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10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**

12
13 **SECURITIES AND EXCHANGE
COMMISSION,**

14 **Plaintiff,**

15 **vs.**

16 **WORLD CAPITAL MARKET, INC.,**
17 **WCM777, INC., WCM777, LTD. dba**
18 **WCM777 ENTERPRISES, INC., and**
MING XU a/k/a "PHIL" MING XU,

19 **Defendants,**

20 **and**

21 **KINGDOM CAPITAL MARKET,**
22 **LLC, MANNA HOLDING GROUP,**
23 **LLC, MANNA SOURCE**
24 **INTERNATIONAL, INC., WCM**
25 **RESOURCES, INC., AEON**
26 **OPERATING, INC., PMX JEWELS,**
LTD.; TOPACIFIC INC.; TO
PACIFIC INC.; VINCENT J.
MESSINA; and INTERNATIONAL
MARKET VENTURES,

27 **Relief Defendants.**
28

Case No. 2:14-cv-02334-JFW-MRW

**PLAINTIFF SECURITIES AND
EXCHANGE COMMISSION'S
CONSOLIDATED RESPONSE TO
THE FIRST INTERIM FEE
APPLICATIONS OF KRISTA L.
FREITAG, COURT-APPOINTED
RECEIVER (Dkt. No. 216) and ALLEN
MATKINS LECK GAMBLE
MALLORY & NATSIS, GENERAL
COUNSEL TO THE RECEIVER (Dkt.
No. 215)**

Date: November 10, 2014
Time: 1:30 p.m.
Place: Courtroom 16
(Hon. John F. Walter)

1 Plaintiff Securities and Exchange Commission (“SEC”) respectfully submits this
2 consolidated response to (1) First Interim Fee Application of Krista L. Freitag, Court-
3 Appointed Receiver, for Payment of Fees and Reimbursement of Expenses (Dkt. No.
4 216), and (2) First Interim Fee Application of Allen Matkins Leck Gamble Mallory &
5 Natsis, General Counsel to the Receiver for Payment of Fees and Reimbursement of
6 Expenses.

7 The interim fee applications cover the period from appointment on March 27,
8 2014, through the end of the second quarter, June 30, 2014. This case involves a
9 complex offering fraud that was operated through numerous companies in the United
10 States and abroad, and there are tens of thousands of investors. During the period of time
11 covered by the first interim fee requests, the Receiver and her counsel have taken control
12 of the myriad business operations – such as they were – of the Defendants; recovered and
13 otherwise protected approximately \$15.67 million in cash and real estate with an
14 estimated value of approximately \$13.78 million; located assets and begun investigation
15 of loans of more than \$21 million; and commenced a forensic accounting. In addition,
16 the Receiver and her counsel have communicated with investors and have begun to
17 formulate a claims process.

18 The Receiver seeks interim approval of fees of \$216,117.23 and expenses of
19 \$36,885.97, and requests an interim payment of 80% of the fees, or \$172,893.78, and
20 100% of the expenses, or \$36,885.97. Allen Matkins seeks interim approval of fees of
21 \$443,187.00, and requests an interim payment of 80% of the fees, or \$354,549.60.

22 The SEC supports the interim fee applications of the Receiver and Allen Matkins.
23 The requested payments amount to approximately 3% of the cash recovered during the
24 period, and 1% of the total assets recovered. Thus, as a percentage of the receivership
25 estate, the fees appear reasonable. Moreover, the SEC has examined the fees and
26 expenses, and believes that they are reasonable and necessary to the administration of the
27 estate.

28 It is well established that the determination if and when to award fees and expenses

1 to a court-appointed receiver and the professionals employed by the receiver are within
2 the Court’s sound discretion. *See Drilling & Exploration Corp. v. Webster*, 69 F.2d 416,
3 418 (9th Cir. 1934). The “compensation is usually determined according to the
4 circumstances of the particular case, and corresponds with the degree of responsibility
5 and business ability required in the management of the affairs” and the difficulty
6 involved in that management. *Stuart v. Boulware*, 133 U.S. 78, 81-82, 10 S. Ct. 242, 33
7 L. Ed. 568 (1890). An award of interim fees may be appropriate where a receiver or the
8 professionals employed by the receiver “regularly devote[] a portion of his time, either
9 daily or weekly, to the administration of the estate[.]” *See In Re McGann Mfg. Co.*, 188
10 F.2d 110, 112 (3d Cir. 1951) (interim fees to bankruptcy trustee or his counsel). *See also*
11 *In re Alpha Telcom, Inc.*, No. CV 01-1283-PA, 2006 WL 3085616, at *3 (D. Or. Oct. 27,
12 2006).

13 Thus, the SEC supports the interim fee applications and requests that the Court
14 approve the payment of interim fees to the Receiver and her counsel.

15
16 Dated: October 20, 2014

Respectfully submitted,

17
18 /s/ John B. Bulgozdy
19 John B. Bulgozdy
20 David J. Van Havermaat
21 Peter DelGreco
22 Attorneys for Plaintiff
23 Securities and Exchange Commission
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25
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27
28

PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION,
444 S. Flower Street, Suite 900, Los Angeles, California 90071
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On October 20, 2014, I caused to be served the document entitled **PLAINTIFF SECURITIES AND EXCHANGE COMMISSION’S CONSOLIDATED RESPONSE TO THE FIRST INTERIM FEE APPLICATIONS OF KRISTA L. FREITAG, COURT-APPOINTED RECEIVER (Dkt. No. 216) and ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS, GENERAL COUNSEL TO THE RECEIVER (Dkt. No. 215)** on all the parties to this action addressed as stated on the attached service list:

OFFICE MAIL: By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency’s practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

PERSONAL DEPOSIT IN MAIL: By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

EXPRESS U.S. MAIL: Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

HAND DELIVERY: I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

UNITED PARCEL SERVICE: By placing in sealed envelope(s) designated by United Parcel Service (“UPS”) with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Los Angeles, California.

ELECTRONIC MAIL: By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

E-FILING: By causing the document to be electronically filed via the Court’s CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

FAX: By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

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

Date: October 20, 2014

/s/ John B. Bulgozdy
John B. Bulgozdy

SEC v. WORLD CAPITAL MARKET, et al.
United States District Court—Central District of California
Case No. 2:14-cv-02334-JFW-MRW

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10 ***Capital Market, LLC; Manna Holding Group, LLC; Manna Source***
11 ***International, Inc., WCM Resources, Inc., ToPacific Inc. and To Pacific***
12 ***Inc.***

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