

**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, et al.,	)	
	)	
Defendants, and	)	
	)	
MORRISS HOLDINGS, LLC,	)	
	)	
Relief Defendant.	)	

**RECEIVER’S FIRST APPLICATION FOR ALLOWANCE AND PARTIAL  
PAYMENT OF HOLDBACK AMOUNT PERTAINING TO LEGAL AND  
PROFESSIONAL SERVICES RENDERED 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 this *First Application for Allowance and Partial Payment of Holdback Amount Pertaining to Legal and Professional Services Rendered by the Receiver, Retained Counsel, and Other Professionals* (the “Application”). The Receiver submitted the instant Application to the United States Securities and Exchange Commission (the “SEC” or “Commission”) for review prior to submission to the Court. The SEC has no objection to the requested payment.

In this Application, the Receiver requests that this Court enter an Order allowing the Receiver to make payment of fifty percent (50%) of fees accumulated through September 30, 2015 and remaining unpaid as the result of the twenty percent (20%) holdback of the total fees

for legal and other professional services rendered to the Receivership estate (the “holdback”).<sup>1</sup> At the request of the SEC, the Receiver voluntarily agreed to the twenty percent (20%) holdback in each of the Fee Applications submitted to the Court since the inception of the Receivership.<sup>2</sup>

The Receiver respectfully requests that the Court find as reasonable and authorize the Receiver to pay fees incurred by the following professionals in the below amounts (which amounts represent fifty percent (50%) of the holdback incurred as of September 30, 2015) (the “Total Award”):

Thompson Coburn LLP	\$219,403.95
Segue Equity Group, LLC	\$12,598.55
CliftonLarsonAllen LLP	\$17,915.78
Pepper Hamilton LLP	\$566.43
FTL Capital	\$2,984.00
<b>Total Award</b>	<b>\$253,468.71</b>

A summary chart in support of the Receiver’s request for payment of the Total Award is attached here to as Exhibit A and includes: (i) the date of the Court’s approval of each Fee Application; (ii) the name of the provider of the services; (iii) the total invoice amount; (iv) the invoiced amount for professional services; (v) the amount paid for professional services pursuant to an approved Fee Application; (vi) the amount withheld as the result of the holdback; and (vii) the total requested to be paid to each provider of services as the result of this Application.<sup>3</sup> Each of the invoices (along with the detailed narrative describing the legal and/or professional services)

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<sup>1</sup> The Receiver is requesting fifty (50) percent of the holdback at this time, pursuant to discussions with the SEC. The Receiver will request payment of the remaining fifty (50) percent of the holdback accrued through September 30, 2015 upon further application to this Court.

<sup>2</sup> Legal and professional costs and expenses have been approved and paid as a part of each Fee Application and are not the subject of this Application.

<sup>3</sup> A proposed order is attached hereto as Exhibit B.

supporting these totals were filed with the Court at the time of each Fee Application and remain available for review by interested parties on the Receiver's website.

## **I. BACKGROUND**

### **A. Previous Interim Fee Applications**

In keeping with SEC billing guidelines, the Receiver prepared Fee Applications for submission to the Court on a quarterly basis.<sup>4</sup> Each Fee Application was accompanied by the requisite standardized fund account report ("SFAR"). The Receiver also routinely submitted Receivership Reports, typically on a quarterly basis. No objections were filed by any interested party to any of the Receiver's fifteen Fee Applications. The Court has allowed each of the Receiver's Fee Applications, concluding in each instance that the "requested fees and costs are reasonable and appropriate" (ECF Nos. 199, 213, 227, 254, 268, 281, 303, 323, 343, 353, 367, 393, 394, 411, and 425).

In support of this Application, the Receiver will not restate all of the activity spanning the last four years which was reported in each of the Fee Applications and Receivership Reports. In this Application, however, the Receiver will provide a brief overview of the Receivership's financial status and significant activity. In particular, the Receiver will summarize the current cash position of the Receivership, the activities leading to the recoveries and improved cash position, the investor disbursements provided to date, the protection of Receivership interests, and the cost savings achieved by the Receivership, along with other details to support the allowance of this Application.

### **B. Receivership's Status**

<sup>4</sup> Copies of the Receiver's Fee Applications made be accessed via the Receivership's website at <http://www.thompsoncoburn.com/news-and-information/acartha-receivership-information/receiversfeeapplications.aspx> (last visited Dec. 22, 2015).

The Receivership began with a cash position of \$59,717. Expenses for a significant number of filings and other fees were paid by the Receiver's counsel until cash became available for repayment to the Receiver's counsel. Notably, at the end of November 2015, total funds available exceeded \$7 million.<sup>5</sup> With the exception of the pending payment of the holdback and future disbursements to claimants, outstanding obligations of Receivership expenses are completely satisfied.

The Receiver and her counsel and other professionals have made substantial and diligent efforts to recover funds for the benefit of the Receivership, the investors in the entities managed by the Receiver and allowed claimants. The Receiver's activities are described in detail in her interim status reports (*see* ECF Nos. 51, 134, 189, 232, 255, 260, 264, 286, 315, 328, 338, 358, 363, 368, 383, 402, and 416).<sup>6</sup> As described in those reports, the Receiver has, among other things, investigated and pursued claims against UHY, resolved a interpleader action for insurance proceeds, and pursued litigation against John Wehrle, Gryphon II and Cirqit.<sup>7</sup> Other funds have been recovered through the auction of property, collection of varied escrow accounts, events of liquidity, and the sale of portfolio interests. Pending the liquidation of these interests, the Receiver monitored the activities of the various portfolio interests, analyzed their values, and maintained contact with management. Additionally, the Receiver filed numerous annual tax

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<sup>5</sup> This cash total is exclusive of the previous investor distributions of funds held by Acartha Special Situation Funds ("ASSF"), totaling \$146,023.78 (*see* ECF Nos. 120, 121, 139), and funds distributed from Integrien Acquisition, LLC, and Integrien Acquisition II, LLC (the "Integrien SPVs"), totaling approximately \$840,000 (*see* ECF Nos. 241, 242, 262). In addition, the Receiver has almost completed the first distribution of funds to members of Evergrid Acquisition, LLC, Librato Acquisition II, LLC, and Evergrid/MIC VII, LLC, as the result of SolarWinds' acquisition of Librato, and expects that the total distribution will exceed \$800,000 (*see* ECF Nos. 413, 414, 423).

<sup>6</sup> Copies of the Receiver's status reports made be accessed via the Receivership's website at [http://www.thompsoncoburn.com/news-and-information/acartha-receivership-information/receivership\\_reports.aspx](http://www.thompsoncoburn.com/news-and-information/acartha-receivership-information/receivership_reports.aspx) (last visited Dec. 22, 2015).

<sup>7</sup> If the settlement from the Receiver's mediation of claims against John Wehrle, Gryphon II and Cirqit is finalized, the Receiver will submit the settlement to the Court for approval.

returns, provided K-1s to investors, handled issues involving various tax authorities, and attended to other corporate compliance concerns.

Notably, the Receiver worked diligently to avoid millions of dollars of expenses that would have significantly depleted the cash reserves available for distribution to allowed claimants. For example, the Receiver immediately closed the Receivership Entities' two offices (one in New Jersey and the other in Clayton, Missouri) and absorbed all documents, files, and electronic records into the offices of the Receiver's counsel.<sup>8</sup> The Receiver also declined an offer from three former members of Acartha management to provide consulting to the Receivership estate at a cost of \$900,000 per year, exclusive of various expenses and benefits.

The Receiver increased potential recoveries for the Receivership's investors and creditors through the claims process. The Receiver challenged (through notices of determination recommending disallowance) millions of dollars in claims by individuals and/or entities deemed by the Receiver to be insiders or to have possessed claims which lacked merit or documentation. Through this process, the Receiver reduced the potential liability of the Receivership estate by more than \$13 million.

The Receiver has avoided additional expenses to the estate. The Receiver's counsel maintains the Receivership's public website and confidential investor extranet sites free of charge. The Receiver also processed, managed, searched, and stored enormous quantities of data without cost to the Receivership. Moreover, the Receiver's primary counsel, Thompson Coburn, provided many hours of legal and other services that were not billed to the Receivership estate,

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<sup>8</sup> As reported in the Second Interim Status Report of Receiver (ECF No. 134-1), the New Jersey office was leased in or around May 2006 for an initial term of seven years (up to and including June 30, 2013), for a total base rental obligation of \$1,064,152.80 and a monthly rental obligation of \$14,057.50 per month (with an increase to beginning in July 2012). The Receiver also was given notice from the landlord indicating that rent was in arrears during the tenure of former management in the amount of \$107,075.34. By closing the New Jersey office and cancelling associates services provided to the office, the Receiver saved the estate approximately \$15,000 per month (exclusive of personnel costs).

including the work of summer associates and other professionals who provided assistance with research and document retrieval and analysis.

In addition, approximately \$500,000 was paid into the Receivership estate as part of a settlement in an interpleader action where the Receiver litigated rights to Acartha Group's D&O liability insurance proceeds. Prior to commencement of the interpleader litigation, this Court determined that the proceeds of the D&O insurance policy were not part of the Receivership estate and could be disbursed to pay defense costs (*see* ECF No. 160, at p. 10). Following settlement, the Receiver deposited the portion of the proceeds payable to the Receiver into the Receivership accounts.

Finally, during the four-year pendency of this Receivership proceeding, the Receiver and her professionals have provided services at deeply discounted and unchanged professional rates, despite standard increases in those rates over the years. As described at the outset of this Application, the Receiver has agreed to request only fifty (50) percent of the holdback amount at this point in time. Although the Receiver will make an additional Application for the remaining sums at a future date, for now, the remaining holdback sums will be left in reserve in the Receivership accounts.

## **II. MEMORANDUM OF LAW IN SUPPORT OF REQUEST**

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. *See, e.g., S.E.C. v. Striker Petroleum, LLC*, No. 3:09-CV-2304-D, 2012 WL 685333, at \*2 (N.D. Tex. Mar. 2, 2012) (“A receiver appointed by a court who reasonably and diligently discharges his duties is entitled to be fairly compensated for services rendered and expenses incurred”) (internal citation and quotation omitted). The Court should use the lodestar method to determine

reasonable attorney (or other professional) fees. *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)); see *S.E.C. v. Byers*, 590 F. Supp. 2d 637, 644 (S.D.N.Y. 2008) (recognizing that lodestar method is the method that makes sense in receivership proceeding). Under the lodestar method, the Court multiplies the number of hours reasonably expended by the reasonable hourly rate. *Id.* 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 that for the reasons stated herein and in each of the Receiver’s interim Fee Applications, and based upon the background information regarding rates and qualifications set forth in the Proposals and the Interim Status Reports, this Application for payment of fifty (50) percent of the holdback meets the criteria for allowance and payment under governing law.

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” (ECF No. 16, 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” (ECF No. 16, 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* ECF No. 16, 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.* p. 4).

The Receiver’s attorneys, paralegals, accountants, and experts have incurred reasonable fees and costs consistent with the Court’s orders. The rates charged by the Receiver, her counsel, and other professionals are reasonable. In fact, the Receiver and many of her attorneys and professionals performed services for the estate at deeply discounted rates. The discounts enjoyed by the estate have, in most instances, increased over the past four years because the Receiver’s attorneys and professionals have not increased their rates to reflect standard annual rate increases. Additionally, the Receiver’s primary counsel provided additional discounts to the estate by performing, but not charging for, many hours of legal and other services, including the work of summer associates and other professionals.

Also, the Receiver, her counsel, and other professionals have worked diligently to improve the Receivership’s financial position through affirmative litigation, the claims process, and other activities. Their efforts have resulted in a very substantial improvement in the Receivership’s cash position, from \$60,000 at the beginning of the Receivership to more than \$7 million as of last month. The Receiver’s efforts also have resulted in distributions and/or return of funds to investors in multiple special purpose entities set up by the Receivership Entities (*see* ECF Nos. 139, 262, and 423).

Thus, payment of the holdback in the amount requested is appropriate and warranted in consideration under applicable Eighth Circuit case law.



WHEREFORE, the Receiver respectfully requests that this Court enter the Order submitted herewith and marked as Exhibit B:

(i) finding the Total Award is reasonable and appropriate;

(ii) authorizing an award of fees in the amount of the Total Award, \$253,468.71;

(iii) directing the Receiver to make payments as follows and allowing payment to be made from any one or more of the accounts listed on the Receiver's most recent SFAR (*see* ECF No. 419): (a) \$219,403.95 to Thompson Coburn LLP; (b) \$12,598.55 to Segue Equity Group, LLC; (c) \$17,915.78 to CliftonLarsenAllen; (d) \$566.43 to Pepper Hamilton LLP; and (e) \$2,984.00 to FTL Capital; and

(iv) providing for such other relief as is appropriate under the circumstances.

Dated: December 22, 2015

Respectfully Submitted,

THOMPSON COBURN LLP

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**CERTIFICATE OF SERVICE**

I hereby certify that on December 22, 2015, 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:

John R. Ashcroft, Esq.  
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*Attorneys for Plaintiff*

/s/ Kathleen E. Kraft

Interim App. No.	Interim App. Date	Period	Date of Court Approval	Company	Total Award Requested	Invoice Amount for Prof Serv	Amount Paid (80% fees + 100% costs)	Amount Unpaid (20% fees)	Amount Requested for Payment (50% of holdback)
1	5/4/2012	1/17/2012 - 3/31/2012	9/20/2012	Thompson Coburn	\$397,742.37	\$376,583.70	\$322,425.63	\$75,316.74	\$37,658.37
2	9/14/2012	4/1/2012 - 6/30/2012	11/28/2012	Thompson Coburn	\$246,908.08	\$245,381.40	\$197,831.80	\$49,076.28	\$24,538.14
3	12/21/2012	7/1/2012 - 9/30/2012	2/11/2013	Thompson Coburn	\$152,149.38	\$151,023.75	\$121,944.63	\$30,204.75	\$15,102.38
4	4/22/2013	10/1/2012 - 12/31/2012	5/30/2013	Thompson Coburn	\$154,097.82	\$153,225.25	\$123,452.77	\$30,645.05	\$15,322.53
5	6/19/2013	1/1/2013 - 3/31/2013	7/15/2013	Thompson Coburn	\$178,868.77	\$174,349.44	\$143,998.89	\$34,869.88	\$17,434.94
6	8/8/2013	4/1/2013 - 6/30/2013	8/27/2013	Thompson Coburn	\$202,187.39	\$196,142.58	\$162,958.87	\$39,228.52	\$19,614.26
7	11/8/2013	7/1/2013 - 9/30/2013	12/13/2013	Thompson Coburn	\$124,262.11	\$123,553.02	\$99,551.51	\$24,710.60	\$12,355.30
8	3/14/2014	10/1/2013 - 12/31/2013	4/9/2014	Thompson Coburn	\$139,273.86	\$139,150.09	\$111,443.84	\$27,830.02	\$13,915.01
9	5/20/2014	1/1/2014 - 3/30/2014	9/2/2014	Thompson Coburn	\$115,501.45	\$115,260.84	\$92,449.28	\$23,052.17	\$11,526.09
10	8/31/2014	4/1/2014 - 6/30/2014	9/25/2014	Thompson Coburn	\$76,450.79	\$76,310.52	\$61,188.69	\$15,262.10	\$7,631.05
11	12/4/2015	7/1/2014 - 9/30/2014	1/7/2015	Thompson Coburn	\$86,214.71	\$85,959.21	\$69,022.87	\$17,191.84	\$8,595.92
12	2/16/2015	10/1/2014 - 12/31/2014	6/15/2015	Thompson Coburn	\$58,690.90	\$57,949.60	\$47,100.98	\$11,589.92	\$5,794.96
13	5/11/2015	1/1/2015 - 3/31/2015	6/15/2015	Thompson Coburn	\$65,342.27	\$64,811.22	\$52,380.03	\$12,962.24	\$6,481.12
14	8/6/2015	4/1/2015 - 6/30/2015	9/2/2015	Thompson Coburn	\$134,520.62	\$134,164.82	\$107,687.65	\$26,832.97	\$13,416.49
15	11/4/2015	7/1/2015 - 9/30/2015	11/25/2015	Thompson Coburn	\$101,137.86	\$100,174.11	\$81,103.04	\$20,034.82	\$10,017.41
<b>SUBTOTAL</b>					<b>\$2,233,348.38</b>	<b>\$2,194,039.55</b>	<b>\$1,794,540.48</b>	<b>\$438,807.90</b>	<b>\$219,403.95</b>
1	5/4/2012	1/17/2012 - 3/31/2012	9/20/2012	Segue	\$15,905.76	\$15,905.76	\$12,724.61	\$3,181.15	\$1,590.58

Interim App. No.	Interim App. Date	Period	Date of Court Approval	Company	Total Award Requested	Invoice Amount for Prof Serv	Amount Paid (80% fees + 100% costs)	Amount Unpaid (20% fees)	Amount Requested for Payment (50% of holdback)
2	9/14/2012	4/1/2012 - 6/30/2012	11/28/2012	Segue	\$31,791.35	\$31,791.35	\$25,433.08	\$6,358.27	\$3,179.14
3	12/21/2012	7/1/2012 - 9/30/2012	2/11/2013	Segue	\$10,166.63	\$10,166.63	\$8,133.30	\$2,033.33	\$1,016.67
4	4/22/2013	10/1/2012 - 12/31/2012	5/30/2013	Segue	\$4,480.76	\$4,480.76	\$3,584.61	\$896.15	\$448.08
5	6/19/2013	1/1/2013 - 3/31/2013	7/15/2013	Segue	\$17,435.18	\$17,435.18	\$13,948.14	\$3,487.04	\$1,743.52
6	8/8/2013	4/1/2013 - 6/30/2013	8/27/2013	Segue	\$9,951.63	\$9,951.63	\$7,961.30	\$1,990.33	\$995.17
7	11/8/2013	7/1/2013 - 9/30/2013	12/13/2013	Segue	\$2,049.19	\$2,049.19	\$1,639.35	\$409.84	\$204.92
8	3/14/2014	10/1/2013 - 12/31/2013	4/9/2014	Segue	\$955.18	\$955.18	\$764.14	\$191.04	\$95.52
9	5/20/2014	1/1/2014 - 3/30/2014	9/2/2014	Segue	\$4,516.92	\$4,516.92	\$3,613.54	\$903.38	\$451.69
10	8/31/2014	4/1/2014 - 6/30/2014	9/25/2014	Segue	\$8,377.46	\$8,377.46	\$6,701.97	\$1,675.49	\$837.75
11	12/4/2015	7/1/2014 - 9/30/2014	1/7/2015	Segue	\$2,064.94	\$2,064.94	\$1,651.95	\$412.99	\$206.50
12	2/16/2015	10/1/2014 - 12/31/2014	6/15/2015	Segue	\$2,241.17	\$2,241.17	\$1,792.94	\$448.23	\$224.12
13	5/11/2015	1/1/2015 - 3/31/2015	6/15/2015	Segue	\$4,009.57	\$4,009.57	\$3,207.66	\$801.91	\$400.96
14	8/6/2015	4/1/2015 - 6/30/2015	9/2/2015	Segue	\$1,579.14	\$1,579.14	\$1,263.31	\$315.83	\$157.92
15	11/4/2015	7/1/2015 - 9/30/2015	11/25/2015	Segue	\$10,460.57	\$10,460.57	\$8,368.46	\$2,092.11	\$1,046.06
<b>SUBTOTAL</b>					<b>\$125,985.45</b>	<b>\$125,985.45</b>	<b>\$100,788.36</b>	<b>\$25,197.09</b>	<b>\$12,598.55</b>
3	12/21/2012	7/1/2012 - 9/30/2012	2/11/2013	CliftonLarsonAllen	\$42,674.94	\$42,569.49	\$34,161.04	\$8,513.90	\$4,256.95
4	4/22/2013	10/1/2012 - 12/31/2012	5/30/2013	CliftonLarsonAllen	\$1,908.50	\$1,908.50	\$1,526.80	\$381.70	\$190.85

Interim App. No.	Interim App. Date	Period	Date of Court Approval	Company	Total Award Requested	Invoice Amount for Prof Serv	Amount Paid (80% fees + 100% costs)	Amount Unpaid (20% fees)	Amount Requested for Payment (50% of holdback)
5	6/19/2013	1/1/2013 - 3/31/2013	7/15/2013	CliftonLarsonAllen	\$25,371.65	\$23,347.00	\$20,702.25	\$4,669.40	\$2,334.70
6	8/8/2013	4/1/2013 - 6/30/2013	8/27/2013	CliftonLarsonAllen	\$8,257.67	\$8,250.50	\$6,607.57	\$1,650.10	\$825.05
7	11/8/2013	7/1/2013 - 9/30/2013	12/13/2013	CliftonLarsonAllen	\$25,179.79	\$25,069.00	\$20,165.99	\$5,013.80	\$2,506.90
8	3/14/2014	10/1/2013 - 12/31/2013	4/9/2014	CliftonLarsonAllen	\$12,859.00	\$12,859.00	\$10,287.20	\$2,571.80	\$1,285.90
9	5/20/2014	1/1/2014 - 3/30/2014	9/2/2014	CliftonLarsonAllen	\$6,449.75	\$6,449.75	\$5,159.80	\$1,289.95	\$644.98
10	8/31/2014	4/1/2014 - 6/30/2014	9/25/2014	CliftonLarsonAllen	\$7,386.22	\$6,932.50	\$5,999.72	\$1,386.50	\$693.25
11	12/4/2015	7/1/2014 - 9/30/2014	1/7/2015	CliftonLarsonAllen	\$16,852.16	\$16,495.00	\$13,553.16	\$3,299.00	\$1,649.50
12	2/16/2015	10/1/2014 - 12/31/2014	6/15/2015	CliftonLarsonAllen	\$2,997.50	\$2,997.50	\$2,398.00	\$599.50	\$299.75
13	5/11/2015	1/1/2015 - 3/31/2015	6/15/2015	CliftonLarsonAllen	\$2,099.36	\$1,613.75	\$1,776.61	\$322.75	\$161.38
14	8/6/2015	4/1/2015 - 6/30/2015	9/2/2015	CliftonLarsonAllen	\$8,518.50	\$8,397.50	\$6,839.00	\$1,679.50	\$839.75
15	11/4/2015	7/1/2015 - 9/30/2015	11/25/2015	CliftonLarsonAllen	\$23,357.25	\$22,268.25	\$18,903.60	\$4,453.65	\$2,226.83
<b>SUBTOTAL</b>					<b>\$183,912.29</b>	<b>\$179,157.74</b>	<b>\$148,080.74</b>	<b>\$35,831.55</b>	<b>\$17,915.78</b>
1	5/4/2012	1/17/2012 - 3/31/2012	9/20/2012	Pepper Hamilton	\$5,882.10	\$5,664.32	\$4,749.24	\$1,132.86	\$566.43
<b>SUBTOTAL</b>					<b>\$5,882.10</b>	<b>\$5,664.32</b>	<b>\$4,749.24</b>	<b>\$1,132.86</b>	<b>\$566.43</b>
1	5/4/2012	1/17/2012 - 3/31/2012	9/20/2012	FTL Capital	\$15,845.00	\$15,845.00	\$12,676.00	\$3,169.00	\$1,584.50
2	9/14/2012	4/1/2012 - 6/30/2012	11/28/2012	FTL Capital	\$12,595.00	\$12,595.00	\$10,076.00	\$2,519.00	\$1,259.50

Interim App. No.	Interim App. Date	Period	Date of Court Approval	Company	Total Award Requested	Invoice Amount for Prof Serv	Amount Paid (80% fees + 100% costs)	Amount Unpaid (20% fees)	Amount Requested for Payment (50% of holdback)
3	12/21/2012	7/1/2012 - 9/30/2012	2/11/2013	FTL Capital	\$700.00	\$700.00	\$560.00	\$140.00	\$70.00
4	4/22/2013	10/1/2012 - 12/31/2012	5/30/2013	FTL Capital	\$700.00	\$700.00	\$560.00	\$140.00	\$70.00
<b>SUBTOTAL</b>					<b>\$29,840.00</b>	<b>\$29,840.00</b>	<b>\$23,872.00</b>	<b>\$5,968.00</b>	<b>\$2,984.00</b>
<b>COMBINED TOTAL</b>								<b>\$506,937.40</b>	<b>\$253,468.71</b>

**EXHIBIT B**

**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.	)	

**MEMORANDUM AND ORDER**

This matter is before the Court on the *First Application for Allowance and Partial Payment of Holdback Amount Pertaining to Legal and Professional Services Rendered by the Receiver, Retained 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, on December 22, 2015. The Application covers legal and professional fees incurred during the period of January 17, 2012 through September 30, 2015 that remain unpaid pursuant to pursuant to an agreement with the SEC to hold back twenty percent (20%) of the incurred legal and professional fees. The Receiver submitted the Application to the Securities and Exchange Commission (“SEC”) for review before filing it with the Court. Additionally, the Receiver posted the Application on the Receivership website for access by all investors and other interested parties. [No objection has been filed.]

In the Application, the Receiver seeks a total award of \$253,468.71 for legal and professional fees incurred by service providers, consisting of: (a) \$219,403.95 for Thompson Coburn LLP; (b) \$12,598.55 for Segue Equity Group, LLC; (c) \$17,915.78 for CliftonLarsenAllen; (d) \$566.43 for Pepper Hamilton LLP; and (e) \$2,984.00 for FTL Capital. The Receiver's request covers fifty percent (50%) of the accumulated holdback amount for the period of January 17, 2012 through September 30, 2015. The request is made without prejudice to the Receiver's right to seek an order authorizing payment of the remaining holdback amounts upon further application to this Court.

The Court has reviewed the Application and supporting documentation and concludes that the requested fees and costs of \$253,68.71 are reasonable and appropriate.

Accordingly,

**IT IS HEREBY ORDERED** that the Receiver's Application (ECF No. 426) is **granted**.

**IT IS FURTHER ORDERED** that the following fees are allowed and the Receiver is authorized to make the following payments out of the assets of the receivership estate:

- (1) \$219,403.95 to Thompson Coburn LLP;
- (2) \$12,598.55 to Segue Equity Group, LLC;
- (3) \$17,915.78 to CliftonLarsenAllen;
- (4) \$566.43 to Pepper Hamilton LLP; and
- (5) \$2,984.00 to FTL Capital.

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CAROL E. JACKSON  
UNITED STATES DISTRICT JUDGE

Dated this the \_\_ day of \_\_\_\_\_, 201\_.