

Hearing → May 26 at 9 a.m.

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

DISTRICT COURT FOR OKLAHOMACOUNTY
STATE OF OKLAHOMA

APR 13 2017

RICK WARREN
COURT CLERK

31 _____

Oklahoma Department of Securities)
<i>ex rel.</i> Irving L. Faught, Administrator,)
)
Plaintiff,)
)
v.)
)
Seabrooke Investments, LLC, an Oklahoma)
limited liability company, <i>et. al.</i>)
)
Defendants.)

Case No. CJ-2014-4515

**INTERIM APPLICATION FOR ORDER APPROVING
RECEIVER'S FEES AND EXPENSES FOR PERIOD OF
MARCH 1, 2017 THROUGH MARCH 31, 2017**

Receiver, Ryan Leonard, submits this application for entry of an Order approving his interim application for Receiver's fees and expenses for the period of March 1, 2017 through March 31, 2017, including fees of the Attorney and Accountant approved by this Court to assist the Receiver. This Application also includes one fee charge for the Attorney that was incurred in February, but not previously billed to the Receiver.

1. On September 11, 2014 the Plaintiff, Oklahoma Department of Securities ("Plaintiff"), filed its verified Petition for Permanent Injunction and other Relief ("Verified Petition") and Application for Temporary Restraining Order, Order Freezing Assets, Order Appointing Receiver, Order for Accounting and Temporary Injunction ("Application") pursuant to the Oklahoma Uniform Securities Act of 2004 ("Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (2011). On that same day the Court entered a temporary restraining order in this matter and appointed Ryan Leonard as Receiver for Defendants.

2. On September 5, 2014 the Court entered an order granting a Temporary Injunction and Ancillary Relief and ordered that Ryan Leonard should remain as Receiver. The Receiver was given directions and authority to accomplish the following with regard to Defendants:

a. To take immediate custody, possession and control of any and all Assets, as well as any records or documents relating in any way to the Assets;

b. to retain or employ attorneys, accountants, consultants, management firms, and other persons as may be advisable or necessary to exercise the duties of the Receiver and to compensate such persons, all subject to approval by the Court;

c. to manage the business activities of Defendants, their affiliates, subsidiaries, and any related entities existing at the time of the filing of the Petition, and to conserve, hold and protect the Assets, pending further action by this Court;

d. to market the Assets of the Defendants for sale, including the retention of listing agents, realtors and brokers, and to evaluate all offers to purchase received. All sales of the Assets shall be subject to approval by the Court;

e. to release bank and financial accounts from the freeze as may, in the Receiver's opinion, be necessary or proper for the protection, maintenance, or preservation of the Assets or the carrying out of the terms of this Order;

f. to retain any employee of the Defendants, as may be advisable or necessary, including any individual Defendant, in control of, management of, participation in the affairs of, or on the premises of, the Defendants; and/or to dismiss any employee of the Defendants as may be advisable or necessary, including any individual Defendant, from control of, management of, or participation in the affairs of, or from the premises of the Defendants.

g. to receive and collect any and all sums of money due or owing to the Defendants at the time of the filing of the Petition; to collect the revenue and income generated by the maintenance and operation of the Assets whether the same are due or shall be necessary and advisable for the preservation of the Assets and as may be necessary and advisable to discharging his duties as Receiver;

h. to open bank and financial accounts in the name of the Receiver; to change the name of any Assets and/or the signing authority for any Asset, in order to reflect that the Asset is held in the name of the Receiver pursuant to this Order and/or to reflect that the Receiver is the only person authorized to deal with such Asset, including if necessary, instructing banks and financial institutions that the Receiver is the only person authorized to make withdrawals or transfers from any of the Defendants' bank and financial accounts existing at the time of the filing of the Petition. Any bank or financial institution shall be entitled to rely on this Order to open and make changes to such accounts as requested by Receiver.

i. to open and inspect any and all mail or deliveries addressed to Defendants to determine if same relate to the existence, location, identity or collection, preservation, maintenance or operation of the Assets, and to notify the United States Postal Service to effect the forward delivery of any email addressed to Defendants to a mail depository under the control of the Receiver; and to return personal mail to Defendants Tom W. Seabrooke and J. Karyn Seabrooke;

j. to institute, prosecute and defend, compromise, adjust, intervene in or become a party to such actions or proceedings in any state court, federal court, or United States bankruptcy court as may, in the Receiver's opinion, be necessary or proper for the protection, maintenance, or preservation of the Assets, or the carrying out of the terms of this Order, and likewise to defend,

compromise, adjust, or otherwise dispose of any or all actions or proceedings now pending in any court by or against Defendants where such prosecution, defense, or other disposition of such actions or proceedings is in the judgment of the Receiver, advisable or proper for the protection of the Assets; and

k. to exercise those powers necessary to implement the orders and directives of this Court.

3. As part of the order granting Temporary Injunction and Ancillary Relief, the Court ordered that the Receiver may apply to the Court for payment of fees, from time to time, in a reasonable sum to be determined by the Court and from such sources as approved by the Court and for reimbursement of reasonable expenses incurred in connection with his duties as Receiver. The Court previously approved the retention of Robert D. Edinger as legal counsel to the Receiver and the employment of an accountant. The Court determined that the Receiver's hourly fee shall be billed at the rate of \$265 per hour. Finally, the Court determined that payment of the fees and expenses of the Receiver shall have priority over any other claims made against the Defendants or the receivership estate.

4. The Receiver seeks interim compensation at his hourly rate approved by the Court for work performed, plus reimbursement of Receiver's actual and necessary expenses, for the period of March 1, 2017 through March 31, 2017. The Receiver further seeks compensation for the services of Attorney Robert D. Edinger for one entry incurred in February, 2017 (but not previously charged) as well as for his services for the period March 1, through March 31, 2017. Finally, the Receiver seeks compensation for the services and expenses of Accountant Barbara A. Ley, P.C. for the period

March 1, 2017 through March 31, 2017. Edinger and Ley assisted the Receiver in the exercise of his duties, and the retention of their services by the Receiver was previously authorized by the Court.

5. The amount of the compensation of receivers and their attorneys rests in the sound discretion of the court in which the proceedings are pending. *Keenan v. Clark*, 188 P.2 219 (Okla. 1947).

6. During the period March 1, 2017 through March 31, 2017, the Receiver and his employees expended a total of 13.2 hours at hourly rates ranging from \$80 to \$265 per hour for a total fee of \$1,759.00. Exhibit "A" details the hours spent rendering services and a description of the services rendered. The Receiver and his employees have expended the time set forth in this application in the execution of the Receiver's duties to the preclusion of other employment, and the charges set forth herein were reasonable and necessary.

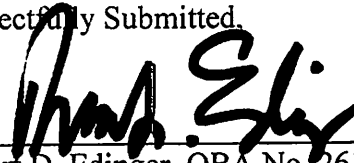
7. During the period March 1, 2017 through March 31, 2017, Attorney Robert D. Edinger expended a total of 2.35 hours at an hourly rate of \$295 per hour for a fee of \$693.25. In addition, Attorney Robert D. Edinger expended 1.00 hour in February, 2017 (not previously charged) at an hourly rate of \$295, making the total fee of \$988.25. Exhibit "B" details the hours spent rendering services, a description of the services rendered, and the expenses incurred. Attorney Robert D. Edinger has expended the time set forth in this application in the assistance of the Receiver to the preclusion of other employment, and the charges set forth herein were reasonable and necessary.

8. During the period of March 1, 2017 through March 31, 2017, the Accountant Barbara A. Ley, P.C. expended a total of 8.3 hours at hourly rates ranging from \$90 to \$295 per hour for a total fee of \$1,411.00. Ley also incurred \$11.20 in expenses and advances during March, 2017,

making the total amount due of \$1,422.20 for March, 2017. Exhibit "C" details the hours spent rendering services, a description of the services rendered, and the expenses incurred. Accountant Ley has expended the time set forth in this application in the assistance of the Receiver to the preclusion of other employment, and the charges set forth herein were reasonable and necessary.

WHEREFORE, premises considered, Receiver Ryan Leonard respectfully requests this Court approve payment as interim compensation to the Receiver in the amount of \$1,759.00, to Attorney Robert Edinger in the amount of \$988.25 and to Accountant Barbara A. Ley, P.C. in the amount of \$1,422.20.

Respectfully Submitted,



Robert D. Edinger, OBA No. 2619
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Facsimile: (405) 605-8381
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ATTORNEY FOR THE RECEIVER,
RYAN LEONARD

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 13th day of April, 2017, a true and correct copy of this pleading was served via First Class Mail, postage prepaid, or by Email to:

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Jennifer Shaw
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Robert Edinger

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Seabrooke et al. Receivership

Statement Date:
Statement No.
Account No.

April 6, 2017
4184
1392.01
Page: 1

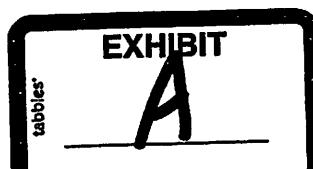
RE: Oklahoma County Case # CJ-2014-4515

Payments received after 04/06/2017 are not included on this statement.

Previous Balance \$4,199.76

Fees

			Hours	
03/01/2017	NJ	Compare multiple detailed summary reports with Receivers Recommendation, all filed documents; update reports as needed; begin to finalize summary reports for conference with R Leonard to assist with tax preparations	2.80	224.00
03/02/2017	RTL	Follow-up correspondence with M. Robertson re: confirmation from defendants of Neeleys' investment; Review W-3's provided by K. Seabrooke for tax research	0.30	79.50
03/06/2017	NJ	Assist R Leonard with document management of W-3s for Seabrooke entities from 2009-2012	0.30	24.00
	NJ	Continue reviewing and updating tax related summary reports; finalize reports in preparation for conference with RL	2.30	184.00
03/08/2017	NJ	Conference with R Leonard re Neeley claim status and Seabrooke tax issues	0.40	32.00
	NJ	Prepare documents, summary reports re all Seabrooke entities for tax preparation for R Leonard's review	0.70	56.00
	RTL	Follow-up with N. Jacobsen re: status of any objections to Neeleys' claim, filing recommendation on claim; Brief review of N. Jacobsen's analysis of claims for tax review purposes	0.40	106.00
03/09/2017	RTL	Correspond with K. Seabrooke re: W-3's for multiple defendant entities for multiple years; Correspond with Receiver's accountant, K. Seabrooke re: additional information needed in order to amend Oakbrooke Homes 2015 return	0.30	79.50
03/10/2017	RTL	Conference with P. LaBarthe, J. Shaw re: pending Neeley application; Follow-up correspondence with Neeleys' counsel re: preparation of Agreed Order; Additional follow-up with K. Dulin re: same	0.30	79.50



			Hours	
03/15/2017	RTL	Multiple follow-up with counsel re: Agreed Order on pending Neeley Application	0.30	79.50
03/20/2017	NJ	Extended correspondence with M Eckhardt re case update, adjusted K1 tax forms from Bricktown Capital; correspondence with R Leonard, R Edinger, C Cartmill re the same; extended follow up with M Eckhardt re updates for the same	0.80	64.00
	NJ	Assist R Leonard with document management of amended tax returns for Bricktown Capital	0.40	32.00
	NJ	Conference with R Leonard re claimant updates re the status of the case, timeline for appeal; conference with R Leonard re Neeley claim and finality issue	0.40	32.00
	RTL	Brief meeting with accountant re: tax issues review, Amended Oakbrooke Homes, LLC return needed, payables; Follow-up with counsel re: concerns expressed at hearing re: final judgment, Neeley submission	0.70	185.50
	RTL	Receive 2014 Amended Bricktown Capital return from K. Seabrooke, explanation of basis for amendment; Receive inquiry from Bricktown Capital investor M. Eckhardt re: 2014 amended return; Follow-up with C. Cartmill re: assessment of reallocations of expenses in amended return, response to M. Eckhardt	0.40	106.00
	RTL	Meet with N. Jacobsen re: response to inquiries from investors on status of distributions, status of appeal	0.20	53.00
03/21/2017	RTL	Receive and respond to correspondence from K. Dulin, Neeleys' counsel re: submission of claim following Court's Order	0.20	53.00
	RTL	Review accountant's analysis of amended Bricktown Capital return re: misallocation of capital to partners; Brief follow-up conference with C. Cartmill re: notification to defendants of inaccuracy	0.30	79.50
03/22/2017	NJ	Correspondence with K Seabrooke, R Leonard, C Cartmill re updated K1 tax forms and M Eckhardt's questions re the same	0.40	32.00
	RTL	Follow-up correspondence with K. Seabrooke re: allocation of expenses in Bricktown Capital 2014 amended return	0.10	26.50
03/27/2017	NJ	Continued correspondence with M Eckhardt re updates, status of appeal, K1 tax documents	0.20	16.00
	NJ	Correspondence with multiple additional claimants re update of W Doyle appeal, status of settlement, distribution	0.70	56.00
03/30/2017	RTL	Conference with P. LaBarthe re: recommendation on Neeley claim; Follow-up with counsel re: same	0.30	79.50
For Current Services Rendered			13.20	1,759.00

		Recap		
Timekeeper		Hours	Rate	Total
Nicole Jacobsen		9.40	\$80.00	\$752.00

Seabrooke et al. Receivership
Account No. 1392.01
RE: Oklahoma County Case # CJ-2014

Statement Date: 04/06/2017
Statement No. 4184
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<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
Ryan T. Leonard	3.80	265.00	1,007.00

Total Current Work 1,759.00

Balance Due \$5,958.76

Robert Edinger PLLC
100 Park Avenue, Suite 500
OK 73102 US
(405) 702-9900
redinger@edingerpllc.com

Invoice

BILL TO
Seabrooke Receivership
Ryan Leonard, Receiver
100 Park Avenue, Suite 500
Oklahoma City, OK 73102

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
4536	04/12/2017	\$988.25	05/12/2017	Net 30	

DATE	ACTIVITY	QTY	RATE	AMOUNT
02/23/2017	295.00 Fees Prepare Application for Receivers' Fees & Expenses for Feb. 2017.	1:00	295.00	295.00
03/15/2017	295.00 Fees Review proposed Order drafted by Neeley attorney to allow POC out of time and sent response email to change approval signature.	0:18	295.00	88.50
03/15/2017	295.00 Fees Email exchange with attorneys for Neeleys regarding Order allowing POC to be submitted out of time.	0:12	295.00	59.00
03/15/2017	295.00 Fees Prepare Order approving Receiver's Fees & Expenses for Jan. 2016 and email to K. Dulin regarding hearing.	0:42	295.00	206.50
03/15/2017	295.00 Fees Attend hearing on Neeley application for order allowing POC to be submitted out of time.	0:45	295.00	221.25
03/15/2017	295.00 Fees Draft email to R. Leonard regarding hearing on Neeley's Application to submit POC out of time and legal considerations in making recommendation regarding treatment of Neeley's claim in light of existing judgment.	0:24	295.00	118.00

BALANCE DUE

\$988.25



BARBARA A. LEY
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANT
6305 Waterford Boulevard, Suite 450
Oklahoma City, Oklahoma 73118
(405) 848-0255
FAX (405) 848-0148

03/31/2017

Ryan Leonard Receivership
100 Park Avenue, Suite 500
Oklahoma City, OK 73102-8017

Invoice No: 21586

Professional services rendered from March 1, 2017 through March 31, 2017 in connection with:

Mar 02, 2017	Brief review and saving W-3 reports;	Cartmill	0.10	\$	19.50
Mar 04, 2017	Update on NOL documentation status; discuss required filings for Oakbrooke Homes, LLC and documentation request for amended returns;	Ley	0.25		73.75
Mar 04, 2017	Update Barbara Ley regarding NOL review;	Cartmill	0.25		48.75
Mar 08, 2017	W-2 comparison;	Cartmill	0.75		146.25
Mar 14, 2017	Photocopy charges;	Strohl			0.30
Mar 16, 2017	Review amended Bricktown Capital 2014 tax return;	Cartmill	0.25		48.75
Mar 20, 2017	Discuss court order for Receiver fee and brief meeting with Receiver;	Cartmill	0.25		48.75
Mar 20, 2017	Reviewing Bricktown Capital amendment with Barbara Ley; analysis of Bricktown Capital amended return;	Cartmill	2.15		419.25
Mar 20, 2017	Discuss amended Bricktown Capital return for 2014 and response to Receiver items;	Ley	0.30		88.50
Mar 20, 2017	Prepare checks for January fees and expenses;	Maker	0.25		22.50



Mar 21, 2017	Telephone call with Receiver regarding Bricktown Capital amended return; email to Karyn Seabrooke;	Cartmill	0.35	68.25
Mar 21, 2017	Reviewing Bricktown Capital amended return and email to Ryan Leonard regarding questions;	Cartmill	0.75	146.25
Mar 22, 2017	Download BankSNB statements for three accounts; Quarterly bookkeeping for same;	Maker	2.00	180.00
Mar 24, 2017	Photocopy charges;	Strohl		<u>0.90</u>
		Current Amount Due		<u>\$ 1,311.70</u>

Oakbrooke Homes, LLC

Mar 03, 2017	Review QuickBooks Online for 2016 activity;	Cartmill	.25	48.75
Mar 07, 2017	Information request;	Cartmill	.10	19.50
Mar 10, 2017	Prepare 7004 extension for 2016 tax year;	Maker	.25	22.50
Mar 13, 2017	Extension items;	Cartmill	.05	9.75
Mar 16, 2017	E-file charges 7004 extension;	Strohl		<u>10.00</u>
		Current Amount Due		<u>\$ 110.50</u>
		Total Amount Due		<u>\$ 1,422.20</u>

Invoices are due and payable upon receipt.