

1 During the subject period, Danning Gill expended an aggregate of 31.70 hours
2 of time in this category, valued at \$15,337.00.

3 18. Consolidated Healthcare Services, Inc. ("L-9"):

4 Between July 2007 and October 2008, Diversified invested at least \$18 million
5 for 49.25% of this entity, which has a number of MRI , CAT scan and radiology
6 centers. Mr. Friedman and Consolidated advised the Receiver that more than \$26
7 million was actually invested, and Danning, Gill continues to investigate what
8 amount was actually paid. The Receiver's interest is probably unsalable at this point.
9 The company advises that it wishes to expand further but alleges that Diversified
10 promised to provide funding for such expansion. Danning, Gill has continued to
11 monitor the business and the prospects for recovery on this investment.

12 During the subject period, Danning Gill expended an aggregate of .50 hours of
13 time in this category, valued at \$284.50.

14 19. Desert Land Ventures III ("L-10"):

15 Danning, Gill reviewed documents relating to this investment in Riverside
16 County. In March and June 2008, Diversified paid \$5.3 million for a 40% interest in
17 this entity, which owns 400 undeveloped acres of land in the Palm Springs area on
18 both sides of Interstate 10. It was contemplated that the venture would develop the
19 land. The entity attempted to make a capital call, seeking funds to develop the
20 property. Danning, Gill reviewed the documentation relating to this investment and
21 communicated with the co-owners regarding their calls for additional capital. It
22 appears that the plans of DLV III to develop the land may be unduly optimistic and
23 that the value of the acreage may be much less than anticipated by DLV, III.

24 Danning, Gill has continued to monitor this investment and review periodic
25 reports generated by DLV III regarding the status of the operations.

26 During the subject period, Danning Gill expended an aggregate of 1.90 hours
27 of time in this category, valued at \$1,112.50.

28

1 20. Las Flores Villas, LLC ("L-11"):

2 Diversified owns a 50% interest in this entity, which it acquired in connection
3 with an original February 2007 loan transaction in which Diversified loaned
4 approximately \$1,000,000 to Las Flores, LLC. The co-owner is Kachay Homes. Las
5 Flores Villas, LLC owns a 40 unit building located at 585 W. H Street, Brawley CA.
6 RaboBank has the first trust deed securing about \$3,100,000. This matter went into
7 its own receivership on March 18, 2009, and David Wald is the receiver. Danning,
8 Gill has continued to monitor the receivership of this entity. Since the value of the
9 property appears to be less than the amount of the RaboBank lien, it appears that
10 there may be no value in this asset for the Receiver as the amount of secured debt
11 against the real property exceeds the value of the property.

12 During the subject period, Danning Gill expended an aggregate of 3.70 hours
13 of time in this category, valued at \$1,945.50.

14 21. Mydonose (Mango) ("L-12"):

15 Danning, Gill communicated with Stephen L. Raucher, counsel for Diversified
16 who was employed by Diversified prior to the Receiver's appointment. Danning,
17 Gill reviewed documents relating to the litigation of Mango against Mydonose.
18 Danning, Gill investigated the investment by DLG of over \$6.3 million in Mydonose,
19 which was a franchisee of Mango, a high-end European women's clothing line.
20 Danning, Gill has learned that in or about June 2007, DLG decided to invest in
21 Mydonose for expansion into new stores and that the principals of Mydonose
22 guaranteed the obligation, executing executed promissory notes in favor of DLG,
23 each in the amount of \$421,730.00. However, despite repeated inquires from DLG,
24 Mydonose did not provide adequate documentation of its expenses and ultimately
25 advised that there was no accounting information available before January 1, 2008.

26 On December 30, 2008, Diversified filed a complaint in Los Angeles Superior
27 Court against Mydonose and the guarantors. Danning, Gill evaluated that litigation
28 and communicated with Diversified's pre-receivership counsel regarding the

1 litigation. The Receiver ultimately dismissed that complaint without prejudice and is
2 considering re-filing in District Court. It is uncertain whether the Receiver can
3 recover anything on this claim.

4 During the subject period, Danning Gill expended an aggregate of 13.60 hours
5 of time in this category, valued at \$6,094.50.

6 22. MyDrsPlan ("L-13"):

7 No fees were incurred in this category during the subject period.

8 23. RockDoc, LLC ("L-14"):

9 Upon the Receiver's appointment, he learned that he had an interest in a film
10 known as Rock Prophecies. Danning, Gill assisted the Receiver in reviewing
11 documents relative to the film and a related company, RockDoc, LLC for purposes of
12 both determining the receivership estate's ownership interest in the film and or the
13 llc, but also to attempt to value that interest. Danning, Gill assisted the Receiver in
14 evaluating his interest in this investment and in responding to communications from
15 the other parties asserting an interest in the film.

16 Danning, Gill participated in discussions regarding resolution of the disputed
17 claims regarding the Receiver's interest in this entity and then assisted in
18 documenting a settlement that was reached. Danning, Gill prepared a motion
19 seeking approval of the settlement agreement, which was approved by the Court.
20 The settlement fixes the Receiver's interest in RockDoc, LLC and retains that
21 interest in the event that the company is able to generate revenue in the future.

22 During the subject period, Danning, Gill expended an aggregate of 9.00 hours
23 of time in this category, valued at \$3,321.00.

24 24. RWSI, Inc. ("L-15"):

25 Danning, Gill learned that this company was formed in order to purchase
26 assets in 2008 out of the chapter 11 case of *Rock and Waterscape Systems, Inc.* (Bk.
27 No. 07-11631-TA). Diversified owned 50% of RWSI, a Nevada corporation, and the
28 other 50% is owned by companies affiliated with David Sinocola – The Sinocola

1 Group Ltd., Rock and Waterscape International, Inc., Rock and Waterscape
2 Creations, Inc., and 925 Woodstock LLC. In 2008, Diversified transferred
3 approximately \$3,275,000 for the purchase of the assets from the Rock and
4 Waterscape bankruptcy and subsequently as advances to RWSI for business
5 operations. Danning, Gill communicated with the principal of RWSI to ascertain the
6 nature of Diversified's investment and to evaluate the financial status of the
7 company. Danning, Gill commenced an investigation into the nature of that
8 investment and the current value of the business operations of RWSI, Inc. Danning,
9 Gill has communicated with both current and former employees of RWSI as well as
10 its counsel and has requested and obtained financial information regarding the
11 company. Danning, Gill has had several discussions with RWSI regarding a possible
12 resolution of the Receiver's claims against RWSI but, thus far, no settlement has
13 been reached.

14 During the subject period, Danning, Gill expended an aggregate of 2.40 hours
15 of time in this category, valued at \$1,273.50.

16 25. VSB, LLC ("L-16"):

17 Danning, Gill learned that the Receivership Defendants had invested
18 \$3,000,000 in VSB Partners, LLC ("VSB"), which Diversified owned equally with
19 Kachay Apartments, LLC. VSB own a multi-unit apartment building in Brawlie
20 California. Danning, Gill communicated with the principals of Kachay Apartments
21 and demanded documents relating to this investment. Thus far, no documents have
22 been produced.

23 Danning, Gill has also assisted the Receiver in attempting to obtain a value on
24 the property and communicated at length with a party interested in purchasing the
25 Receiver's interest in the company.

26 During the subject period, Danning, Gill expended an aggregate of 4.30 hours
27 of time in this category, valued at \$2,270.00.

28

1 26. Wind Options, LLC ("L-17"):

2 Danning, Gill has assisted the Receiver in reviewing documentation relating to
3 the transfer by Diversified to Wind Options, LLC of \$4.3 million. Danning, Gill
4 reviewed Diversified's files and records relating to this investment and sent a
5 demand letter to Wind Options regarding the return of the \$4.3 million. Having
6 received no response, Danning, Gill served a subpoena seeking documents and to
7 take a deposition. Danning, Gill was able to obtain the voluntary turnover of
8 documents relating to this investment and has communicated with the principal of
9 Wind Options, LLC, William Murdoch. Danning, Gill has entered into discussions
10 with counsel for Wind Options regarding a possible resolution of the Receiver's
11 claims for the return of the funds transferred and a possible liquidation of the
12 business. Danning, Gill has not yet reached an agreement relative to this matter.

13 During the subject period, Danning, Gill expended an aggregate of 10.20 hours
14 of time in this category, valued at \$4,696.00.

15 27. Issues Relating to Jackson National and American National ("L-18"):

16 Diversified had an interest in annuities for which it paid over \$8.2 million on
17 the life of Bruce Friedman, and promised to and sometimes assigned interests therein
18 to certain investors in the 9% note program. These annuities were issued principally
19 by Jackson Life Insurance Company ("Jackson National") but also involved in this
20 program were American National Life Insurance Company ("American National")
21 and possibly other companies. Following the issuance of the preliminary injunction
22 in the receivership case, there was confusion as to whether the injunction prohibited
23 Jackson National and American National from honoring requests of investors
24 holding assignments of record to return these funds to them. Danning, Gill has
25 communicated extensively with the investors and with Jackson National regarding
26 the annuities which have been collaterally assigned.

27 Danning, Gill worked with the Receiver's accountants and prepared a motion
28 specifically identifying all of the known annuities and the collateral assignees,

1 seeking clarification of the Court's injunction to permit the insurance companies to
2 release funds to the collateral assignees up to certain cap amounts. Danning, Gill
3 responded to numerous inquiries about the motion and appeared at the hearing
4 thereon. The Court permitted the Receiver to authorize release of such funds to the
5 collateralized investors by the insurance companies up to certain cap amounts.

6 Danning, Gill has also communicated with five investors who had received
7 collateral assignments of six annuities where the value of the annuities was in excess
8 of the amounts principally invested by them. Danning, Gill has obtained the
9 agreement of four of those investors for the release of the assignments and prepared
10 the documentation necessary to obtain the release of those excess funds. As a result
11 of Danning, Gill's efforts, the Receiver has recovered approximately \$1,297,000 on
12 account of those efforts. An additional approximately \$85,000 was recovered from
13 annuities that had not been collaterally assigned.

14 Danning, Gill also served subpoenas on Jackson National and American
15 National for documents relating to their relationships with Diversified. Although
16 Jackson National produced some documentation relating to the annuities and
17 collateral assignments themselves, it refused to produce other documentation
18 requested by the subpoena and delineated in the subpoena. It became necessary for
19 Danning, Gill to escalate the issue of Jackson National's refusal to produce
20 documents by holding an early meeting of counsel and preparing a joint stipulation
21 regarding the nature of the dispute.

22 In light of Jackson National's refusal to produce certain documents, it also
23 became necessary for the Receiver to seek to obtain the information he wanted by
24 deposition. Danning, Gill served a subpoena out of the Western District of Michigan
25 seeking to take the deposition of the person most knowledgeable at Jackson National
26 on topics relating to his investigation of Jackson National's involvement with
27 Diversified's fraudulent scheme. Jackson National refused to produce a witness or to
28 even identify what witnesses it would have to produce in order to comply with the

1 Receiver's subpoena. Jackson National filed a motion for protective order in
2 Michigan, and Danning, Gill had several meetings of counsel with Jackson National
3 and prepared opposition papers to the motion for protective order. Danning, Gill
4 made an appearance at the hearing in Michigan, at which a magistrate concluded that
5 Jackson National should not be required to sit for a deposition when litigation had
6 not yet been commenced. Such a ruling was in direct contravention of this Court's
7 order appointing the Receiver and authorizing such discovery, but the Receiver was
8 denied the opportunity to take Jackson National's deposition.

9 Danning, Gill has also communicated with American National and has
10 reviewed documentation produced by American National pursuant to subpoena.

11 During the subject period, Danning, Gill expended an aggregate of 247.40
12 hours of time in this category, valued at \$108,884.00.

13 28. Wells Fargo Letters of Credit ("L-19"):

14 In connection with the Mydonese transaction, Diversified pledged nearly
15 \$900,000 to Wells Fargo to secure a line of credit to Mydonose. Danning Gill
16 analyzed the transactions. Danning, Gill has been in discussions with Wells Fargo
17 regarding resolution of this matter.

18 During the subject period, Danning, Gill expended an aggregate of 1.60 hours
19 of time in this category, valued at \$684.50.

20 29. Sunwest Bottlers, LLC ("L-20"):

21 Danning, Gill assisted the Receiver in conducting an investigation of the facts
22 relating to Sunwest Bottlers, LLC and learned that Diversified, or Bruce Friedman on
23 its behalf, owned this company which is located in Phoenix Arizona and is engaged
24 in bottling water. Danning, Gill reviewed substantial documentation and
25 communicated with various parties regarding ownership of this company, which is
26 unclear because recorded documents which show Bruce Friedman as the managing
27 member of the LLC, while other documents show Diversified as having purchased at
28

1 least 50% of the company from former members. In addition, the Receiver is aware
2 of competing claims of ownership by Steven Nickolas.

3 Danning, Gill also investigated transfers from Diversified's Wells Fargo Bank
4 account to Sun West Bottlers, LLC (the "Debtor") totaling \$2,679,952.94 from
5 March 30, 2007 through October 22, 2008. There appear to be transfers of cash to
6 persons and entities which transfers Danning, Gill is informed and believes were
7 made for the benefit of the Debtor, including but not limited to, transfers to Bruce
8 Friedman and Tina Placourakis (transfers totaling approximately \$660,000), and to
9 Clearwater Beverages (transfers totaling \$1,824,717.60). Diversified has a recorded
10 UCC-1 financing statement against Sunwest securing accounts receivable and
11 equipment.

12 Danning, Gill engaged in discussions with Sunwest and one of Sunwest's
13 competitors for a possible purchase of the company. As Danning, Gill and the
14 Receiver investigated the business, however, it became more apparent that the
15 company was insolvent and that the competing claims and interests of creditors made
16 a sale of the company outside of a bankruptcy context difficult and unlikely.
17 Moreover, the Receiver had no funds to invest into Sunwest to permit it to pay
18 current unpaid bills to vendors and felt it inappropriate to expend further estate funds
19 in the exercise. He therefore consented to the request of Sunwest that it file a chapter
20 11 case in Phoenix, Arizona so that the creditors and other claimants could be
21 brought before one court with jurisdiction to adjudicate and approve sale or
22 reorganization.

23 The Sunwest bankruptcy case was filed on or about May 22, 2009 as case no.
24 2:09-bk-11283-RJH, and Danning, Gill has continued to monitor that proceeding.
25 Danning, Gill prepared and filed a partially secured, partially unsecured claim in the
26 total amount of \$4,762,007.41 in the Sunwest case, which the amount that the
27 Receiver is informed and believes is reflected in Sunwest's books and records as
28 loans by Diversified to Sunwest.

1 Danning, Gill has communicated with Sunwest's bankruptcy counsel and has
2 monitored the bankruptcy proceedings. Danning, Gill reviewed a motion filed in the
3 Sunwest case for the sale of the business, providing for some payment to the
4 Receiver. The motion was ultimately withdrawn and the Receiver was advised that
5 another interested purchaser was interested. Danning, Gill also communicated with
6 yet another interested purchaser, but no sale of the business has yet taken place.

7 During the subject period, Danning, Gill expended an aggregate of 8.20 hours
8 of time in this category, valued at \$4,104.00.

9 30. Steve Nickolas ("L-21"):

10 Diversified made a number of loans to Steve Nickolas and his company, XND
11 Technologies, Inc. One such loan was in the amount of \$250,000 and appears to be
12 secured by a third trust deed against Nickolas' personal residence. Another loan
13 appears to be secured by a fourth deed of trust against the same. At the outset of this
14 case, there was a lawsuit pending in Arizona state court concerning these loans.
15 Nickolas sought to establish that the deeds of trust were cancelled in favor of an
16 ownership interest of DLG in XND Technologies, Inc. At the time of the Receiver's
17 appointment, there was a nominal settlement offer on the table, which amount
18 reflected the lack of any equity in Nicholas' personal residence and the lack of other
19 assets to pay off the debt owed to Diversified. Further settlement offers were
20 received and analyzed by Danning, Gill, combining the settlement of the above issue
21 with a sale of Diversified's right, title, and interest in Sunwest Bottlers to Nickolas.
22 Ultimately, the Receiver consented to the filing of a chapter 11 case by Sunwest in
23 lieu of accepting an offer from Nickolas.

24 The Receiver had begun to proceed with a foreclosure sale of the property, but
25 Danning, Gill is currently in the process of evaluating the equity in the property and
26 the best course of action to proceed on the Receiver's claims against Nickolas.

27 During the subject period, Danning, Gill expended an aggregate of 1.50 hours
28 of time in this category, valued at \$859.50.

1 31. Seyed A. Azimi ("L-22"):

2 Danning, Gill sent a demand letter to the Azimis upon learning that
3 Diversified held a promissory note and deed of trust against their property for what
4 appeared to be money loaned by Diversified to them. Danning, Gill has
5 corresponded with them regarding their defenses and this matter remains under
6 investigation at this time. Danning, Gill has further analyzed the claims against Mr.
7 Azimi, who has now been named in one of the lawsuits recently filed by the
8 Receiver.

9 During the subject period, Danning, Gill expended an aggregate of .20 hours
10 of time in this category, valued at \$105.00.

11 32. Liliana and Miguel A. Cortez ("L-23"):

12 Danning, Gill learned that Diversified held a promissory and deed of trust in
13 the amount of \$50,000 against property owned by Liliana and Miguel Cortez.
14 Danning, Gill made demand on them for payment pursuant to the terms of the notes.
15 Mrs. Cortez claimed that they were unable to make the monthly payments and
16 requested a loan modification. Danning, Gill negotiated terms of a loan modification
17 agreement whereby the Receiver would accept reduced payments for a one year
18 period and thereafter the regular payments would be due and the unpaid amounts in
19 connection with the reduced payments would be added to the end of the loan.
20 Danning, Gill prepared the loan modification agreement and has been monitoring the
21 monthly payments. Danning, Gill has had a few conversations with Cortez regarding
22 payment on the mortgage.

23 During the subject period, Danning, Gill expended an aggregate of 2.80 hours
24 of time in this category, valued at \$814.50.

25 33. Coastal Ventures ("L-24"):

26 Danning, Gill has communicated extensively with Diversified North Carolina
27 counsel, Peter Carlino, and Jack Miller whom the Receiver has retained as special
28 counsel. It has been necessary for Danning, Gill to obtain and review documentation

1 relating to the \$1.3 million loan to this entity and to monitor the foreclosure
2 proceedings that were underway at the time of the Receiver's appointment. Danning,
3 Gill continued to monitor the bankruptcy proceedings that have been commenced by
4 Coastal Ventures.

5 It was necessary for Danning, Gill to participate in discussions regarding the
6 plan confirmation process in the bankruptcy proceeding of the obligor on this
7 property and to assist the Receiver in evaluate certain offers and activities taking
8 place in connection with this matter.

9 The Receiver has foreclosed on this property and Danning, Gill continues to
10 communicate with special counsel where required to assist in the preservation and
11 liquidation of this property.

12 During the subject period, Danning, Gill expended an aggregate of 17.90 hours
13 of time in this category, valued at \$10,051.50.

14 34. Zooland (Uwharrie Partners) ("L25"):

15 Danning, Gill investigated the circumstances regarding a loan made to this
16 entity. Between August 2007 and January 2009, Diversified made a loan of between
17 \$650,000 and \$930,000 to Uwharrie Valley Partners, LLC, secured by an RV park in
18 North Carolina sitting on 33.718 acres. Foreclosure proceedings were commenced
19 and are proceeding in North Carolina, and the Receiver has now foreclosed on the
20 property. The Receiver has retained a broker to list the property and evaluate lease
21 and purchase options relative to the property. Danning, Gill has communicated with
22 counsel in North Carolina regarding the foreclosure proceedings and issues relating
23 to the operation of an RV park at the property. Danning, Gill has also communicated
24 with the broker regarding the preservation and liquidation of the property.

25 During the subject period, Danning, Gill expended an aggregate of 13.60 hours
26 of time in this category, valued at \$6,962.00.

27 35. Bermuda Dunes ("L-26"):

28 In August 2007, Diversified loaned \$1,525,000 to iLand Development, which

1 obligation was later taken over by William VanderZalm. The loan was secured by
2 three parcels of fee simple, unimproved land zoned IP (Industrial park) contiguous to
3 the Bermuda Dunes Airport in Bermuda Dunes, Riverside County, California.
4 Private sale foreclosure proceedings were commenced by Diversified prior to my
5 appointment. The foreclosure sale took place on July 1, 2009. The Receiver bid in
6 the entire amount of the debt and obtained title and is seeking the best way to
7 maximize the value of this property before deciding whether to market it or hold it
8 for improvements in the real estate market in the region. The current market value
9 that that property is less than the amount bid at foreclosure. Moreover, the local
10 jurisdiction has recently complained of alleged environmental problems on the site.

11 Danning, Gill has assisted the Receiver in dealing with governmental agencies
12 relating to clean up issues at the property and has communicated with the Receiver's
13 field agent and broker relating to the marketing and sale of the property.

14 During the subject period, Danning, Gill expended an aggregate of 19.90 hours
15 of time in this category, valued at \$7,185.00.

16 36. Club Acquisition Company ("L-27"):

17 Danning, Gill met with an employee of Diversified shortly following the
18 Receiver's appointment and learned that In December 2007, Diversified loaned
19 between \$3.5 million and \$4.2 million to Club Acquisition Co. ("CAC"), which was
20 reportedly secured by property in Mexico and guaranteed by principals Patrick Butler
21 and Frank Woltius. The loan was due on December 14, 2008; the balance is
22 \$3,705,822. The investigation has revealed that the loan was made to develop 66 lots
23 originally zoned as multi-family and later changed to single-family in San Felipe
24 Mexico, many of which are right on the water. Diversified could not perfect its
25 security interest in the 66 lots as collateral due to the re-zoning process, so
26 Diversified purported to take a security interest in a different project in Mexico
27 known as Long Beach. Long Beach was alleged to be worth \$20 million at the time
28 of the loan. Diversified was to get the CAC lots as collateral when the zoning was

1 completed and the lien on Long Beach was to be released. Prior to the Receiver's
2 appointment, CAC defaulted and requested an extension. The Receiver has
3 employed special counsel in Mexico to evaluate his rights in the property and to
4 commence foreclosure proceedings, if appropriate.

5 Danning, Gill communicated with Diversified's counsel in connection with
6 this matter, White & Case, and obtained and reviewed their files relating to the loan
7 to CAC. Danning, Gill has also communicated with the principals of CAC and is in
8 the midst of discussions with them regarding payment of the outstanding loan
9 balance.

10 During the subject period, Danning, Gill expended an aggregate of 33.60 hours
11 of time in this category, valued at \$12,915.00.

12 37. Hallmark Medical ("L-28"):

13 Danning, Gill learned in April 2009 that there is a previously undisclosed
14 second deed of trust recorded on August 2, 2007, securing a debt in the amount of
15 \$3,250,000.00, in favor of Diversified against property in the San Fernando Valley
16 owned by Hallmark Medical, a part of Consolidated Health Care. (See Section L-9
17 hereof). CHS asserts that Diversified's lien may have been released when
18 Diversified acquired its 49.25%; Danning, Gill is investigating such contention.

19 During the subject period, Danning, Gill expended an aggregate of .40 hours
20 of time in this category, valued at \$232.00.

21 38. Steven Goad: 82475 Windgate ("L-29"):

22 Danning, Gill reviewed the documentation relating to a loan made by
23 Diversified in November 2007 of \$72,000 to Rebecca and Steven Goad, which loan
24 is secured by a deed of trust against their residence at 82475 Wingate Avenue in
25 Trona, California, worth about \$65,000 and subject to senior encumbrances of
26 around \$30,000. The terms of the loan are interest only. Danning, Gill made
27 demand on the Goads to make payments under the terms of their note, and they have
28 commenced making regular monthly payments to the Receiver. Danning, Gill has

1 continued to monitor payment of the monthly amounts by the Goads.

2 During the subject period, Danning, Gill expended an aggregate of .90 hours
3 of time in this category, valued at \$472.00.

4 39. Kidfresh ("L-30"):

5 Danning, Gill investigated the facts surrounding the transfer of a total of \$3
6 million to Kidfresh in May and July 2008. Kidfresh is a company based in New
7 York which is branding and distributing healthy, nutritious meals for children to
8 distribute nationally. Danning, Gill made demand on Kidfresh for the return of the
9 funds, and then engaged in lengthy discussion with counsel for Kidfresh. Kidfresh
10 alleged that the transfer of funds to it was in connection with an agreement that
11 Diversified would loan a total of \$15 million and that Diversified would become a
12 37% owner of Kidfresh. Kidfresh asserted defenses to the demand for return of the
13 \$3 million in that Diversified never funded the balance of the \$15 million.
14 Moreover, Kidfresh management represented that it was unable to proceed in
15 business without resolving the issues concerning the Receiver's claim. Danning, Gill
16 pursued discussions with Kidfresh regarding a resolution of the Receiver's claims for
17 the \$3 million and the Receiver's equity position in Kidfresh. The parties ultimately
18 reached an agreement which defines the Receiver's equity position in Kidfresh and
19 provides for the possible liquidation of the Receiver's interest. Danning Gill
20 prepared a motion seeking court approval of the agreement, which was approved by
21 the Court.

22 During the subject period, Danning, Gill expended an aggregate of 22.40 hours
23 of time in this category, valued at \$7,170.00.

24 40. Elizabeth Versten (Mazzarino's) ("L-31"):

25 Danning, Gill met with Diversified's counsel and learned that Diversified had
26 lent the sum of \$400,000 to Elizabeth Versten to assist her in connection with
27 renovations and repairs and Mazzarino's restaurant. There was no formal loan
28 documentation executed in connection with this transaction other than a promissory

1 note. Danning, Gill communicated with Ms. Versten's counsel and made demand on
2 behalf of the Receiver for repayment of the loan. Ms. Versten asserted defenses and
3 requested additional time to make payments to the Receiver. Danning, Gill prepared
4 documentation to obtain security in connection with the loan pending payment or
5 other resolution of the issues relating to this transfer. Ms. Versten declined to
6 execute the agreed upon documentation. Danning, Gill engaged in further
7 discussions with Ms. Versten but when no agreement could be reached, Danning,
8 Gill prepared a filed a complaint to recover the \$400,000 plus accrued interest.

9 During the subject period, Danning, Gill expended an aggregate of 17.20 hours
10 of time in this category, valued at \$5,318.00.

11 41. Dr. Robert Fields ("L-32"):

12 Diversified loaned Dr. Fields \$250,000 in May 2006. It did not take any
13 collateral to secure performance of this obligation. Dr. Fields advised that Bruce
14 Friedman "forgave" the loan amount as Dr. Fields expressed that he was unable to
15 repay the loan amount. Danning, Gill sent a demand letter to Dr. Fields, seeking
16 repayment of the amount loaned. Danning, Gill thereafter communicated with
17 counsel for Dr. Fields and engaged in detailed settlement discussions. The parties
18 ultimately reached a settlement agreement providing for payment of \$175,000 to the
19 Receiver. Danning, Gill documented the agreement and obtained court approval of
20 the agreement.

21 During the subject period, Danning Gill expended an aggregate of 9.10 hours
22 of time in this category, valued at \$3,742.50.

23 42. Robert Knight ("L-33"):

24 Diversified and Bruce Friedman had a few different business transactions with
25 Robert Knight, a famous photographer. Diversified and Mr. Knight entered into a
26 transaction whereby either Diversified transferred the sum of \$600,000 to Mr.
27 Knight. Danning, Gill communicated with Mr. Knight's counsel who contends that
28 Mr. Knight is entitled to keep the \$600,000 as a nonrefundable deposit in connection

1 with the alleged purchase of Mr. Knight's photography library by Diversified. The
2 Receiver contends that the transfer is an avoidable transfer. Danning, Gill requested
3 documentation from Mr. Knight in connection with Mr. Knight's alleged
4 nonrefundable deposit defense, but no such documentation as presented by Mr.
5 Knight. Danning, Gill arranged for the search of Diversified records and also
6 contacted Diversified's prior counsel in an attempt to locate documentation relevant
7 to the Receiver's claims and Mr. Knight's asserted defenses. No resolution has yet
8 been reached regarding this matter, and Danning, Gill continues to evaluate the
9 Receiver's claims against Mr. Knight.

10 During the subject period, Danning Gill expended an aggregate of 7.40 hours
11 of time in this category, valued at \$2,888.50.

12 43. Intentionally Omitted ("L-34"):

13 44. Intentionally Omitted ("L-35"):

14 45. B.R.A.T. Entertainment ("L-36"):

15 No services were incurred in this category during this period.

16 46. Scott Brandt ("L-37"):

17 In July 2008, Scott Brandt obtained a home loan from Diversified for
18 \$500,000, interest only, with a balloon payment due in ten years. Danning, Gill met
19 with Scott Brandt and his counsel to discussion resolution of several issues with him.
20 Danning, Gill learned that Mr. Brandt attempted to pay the first payment and
21 allegedly Bruce Friedman stated that he "did not want" Brandt's money. Scott
22 Brandt was also a broker selling Diversified's products and Bruce Friedman and
23 Scott Brandt may have entered into an agreement whereby Scott's mortgage payment
24 was or was to be applied against Scott's commissions.

25 Danning, Gill made demand to escrow for payment on the \$500,000 obligation
26 and negotiated payment of the interest owing on that obligation. As result, the
27 Receiver received approximately \$540,000 on this obligation.

28 Danning, Gill also continued to review documentation and evaluate the

