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14 **UNITED STATES DISTRICT COURT**  
15 **CENTRAL DISTRICT OF CALIFORNIA**  
16 **Western Division**

17 **SECURITIES AND EXCHANGE**  
18 **COMMISSION,**

19 Plaintiff,

20 vs.

21 **TITANIUM BLOCKCHAIN**  
22 **INFRASTRUCTURE SERVICES,**  
23 **INC.; EHI INTERNETWORK AND**  
24 **SYSTEMS MANAGEMENT, INC.**  
25 **aka EHI-INSM, INC.; and MICHAEL**  
26 **ALAN STOLLERY aka MICHAEL**  
27 **STOLLAIRE,**

28 Defendants.

Case No. 2:18-cv-04315-DSF-JPR

**PLAINTIFF SECURITIES AND**  
**EXCHANGE COMMISSION'S NON-**  
**OPPOSITION TO SECOND INTERIM**  
**FEE APPLICATION OF HOLLAND**  
**& KNIGHT, LLP, AS COUNSEL TO**  
**RECEIVER, FOR ALLOWANCE OF**  
**COMPENSATION AND**  
**REIMBURSEMENT OF (Dkt. No. 103)**

Date: September 13, 2021  
Time: 1:30 p.m.  
Place: Courtroom 7D  
Judge: Hon. Dales S. Fischer

1 **I. INTRODUCTION**

2 Plaintiff Securities and Exchange Commission (“SEC”) does not oppose the  
3 Second Interim Fee Application of Holland & Knight, LLP (“Holland & Knight”), as  
4 Counsel to Receiver, for Allowance of Compensation and Reimbursement of  
5 Expenses. (Dkt. No. 103.) After careful review, the work and fees appear to have  
6 been reasonable and necessary to the management of the receivership estate.

7 **II. LEGAL DISCUSSION**

8 **A. The Court Has Discretion To Award Interim And Final Fees**

9 The determination of the amount to be awarded to a receiver and his  
10 professionals is in the district court’s sound discretion and should be “reasonable  
11 under the circumstances.” *In re Washington Public Power Supply Systems*  
12 (*“WPPSS”*) *Sec. Litig.*, 19 F.3d 1291, 1296 (9th Cir.1994); *In re San Vicente Medical*  
13 *Partners, Ltd.*, 962 F.2d 1402, 1409 (9th Cir. 1992) (trial court has discretion to  
14 determine reasonable compensation for receiver); *SEC v. Byers*, 590 F. Supp. 2d 637,  
15 644 (S.D.N.Y. 2008) (same); *SEC v. Striker Petroleum, LLC*, Case No. 09-cv-2304-D,  
16 2012 WL 685333, at \*2 (N.D. Tex. Mar. 2, 2012) (“The award of fees in a  
17 receivership is entrusted to the discretion of the district court.”).

18 In general, a reasonable fee is assessed based on all circumstances surrounding  
19 the receivership. As the Supreme Court stated:

20 The compensation is usually determined according to the  
21 circumstances of the particular case, and corresponds with the degree  
22 of responsibility and business ability required in the management of  
the affairs intrusted to him, and the perplexity and difficulty involved  
in that management.

23 *Stuart v. Boulware*, 133 U.S. 78, 82 (1890). *See also SEC v. Northshore Asset Mgmt.*,  
24 Case No. 05-civ-2192, 2009 WL 3122608, at \*3 (S.D.N.Y. Sept. 29, 2009) (court may  
25 consider all factors involved in receivership including complexity of problems faced,  
26 benefits to receivership estate, quality of work performed, and time records presented  
27 (citations omitted)).

28 It is well established that not only the amount, but also the timing, of any award

1 of fees and expenses to a court-appointed receiver and the professionals employed by  
2 the receiver are within the Court’s sound discretion. *See Drilling & Exploration Corp.*  
3 *v. Webster*, 69 F.2d 416, 418 (9th Cir. 1934). An award of interim fees may be  
4 appropriate where a receiver or the professionals employed by the receiver “regularly  
5 devote[] a portion of his time, either daily or weekly, to the administration of the  
6 estate[.]” *In Re McGann Mfg. Co.*, 188 F.2d 110, 112 (3d Cir. 1951) (interim fees to  
7 bankruptcy trustee or his counsel); *see also In re Alpha Telcom, Inc.*, No. CV 01-  
8 1283-PA, 2006 WL 3085616, at \*3 (D. Ore. Oct. 27, 2006). Moreover, an award of  
9 interim fees should be at a reduced rate below any final allowance. *McGann*, 188 F.2d  
10 at 112; *Lutheran Hospitals and Homes Society of America v. Duecy*, 422 F.2d 200 (9th  
11 Cir. 1970). As the Third Circuit recognized:

12           Even where hardship . . . requires the award of interim fees, the  
13           allowances granted should be ‘well below any possible final  
14           allowances,’ both because ‘overly generous’ awards might encourage  
15           procrastination and because it is only at the conclusion of a  
16           reorganization that the value of the services can be appropriately  
17           measured.

18 *In Re Imperial “400” National, Inc.*, 432 F.2d 232, 235 (3d Cir. 1970) (*citing*  
19 *McGann*, 188 F.2d at 112).

20           Thus, the Court has discretion to make an interim fee award, in an amount it  
21           deems appropriate, where a receiver and their professionals devote a substantial  
22           amount of time to a case that may take some time to resolve.

23 **III. CONCLUSION**

24           The SEC does not oppose the interim payment of fees in this case, and supports  
25           the request made in the Second Interim Fee Application of Holland & Knight.

26 Dated: August 17, 2021

27 Respectfully submitted,

28 /s/ Douglas M. Miller

Douglas M. Miller

Attorney for Plaintiff

Securities and Exchange Commission

**PROOF OF SERVICE**

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION,  
444 S. Flower Street, Suite 900, Los Angeles, California 90071  
Telephone No. (323) 965-3998; Facsimile No. (213) 443-1904.

On August 17, 2021, I caused to be served the document entitled **PLAINTIFF SECURITIES AND EXCHANGE COMMISSION’S RESPONSE TO SECOND INTERIM FEE APPLICATION OF HOLLAND & KNIGHT, LLP, AS COUNSEL TO RECEIVER, FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF (Dkt. No. 103)** on all the parties to this action addressed as stated on the attached service list:

**OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency’s practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

**PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

**EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

**HAND DELIVERY:** I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

**UNITED PARCEL SERVICE:** By placing in sealed envelope(s) designated by United Parcel Service (“UPS”) with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Los Angeles, California.

**ELECTRONIC MAIL:** By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

**E-FILING:** By causing the document to be electronically filed via the Court’s CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

**FAX:** By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare under penalty of perjury that the foregoing is true and correct.

Date: August 17, 2021

/s/ Douglas M. Miller

Douglas M. Miller

