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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,

Plaintiff,

vs.

AMERICAN FINANCIAL BENEFITS CENTER, a corporation, also d/b/a AFB and AF STUDENT SERVICES; AMERITECH FINANCIAL, a corporation; FINANCIAL EDUCATION BENEFITS CENTER, a corporation; and BRANDON DEMOND FRERE, individually and as an officer of AMERICAN FINANCIAL BENEFITS CENTER, AMERITECH FINANCIAL, and FINANCIAL EDUCATION BENEFITS CENTER,

Defendants.

Case No. 4:18-cv-00806-SBA

SUPPLEMENTAL DECLARATION OF THOMAS W. MCNAMARA IN SUPPORT OF APPLICATION OF RECEIVER FOR ORDER APPROVING FEES AND EXPENSES OF THE RECEIVER AND HIS PROFESSIONALS

JUDGE: Mag. Judge Jacqueline Scott Corley
CTRM.: 15th Floor, Ctrm. F
DATE: March 28, 2019
TIME: 9:00 a.m.

I, Thomas W. McNamara, hereby declare as follows:

1. I am the Court-appointed Receiver in this matter. I have personal knowledge of the facts set forth in this declaration except where, as noted, those facts have been obtained by staff acting at my direction. If called as a witness, I could and would competently testify to the facts stated herein.

2. This supplemental declaration is filed in support of the First Interim Fee Application, filed on February 1, 2019 (ECF No. 212), seeking approval for the payment of fees and expenses from November 29, 2018 through January 15, 2019.

3. At the hearing on March 28, 2019, Judge Corley directed me to provide additional information concerning the hourly rates of counsel and additional anticipated expenses for this receivership.

4. I am mindful that, in the end, receivers work for the defrauded consumers and that receivership expenses ultimately reduce any net recovery for those consumers. As I explained in my letter of interest to the FTC (ECF No. 23-1), I steeply discount hourly rates when acting as receiver. For receiverships, my hourly rates is $375 – a 37% discount from my normal hourly rate of $595.

5. While not highlighted in my letter or the fee application, I also discount the rates of McNamara Smith attorneys and paralegal. Below is a chart of the professional's regular hourly rate, their discounted hourly rate for receiverships, and the percentage of discount.

Name	Regular Hourly Rate	Receivership Hourly Rate	% of Discount
Sanjay Bhandari	$595	$500	16%
Shoshanna Carroll	$225	$175	22%
Edward Chang	$450	$350	22%
Cornelia Gordon	$395	$325	18%
Logan Smith	$575	$495	14%

6. In addition to the discounted hourly rates, before presenting the fee application to the Court for review, I examined the bills very carefully and removed more than $15,000 in

charges (nearly 60 hours) from McNamara Smith's invoice. While the time and fees were properly incurred and recorded, I made the determination to exclude them where I did not think the work was as efficient as it should have been or did not translate into a tangible benefit to the estate.

7. For the last two and one-half months (January 16, 2019 to March 28, 2019), the current unbilled fees and expenses for my time as Receiver and my professional staff of Regulatory Resolutions is approximately $30,000 in fees and $6,000 in expenses. I briefly reviewed a pre-bill of fees and expenses and note that the bulk of those fees and expenses relate to preserving the Receivership Entities' business records, vacating the Receivership Entities' two leased premises in Rohnert Park and El Dorado Hills, and meeting with government agents at the Rohnert Park location.

8. In my experience, the bulk of the time and expense in a receivership is incurred at the beginning, as the investigation is conducted and a preliminary report is prepared. Now that we have vacated the offices, I do not anticipate additional significant fees or expenses. Absent a material development, costs will continue to taper down.

9. For the two and one-half month period (January 16, 2019 to March 28, 2019), the current unbilled fees and expenses for counsel McNamara Smith is approximately $34,000 in fees and $2,000 in expenses. After briefly reviewing the pre-bill, it appears a significant portion of the fees relate to vacating the Receivership Entities' business premises and, to a much lesser extent, investigating potential claims the receivership estate may have against third parties.

10. While I have instructed counsel to continue to investigate potential claims and pursue other receivership estate assets, I do not expect significant additional fees as a result. If there are meritorious claims that belong to the receivership estate, I will inform the Court and seek instruction before taking any action.

11. As with the Receiver's expense, the bulk of counsel's time is also incurred at the beginning of a receivership. On a going forward basis, I believe attorneys' fees will continue to taper down.

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I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 28th day of March, 2019, in San Diego, California.

/s/ THOMAS W. MCNAMARA
Thomas W. McNamara
Court-Appointed Receiver

CERTIFICATE OF SERVICE

I hereby certify that on the 28th day of March, 2019, the foregoing document, **SUPPLEMENTAL DECLARATION OF THOMAS W. MCNAMARA IN SUPPORT OF APPLICATION OF RECEIVER FOR ORDER APPROVING FEES AND EXPENSES OF THE RECEIVER AND HIS PROFESSIONALS**, was electronically transmitted to the Clerk's Office using the CM/ECF System for filing, and for transmittal of a Notice of Electronic Filing to all counsel of record who are deemed to have consented to electronic service via the Court's CM/ECF system.

/s/ Edward Chang
Edward Chang
Attorneys for the Court-Appointed Receiver, Thomas W. McNamara