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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA
10 EASTERN DIVISION

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 v.

15 CHARIS JOHNSON; LIFECLICKS,
16 LLC; and 12DAILY PRO,

17 Defendants.
18

Case No. CV 06-01018-SGL (PLAx)

**FINAL FEE APPLICATION OF
INVESTIGATIVE TECHNOLOGIES
LLC, INFORMATION AND
TECHNOLOGY CONSULTANT TO
THE FORMER RECEIVER**

Date: August 30, 2010
Time: [To be set by Court]
Ctrm: [To be set by Court]
Judge: [To be assigned by Court]

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20 Investigative Technologies, LLC ("IT"), information and technology
21 consultant engaged by Thomas F. Lennon (the "Former Receiver"), former
22 Court-appointed receiver for LifeClicks, LLC, 12daily Pro, and their subsidiaries
23 and affiliates ("12DP"), submits its final application for approval and payment of
24 fees and reimbursement of expenses. This application is final because the Former
25 Receiver has been removed, and a distribution agent appointed to implement the
26 Court-approved distribution plan. IT, therefore, is no longer involved in the
27 receivership case. Furthermore, all receivership assets have been liquidated,
28

1 distributions were made,¹ and limited work by the Distribution Agent remains to be
2 done before the receivership case can be closed.

3 This application covers the fifteen-month period from March 1, 2009, through
4 May 15, 2010 ("Application Period"). IT incurred \$141,050 in fees and \$794.70 in
5 expenses during the Application Period. IT spent approximately 73 hours after the
6 removal of the Former Receiver on October 22, 2009 performing transition services
7 for the Distribution Agent, including file transfer and back-up procedures. In
8 addition, IT had to restore data to provide the Distribution Agent with certain
9 reports. Descriptions of the services rendered and costs incurred are contained in
10 Exhibit A attached hereto.

11 IT also seeks approval and payment of amounts held back from its four prior
12 fee applications. In recognition of the fact that its prior fee applications were
13 interim in nature, and that work by the Former Receiver was not completed, IT
14 proposed and the Court approved a holdback of twenty (20%) percent of all fees
15 incurred in connection with its four interim fee applications. These fees are as
16 follows:

Interim Fee Application	Holdback Amount
First Interim Fee Application (Filed 10/10/06)	\$44,557.50
Second Interim Fee Application (Filed 5/11/07)	8,624.50
Third Interim Fee Application (Filed 1/24/08)	73,013.00
Fourth Interim Fee Application (Filed 5/4/09)	<u>72,003.00</u>
Total	\$198,198.00

23 IT also requests that these held-back fees be allowed and paid in full.

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26
27 ¹ Gilardi & Co., LLC, (the "Distribution Agent") may make a second distribution with
28 the funds remaining in the account from checks not cashed from the first distribution.
If a second distribution is made, it will only be to those that cashed their first checks.
The first distribution yielded a 30% return to holders of allowed claims.

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I. OVERVIEW

A detailed summary of the case, the accomplishments obtained, and a discussion of the removal of the Former Receiver are contained in the Final Fee Application of Allen Matkins, general counsel to the Former Receiver, filed concurrently herewith.

II. INVESTIGATIVE TECHNOLOGIES EMPLOYMENT

A. Employment of IT

Pursuant to authority granted under Section VII of the Permanent Injunction Order entered on March 1, 2006, the Former Receiver retained IT as information and technology consultant to assist in the preservation, organization, and analysis of electronic data, including electronic data from the 12DP computer systems, 12DP's primary Internet payment processor StormPay, Inc. ("StormPay") and StormPay's credit card payment processors, Global Payments Direct ("Global") and Nova Information Systems ("NOVA"), as well as 12DP's other Internet payment processors, EMO Corporation ("EMO") and e-gold, Ltd. ("e-gold"). IT was also tasked with the creation and maintenance of the Former Receiver's 12DP web portal ("Web Portal"), and assisting in the review and analysis of claims submitted via the Web Portal by 29,000 investors.

Steven Konecny, founder and principal of IT, is primarily responsible for the engagement. Eddie Siu and John Bacon assist Steven Konecny on this matter. The Former Receiver retained IT because of the significant experience and expertise of Mr. Konecny. Mr. Konecny is a recognized expert in, among other things, computer forensics, technology investigations, and retrieving and securing data. In addition, the Former Receiver has retained Mr. Konecny previously with excellent results. Mr. Konecny's résumé and description of past assignments is attached to IT's First Interim Fee Application as Exhibit B.

1 Attached as Exhibit A are IT's monthly invoices to the Former Receiver,
2 including descriptions of the services performed, the date the services were
3 performed, the number of hours worked, person who performed the services, and the
4 hourly rate.

5 **IV. ACTIVITIES OF INVESTIGATIVE TECHNOLOGIES**
6 **DURING THIS APPLICATION PERIOD**

7 The following is a general description of IT's services during this Application
8 Period:

9 A. Investor Web Portal

10 During the Application Period, IT spent approximately 123 hours handling
11 issues related to the Web Portal and the claims management system ("CMS").
12 Specifically, IT maintained the Investor Web Portal. The original Web Portal was
13 shut down after the proof of claims period expired. In order to verify where checks
14 would be sent and to further reduce the possibility of fraud, the Web Portal was
15 modified and turned back on to require claimants to enter in their mailing address
16 information.

17 Furthermore, IT continued to maintain and modify, when necessary, CMS to
18 allow the Former Receiver, his staff and professionals to access investor accounts at
19 the Web Portal. CMS was critical to the Former Receiver's staff as they assisted
20 investors with individual questions about logging in, viewing their transactions, and
21 accepting or disputing their claim amounts. CMS also allowed the Former
22 Receiver's staff to generate and review numerous reports regarding the claims
23 submitted by the investors. During this Application Period, IT created numerous
24 new reports for the Former Receiver's staff to enable them to review and analyze the
25 claims and make the proper objections.

26 IT also assisted in updating the Web Portal instructions and Frequently Asked
27 Questions relating to the Web Portal.

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1 B. Claim Analysis

2 During this Application Period, IT spent approximately 244 hours creating
3 computer programs and generating various reports to assist the Former Receiver and
4 his staff in the review and analysis of the claims that were filed by 29,000 investors
5 via the Web Portal. IT continued to generate reports and analysis for potentially
6 fraudulent claims as well as analysis for investors that improperly filed their claims.

7 IT developed a system whereas investor physical mailing address information
8 was collected in order to send payment. This information was then modified to
9 make addresses consistent and analyzed for potential indicators of fraud or errors.

10 C. Investor Communication and Case Administration Support

11 During this Application Period, IT spent approximately 175 hours handling
12 administrative matters. Specifically, IT assisted the Former Receiver in sending out
13 mass e-mails to the full investor e-mail list through an outside vendor named
14 Jangomail. These emails advised investors of the filing of the Fourth Interim Fee
15 Applications, the Address Information Request, updating their addresses as well as
16 the status of their claim, and when checks would be sent out. IT also assisted the
17 Former Receiver in handling requests from investors on the email list to
18 "unsubscribe" from receiving emails from the Former Receiver. IT also monitored
19 the Former Receiver's 12DP website and investor email inbox. This category also
20 included the time spent by IT to compile information for its fee applications.

21 D. Expenses

22 IT incurred expenses of \$794.70 during this Application Period. The
23 majority of the expenses, \$779.70, related to the hosting of the Web Portal
24 application used by investors to enter in information.

25 **V. INVESTIGATIVE TECHNOLOGIES' FEES ARE REASONABLE**

26 IT's records reflect that it spent in the aggregate 541.6 hours and incurred
27 \$141,050.00 in fees representing the Former Receiver during the fifteen-month
28 period from March 1, 2009, through May 15, 2010. IT worked diligently for the

1 Former Receiver and the Distribution Agent. The firm staffed each task as
2 efficiently as possible and used a team of core analysts. The average hourly cost for
3 IT's time was \$260.43. IT submits that the fees incurred were reasonable and
4 necessary for the fair and efficient administration of the receivership estate. IT's
5 request for compensation is based on its customary billing rates charged in similar
6 matters. IT's rates are comparable to those charged in the community on similarly
7 complex matters.

8 VI. CONCLUSION

9 IT rendered the services requested of it by the Former Receiver and has
10 provided valuable service in that regard. Wherefore, IT requests an order approving
11 its final interim fees and expenses as follows:

- 12 1. Approving fees of \$141,050.00 for this final application period.
- 13 2. Authorizing the Distribution Agent to pay 100% of the fees in the
14 amount of \$141,050.00.
- 15 3. Approving expenses of \$794.70 for this final application period.
- 16 4. Authorizing the Distribution Agent to pay 100% of the expenses in the
17 amount of \$794.70.
- 18 5. Authorizing the Distribution Agent to pay \$198,198.00 in holdback
19 fees.
- 20 6. For such other and further relief as is appropriate.

21
22 Dated: July 30, 2010

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

24 By: /s/ Debra A. Riley

25 Debra A. Riley
26 Attorneys for Former Receiver
27 Thomas F. Lennon, Inc.
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