and insider status of the Melamud Parties, the Melamud Parties assert in the Melamud Litigation that

[1] The Melamud Parties caused DeHaan and Co. to originally be a party in the Melamud Litigation despite no proper corporate resolution being presented to the Receiver who holds the majority interest in DeHaan and Co. for the benefit of the Receivership Estate. Counsel for the Melamud Parties has asserted that DeHaan and Co. is no longer pursuing claims in the Melamud Litigation.

counsel for Lighthouse, the Page Perry Defendants, represented the Melamud Parties in addition to representing Lighthouse as a corporate entity.

21. The Receivership Estate provided certain documents (the "Lighthouse Documents") to the parties to the Melamud Litigation pursuant to a Confidentiality and Nondisclosure Agreement (the "NDA"), a copy of which is attached hereto as Exhibit "B" and incorporated herein by reference, that required the party receiving access to the Lighthouse Documents to pay all expenses related to the inspection, review, duplication, copying or printing of the Lighthouse Documents by or on behalf of such party (the "Document Reimbursement").

22. Although the Melamud Parties agreed to the terms of the NDA and despite requests for payment, the Melamud Parties have yet to make payment due pursuant to the invoice from the Receiver dated January 11, 2013, a copy of which is attached as Exhibit "C" and incorporated herein by reference, for only their respective portion of the Document Reimbursement due as the result of the expenses incurred by the Receivership Estate related to the inspection, review, duplication, copying or printing of the Lighthouse Documents on behalf of the Melamud Parties.

23. The Melamud Parties and the Page Perry Defendants in the Melamud Litigation have obtained the entry of a confidentiality order that restricts the disclosure of certain information disclosed in the Melamud Litigation.

24. Although the Receiver only has limited access to information in the Melamud Litigation, the Receiver is aware that the Page Perry Defendants assert in the Melamud Litigation that Melamud: a) knew or should have known of the misconduct by DeHaan due to the ability of Melamud to access information at Lighthouse incident to the joint venture agreement between Letotech and DeHaan & Co. and the vendor relationship between Melamud and Lighthouse; and b) failed to perform adequate due diligence or investigate apparent red flags of misconduct by DeHaan.

25. The Receiver has also been informed that the Melamud Parties have demanded incident to the Melamud Litigation the full amount of the Malpractice Policy of Five Million Dollars without regard to the viable malpractice claims of the Receiver on behalf of the actual client of Page Perry, Lighthouse, to the proceeds of the Malpractice Policy.

26. A number of the claims asserted by the Melamud Parties in the Melamud Litigation that implicate the Malpractice Policy are based on essentially the same facts underlying the malpractice claims asserted by the Receiver against the Page Perry Defendants.

27. A judgment in favor of and recovery by the Melamud Parties resulting from the claims asserted in the Melamud Litigation would reduce and possibly deplete the limited malpractice coverage proceeds available for payment from the Malpractice Policy and thereby reduce or deplete the potential recovery from an asset of the Receivership Estate to the detriment of all creditors of the Receivership Estate.

28. Because the Malpractice Policy constitutes the primary source of recovery from the Page Perry Defendants available to compensate the allowed creditors in the Receivership Estate, the Receiver has repeatedly requested that the Melamud Parties: a) stay the Melamud Litigation in accordance with the stay set forth in the Appointment Order; and b) cooperate with the Receiver rather than competing for collection of assets of the Receivership Estate.

29. The Melamud Parties have thus far refused to stay the Melamud Litigation and have continued to pursue recovery from the Malpractice Policy for the sole benefit of the Melamud Parties without regard to the consequences of such actions to the detriment of the Receivership Estate.

30. In summary, the Melamud litigation has increased the fees and expenses incurred by the Receivership Estate as follows:

    a. Document review and administration with regard to requested production;

b. Negotiations and research regarding options in dealing with an allegedly involved party attempting to obtain an inequitable recovery at the expense of other innocent creditors of the Receivership Estate;

c. Review of pleadings and discovery in the Melamud Litigation available to the Receiver in preparation for pursuit of the Page Perry Claims and furtherance of investigation of claims related to the Melamud Parties; and

d. Dealing with significant complications encountered by the Receivership Estate in settlement discussions with Page Perry and the insurance company as a result of the Melamud Parties asserting a claim against the Malpractice Policy.

## C. BASIS FOR COMPENSATION

31. The compensation of the Receiver and his professionals is not based on whether there has been an increase in the value of the assets subject to the receivership. *See SEC v. Elliott*, 953 F.2d 1560, 1577 (11th Cir. Fla. 1992) (noting that although "a receiver may not have increased, or prevented a decrease in, the value of the collateral, if a receiver reasonably and diligently discharges his duties, he is entitled to compensation.")

32. Instead, the Appointment Order provides that the Receiver and his professionals are entitled to reasonable compensation from the assets of the Receivership Estate subject to prior approval from the Court.

33. The Application, as supplemented by this Response, supports that the Receiver and the professionals of the Receiver performed the duties of the Receiver as tasked by the Appointment Order in a professional, competent, and responsible manner.

34. In seeking approval of fees and expenses, the Receiver must make "a prima facie case in support of the requested award." *In re Blackwood Assoc., L.P.,*, 165 B.R. 108, 111 (Bankr.E.D.N.Y. 1994).

35. The Application is sufficiently detailed to establish a prima facie case as the Application and supporting documentation includes detailed invoices that identify the tasks performed, who performed each task, the position and billing rate of each person, and how much time was devoted to each task.

36. As a result of establishing a *prima facie case*, the requested amounts are presumptively reasonable. *See In re Hunt's Health Care*, 161 B.R. 971, 980 (Bankr.N.D.Ind. 1993).

37. Because of this presumption of reasonableness, the Objectors "carry the burden of explaining what therein is unreasonable or, at least, what would be reasonable under the circumstances. Absent such evidence by [Objectors], the opposition fails." *In re Blackwood Assoc. L.P.,* 165 B.R. 108, 112 (Bankr.E.D.N.Y. 1994).

38. Stated more generally, the Objectors may not submit a valid objection "based on the general proposition that the fee sought is simply too much," *In re Hunt's Health Care*, 161 B.R. at 982, and "must, at some point, identify any allegedly improper, insufficient, or excessive entries and direct the court's attention to them." *Id.*

39. Although the Application requests the approval of fees and expenses incurred as a result of over 372 hours of services performed by the Receiver and his professionals, the Objection requests that the Court deny the Application in full despite specifically identifying only 8.2 hours from the Application as objectionable to the Objectors on the basis that: a) the requested fees are generally unreasonable given the recoveries to date; b) the fees incurred by the Receivership Estate related to the: i) Motion to Stay (as defined herein) and investigation of claims against[2] the Melamud Parties; and ii) the Page Perry Claims (as defined herein) are unreasonable, unnecessary, and redundant; and c) the Application does not provide sufficient detail to place the creditors on

[2] Footnote 16 of the Objection related to the subpoenas referred to on Page 10 of the Objection refers to a time entry that references a subpoena served by the Melamud Parties on counsel for the Page Perry Defendants that was discussed with General Counsel (as defined herein). While some of the entries noted in footnote 16 do not deal with subpoenas or are related to communication with counsel for the Melamud Parties, at least one entry does reference the subpoena served on Melamud. Since it is unlikely that the Melamud Parties are objecting to their own subpoena and actions related thereto, this Response assumes that the subpoenas referenced on page 10 of the Objection are the subpoenas served on the Melamud Parties by the Receiver after the filing of the Application.

notice of the nature of the fees sought in the Application. Under the current circumstances, the Objection does not set forth sufficient basis to justify the denial of the Application.

40. As an initial matter, the requested fees are reasonable regardless of the recoveries to date given that the services underlying the fees requested in the Application were actually incurred, provided benefit to the Receivership Estate, and are an investment in recoveries currently being pursued by the Receiver.

41. Although results are always relevant, the results of the conduct of the Receiver and his professionals have yet to be determined and benefit "may take more subtle forms than a bare increase in monetary value. *SEC v. Elliott*, 953 F.2d 1560, 1577 (11th Cir. Fla. 1992).

### D. THE FEES INCURRED BY THE RECEIVERSHIP ESTATE RELATED TO THE MOTION TO STAY THE MELAMUD LITIGATION AND INVESTIGATION OF CLAIMS AGAINST THE MELAMUD PARTIES PROVIDED BENEFIT TO THE RECEIVERSHIP ESTATE AND ARE REASONABLE, NECESSARY, AND NOT DUPLICATIVE

42. The Receiver is an officer of the Court with a fiduciary responsibility to act in the best interest of all creditors of the Receivership Estate rather than any particular party-in-interest. *See City of Chula Vista v. Gutierrez*, 207 Cal. App. 4th 681, 685 (Cal. App. 4th Dist. 2012) (citations omitted); *Waag v. Hamm*, 10

F. Supp. 2d 1191, 1193 (D. Colo. 1998); *Sec. Pac. Nat'l Bank v. Geernaert*, 199 Cal. App. 3d 1425, 1431-1432 (Cal. App. 5th Dist. 1988).

43. Although the Melamud Parties would prefer to receive special treatment by having the Receiver not fully investigate potential claims against the Melamud Parties or allowing the Melamud Parties an unimpeded opportunity to deplete what has been viewed by the Receiver since early in the case as the primary asset of the Receivership Estate, and a significant source from which to make a meaningful distribution to investors, consisting of a potential recovery from the Malpractice Policy, the investigation of potential causes of action against the Melamud Parties, and attempts to protect assets of the Receivership Estate from the actions of the Melamud Parties are legitimate and non-frivolous endeavors by the Receiver and his professionals for the benefit of all creditors of the Receivership Estate.

### 1. The Fees Incurred by the Receivership Estate Related to the Melamud Litigation Provided Benefit to the Receivership Estate and Are Reasonable, Necessary, and Not Duplicative

44. The fees incurred by the Receivership Estate related to the Melamud Litigation, including with regard to researching, negotiating with regard to, and preparing, the Motion to Stay the Melamud Litigation (the "Stay Motion"), provided benefit to the Receivership Estate and are reasonable, necessary and not duplicative.

45. The Melamud Litigation: a) was filed in violation of the stay imposed by the Appointment Order; b) is an attempt by the Melamud Parties to: i) be the first investor to recover from the primary asset available, the Malpractice Policy, to compensate creditors of the Receivership Estate generally; and ii) obtain a recovery that is disproportionate to the recovery of other creditors of the Receivership Estate; and c) constitutes an impediment to any immediate settlement in order to realize a valuable asset of the Receivership Estate short of protracted and expensive litigation.

46. Although an analysis by the Receiver of the Melamud Litigation indicates that the Melamud Parties will encounter great difficulty in the Melamud Litigation due to both lack of privity and/or the assertion of the *in pari* delecto defense by the Page Perry Defendants, both of which can be overcome in an action by the Receiver, the efforts by the Receiver to stay the Melamud Litigation were necessary, justified, and legitimate given the potential depletion by the Melamud Parties of a primary source of recovery by the Receivership Estate for the benefit of all creditors of the Receivership Estate generally.

47. The Receiver, based on legal and economic analysis, has determined not to attempt to restrain the Melamud Litigation but, instead, await an expected unfavorable result for the Melamud Parties while continuing negotiations and

mediation with the Page Perry Defendants to obtain a maximum recovery for the Receivership Estate with a minimum of administrative expense.

### 2. The Fees Incurred by the Receivership Estate Related to the Investigation of Claims Against the Melamud Parties Provided Benefit to the Receivership Estate and Are Reasonable, Necessary, and Not Duplicative

48. The fees incurred by the Receivership Estate related to the investigation of claims against the Melamud Parties provided benefit to the Receivership Estate and are reasonable, necessary, and not duplicative of other fees incurred by the Receivership Estate.

49. As an initial matter, an investigation into the activities of the Melamud Parties was warranted with regard to the Plan of Distribution generally as several investors have indicated to the Receiver that such investors would oppose any distribution to Melamud from this case. Furthermore, the investigation was relevant to determine whether the Receivership Estate has any viable claims with regard to the Melamud Parties.

50. Although Melamud indicates that subpoenas served no legitimate purpose and yielded no benefit to the Receivership Estate, the subpoenas served by the Receiver on the Melamud Parties were part of the investigation of the Receiver into the conduct of the Melamud Parties and led to the voluntary production of documents and pleadings, which will ultimately be of benefit to

the Receivership Estate by enabling the Receiver to potentially: a) recover additional funds from the Melamud Parties; and/or b) reduce the amount of allowed claims to participate in a distribution by either: i) excluding from a distribution from the Receivership Estate the claims asserted by the Melamud Parties; or ii) reducing the amount any ultimately allowed claim of the Melamud Parties.

51. More specifically, the investigation of claims against the Melamud Parties has included, but is not limited to, researching the viability of: a) offsets and objections to investment losses asserted by the Melamud Parties; b) a reduction or exclusion by disallowance of claims resulting from the conduct of the Melamud Parties in the scheme operated by DeHaan; c) clawback recoveries of fees, commissions, royalties, and/or purported transfers of investment funds paid to the Melamud Parties; and d) affirmative recovery by institution of suit against any or all of the Melamud Parties.

## E. THE FEES RELATED TO THE PURSUIT OF THE PAGE PERRY CLAIMS PROVIDED BENEFIT TO THE RECEIVERSHIP ESTATE AND ARE REASONABLE, NECESSARY, AND NOT DUPLICATIVE

52. The fees and expenses incurred by the Receivership Estate in pursuit of the Page Perry Claims provided benefit to the Receivership Estate and are reasonable, necessary, and not duplicative.

53. Prior to the employment of contingency counsel, general counsel ("General Counsel") for the Receiver: a) participated in the investigation of: i) conduct related to Lighthouse prior to the entry of the Appointment Order; and ii) potential claims that may be asserted by the Receiver; b) reviewed documents of Lighthouse and documents produced by third-parties; c) participated in meetings with potential witnesses; and d) investigated, researched, and prepared an extensive outline detailing information available to the Receiver and potential causes of action that ultimately became part of the Page Perry Claims.

54. Since the employment of contingency counsel ("Contingency Counsel") by the Receiver, General Counsel has continued to provide institutional knowledge and litigation support as requested or sought by Contingency Counsel in the ongoing mediation, settlement negotiations, and, if necessary, litigation of the Page Perry Claims and such services have assisted the Receiver in the presentation and pursuit of the Page Perry Claims for the benefit of the Receivership Estate.

55. In particular, the expansion and modification by General Counsel of pleadings prepared by Contingency Counsel and participation by General Counsel in meetings with witnesses, counsel, and the Receiver provided benefit to the Receivership Estate by confirming and providing further details, supplying

missing information, and further insight regarding the Page Perry Claims and was necessary and appropriate under the circumstances in preparation for the anticipated litigation, which may be the only source of a substantial repayment divided to the Lighthouse investors.

56. The continued involvement of General Counsel in matters regarding the Page Perry Claims was also necessary due to implications arising from the Melamud Litigation: a) competing for recovery from the Malpractice Policy; b) claims against the Melamud Parties that are available to the Receiver; and c) issues regarding a potential global settlement with the Page Perry Defendants that would impact the Receivership Estate generally.

57. Although counsel for Melamud describes the Page Perry Claims as straight-forward legal malpractice claims, the Melamud Parties can attest that the pursuit of similar claims in the Melamud Litigation has been complicated, time consuming, and an expensive proposition as the Melamud Parties have, based on representations of counsel for Melamud made to counsel for the Page Perry Defendants, reportedly incurred in excess Seven Hundred Thousand Dollars ($700,000) in legal fees and expenses in the prosecution of the Melamud Litigation and have now purportedly transitioned to a contingency fee arrangement with their attorneys in the pursuit of claims similar to the Page Perry Claims.

## F. THE CONTENT OF APPLICATION IS FAIR, REASONABLE, AND APPROPRIATE UNDER THE CIRCUMSTANCES

58. As an initial concern, the SEC has reviewed and approved the full and complete version of the Application, as well as all other applications submitted by the Receiver to this Court.

59. The Receiver agreed with the SEC at the outset to seek a maximum, blended rate of compensation for the professionals well below the market rate for insolvency professionals in the Atlanta market and has scrupulously charged below the contractual rate for the time of the professionals. The blended hourly rate for fees incurred by the Receiver and his Professionals for fees sought in the Application is 246.67 an hour, which is below the estimated rate provided to the SEC in the proposal submitted by the Receiver.

60. In addition, Contingency Counsel has agreed with the Receiver to proceed prior to the institution of suit at a reasonable, lower rate, also maximizing a potential return from the assertion of the Page Perry Claims for the Receivership Estate.

61. There is no better evidence of what services were rendered by a particular professional on a particular date than their contemporaneous time records and the Receiver and his professionals have submitted their work records as attachments to the Applications submitted to the SEC and this Court.

62. Certain information protected from disclosure by the attorney-client privilege and attorney work-product doctrine has been redacted from the statements attached to the Applications prior to the filing of the Applications; specifically the name and identity of investors or parties subject to recovery actions by the Receiver and the content of certain communications regarding those claims.

63. The Application in the form as filed provides sufficient detail regarding the services provided by the Receiver and his professionals by which the Court and creditors may gauge the reasonableness and appropriate nature of the services performed and to place such parties on notice of all fees and expenses for which the Receiver seeks reimbursement.

64. Indeed, footnotes 13, 15, 16, and 18 of the Objection identify time entries that even in redacted form contain sufficient detail to allow the Objectors to identify the professionals engaged in the task, the task performed, the length and category of the task, and the cost of the particular task. The fact that the redacted statements do not provide the full content of communications is without merit and should be protected by this Court as privileged both as work product and attorney client communications.

65. The request in the Objection for a copy of the statements attached to the Application in an unredacted form seeks disclosure of privileged and confidential information that may: a) violate privacy concerns of former

investors of Lighthouse; b) disregard applicable privileges that the Receiver has not waived; c) hinder pending or potential litigation; and/or d) provide the Melamud Defendants, the Objectors, or other parties with information with which to seek to defend themselves from the future claims of the Receiver.

66. In the interest of full disclosure, the Receiver offers to provide an unredacted version of the statements attached to the Application to the Court for an in camera review and inspection if so instructed.

67. In addition to providing detail regarding the activities of the Receiver and his professionals in the Application and prior fee applications, the Receiver has strived to keep investors informed in this case with several reports and routine email updates. In addition, documents related to the Receivership Estate are posted on the website of the Receiver. The Objection and this Response will be emailed to investors and posted on the website of the Receiver.

**WHEREFORE**, the Receiver respectfully requests that this Court enter an order that:

1. Overrules the Objection filed by the Objectors in all respects;
2. Grants the Application of the Receiver and approves and authorizes the payment of the fees and reimbursement of expenses of the Receiver and his professionals;

3. Requires the Objectors or their counsel to pay the Document Reimbursement due to the Receivership Estate at least in the invoice amount of $1,594.50;

4. Taxes the expenses of the Receivership Estate in the preparation and presentation of this Response to the Objectors; and

5. Grants such other and further relief as is just and proper.

Respectfully submitted, this the 12th day of September, 2013.

/s/
James C. Frenzel
Georgia Bar No. 276830
Counsel for S. Gregory Hays, Receiver for
Lighthouse Financial Partners, LLC, Defendant

Of Counsel:
James C. Frenzel, P.C.
Suite 155, East Tower
Atlanta Financial Center
3343 Peachtree Road, NE
Atlanta, Georgia 30326
(404) 266-9961

## CERTIFICATE OF COMPLIANCE

This is to certify that to the best of my knowledge this document has been prepared with one of the font and point selections approved by the Court in LR 5.1B, pursuant to LR 7. Specifically, the above-mentioned document has been prepared using Times New Roman font, 14 point.

This, the 12th day of September, 2013.

Respectfully submitted,

/s/
James C. Frenzel
Georgia Bar No. 276830
Counsel for S. Gregory Hays, Receiver for Defendant, Lighthouse Financial Partners, LLC

Of Counsel:
James C. Frenzel, P.C.
Suite 155, East Tower
Atlanta Financial Center
3343 Peachtree Road, NE
Atlanta, Georgia 30326
(404) 266-9961
Jcf-bklaw@mindspring.com

Exhibit "A"

Corporate Ownership and Structure

1. Until November, 2011, DeHaan owned: a) 100% of Lighthouse, DeHaan & Co. Financial Partners, Inc. ("DCFP"), Lighthouse Wealth Management ("LWM"), and the DeHaan Foundation (the "Foundation"); b) 70% of Zodiband, Inc. ("Zodiband") as a result of an investment of $120,000; and c) a membership in The Brass Door, LLC (the "Brass Door"), a restaurant and Irish pub in Memphis, TN as the result of an investment of $25,000.
2. After the joint venture transaction with Anatoliy Melamud ("Melamud"), which was formally documented on or about November 30, 2011 (the "Melamud Transaction"), DeHaan individually owned 49% of Lighthouse and DCFP owned the remaining 51% of Lighthouse.
3. As a result of the Melamud Transaction, prior to the entry of the Stipulation between DeHaan and the Receiver entered July 20, 2012 (the "Stipulation"), DeHaan owned 75.66% of DCFP and Letotech, Inc., ("Letotech"), a software and technology development and consulting company wholly owned by Melamud, owned the remaining 24.33% of DCFP.
4. Prior to the Melamud Transaction, Melamud owned 100% of Quantplat, LLC ("Quantplat"); after the Melamud Transaction and prior to the entry of the Stipulation, DeHaan owned 49% of Quantplat and Letotech owned the remaining 51% of Quantplat.

Exhibit B

## CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

**THIS CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT** (the "Agreement") is made and effective as of November 5, 2012, (the "Effective Date"), by and among S. Gregory Hays, not individually, but as Receiver (the "Receiver") for Lighthouse Financial Partners, LLC ("Lighthouse"), and Anitoliy Melamud, Letotech, Inc., and Qunatplat, LLC (collectively referred to as the "Interested Party"). The Receiver and the Interested Party are referred to collectively hereinafter as the "Parties" or individually as a "Party."

**W I T N E S S E T H:**

**WHEREAS,** the Receiver was appointed as receiver for Lighthouse in Civil Action File No. 1:12-CV-1996-TWT (the "Civil Action") pursuant to a certain order of the United States District Court for the Northern District of Georgia (the "Court") entered on July 2, 2012 (Docket No. 11, the "Appointment Order") to administer the assets of Lighthouse (the "Receivership Estate");

**WHEREAS,** pursuant to the Appointment Order, the Receiver has taken possession and custody of certain documents related to Lighthouse in paper and electronic form that are maintained in a library (the "Library") at the offices of the Receiver and in storage at the offices of The Norcross Group, Inc., in Norcross, GA;

**WHEREAS,** the Interested Party has properly served a subpoena on the Receiver during the course of: 1) pending litigation in which the Receiver is not a party; or 2) the Civil Action. This Agreement is intended to allow the Receiver to respond to the subpoena without significant expense to the Receivership Estate;

**WHEREAS,** the Receiver has: 1) segregated certain files in the Library that contain private information of investors (the "Investors") with Lighthouse (the "Investor Information"); and 2) characterized the remaining documents in the Library as the Lighthouse Documents (the "Lighthouse Documents");

**WHEREAS,** the Parties understand that certain Lighthouse Documents contain private information of Investors (private information of Investors pertains to the accounts of Investors maintained by Lighthouse and is intended to include, but not be limited to, names, addresses, phone numbers, contact information, social security numbers, bank accounts, personal financial information, trades, and trading histories with regard to their specific accounts or account with Lighthouse and shall hereinafter be referred to as "Private Information");

**WHEREAS,** the Interested Party: 1) seeks an opportunity to review the Lighthouse Documents; 2) represents that the Interested Party has a legitimate interest in reviewing the Lighthouse Documents that is not to release Private Information, anti-competitive, or in violation of any law; 3) has agreed to maintain the Lighthouse Documents in strict confidence and not to disclose the Private Information; and 4) agrees not to disclose the contents of any Lighthouse Documents other than: a) to professionals engaged by the Interested Party who shall maintain the

Lighthouse Documents as confidential in the same manner as the Interested Party; and b) as provided herein;

**WHEREAS,** the Parties acknowledge that: 1) the Receiver has not yet completed review of the Lighthouse Documents; 2) access to any Lighthouse Documents pursuant to this Agreement will be made at a time subject to the discretion of the Receiver; and 3) access to the imaged hard drives located in Norcross, GA, which are included within the Lighthouse Documents, may be delayed until the Receiver has had further opportunity to review the imaged hard drives, at which point the hard drives will be made available pursuant to the terms of the Agreement at the expense of the Interested Party;

**WHEREAS,** the Parties desire to protect the Private Information from disclosure and the confidential nature (the "Confidentiality") of the Lighthouse Documents from misappropriation, public exposure, and unauthorized disclosure other than for purposes as set forth herein;

**NOW, THEREFORE,** for good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Lighthouse Documents.**

   (a) For the purposes of this Agreement, "Lighthouse Documents" means and includes, without regard to form, any and all documents in paper or electronic form located in the Library of documents related to Lighthouse maintained by the Receiver with the exception of the Investor Information.

   (b) The Parties hereby acknowledge that: i) the Lighthouse Documents are confidential, unique, and valuable and also contain Private Information; ii) the Receiver has a legitimate interest in protecting the Lighthouse Documents and the Private Information; and iii) the unauthorized use or disclosure of the Lighthouse Documents will potentially cause injury to Lighthouse or Investors of Lighthouse.

2. **Use of Lighthouse Documents.** The Interested Party and any professionals engaged by the Interested Party who agree to maintain the Lighthouse Documents as confidential in the same manner as the Interested Party: a) shall at the discretion of the Receiver be allowed to review and make copies of the Lighthouse Documents maintained in the Library at the expense of the Interested Party during normal business hours with an advance reservation confirmed by the Receiver; b) shall use the Lighthouse Documents that do not contain any Private Information, any copies of the Lighthouse Documents that do not contain any Private Information, and any information derived thereof only: i) in defense or prosecution of pending litigation involving the Interested Party; ii) in litigation for the benefit of or on behalf of the Receivership Estate; and/or iii) as may be permitted by the Receiver in writing upon a written request to the Receiver; c) shall not use the Lighthouse Documents or any copies thereof for any other reason or purpose other than as set forth herein; and d) other than as provided herein, shall not share the Lighthouse Documents or any Private Information with any third party other than a professional engaged by the Interested Party who shall maintain the Private Information and the

Lighthouse Documents and the information contained therein as confidential in the same manner as the Interested Party. In the event that the Interested Party seeks to disclose any Lighthouse Documents that contain any Private Information, the Interested Party may only use: a) a version of any Lighthouse Documents that originally contained Private Information that has been redacted by the Interested Party: i) to remove all Private Information of Investors; and ii) in accordance with the rules applicable to all filings in the U.S. District Court of the Northern District of Georgia (an "Appropriately Redacted" version); b) an Appropriately Redacted version after: i) providing the Receiver with a copy of the Appropriately Redacted version sought to be disclosed; and b) receiving written approval from the Receiver regarding such disclosure; and c) an Appropriately Redacted version: i) in defense or prosecution of pending litigation involving the Interested Party; ii) in litigation for the benefit of or on behalf of the Receivership Estate; and/or iii) as may be permitted by the Receiver in writing upon a written request to the Receiver.

3. **Confidentiality.** The Parties should consider their relationship one of utmost confidence with regard to the Private Information and the Lighthouse Documents. The Interested Party and any professionals of the Interested Parties who receive any Private Information shall: a) hold and keep the Private Information in confidence as secret and confidential; b) not disclose, reveal, publish, divulge or use in any way, directly or indirectly disseminate the Private Information either publicly or to any third party. Except as provided herein, the Interested Party and any professionals of the Interested Parties who receive the Lighthouse Documents or any copies thereof shall: a) hold and keep the Lighthouse Documents and all materials constituted thereby in confidence as secret and confidential; b) not disclose, reveal, publish, divulge or use in any way, directly or indirectly disseminate the Lighthouse Documents or any materials consisting of or derived from such Lighthouse Documents either publicly or to any third party except persons or entities retained by the Interested Party during the pendency of the litigation, including by not limited to consulting and testifying expert(s), who shall maintain the Lighthouse Documents and any information set forth therein as confidential in the same manner as the Interested Party. The Lighthouse Documents and its contents may be subject to discussion between professionals engaged by the Interested Party, but not with third parties or other individuals for any purpose whatsoever other than with the express written consent of the Receiver or as provided herein.

4. **Irreparable Injury From Disclosure; Remedies.** The Parties acknowledge and agree that: a) a breach of any of the provisions contained in this Agreement may cause irreparable injury and damage to the Investors, the Receiver, or the Receivership Estate; and b) an award of money damages would be an inadequate remedy for any breach of this Agreement by the Interested Party. In the event of a breach or threatened breach of this Agreement by the Interested Party or a disclosure or threatened disclosure by the Interested Party of any Private Information contained in the Lighthouse Documents, the Receiver shall be entitled (in addition to, and not in lieu of, all other rights or remedies to which the Receiver is entitled) to equitable relief, including injunctive relief and specific performance, without being required to show any actual damage or to post any bond or other security and/or to a decree for specific performance of the provisions of this

Agreement. Such remedies will not be the exclusive remedies for any breach of this Agreement, but will be in addition to all other remedies available at law or equity to the Receiver. At any hearing for equitable relief, the Parties agree not to assert as a defense that either Party has an adequate remedy at law for monetary damages. The Interested Party agrees to indemnify the Receiver for any and all injury or damage caused by or related to any release or disclosure by the Interested Party or any professionals engaged by the Interested Party of any Private Information of Investors contained in the Lighthouse Documents or an Appropriately Redacted version of the Lighthouse Documents.

5. **Governing Law.** This Agreement shall be construed in accordance with the laws of the State of Georgia, without regard to its conflict of laws provisions.

6. **Submission to Jurisdiction of Court.** The Parties consent, agree, and submit to the jurisdiction of the Court and agree that any action to enforce any alleged violation of this Agreement or to interpret this Agreement shall be brought solely before the Court.

7. **Severability and Reformation.** The Parties hereto intend that this Agreement shall be enforced to the fullest extent possible in each jurisdiction in which enforcement is sought. Accordingly, if any provision hereof is held to be invalid or unenforceable by a court of competent jurisdiction, that provision shall be reformed to such extent as necessary to preserve the original intent of the Parties and the remaining provisions shall continue in full force and effect. If any provision hereof is held to be invalid or unenforceable by a court of competent jurisdiction and that provision cannot be reformed, that provision shall be severed from this Agreement and the remaining provisions shall continue in full force in effect. The reformation or severing of any provision in one jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction.

8. **Waiver**. The rights and remedies of the Parties with regard to this Agreement are cumulative and not alternative. The failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof or a delay in exercising any right, power, or privilege under this Agreement shall not operate or be deemed as a waiver of such term, covenant, condition, right, power, or privilege and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law: a) no claim or right arising out of this Agreement can be discharged by one Party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other Party; b) no waiver that may be given by a Party will be applicable except in the specific instance for which the particular waiver is given; and c) no notice to or demand on one Party will be deemed to be a waiver of any obligation of such Party or of the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement.

9. **Entire Agreement Regarding Lighthouse Documents**. This Agreement constitutes the entire agreement between the Parties hereto with regard to the Lighthouse Documents, and supersedes any and all prior agreements, understandings, or representations between the

Parties with regard to the Lighthouse Documents. The Parties hereto have not relied upon any statements or other representations that are not contained in this Agreement. No subsequent amendment or modification of this Agreement shall be valid or binding upon any Party unless made in writing and duly signed by both Parties.

10. **Access to the Lighthouse Documents**. After the entry of this Agreement, the Interested Party and/or any professional engaged by the Interested Party who agrees to maintain the Lighthouse Documents as confidential in the same manner as the Interested Party shall be entitled to access to the Library at the discretion of the Receiver for review and copying of the Lighthouse Documents at the expense of the Interested Party only during normal business hours and with an advance reservation confirmed by the Receiver.

11. **Costs**. The Interested Party shall be responsible for any and all costs related to the inspection, review, duplication, copying or printing of the Lighthouse Documents by or on behalf of the Interested Party or any professionals engaged by the Interested Party. In the event of litigation arising out of the subject matter of this Agreement, the prevailing Party will be entitled to receive from the losing Party all costs of such action or suit, including reasonable attorneys' fees and court costs.

12. **No Strict Construction**. The language contained herein shall be deemed to be that negotiated and approved by both Parties and no rule of strict construction shall be applied.

13. **Successors and Assigns**. This Agreement shall inure to the benefit of the successors in interest of the Parties.

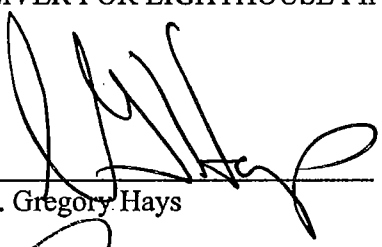
14. **Section Headings, Construction**. The headings of sections in this Agreement are provided for convenience only and will not affect the construction or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

15. **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original.

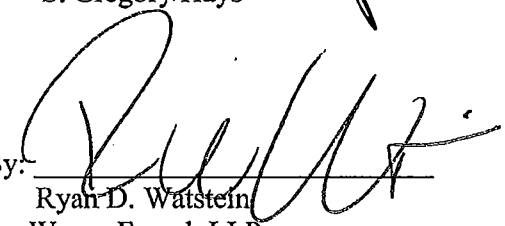
**IN WITNESS WHEREOF,** each Party hereto has signed, sealed, and delivered this Agreement all on the day and year first above written.

[Signatures on Next Page]

S. GREGORY HAYS, NOT INDIVIDUALLY, BUT AS RECEIVER FOR LIGHTHOUSE FINANCIAL PARTNERS, LLC



By: _____
S. Gregory Hays



By: _____
Ryan D. Watstein
Wargo French LLP
Attorney for the Interested Party

Exhibit C

JAMES C. FRENZEL, P. C.
ATTORNEYS AT LAW
SUITE 155, EAST TOWER
ATLANTA FINANCIAL CENTER
3343 PEACHTREE ROAD, N.E.
ATLANTA, GEORGIA 30326

PHONE (404) 266-9961
FAX (404) 442-2780
TOLL FREE 1-877-266-6213

JAMES C. FRENZEL (GA & NC)
jcf-bklaw@mindspring.com

ERIC J. SILVA
ejs-bklaw@mindspring.com

January 11, 2013

Joseph D. Wargo, Esq.
Wargo French
999 Peachtree Street NE, 26th Floor
Atlanta, Georgia 30309

Sent via email to jwargo@wargofrench.com

Re: Securities and Exchange Commission v. Benjamin Daniel DeHaan and Lighthouse Financial Partners, LLC ("Lighthouse"), United States District Court, Northern District of Georgia (the "Court"), Case No. 1:12-CV-1996-TWT (the "Civil Proceeding"); S. Gregory Hays, Receiver (the "Receiver") for Lighthouse (the "Receivership")

Dear Joe:

Enclosed are two invoices for the fees and expenses incurred by the Receivership as a result of your request for the Receiver to produce certain documents and files in the possession of the Receivership (the "Lighthouse Documents"). Pursuant to the Confidentiality and Nondisclosure Agreement dated November 5, 2012, by and between the Receiver and your clients, Anatoliy Melamud, Letotech, Inc., and Quantplat, LLC (the "Interested Party"), and the related Order entered by the Court in the Civil Proceeding, the Interested Party is to reimburse the Receivership for any and all costs related to the inspection, review, duplication, copying or printing of the Lighthouse Documents by or on behalf of the Interested Party or any professionals engaged by the Interested Party.

Please send payment for the two enclosed statements totaling $1,594.50 to our firm, but payable to the Receiver as follows:

S. Gregory Hays, Receiver for Lighthouse
c/o James C. Frenzel, P.C.
Atlanta Financial Center, East Tower
3343 Peachtree Road, N.E., Suite 155
Atlanta, GA 30326-1420

Please call if you have any questions.

Sincerely,

James C. Frenzel
Counsel for S. Gregory Hays, Receiver for Lighthouse Financial Partners, LLC

Cc: S. Gregory Hays, Receiver

**James C. Frenzel, P.C.**
3343 Peachtree Road, N.E.
Suite 155, East Tower
Atlanta, GA 30326
jcf-bklaw@mindspring.com

Invoice submitted to:
Joseph D. Wargo, Esq.
Wargo French
999 Peachtree Street NE
26th Floor
Atlanta GA 30309

January 11, 2013

**Securities and Exchange Commission v. Benjamin Daniel DeHaan and Lighthouse Financial Partners, LLC ; Civil Action File No. 1:12-CV-1996; Hays, Receiver of Lighthouse**

Invoice #11074

Professional Services

| | | Hrs/Rate | Amount |
|---|---|---|---|
| 11/7/2012 | EJS<br>Review inquiry from Ryan Watstein, conference with Jim Frenzel, and draft and send response (.4); conference with Jim Frenzel re: document production (.2); review update from Ryan Watstein re: document production and draft and send response re: logistics (.3). | 0.90<br>175.00/hr | 157.50 |
| 11/8/2012 | EJS<br>Draft and send email re: logistics of document review by Ryan Watstein (.2); review response from Scott Askue re: logistics (.1); revise correspondence re: arrangement for review of documents by Ryan Watstein and send (.2); email from and to Ryan Watstein re: logistics of document production (.2); conference with Ryan Watstein re: documents, logistics, and case; conference with Ryan Watstein and Scott Askue re: document production and logistics (1.6). | 2.30<br>175.00/hr | 402.50 |
| 11/15/2012 | EJS<br>Emails from and to Ryan Watstein re: document production (.2). | 0.20<br>175.00/hr | 35.00 |
| 11/16/2012 | EJS<br>Email from Ryan Watstein re: document production; status and email update re: logistics (.2); conference with Patrick Berg re: documents and hard drive (.2); review update from Patrick Berg and send update to Ryan Watstein re: document production (.2); review response from Ryan Watstein and send update to Patrick Berg re: logistics (.2); draft cover letter re: hard drive and production; logistics of delivery (.2); review request from Ryan Watstein re: review of documents and send response (.2). | 1.20<br>175.00/hr | 210.00 |
| 11/19/2012 | EJS<br>Review email from Ryan Watstein and email to Patrick Berg re: documents (.1); draft email re: review of documents, conference with Patrick Berg, and send email to schedule review (.4). | 0.50<br>175.00/hr | 87.50 |

Timekeeper Summary

| Name | Hours | Rate | Amount |
|---|---|---|---|
| Eric J. Silva | 5.10 | 175.00 | $892.50 |

| | Hours | Amount |
|---|---|---|
| For professional services rendered | 5.10 | $892.50 |

| | | Amount |
|---|---|---|
| For professional services rendered | 5.10 | $892.50 |

**Hays Financial Consulting, LLC**
**3343 Peachtree Road NE**
**East Tower, Suite 200**
**Atlanta, GA 30326**

Wargo French
Document Production

**General Document Production (50% of Total)**

| Date | Consultant | Description | Time Spent | Rate | Gross Amount | Allocated Amount |
|---|---|---|---|---|---|---|
| 11/6/2012 | Scott S. Askue | Met with Eric Silva regarding documents and electronic data to be produced. | 0.50 | $270.00 | $135.00 | $67.50 |
| 11/7/2012 | Patrick Berg | Transferred digital records to hard drive. | 0.70 | $45.00 | $31.50 | $15.75 |
| 11/8/2012 | Scott S. Askue | Met with Eric Silva regarding document production. | 0.20 | $270.00 | $54.00 | $27.00 |
| 11/8/2012 | Patrick Berg | Transferred files to hard drives. | 0.50 | $45.00 | $22.50 | $11.25 |
| 11/8/2012 | Patrick Berg | Continued transferring files to hard drives. | 2.00 | $45.00 | $90.00 | $45.00 |
| 11/7/2012 | Scott S. Askue | Reviewed data for production. Prepared external hard drives relating to same. | 0.40 | $270.00 | $108.00 | $54.00 |
| 11/7/2012 | Scott S. Askue | Reviewed and responded to email from Eric Silva regarding content of the electronic data to be produced. | 0.20 | $270.00 | $54.00 | $27.00 |
| 11/12/2012 | Patrick Berg | Transferred and produced Lighthouse documents. | 1.00 | $45.00 | $45.00 | $22.50 |
| 11/13/2012 | Patrick Berg | Transferred Lighthouse files to hard drives. | 2.00 | $45.00 | $90.00 | $45.00 |

**Firm Specific**

| | | | | | | |
|---|---|---|---|---|---|---|
| 11/8/2012 | Scott S. Askue | Reviewed documents located in the document depository. Met with Eric Silva and Ryan Watstein regarding same. | 0.60 | $270.00 | $162.00 | $162.00 |
| 11/27/2012 | Patrick Berg | Monitored and copied for Page Perry document production for Wargo French. | 2.00 | $45.00 | $90.00 | $90.00 |
| 11/27/2012 | Patrick Berg | Continued monitoring and copying for Page Perry document production for Wargo French. | 2.00 | $45.00 | $90.00 | $90.00 |
| 11/27/2012 | Patrick Berg | Continued monitoring and copying for Page Perry document production for Wargo French. | 1.00 | $45.00 | $45.00 | $45.00 |

**For Professional Services Rendered** **$702.00**

**Expenses**

| Date | Expense | Quanty | Rate | Gross Amount | Allocated Amount |
|---|---|---|---|---|---|
| 11/30/2012 | Copying cost for Wargo French | 1088 | $0.15 | $163.20 | $163.20 |
| 11/30/2012 | Expense Report - Scott Askue week ended 11/7/12. 3 Hard Drives for data production | 1 | $248.37 | $248.37 | $124.18 |
| | | | **Total Costs** | | **$287.38** |
| | | | **Total Amount of This Bill** | | **$989.38** |