

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 20-CIV-21964-CMA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

TCA FUND MANAGEMENT GROUP CORP.,
et al.,

Defendants.

_____ /

**RECEIVER'S FOURTH INTERIM OMNIBUS APPLICATION FOR ALLOWANCE
AND PAYMENT OF PROFESSIONAL FEES AND REIMBURSEMENT OF EXPENSES
FOR JANUARY 1, 2021 THROUGH MARCH 31, 2021**

Jonathan E. Perlman, as court-appointed Receiver (the “Receiver”) over the Receivership Defendants TCA Fund Management Group Corp. (“TCA”) and TCA Global Credit Fund GP, Ltd. (“GP”) (TCA and GP are hereinafter referred to collectively as “Defendants”) and Relief Defendants TCA Global Credit Fund, LP (“Feeder Fund LP”), TCA Global Credit Fund, Ltd. (“Feeder Fund Ltd.,” and with Feeder Fund LP, “Feeder Funds”), TCA Global Lending Corp. (“Global Lending”), and TCA Global Credit Master Fund, LP (“Master Fund,” together with Feeder Funds, and Global Lending, the “Funds”) (Defendants and the Funds are hereinafter referred to collectively as the “Receivership Entities”), pursuant to this Court’s order appointing the Receiver [ECF No. 5], files his Fourth Interim Omnibus Application for Allowance and Payment of Professional Fees and Reimbursement of Expenses for January 1, 2021 through March 31, 2021 (the “Fourth Application”).

PRELIMINARY STATEMENT

By this Fourth Application, the Receiver seeks Court approval to pay Genovese Joblove & Battista, P.A (“GJB”), Collas Crill, Yip Associates, Development Specialists, Inc. (“DSI”), Rehmann, E-Hounds, Inc., Borden Ladner Gervais, Bell Gully, Baker Donelson, and Burnet Duckworth & Palmer LLP (collectively, the “Retained Professionals”) fees and reimbursement of expenses. The Receiver and his Retained Professionals have taken on this engagement at significantly discounted rates. Additionally, the Receiver and his Retained Professionals have agreed to provide further discounts for the Fourth Application Period, as set forth below. Lastly, the Receiver and his Retained Professionals have agreed to a 20% holdback on their fees for the benefit of the Receivership Estate.

Accordingly, the amounts the Receiver seeks approval to pay at this time are: (1) \$441,400.40 to GJB (including the Receiver’s time); (2) \$48,735.60 to Collas Crill; (3)

\$152,746.00 to Yip Associates; (4) \$159,784.00 to DSI; (5) \$32,942.00 to Rehmann; (6) \$2,728.00 to E-Hounds, Inc; (7) \$2,301.44 to Baker Donelson; (8) \$43,426.00 to Burnet Duckworth & Palmer; (9) \$19,036.00 to Bell Gully; and (10) CAD 33,849.82 to Borden Ladner Gervais.¹

The Receiver also seeks approval to pay reimbursement of the following expenses for certain Retained Professionals: (1) \$15,810.66 to GJB; (2) \$50.00 to Collas Crill; (3) \$1,006.48 to DSI; (4) \$ 342.18 to Baker Donelson; (5) \$858.47 to Burnet Duckworth & Palmer; and (6) CAD 1,964.08 to Borden Ladner Gervais to be paid at this time.

As described more fully herein and in the Receiver's Quarterly Status Reports. [ECF Nos. 48, 70, 108, 141], this is an extremely complex and vast receivership. The nature of this Receivership requires careful time management by the professionals involved because of the need to resolve issues efficiently and economically. The Receiver is involved with 60 special purpose vehicle related entities (the "SPVs"), registered in a number of jurisdictions. The Receivership Estate has a total of 69 portfolio loan files. The Receiver is participating on behalf of Receivership Entities in approximately 48 active litigation proceedings in various jurisdictions across the country and internationally, including two Canadian bankruptcy proceedings, two Canadian foreclosure actions, one Australian proceeding, one appeal, and one class action lawsuit. Additionally, parallel competing liquidation proceedings are taking place in the Cayman Islands. Against this backdrop, the Receiver and his professionals have recovered \$14,978,316.52 to date, which is being maintained in the Receiver's bank accounts.

As more fully described herein and in the Receiver's Third and Fourth Quarterly Status Report [ECF Nos. 108, 141], the professionals have provided valuable services, billed at

¹ This Fourth Application seeks approval of the entire amounts, as discounted, for the Receiver and his Retained Professionals, including the 20% being held back.

significantly reduced rates, taken voluntary reductions in the fees sought, and are entitled to reasonable payment of the fees and reimbursement of their expenses.

I. BACKGROUND

On May 11, 2020, the Securities and Exchange Commission (“SEC”) filed a complaint [ECF No. 1] (the “Complaint”) in the United States District Court for the Southern District of Florida alleging that the Defendants engaged in various conduct in violation of Section 17(a) of the Securities Act of 1933 (the “Securities Act”), 15 U.S.C. § 77q(a), and Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”), and 15 U.S.C. § 78j(b), and Exchange Act Rules 10b-5, 17 C.F.R. § 240.10b-5; and TCA violated Sections 206(1), (2), and (4), and 207 of the Investment Advisers Act of 1940 (the “Advisers Act”), 15 U.S.C. §§ 80b-6(1), 80(b)-6(4), and 80b-7, and Advisers Act Rules 206(4)-7 and 206(4)-8, 17 C.F.R. §§ 275.206(4)-7, 275.206(4)-8. [ECF No. 1 at ¶ 9].

According to the Complaint, since 2010 and continuing through at least November 2019, Defendants fraudulently engaged in revenue recognition practices that inflated Master Fund’s revenue and the Funds’ net asset value (“NAV”). Defendants caused the Funds to report to investors that the Funds were profitable every month, with an ever-increasing NAV. In fact, according to the Complaint, the booking of loan fees at the time of term sheet execution artificially inflated the NAV—at some points in time by as much as \$29 million. The booking of investment banking revenue at the time of agreement execution inflated the NAV by at least \$130 million as of November 2019. The inflated performance and NAV values were provided to investors, and the inflated asset values were included in forms (“Forms ADV”) that Defendants filed with the SEC.

On May 11, 2020, upon the SEC’s Motion for Appointment of Receiver [ECF No. 3], the Court entered an order [ECF No. 5] appointing Jonathan E. Perlman, Esq. as the Receiver over the

Receivership Entities (the “Receivership Order”), which empowers the Receiver to, among other things, “engage and employ persons in Receiver’s discretion to assist Receiver in carrying out Receiver’s duties and responsibilities. . . .” [ECF No. 5 at § II ¶ 5.F]. The Receivership Order also provides that the Receiver may solicit persons and entities to assist the Receiver in carrying out his duties under the Receivership Order, with a Court order authorizing such engagement. [*Id.* at § XIV ¶ 52]. Moreover, the Receiver and his Retained Professionals are entitled to reasonable compensation and expense reimbursement from the Receivership Estate, subject to approval of the Court. [*Id.* at § XIV ¶ 53].

The Receivership Order directs the Receiver to file “within forty-five (45) days after the end of each calendar quarter” applications for reasonable compensation. [*Id.* at § XIV ¶ 54]. The Receiver believes there are funds available to pay the Retained Professionals, which will not take away resources from operating, maintaining, and preserving the assets of the Receivership Entities.

II. INFORMATION ABOUT APPLICANTS AND FOURTH APPLICATION

This Fourth Application has been prepared in accordance with the Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission (the “Billing Instructions”) for the time period of January 1, 2021 through March 31, 2021 (the “Fourth Application Period”). Pursuant to the Billing Instructions, the Receiver states as follows:

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|-----|--|----------------------------------|
| (a) | Time period covered by the Fourth Application: | January 1, 2021 – March 31, 2021 |
| (b) | Date of Receiver’s appointment: | May 11, 2020 |
| (c) | Date services commenced: | May 11, 2020 |
| (d) | Names and rates of all professionals: | <i>See Exhibit 4(a) – (g)</i> |
| (e) | Interim or Final Application: | Interim |
| (f) | Records supporting fee application: | <i>See Exhibit 5</i> |

The following exhibits are provided in accordance with the Billing Instructions:

Exhibit 1: Receiver's Certification

Exhibit 2: SEC's Standard Fund Accounting Report ("SFAR")

Exhibit 3: Total compensation and expenses requested; any amounts previously requested; and total compensation and expenses previously awarded

Exhibit 4: Fee Schedule: Names and Hourly Rates of Retained Professionals and Paraprofessionals & Total Amount Billed for each Retained Professional and Paraprofessional:

Exhibit 4(a): Genovese Joblove & Battista, P.A.

Exhibit 4(b): Collas Crill

Exhibit 4(c): Yip Associates

Exhibit 4(d): Development Specialists, Inc.

Exhibit 4(e): Rehmann

Exhibit 4(f): E-Hounds, Inc.

Exhibit 4(g): Other Retained Lawyers

Exhibit 5: The Retained Professionals' time records for the time period covered by this Fourth Application, sorted in chronological order, including a summary and breakdown of the requested reimbursement of expenses:

Exhibit 5(a): Genovese Joblove & Battista, P.A.

Exhibit 5(b): Collas Crill

Exhibit 5(c): Yip Associates

Exhibit 5(d): Development Specialists, Inc.

Exhibit 5(e): Rehmann

Exhibit 5(f): E-Hounds, Inc.

Exhibit 5(g): Other Retained Lawyers

III. CASE STATUS

A. Cash on hand.

The amount of cash in the Receivership bank accounts as of the date of filing this Fourth Application is \$12,147,586.83.

B. Summary of creditor claims proceedings.

The Receiver is in the process of establishing a formal claims process. The unique nature of this Receivership may present the need for multiple classifications of claims. The claims process is currently being developed and will be submitted to the Court for approval when finalized in the near future.

C. Description of assets.

In addition to the descriptions provided herein, for detailed information about the assets of the Receivership Estate, the Receiver respectfully refers the Court and interested parties to the First, Second, Third, and Fourth Quarterly Status Reports. [ECF Nos. 48, 70, 108, 141].

D. Description of liquidated and unliquidated claims held by the Receiver.

The Receiver continues to review potential causes of action against the principals of the Receivership Entities and various third parties. These claims may include common law claims and claims under fraudulent transfer statutes. While the Receiver cannot yet predict the likelihood, amount, or cost-effectiveness of particular claims or the claims as a whole, the Receiver continues to diligently evaluate claims against third parties.

IV. THE PROFESSIONALS

A. Genovese Joblove & Battista, P.A.

GJB is a 40-lawyer law firm with offices in Miami, Fort Lauderdale, Tampa, and Caracas, Venezuela. The Receiver's team at GJB has decades of experience handling all aspects of

bankruptcies and receiverships, including representing receivers, trustees, committees, and defrauded investors. Thus, in addition to being adept at operating businesses in receivership/bankruptcy, GJB has significant experience (1) prosecuting director and officer liability claims, complex fraud claims, fraudulent transfer claims, and claims for accounting and legal malpractice, and (2) investigating and pursuing claims and assets in connection with all varieties of deceptive schemes, including recovery of those assets. At GJB, the Receiver has ready access to professionals who specialize in complex commercial litigation, insolvency, bankruptcy, foreign liquidation proceedings, real estate, corporate, and other pertinent practice areas. The Receiver has used these professionals' expertise to administer the Receivership Estate.

The Receiver is a partner at the law firm of GJB and leads GJB's Receivership, Securities and Class Action Litigation Practice Group. The Receiver has practiced law for over thirty years; specializes in receivership, fraudulent and deceptive practices, and securities law; and has been appointed receiver in numerous cases in federal court.

At the Receiver's request, GJB has agreed to reduce its billing rate and the rates of its professionals for this case. Instead of their standard partner billing rates, which range from \$400.00 to \$745.00, in this case all partners (including the Receiver) are billed at the significantly reduced hourly rate of \$340.00. Associates rates, which normally range from \$285.00 to \$425.00, have been set at \$265.00 per hour. Paraprofessionals, who regularly bill at rates anywhere from \$120.00 to \$195, are billed at the hourly rate of \$100.00. Lastly, the paraprofessional who handles the receivership hotline and all investor communications is billed at the reduced hourly rate of \$50.00. As an additional benefit to the Receivership Estate, the Receiver and GJB are not requesting reimbursement for the work by certain members of the Receiver's team employed by GJB who regularly provide critical functions in IT, internal accounting, and consumer relations. During the

period covered by this Fourth Application, the Receiver and GJB worked 2,132.35, for fees totaling \$636,020.50.² However, based upon discussion with the Receiver, GJB and the Receiver agreed to voluntarily reduce their fees for this Fourth Application Period by \$84,820.00, for a total amount of fees to be approved of \$551,500.50. GJB and the Receiver have also agreed to holdback 20% of their fees sought at this time, and seek payment of \$441,200.40. GJB and the Receiver also seek reimbursement of expenses in the amount of \$15,810.96, for a total of \$457,011.36 to be paid at this time.

B. Collas Crill

Stephen Leontsinis and Rocco Cecere, partners at the law firm Collas Crill located in the Cayman Islands are special litigation counsel to the Receiver for the parallel liquidation proceedings taking place in the Cayman Islands. Mr. Leontsinis is the Head of the Dispute Resolution Department at Collas Crill and the Managing Partner of the Cayman Islands office. He has significant litigation experience arising from the representation of liquidators and receivers, as well as shareholders and creditors of companies and hedge funds. Mr. Leontsinis' experience includes the claw back of fraudulent conveyances and undue preferences, allegations of investment fraud, and investment manager disputes. Mr. Cecere is an offshore commercial litigator, specializing in international insolvency, restructuring, and investment funds disputes. He has extensive experience conducting complex cross-border litigation, often involving fraud and asset tracing.

Collas Crill has also agreed to reduce the rates of its professionals for this case. Instead of the standard hourly billing rate of \$950.00, all partners are billed at the hourly rate of \$725.00. Counsel hourly rates, which are normally \$850.00, have been set at \$675.00. Senior associate

² GJB's blended hourly rate is \$298.27.

hourly rates, which are normally \$800.00, have been set at \$650.00. Associate hourly rates, which are normally \$650.00, have been set at \$600.00. Paraprofessionals, who regularly bill at \$320.00 per hour, are set at the hourly rate of \$290.00. This represents a significant reduction from Collas Crill's standard billing rates. During the Fourth Application Period, Collas Crill billed 85.90 hours and seeks approval of fees in the amount of \$60,919.50.³ Collas Crill has also agreed to holdback 20% of their fees sought at this time, seeking payment of \$48,735.60 at this time. Collas Crill also seeks reimbursement of expenses in the amount of \$50.00, for a total of \$48,785.60 to be paid at this time.

C. Yip Associates

Maria M. Yip, CPA, CFE, CIRA, CFF and the accounting firm Yip Associates provide accounting and forensic work for the Receiver. Ms. Yip's practice specializes in forensic accounting, financial investigations, receiverships and other fiduciary roles, bankruptcy related matters, and valuations. She has conducted numerous forensic and fraud investigations, and has served as an accountant and financial advisor to receivers appointed in numerous SEC, CFTC, and FTC matters. Ms. Yip is also a panel trustee for the United States Bankruptcy Court in the Southern District of Florida. Ms. Yip has agreed to reduce the rates of her professionals to the following hourly rates: \$340.00 for Partners, \$295.00 for Directors, \$245.00 for Managers and Senior Associates, \$195.00 for Associates, and \$100.00 for Paraprofessionals. During the Fourth Application Period, Yip Associates billed 754.3 hours and fees in the amount of \$190,932.50.⁴ Yip Associates has agreed to holdback 20% of their fees sought at this time, seeking payment of

³ Collas Crill's blended hourly rate for January 1, 2021 through January 26, 2021 is \$662.50, from January 29, 2021 through February 25, 2021 is \$613.00, and from February 28, 2021 through March 26, 2021 is \$693.75.

⁴ Yip Associates' blended hourly rate is \$253.13.

\$152,746.00 at this time.

D. Development Specialists, Inc.

Joseph Luzinski of DSI has been retained as the Chief Restructuring Officer and is responsible for the day-to-day management of the TCA Fund Management Corporation and TCA Global Credit Fund GP, Ltd. and certain affiliated entities as is necessary to the administration of the Receivership Estate. Mr. Luzinski is an expert financial advisor, consultant, and fiduciary with more than thirty years' of hands on business experience successfully advising, managing, and administering matters involving public and private companies' workout and restructuring out of court and in Chapter 11 and Chapter 7 bankruptcies, receiverships, assignments, and federal and state court proceedings. DSI has agreed to reduce the rates of its professionals to the following range of hourly rates: between \$436.00 to \$680.00 for the Senior Managing Director; between \$280.00 to \$428.00 for Directors/Managing Directors; and between \$120.00 to \$300.00 for Associates/Senior Associates. In addition to the rate reduction, all time billed to long distance travel is reduced by an additional 50%.

During this Fourth Application Period, DSI billed 494.00 hours and for a total amount of fees in the amount of \$210,410.00.⁵ After discussions with the Receiver, DSI has agreed to further reduce its fees by \$10,680.00. Accordingly, DSI seeks approval of fees in the amount of \$199,730.00. DSI agreed to holdback 20% of payment of their approved fees at this time, seeking payment of \$159,784.00 at this time. DSI also seeks reimbursement of expenses in the amount of \$1,006.48, for a total of \$160,790.48 to be paid at this time.

E. Rehmann

Rehmann and Mr. Mitch Hall provide tax accounting and business analysis services to the

⁵ Development Specialists, Inc.'s blended hourly rate is \$397.30.

Receiver for the Receivership Entities. Mr. Hall is an Executive and a member of the firm's Turnaround, Restructuring, and Insolvency Practice. He is licensed as both an accountant and a lawyer in the State of Florida and has extensive experience in bankruptcy and receivership matters, aiding in recovery of millions of dollars for victims of fraudulent schemes perpetrated at home and abroad. He is also a member of the American Bankruptcy Institute and the National Association of Federal Equity Receivers, where he currently serves on the IRS Committee. Rehmann has agreed to reduce the rates of its professionals to the following hourly rates: \$300.00 for Executives, \$215.00 for Seniors, \$150.00 for Staff, and \$75.00 for Administrative. In addition to the rate reduction, all time billed to long distance travel is reduced to \$150.00 per hour. During the Fourth Application Period, Rehmann billed 141.55 hours and seeks approval of fees in the amount of \$41,177.50.⁶ Rehmann has agreed to holdback 20% of their fees sought at this time, seeking payment of \$32,942.00 at this time.

F. E-Hounds, Inc.

E-Hounds, Inc. and Adam Sharp provide data storage and electronic data management for the extensive amount of electronic information in the Receivership. Mr. Sharp is the CEO and founder of E-Hounds, Inc. and has been qualified as an expert and/or has provided sworn testimony in nearly 170 cases. Additionally, E-Hounds, Inc. has successfully recovered data for several thousand clients globally and has provided forensic services for over 5000 clients since 1999, including several court appointments. E-Hounds, Inc. has agreed to reduce the rates of its professionals to the following hourly rates: \$300.00 for Standard, \$300.00 for Expert Consultants, \$95.00 to \$195.00 for File Conversion per gigabyte, \$225.00 for Intake and Preservation per media, and \$1000.00 for Triage Service per computer. During the Fourth Application Period, E-

⁶ Rehmann's blended hourly rate is \$290.90.

Hounds, Inc. seeks approval of fees in the amount of \$3,410.00. E-Hounds, Inc. has agreed to holdback 20% of their fees sought at this time, seeking payment of \$2,728.00 at this time.

G. Other Retained Attorneys

The Master Fund and its related entities and subsidiaries are involved in active litigation in both state and federal courts. Due to the nature of many of the litigation proceedings taking place in this Receivership, the Receiver has executed (with SEC counsel and court approval) retainer agreements to engage local counsel where necessary and appropriate to achieve favorable results in foreign jurisdictions. Below is a description of the retained attorneys, as well as brief descriptions of the work they have performed during this Fourth Application Period and previous reporting periods:

1. Burnet, Duckworth & Palmer LLP (BDP)

Barry Crump, local counsel in Calgary, Canada, with Burnet Duckworth & Palmer LLP is providing approved legal services on behalf of the Receiver and its secured interests in three different matters (the Ostrowski bankruptcies, the Brett Elanik/FlameX bankruptcy, and the Dryworld dispute) pending in Canada. Details of those proceedings are set forth in the Third and Fourth Quarterly Reports. *See* [ECF No. 108 at pp. 49-50, ECF No. 141 at pp. 55-58].

As set forth in the Receiver's Motion to Approve Counsel in Canada, BDP agreed to a \$5,000 retainer for their legal services, as well as an overall discount of 26.5% on their fees to the Receivership Estate. [ECF No. 99]. The engagement letter, attached to the Receiver's Motion to Approve Counsel in Canada, set forth the terms of BDP's engagement. *See* [ECF No. 99, Ex. A]. The Court granted the Receiver's Motion to Approve Legal Counsel in Canada, authorizing the services of BDP, as described in the Receiver's Motion to Approve Counsel in Canada at the stated hourly rates and terms in the proposed engagement letter. [ECF No. 100].

During the Fourth Application Period, BDP billed 103.7 hours and seeks approval of fees in the amount of \$54,282.50. BDP has agreed to holdback 20% of their fees sought at this time, seeking payment of \$43,426.00 at this time. BDP also seeks reimbursement of expenses in the amount of \$858.47, for a total of \$44,284.47 to be paid at this time.

2. Borden Ladner Gervais LLP (BLG)

Jacques Darche and Cristina Birks of Borden, Ladner, Gervais in Montreal, serve as local counsel for the Receiver for claims stemming from the Groupe Mercator dispute, including successfully obtaining a \$300,000 judgment for the Receiver after a trial this past December (the Semafo litigation). Details of those proceedings are set forth in the Third and Fourth Quarterly Reports. *See* [ECF No. 108 at pp. 57-58, ECF No. 141 at pp. 63-65].

As set forth in the Receiver's Motion to Approve Counsel in Canada, Jacques Darche and Cristina Birks of BLG agreed to a \$10,000 retainer for their legal services, as well as an overall discount of 10% on their fees to the Receivership Estate. [ECF No. 88]. The engagement letter, attached to the Receiver's Motion to Approve Counsel in Canada, set forth the terms of BLG's engagement. *See* [ECF No. 88, Ex. A]. The Court granted the Receiver's Motion to Approve Legal Counsel in Canada, authorizing the services of BLG, as described in the Receiver's Motion to Approve Counsel in Canada at the stated hourly rates and terms in the proposed engagement letter. [ECF No. 89].

During the Fourth Application Period, BLG seeks approval of fees in the amount of CAD 42,312.28. BLG has agreed to holdback 20% of their fees sought at this time, seeking payment of CAD 33,849.82 at this time. BLG also seeks reimbursement of expenses in the amount of CAD 1,964.08, for a total of CAD 35,813.90 to be paid at this time.⁷

⁷ Upon the Court's granting of this Fourth Application, the Receiver will wire the funds at the exchange rate applicable at that time.

3. Baker Donelson (BD)

Mathew White and Valerie Henderson of Baker Donelson serve as local counsel representing the Receiver in the TCA/Paycation litigation currently pending in Texas. Details of those proceedings are set forth in the Third and Fourth Quarterly Reports. *See* [ECF No. 108 at pp. 47-48, ECF No. 141 at pp. 53-55].

As set forth in the Receiver's Unopposed Motion to Approve Retention of Texas Counsel, BD agreed an overall discount of 15% on their fees to the Receivership Estate. [ECF No. 109]. The engagement letter, attached to the Receiver's Unopposed Motion to Approve Retention of Texas Counsel, set forth the terms of BDP's engagement. *See* [ECF No. 109, Ex. A]. The Court granted the Receiver's Unopposed Motion to Approve Retention of Texas Counsel, authorizing the services of BD, as described in the Receiver's Unopposed Motion to Approve Retention of Texas Counsel at the stated hourly rates and terms in the proposed engagement letter. [ECF No. 110].

During the Fourth Application Period, BD billed 9.5 hours and seeks approval of fees in the amount of \$2,876.80. BD has agreed to holdback 20% of their fees sought at this time, seeking payment of \$2,301.44 at this time. BD also seeks reimbursement of expenses in the amount of \$342.18, for a total of \$2,643.62 to be paid at this time.

4. Bell Gully

Bell Gully acts as court-approved counsel for the Receiver [ECF No. 94] in litigation and negotiation matters involving an SPV and New Zealand entity called JLE, Ltd. JLE is an electrical subcontractor operating in and around New Zealand. Like many construction-related businesses, JLE's operations were severely impacted by the COVID-19 pandemic, but has slowly begun to recover in recent months. With respect to JLE, a Master Fund guarantor, William Leferink, claims

an interest in that entity which needs to be resolved in conjunction with the Receiver's efforts to maximize the assets available to the Receivership Estate for the stakeholders' benefit. Leferink has filed a lawsuit in New Zealand seeking, among other things, a legal determination and enforcement of such purported ownership interest. Details of those proceedings are set forth in the Third and Fourth Quarterly Reports. *See* [ECF No. 108 at p. 19, ECF No. 141 at pp. 22-23].

As set forth in the Receiver's Motion to Approve Counsel in New Zealand and Scotland, David McPherson and Tim Fitzgerald of Bell Gully agreed to represent the Receiver at a reduced fee. Bell Gully provides services at a 15% reduced hourly rate, ranging from \$167 to \$610. [ECF No. 93]. The engagement letter, attached to the Receiver's Motion to Approve Counsel in New Zealand and Scotland, set forth the terms of Bell Gully's engagement. *See* [ECF No. 93, Ex. B]. The Court granted the Receiver's Motion to Approve Legal Counsel in New Zealand and Scotland, authorizing the services of Bell Gully, as described in the Receiver's Motion to Approve Legal Counsel in New Zealand and Scotland at the stated hourly rates and fees. [ECF No. 94].

During the Fourth Application Period, Bell Gully seeks approval and payment of fees in the amount of \$23,795.00. Bell Gully has agreed to holdback 20% of their fees sought at this time, seeking payment of \$19,036.00 at this time.

V. SUMMARY OF SERVICES RENDERED DURING THE FOURTH APPLICATION PERIOD

Summaries of the services rendered during the Fourth Application Period are provided below. More detailed information of the services provided are included in the Retained Professionals' time records which are attached hereto as Exhibits 5(a) – (g).

A. The Receiver and Genovese Joblove & Battista

The Receiver and GJB separated their time into the activity categories provided in the Billing Instructions. Narrative summaries of these activity categories are provided below.

Asset Analysis and Recovery

Asset Analysis and Recovery consists of the identification and review of potential assets including causes of action and non-litigation recoveries. The Receiver and GJB continue to familiarize themselves with the operations of the Receivership Entities and the full breadth and scope of Receivership assets. The Receiver and GJB continue to analyze voluminous documents and researched potential claims against third parties, and prepare document demands to financial institutions and third parties whom may be holding receivership assets.

In accordance with the Receivership Order, the Receiver and GJB continue to advise financial institutions of the existence of the Receivership Estate and the asset freeze ordered by the Court. The Receiver continues to transfer funds he recovers to the Receiver's new TCA operating accounts to address cash flow issues, pay contractors, and to operate the existing lawful businesses. To date, the Receiver has recovered \$14,978,316.52 for the Receivership Estate.

Additionally, the Receiver is currently involved with 60 SPVs registered in a number of jurisdictions. The SPVs are not all currently operating. Accounting for dormant entities, there originally appeared to be approximately forty-seven (47) SPVs that were either operating or owned property of potential value to the estate. At present, there are six (6) active entities (with 7 subsidiaries among them) and two (2) other SPVs that are winding down or have ceased operations. The Receivership Estate also has a total of 69 portfolio loan files. The Receiver is participating on behalf of Receivership Entities in approximately 48 active litigation proceedings in various jurisdictions across the country and internationally, including two Canadian bankruptcy proceedings, two Canadian foreclosure actions, one Australian proceeding, one appeal, and one class action lawsuit.

Asset Disposition

Asset Disposition covers the issues related to the sale, lease, abandonment and related transactions regarding Receivership property. The Receiver and GJB drafted motions seeking court approval to sell various Receivership assets. The Receiver and GJB also negotiated various deals to sell Receivership assets, attended to issues that arose relating to those deals, as well as identified potential purchasers of Receivership assets. The Receiver and his professionals drafted purchase and sale agreements for Receivership assets. The Receiver and his professionals are actively working to liquidate the personal and real property of the Receivership Entities for the benefit of the Receivership Estate and the investors.

Business Analysis/ Business Operations

Business Analysis/Business Operations covers the issues related to operation of the ongoing legitimate Receivership Entities' businesses. The Receiver retained DSI to manage the day-to-day operations of the SPVs and Receivership Entities. The Receiver and members of the GJB team confer with the DSI team regularly and review reports from the SPVs to assess these assets and formulate a plan to preserve and maximize their value to the Receivership Estate.

The Receiver and GJB professionals also worked on numerous operational issues with the Receivership Entities, including working with DSI on the management of the Receivership Entities, addressing employment issues relating to payroll, analyzing cash flow and related issues, appraising insurance policies, and reviewing and monitoring ongoing business practices at the SPV and the loan portfolio level.

Case Administration

Case Administration includes coordination and compliance activities, preparation of reports, and responding to investor inquiries. During the Fourth Application Period, GJB spent

time drafting the Receiver's Third Quarterly Status Report detailing the work the Receiver and his Retained Professionals accomplished during the first reporting period. *See* [ECF No. 108].

Additionally, the Receiver and counsel continue to respond personally to extensive investor inquiries, through e-mail and telephone calls. The Receiver has established a toll-free investor hotline, an email address for general inquiries, and a website to provide up to date information for investors and interested parties. The Receiver has posted copies of court filings and other pertinent information on the website. The Receiver continually posts on his website. The Receiver also prepared and posted his Third Quarterly Status Report on the website. [ECF No. 108].

Claims Administration and Objections

Claims Administration and Objections includes expenses in formulating and gaining approval of and administering any claims procedure. During the Fourth Application Period, the Receiver and GJB obtained a further extension to file the Liquidation Plan due to the amount and varied nature of the Receivership assets. [ECF Nos. 106, 107]. The Liquidation Plan is due to be filed on or about June 15, 2021. [ECF No. 107]. On March 8, 2021, the Receiver filed a Motion to Compel Financial Institutions to Disclose the Investment Details of Beneficial Owners. [ECF No. 118]. The pre-receivership books and records allowed the receiver to identify approximately \$56 million transferred by putative record investors, redemption investors and/or subscribers to Feeder LP and \$665 million to Feeder LTD – the two principal vehicles created by the Receivership Entities to receive investments and/or subscriptions. The books and records, however, indicate that a significant number of transactions involving investors appear to have been made through intermediary financial institutions acting as nominees for beneficial owners of the actual investments. Apparently (and often), single nominees acted on account of more than one beneficial owner. The Receiver's professionals have identified 60 potential nominees that appear

to have collectively invested over \$570 million and withdrawn over \$248 million from the Receivership Entities.

The information sought in the motion was specifically aimed at ascertaining the total number of actual investors and their actual investments and redemptions relating to the Feeder Funds which was not possible with the pre-receivership books and records. The Court granted the motion and ordered the financial institutions to “(i) disclose the identities of the beneficial owners¹ of each investment and/or subscription they facilitated in TCA Global Credit Fund, LTD (“TCA LTD”) and/or TCA Global Credit Fund, LP (“TCA LP”) as of January 21, 2020; (ii) provide the Receiver with transaction history (inclusive of dates and amounts) sufficient to determine how much cash each beneficial owner transferred to and received from TCA LTD and/or TCA LP (or any other Receivership Entity); and (iii) provide the Receiver with the know your customer and anti-money laundering due diligence (documents and information) maintained for each beneficial owner in order to permit the Receiver to confirm that he may lawfully transfer funds to each beneficial owner.” [ECF No. 119].

During the Fourth Application Period, the Receiver and GJB commenced a comprehensive data collection and analysis project from the information received from financial institutions, nominees, custodian account managers, financial advisors, and/or the beneficial owners directly disclosing the ultimate beneficial owners and their investment transaction history. Additionally, GJB spent significant time responding to inquiries from the beneficial owners.

Employee Benefits/Pensions

Employee Benefits/Pensions covers issues such as severance, retention, 401K coverage, and continuance of pension plans. The Receiver directed GJB professionals who specialize in employee benefits to review issues related to employees’ 401K plans and respond to employee

inquiries. GJB attorneys communicated with the 401K plan administrator for the Receivership Entities regarding termination of the 401K plan and follow-up regarding same. Additionally, the Receiver and GJB addressed issues surrounding employment benefits of the terminated employees, as well as related payroll matters. GJB attorneys' time spent on Employee Benefits/Pensions has significantly diminished during the Fourth Application Period, as the benefits plans have all been terminated and all assistance is now provided on an independent contractor basis, as necessary.

Tax Issues

Tax issues includes the analysis of tax issues and preparation of state and federal tax returns, tax issues relating to SPVs, and communications with taxing authorities. The Receiver and GJB professionals attended to many tax-related issues with the assistance of their tax advisors at Rehmann led by tax accountant Mitchell Hall, including Receivership Entities' tax liabilities, handling of tax issues that arose pre-receivership, IRS issues relating to certain SPVs, advise on most tax efficient manner of handling SPV and other asset dispositions, assistance in negotiations for the sale of assets and execution of various IRS forms on behalf of the Receivership Entities. The Receivership Entities received an extension of time to file the final returns, and the investor K-1 schedules.

Banking

Banking covers issues related to general banking matters, document requests to various financial institutions, as well as fund transfers to the Receivership Entities' bank accounts. The Receiver and GJB secured loan documents and continue to request all documents available regarding the Receivership Entities pre-Receivership bank accounts, bank activity, and banking practices. The Receiver and GJB requested documents from various financial institutions and

developed internal banking, check, and disbursement procedures to efficiently manage the Receivership Entities' bank accounts.

Open Litigation Matters

To the extent possible, the Receiver and GJB has divided its litigation efforts into specific matters for each pending active litigation. *See* Exhibit 5(a).

As of the date of filing this Fourth Application, the Receivership Entities are involved in approximately 48 active litigation or bankruptcy proceedings, including two Canadian bankruptcy proceedings, two additional Canadian foreclosure actions, one appeal, one Australian litigation proceeding, and a class action lawsuit. Additionally, of the 48 active cases, 19 are currently pending in Broward County, Florida, and those actions include over 46 gigabytes of materials (which amounts to over 22,000 documents).

The Receiver and the GJB attorneys have been actively litigating the 48 proceedings on behalf of the Receivership Entities in order to maximize recoveries to the Receivership Estate. The Receiver and his professionals participate extensively in litigation decisions, meetings and conferences regarding strategy and case administration, as well as case management decisions. Moreover, joint liquidation proceedings are taking place in the Cayman Islands and a Chapter 15 bankruptcy proceeding has been filed by the JOLs in the United States Bankruptcy Court for the Southern District of Florida. In order to clearly identify the time spent on Cayman Island proceedings, as well as the Chapter 15 bankruptcy proceedings, the Receiver and GJB created a specific sub-matter for the Cayman Island and Chapter 15 bankruptcy proceedings, as described below.

General Litigation

General litigation covers all matters directly relating to the pending SEC litigation,

including preparation, review, and modification of pleadings; drafting motions to approve retained professionals; and interviews and review of documents relating to the relevant whistleblower action. Additionally, the Receiver and GJB monitored all of the filing in this case and participated in matters which relate to the operation of the Receivership Entities.

Cayman Islands Litigation

On May 13, 2020, the Grand Court of the Cayman Islands appointed Joint Official Liquidators (“JOLs”) over Feeder Fund, Ltd. a Receivership Entity, after the Complaint was filed and after the Receivership Order was entered on May 11, 2020. On April 1, 2020, a Feeder Fund Ltd. purported creditor, Banque Pictet & Cie, S.A., a Swiss entity purportedly on behalf of a holding company incorporated in the Isle of Man, filed a petition for liquidation (“Banque Petition”) before the Grand Court of the Cayman Islands.

Under the terms of the Winding Up Order, the JOLs are given a range of powers. Significantly, Paragraph 9 of the Winding Up Order states that “[t]he Liquidators shall have the authority and are directed to take all reasonable steps to take control of the Company’s subsidiary, TCA Global Lending Corp., including by exercising voting or other rights attached to the shares in that subsidiary.” (emphasis added). Under paragraph 6(d) of the Winding Up Order, the JOLs are given power to obtain recognition of the JOLs and/or their appointment in any other relevant jurisdictions.

As explained in the Receiver’s Fee Applications and the Receiver’s Quarterly Status Report, the appointment of the JOLs created several unique circumstances, and comity of laws issues, which required the Receiver to retain counsel in the Cayman Islands. *See* [ECF Nos. 48, 55, 70, 73, 108, 141]. The Receiver and GJB continued to diligently research and understand issues with regard to these joint liquidation proceedings, including purported attempts by the JOLs

to assert control over the assets of Receivership Entities located in the U.S. through Chapter 15 proceedings and seek concurrent control over Receivership assets located in the United States and foreign jurisdictions.

During the Fourth Application Period, the Receiver and his professionals reviewed correspondence and information from Collas Crill regarding ongoing regulatory matters, obligations, and filings under Cayman Islands' law affecting the Receivership Entities in the Cayman Islands. The Receiver coordinated with the Collas Crill to ensure Receivership Entities' compliance with the registered office and general entity registration matters of the Cayman Islands. The Receiver and his professionals also analyzed issues arising in connection with the position of subscribers to Feeder Fund, Ltd., who did not receive shares following the payment of subscription monies (the "Unpaid Subscribers"). The Receiver, with Collas Crill, communicated with the Unpaid Subscribers, and their counsel, regarding the status of the Receiver's forensic investigation. The Receiver and his professionals also sought documents from Grant Thornton and BDO (the former auditors of Feeder Fund, LP and Master Fund), including audit and working papers, and corresponded with legal counsel for Grant Thornton and BDO regarding same.

Chapter 15

On February 16, 2021, a little less than a year after the Court appointed the Receiver, the JOLs for Feeder Fund Ltd., filed a *Verified Petition for Recognition of Foreign Proceeding and Motion for Order Granting Related Relief Pursuant to 11 U.S.C.A. §§ 1515, 1517, and 1520* ("Chapter 15 Petition" or "Chapter 15 Action") for recognition of the Cayman liquidation of Feeder Fund Ltd. in the United States Bankruptcy Court of the Southern District of Florida ("Bankruptcy Court").

Since the filing of the Chapter 15 Petition, counsel for the Receiver has engaged in

discussions with counsel for the JOLs over the agreed manner in which to administer Feeder Fund Ltd. in the Receivership Action and the resolution of Chapter 15 Petition as it relates to the Receivership. The parties continue to negotiate various avenues to resolve the overlapping issues of the two proceedings to provide for the efficient and consistent resolution of such issues to conserve judicial resources and avoid waste to the Receivership Estate.

During the Fourth Application Period, the Receiver and GJB spent significant time resolving the issues raised by the Chapter 15 Petition including:

- 1) Conducting extensive legal research and analysis relating to: (a) the implications and nuances of the recognition of a foreign insolvency proceeding under Chapter 15 of the Bankruptcy Code and the impact on the Receivership Estate; (b) issues of concurrent and competing fiduciaries; (c) issues concerning the effects of stay orders in receivership actions and their extra-territorial application; and (d) procedural and legal mechanisms to resolve the dispute with the JOLs or to use to protect the Receivership Estate in the event that the JOLs obtain Chapter 15 recognition;
- 2) Prepare opposition pleadings to the Chapter 15 Petition filed by the JOLs in case the parties were unable to come to an agreed resolution;
- 3) preparing multiple proposed fillings for use by the Receiver if the parties were unable to reach a resolution or for use by the parties to jointly file to facilitate their agreement resolving the issues concerning Feeder Fund Ltd.;
- 4) Engaging in comprehensive and numerous discussions with counsel for the JOLs for the purposes of (a) negotiating the agreed resolution between the Receivership Action and the Chapter 15 Action, and (b) outlining the scope of the JOLs' participation in the Receivership Action;
- 5) Collaborating with counsel for the JOLs in the preparation and elaboration of an agreement between the parties for the resolution of their dispute concerning Feeder Fund Ltd.;
- 6) Appearing before the Bankruptcy Court for the limited purposes of informing that Court of the ongoing efforts of the parties to resolve their disputes;
- 7) Conferring multiple times with Cayman Island counsel concerning: (a) the actions of the JOLs in the Cayman Islands with respect to Feeder Fund Ltd.; (b) the implications of the appointment of the JOLs over Feeder Fund Ltd. with respect to any future distribution plan in the Receivership Action; and (c) the administrative and statutorily-imposed functions of the JOLs in the Cayman Islands concerning Feeder Fund

Ltd.; and

8) Analyzing issues arising in connection with the position of subscribers of Feeder Fund Ltd. as implicated by the Chapter 15 Petition.

B. Collas Crill

Collas Crill has separated its time into the activity category provided below due to the highly specialized work Collas Crill undertakes for the Receiver. A narrative summary of this activity is provided below:

Cayman Islands – General Litigation

Collas Crill continues to advise the Receiver on legal matters regarding the action of the JOLs, and the pending proceedings over Feeder Ltd., in that jurisdiction arising out of the JOLs appointment and the Banque Pictet application.

During the Fourth Application Period, Collas Crill advised the Receiver regarding ongoing regulatory filings, matters, and obligations affecting the Receivership Entities in the Cayman Islands. Collas Crill communicated with the Cayman Islands Monetary Authority (“CIMA”) in connection with the Receiver’s investigation into the status of the Unpaid Subscribers. Collas Crill also advised and assisted the Receiver regarding the disclosure of Grant Thornton and BDO’s (the former auditors of TCA Global Credit Fund, LP and TCA Global Credit Master Fund, LP) audit and working papers, and corresponded with legal counsel for Grant Thornton and BDO regarding same. Collas Crill also assisted the Receiver in assessing the ability to assign and pursue claims through various SPVs. Collas Crill also provided the Receiver with special considerations and legal advice with respect to the Chapter 15 Petition.

Collas Crill analyzed issues regarding the payment of dividends and distributions by Receivership Entities registered and incorporated in England and Wales. Additionally, as explained above and in the Receiver’s Quarterly Status Reports, the appointment of the JOLs

created several unique circumstances and comity of laws issues. Collas Crill remains a point of contact for the JOLs, when communication is necessary.

C. Yip Associates

Yip Associates has separated its time into the activity category provided in the Billing Instructions. A narrative summary of this activity category is provided below:

Forensic Accounting

Forensic Accounting comprises restructuring books and records from past transactions, bringing accounting current, and tracing and sourcing assets. Yip Associates analyzed asset flows and cash transactions; reviewed bank statements, corporate documents, tax records for the Receivership Entities, and audit files; and prepared summaries for entities related to the Receivership Entities, as well as a flow of funds analysis for the Receivership Entities' bank account. Ms. Yip and her professionals analyzed hundreds of bank records in order to trace any disbursement of funds to third parties, as well as prepared an analysis regarding the Unpaid Subscribers. Ms. Yip and her professionals also prepared a vast database of records.

Ms. Yip and her professionals are also providing significant analyses regarding subscriber information to assist the Receiver and GJB in the development of the Liquidation Plan.

D. Development Specialists, Inc.

DSI has separated its time into the activity categories provided in the Billing Instructions. Narrative summaries of these activity categories are provided below:

Asset Analysis and Recovery

Asset Analysis and Recovery consists of the identification and review of potential assets including potential causes of action and non-litigation recoveries. DSI reviewed loan portfolios and engaged in extensive communications with TCA contractors and borrowers to continue to

assess the value of the portfolio assets. DSI spent significant amount of time overseeing and analyzing the SPVs in order to maximize the value of these assets. Additionally, DSI oversaw the sale of TCA Media Services, LLC and the marketing and sales process of TCA Microgrid Energy, LLC. Additionally, DSI, with the Receiver and GJB, continued to analyze the value of the various SPVs and loan portfolios to determine which assets could be immediately sold in order to generate revenue for the Receivership Estate. Mr. Luzinski and his professionals also conferred with potential purchasers of the Receivership assets, including the SPVs.

Business Analysis

Business Analysis covers preparation and review of company business plans, development and review of ongoing business strategies, and preparation and review of cash flow forecasts and feasibility studies. In addition to the day-to-day operational role of DSI, Mr. Luzinski and his team prepared cash flow forecasts for the Receivership Entities, engaged in weekly meetings to assess the current business overview, project pipeline, and cash flow situation for the SPVs and portfolio assets, and reviewed cash flow statements, bank records, financial statements, and other documents to assess and analyze the data related to the SPV and loan portfolio.

Additionally, Mr. Luzinski and his team prepared cash flow forecast drivers, inputs, fees, and costs, reviewed and prepared schedules regarding lease information of the Receivership Entities, attended to various issues arising from the employed contractors, including proposed transition plans, and managed insurance coverage issues for the Receivership Estate.

Monthly Bkcty/Semi-Annual Rpts

Monthly Bkcty/Semi-Annual Rpts covers the work DSI did with regard to case management, as well as review of accounting software templates, QuickBooks review, and evaluation of existing cash reporting and accounting functions. Mr. Luzinski and his team also

assisted the Receiver and GJB drafting the Third Quarterly Status Report, specifically with regard to the sections addressing the SPVs and loan portfolio. *See* [ECF No. 108].

Managing Business Operations

Business Operations cover the issues related to operation of the Receivership Entities' operating businesses. DSI oversees the seven contractors employed by the Receivership Entities, and makes recommendations to the Receiver for the ongoing the day-to-day operations of the Receivership Entities' businesses including cash flow preparation, fund management strategy for loan payments and processing, payroll processing, cash disbursement requests, and Receivership Estate operational needs. Mr. Luzinski and his professionals currently manage the SPVs, registered in a number of jurisdictions, and the Receivership Estate's loan portfolio files.

Employee Benefits/Pensions/Insurance

Employee Benefits/Pensions covers issues such as severance, retention, 401K coverage and continuance of pension plans. Mr. Luzinski and his professionals handled matters relating to the status of the 401(k) termination plan, and addressed issues surrounding employment benefits of the terminated employees, as well as related payroll matters

Litigation Support

DSI and its professionals worked with the Receiver and the employed independent contractors to prepare responses to valid subpoenas and document requests with respect to outside litigation and litigation-related requests.

E. Rehmann

Rehmann has separated their time into the activity categories provided in the Billing Instructions. Narrative summaries of these activity categories are provided below:

Tax Issues

Tax issues includes analysis of tax issues and preparation of tax returns for the Receivership Entities. Mr. Hall and his professionals reviewed previous years' tax returns and confirmed the timing and requirements for filings for the Receivership Entities. Mr. Hall and his professionals gathered information needed to prepare tax forms, prepared tax forms, reviewed outstanding tax issues, and coordinated tax compliance matters. Mr. Hall and his team also prepared the amended 2019 tax returns for the Receivership Entities. Additionally, Rehmann reviewed audit reports, prepared and edited balance sheets, reviewed and prepared work papers for filing requirements for foreign investors, as well as communicated with the Internal Revenue Service regarding outstanding tax matters related to the Receivership Entities. Mr. Hall and his professionals also assisted the Receiver regarding tax issues relating to certain SPVs

F. E-Hounds, Inc.

E-Hounds, Inc. has separated its time into the activity category provided below due to the highly specialized work E-Hounds, Inc. undertakes for the Receiver. A narrative summary of this activity is provided below:

Litigation Support

E-Hounds, Inc. and its professionals provided data intake services for the Receiver including: photographing and documenting computers, laptops, phones, etc. in order to document and access key components; forensic imaging of digital media; and ongoing storage and maintenance of electronic devices and associated forensic images. During this Fourth Application Period, E-Hounds, Inc. continues to maintain an "in-house" review platform, which allows the Receiver to access and review specific data sets through an encrypted website interface. E-Hounds, Inc. also maintains the hundreds of thousands of gigabytes of data held by the Receiver and the Receivership Entities.

G. Other Retained Attorneys

For an in depth analysis into the specific work these professionals have been doing to advance the position and rights of the Receivership Entities in the various litigation matters, *see* the Receiver's Fourth Quarterly Status Report [ECF No. 141 at pp. 51-76].

VI. MEMORANDUM OF LAW

The Receiver and his professionals are entitled to reasonable compensation and expenses, pursuant to the Receivership Order. Receivership courts have traditionally determined reasonableness by utilizing the familiar lodestar approach, calculating a reasonable hourly rate in the relevant market and the reasonable number of hours expended. *See, e.g., S.E.C. v. Aquacell Batteries, Inc.*, No. 6:07-cv-608-Orl-22DAB, 2008 WL 276026, *3 (M.D. Fla. Jan 31, 2008); *see also Norman v. Hous. Auth.*, 836 F.2d 1292, 1299-1302 (11th Cir. 1988).⁸ The hourly rates billed by the Receiver and his professionals are reasonable for professionals practicing in the Southern District of Florida. The Receiver has reduced his standard rate by \$200.00 per hour and the rates of the GJB professionals by \$405.00 to \$20.00 (depending on the individual's standard rate). All Retained Professionals have also significantly reduced their rates. These reductions have resulted in a substantial savings to the Receivership Estate.

“In general, a reasonable fee is based on all circumstances surrounding the receivership.” *SEC v. W. L. Moody & Co., Bankers*, 374 F. Supp. 465, 480 (S.D. Tex. 1974), *aff'd*, 519 F.2d 1087 (5th Cir. 1975) (“[T]he court may consider all of the factors involved in a particular receivership in determining an appropriate fee.”); *Gaskill v. Gordon*, 27 F.3d 248, 253 (7th Cir. 1994). “In

⁸ The law in this circuit for assessing the reasonableness of fees is set out in *Norman v. Hous. Auth. of Montgomery*, 836 F.2d 1292 (11th Cir. 1988). According to *Norman*, the starting point in determining an objective estimate of the value of professional services is to calculate the “lodestar” amount, by multiplying a reasonable hourly rate by the number of hours reasonably expended. *Id.* at 1299 (citing *Hensley v. Eckerhart*, 461 U.S. 424, 433, 103 S.Ct. 1933, 76 L.Ed.2d 40 (1983)).

determining the amount of their compensation, due consideration should be given to the amount realized, as well as the labor and skill needed or expended, and other circumstances having a bearing on the question of the value of the services.” *Sec. & Exch. Comm’n v. Striker Petroleum, LLC* (N.D. Tex., 2012) (citing *City of New Orleans v. Malone*, 12 F.2d 17, 19 (5th Cir. 1926)). Part of “determining the nature and extent of the services rendered,” however, includes an analysis as to the reasonableness of the services rendered, bearing in mind the nature of a receivership. As the Supreme Court has noted:

The receiver is an officer of the court, and subject to its directions and orders . . . [H]e is . . . permitted to obtain counsel for himself, and counsel fees are considered as within the just allowances that may be made by the court. . . . So far as the allowances to counsel are concerned, it is a mere question as to their reasonableness. The compensation is usually determined according to the circumstances of the particular case, and corresponds with the degree of responsibility and business ability required in the management of the affairs intrusted to him, and the perplexity and difficulty involved in that management.

Stuart v. Boulware, 133 U.S. 78, 81-82 (1890).

The circumstances of this Receivership are unique. The Receiver quickly needed to assess the financial situation of the Receivership Entities and determine how to preserve the facilities in order to maximize the value of the assets for the benefit of the investors and creditors. The Receiver relied on his business skills and the expertise of attorneys specializing in international insolvency, creditors’ rights, fraud, commercial litigation, and employee benefits. The Receiver utilized the skills of forensic accountants and specialists in information technology to create an accurate representation of the finances and trace transfers of the investors’ funds. The Receiver also retained attorneys in the Cayman Islands to assist with the parallel liquidation proceedings taking place there.

In addition to fees, the receiver is “also entitled to be reimbursed for the actual and necessary expenses” that the receiver “incurred in the performance of [its] duties.” *Fed. Trade*

Comm'n v. Direct Benefits Grp., LLC, No. 6:11-cv-1186-Orl-28TBS, 2013 WL 6408379, at *3 (M.D. Fla. Dec. 6, 2013). The Receiver and his professionals support their claims for reimbursement of expenses with “sufficient information for the Court to determine that the expenses are actual and necessary costs of preserving the estate.” *Sec. & Exch. Comm'n v. Kirkland*, No. 6:06-cv-183-Orl-28KRS, 2007 WL 470417, at *2 (M.D. Fla. Feb. 13, 2007) (citing *In re Se. Banking Corp.*, 314 B.R. 250, 271 (Bankr. S.D. Fla. 2004)).

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. *See SEC v. Byers*, 590 F. Supp. 2d 637, 644 (S.D.N.Y. 2008); *see SEC v. Elliott*, 953 F.2d 1560 (11th Cir. 1992) (“[I]f a receiver reasonably and diligently discharges his duties, he is entitled to compensation.”). As more fully described herein and supported by the time records, the Receiver and his professionals have reasonably and diligently discharged their duties, and provided a benefit to the Receivership Estate, the investors, and creditors.

WHEREFORE, the Receiver seeks entry of an Order granting an award of fees to GJB in the amount of \$551,500.50 (\$441,200.40 payable now), and costs in the amount of \$15,810.96; Collas Crill for fees in the amount of \$60,919.50 (\$48,735.60 payable now), and costs in the amount of \$50.00; Yip Associates, Inc. for fees in the amount of \$190,932.50 (\$152,746.00 payable now); Development Specialists, Inc. for fees in the amount of \$199,730.00 (\$159,784.00 payable now), and costs in the amount of \$1,006.48; Rehmann for fees in the amount of \$41,177.50 (\$32,942.00 payable now); E-Hounds, Inc. for fees in the amount of \$3,410.00 (\$2,728.00 payable now); Baker Donelson for fees in the amount of \$2,876.80 (\$2,301.44 payable now) and costs in the amount of \$342.18; Burnet Duckworth & Palmer for fees in the amount of \$54,282.50 (\$43,426.00 payable now) and costs in the amount of \$858.47; Bell Gully for fees in the amount

of \$23,795.00 (\$19,036.00 payable now); and Borden Ladner Gervais for fees in the amount of CAD 42,312.28 (CAD 33,849.82 payable now) and costs in the amount of CAD 1,964.08. As noted above, the Receiver requests authorization to pay only 80% of the fees awarded, with a 20% holdback of the fees awarded to be paid at a later date, and 100% of the costs awarded to the professionals during the Fourth Application Period.

LOCAL RULE CERTIFICATION

Pursuant to Local Rule 7.3, the Receiver hereby certifies that she has conferred with counsel for Plaintiff, the Securities and Exchange Commission. The Securities and Exchange Commission has no objection to the Fourth Application. A hearing is requested only in the event that someone files an objection thereto.

/s/Elizabeth G. McIntosh
Elizabeth G. McIntosh, Esq.
*Attorney for Jonathan E. Perlman, Esq.,
Court-appointed Receiver*

Respectfully submitted this 27th day of May, 2021.

/s/Jonathan E. Perlman
Jonathan E. Perlman, Esq., Receiver

-and-

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing document is being served on all counsel of record identified on the attached Service List via transmission of Notices of Electronic Filing generated by CM/ECF this 27th day of May, 2021.

/s/ Elizabeth G. McIntosh
Attorney

SERVICE LIST

Securities and Exchange Commission v. TCA Fund Management Group Corp., et al.
Case No. 20-Civ-21964-CMA

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