
**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff.

V.

TRAFFIC MONSOON, LLC and CHARLES
DAVID SCOVILLE,

Defendants.

**ORDER ESTABLISHING
ADMINISTRATIVE EXPENSE
PAYMENT PROCEDURES**

2:16-cv-00832-JNP

The Honorable Jill N. Parrish

The court GRANTS IN PART AND DENIES IN PART the receiver's motion to establish administrative procedures for the payment of receivership expenses. [Docket 94]. The court adopts most, but not all, of the procedures proposed by the receiver. The court also modifies some of the proposed procedures.

The court ORDERS that the following procedures shall apply to all fees and expenses incurred by the receiver and professionals employed by the receiver (Professional or Professionals) on or after April 1, 2017. The receiver is AUTHORIZED to make payments to herself and to the employed Professionals in accordance with these procedures:

1. Interim Requests. Each Professional who has rendered services to the receivership estate in a given month will submit to the receiver and the SEC a *Notice of Request for Payment* (Request) seeking interim payment as outlined below.
2. Content of Request. A Request may seek interim payment of no more than 80% of the total fees for actual and necessary services rendered during the month in question, and

100% of the out-of-pocket expenses incurred by the Professional in rendering such services. The Request must summarize the total time expended by the Professional, the total amounts being billed, and the amounts sought for interim payment pursuant to these monthly procedures. The Professional must attach to each Request invoices that include a detailed and chronological listing of the services provided, identify the persons providing the services, state the time expended by the Professionals who performed the services, and describe the expenses incurred.

3. Filing of Request. A Request may be filed with the court after the earlier of (a) approval of the Request by the SEC and the receiver or (b) 10 days after the date that the Request is submitted to the SEC and the receiver.

4. Service of Request. A Request that is filed with the court must be served by the Professional via email on the SEC, the receiver, counsel for the receiver, and Charles Scoville at the addresses listed below. The Professional must also serve the Request via email on any individual who files with this court a notice seeking copies of such Requests. The Request must also be filed by the Professional on the court's CM/ECF system.

5. Interim Objection Period. An objection to the payment of fees or reimbursement of expenses in a Request must be filed with the court and served by email on the Professional who filed the Request, the SEC, and the receiver within 14 calendar days of the date the Request was filed with the court (the Interim Objection Period).

6. Required Objection Content. Each objection must specifically describe the specific subject matter in dispute, identify the line items in the Invoices that are objectionable, and state the total amount in dispute. It will not be sufficient to make a blanket objection to all fees and expenses.

7. Objection Procedures. If an objection is timely filed and served prior to the expiration of the Interim Objection Period, the court shall determine whether to rule on the objection based upon the written filings or whether to schedule a hearing.

8. Interim Payment. If no objection to a Request is timely filed and served within the Interim Objection Period, the receiver is authorized to make payment as requested in the Request on an interim basis promptly upon the expiration of the Interim Objection Period. If an objection is timely filed and served within the Interim Objection Period, the receiver is authorized to make interim payment of the Request of the fees and expenses that are not in dispute. If there is no objection to any line item, then the fee or expense that accompanies that line item shall be paid as described herein. No disputed amount may be paid until the objection is considered by the court and an order is entered allowing the disputed fees and expenses. Interim payments pursuant to these procedures will be made only if the receiver determines, in her sole discretion, that sufficient funds are available to make payment. To the extent that the receiver determines there are funds available for interim payments for any month, but that such funds are insufficient to pay all Requests in accordance with these procedures, the receiver may make interim payments in accordance with the procedures herein on a *pro rata* basis from funds that the receiver determines, in her sole discretion, are available for distribution.

9. Court Order Required. No portion of funds paid to a Professional pursuant to a Request will be deemed to have been allowed by the court unless and until the court enters an order expressly allowing the Professional's fees and expenses after the filing of an Interim Fee Application (defined below).

10. Interim Fee Application Required. Each Professional filing Requests during any part of a calendar quarter is required to file an “Interim Fee Application” within 30 days after the close of the quarter. If a Professional does not timely file an Interim Fee Application, it shall not be permitted to submit and file additional Requests until it has filed the required Interim Fee Application.

11. Content of Interim Fee Application. Each Interim Fee Application must include a summary of the Requests made during the quarter, the interim payments that were made to the Professional, the reason for any holdback over 20% of fees requested, and may contain a response to any pending objection filed during the applicable Interim Objection Period. The Interim Fee Application also must request allowance by the court of 100% of the fees incurred and expenses paid, and seek authorization from the court for the receiver’s payment of all allowed fees and expenses from funds of the receivership estate.

12. Service of Interim Fee Application. No later than 10 days prior to the filing of the Interim Fee Application, the Professional must serve the proposed Interim Fee Application by email on the SEC and the receiver at the addresses set forth below. Upon filing the Interim Fee Application with the court, the service requirements set forth above in paragraph 4 for service of Requests apply to the Interim Fee Application.

13. Fee Application Hearing. After the filing of Interim Fee Applications each quarter, the court may schedule and conduct a fee application hearing. If no objections have been filed during the Interim Objection Periods or within 14 days of the filing of the Interim Fee Application, the court may enter orders approving uncontested Interim Fee Applications either with or without holding a hearing.

14. Payment. The receiver is not authorized to pay any unpaid fees or expenses requested in an Interim Fee Application unless and until she is authorized to do so by the court. In the event that the Professional has been paid fees or expenses on an interim basis that are subsequently disallowed by the court, the Professional must, unless otherwise ordered by the court, return the funds to the receivership estate.

15. Service Addresses. For purposes of service required pursuant to the proposed procedures, the follow addresses apply:

The receiver and counsel

Peggy Hunt
Michael F. Thomson
John J. Wiest
DORSEY & WHITNEY LLP
136 South Main Street, Suite 1000
Salt Lake City, UT 84101-1685
hunt.peggy@dorsey.com
thomson.michael@dorsey.com
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The SEC

Daniel Wadley
Amy J. Oliver
Cheryl M. Mori
Alison J. Okinaka
Securities and Exchange Commission
351 S West South Temple, Suite 6.100
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wadleyd@sec.gov
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Charles Scoville

D. Loren Washburn
John E. Durkin

Smith Correll LLP
50 W Broadway Ste 1010
Salt Lake City, UT 84101
lwashburn@smithcorrell.com
jdurkin@gmail.com

Edwin S. Wall
Wall Law Offices
8 E Broadway Ste 405
Salt Lake City, Utah 84111
edwin@edwinwall.com

16. Final Fee Application. At the conclusion of the receivership, final fee applications must be filed for each Professional seeking final allowance of all fees and expenses requested. All fees and expenses allowed and paid prior to the entry of an order approving such final fee applications are interim in nature.

DATED June 13, 2017.



Jill N. Parrish
United States District Judge