

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Case No. 4:12-CV-00080-CEJ
)	
BURTON DOUGLAS MORRISS, <i>et al.</i> ,)	
)	
Defendants, and)	
)	
MORRISS HOLDINGS, LLC,)	
)	
Relief Defendant.)	
)	

**RECEIVER'S FIRST INTERIM APPLICATION FOR ALLOWANCE
AND PAYMENT OF FEES AND EXPENSES INCURRED BY THE
RECEIVER, RETAINED COUNSEL AND OTHER PROFESSIONALS**

Receiver Claire M. Schenk, in her capacity as receiver (“Receiver”) for Acartha Group, LLC (“Acartha”), MIC VII, LLC (“MIC”), Acartha Technology Partners, LP (“ATP”) and Gryphon Investments III, LLC (“Gryphon”) (collectively, the “Receivership Entities”), files her *First Application for Allowance and Payment of Expenses Incurred by the Receiver, Counsel and Other Professionals* (the “Application”), and requests that this Court enter an Order¹ authorizing the Receiver to make payments for certain professional services and expenses incurred during the period of January 17, 2012 through March 31, 2012 (the “Application Period”). The Receiver submitted the Application to the United States Securities and Exchange Commission (the “SEC” or “Commission”) for review prior to submission to the Court. A Standardized Fund Accounting Report (“SFAR”), which summarizes receipts and disbursements for this quarter, is

¹ A proposed order is attached hereto as Exhibit D.

attached hereto as Exhibit A.² The Receiver respectfully requests that the Court authorize the Receiver to pay reasonable fees and costs incurred by the following professionals: (a) Thompson Coburn LLP, Receiver's primary counsel; (b) Segue Equity Group, LLC, the Receiver's accountants; (c) FTL Capital LLC, the Receiver's business advisor; and (d) Pepper Hamilton LLP, the Receiver's Delaware counsel. For purposes of this Application, the Receiver has agreed, at the request of the SEC and pursuant to discussions with the SEC, to request payment of only eighty percent (80%) of the legal and professional fees accrued through March 31, 2012, as opposed to the full amount of the invoiced fees.³

I. RETENTION OF RECEIVER, DISCLOSURE OF COMPENSATION AND ACTIVITIES OF RECEIVER DURING APPLICATION PERIOD

On January 17, 2012, the SEC filed its Complaint and Ex Parte Emergency Motion for Appointment of Receiver. On that same day, the Court granted the SEC's motion and entered the Order Appointing Receiver ("Receivership Order") (Dkt. No. 16). The Receiver's authority, duties and obligations are set forth in the Receivership Order. The SEC's motion and the Court's appointment were based upon the Receiver's proposal to the SEC (the "Proposal"). The Proposal set out the qualifications of the Receiver and the support to be received from Thompson Coburn LLP as primary counsel to the Receiver. Additionally, the Proposal fully disclosed the proposed compensation schedule and course of action contemplated by the Receiver (Dkt. No. 4, Exhibit 1).

The overall function of the Receiver as set out in the Receivership Order is to administer and manage the business affairs and assets of the Receivership Entities, act as the managing

² A SFAR will be submitted in Final at the conclusion of the Receivership, following a reconciliation of receipts and disbursements occurring over the course of the Receivership.

³ The remaining twenty percent (20%) would be payable upon further application.

member or partner of the Receivership Entities, marshal and safeguard all of the assets of the Receivership Entities and take such actions as are necessary to protect investors. In furtherance of these objectives, the Receivership Order empowers the Receiver, under paragraph 4 of the Receivership Order, to “employ legal counsel, actuaries, accountants, clerks, consultants and assistants as the Receiver deems necessary and to fix and pay their reasonable compensation and reasonable expenses.” Moreover, in addition to the authority granted in paragraph 4 of the Receivership Order, paragraph 5 provides that the Receiver may “[e]ngage persons in the Receiver’s discretion to assist the Receiver in carrying out the Receiver’s duties and responsibilities, including, but not limited to ... a private security firm.” *See* Receivership Order, Dkt. No. 16, at p. 3.

Pursuant to these authorities, and in keeping with paragraph 26 of the Receivership Order, the Receiver now files her Fee Application for the first quarter of this year, along with the requisite supporting documentation. Submission of this Fee Application is additionally supported by the information stated in the Receiver’s First and Second Interim Status Reports (filed January 26, 2012 and April 20, 2012, respectively), which summarize the actions taken by the Receiver through and beyond March 31, 2012 and lists information pertinent to the Service Professionals providing support to the Receiver (Dkt. No. 51 and Dkt. No. 134).

The activities of the Receiver, outlined in the First and Second Interim Status Reports, are guided by the Receivership Order, which required the Receiver to, among other things:

- take immediate possession of and administer the assets of the Receivership Entities;
- investigate the manner in which the affairs of the Receivership Entities were conducted;
- institute such actions and legal proceedings, for the benefit and on behalf of the Receivership Entities and their investors and other creditors as the Receiver deems necessary;

- defend, compromise or settle legal actions in which the Receivership Entities or the Receiver is a party;
- assume control of all of the Receivership Entities' financial accounts, as necessary; and
- make payments and disbursements from the funds and assets taken into control as necessary in discharging the Receiver's duties.

Thus, as outlined in the First and Second Interim Status Reports, and with the assistance of the personnel described in those Reports, the Receiver has: (i) obtained a dismissal of the bankruptcy proceedings of the Receivership Entities, which were pending upon her appointment; (ii) taken custody of Receivership property at two separate locations, the New Jersey and St. Louis offices; (iii) arranged for the orderly transfer of electronic data and documents to the offices of the Receiver while continuing to pursue the production of additional information from various sources; (iv) begun to review and organize the electronic and hard copy documents which consist of: a total of 46 boxes of documents, *i.e.*, 12 boxes of hard copy documents pulled from the St. Louis office and 34 boxes pulled from the New Jersey office;⁴ and 337,014 email and electronic documents consisting of a total gigabytes of 143 GB; (v) arranged for closure of the New Jersey office, including a sale of Receivership property by an auctioneer; (vi) amassed and organized information for the return of funds to certain investors, subject to Court approval; (vii) litigated issues relevant to insurance policy proceeds; (viii) litigated issues pertinent to Burton Douglas Morriss' personal bankruptcy, including the appointment of a trustee, issues pertinent to the insurance policy proceeds and the taking of a 2004 Debtor's Examination of Mr. Morriss; (ix) submitted a notice of claims to former members of management, Defendant Morriss, and Dixon Brown; and (x) secured substantial funds formerly held in escrow as a result of the sale of

⁴ All of these boxes have been indexed. A very rough approximation indicates that the boxes contain about 161,000 pieces of paper.

Integrien to VMware. Beyond these matters, the Receiver is handling the day-to-day matters of the four Receivership Entities, which at this point are ongoing concerns. This entails a wide variety of tasks ranging from simple to complex, *e.g.*, a review of daily mail; the opening and handling of bank accounts; preparation for the filing of tax returns; and investor calls, board meetings, and capital calls. The Receiver continues to communicate with the relevant portfolio investment concerns so that she may respond to the Court with a summary of the value of the Receivership Entities' assets and liabilities and tally and analyze claims received as required by the Receivership Order. Receivership Order, Dkt. No. 16, at p. 3.

II. REQUEST FOR FEES AND EXPENSES

The Receiver, and her counsel, accountants and advisors, have worked diligently to marshal and preserve all assets of the Receivership Entities, investigate their business operations, and compile information that the Receivership Entities may use to prosecute the Receiver's claims in litigation and defend claims asserted against the Receivership Entities.

The Receiver respectfully requests an award for legal and professional fees and the reimbursement of certain expenses incurred on behalf of the Receiver for services rendered during the Application Period. These amounts total \$435,375.23 in the aggregate (the "Total Award"). The Total Award is comprised of: (a) \$397,742.37 in legal fees and costs for Thompson Coburn LLP, the Receiver's primary counsel; (b) \$15,905.76 in professional fees for Segue Equity Group, LLC, the Receiver's accountants; (c) \$5,882.10 in legal fees and costs for Pepper Hamilton, LLP, the Receiver's Delaware counsel; and (d) \$15,845.00 in professional fees for FTL Capital, LLC, the Receiver's business advisors.

Significantly, the Receiver and many of the professionals working with her performed services at deeply discounted rates. Moreover, the Receiver further reduced the costs to the

Receivership estate by writing off various fees incurred for work performed. For example, counsel to the Receiver did not include charges for travel time, its internal document management systems and related time or for a significant portion of the Receiver's start-up costs associated with the initiation of the Receivership.

As noted above, the Receiver seeks Court permission to pay less than the Total Award at this time. Specifically, the Receiver seeks permission to pay (a) \$301,266.96 in legal fees and \$21,158.67 in costs for Thompson Coburn LLP; (b) \$12,724.61 in professional fees for Segue Equity Group, LLC; (c) \$4,531.46 in legal fees and \$217.78 in costs for Pepper Hamilton, LLP; and (d) \$12,676.00 in professional fees for FTL Capital, LLC. Therefore, although the Total Award sought is \$435,375.23, the total requested payments at this time is \$352,575.48. The Receiver is asking for payment of the reduced amount at this time, at the request and pursuant to discussions with the SEC.

This request is the Receiver's first application to the Court for compensation and reimbursement of expenses for services rendered on behalf of the Receiver. No understanding exists between the Receiver and any other person for the sharing of compensation sought by this Receiver, except among the partners and associates of the employees of the firms retained by the Receiver.

In support of the efforts performed on behalf of the Receiver, the Receiver has attached exhibits to its Application consisting of:

Exhibit B: Summaries of professional and paraprofessional time and fees;

Exhibit C: Individualized and detailed invoices of all services rendered, expenses, and disbursements for Thompson Coburn LLP, Segue Equity Group, LLC, FTL Capital, LLC and Pepper Hamilton LLP.

Exhibit B contains an aggregate summary of all hours and fees of all professionals and

paraprofessionals that provided services to the Receiver during the Application Period. The total amount represents the amount of time expended by each attorney, paralegal, and professional multiplied by the applicable hourly rate. Exhibit C contains individualized and detailed descriptions of the daily services rendered and the hours expended by the various attorneys, paralegals, and professionals employed on behalf of the Receiver in this case during the Application Period. Exhibit C also contains a detailed schedule listing the expenses and disbursements for which the Receiver seeks reimbursement. Exhibit C is based on, among other information, the contemporaneous daily time records maintained by the Receiver's attorneys, paralegals, and professionals who rendered services in this case. The Receiver has reviewed and approved these time records, and based on the complexity of the case, the Receiver respectfully submits that the requested compensation is reasonable.⁵

III. MEMORANDUM OF LAW IN SUPPORT OF REQUEST

Under governing law, following a determination that services were rendered and costs expended in furtherance of the Receivership, the Court may award compensation for the presented fees and costs. When determining an award of attorneys' fees, the Court should use the lodestar method of multiplying the number of hours reasonably expended by the reasonable hourly rate. *S.E.C. v. Petters*, No. 09-1750 ADM/JSM, 2009 WL 3379954, at *3 (D. Minn. Oct. 20, 2009) (citing *Fish v. St. Cloud State University*, 295 F.3d 849, 851 (8th Cir. 2002)). A reasonable hourly rate is the ordinary fee for similar work in the community. *Petters*, 2009 WL 3379954, at *3 (quoting *Avalon Cinema Corp. v. Thompson*, 689 F.2d 137, 140 (8th Cir. 1982)); *see also Fish*, 295 F.3d at 851 ("A reasonable hourly rate is usually the ordinary rate for similar work in the community where the case has been litigated."). The Receiver respectfully suggests

⁵ These records are submitted under seal not only because of work product and privilege concerns, but in order to protect the confidentiality of investors and investment concerns.

that for the reasons stated herein and based upon the background information regarding rates and qualifications set forth in the Proposal and the Second Interim Status Report, this request for fees for payment of the Receiver's attorneys and other professionals meets the criteria for this interim compensation.

In this case, the Court's Receivership Order requires the Receiver to "administer such assets as is required in order to comply with the directions contained in this Order, and to hold all other assets pending further order of this Court." Receivership Order, Dkt. No. 16, at p. 2. The Receivership Order allows the Receiver to: (i) appoint "one or more special agents, employ legal counsel, actuaries, accountants, clerks, consultants and assistants as the Receiver deems necessary and to fix and pay their reasonable compensation and reasonable expenses, as well as all reasonable expenses of taking possession of the assets and business..." Receivership Order, Dkt. No. 16, at p. 3; and (ii) engage persons in the Receiver's discretion to assist the Receiver in carrying out the Receiver's duties and responsibilities," *id.* The Court further authorized payment of the Receiver's counsel from the funds held by the Receivership, *see* Receivership Order, Dkt. No. 16, at p. 6, and empowered the Receiver to "make or authorize such payments and disbursements from the funds taken into control, or thereafter received by the Receiver ... as may be reasonable, necessary, and advisable in discharging the Receiver's duties," *id.* at p. 4.

The Receiver's attorneys, paralegals, accountants and experts have incurred reasonable fees and costs consistent with the Court's orders, and payment is appropriate and warranted in consideration under applicable Eighth Circuit case law.

WHEREFORE, the Receiver respectfully requests that this Court enter an Order authorizing (i) an award of fees and costs in the amount of \$352,575.48 and (ii) the Receiver to make payments as follows based upon the authority submitted by the Receiver in support of this

Application: (a) \$301,266.96 in legal fees (representing eighty percent (80%) of invoiced fees) and \$21,158.67 in costs for Thompson Coburn LLP; (b) \$12,724.61 in professional fees (representing eighty percent (80%) of invoiced fees) for Segue Equity Group, LLC; (c) \$4,531.46 in legal fees (representing eighty percent (80%) of invoiced fees) and \$217.78 in costs for Pepper Hamilton, LLP; and (d) \$12,676.00 in professional fees (representing eighty percent (80%) of invoiced fees) for FTL Capital, LLC.

Respectfully Submitted,

THOMPSON COBURN LLP

May 4, 2012

By /s Kathleen E. Kraft
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kkraft@thompsoncoburn.com

CERTIFICATE OF SERVICE

I hereby certify that on May 4, 2012, I electronically filed the foregoing with the Clerk of the Court through the Court's CM/ECF system which will send a notice of electronic filing to the following:

Catherine L. Hanaway, Esq.
Ashcroft Hanaway LLC
222 South Central Ave., Suite 110
St. Louis, Missouri 63105
Counsel for Defendant Burton Douglas Morriss

Adam L. Schwartz
Robert K. Levenson
Brian T. James
Securities and Exchange Commission
801 Bricknell Avenue, Suite 1800
Miami, Florida 33131
Attorneys for Plaintiff

David S. Corwin
Vicki L. Little
Sher Corwin LLC
190 Carondelet Plaza
Suite 1100
St. Louis, Missouri 63105
Counsel for Morriss Holdings, LLC

/s/ Kathleen E. Kraft _____

STANDARDIZED FUND ACCOUNTING REPORT for Acetia Group LLC, MIC VII, LLC,
 Acetia Technology Partners LP, and Gryphon Investments III
 Claire M. Schenk Receivship; Civil Court Docket No. 16
 Reporting Period 01/17/2012 to 03/31/2012

Line 1	3. Miscellaneous Total Plan Development Expenses Not Paid by the Fund		
Line 1	Plan Implementation Expenses Not Paid by the Fund:		
Line 1	1. Fees:		
Line 1	Fund Administrator.....		
Line 1	Investment Advisor.....		
Line 1	Distribution Agent.....		
Line 1	Comptroller.....		
Line 1	Legal Advisor.....		
Line 1	Tax Advisor.....		
Line 1	2. Administrative Expenses:		
Line 1	Investment Advisor.....		
Line 1	Notice Publishing/Approved Plan.....		
Line 1	Claims Processing.....		
Line 1	Web Site Maintenance/Call Center.....		
Line 1	4. Fund Accounting Fees:		
Line 1	6. FVIR Reporting Expenses.....		
Line 1	Total Plan Implementation Expenses Not Paid by the Fund.....		
Line 1	Total Administration Fees & Dues Not Paid by the Fund.....		
Line 1	Total Development Expenses Not Paid by the Fund.....		
Line 1	Total Investment Expenses (CNS) Fee.....		
Line 1	Federal Tax Payments.....		
Line 1	Total Disbursements to Counterparty Not Paid by the Fund.....		
Line 1	DC & State Tax Payments.....		
Line 1	No. of Claims.....		
Line 1	# of Claims Received This Reporting Period.....		
Line 1	# of Claims Received Since Inception of Fund.....		
Line 1	No. of Claims Paid.....		
Line 1	# of Claims Paid Since Inception of Fund.....		
Line 1	# of Claims/Investor Paid This Reporting Period.....		
Line 1	# of Claims/Investor Paid Since Inception of Fund.....		

Receiver:
 By: _____
 (signature)

 (printed name)

 (title)
 Date: _____

*Please note: VMWare funds were not transferred until after Quarter 1 end. Therefore, they will be reflected in the Quarter 2 Report.

All Receipts and Disbursements 2/1/2012- 3/31/2012

Reliance Acartha Group						
<u>Receipts:</u>						
n/a						
<u>Disbursements:</u>						
<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>	
2/1/2012	Electronic	Reliance Acartha Group	\$5,135.72	First Funding Insurance	To maintain insurance for the fund	
Total:			\$5,135.72			
Parkside Acartha Group						
<u>Receipts:</u>						
n/a						
<u>Disbursements:</u>						
<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>	
2/24/2012	Wire Transfer	Parkside Acartha Group	\$8,415.05	Insperty PEO Services		
Total:			\$8,415.05			
<u>Disbursements:</u>						
<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>	
2/29/2012	Electronic	Parkside Acartha Group	\$5,135.72	First Insurance Funding	To maintain insurance for the fund	
3/9/2012	Wire Transfer fee	Parkside Acartha Group	\$10.00	Parkside		
3/19/2012	Check 100	Parkside Acartha Group	\$184.77	Mail Street		
Total:			\$5,330.49			
Parkside Acartha Technology Partners						
<u>Receipts:</u>						
n/a						
<u>Disbursements:</u>						
<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>	
3/9/2012	Wire Transfer fee	Parkside Acartha Technology Partners	\$10.00	Parkside		
3/31/2012	Service Charge	Parkside Acartha Technology Partners	\$10.00	Parkside		
Total:			\$20.00			
Parkside MIC VII						
<u>Receipts:</u>						
n/a						
<u>Disbursements:</u>						
<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>	
3/9/2012	Wire Transfer Fee	Parkside MIC VII	\$10.00	Parkside		
3/31/2012	Service Charge	Parkside MIC VII	\$10.00	Parkside		
Total:			\$20.00			
Parkside Gryphon Investments III						
<u>Receipts:</u>						
n/a						
<u>Disbursement:</u>						
<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>	
3/9/2012	Wire Transfer Fee	Parkside Gryphon Investments III	\$10.00	Parkside		
3/31/2012	Service Charge	Parkside Gryphon Investments III	\$10.00	Parkside		
Total:			\$20.00			
Parkside Integrien II						
<u>Receipts:</u>						
n/a						
<u>Disbursement:</u>						
<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>	
3/9/2012	Wire Transfer Fee	Parkside Gryphon Investments III	\$10.00	Parkside		
3/31/2012	Service Charge	Parkside Gryphon Investments III	\$10.00	Parkside		
Total:			\$20.00			

**Note all receipts and disbursements up to and including March 31, 2012

Receipts:	n/a
Disbursements:	n/a
Parkside Integrien	
Receipts:	n/a
Disbursements:	n/a

Total Receipts:	\$8,415.05
Total Disbursements:	\$10,526.21

**Note all receipts and disbursements up to and including March 31, 2012

Reliance Acartha Group

Disbursements:

<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>
2/1/2012	Electronic	Reliance Acartha Group	\$ 5,135.72	First Funding Insurance	To maintain insurance for the fund
		Total	\$ 5,135.72		

Receipts:

n/a

Parkside Acartha Group

Receipts:

<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>
2/24/2012	Wire Transfer	Parkside Acartha Group	\$8,415.05	Insperty PEO Services	
		Total:	\$8,415.05		

Disbursements

<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>
2/29/2012	Electronic	Parkside Acartha Group	\$5,135.72	First Insurance Funding	
3/9/2012	Wire Transfer fee	Parkside Acartha Group	\$10.00	Parkside	
3/19/2012	Check 100	Parkside Acartha Group	\$184.77	Mail Street	
		Total:	\$5,330.49		

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Parkside Acartha Technology Partners

Receipts:

n/a

Disbursements

<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>
3/9/2012	Wire Transfer fee	Parkside Acartha Technology Partners	\$10.00	Parkside	
3/31/2012	Service Charge	Parkside Acartha Technology Partners	\$10.00	Parkside	
		Total:	\$20.00		

Parkside MIC VII

Receipts:

n/a

Disbursements:

<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>
3/9/2012	Wire Transfer Fee	Parkside MIC VII	\$10.00	Parkside	
3/31/2012	Service Charge	Parkside MIC VII	\$10.00	Parkside	
		Total:	\$20.00		

Parkside Gryphon Investments III

Receipts:

n/a

Disbursement

<u>Date</u>	<u>Check Number or Wire Transfer</u>	<u>Name of Account Holder</u>	<u>Amount</u>	<u>Payee</u>	<u>Purpose of Payment</u>
3/9/2012	Wire Transfer Fee	Parkside Gryphon Investments III	\$10.00	Parkside	
3/31/2012	Service Charge	Parkside Gryphon Investments III	\$10.00	Parkside	
	Total:		\$20.00		

The following is an aggregate tabular summary of fees and expenses for the Receivership for the months of January 17, 2012 through March 31, 2012:

Attorney	Number of Hours	Bill Amount
Matthew Darrough	49.5	\$16,592.00
Stephen Higgins	190.5	\$82,581.75
Ean Hundley	56.9	\$8,947.53
Cheryl Kelly	102.9	\$36,297.98
Kathleen Kraft	154.0	\$45,815.00
Brian Lamping	23.9	\$5,281.90
Harvey Levin	65.9	\$28,567.65
Thomas Litz	2.7	\$1,170.45
David Mangian	4.8	\$979.20
Gregory Patterson	.9	\$218.03
Christopher Reid	24.9	\$9,630.08
Claire Schenk	338.6	\$123,717.20
Brent Trame	.5	\$102.00
Paralegal/Other Professionals		
LaDonna Brooks	18.5	\$1,729.75
Elizabeth Landgraf	1.9	\$306.85
Debra Loveless	.7	\$101.15
Alexandria Schuette	56.5	\$5,282.75
Holly Weber	64.1	\$9,262.45
TOTAL FEES	1157.7	\$376,583.70
TOTAL EXPENSES		\$21,158.67
TOTAL FEES & EXPENSES		\$397,742.37

Ex. B

The following is an aggregate tabular summary of fees and expenses for the Receivership for the months of January 17, 2012 through March 31, 2012:

Attorney	Number of Hours	Bill Amount
Evelyn Meltzer	9.70	\$3,421.72
R.S. Hudson (Paralegal)	3.60	\$535.52
C. Lano (Paralegal)	9.10	\$1,663.08
D. Smith (Document Clerk)	.80	\$44.00
TOTAL FEES	23.20	\$5,664.32
TOTAL EXPENSES		\$217.78
TOTAL FEES & EXPENSES		\$5,882.10

Accountant	Number of Hours	Bill Amount
Michelle Murray	69.45	\$14,063.63
Amanda Reagan	24.08	\$1,842.13
TOTAL FEES		\$15,905.76

Name	Number of Hours	Bill Amount
Brad Aldrich	22.0	\$7,700.00
Paul Melnuk	18.1	\$8,145.00
TOTAL FEES	40.10	\$15,845.00

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	
)	Case No. 4:12-cv-00080-CEJ
BURTON DOUGLAS MORRISS, <i>et al.</i> ,)	
)	
Defendants, and)	
)	
MORRISS HOLDINGS, LLC,)	
)	
Relief Defendant.)	
)	

ORDER ON RECEIVER’S FIRST INTERIM APPLICATION FOR ALLOWANCE AND PAYMENT OF FEES AND EXPENSES INCURRED BY THE RECEIVER, RETAINED COUNSEL AND OTHER PROFESSIONALS

This matter is before the Court on the *Receiver’s First Application for Allowance and Payment of Expenses Incurred by the Receiver, Counsel and Other Professionals* (the “Application”) filed by Claire M. Schenk, the court-appointed receiver (the “Receiver”) for Acartha Group, LLC, MIC VII, LLC, Acartha Technology Partners, L.P. and Gryphon Investments III, LLC in this action. In the Application, the Receiver states that \$435,375.23 was incurred by various entitled for legal and professional fees and expenses, consisting of: (a) \$397,742.37 in legal fees and costs for Thompson Coburn LLP, the Receiver’s primary counsel; (b) \$15,905.76 in professional fees for Segue Equity Group, LLC, the Receiver’s accountants; (c) \$5,882.10 in legal fees and costs for Pepper Hamilton, LLC, the Receiver’s Delaware counsel; and (d) \$15,845.00 in professional fees for FTL Capital, LLC, the Receiver’s business advisors. The Receiver is seeking only 80 percent (80%) of the total amount of legal and professional fees and one hundred percent (100%) of incurred costs at this time, thereby reducing the total amount sought to \$352,575.48, and without prejudice to the Receiver’s

Ex. D

payment of the remaining twenty percent (20%) of incurred legal and professional fees upon further application to this Court.

Having fully considered the Application and being duly advised as to the merits,

THE COURT DOES HEREBY ORDER THAT

1. The Receiver's Application is granted in its entirety; and
2. The presented fees and expenses are allowed and the Receiver is authorized to

make the following payments out of the assets of the Receivership estate:

- (a) \$301,266.96 in legal fees and \$21,158.67 in costs for Thompson Coburn LLP, the Receiver's primary counsel;
- (b) \$12,724.61 in professional fees for Segue Equity Group, LLC, the Receiver's accountants;
- (c) \$4,531.46 in legal fees and \$217.78 in costs for Pepper Hamilton, LLP, the Receiver's Delaware counsel; and
- (d) \$12,676.00 in professional fees for FTL Capital, LLC, the Receiver's business advisors.

SO ORDERED this the ____ day of _____, 2012.

THE HONORABLE CAROL E. JACKSON
UNITED STATES DISTRICT JUDGE