

1 **AIKEN SCHENK HAWKINS & RICCIARDI P.C.**
2 **2390 East Camelback Road, Suite 400**
3 **Phoenix, Arizona 85016**
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5 **Facsimile: (602) 248-8840**
6 **E-Mail: docket@ashrlaw.com**
7 **E-Mail: awr@ashrlaw.com**

8 **Alfred W. Ricciardi - 009547**
9 Attorneys for Robert Eckholt, *et al.*

10 **SUPERIOR COURT OF THE STATE OF ARIZONA**

11 **COUNTY OF MARICOPA**

12 Lynne H. Anthony Revocable Trust dated
13 11/30/2001, Lynne H. Anthony as Trustee;
14 Robert Sonnenschein, as an individual;
15 Gerald R. Hale, as an individual; C. Scott
16 Anthony, as an individual; Janie B. Hale,
17 individually and as Trustee of rani B. Hale
18 Revocable Trust dated 11/4/1994' Carolyn
19 Sue McMillon, as an individual; Larry
20 McMillon, as an individual; James Stanley
21 Powers, as an individual; and Patricia Ann
22 Powers Trust, Patricia Ann Powers as
23 Trustee,

24 Plaintiffs,

25 v.

26 Palo Verde Capital, L. .C., an Arizona
27 limited liability company; PVPE, L.L.C., an
28 Arizona limited liability company; Palo
Verde Fund L.P. a Delaware limited
partnership; Palo Verde Private Equity Fund
L.P., a Delaware limited partnership' and
Anthony R. Stacy, a married man,

Defendants.

No. CV2013-012420

**OBJECTION OF THE PVF INVESTORS
TO RECEIVER'S REQUEST FOR
PAYMENT OF COMPENSATION AND
LEGAL FEES AND EXPENSES
INCURRED IN JUNE 2017**

(Assigned to Hon. Arthur Anderson)

1 N.B.M. Corporation, SC Partners, LLC Defined Benefit Plan and Robert Eckholt,
2
3 (collectively the "PVF Investors") who are all investors in Palo Verde Fund L. P. ("PVF")
4 object to the receiver's request for fees and expenses his attorney's fees for the period dated
5 June 2017. Attached as **Exhibit A** is the correspondence and documents to which this
6
7 objection relates.

8 For work supposedly done in June 2017, the receiver requests of the startling sum of
9 \$32,178.35 and his attorney's request fees of \$3499.40 yet there is no evidence that any of
10 the claimed services provided any benefit, much less any benefit to the PVF Fund estate.
11 Compounding this problem is that the receiver has not filed his quarterly report. Perhaps if
12 quarterly reports had been timely filed, interested parties could correlate the substantial
13 claimed June work with some benefit or potential benefit to the receivership estates. The
14 requested payments are, therefore, premature. Similarly, the attorneys' fees requested seem
15 to correlate in some way to the work done by the receiver and without understanding the
16 receiver's work, it is impossible to see the value of the accompanying legal work. Seeking
17 compensation in excess of \$35,000 for services as to which no quarterly report has been
18 submitted is inappropriate. At a minimum, the request should be denied without prejudice to
19
20 it being urged after the parties receive the benefit of the quarterly reports.
21
22
23

24 In a similar vein, the quarterly report may shed some light on what this quite
25 extraordinary work has done (or possibly not done). Therefore, the PVF Investors reserve
26 their right to submit additional objections after reviewing the next receiver's report.
27

1 Even without a report, it seems clear the fees claimed for the June 2017 are
2 unreasonable and excessive. Mr. Keith M. Kenney spent over 166 hours doing something
3 yet the billing statements give very little clues to what that was. Apparently the entire month
4 of June was spent doing tasks like beginning the "evaluation of Michael Liccar's file of Palo
5 Verde funds accounting." (See entry dated June 1, 2017). For nearly every single work day
6 thereafter, Mr. Kenney spends between close to or over 8 hours each day evaluating and
7 reconciling financial data with no clue or explanation as to the scope of the task or what
8 results or benefits his work might provide to the receivership estates. For instance on June
9 19 and June 20, Mr. Kenney's entries read simply "Evaluated Palo Verde funds 2011
10 through 2013 monthly investment portfolio and statement of financial condition." This
11 "evaluation" continues full time, at less than 7.6 hours per day, through the end of the
12 month. What all of this "review" accomplished is anybody's guess. Charging over \$30,000
13 for apparently pointless, ill-defined and unspecific work is excessive and unreasonable.

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18 It is now clear that what this receiver has done and is doing is reconstructing, over
19 and over, audited financial records for no purpose or reason. The receiver owns the
20 stakeholders an explanation why this months' worth of work is different than the hours and
21 hours and hours of work already done recreated and reconstructing audited financial
22 records. How does the work done in June differ than what the work done in the previous
23 four years of this estate? The receiver has been paid nearly \$1 million and is still
24 "evaluating" records? Why those records and why now? Why did he evaluate the records
25
26
27

1 and how is that evaluation and reconciliation different than all of the previous reviews?
2 What was reviewed, what was the purpose for the review? How did this evaluation benefit
3 the estates by \$35,000? Why was it a good use of the stakeholder \$35,000 to do this work
4 and how does it relate to the work done in the previous four months? This receiver has
5 billed and billed and billed these estates, but has not filed a tax return, and still needs an
6 additional 166 hours for evaluation. Why?
7
8

9 The receiver's claim fees are particularly unreasonable in light of the receiver's
10 inability to complete certain basic tasks. For over a year, the PVF Investors have asked the
11 receiver about his proposed treatment of the various classes of the investors. In May, 2017,
12 the receiver promised that it should have its work completed by the end of May. (**Exhibit**
13 **B**). The report the receiver promised, include, among other things, a proposed resolution of
14 the allocation issues. (**Exhibit C**). That draft plan still has not been prepared or delivered
15 despite repeated requests (**Exhibit D**).
16
17

18 The PVF Investors' concerns about the fees and costs be expended by the receiver not
19 novel or unique. For since the inception of this case, the PVF investors of questioned the
20 fees and expenses. Over two months ago, the PVF Investors requested a complete
21 accounting of the fees and costs incurred to date by the receiver to prepare, in part, for
22 objections such as this (**Exhibit D**). That request has been ignored.
23
24

25 The PVF Investors restate and reiterate their objections previously lodged were with
26 this court. The object to the receiver's request for compensation because, after now more
27

1 than 4 years of this receivership, it is apparent of the receivership is not benefitting the
2 investors of the receivership estate, but simply were the benefiting the receiver and his
3 professionals.
4

5 DATED this 7TH day of September, 2017.

6 AIKEN SCHENK HAWKINS & RICCIARDI P.C.

7
8
9 By /s/ Alfred W. Ricciardi
10 Alfred W. Ricciardi
11 2390 East Camelback Road, Suite 400
12 Phoenix, Arizona 85016
Attorneys for Robert Eckholt, *et al.*

13 The foregoing e-mailed on this 7TH day of
14 September, 2017 with:

15 Ryan Anderson, Esq.
16 Patrick M. Murphy, Esq.
17 Guittila Murphy Anderson
18 5415 East High Street, Suite 200
19 Phoenix, AZ 85054
20 (480) 304-8300
Attorney for Peter Davis
randerson@gamlaw.com
pmurphy@gamlaw.com

21
22 **BASKIN RICHARDS, PLC**
23 Alan Baskin, Esq.
24 2901 N. Central Ave #1150
25 Phoenix, AZ 85012
alan@baskinrichards.com

26 *and*

1 **ALBRIGHT, RUSHER & HARDCASTLE**

2 Kenneth F. Albright, Esq.
3 15 West 6th Street, Suite 2600
4 Tulsa, Oklahoma 74119
5 kfalbright@arhlaw.com
6 Attorneys for Plaintiffs

7 **SACKS TIERNEY P .A.**

8 Matthew F. Winter , Esq.
9 4250 North Drinkwater Boulevard, Fourth Floor
10 Scottsdale, Arizona 85251
11 matthew.winter@sackstierney.com
12 Attorneys for Defendants PVPE, L.L.C.,
13 Palo Verde Fund, L.P. and Palo Verde
14 Private Equity Fund, L.P.

15 **Jeffrey S. Leonard, Esq.**

16 SACKS TIERNEY P .A.
17 4250 N. Drinkwater Blvd., Fourth Floor
18 Scottsdale, AZ 85251
19 Jeffrey.Leonard@SacksTierney.com
20 Attorneys for Anthony Stacy

21 Robert H. McKirgan

22 Jon Weiss

23 **LEWIS ROCA ROTHGERBER LLP**

24 201 East Washington Street, Suite 1200
25 Phoenix, AZ 85004-2595
26 rmckirgan@lrrlaw.com

27 jweiss@lrrlaw.com

28 Attorneys for Michael J. Galloway, Cathy Galloway, Galloway Asset Management L.L.C.
and Galloway Family Trust UAD Dec. 5, 2003
Interested Creditor

Jeffrey D. Gardner

JENNINGS, STROUSS & SALMON, P.L.C.

A Professional Limited Liability Company
One East Washington Street, Suite 1900
Phoenix, Arizona 85004-2554
Jgardner@jsslaw.com

1 Jack Edwards
2 **AJAMIE, LLP**
3 Pennzoil Place - South Tower
4 711 Louisiana, Suite 2150
5 Houston, Texas 77002
6 jedwards@ajamie.com
7 Attorneys for Craig H. Jackson Trust Under
8 Trust Agreement Dated June 6, 1997

9 Copy of the foregoing mailed this 7TH day
10 of September, 2017 with:

11 Palo Verde Fund, L.P.
12 c/o Business Filing Incorporated
13 108 West 13th Street
14 Wilmington, Delaware 19801
15 Defendant *Pro Per*

16 Palo Verde Equity Fund, L.P.
17 c/o Easycorps, LLC
18 341 Raven Circle
19 Wyoming, Delaware 19934
20 Defendant *Pro Per*

21 All Investors/Partners in Palo Verde Fund LP
22 and Palo Verde Private Equity Fund, L.P.:

23 Lynn Anthony
24 11248 S. 75th East Avenue
25 Bixby, OK 74008

26 Scott Anthony
27 5513 106th Place
28 Tulsa, OK 74137

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Mike Austin
6852 Colonnade Drive
Plano, TX 75024

Kevin Barnes
11721 S. 66th East Avenue
Bixby, OK 74008

Michael Beck
225 Citrus Ridge Drive
Davenport, FL 33837

D'Lesia Chambers
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Boliar, MO 65613

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Tulsa, OK 74135

Bryan Dalton
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Tulsa, OK 74133

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Sand Springs, OK 74063

Martin Garber
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Bartlesville, OK 74005

Barbara Gilmore
5810 S. Indianapolis Ave.
Tulsa, OK 74135

Gerald and Janie Hale
3101 E. 86th Street
Tulsa, OK 74137

1 Keith and Susan Hall
2 8220 S. 68th East Avenue
3 Tulsa, OK 74133
4
5 Ronnie and Kim Herron
6 P. O. Box 303
7 Jenks, OK 74037
8
9 James and Karla Westerman
10 687 Oak Tree Court
11 Simi Valley, CA 93065
12
13 Patricia Leonard
14 15912 San Nicholas
15 Edmond, OK 73013
16
17 Shane Martin
18 17623 N. 58th Place
19 Scottsdale, AZ 85254
20
21 Larry and Sue McMillon
22 23225 S. Dogwood Ct
23 Claremore, OK. 74019-0309
24
25 Tim O'Toole
26 727 N. Byers
27 Mangum, OK 73554
28
29 Deirdre Peters
30 13331 Cameron Reach Drive
31 Tomball, TX 77377
32
33 Stan and Pat Powers
34 5422 East 88th Street
35 Tulsa, OK 74137
36
37 Cal and Pam Purdin
38 15991 N. 115th Way
39 Scottsdale, AZ 85255

1 Randy Riall
2 131 S. Elm Street
3 Weatherford, TX 76086

4 Todd and Jean Schildt
5 601 E. Union Street
6 Broken Arrow, OK 74011

7 Lloyd and Jolyn Smith
8 18739 East 42nd Street
9 Tulsa, OK 74134

10 Rob Sonnenschein
11 1733 South Florence Avenue
12 Tulsa, OK 74104-6105

13 /s/ Joanne Granville
14 _____
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EXHIBIT A

**to OBJECTION OF PVF INVESTORS TO
RECEIVER'S REQUEST FOR PAYMENT
OF COMPENSATION AND LEGAL FEES
AND EXPENSES INCURRED IN JUNE 2017**

GUTTILLA MURPHY
ANDERSON

5415 E. HIGH STREET, SUITE 200
PHOENIX, ARIZONA 85054
(480) 304-8300
FAX (480) 304-8301

Our No. 1844-001

August 8, 2017

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Baskin Richards PLC
2901 N. Central Avenue, Suite 1150
Phoenix, AZ 85012

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4250 North Drinkwater Blvd., 4th Floor
Scottsdale, AZ 85251

PVPE, L.L.C.
c/o Cal Purdin, Statutory Agent
15991 N. 115th Way
Scottsdale, AZ 85255

Anthony R. Stacy
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Tulsa, OK 74119

Palo Verde Equity Fund, L.P.
c/o Easycorps, LLC
341 Raven Circle
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Robert C. Van Voorhees
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Jeffrey D. Gardner
Jennings, Strouss & Solomon, P.L.C.
One East Washington St., Suite 1900
Phoenix, AZ 85004-2554

Thomas R. Ajamie
Ajamie, LLP
711 Louisiana, Suite 2150
Houston, TX 77002

Re: *Lynne H. Anthony Revocable Trust dated 11/30/2001, et al. v. Palo Verde
Capital, L.L.C., et al.*, Maricopa County Superior Court, Cause No. CV2013-
012420

Dear Counsel and Parties:

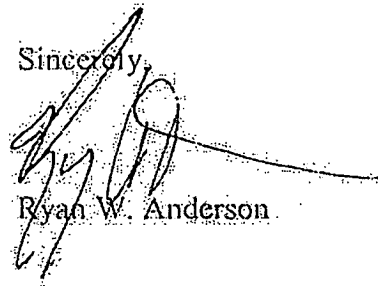
Enclosed please find the invoices for payment of compensation and reimbursement of expenses to the Receiver and his accounting firm and to the Receiver's legal counsel for work performed in June, 2017. As you can see from the enclosed, the Receiver and his Firm have incurred fees and expenses of \$32,178.35; and Guttilla Murphy Anderson has incurred fees and expenses of \$3,499.40.

August 8, 2017

Page 2

Pursuant to the Court's Stipulation Order Appointing Receiver entered on October 9, 2013, you have thirty (30) days from the date you receive this letter to file a motion with the Receivership Court setting forth any objection you have to the Receiver paying these professional fee invoices. If no objections are filed and served, the Receiver intends to pay these invoices from the receivership assets, if funds are available. If you have any questions regarding this letter or these invoices please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan W. Anderson", with a long horizontal flourish extending to the right.

Ryan W. Anderson

RWA:jc
Enclosures

cc: Peter S. Davis, Receiver, w/enclosures
Via e-mail to Investor Committee, w/enclosures

292957



SIMON
Consulting, LLC

Tax ID Number
86-0973413

Invoice

July 31, 2017

Invoice No. 19331

Sonnenschein, et al. v. Palo Verde Capital, L.L.C., et al.

SERVICES RENDERED AND COSTS ADVANCED BY SIMON CONSULTING, LLC

June 01, 2017 - June 30, 2017

Professional Services

	<u>Hours</u>	<u>Amount</u>
01 - General	175.50	31,046.50
BOAI (Asia Leechdom)	0.40	40.00
HPCG Hospital	1.80	447.00
Total Fees	177.70	\$31,533.50

Additional Charges

Photocopy Expense @ \$0.15/copy		644.85
Total Additional Charges		\$644.85
Total Fees	177.70	\$32,178.35

To ensure proper credit to your account please write our invoice number on your check.



SIMON

CONSULTING, LLC

Tax ID Number
86-0973413

Invoice

July 12, 2017

Invoice No. 19331

Sonnenschein, et al. v. Palo Verde Capital, L.L.C., et al.

SERVICES RENDERED AND COSTS ADVANCED BY SIMON CONSULTING, LLC

June 01, 2017 - June 30, 2017

Fee Summary

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Keith M. Kenny	166.50	175.00	\$29,137.50
Peter S. Davis	6.40	295.00	\$1,888.00
Sara N. Beretta	0.90	170.00	\$153.00
Eric Nanneman	3.50	90.00	\$315.00
Jie Li	0.40	100.00	\$40.00

Professional Services

			<u>Hours</u>	<u>Amount</u>
<u>01 - General</u>				
06/01/17	KMK	Evaluated sources and uses analysis for investor cash contributions and disbursements. Began evaluation of Michael Liccar's file of Palo Verde Fund's accounting.	6.70	1,172.50
06/02/17	KMK	Researched promissory notes, PPM's and accounting documents. Began evaluation of Liccar's file of Palo Verde Fund and accumulated documents necessary to reconstruct monthly side pocket investments and investor capital balances.	7.00	1,225.00
06/02/17	SNB	Prepared and sent email to investor committee regarding March receivership fees incurred.	0.10	17.00
06/05/17	KMK	Evaluated Michael J. Liccar & Co. CPA's ("Liccar") Palo Verde Fund file of monthly accounting and workpapers from July 2008 through December 2010. Reconstructed the Palo Verde Fund monthly financials, partners capital accounts, and side pockets from Liccar's files.	8.00	1,400.00

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SIMON

Consulting, LLC

Page 2

Re: Sonnenschein, et al. v. Palo Verde Capital, L.L.C., et al.

Invoice No. 19331

			<u>Hours</u>	<u>Amount</u>
06/06/17	KMK	Evaluated Liccar's Palo Verde Fund file of monthly accounting and workpapers from July 2008 through December 2010. Reconstructed the Palo Verde Fund monthly financials, partners capital accounts, and side pockets from Liccar's files.	7.60	1,330.00
06/07/17	KMK	Evaluated Liccar's Palo Verde Fund file of monthly accounting and workpapers from July 2008 through December 2010. Reconstructed the Palo Verde Fund monthly financials, partners capital accounts, and side pockets from Liccar's files. Researched and evaluated various PPMs provided to investors.	8.10	1,417.50
06/08/17	KMK	Evaluated Liccar's Palo Verde Fund file of monthly accounting and workpapers from July 2008 through December 2010. Reconstructed the Palo Verde Fund monthly financials, partners capital accounts, and side pockets from Liccar's files.	8.00	1,400.00
06/09/17	EN	Reviewed Palo Verde Fund balance sheets and input into spreadsheet. Created graph to display equity vs. investment data.	3.50	315.00
06/09/17	KMK	Evaluated Palo Verde Fund's General and Limited Partner's monthly capital account balances from July 2008 through December 2010. Evaluated Partner's allocation of capital investments into side pockets from July 2008 trough December 2010. Evaluated Palo Verde Fund's monthly investment portfolio from July 2008 through December 2013. Participated in teleconference with Pat Murphy.	8.00	1,400.00
06/12/17	KMK	Evaluated Palo Verde Fund's General and Limited Partner's monthly capital account balances from July 2008 through December 2010. Evaluated Partner's allocation of capital investments into side pockets from July 2008 trough December 2010. Evaluated Palo Verde Fund's monthly investment portfolio from July 2008 through December 2013.	9.80	1,715.00
06/13/17	KMK	Evaluated Palo Verde Fund's General and Limited Partner's monthly capital account balances from July 2008 through December 2010. Evaluated Partner's allocation of capital investments into side pockets from July 2008 trough December 2010. Evaluated Palo Verde Fund's monthly investment portfolio from July 2008 through December 2013.	6.80	1,190.00

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Consulting, LLC

Page 3

Re: Sonnenschein, et al. v. Palo Verde Capital, L.L.C., et al.

Invoice No. 19331

			<u>Hours</u>	<u>Amount</u>
06/14/17	KMK	Evaluated Palo Verde Fund's General and Limited Partner's monthly capital account balances from July 2008 through December 2010. Evaluated Partner's allocation of capital investments into side pockets from July 2008 through December 2010. Evaluated Palo Verde Fund's monthly investment portfolio from July 2008 through December 2013.	5.10	892.50
06/15/17	KMK	Evaluated Palo Verde Fund's General and Limited Partner's monthly capital account balances from July 2008 through December 2010. Evaluated Partner's allocation of capital investments into side pockets from July 2008 through December 2010. Evaluated Palo Verde Fund's monthly investment portfolio from July 2008 through December 2013.	8.00	1,400.00
06/15/17	SNB	Reconciled receivership account to May bank statement; analyzed and verified canceled checks. Prepared checks for payment of storage fee and March receivership fees. Analyzed bank account activity and updated QuickBooks accordingly.	0.70	119.00
06/16/17	KMK	Evaluated Palo Verde Fund's General and Limited Partner's monthly capital account balances from July 2008 through December 2010. Evaluated Partner's allocation of capital investments into side pockets from July 2008 through December 2010. Evaluated Palo Verde Fund's monthly investment portfolio from July 2008 through December 2013. Participated in teleconference with Pat Murphy regarding status of analysis.	7.30	1,277.50
06/19/17	KMK	Evaluated Palo Verde Fund's 2011 through 2013 monthly investment portfolio and statement of financial condition.	8.00	1,400.00
06/20/17	KMK	Evaluated Palo Verde Fund's 2011 through 2013 monthly investment portfolio and statement of financial condition.	8.00	1,400.00
06/20/17	PSD	Communicated with Keith Kenny regarding his analysis of Palo Verde accountings and investment and investor balances.	0.70	206.50
06/21/17	KMK	Evaluated Palo Verde Fund's 2011 through 2013 monthly Investment Portfolio and statement of financial condition. Conference call with Jeff Finley regarding litigation status.	7.10	1,242.50
06/21/17	PSD	Discussed findings with Keith Kenny.	0.30	88.50

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Consulting, LLC

Re: Sonnenschein, et al. v. Palo Verde Capital, L.L.C., et al.

Invoice No. 19331

			<u>Hours</u>	<u>Amount</u>
06/22/17	KMK	Evaluated Palo Verde Fund's 2011 through 2013 monthly investment portfolio and statement of financial condition. Evaluated sources and uses of Palo Verde Equity Fund per general ledgers for 2011 through 2013. Conference call with Pat Murphy regarding status of evaluation.	7.80	1,365.00
06/22/17	PSD	Prepared for and attended call with Pat Murphy and Keith Kenny regarding schedules prepared by Keith Kenny. Analyzed schedules and recommended changes to same.	2.50	737.50
06/22/17	SNB	Coordinated access to Palo Verde receivership bank account for Keith Kenny.	0.10	17.00
06/23/17	KMK	Evaluated Palo Verde Fund and Palo Verde Private Equity Fund's 2011 and 2013 general ledgers. Including tracing various account activities including investment accounts, due to/from accounts, loan accounts and partners capital accounts.	8.00	1,400.00
06/26/17	KMK	Evaluated Palo Verde Fund and Palo Verde Private Equity Fund's 2011 and 2013 general ledgers. Including tracing various account activities including investment accounts, due to/from accounts, loan accounts and partners capital accounts.	7.60	1,330.00
06/27/17	KMK	Evaluated Palo Verde Fund and Palo Verde Private Equity Fund's 2011 and 2013 general ledgers. Including tracing various account activities including investment accounts, due to/from accounts, loan accounts and partners capital accounts.	8.00	1,400.00
06/28/17	KMK	Evaluated Palo Verde Fund and Palo Verde Private Equity Fund's 2011 and 2013 general ledgers. Including tracing various account activities including investment accounts, due to/from accounts, loan accounts and partners capital accounts.	5.10	892.50
06/29/17	KMK	Evaluated Palo Verde Fund and Palo Verde Private Equity Fund's 2011 and 2013 general ledgers. Including tracing various account activities including investment accounts, due to/from accounts, loan accounts and partners capital accounts. Reconciled promissory notes to general ledgers, bank transactions and sent summary to Pat Murphy.	8.00	1,400.00
06/30/17	KMK	Evaluated Palo Verde Fund and Palo Verde Private Equity Fund's 2011 and 2013 general ledgers. Including tracing various account activities including investment accounts, due to/from accounts, loan accounts and partners capital	7.80	1,365.00

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SIMON

Consulting, LLC

Re: Sonnenschein, et al. v. Palo Verde Capital, L.L.C., et al.

Invoice No. 19331

			<u>Hours</u>	<u>Amount</u>
	accounts. Teleconference with Pat Murphy regarding status of financial analysis and inter-company transactions.			
06/30/17	PSD Prepared for and attended conference call with Keith Kenny and Pat Murphy regarding sources and uses of cash and accountings that elucidate various claims made regarding the handling of moneys by Tony Stacy. Read memo regarding same.		1.80	531.00
SUBTOTAL:			[175.50	31,046.50]
<u>BOAI (Asia Leechdom)</u>				
06/21/17	JL Researched communication information related to Chinese entities.		0.40	40.00
SUBTOTAL:			[0.40	40.00]
<u>HPCG Hospital</u>				
06/21/17	KMK Conference call with David Harbour regarding status of hospital investment.		0.50	87.50
06/21/17	PSD Discussed same with Keith Kenny and David Harbour.		0.80	236.00
06/22/17	KMK Evaluated documents received in email from David Harbour.		0.20	35.00
06/22/17	PSD Read emails from David Harbour. Discussed same with Keith Kenny and David Harbour.		0.30	88.50
SUBTOTAL:			[1.80	447.00]
Total Fees			177.70	\$31,533.50

Additional Charges

General

Photocopy Expense @ \$0.15/copy	644.85
SUBTOTAL:	[644.85]

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SIMON
Consulting, LLC

Page 6

Re: Sonnenschein, et al. v. Palo Verde Capital, L.L.C., et al.

Invoice No. 19331

Total Additional Charges

Amount

\$644.85

Previous Balance

\$29,805.30

Balance Due

\$61,983.65

To ensure proper credit to your account please write our invoice number on your check.

Guttilla Murphy Anderson, P.C.

5415 E. High St., Suite 200
Phoenix, Arizona 85054
(480)304-8300

July 25, 2017

Peter S. Davis, Receiver
c/o Debra Curtis
3200 North Central, Suite 2460
Phoenix, Arizona 85012

Invoice No.: 22291
Period Ending: June 30, 2017

Client ID: 1844

Palo Verde Receivership		FEES	COSTS	TOTAL
1844-001	General	130.00	8.94	138.94
1844-002	Asset Analysis & Recovery	3,290.00	0.46	3,290.46
1844-002.01	Dispute over allocations between PVF & PVPEF	0.00	0.00	0.00
1844-005	Palo Verde Investment in Aeromedical Collection Services ("ACS")	0.00	0.00	0.00
1844-006	Palo Verde Investment in American Energy Solutions, LLC ("AES")	0.00	0.00	0.00
1844-012	Palo Verde Investment in HPCG Hospital Investments, LLC ("HHI")	70.00	0.00	70.00
1844-013	Palo Verde Investment in Ice Now, LLC ("ICE")	0.00	0.00	0.00
1844-016	Palo Verde Investment in SDX Acquisition, LLC("SDX")	0.00	0.00	0.00

-----Summary of Attorney and Paralegal Time-----

Patrick M. Murphy	9.40 @	350.00 /hr	3,290.00
Ryan W. Anderson	0.40 @	350.00 /hr	140.00
Joanellen Campanaro	0.40 @	150.00 /hr	60.00

Total Current Billing:

\$ 3,499.40

(This is the current amount owed and does not include unpaid amounts from prior invoices)

Guttilla Murphy Anderson, P.C.

5415 E. High St., Suite 200

Phoenix, Arizona 85054

(480)304-8300

July 25, 2017

Peter S. Davis, Receiver
c/o Debra Curtis
3200 North Central, Suite 2460
Phoenix, Arizona 85012

STATEMENT

Invoice No.: 22291

Period Ending: June 30, 2017

1844-001: General

PROFESSIONAL SERVICES			HOURS	AMOUNT
6/1/2017	JC	Prepare initial draft of Letter to Counsel and Parties re April 2017 fees and costs.	0.20	30.00
6/23/2017	RWA	Meet with Patrick Murphy to discuss status of pending issues in Palo Verde Receivership.	0.20	70.00
6/30/2017	JC	Prepare initial draft of Letter to Counsel and Parties re May 2017 fees and costs.	0.20	30.00
Total Hours:			0.60	
Professional Services Subtotal				\$ 130.00
COSTS AND EXPENSES			AMOUNT	
6/30/2017		Postage Monthly Postage expense.		8.94
Costs and Expenses Subtotal				\$ 8.94
MATTER SUBTOTAL:				\$ 138.94

1844-002: Asset Analysis & Recovery

PROFESSIONAL SERVICES			HOURS	AMOUNT
6/9/2017	PMM	Review documents in preparation for conference call; conference call with Peter S. Davis and Keith Kenny to discuss status of the financial analysis; email to Peter S. Davis.	1.50	525.00
6/15/2017	PMM	Review the collection of documents provided by Keith and email to Keith and Peter S. Davis about a conference call to discuss the status.	1.80	630.00
6/22/2017	PMM	Review email and attachments from Keith Kenny and telephone conference with Keith Kenney and Peter S. Davis regarding progress on financial analysis of inter company transactions.	1.80	630.00
6/29/2017	PMM	Email to Keith Kenny and Peter S. Davis for information; review information and documents provided by the Receiver's staff; notes to the file; draft letter to Al Ricciardi in response to his	1.50	525.00

		recent letter requesting information.		
6/30/2017	PMM	Review documents in preparation for meeting; telephone conference with Peter S. Davis and Keith Kenny; review additional documents and send various emails to Keith Kenny with documents, information and questions; finalize letter to Al Ricciardi and instructions to Legal Assistant; notes to the file.	2.80	980.00

Total Hours:	<u>9.40</u>
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Professional Services Subtotal	\$ <u>3,290.00</u>
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COSTS AND EXPENSES

AMOUNT

6/30/2017	Postage Monthly Postage expense.	0.46
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Costs and Expenses Subtotal	\$ <u>0.46</u>
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MATTER SUBTOTAL:	\$ <u>3,290.46</u>
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1844-012: Palo Verde Investment in HPCG Hospital Investments, LLC ("HHI")

PROFESSIONAL SERVICES

HOURS AMOUNT

6/23/2017	RWA	Read e-mail from Keith K. re: update on HHI investment and liquidation of same. Update notes.	0.20	70.00
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Total Hours:	<u>0.20</u>
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Professional Services Subtotal	\$ <u>70.00</u>
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MATTER SUBTOTAL:	\$ <u>70.00</u>
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Total Current Billing:	\$ <u>3,499.40</u>
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Previous Balance Due:	\$ 4,398.43
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Payments Received:	\$ 3,693.83
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Total Amount Now Due:	<u>\$ 4,204.00</u>
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EXHIBIT B

to OBJECTION OF PVF INVESTORS TO
RECEIVER'S REQUEST FOR PAYMENT
OF COMPENSATION AND LEGAL FEES
AND EXPENSES INCURRED IN JUNE 2017

Joanne Granville

From: Pat Murphy <pmurphy@gamlaw.com>
Sent: Thursday, May 4, 2017 11:49 AM
To: Al Ricciardi
Subject: Re: Palo Verde

Follow Up Flag: Follow up
Flag Status: Flagged

The Receiver tells me that they should have their work completed by the end of May. I would expect that we can meet shortly thereafter.

Sent from my iPad

On May 4, 2017, at 8:05 AM, Al Ricciardi <awr@ashrlaw.com> wrote:

Pat,

Can you please provide, at the minimum, an update of proposed dates for the proposed plan and the meeting?

Thank you.

Alfred W. Ricciardi, Esq.

Attorney

AIKEN SCHENK HAWKINS & RICCIARDI P.C.

2390 East Camelback Road, Ste. 400

Phoenix, Arizona 85016

P: 602.248.8203

F: 602.248.8840

www.ashrlaw.com

From: Al Ricciardi
Sent: Wednesday, April 26, 2017 9:36 AM
To: 'Pat Murphy'
Subject: RE: Palo Verde

Pat,

Do you have an update on when the Receiver will have a draft proposed distribution plan and when he will be able to meet?

Thank you.

Alfred W. Ricciardi, Esq.

Attorney

AIKEN SCHENK HAWKINS & RICCIARDI P.C.

2390 East Camelback Road, Ste. 400

Phoenix, Arizona 85016

P: 602.248.8203

F: 602.248.8840

www.ashrlaw.com

From: Al Ricciardi
Sent: Monday, April 24, 2017 9:03 AM
To: 'Pat Murphy'
Subject: RE: Palo Verde

Pat,

Thank you for providing the attached information. However, the purpose of the meeting with the Receiver was to discuss, among other things, his proposed treatment of the various classes of investors. As the Receiver is aware, there was a Loan Agreement in 2011 between the Palo Verde Private Equity Fund, L.P. and the Palo Verde Fund whereby the Palo Verde Fund made loans to the Private Equity Fund. In fact, there are documents showing these interfund loans. Under the circumstances, the Palo Verde Equity Fund owes money to the Palo Verde Fund. The Palo Verde Fund loaned in excess of \$3,000,000.00 (net) to the Palo Verde Private Equity Fund. Promissory Notes provide for repayment of those funds to the Palo Verde Fund before any monies are distributed by Palo Verde Private Equity Fund. The result is that the first \$3,000,000.00 of receipts belong to the PVF investors. Since the general partners of the PVPEF made distributions to investors and insiders from 2011 through 2013, there are significant issues which the Receiver must also address related to return of these monies.

Most importantly, since there are now potential distributions to be made, it is important for the Receiver to deal with the question of distribution of any money to PVF investors first before any potential, if any, PVPEF distributions are to be made. In other words, the Receiver must conclude that equity compels a non-pro rata distribution plan here. This is what the meeting with the Receiver should address. Please let me know when the Receiver is able to meet and whether he will have a draft of any proposed distribution plan available in advance of any such meeting.

Thank you.

Alfred W. Ricciardi, Esq.

Attorney

AIKEN SCHENK HAWKINS & RICCIARDI P.C.

2390 East Camelback Road, Ste. 400

Phoenix, Arizona 85016

P: 602.248.8203

F: 602.248.8840

www.ashrlaw.com

From: Pat Murphy [<mailto:pmurphy@gamlaw.com>]

Sent: Thursday, April 20, 2017 1:24 PM

To: Al Ricciardi

Subject: Palo Verde

Al – Attached is the schedule of consents that the Receiver has put together along with copies of the actual signed documents located in the files. I am told that the Receiver will be able to give me next week a date by which we should have preliminary detail on the financial transactions between PF and PVPE. I will let you know.

In the meantime if you have questions concerning the attached or if you or your client have information indicating that any of the investors shown on the attached as not having consented to the transfer to PVPE may have actually consented, please let me know.

Patrick M. Murphy
Guttilla Murphy Anderson
High Street
5415 E. High St., Suite 200
Phoenix, AZ 85054
(480) 304-8300
Fax (480) 304-8301
pmurphy@gamlaw.com
www.guttillamurphyanderson.com

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EXHIBIT C

to OBJECTION OF PVF INVESTORS TO
RECEIVER'S REQUEST FOR PAYMENT
OF COMPENSATION AND LEGAL FEES
AND EXPENSES INCURRED IN JUNE 2017

AIKEN SCHENK

May 18, 2017

pmurphy@gamlaw.com

Patrick M. Murphy, Esq.
Guittila Murphy Anderson
5415 East High Street, Suite 200
Phoenix, AZ 85054

Re: *Palo Verde Receivership*

Dear Pat:

I am in receipt of a letter dated May 15, 2017, from Ryan Anderson which encloses the, "invoices for payment of compensation and reimbursement of expenses to the Receiver and his accounting firm and to the Receiver's legal counsel for work performed in March 2017." I have the following comments/questions as well as a request for certain documents based upon a review of the invoices.

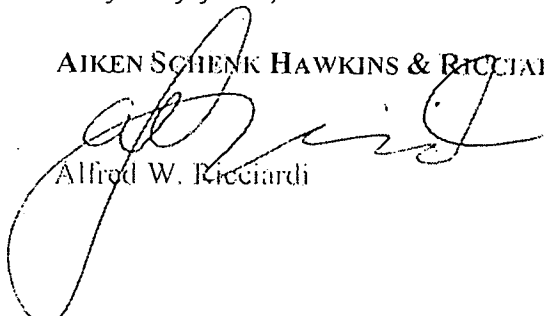
First, on March 17, 2017, Ryan Anderson of your firm spent 1.40 hours in reviewing a, "revised complaint complaint (sic) against McGladrey that included Investment Law Group of Gillett Mottern & Waller." I assume there was an original complaint filed against McGladrey. Under the circumstances, can you forward a copy of both the original complaint and the revised complaint against McGladrey as well as copies of any answer or answers filed to both the initial and the amended complaints?

Next, I note that there is a time entry from you on March 10, 2017, for .20 which reads, "read and respond to various emails from Ryan Anderson and Peter S. Davis regarding a resolution of the allocation issues." It is my understanding that the Receiver is still in the process of preparing a report which would include, among other things, a resolution of the allocation issues. If the Receiver has already complete that report, then I would appreciate receiving a copy of the report. If not, I will await that information which you stated in your last email should be available by end of this month.

As always, thank you for your anticipated cooperation.

Very truly yours,

AIKEN SCHENK HAWKINS & RICCIARDI P.C.


Alfred W. Ricciardi

AWR:jtg

EXHIBIT D

**to OBJECTION OF PVF INVESTORS TO
RECEIVER'S REQUEST FOR PAYMENT
OF COMPENSATION AND LEGAL FEES
AND EXPENSES INCURRED IN JUNE 2017**

AIKEN SCHENK

June 23, 2017

pmurphy@gamlaw.com

Patrick M. Murphy, Esq.
Guitila Murphy Anderson
5415 East High Street, Suite 200
Phoenix, AZ 85054

Re: *Palo Verde Receivership*

Dear Pat:

We are still awaiting the Proposed Draft Distribution Plan from the Receiver. As part of that Proposed Distribution Plan, we are also still awaiting the Receiver's decision regarding the enforceability of the promissory notes and the distributions of the funds to the investors before any private equity distributions were made.

In the interim, please provide a complete accounting of the fees and costs incurred to date by the Receiver during the course of the Receivership. I would appreciate receiving a copy of that accounting as soon as practicable.

Thank you for your professional courtesy and cooperation.

Very truly yours,

AIKEN SCHENK HAWKINS & RICCIARDI P.C.

Alfred W. Ricciardi

AWR:jtg