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Attorneys for Court-Appointed Receiver Peggy Hunt

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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff.

v.

TRAFFIC MONSOON, LLC, a Utah Limited
Liability Company, and CHARLES DAVID
SCOVILLE, an individual,

Defendants.

**RECEIVER'S RESPONSE TO
REQUEST FOR FURTHER
INFORMATION REGARDING
ALLOWANCE OF CERTAIN
LEGAL FEES AND PROPOSED
AMENDMENT TO PENDING FEE
APPLICATIONS**

2:16-cv-00832-JNP

The Honorable Jill N. Parrish

Peggy Hunt, as the Court-appointed Receiver in the above-captioned case (the “Receiver”), by and through counsel, hereby files this *Response* to the Court’s *Docket Text Order* [Docket No. 157] (the “Order”), requesting further information about services provided by the Receiver’s attorneys, Dorsey & Whitney LLP (“Dorsey”) in reviewing and responding to investor emails as set forth in the invoices attached as Exhibit B to the Receiver’s *Fourth Interim Fee Application for Receiver and Receiver’s Professionals for Services Rendered from October 1, 2017 through December 31, 2017* [Docket No. 152] (the “Fourth Fee Application”) and *Fifth*

Interim Fee Application for Receiver and Receiver's Professionals for Services Rendered from January 1, 2018 through March 31, 2018 [Docket No. 154] (the "Fifth Fee Application") (collectively, the "Fee Applications"). Capitalized terms not otherwise defined herein shall have the meanings attributed to them in the Fee Applications.

I.

RESPONSE

The Services Rendered

The Receiver has established an e-mail address where investors can submit inquiries regarding the status of the case, referred to in the invoices attached to the Fee Application as the "investor inquiry e-mails." From the time the e-mail address was created, the Receiver began receiving a large number of e-mails from investors providing information about the amount of money they claim they invested in and their involvement with Traffic Monsoon, their contact information and, in some cases, information about the Defendants. Often times these e-mails included specific transaction information, including what payment processor the investor used, the dates of the transactions, and the reference numbers. Because of Mr. Scoville's failure to keep adequate records of Traffic Monsoon's business, the Receiver and her professionals have been tasked with recreating the accounting records.

As part of this process, the Receiver believed it would be most efficient to have an attorney familiar with the case and the types of claims that may arise to review the investor inquiry e-mails to assist in spotting issues and facts that might assist the Receiver in her duties, assessing jurisdictional issues, collecting information needed to recreate the business records,

and identifying potential assets and persons with information about this case. The associate tasked with these duties has also been in charge, prior to her recent maternity leave, with advising the Receiver on the most efficient way to create and execute a claims process, and potential issues related thereto. Work on this project has made the associate uniquely familiar with claims issues in this case which she will continue with when she returns.

The information has been collected in a working document that has been very beneficial to the receivership estate, especially in consideration of the claims process that the Receiver intends to request authority to commence as soon as she has established a proposed infrastructure to deal with the enormous number of worldwide claims. This information was also used by the Receiver's financial advisors as part of its recreation of business records, and will continue to aid the receivership estate as investor claims are submitted and reconciled with the recreated records.

The Time Spent

The invoices attached as Exhibit B to the Fee Applications include time billed by a Dorsey associate related to investor email review and analysis. Based on the Receiver's review of the Fee Applications, the associate spent a total of 30.6 hours during the Application Period applicable to the Fourth Fee Application providing these services, and a total of 27.1 hours providing these services during the Application Period applicable to the Fifth Fee Application.

II.

PROPOSED AMENDMENTS TO THE FEE APPLICATIONS TO ADDRESS THE COURT'S CONCERNS

Although the Receiver believes the time spent was necessary and beneficial to the Receivership Estate, she is sensitive to the Court's concerns and recognizes that perhaps at least

some of the work related to the investor inquiry emails could have been done more efficiently or partially delegated to a professional with a lower hourly rate. Accordingly, the Receiver proposes to amend the Fee Applications to reduce the total fees requested by Dorsey. Specifically, the Receiver proposes that the associate's hourly rate billed for this work be reduced from \$315 to \$250.

Applying the amended rate to the hours outlined above, the total fees requested in the Fourth Application would be reduced by the total amount of \$1,989, and the total fees requested in the Fifth Application would be reduced by the total amount of \$1,761.5, for a total reduction of \$3,750.50.

III.

CONCLUSION

For the reasons set forth herein, the Receiver requests that the Court approve the Fee Applications as amended herein. A proposed form of Order related to the Fourth Application is attached hereto as Exhibit 1, and a proposed form of Order related to the Fifth Application is attached hereto as Exhibit 2.

DATED this 8th day of August, 2018.

DORSEY & WHITNEY LLP

/s/ Michael F. Thomson

Peggy Hunt

Michael F. Thomson

John J. Wiest

Attorneys for Receiver, Peggy Hunt

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of August, 2018, I caused the foregoing to be electronically filed with the Clerk of the Court using the CM/ECF system, which will send notification of the filing to all counsel of record in this case.

/s/ John J. Wiest

Exhibit 1

Prepared and Submitted By:

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Court-Appointed Receiver and Attorneys for Court-Appointed Receiver

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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff.

V.

TRAFFIC MONSOON, LLC, a Utah Limited
Liability Company, and CHARLES DAVID
SCOVILLE, an individual,

Defendants.

**ORDER GRANTING FOURTH
INTERIM FEE APPLICATION FOR
RECEIVER AND RECEIVER'S
PROFESSIONALS FOR SERVICES
RENDERED FROM OCTOBER 1, 2017
THROUGH DECEMBER 31, 2017, AS
AMENDED**

2:16-cv-00832-JNP

The Honorable Jill N. Parrish

The matter before the Court is the *Fourth Interim Fee Application for Receiver and Receiver's Professionals for Services Rendered From October 1, 2017 Through December 31, 2017* (the "Fee Application") filed by Peggy Hunt, the Court-appointed Receiver (the "Receiver"), seeking the allowance of fees and expenses incurred by the Receiver, the Receiver's counsel, Dorsey & Whitney LLP ("Dorsey"), and the Receiver's accountants, Berkley Research Group ("BRG"), for the period of October 1, 2017 through December 31, 2017 (the "Application Period") and authorization to pay all allowed fees and expenses from funds of the Receivership

Estate on an interim basis. No objections to the Fee Application have been filed.

On July 13, 2018, the Court ordered the Receiver to provide further information about services provided by Dorsey in reviewing and responding to investor emails as set forth in the invoices attached as Exhibit B to the Fee Application. Docket No. 157. The Receiver filed a *Response to Request for Further Information Regarding Allowance of Certain Legal Fees and Proposed Amendment to Pending Fee Applications* on August 8, 2018 [Docket No. 161] (the “Response”), amending the Fee Application to reduce the legal fees requested in the total amount of \$1,989. Thus, as amended, Dorsey is seeking allowance of fees in the total amount of \$53,599.27.

The Court has reviewed the Fee Application, all Exhibits thereto, the Response, the record in this case, and applicable law. The Court finds the fees and expenses requested for the Application Period, as amended by the Response, are reasonable, necessary and beneficial. Based thereon, and for good cause appearing,

IT IS HEREBY ORDERED that:

- (1) The Fee Application, as amended by the Response, is **APPROVED**;
- (2) The fees and expenses of the Receiver and her professionals Dorsey and BRG are **ALLOWED** on an interim basis as set forth in the Fee Application, as amended by the Response;
- (3) The Receiver is **ALLOWED** a claim in the total amount of \$15,748.65 for fees;
- (4) Dorsey is **ALLOWED** a claim in the amount of \$53,550.00 for fees and \$49.27 for reimbursement of out-of-pocket expenses, for a total sum of \$53,599.27;
- (5) BRG is **ALLOWED** a claim in the amount of \$96,546.50 for fees and \$23.50 for

reimbursement of out-of-pocket expenses, for a total sum of \$96,570.00; and

(6) The Receiver is **AUTHORIZED** to pay all fees and expenses as allowed herein to the extent that they have not been paid pursuant to the Fee Procedures Order.

DATED this ____ day of _____, 2018.

BY THE COURT:

The Honorable Jill N. Parrish
United States District Court

Exhibit 2

Prepared and Submitted By:

Peggy Hunt (Utah State Bar No. 6060)
Michael F. Thomson (Utah State Bar No. 9707)
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Court-Appointed Receiver and Attorneys for Court-Appointed Receiver

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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff.

V.

TRAFFIC MONSOON, LLC, a Utah Limited
Liability Company, and CHARLES DAVID
SCOVILLE, an individual,

Defendants.

**ORDER GRANTING FIFTH
INTERIM FEE APPLICATION FOR
RECEIVER AND RECEIVER'S
PROFESSIONALS FOR SERVICES
RENDERED FROM JANUARY 1, 2018
THROUGH MARCH 31, 2018, AS
AMENDED**

2:16-cv-00832-JNP

The Honorable Jill N. Parrish

The matter before the Court is the *Fifth Interim Fee Application for Receiver and Receiver's Professionals for Services Rendered from January 1, 2018 through March 31, 2018* (the "Fee Application") filed by Peggy Hunt, the Court-appointed Receiver (the "Receiver"), seeking the allowance of fees and expenses incurred by the Receiver, the Receiver's counsel, Dorsey & Whitney LLP ("Dorsey"), and the Receiver's accountants, Berkley Research Group ("BRG"), for the period of January 1, 2018 through March 31, 2018 (the "Application Period") and authorization to pay all allowed fees and expenses from funds of the Receivership Estate on

an interim basis. No objections to the Fee Application have been filed.

On July 13, 2018, the Court ordered the Receiver to provide further information about services provided by Dorsey in reviewing and responding to investor emails as set forth in the invoices attached as Exhibit B to the Fee Application. Docket No. 157. The Receiver filed a *Response to Request for Further Information Regarding Allowance of Certain Legal Fees and Proposed Amendment to Pending Fee Applications* on August 8, 2018 [Docket No. 161] (the “Response”), amending the Fee Application to reduce the legal fees requested in the total amount of \$1,761.50. Thus, as amended, Dorsey is seeking allowance of fees in the total amount of \$57,921.34.

The Court has reviewed the Fee Application, all Exhibits thereto, the Response, the record in this case, and applicable law. The Court finds the fees and expenses requested for the Application Period, as amended by the Response, are reasonable, necessary and beneficial. Based thereon, and for good cause appearing,

IT IS HEREBY ORDERED that:

- (1) The Fee Application, as amended by the Response, is **APPROVED**;
- (2) The fees and expenses of the Receiver and her professionals Dorsey and BRG are **ALLOWED** on an interim basis as set forth in the Fee Application, as amended by the Response;
- (3) The Receiver is **ALLOWED** a claim in the total amount of \$17,170.65 for fees;
- (4) Dorsey is **ALLOWED** a claim in the amount of \$57,736.25 for fees and \$185.09 for reimbursement of out-of-pocket expenses, for a total sum of \$57,921.34;
- (5) BRG is **ALLOWED** a claim in the amount of \$36,856.50 for fees and \$124.92

for reimbursement of out-of-pocket expenses, for a total sum of \$36,981.42; and

(6) The Receiver is **AUTHORIZED** to pay all fees and expenses as allowed herein to the extent that they have not been paid pursuant to the Fee Procedures Order.

DATED this ____ day of _____, 2018.

BY THE COURT:

The Honorable Jill N. Parrish
United States District Court