

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION**

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| Securities and Exchange Commission, | : | |
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| Plaintiff, | : | Case No. 2:08-cv-667 |
| | : | |
| v. | : | Judge Edmund A. Sargus, Jr. |
| | : | |
| One Equity Corporation, | : | Magistrate Judge Mark R. Abel |
| Triangle Equities Group, Inc., | : | |
| Victory Management Group, Inc., | : | |
| Dafcan Finance, Inc., | : | |
| Michael S. Spillan, | : | |
| Melissa K. Spillan, | : | |
| | : | |
| Defendants. | : | |

**ORDER APPROVING EIGHTH REPORT OF COURT APPOINTED
RECEIVER AND APPLICATION FOR APPROVAL OF FEES AND EXPENSES FOR
SPECIAL COUNSEL RELATED TO CALIFORNIA ACTION**

This matter came before the Court upon the Eighth Report of Court Appointed Receiver and Application for Approval of Fees and Expenses for Special Counsel Related to California Action (“Eighth Report”) [Doc. No. 231]. The Court finds that the Receiver served the Eighth Report upon the master service list and the claimants and interested parties on August 31, 2011. The Court finds that no responsive pleadings or objections have been filed.

The Court finds that pursuant to the Order Approving the Motion for Order Authorizing and Approving Compromise as Related to the California Suit (“Order”) [Doc. No. 222], Merrill Lynch paid \$75,000.00 to the Receiver. The Receiver also was paid one half (\$157,931.74) of the Spartan Marketing Limited (“Spartan Marketing”) Merrill Lynch account. Further, the California Action is in the process of being dismissed and Seyed Sadr, Spartan Marketing, and Kasra Sadr have withdrawn their claims pursuant to the terms of the Order.

The Court further finds that as of August 26, 2011, the Receiver had \$3,781,280.99 deposited. The Receiver established a money market bank account for deposit of funds obtained through the liquidation of assets, claims and causes of action held by the receivership entities. The money market bank account as of August 26, 2011, had \$3,400,818.84 deposited in it. The Receiver also established a money market checking account. As of August 26, 2011, Receiver had \$380,462.15 deposited in the money market checking account. The Receiver has adequate funds to make distribution to special counsel related to the California Action.

The Court further finds that Cochran, Davis & Associates, P.C. (“Cochran Davis”) had been employed by One Equity Corporation (“One Equity”) to file the civil complaint in the Superior Court of the State of California. Cochran Davis filed the civil complaint in June of 2007 and had represented One Equity for more than one year in the California Action before the Receiver was appointed. On October 14, 2008, the Receiver filed an Application by Receiver to Employ Cochran Davis as Special Counsel [Doc. No. 50]. No objections were filed, and this Court entered an Order Approving the Application to Employ Cochran Davis as Special Counsel [Doc. No. 53] on October 22, 2008.

Cochran Davis prepared and filed the original and amended complaints in the California Action. It conducted discovery, prosecuted discovery sanctions, demurrer motions, and defended cross-complaints and amended cross-complaints filed by Defendants. Cochran Davis appeared and represented One Equity in the case management conferences, court hearings and discovery proceedings.

Pursuant to the Order Approving the Application to Employ Cochran Davis as Special Counsel, Cochran Davis continued its representation in the California Action on an hourly rate basis, plus costs and expenses. Cochran Davis obtained the substitution of the Receiver as the

plaintiff in the California Action and continued to prosecute demurrer motions and defend amended cross-complaints filed by the California Action defendants. Cochran Davis also appeared and represented the Receiver in case management conferences, court hearings, and discovery pleadings. Cochran Davis did so until August of 2010 when it determined and advised the Receiver that it needed to withdraw due to a perceived conflict of interest. On August 18, 2010, the Receiver filed an Application to Substitute Liner Grode Stein Yankelevitz Sunshine Regenstreif & Taylor LLP for Cochran Davis as Special Counsel [Doc. No. 130].

Cochran Davis submitted invoices and statements of costs/expenses from the commencement of Cochran Davis' employment by One Equity until its withdrawal and transfer of files to Liner Grode Stein Yankelevitz Sunshine Regenstreif & Taylor LLP ("Liner Firm"). The unpaid amount of the Cochran Davis' invoices was \$161,206.24 as of August 25, 2010. The Receiver paid the legal costs/expenses (\$6,657.83) on an ongoing basis upon presentation of appropriate invoices. The unpaid invoices from the commencement of the California Action through August 25, 2010 totaled \$161,206.24. Cochran Davis dedicated at least 1,005.6 hours to the California Action. The Receiver entered into negotiations with Cochran Davis. The negotiations included reductions for the pre-receivership services and other considerations. Based upon those negotiations, Cochran Davis agreed to accept \$75,000.00 as payment in full for its unpaid legal services and remaining unpaid costs/expenses for the California Action.

The Court finds that Cochran Davis' representation was beneficial to the Receivership estate. Its hourly fees and costs, as negotiated, are in line with other law firms in similar cases.

The Court further finds that on September 10, 2010, it entered an Order Approving the Application by Receiver to Employ the Liner Firm as Special Counsel [Doc. No. 141]. The Liner Firm continued the legal representation of the Receiver in the California Action. The Liner Firm reviewed discovery proceedings; attended case status and trial setting conferences; analyzed UCC Article 8 applications; arranged for, briefed and appeared at the mediation conference; and drafted release documents related to the compromise.

The Liner Firm dedicated at least 180.60 hours to the California Action. The Liner Firm's legal fees totaled \$56,656.00 and costs/expenses totaled \$3,297.09. The Receiver negotiated a reduction of \$2,646.25. The reduction was taken because the Liner Firm had three attorneys charging time for appearance at the mediation held on March 11, 2011. Liner received no interim payments for its services and expenses/costs. The Liner Firm's legal services in the California Action were beneficial to the Receivership estate. Its hourly fees and expenses were discounted from its usual fees for other clients in similar court proceedings.

Based upon the foregoing, the Court finds that there is due cause to approve the application for fees as to Cochran Davis in the amount of \$75,000.00. The Court also finds that there is due cause to approve the application for fees and expenses as to the Liner Firm in the total amount of \$57,306.84, being \$54,009.75 for legal fees and \$3,297.09 for costs/expenses.

Being fully advised in the premises, the Court finds that the Receiver's Eighth Application is well taken and hereby approves and grants the same.


Therefore, it is hereby ORDERED as follows:

- 1) The Receiver's Eighth Application is approved and granted by this Court;

- 2) The Receiver is authorized to make disbursement of fees in the amount of \$75,000.00 to Cochran, Davis & Associates, P.C. as payment in full for its unpaid legal services and remaining unpaid costs/expenses for the California Action; and
- 3) The Receiver is authorized to make disbursement of \$57,306.84 to Liner Grode Stein Yankelevitz Sunshine Regenstreif & Taylor LLP as payment in full for legal fees and costs/expenses for the California Action. Said disbursements shall occur out of the funds collected and held by the Receiver.

IT IS SO ORDERED.

Dated: 10-5-2011



Edmund A. Sargus, Jr.
United States District Judge