

1 Michael Carmel, Esq. #007356  
2 **LAW OFFICES OF MICHAEL W. CARMEL, LTD**  
3 80 East Columbus Avenue  
4 Phoenix, Arizona 85012-2334  
5 (602) 264-4965  
6 e-mail [michael@mcarmellaw.com](mailto:michael@mcarmellaw.com)  
7 *Attorney for the Debtors*

8 Lawrence E. Wilk, #006510  
9 Jonathan P. Ibsen, #023284  
10 **JABURG & WILK, P.C.**  
11 3200 North Central Avenue, Suite 2000  
12 Phoenix, Arizona 85012  
13 (602) 248-1000  
14 e-mail [lew@jaburgwilk.com](mailto:lew@jaburgwilk.com)  
15 *Special Counsel for Debtor*

16 UNITED STATES BANKRUPTCY COURT  
17 DISTRICT OF ARIZONA

18 In re:  
19 MATHON FUND, L.L.C., et al,  
20 Debtors.

21 Chapter 11 Proceedings  
22 Case No: 05-27993 PHX GBN  
23 (Jointly Administered with Case Nos.  
24 05-27994 PHX-SSC and  
25 05-27995 PHX- JMM)

26 THIS FILING APPLIES TO:

- 27  ALL DEBTORS  
28  SPECIFIED DEBTORS

**FIRST APPLICATION OF MICHAEL W.  
CARMEL AS COUNSEL TO DEBTOR  
FOR PAYMENT OF FEES AND  
REIMBURSEMENT OF EXPENSES**

29 Michael W. Carmel, Ltd, counsel for Debtors, hereby submits its First Application for  
30 Payment of Compensation to Counsel and for Reimbursement of Expenses for the period  
31 November 15, 2005 through March 15, 2006, as more fully set forth in Exhibit "A" attached  
32 hereto in the amount of \$77,677.00. In support of the Fee Application, Michael W. Carmel, Ltd  
33 submits the following Memorandum of Points and Authorities

34 DATED this 9th day of June, 2006.

**JABURG & WILK, P.C.**

/s/ 006510

35 \_\_\_\_\_  
36 Lawrence E. Wilk  
37 Jonathan P. Ibsen  
38 *Special Counsel for Debtor*

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 I. **Procedural Background**

3 1. On or about April 1, 2005, the Arizona Corporation Commission caused to be  
4 filed, in the Superior Court in and for the State of Arizona, a Verified Complaint in the above-  
5 captioned matter against numerous individual defendants and entities, seeking the appointment of  
6 a Receiver over the named Defendants.

7 2. On April 5, 2005, this Court issued its Order appointing James C. Sell Receiver for  
8 the approximately 30 entities named in the Receivership complaint.

9 3. Subsequently, after notice and hearing, the Court on April 14, 2005 issued its  
10 Order approving the Stipulation Regarding Order Appointing Conservator, in which the title of  
11 James C. Sell was changed from Receiver to Conservator (hereinafter, the “Conservatorship  
12 Order”). The rights and obligations of the Conservator remained identical to those of the  
13 Receiver.

14 4. On July 6, 2005 the Court entered an Amended Order approving Joint Motion for  
15 Operating Order which allowed the payment of professional fees in the amount of 80% of the  
16 monthly billings and 100% of the monthly expenses.

17 5. Pursuant to an Order entered in the State Court proceeding on October 25, 2005,  
18 that Court authorized the filing of bankruptcy for three Conservatorship Entities, Mathon Fund I,  
19 LLC, Mathon Fund, LLC and W.S.F. – World Sports Fans, LLC.

20 6. On January 12, 2006, this Court entered an Order allowing for the Joint  
21 Administration of the three bankruptcy estates referenced in paragraph 4, hereof. This Motion is  
22 filed in the Mathon Fund LLC jointly administered case in accordance with the Court’s prior Joint  
23 Administration Order.

24 7. On February 17, 2006 the United States Bankruptcy Court entered an Order  
25 Establishing Procedures for Interim Compensation and Reimbursement of Professionals which  
26 authorized the payment of professional fees in the amount of 80% of the monthly billings and  
27 100% of the expenses.

28

1 II. Fee Application

2 1. By Operating Order dated July 6, 2005 of the State Court and the Bankruptcy  
3 Court Order Establishing Procedures for Interim Compensation and Reimbursement of  
4 Professionals filed on February 17, 2006, the Courts authorized the payment of 80% of the  
5 monthly billings for fees incurred and reimbursement of 100% of expenses.

6 2. In compliance with both the State Court and Bankruptcy Court Operating Orders,  
7 monthly statements were provided to the required parties, and partial payments made.

8 3. The United States Bankruptcy Court by Order dated November 15, 2006  
9 authorized the employment of Michael W. Carmel as Bankruptcy counsel to Debtors.

10 4. The First Application of Michael W. Carmel covers the period from November 15,  
11 2006 through March 15, 2006. Applicants First Application for Payment of Fees requests the  
12 approval of fees in the amount of \$74,560.00 and reimbursement of expenses in the amount of  
13 \$3,117.00. Pursuant to the Operating Order, Michael W. Carmel has received \$64,462.50 during  
14 the Application period. The payment represents 80% of the fees billed and 100% of expenses  
15 leaving a 20% unpaid balance in the amount of \$13,214.00.

16 5. The following is a detailed fee summary including a detailed rate and time analysis  
17 as well as file status:

18 **Mathon Fund, LLC**  
19 **Mathon Fund 1, LLC**

20 **Fee Summary**

21 **Case Administration**

22 Review Complaint; Receiver's Report, and other documents to prepare for filing; attend  
23 meetings with Receiver and Larry Wilk re status and strategy; review proposed Plan; meet with  
24 counsel Meda re status of matters; confer telephonically with creditors re payment and status;  
25 review Schedules and Statement of Financial Affairs; telephone calls from various parties re  
26 status; meet with U.S. Trustee re: status of case, and review correspondence re: State Committee  
27 concessions.

28 34.30 hrs. @ \$350/hr. = \$12,005.00

3.50 hrs. @ \$325/hr. = \$ 1,137.50

1 **Asset Analysis & Recovery**

2 Meetings with Jim Sell and Larry Wilk re: strategy; review of pleadings; review  
3 correspondence regarding documents; work on asset analyses; meet with Taylor Ashworth and Ed  
4 Standage re: assets; travel to New York re: collection issue on Judgment; meet with parties and  
5 lawyers re: Guccione Judgment; review documents for claims to pursue.

6 14.90 hrs. @ \$350/hr. = \$ 5,215.00

7 **Asset Disposition**

8 Worked on various sales; attended sales hearing; conference with James Sell re: Nevada -  
9 Harrah's deal; and attended hearing re: sale of Mesa property.

10 3.70 hrs. @ \$350/hr. = \$ 1,295.00

11 **Claims Administration and Objections**

12 Review claims filed; worked on claims; telephone calls from creditors re: claims;  
13 reviewed correspondence from counsel regarding the O&A claim; and worked on Net Investment  
14 Analyses.

15 31.85 hrs. @ \$350/hr. = \$ 11,147.50

16 **Fee/Employment Applications**

17 Prepare applications for employment as counsel for Debtors, and Orders thereon; prepare  
18 application to appoint special counsel for Receiver and Order.

19 0.80 hrs. @ \$350 = \$ 280.00

20 **Meetings of Creditors**

21 Meet with the U.S. Trustee re: Initial Debtor Interview.

22 1.75 hrs. @ \$350/hr. = \$ 612.50

23 **Business Operations**

24 Meet with the U.S. Trustee regarding operating issues; review drafts of Operating Order;  
25 attend hearing re: Operating Order and confer with special counsel for Receiver; attend status  
26 hearing; meet with Receiver and special counsel re: miscellaneous operating matters; and review  
27 various settlement proposals.

28 6.45 hrs. @ \$350/hr. = \$ 2,257.50

1 **Litigation**

2 Telephonic conference with Wendy Coy of the Arizona Corporation Commission  
3 Securities Division re: Section 543 Motion; review Objection to Section 543 Motion filed by  
4 counsel Shull; review Motion for Joint Administration and prepare Response; attend hearings re  
5 Joint Administration; meet with parties re strategy; review documents re: State Court pleadings;  
6 review Committee Response re: recusal issue; attend hearing on recusal issue and meet with  
7 parties after hearing re status; work on issues re: State Court Committee; work on settlement of  
8 various issues - New Stansbury; and review and work on Reserve Spa documents.

9 21.10 hrs. @ \$350/hr. = \$ 7,385.00

10 **Relief from Stay**

11 Review lift stay motion and supporting documents filed by counsel Firestein; attend lift  
12 stay hearings and meet with special counsel for Receiver and counsel Firestein; work on Bar K  
13 lift stay papers; review documents re: Utah deed litigation; review lift stay Stipulation re: Utah  
14 deed litigation and revise.

15 13.60 hrs. @ \$350/hr. = \$4,760.00

16 **Plan and Disclosure Statement**

17 Review Plan proposed by Shelley; meet with client re: strategy; telephone calls from  
18 counsel Ashworth re: Plan; meet with parties re Plan issues; compile and review documents for  
19 Disclosure Statement; work on post-confirmation issues; work on Plan, Disclosure Statement and  
20 back-up-Exhibits; review draft Stipulation in Aid of Plan Confirmation; meet with parties re: Plan  
21 issues; and work on changes to Stipulation re Confirmation.

22 97.50 hrs. @ \$350/hr. = \$ 34,125.00

23 225.95 hrs. @ \$350/hr. = \$ 79,082.50

24 3.50 hrs. @ \$325/hr. = 1,137.50

25 TOTAL: \$80,220.00

26 Costs:

27 Messenger Service \$ 9.01

28 Deposition Transcript  
of Robert Semple 258.61

1 Filing Fees: \$ 2,078.00

2 Total: \$ 2,345.62

3  
4 **WSF - World Sports Fans, LLC**

5 **Fee Summary for W.S.F. through 4/30/06**

6 **Case Administration**

7 Prepare letter to interested party re houseboat insurance; and review letter from creditor re: claim.

8 0.30 hrs. @ \$325.00/hr. = \$ 97.50

9 **Asset Analysis & Recovery**

10 Review documents on New Mexico deal; review pleadings and deposition transcript re  
11 New Mexico land; and conduct research.

12 13.15 hrs. @ \$350/hr. = \$ 4,602.50

13 **Asset Disposition**

14 Review papers re: property sale and dispute on disbursements.

15 1.00 hr. @ \$350/hr. = \$ 350.00

16 **Meetings of Creditors**

17 Attend hearing and meet with parties re: Section 105 Conference; meet with U.S. Trustee  
18 re: Initial Debtor Interview and attend Section 341(a) Meeting.

19 4.00 hrs. @ \$325/hr. = \$ 1,300.00

20 **Litigation**

21 Meetings with Receiver, Jim Sell, and special counsel re: strategy on Section 543 issues;  
22 telephone calls from parties re: Section 543 issue; conduct research re Section 543 issues; review  
23 Objections filed by parties and work on preparation for Section 543 hearing; and confer  
24 telephonically with U.S. Trustee re: trustee appointment; and confer telephonically with counsel  
25 re: Trustee Order and strategy.

26 29.00 hrs. @ \$325/hr. = \$ 9,425.00

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1 **Plan and Disclosure Statement**

2 Attend meetings with Committee counsel re Plan; confer with Receiver re Plan and  
3 strategy; work on Plan issues; and work on final draft of Plan.

4	34.20 hrs. @ \$325/hr. =	\$ 11,115.00
5	67.50 hrs. @ \$325/hr. =	\$ 21,937.50
6	<u>14.15 hrs. @ \$350/hr. =</u>	<u>4,952.50</u>
7	<b>81.65 hrs.</b>	<b>\$ 26,890.00</b>

8 Costs:

9 Filing Fee \$ 1,039.00

10 Wherefore, Michael W. Carmel and Michael W. Carmel, Ltd, respectfully requests that  
11 this Court issue an Order approving the fees in the amount of \$74,560.00 and expenses in the  
12 amount of \$3,117.00 and authorizing the payment of the unpaid balance in the amount of  
13 \$13,214.00 from available funds of the Conservatorship Estate.

14 DATED this 9<sup>th</sup> day of June, 2006.

15 **JABURG & WILK, P.C.**

16 /s/ 006510

17 \_\_\_\_\_  
18 Lawrence E. Wilk  
19 Jonathan P. Ibsen  
20 *Special Counsel for Debtor*

JABURG & WILK, P.C.  
ATTORNEYS AT LAW  
3200 NORTH CENTRAL AVENUE  
SUITE 2000  
PHOENIX, ARIZONA 85012

1 COPY of the foregoing mailed  
2 this 9<sup>th</sup> day of June, 2006.

3 Wendy L. Coy, Esq. 4 ARIZONA CORPORATION COMMISSION, 5 SECURITIES DIVISION 6 1300 West Washington, 3 <sup>rd</sup> Floor 7 Phoenix, Arizona 85007 8 <i>Counsel for Arizona Corporation Commission</i>	Jonathan Hess OFFICE OF THE U.S. TRUSTEE 230 N. 1 <sup>st</sup> Avenue, Suite 204 Phoenix, AZ 85003-1725 <i>U.S. Trustee</i>
6 Keith L. Beauchamp, Esq. 7 Bret A. Maidman, Esq. 8 LEWIS & ROCA, LLP 9 40 N. Central Avenue, Suite 1900 10 Phoenix, AZ 85004-4429 11 <i>Attorney for Duane Slade and Guy Williams</i>	Merwin D. Grant, Esq. GRANT & VAUGHN, PC 6225 N. 24 <sup>th</sup> Street, Suite 125 Phoenix, Arizona 85016 <i>Attorney for Dr. Glauser, Larry Pew &amp; Rich Stewart</i>
10 Taylor Ashworth 11 Alan A. Meda 12 STINSON, MORRISON & HECKER, LLP 13 1850 N. Central Avenue, Suite 2100 14 Phoenix, Arizona 85004-4584 15 <i>Attorneys for the Official Creditor's Committee</i>	Don C. Fletcher THE CAVANAGH LAW FIRM PA 1850 N. Central Avenue Suite 2400 Phoenix, Arizona 85004-0001
14 James C. Sell 15 2222 E. Camelback Road, #110 16 Phoenix, Arizona 85016 17 <i>Court Appointed Receiver</i>	

16 /s/Janet Forster

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JABURG & WILK, P.C.  
ATTORNEYS AT LAW  
3200 NORTH CENTRAL AVENUE  
SUITE 2000  
PHOENIX, ARIZONA 85012

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ATTORNEYS AT LAW  
3200 NORTH CENTRAL AVENUE  
SUITE 2000  
PHOENIX, ARIZONA 85012

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