

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

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<b>SECURITIES AND EXCHANGE</b>	:	
<b>COMMISSION,</b>	:	
<b>Plaintiff,</b>	:	
<b>v.</b>	:	
<b>DONALD ANTHONY WALKER YOUNG,</b>	:	<b>Civil Action No.: 2:09-cv-01634-JP</b>
<b>ET AL. ,</b>	:	
<b>Defendants,</b>	:	
<b>OAK GROVE PARTNERS, L.P., et al.</b>	:	
<b>Relief Defendants.</b>	:	
	:	
	:	

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**ORDER**

AND NOW, this \_\_\_\_\_ day of \_\_\_\_\_ 2013, upon consideration of Receiver Louis C. Bechtle’s Motion for Approval of Fourteenth Interim Fee Application for the Period April 1, 2013 through June 30, 2013, it is ORDERED that the Motion is GRANTED.

IT IS THEREFORE ORDERED as follows:

1. The Receiver’s Thirteenth Interim Fee Application is APPROVED.
2. Payment to Conrad O’Brien P.C. in the amount of \$30,243.20 for services performed between April 1, 2013 through June 30, 2013, representing eighty percent (80%) of the Law Firm’s total fee of \$37,804 is APPROVED and may be paid by the Receiver at this time;
3. Payment to Conrad O’Brien P.C. in the amount of \$1,146.46 for expenses incurred between April 1, 2013 through June 30, 2013 is APPROVED and may be paid by the Receiver at this time.

4. Payment to Kroll, Inc. (“Accountant”) in the amount of \$3,766.40 for services performed between April 1, 2013 through June 30, 2013, representing eighty percent (80%) of the Accountant’s total fee of \$4,708 is APPROVED and may be paid by the Receiver at this time; and

5. Payment to Lundy Fleming in the amount of \$630 for tax consulting services performed between April 1, 2013 through June 30, 2013, representing one hundred percent (100%) of Lundy Fleming’s total fee is APPROVED and may be paid by the Receiver at this time.

6. Payment to Zelnick, Mann and Winikur (“ZMW”) in the amount of \$390 for tax consulting services performed between April 1, 2013 through June 30, 2013 representing one hundred percent (100%) of ZMW’s total fee is APPROVED and may be paid by the Receiver at this time.

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The Honorable John R. Padova, U.S.D.J.

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

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**SECURITIES AND EXCHANGE  
COMMISSION**

**Plaintiff**

v.

**DONALD ANTHONY WALKER YOUNG,  
ET AL.**

**Defendants**

**OAK GROVE PARTNERS, L.P., et al.**

**Relief Defendants**

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Civil Action No.: 2:09-cv-01634-JP

**RECEIVER LOUIS C. BECHTLE’S REPORT AND MOTION FOR APPROVAL  
OF FOURTEENTH INTERIM FEE APPLICATION FOR THE PERIOD  
APRIL 1, 2013 THROUGH JUNE 30, 2013**

Pursuant to the Court’s Order dated June 25, 2009, Louis C. Bechtle, Receiver for the Assets and Records of Acorn II, LP, Acorn Capital Management, LLC., Donald Anthony Walker Young, and Neely A. Young (the “Receivership Entities”), moves for approval of payment of fees and expenses invoiced by counsel for the receiver, Conrad O’Brien P.C. (“Conrad”), the Court appointed accountant to the Receiver, Kroll, Inc. (“Kroll”) as well as other professionals retained by the Receiver. The Receiver previously submitted this Application to the SEC, which advised the Receiver that it does not object to the relief sought in this application.

The court-approved fee schedules, which provide substantial discounts from the standard rates of the Law Firm and the Accountant, and which hourly fee rates the Court has already found to be reasonable, are as follows:<sup>1</sup>

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<sup>1</sup> There has been no request by the Receiver, Conrad O’Brien, or Kroll for annual increases of their rates during the four years since the Receiver’s appointment.

**Receiver**

<u>Name</u>	<u>Rate</u>
Louis C. Bechtle	\$495

**The Law Firm**

<u>Name/ Position</u>	<u>Rate</u>
P. Hamill	\$350
K. Kent	\$325
Associates	Up to \$200
Paralegals	\$100

**The Accountant**

<u>Name</u>	<u>Rate</u>
W. Nugent/J. Slavek	\$375
Senior Manager	\$205
Manager	\$175
Senior Associate	\$150
Associate	\$150
Junior Staff	\$135

Pursuant to the Court's Order, the reasonable costs and expenses of the Receiver, the Law Firm, and the Accountant are to be paid from Receivership Assets. Upon Order of this Court approving such application, the Receiver may pay up to 80% of the compensation and professional fees and 100% of the expenses of the applicants.<sup>2</sup>

This is the Fourteenth application for approval of fees and expenses by the Receiver, for the period covering April 1, 2013 through June 30, 2013. The dates and amounts of the Receiver's prior applications are summarized on the following table:

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<sup>2</sup> The Order appointing the Receiver provides that at the close of the Receivership, the Receiver must file with the Court a final application for compensation, fees, and expenses, describing in detail the costs and benefits associated with all litigation and other actions pursued in the course of the Receivership. At that time, any amounts held back during the course of the Receivership will be paid at the discretion of the Court.

TABLE OF ACCRUED AND PAID FEES AND EXPENSES

	<b>Fees Accrued &amp; (Fees Approved and Paid)</b>	<b>Expenses Approved &amp; Paid</b>
<b>First Application</b> <i>Submitted 10/30/09</i> <i>Approved 11/18/09</i>	Receiver & Law Firm - \$306,267.00 (\$245,013.60)  Accounting Firm - \$216,905.00 (\$173,524.00)	Receiver & Law Firm - \$12,871.85  Accounting Firm - \$8,188.39
<b>Second Application</b> <i>Submitted 2/19/10</i> <i>Approved 3/10/10</i>	Receiver & Law Firm – \$306,841.50 (\$245,089.20)  Accounting Firm - \$471,412.75 (\$377,130.20)	Receiver & Law Firm - \$13,399.25  Accounting Firm - \$6,885.25
<b>Third Application</b> <i>Submitted 4/30/10</i> <i>Approved 5/20/10</i>	Receiver & Law Firm - \$312,460.00 (\$249,968.00)  Accounting Firm - \$356,710.00 (\$285,368.00)  Lundy & Flynn, LLP – \$2,000 (\$2,000)	Receiver & Law Firm - \$7,241.39  Accounting Firm - \$3,667.93
<b>Fourth Application</b> <i>Submitted 8/12/10</i> <i>Approved 9/2/10</i>	Receiver & Law Firm - \$295,194 (\$236,155.20)  Accounting Firm - \$298,636.25 (\$238,909.00)  Lundy & Flynn, LLP – \$2,725 (\$2,725)	Receiver & Law Firm - \$8,644.39  Accounting Firm - \$10,419.17
<b>Fifth Application</b> <i>Submitted 10/28/10</i> <i>Approved 11/15/10</i>	Receiver & Law Firm - \$200,297.50 (\$160,238.00)  Accounting Firm - \$145,172.00 (\$116,137.60)  Lundy & Flynn, LLP – \$1,483.75 (\$1,483.75)	Receiver & Law Firm - \$3,082.46  Accounting Firm - \$311.70
<b>Sixth Application</b> <i>Submitted 2/14/11</i> <i>Approved 3/8/11</i>	Receiver & Law Firm - \$151,903.50 (\$121,522.80)  Accounting Firm - \$54,726.00 (\$43,780.80)	Receiver & Law Firm - \$3,360.42  Accounting Firm - \$0.00

<p><b>Seventh Application</b>  Submitted 5/23/11  Approved 6/20/11</p>	<p>Receiver &amp; Law Firm - \$217,965.00  (\$174,372)</p> <p>Accounting Firm - \$78,964.50  (\$63,171.60)</p> <p>Jones &amp; Walden, LLC - \$1,684.91  (\$1,684.91)</p>	<p>Receiver &amp; Law Firm - \$5,669.69</p> <p>Accounting Firm - \$200.38</p>
<p><b>Eighth Application</b>  Submitted 8/24/11  Approved 9/19/11</p>	<p>Receiver &amp; Law Firm - \$296,535.00  (\$237,228)</p> <p>Accounting Firm - \$102,148.75  (\$81,719)</p> <p>Marcum LLP - \$15,285 (\$15,285)</p> <p>James L. Nace – \$14,062 (\$14,062)</p> <p>Cipperman &amp; Co. - \$7,525 (\$7,525)</p>	<p>Receiver &amp; Law Firm - \$5,828.08</p> <p>Accounting Firm - \$2,031.34</p> <p>James L. Nace – \$1,108.93</p>
<p><b>Ninth Application</b>  Submitted 11/17/11  Approved 12/14/11</p>	<p>Receiver &amp; Law Firm - \$292,458.00  (\$233,966.80)</p> <p>Accounting Firm - \$46,427.25  (\$37,141.80)</p> <p>Marcum LLP - \$133,868.68  (\$133,868.68)</p> <p>David Flynn, Esq. - \$280.00 (\$280.00)</p>	<p>Receiver &amp; Law Firm - \$7,702.56</p> <p>Accounting Firm - \$1,295.48</p>
<p><b>Tenth Application</b>  Submitted 2/10/12  Approved 2/29/12</p>	<p>Receiver &amp; Law Firm - \$304,655  (\$243,724)</p> <p>Accounting Firm - \$122,163.25  (\$97,730.60)</p> <p>Marcum LLP - \$65,225.78  (\$65,225.78)</p> <p>Myers, Brier &amp; Kelly,LLP. - \$680.00  (\$680.00)</p>	<p>Receiver &amp; Law Firm - \$6,676.41</p> <p>Accounting Firm - \$1,696.05</p>

<b>Eleventh Application</b> <i>Submitted 4/30/12</i> <i>Approved 5/22/12</i>	Receiver & Law Firm - \$119,878.50 (\$95,902.80)  Accounting Firm - \$14,145.50 (\$11,316.40)  Myers, Brier & Kelly,LLP.- \$14,018.30 (\$14,018.30)	Receiver & Law Firm - \$811.30  Accounting Firm - \$27.70
<b>Twelfth Application</b> <i>Submitted 1/14/13</i> <i>Approved 2/5/13</i>	Receiver & Law Firm - \$170,038.50 (\$136,030.80)  Accounting Firm - \$18,283 (\$14,626.40)  Lundy Flemming - \$3,570 (\$3,570)  Zelnick, Mann and Winikur - \$1,125 (\$1,125)  Jones & Walden, LLC - \$125 (125)	Receiver & Law Firm - \$3,044.62  Accounting Firm - \$30.74
<b>Thirteen Application</b> <i>Submitted 5/6/13</i> <i>Approved 6/3/13</i>	Receiver & Law Firm - \$79,015.50 (\$63,212.40)  Accounting Firm - \$5,423.50 (\$4,338.80)  Lundy Flemming - \$1,890 (\$1,890)  Zelnick, Mann and Winikur - \$612.50 (\$612.50)	Receiver & Law Firm - \$1,956.91

The total amount of allowed compensation to date which remains unpaid pursuant to the Court-ordered 20% holdback, with respect to the Receiver and the Law Firm is \$236,939.40 and with respect to the Accountant is \$131,927.55.<sup>3</sup>

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<sup>3</sup> On February 5, 2013 the Court entered an Oder authorizing the release of \$628,442 to the Receiver’s counsel and accountant, which represented two thirds of the accrued holdback as of that time.

## **II. CASE STATUS**

### **A. Cash Balances as of June 30, 2013**

The Receiver has consolidated substantially all liquid funds into a central Receivership Account and an Operating Account. The main Receivership account continues to be held at Merrill Lynch, which as of June 30, 2013 held a balance of \$1,374,627.50. The Receiver also continues to maintain an operating account in a Bank of America checking account, with a cash balance of \$279,927.95. In addition to these primary accounts, the Receiver also maintains Donald Young's Alliance Bernstein Simple IRA account, which as of March 31, 2013 held a balance of \$6,740.32. The combined value of the Receivership accounts as of March 31, 2013 was \$1,661,295.77. For further details, the Receiver has attached the SEC's Standardized Fund Accounting Report ("SFAR") for the period covering April 1, 2013 through June 30, 2013 as Exhibit 1 to this Report.

### **B. Receivership Cash Flow – Sources and Uses of Funds**

#### **1. Current Reporting Period (April 1, 2013 – June 30, 2013)**

During the current reporting period, the Receiver brought \$433,378 into the fund through litigation efforts, settlements and other income. (See Ex. 1). The professional fees paid in connection with the last fee application (No. 13) covering October 1, 2012 through March 31, 2013 were \$81,102.51.

#### **2. From Inception through June 30, 2013**

The Receiver has recovered a combined \$30,749,132 from all sources. Of those funds, \$22.9 million has been distributed to investors. The Receiver and all professionals retained by the Receiver have been paid approximately \$5,401,595 to date. These payments to professionals represent roughly 17.6% of the funds recovered by the Receiver through June 30, 2013. When



including the fees that have been accrued pursuant to the hold-back provision of the Receiver's Order of Appointment, the total professional fees equal approximately 18.4% of all funds recovered to date. A table summarizing this financial history, reflecting the sources and uses of all funds since the inception of the Receivership, is attached as Exhibit 2 to this Report.

### **C. Litigation Activity**

Through his litigation efforts, the Receiver recovered approximately \$18,547,964 between the inception of the Receivership and June 31, 2013. The Receiver's litigation activity is described generally by category below. The Receiver certifies that such activity is likely to produce and/or has produced a net economic benefit to the estate, based on the Receiver's review of: (i) the legal theories upon which each action is based; (ii) the likelihood of collection on any judgment which might be obtained; and (iii) consideration of alternative methods of seeking the relief.

#### **1. Pending, Resolved and Potential Lawsuits By The Receiver**

##### **(a). Investor Claims**

The Receiver has concluded that substantially all of the false profits have been recovered, and the remaining claims the Receiver continues to pursue against investors relate primarily to claims for principal. On July 2, 2013 the Receiver filed a complaint in this Court against investors Diana Wister and William Wister (collectively, the "Wisters"), as directors and/or trustees of certain entities invested with Acorn styled Bechtle v. Wister, Civil Action No. 2013-cv- 03798 (herein, the "Wister Complaint"). In the Wister Complaint the Receiver seeks to recover certain principal contributions the Wisters, by and through their related entities, received from Acorn prior to the collapse of Young's Ponzi scheme. The Receiver filed the Wister Complaint after engaging in private mediation with the Wisters, and after subsequent

negotiations failed to yield a resolution. On August 30, 2013, the Wisters filed a motion to dismiss the complaint, which is currently pending before the Court.

**(c). Gifts and Donations to Charitable, Religious and Political Organizations**

The Receiver has sought to recover all known fraudulent transfers made by the Receivership Entities to charitable, religious and political organizations and through these efforts has recovered approximately \$464,648 since the inception of the Receivership. After considerable review of the relevant factual and legal issues, and in particular the claims of financial hardship submitted by certain Tolling Charitable Organizations, the Receiver has determined that further collection efforts against the remaining Tolling Charitable Organizations would not yield an economic benefit to the Receivership Estate, and therefore the Receiver will not pursue further his claims against the remaining Tolling Charitable Organizations at this time.

**2. Claims against Receivership Assets**

Other than creditor claims submitted to the Receiver, which have been or will be addressed through the Court approved claims resolution process, no claims are currently pending against the Receivership Entities other than a complaint brought by John H. Flournoy and Benjamin H. Hardaway, and a complaint brought by Thomas Clint Cheek, both of which are discussed below, and no claims against the Receivership were otherwise settled or resolved during this reporting period.

**(a) Flournoy Action**

On June 11, 2009, after the Court froze the assets of D.A. Young, et al., John H. Flournoy and Benjamin H. Hardaway filed suit against D.A. Young and Acorn Capital Management, LLC in the United States District Court for the Middle District of Georgia, No. 4-09-cv-67 (CDL) (“Flournoy Action”). That action is described in greater detail in previous fee applications and

Receiver's Reports. The Flournoy Action remains stayed pending the resolution of the Receivership.

**(b) Cheek Action**

In November of 2010, Thomas Clint Cheek filed a lawsuit, captioned Cheek v. Young, et al., No. 2010 CA 028253, against D.A. Young and Neely Young in the Circuit Court of Palm Beach County, Florida. The Cheek action is described in greater detail in previous fee applications and Receiver's Reports. It remains stayed pending resolution of the Receivership.

**D. Property Liquidation**

The Receiver undertook the following tasks with respect to the various forms of property in the Receivership Estate since the filing of the last Report and Interim Fee Application<sup>4</sup>:

**1. Tangible Property**

All tangible property held by the Receivership has been sold.

**2. Intangible Property**

The Receivership Estate includes intangible property resulting from D.A. Young's use of fraudulently obtained funds to invest, for his own benefit, in the following entities:

- Red Abbey Venture Partners, L.P. (a partnership formed to invest in the securities of entities in the life sciences industry)  
The Receiver received a partner distribution of \$2,464 in connection with this investment on or about July 26, 2013. The Receiver is attempting to liquidate the Receivership's partnership interest in this entity.
- Adeona Pharmaceuticals, Inc. (successor by merger of Effective Pharmaceuticals, Inc. and subsequent merger of Pipex Pharmaceuticals, Inc.)  
The Receiver has determined that fraudulent proceeds were used to purchase stock for the Young's children worth approximately \$50,000 and is attempting to recover those assets or funds derived therefrom. The Receiver has attempted to obtain from Adeona additional information and documentation concerning the investment in order to recover the proceeds on behalf of the Receivership. To date Adeona has failed and/or refused to provide the necessary information and documentation. The Receiver is currently

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<sup>4</sup> Items that were fully liquidated or otherwise disposed of during the period covered by previous Reports have not been included in the narrative descriptions below.

considering litigation to recoup the investment proceeds, and will file a claim before the end of 2013 in the event he determines such action to be in the best interests of the Receivership Estate.

- SUNRx Investors, LLC, (a limited liability company formed to invest in SUNRx, LLC, a business that provides administrative services to community health organizations) Mr. Young contributed \$200,000 as a private equity investment in the entity, either on behalf of himself or his children. The amount of Mr. Young's prior investments in SUNRx was previously in dispute; however, the Receiver recently succeeded in confirming the amount invested with SUNRx management, which resulted in a \$50,000 increase in the receivership's basis in the company. The receiver is now in the process of reviewing additional documents he recently received that relate to those investments and is in contact with SUNRx management to discuss the potential for a liquidation of the receivership's interest.

#### **E. Summary of Creditor Proceedings**

This Court approved the Receiver's proposed Claims Resolution Process on May 14, 2010 establishing a procedure for determining the claim amounts of all known Investor Creditors<sup>5</sup> and Trade Creditors of the Receivership Estate.

On February 22, 2011, the Court approved the Receiver's first proposed interim distribution of \$5 million, as well as the Receiver's proposed "Rising Tide" distribution methodology.<sup>6</sup> Distribution checks totaling \$5 million were issued on March 29, 2011. On November 29, 2011, the Court approved the Receiver's second proposed interim distribution of \$6 million. Distribution checks totaling \$6 million were issued on December 16, 2011.

On April 3, 2013 the Receiver filed a motion recommending a third interim distribution in the amount of \$12 million. That motion was approved on April 29, 2013, and checks totaling

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<sup>5</sup> Investor Creditors are defined as investors that suffered a net loss, i.e., investors that contributed more than they withdrew from the fund.

<sup>6</sup> The Rising Tide method seeks to create equality between investors that received no withdrawals during the life of their investment and those that were able to recover some portion, but less than all, of their investments during the operation of the fraudulent scheme, by offsetting an investor's pro rata distribution share with any pre-distribution withdrawals received. For a complete description of the Receiver's proposed plan, please refer to the Motion to Approve Proposed Plan of Interim Distribution, Docket No. 198, filed on December 22, 2010.

\$11.9 million were mailed to investors on May 2, 2013.<sup>7</sup> That distribution established a 74.47% baseline recovery percentage for investor victims.

Although the Receiver intends to issue additional distributions in the future, he does not expect to be able to fully compensate victims for their losses.

#### **F. Tax Issues**

On December 31, 2012 the Receiver filed a Motion to Resolve Claims of Internal Revenue Service (hereafter, “the Tax Motion”) seeking to confirm and subordinate the existing and potential pre-Receivership federal tax liabilities of Donald Anthony Walker Young, Acorn II, LP, Acorn Capital Management, LLC, including any and all entities owned or controlled by them, and relief defendant Neely Young, to the extent the United States might seek to satisfy such liabilities out of the assets of the Receivership. (See Docket No. 310). The Receiver and the United States ultimately agreed to resolve the dispute, and on February 28, 2013 filed a Motion to Approve Payment of Federal Tax Claim and Modify Distribution, along with a proposed Consent Order (See Docket No. 317). The Court approved the settlement on March 25, 2013.

The Receiver is still in the process of resolving the Receivership’s post-appointment tax liabilities and anticipates filing a request for a prompt assessment during 2013 in conjunction with other actions to be taken in connection with winding down the Receivership.

#### **G. Receivership Books and Records**

The treasury function for the Receivership is being undertaken primarily by counsel to the Receiver, Conrad O’Brien PC, and the forensic accountant to the Receiver, Kroll. Tasks include managing the Estate’s funds, reconciling accounts on a monthly basis, and managing the review and approval of critical payables. Other responsibilities include working with vendors to

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<sup>7</sup> The distribution amount to Oak Grove was reduced by \$100,000 pursuant to the March 25, 2013 Consent Order entered in connection with the Receiver’s Motion to resolve his tax dispute with the Internal Revenue Service.

ensure that bills critical to the Receivership's operation and asset preservation are accounted for and paid in a timely manner. Kroll is also maintaining the accounting books for the Receivership Estate.

### **III. FACTORS TO BE CONSIDERED BY THE COURT IN AWARDING FEES**

This Court has the power to award the receiver fees for his services and for expenses incurred by the Receiver in the performance of his duties. See Donovan v. Robbins, 588 F. Supp. 1268, 1272 (N.D. Ill. 1984) (“[T]he receiver diligently and successfully discharged the responsibilities placed upon him by the Court and is entitled to reasonable compensation for his efforts.”). See also Securities & Exchange Commission v. Elliott, 953 F. Supp. 1560 (11th Cir. 1992) (receiver is entitled to compensation for faithful performance of his duties.). The case law on equity receiverships sets forth the standards for approving receiver compensation and the fees and expenses for the receiver's counsel. The District Court has discretion to determine compensation to be awarded to a court-appointed equity receiver and his counsel and “may consider all of the factors involved in a particular receivership in determining the appropriate fee.” Gaskill v. Gordon, 27 F.3d 248, 253 (7<sup>th</sup> Cir. 1994). Many authorities provide “convenient guidelines”, but in the final analysis, “the unique fact situation renders direct reliance on precedent impossible.” Securities & Exchange Comm'n v. W.L. Moody & Co., 374 F. Supp. 465, 480 (S.D. Tex. 1974), *aff d*, 519 F. 2d 1087 (5<sup>th</sup> Cir. 1975).

In allowing counsel fees in Securities Act receiverships, “[t]he court will consider . . . the complexity of problems faced, the benefit to the receivership estate, the quality of work performed, and the time records presented.” Securities & Exchange Comm'n v. Fifth Ave. Coach Lines, Inc., 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973); see also United States v. Code Prods., 362 F.2d 669, 673 (3rd Cir. 1966) (court should consider the time, labor and skill required (but not

necessarily expended), the fair value of such time, labor and skill, the degree of activity, the dispatch with which the work is conducted and the result obtained). “[R]esults are always relevant.” Securities & Exchange Comm'n v. Elliott, 953 F.2d 1560, 1577 (11th Cir. 1992), quoting Moody, 374 F Supp. at 480. However, a good result may take a form other than a bare increase in monetary value. Id. (“Even though a receiver may not have increased, or prevented a decrease in, the value of the collateral, if a receiver reasonably and diligently discharges his duties, he is entitled to compensation.”). Obviously, overall results can be determined only at the conclusion of the case. Another “basic consideration is the nature and complexity of the legal problems confronted and the skill necessary to resolve them.” Moody, 374 F. Supp. at 485. Moreover, “[t]ime spent cannot be ignored.” Id. at 483.

Under these standards the Receiver has adequately demonstrated that the amount of fees requested is appropriate. The Receiver as well as his counsel and accountants have successfully liquidated all of the substantial assets of the Receivership, recovered substantially all of the false profits paid to net winning investors, and recovered substantial principal amounts from other investors whose withdrawals the Receiver challenged. Through these efforts, the Receiver has successfully collected and recovered more than \$30.7 million on behalf of the Receivership since the inception of the Receivership. The Receiver has been able to distribute approximately \$23 million to investors and creditors of the Receivership through partial interim distributions. Through the most recent distribution the Receiver has achieved a minimum recovery percentage rate for investors of 74.47%.

The issues being addressed by the Receiver and his counsel are complex and involve not only the investigation of complex fraud perpetrated over a multi-year period, but the many nuanced issues related to multiple business entities which include tax, investment, employment

and other issues that are a matter of rapidly developing law. In addition the Receiver has spent considerable time engaging in substantial discovery and litigation efforts to recover fraudulently transferred funds and property, which efforts have resulted in the recovery of sums that have exceeded the cost of pursuing them. As evidence of the substantial time and effort these various tasks required, the Receiver will submit the following exhibits under seal for the Court's review:

Exhibit 3 – Summary of legal professional and paraprofessional time and requested reimbursement of expenses by the Receiver and his Counsel covering April – June, 2013.

Exhibit 4 – Summary of accounting professional and paraprofessional time and requested reimbursement of expenses by the Receiver's accounting firm covering April – June 2013;

Exhibit 5 – Summary of professional tax consulting services provided by Lundy Flemming (David Flynn); and Exhibit 6 – Summary of professional tax consulting services provided by Zelnick, Mann and Winikur. These exhibits as well as the narrative descriptions in this Application evidence the time and labor employed in processing this case.

The hourly rates charged by the attorneys and investigators providing services to the Receiver, as well as the Receiver's hourly rate, are below the customary rates of the attorneys working on this case and below those charged by attorneys of comparable skills in the Eastern District of Pennsylvania. As an accommodation to the SEC and investors, the Receiver and his counsel at Conrad O'Brien PC are billing at reduced rates at discounts of up to 30%. The Receiver's Court-approved accountants at Kroll are also billing at substantially reduced rates at an average discount of approximately 25%. Moreover, those billing at the higher rates, including the Receiver, Senior Counsel, and the Kroll Managing Director continue to write off substantial time during which they have conducted oversight activities.



The Receiver and his professionals' compensation in this matter is subject to the final approval of this Court. The Court should consider that the Receiver as well as his attorneys and accountants have assumed the risk of non-payment and/or substantial delay in payment in accepting the Court appointment. Based on the foregoing, the Receiver respectfully submits that the compensation sought by the Receiver and his team is wholly warranted.

The fee compensation requested by the Receiver and the Law Firm in this Application is \$30,243.20 (See Exhibit 3), and the fee compensation requested by the Accountant in this Application is \$3,766.40 (See Exhibit 4). Both these amounts reflect the application of the twenty percent (20%) holdback of the total fees invoiced. The total fee compensation invoiced by the Law Firm and the Accountant during the Application Period is \$37,804 and \$4,708, respectively. The total expense compensation requested by the Law Firm in this Application is \$1,146.46 (See Exhibit 3, p. 14).

The Receiver's application also includes requests for payment in full of invoices submitted by the Receiver's tax advisors, David Flynn at Lundy Flemming, LLP, and Zelnick, Mann and Winikur. Lundy Flemming's invoices for fees and expenses through the current fee application period total \$630. (See Exhibit 5). Zelnick, Mann and Winikur invoices for fees and expenses through the current fee application period total \$390. (See Exhibit 6). The Receiver believes such expenditures are specifically authorized under Section X(I) and (M) of the June 25, 2009 Order Appointing Receiver, and in view of the nature of these expenditures, are properly considered expenses of the Receiver's counsel and should not be subject to holdback.<sup>8</sup>

The following table includes a breakdown of the Receiver's legal and accounting fees by activity category as defined by the SEC's billing guidelines:

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<sup>8</sup> The Receiver has conferred with the SEC, which does not object to this request.

<b>Activity Category</b>	<b>Hours</b>	<b>Fee Amount</b>
Asset Analysis and Recovery	125.6	\$28,795
Asset Disposition	1.7	\$340
Business Operations	0	\$0
Case Administration	16.3	\$7,449
Claims Administration and Objections	6.1	\$1,220
Employee Benefits/Pensions	0	\$0
<b>Totals</b>	<b>149.7</b>	<b>\$37,804</b>

<b>Activity Category</b>	<b>Hours</b>	<b>Fee Amount</b>
Accounting/Auditing	5.05	\$842.50
Forensic Accounting	0	\$0
Status Reports	3.8	\$570
Litigation Consulting	20.10	\$3,295.50
<b>Totals</b>	<b>28.95</b>	<b>\$4,708</b>

WHEREFORE, the Receiver respectfully requests that the Court grant this Motion and thereby authorize the following:

1. Payment to Conrad O'Brien P.C. in the amount of \$30,243.20 for services performed between April 1, 2013 and June 30, 2013, such payment representing eighty percent (80%) of its total fee of \$37,804;

2. Payment to Conrad O'Brien P.C. in the amount of \$1,146.46 for expenses incurred between April 1, 2013 and June 30, 2013;

3. Payment to Kroll, Inc. in the amount of \$3,766.40 for services performed between April 1, 2013 and June 30, 2013, such payment representing eighty percent (80%) of its total fee of \$4,708;

4. Payment to Lundy Flemming, LLP in the amount of \$630 for tax consulting services performed between April 1, 2013 and June 30, 2013, representing one hundred percent (100%) of the total fee.

5. Payment to Zelnick, Mann and Winikur (“ZMW”) in the amount of \$390 for tax consulting services performed between April 1, 2013 and June 30, 2013, representing one hundred percent (100%) of ZMW’s total fee.

Respectfully submitted,

Dated: September 24, 2013

s/ Kevin Dooley Kent  
Patricia M. Hamill, Esquire  
Kevin Dooley Kent, Esquire  
Attorney I.D. Nos.: PA 48416/85962  
Conrad O’Brien PC  
1515 Market Street, 16th Floor  
Philadelphia, PA 19102-1921  
Telephone: (215) 864-9600  
Facsimile: (215) 864-9620  
*Counsel for Louis C. Bechtel, Receiver*

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

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**SECURITIES AND EXCHANGE  
COMMISSION**

**Plaintiff**

**v.**

**Donald Anthony Walker Young, et al.**

**Defendants**

**Oak Grove Partners, L.P., et al.**

**Relief Defendants**

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Civil Action No.: 2:09-cv-01634-JP

**CERTIFICATION**

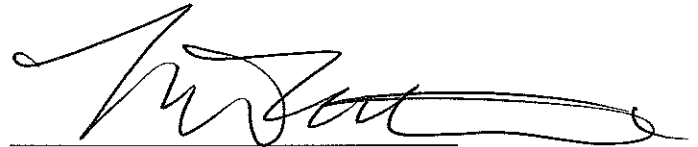
I, Louis C. Bechtle, ("Receiver"), hereby certify the following information in support of the Receiver's Quarterly Report and Motion for Approval of Fourteenth Interim Fee Application ("the Application"):

- (a) I have read the Application;
- (b) to the best of the Receiver's knowledge, information and belief formed after reasonable inquiry, the Application and all fees and expenses therein are true and accurate and comply with the Billing Instructions;
- (c) all fees contained in the Application are based on the rates listed in the Receiver's Order of Appointment and included in the Application and such fees are reasonable, necessary and commensurate with the skill and experience required for the activity performed;
- (d) the Receiver has not included in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment, or capital outlay (except to the extent that any such amortization is included within the permitted allowable amounts set forth herein for photocopies and facsimile transmission); and,
- (e) in seeking reimbursement for a service which the Applicant justifiably purchased or contracted for from a third party (such as copying, imaging, bulk mail, messenger service, overnight courier, computerized research, or

title and lien searches), the Applicant requests reimbursement only for the amount billed to the Applicant by the third party vendor and paid by the Applicant to such vendor. With regard to any like services performed by the Receiver or his staff, the Receiver certifies that he is not making a profit on such reimbursable service.

- (f) In connection with any litigation activity instituted by the Receiver on behalf of the Receivership, the Receiver certifies that such activity is likely to produce and/or has produced a net economic benefit to the estate, based on the receiver's review of: (i) the legal theories upon which each action is based; (ii) the likelihood of collection on any judgment which might be obtained; and (iii) consideration of alternative methods of seeking the relief.

September 24, 2013

A handwritten signature in black ink, appearing to read "Louis C. Bechtle", written over a horizontal line.

Louis C. Bechtle, Esquire

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

**SECURITIES AND EXCHANGE  
COMMISSION**

**Plaintiff**

**v.**

**Donald Anthony Walker Young, et al.**

**Defendants**

**Oak Grove Partners, L.P., et al.**

**Relief Defendants**

Civil Action No.: 2:09-cv-01634-JP

**CERTIFICATE OF SERVICE**

I hereby certify that on this date a true and correct copy of the foregoing Quarterly Report, Motion for Approval of Fourteenth Interim Fee Application was filed and served on all counsel of record via the Court's Electronic Filing System, with additional copies served via electronic mail on the following:

Catherine E. Pappas, Esquire  
Securities & Exchange Commission  
Mellon Independence Center  
701 Market Street, Suite 2000  
Philadelphia, PA 19106

Gregory P. Miller, Esquire  
Drinker Biddle & Reath LLP  
One Logan Square  
18th & Cherry Streets  
Philadelphia, PA 19103

Mark Cedrone, Esquire  
Nicholas V. Pinto, Esquire  
Cedrone & Pinto  
123 S. Broad Street, Suite 810  
Philadelphia, PA 19109

Robert E. Welsh, Jr., Esquire  
Catherine M. Recker, Esquire  
Welsh & Recker, P.C.  
2000 Market Street, Suite 2903  
Philadelphia, PA 19103

William J. Winning, Esquire  
Cozen and O'Connor  
1900 Market Street  
The Atrium, 4th Floor  
Philadelphia, PA 19103

Stephen G. Stroup, Esquire  
Drinker Biddle & Reath LLP  
One Logan Square, 18th & Cherry Sts.  
Philadelphia, PA 19103

DATED: September 24, 2013

s/ Kevin Dooley Kent  
Kevin Dooley Kent