

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

CASE NO. 6:07-cv-1920-Orl-22-DAB

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

ROBERT E. LANE,
WEALTH POOLS INTERNATIONAL, INC., and
RECRUIT FOR WEALTH, INC.,

Defendants,

T-N-T EDUCATION COMPANY, INC.,
RICHARD LANE, MUNDO TRADE, INC.,
RENEE BECKER, JULIA LANE, and
FIRST FIDUCIARY BUSINESS TRUST,

Relief Defendants.

**RECEIVER AND AKERMAN SENTERFITT'S UNOPPOSED FIRST INTERIM
MOTION FOR ORDER AWARDING FEES, COSTS, AND REIMBURSEMENT OF
EXPENSES TO RECEIVER AND AKERMAN SENTERFITT**

Denise D. Dell-Powell, as Receiver, and Akerman Senterfitt, pursuant to Rule 66 of the Federal Rules of Civil Procedure and the Court's Order Appointing Receiver dated December 6, 2007 (Dkt. No. 12), respectfully move for the entry of an order awarding fees, costs, and reimbursement of expenses to the Receiver and Akerman Senterfitt, her attorneys, for the time period December, 2007 through August 31, 2009 (twenty-one months). While Ms. Dell Powell is the current Receiver, the SEC is moving concurrently

to substitute Michael Goldberg of Akerman for Ms. Dell Powell as Receiver. This motion for fees is unopposed.

Attached as "Exhibit A" are true and correct copies of the bills containing complete time records, in chronological order, for the Application Period along with disbursements and expenses. The time spent is itemized to the tenth of an hour.

The invoice shows professional fees of \$1,052,998. This includes a 10% discount from all timekeepers' fees, except that of Denise Dell Powell, who agreed to charge the estate \$325 versus her standard rate of \$490 per hour. These discounts resulted in over a \$200,000 savings to the estate. The SEC had objected to the amount of time billed to the estate, and, through agreement with the SEC, the Applicants have agreed to further reduce their invoice by an additional \$472,405 so that their fee request is \$580,593. It is not anticipated that future invoices will be discounted this heavily.

I. SUMMARY

1. Name of Applicants:	Denise D. Dell-Powell, as Receiver, and Akerman Senterfitt
2. Role of Applicants:	Receiver and Attorneys for Receiver
3. Date Case Commenced:	December 5, 2007
4. Date of Order Appointing Receiver:	December 6, 2007
5. Date of Application:	September 24, 2009
6. Application Period:	December, 2007 through August 31, 2009
7. Fee Requested for Application Period:	\$580,593.00
8. Expense Reimbursement Requested for Application Period:	\$15,547.40
9. Total Interim Fee & Expense Award Requested:	\$596,140.40
10. Current Estimated Value of Receivership Estate (see note below)	Cash in trust as of 8/10/09 \$428,489.33

Cash upon final settlement with Richard Lane/TNT:	\$1,115,708.80
Robert & Julia Lane/Becker:	\$260,976.80

Est. value of non-liquid assets upon final settlement with Richard Lane/TNT:	\$968,836.76
Robert & Julia Lane/Becker	\$506,247.16

11. Exhibits to Application:
- A. Applicants' time narratives and disbursements.
 - A.-1 Summary of requested reimbursement of expenses .
 - B. Breakdown of time detail by time keeper (Dec 07- June 09).
 - C. Summary of experience of Applicants.
 - D. Estimated value of Receivership Estate

The SEC has entered into negotiated settlement agreements with Relief Defendants Robert Lane, Julia Lane, and Renee Becker, TNT Education, Inc. and Richard Lane. The terms of the settlements included consent final judgments. Such judgments have been entered against all but TNT Education, Inc. and Richard Lane, and judgments against these two defendants are expected to be rendered soon. As a result of the settlement agreements and consent judgments, the Receiver will be receiving cash in an approximate amount of \$1,376,686 and non-liquid assets with an estimated value of \$1,475,083 from these Relief Defendants. The value of the non-liquid assets is heavily

dependent on the liquidation of real estate, so the actual amount realized may be significantly less due to the depressed real estate market.

The Receiver proposes that she and Akerman Senterfitt be paid \$300,000 now, and that the remaining amounts requested herein be paid upon transfer of at least \$1,000,000 of cash from Relief Defendants or other sources.

This is Applicant's first fee application, and covers a 21 month period. Applicants have not been compensated for any of their time incurred in this matter to date. Applicants chose to wait until there were sufficient funds to cover the fee request before filing this fee application with the Court. However, Applicants have been reimbursed their expenses incurred between December, 2007 and June, 2008 of \$129,915.19. (See Order, Dkt No. 135, dated 12/3/2008).

As with many receiverships, a large amount of fees and expenses are incurred within in the first several months of the receivership. This initial period requires time-sensitive and time-consuming activities to investigate, identify and marshal assets, locate and preserve vast quantities of disorganized electronic and paper records, identify investors and other claimants, and otherwise preparing the company for liquidation. It is crucial that the receivership entities' records be reviewed as quickly as possible upon appointment of the Receiver so that assets may be identified, freeze letters issued, and other action taken to prevent dissipation of assets. Hundreds of hours were necessarily incurred by Applicants to review the records of the Receivership Entities, which were in a shambles; analyze the computer architecture and custom built software of the Receivership Entities in order to access the data and analyze the relevance and accuracy

of the vast amount of data on the system; conduct depositions and witness interviews; identify non-receivership property and arrange for the turn over of such property to the proper owners; surrender the leased office space to the landlord; arrange for the auction and liquidation of personalty; identify all potential investors and creditors from numerous sources and de-duplicating the lists; communicate with various governmental entities inquiring of the Receiver; and communicate with financial institutions and others to obtain transfer of assets into the Receivership Estate.

A significant amount of time was necessarily spent on the document and Electronically Stored Information (ESI) review of the Receivership Entities. Part of this was necessitated by the way Wealth Pools transacted business with each of its investors – paying each of over 10,000 investors up to five times per month, first by check, then by re-loadable debit cards. The number of checks issued by Wealth Pools is so massive that the Receiver has determined that it would be unreasonable from an economic perspective to complete a bank reconstruction. (She was advised that such a reconstruction would require between 9 to 12 months of full time work by the accounting firm, at an average monthly rate of \$80,000).

Moreover, the electronic data of the company – consisting of over 10 terabytes of information – needed to be culled down to a more manageable, but yet massive, 15.5 gigabytes of information to identify potential investors, potential fraudulent asset transfers, potential assets, and to try to track Wealth Pools' revenues and transfers. There were significant issues surrounding the ESI and customized ESI databases, as well as the

poorly maintained hard copies of documents, making review very time consuming but important to the Receiver's discharge of her duties.

This heavily time consuming document and data review was required to determine the amount of assets owned or controlled by the receivership entities, and only then does the Receiver know the value of the estate. The Receivership Entities boasted of raising over \$134,000,000.00 and, given this information, the Receiver and the SEC thought that there was a substantial likelihood of recovering many millions of dollars for the estate. The Receiver and her attorneys have almost exhausted their investigations, including looking for potential off-shore bank accounts or real estate holdings. Unfortunately, no significant assets have been located and the assets gathered are significantly less than what the Receiver had expected to recover in the beginning of this case. However, the Receiver expects to recover additional money by pursuing fraudulent transfer claims against investors who profited from the Ponzi scheme.

Significant time was also necessarily expended to establish a claims process, provide updates to the court and notifying investors of the status of the claims, and assisting investors in the claims process. The Receiver has received over 10,000 claims. In addition, this time period covers work the Applicants were required to perform to assist the SEC by providing and synthesizing information uncovered from the Receivership Entities' for the SEC's use in settlement negotiations and in its case in chief, and in responding to requests from other governmental entities to assist in their investigation.

A detailed breakdown of the Applicants efforts is listed below.

II. PROCEDURAL HISTORY.

On December 6, 2007, this Court entered a Temporary Restraining Order and other relief against Defendants, Robert E. Lane, Wealth Pools International, Inc and Recruit for Wealth, Inc., enjoining Wealth Pools and Recruit for Wealth from violating federal securities laws. On the same date, this Court entered the order appointing the Receiver over Wealth Pools International, Inc. and Recruit for Wealth. (Dkt. No. 12) Preliminary injunction directed towards all defendants was issued on December 20, 2007.

III. WEALTH POOLS' BUSINESS MODEL AND OPERATIONS.

As more fully shown by the SEC in its complaint and motion for preliminary injunction, the Receivership Entities operated a Ponzi or pyramid scheme. Monies raised from new investors were used to pay fictitious returns to old investors. This scheme was cloaked in the guise of selling investors, called "associates," a language tutorial DVD/CD called "Talk-N-Tutor" and other related products ostensibly designed to teach people the English or Spanish language. For a small price paid to the Receivership Entities, one received the DVD/CD and became an associate of Wealth Pools, allowing the associate to share in the monies the Receivership Entities received from new associates, without ever having to sell any products. The associates received a return on their investment based on the recruiting of new associates, not based on the amount of product sales. This scheme became effective in 2006, with most "sales" occurring in 2007.

The associates, or investors, could share in four different "pools" of money depending on the number of products each purchased and the number of new associates

recruited as part of their "downline." Associates also could earn "generational commissions."

The Receivership Entities paid the associates 5 times per month, depending on the number of pools each associate qualified for. Each pool was paid a different week of the month, with pool four and generational commissions being paid in two separate checks on the fourth week of each month. Thus, associates who qualified for all four pools plus generational commissions were paid with 5 checks per month. Wealth Pools had thousands of investors. As a result, Wealth Pools was issuing well over 40,000 checks per month to the investors. This high volume of checks resulted in several banks terminating their relationship with the Receivership Entities, in succession, after providing only a few months of service.

Because the volume of checks were creating banking issues for Wealth Pools, in mid-2007 Wealth Pools contracted with Anres Technologies. Anres is a stored value prepaid debit card company located in Texas. Anres issued each of the Wealth Pools associates a debit card. The card would be funded by money which Wealth Pools wire transferred to Palm Desert National Bank, which was Anres' sponsoring bank. Wealth Pools would provide Anres, electronically, with a batch load. This would identify the amount of money to be loaded onto each card. Anres would then communicate this information to Palm Desert National Bank through Anres' proprietary software system, and the bank would then fund the individual cards with the amount Anres stated. The amount to be loaded, based on Anres' instructions, often did not comport with Wealth Pools' instructions, for a variety of reasons.

As a result of how Wealth Pools paid its associates and the numerous banks involved, there was a huge amount of computerized and written data which the Applicants were required to review and untangle to, among other things, trace assets, identify investors, and identify investors who profited from the Ponzi scheme and the amount of such profit.

The Receivership Entities boasted of raising over \$134,000,000.00 from over 21,000 investors located within the United States and over 25 other countries. Analysis of Wealth Pools' company records indicate that at least 15,000 investors had paid the Receivership Entities over \$138,000,000, and approximately \$107,000,000 was paid back to investors in the form of fictitious profits. It appears that only about 5,000 investors profited on their investment, while all the remaining investors lost money. The Receiver has traced an additional \$2 million which was paid to Anres as a "reserve account." Other than general administrative expenses (lease payments, payroll, etc), the Receiver is unable to trace the disposition of approximately \$28 million.

IV. AMOUNT IN ESTATE.

Currently, there is approximately \$428,489.33 in cash in the Receivership Estate. The Receiver has certain computers and computer equipment in her possession which was taken from Wealth Pools offices. Akerman Senterfitt is retaining this equipment for evidentiary purposes until the near conclusion of this case. Currently Akerman Senterfitt is in possession of twelve desktop computers, 2 laptops, 1 Macintosh computer and boxes of compact discs and videos.

The SEC has entered into settlement agreements with Robert Lane, Julia Lane, Renee Becker, TNT Education Inc. and Richard Lane. The terms of the settlements included consent final judgments, which are in the process of being adjudicated. Under these agreements, the Receiver will be receiving cash in an approximate amount of \$1,376,686 and non-liquid assets with an estimated value of \$1,475,083 from these Relief Defendants. Most of the non-liquid assets are in real estate, and because of the current depressed conditions in the market, the actual amount realized from the sales may be significantly less than these estimates which were based on appraisals occurring over the last year.

A detailed breakdown of the assets and estimated value is attached as **Exhibit D**.

V. THE APPLICANTS' WORK.

A. Securing the Business Offices.

On the afternoon of December 6, 2007, the Receiver, with the assistance of the Metropolitan Bureau of Investigation, took possession of and secured the Wealth Pools' business offices located at 6200 – 6220 Hazeltine National Drive, Orlando, Florida (the "Property"). This was a large leased office complex with over 27,360 square feet of leased space. The seizure and the state of the records and the assets were recorded by a videographer. The Receiver coordinated efforts to make sure that the Property was secure prior to departure and prevent unauthorized removal of documents and assets from the Property. The Receiver established a team of attorneys and paralegals to immediately review the documents and active computer data on-site to identify key information.

Thereafter, the documents and computers of key employees were transported to the Applicants' offices, inventoried, and are currently stored there.

B. Investigating and Securing Assets.

The Receiver interviewed all employees on site at the time of the take over to locate assets and key documents or data. The Receiver took possession of all assets, including but not limited to books, records, documents, furniture, and computer hardware and software located at the Property.

With the Court's approval, the Receiver hired an auctioneer to auction off the furniture and other Wealth Pools personalty remaining at the leased property. The Applicants negotiated with the landlord so that the auction could occur at the leased premises, thereby eliminating costs of removal and transfer of the auctioned property. The Applicants also negotiated with the landlord for a turnover possession of the property, avoiding an eviction action which had already been filed in state court.

The Receiver established strict procedures for employees, vendors, and others to recover their personalty from the Property, to be coordinated through a designated paralegal. These procedures included requiring affidavits and other proof of ownership of the non-obvious personal assets (such as laptop computers, furniture, and telephone systems) to ensure that no Wealth Pools assets were taken.

A team of associate lawyers and paralegals reviewed the paper documents and business records at the property for many days, immediately forwarding to the Receiver key documents of import. Over 235 boxes of documents were reviewed. The documents were reviewed to, among other things, identify information on potential bank accounts

and other assets so that freeze letters could be sent out to protect those assets from dissipation. At the same time, a team of associates under the supervision of shareholder, Ralph Losey, reviewed the electronic records contained on 26 computers used by the corporation and its key employees, including tens of thousands of emails, text messages, and electronic documents. The e-discovery review team also uncovered and studied a computer database review (detailed more fully in section C below) which was also used both at the premises and at Applicants' offices to identify potential assets, identify investors for claims notification purposes, and identifying asset transfers. In reviewing the documents and data, the Applicants also looked for information that would potentially assist the SEC in its case against the Defendants and Relief Defendants, and forwarded these documents to the SEC as they became known.

The Applicants prepared approximately 69 freeze letters to various financial institutions and other entities to locate, secure, and obtain assets of the Receivership Entities and to trace disposition of the company's assets. The Receiver, associate lawyers, and paralegals had numerous communications with these financial institutions and other entities with respect to these letters and, in some cases, the financial institutions' records were subpoenaed. The Applicants analyzed and compared the responses to the freeze letters and documents produced with the financial records in the custody of the Receiver, and followed up when discrepancies were noted. The Applicants also analyzed the bank records to determine if any unauthorized post-receivership deductions were made (in violation of the freeze order) to the bank accounts

and when an instance of this was discovered, the Applicants immediately sought and obtained turnover of the funds to the Receiver.

The records of Wealth Pools showed that the company was planning to expand into Mexico, Panama and other places. Accordingly, the Applicants investigated potential overseas accounts in several countries, and retained local counsel in at least one of the countries to determine how to obtain documents from banks in those countries. Given the vast discrepancy between what Wealth Pools' records showed as income, versus what Wealth Pools records showed as disbursements, the Receiver believed that millions of dollars might have been held in off-shore accounts. Unfortunately, no such accounts have been located.

The Receiver heard of a Wealth Pools office in Puerto Rico and conducted investigations of assets in Puerto Rico. The Wealth Pools office was operated from a lawyer's office and no assets of Wealth Pools were located in Puerto Rico.

The Applicants reviewed subpoenaed documents from the Relief Defendants and others to try to trace assets transferred by Wealth Pools, and to identify the amount of monies fraudulent transferred to them which may be recovered by the Receiver. The Applicants have participated in depositions conducted by the SEC, and have deposed or interviewed many witnesses in an attempt to locate assets or identify transfers of Wealth Pools' assets.

The Receiver and her professionals have diligently analyzed certain bank account records and other financial information of Wealth Pools. The Receiver engaged the services of a forensic accountant, Kapila & Co., to assist in compiling the books and

records of the Receivership Entities, tracing assets, identifying investors, and begin a bank reconstruction. The Receiver stopped the bank reconciliation efforts when she was informed that it would take between 9 to 12 months to complete, with two accountants working full time. This was cost prohibitive, especially given the limited assets of the estate. The length of time needed to complete a complete bank reconstruction and reconciliation was due, in large part, to the tens of thousands of checks issued by Wealth Pools to its thousands of investors. Wealth Pools would pay each investor up to five times per month, with separate checks issued for each earning pool. Thus, an associate who qualified for four pools plus generational commissions would be paid with 5 separate checks each month. Because of the high volume of checks, many financial institutions terminated their relationship with Wealth Pools, further complicating the record process.

As a result of Wealth Pools' inability to keep a banking relationship for issuing checks, it negotiated a relationship with a third party payment processor known as Anres Corporation so that each investor's commissions would be paid through re-loadable debit cards in lieu of checks. Anres issued more than 15,000 debit cards. The process was that Wealth Pools transferred electronic data to Anres as to the amount each investor should be paid and a date of payment. Wealth Pools would wire a correlating amount of money to an account at a bank in Texas from which the debit cards would be funded. The Applicants investigation, however, has uncovered discrepancies between Wealth Pool's instructions and Anres' actions. Trying to understand and unravel these complex issues has been another task the Applicants have been performing, to determine the accuracy of

the data sets available to the Applicants to determine the amounts of fraudulent transfers. Applicants are also investigating whether any money is due from Anres to Wealth Pools. The Applicants' investigation into Anres is hampered to some extent by the fact that Robert Lane has pled the 5th and refuses to answer substantive questions regarding Wealth Pools. The Applicants' investigation into Anres is continuing.

C. Preservation and Analysis of Electronically Stored Information

1. Overview

The Receiver has identified, located, and secured electronically stored information ("ESI") of the Receivership Entities. To do so, the Receiver retained computer experts to shut down the Receivership Entities' computer systems to prevent intrusion and data manipulation. The computer systems consisted of more than three Internet-based servers, including a web and SQL database server which were hosted and physically located in Dallas, Texas; four servers located in Wealth Pool's Orlando office; and more than 75 individual personal computers and laptops, which were also located in Wealth Pools office. The Receiver employed the services of a computer forensic expert, Andrew Reisman of Litigex Inc., to forensically retrieve and preserve all of the ESI stored on the computer systems. Through forensic imaging,¹ Litigex preserved over ten

¹ While forensic imaging is costly, it is absolutely necessary to establishing a proper chain of custody and to authenticate seized electronic data, particularly metadata, which includes, *inter alia*, information concerning the date a file was created, when the file was last modified, and who created the file.

(10) terabytes² of ESI. From this truly massive amount of data, the Receiver, through the assistance of and oversight by Ralph Losey, Esq., shareholder and chair of Akerman's e-discovery practice group, identified the key stores of ESI located on twenty six computers and portable storage devices used by the officers and key employees of Wealth Pools. The Applicants then reviewed and analyzed approximately 12.5 gigabytes³ of ESI located on these key computers. A detailed review of this ESI was required to search for assets, identify key data, locate and compile a list of investors, and to verify the information for accuracy. In an effort to preserve valuable investor information and evidence, Akerman Senterfitt searched for and secured all located servers owned and/or operated by Wealth Pools and any Relief Defendants. Once secured, Akerman Senterfitt worked closely with the companies hosting the various servers to access and decipher the information contained on the respective servers. As a result of Akerman Senterfitt 's efforts, the Wealth Pools servers were secured, imaged and the information contained and preserved.

2. Review Methodology

More than 25 computers, servers and hard drives, containing the key stores of ESI, were secured and brought to Akerman Senterfitt's offices for review. To conduct a detailed review of this key ESI, Akerman Senterfitt attorneys used both manual search techniques and key word filtering systems. Technology personnel were used to crack

² A terabyte is equivalent to approximately 75 million pages of documents.

³ 1000 gigabytes is equal to one (1) terabyte. Accordingly, the Receiver and her attorneys reviewed approximately 937,500 pages of documents in ESI alone (75 million pages per terabyte, divided by 1000 gigabytes is equal to 75,000 pages of documents per gigabyte; 75,000 pages times 12.5 gigabytes is equal to 937,500 pages of documents).

password protected and encrypted files, provide copies of databases to the SEC, and conduct searches with search software programs. In addition, numerous DVDs, CDs and other electronic storage media were reviewed. Key information, including Excel spreadsheets evidencing payments to investors, QuickBooks accounting data, Word documents, instant messages, and emails, were forwarded to the Receiver and her lead counsel for handling. Much of this information was sent to the SEC for use in their case against Defendants and Relief Defendants.

3. Review of Wealth Pools' Investor Database

Through extensive review of Wealth Pools' ESI, the Applicants discovered that the entire pyramid scheme run by Wealth Pools was stored in a SQL⁴ database. The amount of money investors paid to Wealth Pools, Wealth Pools' payments of "commissions" to the investors, and the relative position of each investor within the pyramid were all stored and tracked by the SQL database. The SQL database was connected to Wealth Pools' web site and all data entered into the SQL database came through the web site.

To access the data stored in the SQL database, the Applicants initially had to develop numerous SQL query files, which are individual computer programs which instruct the database to retrieve information from certain tables and columns within the database. Once retrieved, the data created from the various query files were then coalesced and imported into Microsoft Excel spreadsheets. These spreadsheets include,

⁴ The acronym "SQL" means Structured Query Language, a common database computer language designed for the storage, retrieval and management of data within a relation database.

inter alia, for each of the more than 15,000 investors, the name and address of the investor, the amount of commissions and payments received by the investor, and the amount of money invested by the investor into Wealth Pools. The creation of these query files and extraction of the data from the SQL database were extremely difficult, highly technical, and time intensive. The difficulty was in part caused by defects and poor design in the database which had been an issue and problem for Wealth Pools in its final months of operation, prior to the receivership.

However, the investment the Receiver has made in developing these query files and Excel spreadsheets has obviated the need for the Receiver to conduct a complete bank reconstruction of all of the Receivership Entities' transactions with the investors – a process which the Receiver's forensic accountant estimated would take between 9 to 12 full time working months to complete.

After discovering the SQL database and developing the query files, the Receiver's lawyers deposed Scott Krug, the architect of Wealth Pools' SQL database and web site. Based upon Mr. Krug's testimony, the Receiver learned that Wealth Pools had used a special administrative web site to track the individual commissions paid to individual investors, as well as every purchase made by each individual investor. This administrative web site connected to the very same SQL database used by the Receivership Entities, but unlike the complex, individual queries needed to extract the data directly from the SQL database, the administrative web site could automatically cull an individual investor's financial data from the SQL database and run detailed reports on same. Accordingly, the Receiver directed her IT expert, Andrew Reisman, Akerman

Senterfitt's IT Department to restore the Receivership Entities' administrative web site so that only the Receiver and her attorneys could access the site and run detailed financial reports on individual investors. Akerman Senterfitt's IT and litigation support department was brought into the project to control and minimize expert fees and expenses.

Together, the investor information from the administrative web site and the SQL query files has provided the Receiver with a complete overview of the individual investments made into the Receivership Entities, as well as a list of the top profiteers who profited most from the Receivership Entities' pyramid scheme at the expense of subsequent investors. The business records of the Receivership Entities, as stored in the SQL database, will permit the Receiver to demand recovery of fraudulent transfers against the top profiteers and recover potentially hundreds of thousands of dollars in additional funds for the estate.

D. Other Litigation and Investigations.

During this fee application period, the New Brunswick Securities Commission instituted action against Wealth Pools for securities violations. The Applicants worked with this governmental entity to ultimately negotiate a consent order which enjoined Wealth Pools from operating in Canada but, importantly, waived any monetary sanctions against Wealth Pools, thereby preserving assets of the estate.

The Applicants have also had to deal with several complaints filed by Wealth Pools investors either in state court or with Puerto Rico consumer fraud agencies to advise of this Receivership and obtain a stay or otherwise file a response. The Applicants

have also had to field legal threats by attorneys representing investors trying to recover money from Wealth Pools.

In addition to providing information to the SEC for its case in this action, other governmental entities in the State of Florida and in Puerto Rico have been contacting the Receiver for information regarding Wealth Pools, and the Receiver has been providing information to these entities to assist in their investigation.

E. Communications with Investors and the Web-Site.

Since the Receiver's appointment, the Applicants (mainly paralegals and clerks) have expended a substantial amount of time fielding e-mails and telephone calls from hundreds of defrauded investors (both English and Spanish speaking). The nature of the Receivership and the investors' inquiries and required responses were such that it was not practicable for a secretary or clerical person to respond to the investors' calls. Some investors have provided the Receiver with tips for her investigation; many others call to ask general questions. The Receiver established a toll-free investor hotline at 1-866-204-4801 at the beginning of the case to ensure that investors are directed to a clerk or paralegal who can answer their questions. The Receiver also has email address (wealthpools@akerman.com) where investors can write to obtain general information or inquiries to the Receiver. However, to reduce the number of calls and emails the Applicants need to field, and thus save money for the benefit of the estate, the Receiver has established an internet website at <http://wealthpoolsreceiver.com> to keep investors informed as to the progress of the case and the claims process, and to provide the

investors with related information (for instance, that the Receiver cannot provide Form 1099's for the 2007 tax year and to consult with a tax advisor). Pertinent court orders are also posted on this web site for the investors' benefit, along with status reports by the Receiver.

F. Compiling Investor and Creditor Lists.

One of the Receiver's obligations was to review the books and records and compile a list of investors and potential creditors, both for purposes of the Court's Order of Certificate of Interested Persons, and to notify these investors and creditors of the claims process and claims bar date.

In reviewing the records and data of Wealth Pools, there appeared to be various sources of information as to tens of thousands of investors and creditors, none of which appeared complete. (This was before the discovery of the SQL database, what it held, and the formation of the appropriate SQL queries and ties to the Wealth Pools administrative web site, as noted in part C above). As a result, the Applicants spent a significant amount of time reviewing the available data and records to identify and prepare these lists. Once the lists were prepared, it was necessary to cull over 20,000 duplicative entries (duplication caused by Wealth Pools' own records, not by actions of the reviewers), and check with other sources to be able to arrive at a reasonably complete and accurate list. After the claims notices were delivered and published, many investors contacted the Applicants to provide new addresses, and managing this investor database is ongoing.

G. Notification of Claims Process and Claims Review.

On February 29, 2008, the Receiver filed a Motion to Establish a Claims Procedure and Claims Bar Date (Dkt. No. 83; the "Motion"). A hearing was held, resulting in a March 20, 2008 order providing, among other things, for the Receiver to notify investors and creditors of the claims process and providing a claims bar date of May 30, 2008. The Receiver secured vendors to assist with the publication of the notice both in the United States and Puerto Rico for least possible expense to the Receivership Estate. Additionally, vendors were hired to print and mail the notices. The Receiver solicited several quotes to chose economical quotes from reputable vendors, to minimize costs to the estate. Claims notices were provided to over 20,000 potential known claimants via mailed post-cards, web-site posting, emails, and newspaper publication in the United States and Puerto Rico.

Prior to the claims bar date, the Applicants (mainly paralegals) met with dozens and dozens of investors at Akerman Senterfitt's Orlando office who would inquire as to the claims process and case in general, submit their claim form, provide additional information with respect to the claims. The Applicants received and responded to hundreds of written requests for claim forms from those investors who received a copy of the notice but did not have internet access to download the requisite claim form from the Receiver's website. During this time period, the Applicants also began contacting investors whose claims were missing supporting documentation and signature pages for their claims.

The Receiver has received over 10,000 timely filed claims forms and approximately 170 late filed claim forms. A preliminary review of the claims submitted by the investors shows that the amount of the claim totals are in excess of \$66 million.

The Applicants have indexed all claim forms and have preliminarily analyzed the timely filed claim forms for objections or need for additional information. Over 40% of the claims forms have missing information. Due to the huge volume of claims and missing information, the Receiver is considering options to reduce the expense to the estate and make the claims objection process more efficient. Additionally, the Applicants fielded numerous telephone calls and in person visits from investors wishing to file "late" claims as well as inquires regarding the claims process.

Due to the nature of the work the Receiver has tried to maximize the assets of the estate by hiring law clerks to review claims and log them into the master database. The Receiver has been using law clerks at hourly rates of \$75.00 to initially review and log the claims, identify the claims needing additional support and communicating with the claimants on the need for additional information.

H. Settlement with Defendants.

The Receiver and her attorneys have worked with the SEC to negotiate a settlement with Relief Defendants Richard Lane and TNT Education Company, Inc., resulting in a significant amount of assets transferred to the Receivership Estate. As part of the due diligence, the Receiver has retained experts to value the assets owned (two residential properties, a commercial office building and land, a British Columbia

condominium) for purposes of settlement evaluation and benefit to the Receivership Estate.

Similarly, the Applicants have worked with the SEC to negotiate a settlement agreement with Robert E. Lane, Julia Lane and Renee Becker, which also resulted in a significant amount of assets transferred to the Receivership Estate.

I. Recovering Fraudulent Transfers from Profiteers.

The Receiver has identified over 200 persons who have recovered over \$25,000 of profit in excess of their investment. The Receiver has issued demand letters to these persons for recovery of fraudulent transfers, and has been working on settlement of some of these disputes, which will bring additional money into the Receivership Estate.

VI. RECEIVER'S PLANNED COURSE OF ACTION

The Receiver will undertake the following actions over the next several months: (i) liquidate assets received through settlements; (ii) review the claims filed against the estate, determine objections to the claims, formulate a proposed claims objection process for the court's review and approval or modification, and finalize the claims; (iii) analyze and effectuate a plan to recover additional monies for the benefit of the estate, including bringing suits for return of fraudulent transfers from investors who profited from the Ponzi scheme; and (iv) take such action as is necessary to maximize the return to defrauded investors.

VII. FACTORS SUPPORTING FEE APPLICATION

Because of the nature of this case, it was necessary for the Receiver to employ attorneys experienced and familiar with financial frauds, federal receiverships, computer

forensics and financial transactions. The circumstances of the Receivership are set forth in more detail above. Notably, the SEC has no objection to the relief sought in this motion. *SEC v. Custable*, No. 94-C-3755, 1995 WL 117935 (N.D. Ill. Mar. 15, 1995) ("In securities law receiverships, the position of the SEC in regard to the awarding of fees will be given great weight.")

While this case is a federal court equity receivership, there are many similarities between this case and a bankruptcy proceeding. Thus, the Court may wish to evaluate the application in light of the factors a bankruptcy court considers when examining an application of a bankruptcy professional for compensation. These factors are set forth in *In re First Colonial Corp. of America*, 544 F.2d 1291 (5th Cir. 1977). For the Court's convenience, these factors are discussed below.

A. The Novelty and Difficulty of the Services Rendered.

Although, unfortunately, these types of cases are all too common, representing a receiver in a securities fraud case is not a simple task. At the outset, Applicants were faced with the task of understanding the fraud perpetrated by Wealth Pools, taking control of Wealth Pools' books and records and locating and securing physical and intangible assets and information. To properly perform these various duties, the Applicants were forced to immediately devote substantial resources for the benefit of the Receivership Estate.

B. The Skill Requisite to Perform the Services Properly.

Exhibit C highlights the professional level and skills of the timekeepers in this case, to whom the Receiver used their specific skills and strengths as needed in this case. Some of this information is also captured on Exhibit B.

C. The Preclusion of Other Employment by the Professional Due to the Acceptance of the Case.

Akerman Senterfitt has not been precluded from accepting other employment by virtue of representing the Receiver in this case, although the amount of time devoted to this case, at reduced hours, has significantly reduced the time available to spend on "fully billable" matters. This was especially true during the first few months of the Receivership when many time keepers worked full time on this case.

D. The Customary Fee.

In conjunction with an agreement with the SEC in this case, Akerman Senterfitt agreed at the outset of this case to the estate a flat, blended rate for all attorneys of \$280 per hour, and a discounted rate for the Receiver at \$325 per hour. When compiling the data for this fee application, however, the Receiver found that using this blended rate resulted in Akerman Senterfitt being paid more than it would have been entitled to had it used its standard hourly rates. As a result, the Receiver and Akerman Senterfitt have agreed to charge the estate a 10% discount from its standard hourly rate for all timekeepers, except the Receiver who is compensated at the agreed rate of \$325. This results in a savings to the estate of approximately \$200,000 from the original blended rate agreement.

The discounted rates are below the rate the Receiver and attorneys at Akerman Senterfitt charge other clients and are believed to be lower than the customary hourly rates charged by other experienced practitioners and litigators in the Middle District of Florida. For instance, the Receiver's market rate charged to other clients during the relevant time period was \$490.00 per hour, versus the \$325 she charged in this case.

Attached as **Exhibit B** is a list of all timekeepers by name and position, along with the date they graduated from law school or began work as a paralegal, their standard hourly rate charged to clients, the number of hours billed at that rate, the standard value of those hours, and the 10% discounted value charged to the estate. There was a rate increase to reflect a change in market conditions effective November 2008, which explains why many timekeepers have two standard rates. Also, to assist the Court, **Exhibit B** contains another list which breaks down the time spent by timekeeper on a monthly basis. Note that Exhibit B does not include the time spent in July and August 2009.

Shareholders: Kathryn Hoeck is Receiver's lead counsel on this matter and has overseen the legal issues arising in this case and has provided the Receiver with legal advice and recommended litigation strategy. The Receiver consulted with other shareholders for their specific expertise, such as Jonathan Goodman (criminal law), Michael Goldberg (receiverships), James McNeil (real estate), and Ralph Losey (general electronic discovery advice; forensic preservation of ESI; the processing, search, and analysis of ESI; supervision of ESI search team; expert liaison; and deposition of WPI's IT expert).

Associates: The Receiver heavily relied on associates to, among other things, review and analyze the voluminous documents and databases, consult with investors and third parties where necessary, draft subpoenas, cease and desist letters, demand letters, and handle other legal matters attendant to the Receivership. The associates who primarily performed the paper document review, electronic records review, and database study were: Bret Gainsford, Taylor Ford, and Tyler Everett. In addition to document review, ESI review, and database study, Bret Gainsford is assisting in handling the legal investigation of Anres Corporation, an entity which the Receiver believes owes Wealth Pools money. Messrs. Ford and Everett were also involved in preparing for the depositions of the investors through investigation of the Wealth Pools website and corporate computers in efforts to determine the amount of profit earned by each investor. Esther McKean was primarily responsible for interfacing with the various financial institutions, issuing the cease and desist letters and subpoenas, deposing certain investors/profiteers, and assisting the Receiver in legal issues surrounding settlement negotiations. Jacqueline Ferris has been brought in to handle the demand letters and litigation against the investors/profiteers.

Paralegals: The Receiver has used paralegals to, among other things, identify and cull down the list of investors and creditors of Wealth Pools, assist in the claims review process and oversee the law clerks in this task, interact with investors and governmental entities calling for specific information, assisting in drafting receiver reports and other documents to file with the court, developing matrices to track claims, assisting attorneys to prepare for depositions, analyzing Wealth Pool databases and other

sources and identify investments and profits for the several hundred investors who received profits from the Ponzi scheme, managing the documents and databases from Wealth Pools, claimants and third parties, overseeing the law clerks in their review of claims for completeness and to advise investors of missing or needed information.

Law Clerks: The Receiver has used law clerks primarily to review investor and creditor claims forms for completeness and identify missing or needed information; and respond to general investor inquiries that do not require a detailed knowledge of the case. Those inquiries were forwarded to paralegals and, at times, the Receiver and her attorneys.

IT Litigation Support Professionals: The Receiver required the use of IT litigation specialists to assist in the review and analysis of all ESI in this case, including the database. Akerman Senterfitt's information technology support specialists and information technology engineers were used when possible to avoid more expensive outside expert and e-discovery vendor services. They provided valuable services to the estate in connection with all of the electronic discovery work. This is not law firm overhead, but instead represents time spent by trained specialists for work specifically related to this case, which time otherwise would have had to been outsourced to third party e-discovery vendors at a higher rate. A decision was made to perform these services at Akerman when possible to conserve expenses for the estate.

E. Whether the Fee is Fixed or Contingent.

Akerman Senterfitt was employed by the Receiver on a reduced, blended hourly basis and the fee is not fixed or contingent. However, Akerman Senterfitt did not receive

a retainer, the Applicants did not know the amount of money in the estate until after their investigation was well under way, and thus its chances of receiving payment were and are not guaranteed. Therefore, in a sense, Akerman Senterfitt is employed on a contingency basis.

F. Time Limitations Imposed by the Client or Other Circumstances.

As shown by the bills, the Applicants initially devoted hundreds of hours to the Receivership in order to secure Receivership Entities' offices and assets, identify creditors, identify assets, issue freeze letters to prevent dissipation of assets, and otherwise assist in marshalling assets of the estate. This significantly limited the amount of time available for Applicants to spend on new or other cases.

G. The Experience, Reputation, and Ability of the Professional, The Undesirability of the Case.

Akerman Senterfitt is one of the largest law firms in the State of Florida, with a significant litigation department in Orlando, where the case is pending. Akerman Senterfitt believes it is one of the few law firms in Orlando that would be able to devote the attorney time and resources needed for this case and to, in essence, finance the Receivership Estate. Akerman Senterfitt's attorneys are well known throughout the state and federal courts in Florida and other cities nationwide. It is believed that Akerman Senterfitt has an excellent reputation in the legal profession in the Middle District of Florida in general and in receivership and securities matters in particular. The experience, reputation and ability of the Akerman Senterfitt are appropriate matters for consideration in determining the fee to be awarded. Finally, although representing the

Receiver in this case could hardly be characterized as "undesirable," Akerman Senterfitt has billed the Receiver at rates significantly less than it bills other clients and the payment of fees is contingent based on the fact that Akerman Senterfitt is not guaranteed payment.

H. The Nature and Length of the Professional Relationship With the Client.

The Receiver had been a shareholder of Akerman Senterfitt between 1999 and September 2009 (for additional background, please refer to **Exhibit C**, attached). She has recently left Akerman Senterfitt and now practices at Burr & Forman in Orlando.

I. Awards in Similar Cases.

The award sought by the Applicants in connection with this case is consistent with the fees sought and awarded in similar receivership cases before the United States District Court for the Middle District of Florida.

J. Benefit to the Estate.

As set forth above, Akerman Senterfitt's efforts have conferred significant benefit on this estate. Akerman Senterfitt has assisted the Receiver in locating real and personal property and securing and liquidating assets. Moreover, Akerman Senterfitt's efforts in securing and obtaining records and investigating the underlying fraud has assisted the SEC in its case in chief, and provided additional funds to the estate through settlement or judgment on the other relief defendants.

K. Sharing of Compensation.

There is no agreement between the Applicants and any other person for the sharing of any compensation which may be awarded in connection with this case.

VII. EXPENSE REIMBURSEMENT

The Receiver and Akerman Senterfitt request reimbursement of costs and expenses in the amount of \$15,547.40 September 1, 2008 through August 31, 2009. The details are located at **Exhibit A-1**, but the following summarizes some of the larger categories. (Expenses incurred prior to September 1, 2008 have been reimbursed, in the amount of \$129,915.19. See Order, Dkt No. 135, dated 12/3/2008).

Litigex Costs (\$5,390): The Receiver hired Andy Reisman of Litigex as her forensic computer expert. Most of Litigex's fees have been reimbursed in the first cost application for its work in forensic imaging services. In addition to those services, however, Litigex also provided the Receiver and her counsel for services relating to data searching and file exportation of data from Wealth Pool's SQL server, which was a non-standard database developed in-house by Scott Krug at Wealth Pools to, among other things, keep track of the investors and the amounts received as commissions. In addition, Litigex assisted in pulling and authenticating certain important instant messages from a key employee's computer (Scott Krug). Upon the SEC's request, Litigex worked with the Receiver's counsel to provided an affidavit for the SEC's use to provide the evidentiary foundation for these instant messages. Mr. Reisman's affidavit was filed as part of the SEC's Motion to Modify Asset Freeze Order (Dkt 103). The two invoices from Litigex for the above work was not included as part of the Receiver's first motion for compensation and reimbursement of expenses. The Receiver believes these invoices are reasonable.

Appraisal (\$1,017.21): Part of the settlement negotiations with Relief Defendants TNT Education Company and Richard Lane involved their conveyance of property located in British Columbia, Canada. The Receiver was required to hire an appraiser to appraise the value of the property as part of settlement negotiations and to determine the value of the property for the benefit of the Receivership Estate.

Title searches (\$1,295.00): The Receiver incurred expenses for a title company to conduct title searches, examinations and commitments on the three properties in Mobile, Alabama owned by Rita Lane and her husband and Relief Defendant, Richard Lane. This was required in conjunction with valuing the properties and evaluating settlement options. Two of these three properties will be transferred to the Receivership Estate, the third will remain the Lane's homestead.

Postage (\$1,535.75): In June, 2009, the Receiver's counsel issued approximately 235 demand letters to investors who profited from their investment in Wealth Pools, seeking turnover of the fraudulent transfers. These letters were sent both certified mail, return receipt requested (which cost in excess of \$5 per letter) and regular US Mail. Many of these letters also had to be sent internationally.

Autotrack and Accurint (\$987.18): These were charges incurred in investigating the location and addresses of investors who profited from the Ponzi scheme. Over \$800 of this expense was incurred in the days immediately preceding the mailing of demand letters to over 230 investors, seeking turnover of fraudulent transfers.

Subpoenas and copying charges paid to subpoenaed parties (\$493.30): The Receiver subpoenaed banks and others requesting certain documents. These third parties

charged the Receiver duplicating costs, which the Receiver's law firm paid. In addition, the Receiver had to pay the IRS to obtain a copy of the tax return for Recruit For Wealth for year ending 12/21/06.

Court reporter (\$851.85): These fees were paid to the court reporter for attending and transcribing the deposition of Margaret Davidson, an employee of Anres Corporation. As noted elsewhere, the Receiver believes Anres Corporation owes the estate money.

IKON Office Solutions (\$486.92): This amount was paid to IKON for imaging documents to input into a litigation database. These documents relate to Anres Technologies, a third party of which the Receiver and her counsel are actively investigating. The Receiver believes that Anres owes the Estate a substantial amount of money and this database charge was incurred to assist in developing the facts and, if necessary, for litigation purposes. Capturing these documents in a litigation software system will save the estate money in the future because of the ease of access, retrieval, and fielding of the documents.

Copy costs: Akerman Senterfitt has discounted its internal copying costs for this matter to \$0.10 a page instead of the usual charge of \$0.20 per page. The bills reflect this discount.

LOCAL RULE 3.01(g) CERTIFICATION

Pursuant to Local Rule 3.01(g), the undersigned certifies that she has conferred with counsel for all parties in this case and that they have no opposition to the Motion; except for Robert Lane, who "takes no position on the Motion."

WHEREFORE, the Receiver seeks an order for an interim award of fees in the amount of \$580,593, costs in the amount of \$15,547.40, for a total award of **\$596,140.40**. Because the Receivership Estate does not, at the present, have sufficient funds to pay this amount in full, the Receiver requests that \$300,000 of this money be paid from the Receivership Estate immediately, with the remainder to be paid upon the Receivership Estate receiving at least \$1,000,000 in cash via settlement agreements or other sources.

Respectfully submitted,

/s/ Kathryn B. Hoeck, Esq.

Kathryn B. Hoeck, Esq.

Florida Bar Number: 813060

AKERMAN SENTERFITT

420 South Orange Avenue, Suite 1200

Orlando, FL 32801

Phone: (407) 423-4000

Fax: (407) 843-6610

Email: kathy.hoeck@akerman.com

Michael I. Goldberg, Esq.

Florida Bar No.: 886602

AKERMAN SENTERFITT

350 East Las Olas Blvd., Suite 1600

Fort Lauderdale, FL 33301

Phone: (954) 463-2700

Fax: (954) 463-2700

**COUNSEL FOR RECEIVER FOR
WEALTH POOLS INTERNATIONAL, INC.
and RECRUIT FOR WEALTH, INC.**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on September 24, 2009, I electronically filed the foregoing document with the Clerk of Court using the CM/ECF System, which will send a notice of electronic filing to the following:

Christopher E. Martin, Esq. (martinc@sec.gov)
Counsel for Securities & Exchange Commission

Trisha Dee Sindler, Esq. (Fuchst@sec.gov)
Counsel for Securities & Exchange Commission

Michael Howard LaFay, Esq. (lafaym@nejamelaw.com)
Counsel for Robert E. Lane

Jeremy Chase Branning, Esq. (jbranning@cphlaw.com)
Counsel for T-N-T Education Company, Inc.

Jonathan R. Williams, Esq. (jrwilliams@gmail.com)
Counsel for Julia Lane and Renee Becker

Arthur J. Madden, III, Esq. (ajmadden@bellsouth.net)
Counsel for Richard H. Lane and T-N-T Education Company, Inc.

and that on September 24, 2009, I served the foregoing document and the notice of electronic filing by U.S. Mail to the following non-CM/ECF participants:

Mundo Trade, Inc.
First Fiduciary Business Trust
c/o Robert E. Lane
12711 Broleman Road
Orlando, FL 32832

/s/ Kathryn B. Hoeck
Kathryn B. Hoeck, Esq.

VERIFICATION

STATE OF FLORIDA)
) SS:
COUNTY OF ORANGE)

BEFORE ME, the undersigned authority, personally appeared **KATHRYN B. HOECK**, who, after first having been duly sworn, deposes and says:

1. I am a shareholder in the law firm of Akerman Senterfitt and counsel to the Receiver in this action. This verification is based on my first-hand knowledge and on my review of the books, records and documents prepared and maintained by Akerman Senterfitt in the ordinary course of its business. I know that the facts contained in the Fee Application regarding work performed by the Receiver and her counsel and the facts contained in this verification are true, and I am authorized by Akerman Senterfitt to make this verification. Having reviewed the time records and data which support the Fee Application, I further certify that the Application is well grounded in fact and is justified.

2. The billing records of Akerman Senterfitt which are attached to this Fee Application as **Exhibit "A"** are true and correct copies of the records maintained by Akerman Senterfitt. These records were made at or near the time the acts, events, conditions or opinions described in such records occurred or were made. I know that the records were made by persons with knowledge of the transactions or occurrences described in such records or that the information contained in the records was transmitted by a person with knowledge of the transactions or occurrences described in the records. The records were kept in the ordinary course of the regularly conducted business activity

of Akerman Senterfitt and it is the regular business practice of Akerman Senterfitt to prepare these records.


KATHRYN B. HOECK

The foregoing instrument was acknowledged before me this 23rd day of September, 2009, by KATHRYN B. HOECK, who is personally known to me.


NOTARY PUBLIC, STATE OF FLORIDA
(Print, Type or Stamp Commissioned Name of Notary Public)



Virginia Dare Beebe
MY COMMISSION # DD613884 EXPIRES
December 8, 2010
BONDED THRU TROY FAIN INSURANCE, INC.