

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

GLOBAL ONLINE DIRECT, INC.,
BRYANT E. BEHRMANN and
LARRY "BUCK" E. HUNTER,

Defendants.

Civil Action No. 1:07-CV-0767-WSD

**FIRST APPLICATION OF ARNALL GOLDEN GREGORY LLP
FOR PROFESSIONAL FEES AND EXPENSES**

Arnall Golden Gregory LLP ("AGG") brings this First Application ("First Application") for professional fees and expenses incurred from inception of this matter through April 30, 2008 ("First Period") in connection with legal services provided to Michael Grassmueck, the federal receiver appointed by this Court, as local counsel. Detailed billing statements of fees totaling \$26,754.00 and expenses totaling \$1,876.14, requested by AGG, are attached hereto as Exhibit A.

I. BRIEF INTRODUCTION.

By order of the Court on June 4, 2007 (the "Order"), Michael G. Grassmueck (the "Receiver") was appointed the permanent receiver of Defendant Global Online Direct and its subsidiaries and affiliates (the "Receivership Estate").

The Order identifies the Receiver's duties and responsibilities as falling within the following categories: (i) securing, protecting and recovering assets, including tangible and intangible assets and chooses in action; (ii) preparing an accounting and investigating the basis for the receivership proceeding; (iii) analyzing claims and developing, with Court approval, a plan for allowing claims and the equitable distribution of assets to investors; (iv) liquidation of assets; and (v) pursuit of claims for the benefit of the Receivership Estate. During this period, the Receiver and his professionals have worked diligently to investigate the business practices of the defendant receivership entities and individual defendants, to locate and marshal assets, to ascertain what happened to the approximately \$42 million of funds raised by the Defendants, and to value and sell assets for the benefit of the Receivership Estate. Over the past year, the Receiver and his professionals have also focused on complying with their duties under the Order to prepare an accounting, to preserve assets and to commence such litigation as may be required to recover receivership assets held by third parties. AGG has assisted the Receiver and his other professionals – especially lead counsel Allen Matkins Leck Gamble Mallory & Natsis LLP (“Allen Matkins”) – with these duties and responsibilities. Because Allen Matkins and the Receiver’s forensic accountants Financial Forensics are filing their First Fee Applications contemporaneously with AGG’s First Application, rather than repeat further details regarding the activities and progress of the Receiver during the period of the First Application, AGG respectfully refers the Court to those First Applications for a more detailed discussion of those issues.

II. SUMMARY OF AGG'S WORK.

AGG has accounted for its work by subject matter based upon categories identified at the outset of the case. The categories of work are as follows: (1) general receivership matters; (2) employment/fees; (3) investigation and

reporting; (4) investor issues; (5) asset recovery/disposition; (6) claims; and (7) fraudulent conveyance. AGG has recorded its time under these general categories as reflected in Exhibit A.

A. General Receivership Matters:

AGG spent 4.1 hours on general receivership matters, as detailed in and reflected by the time entries on Exhibit A-1. The amount of reasonable and necessary fees in this category is \$1,724.50.

B. Employment/Fees.

AGG spent 7.9 hours on matters relating to employment of professionals for the Receiver and fee applications of the Receiver, as detailed in and reflected by the time entries on Exhibit A-2. The amount of reasonable and necessary fees in this category is \$2,242.50.

C. Investigation and Reporting.

AGG spent 6.3 hours on matters relating primarily to the Receiver's Reports filed in this matter, as detailed in and reflected by the time entries on Exhibit A-3. The amount of reasonable and necessary fees in this category is \$1,544.00.

D. Investor Issues.

AGG spent 23.9 hours on matters relating primarily to issues concerning investors, including, without limitation, the Complaints of Le, Krell and Standifer and the Receiver's Application for Authorization to Notice Investors by Means of Electronic Mail, as detailed in and reflected by the time entries on Exhibit A-4. The amount of reasonable and necessary fees in this category is \$6,143.50.

E. Asset Recovery and Disposition.

AGG spent 23.4 hours on matters relating primarily to issues concerning the recovery, preservation and sale of real and personal property, as detailed in and reflected by the time entries on Exhibit A-5. The amount of reasonable and necessary fees in this category is \$7,641.00.

F. Fraudulent Conveyance Claims.

AGG spent 17.5 hours on matters concerning the fraudulent conveyance action asserted against Mary C. Hunter, et. al., as detailed in and reflected by the time entries on Exhibit A-6. The amount of reasonable and necessary fees in this category is \$7,478.50.

G. Costs.

The costs incurred by AGG during the First Period total \$1,876.14, as reflected on Exhibit A-1. The largest single item is for fees paid to this Court for the filing of nine pro hac vice applications – three in the Mary C. Hunter action 1:07-cv-02532-WSD, two in the Standifer action 1:07-cv-02179, two in the Krell action 1:07-cv-02285, and two in the Le action 1:07-cv-02212, totaling \$1,350.00. The remaining items are detailed on Exhibit A-1.

III. THE REQUESTED COMPENSATION IS REASONABLE AND SHOULD BE ALLOWED.

In determining the reasonableness of the fees and expenses requested, the Court should consider the complexity of the problems faced, the benefit of the services to the Receivership Estate, the quality of the work performed and the time records presented. SEC v. Fifth Avenue Coach Lines, Inc., 364 F.Supp. 1220, 1222 (S.D.N.Y. 1973). Cf. S.E.C. v. Elliott, 953 F.2d 1560, 1577 (11th Cir. 1992) (per curiam) (noting that, if a receiver reasonably and diligently discharges his duties, he is entitled to compensation, and that the circumstances surrounding the receivership, including the results, are relevant). As set forth above and in Exhibit A, AGG's total professional fees and expenses were \$28,630.14. Set forth in Exhibit B is a summary of the total hours and billing rates for each professional and paraprofessional, the total blended hourly rate and the year that each professional was admitted to practice. The time records set forth in Exhibit A are

detailed, and include billing rates that are consistent with the rates that AGG typically charges for similar services and the rates considered fair and reasonable in this legal community. The time expended in connection with AGG's representation of the Receiver in this case could have been devoted to originating and handling matters for clients other than the Receiver. AGG has assigned tasks to professionals and paraprofessionals with the requisite level of experience. Rather than repeat the challenges faced by the Receiver and his professionals, and the successes obtained by them, AGG again respectfully refers the Court to the First Applications filed by Allen Matkins and Financial Forensics, as well as the Reports of the Receiver. In short, AGG has assisted the Receiver and his other professionals in an efficient and non-duplicative manner in complying with their duties and responsibilities in this complex receivership.

AGG is not a party to an agreement or understanding for sharing of compensation with respect to this matter.

WHEREFORE, AGG requests the Court to allow fees as follows:

1. Approving payment of professional fees to AGG for the period through April 30, 2008 in the amount of \$26,754.00;
2. Approving reimbursement of expenses to AGG in the amount of \$1,876.14;
3. Authorizing and directing the Receiver to pay AGG with funds out of assets of the receivership entities pursuant to the Order entered in this matter;
4. Granting such further and other relief as the Court deems just and proper.

Dated: July 28, 2008

Respectfully submitted,

By: /s/ Darryl S. Laddin

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