

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

**UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION,**

**Plaintiff,**

**V.**

**NORTHRIDGE HOLDINGS, LTD., ET AL.,**

**Defendants.**

**Civil Action No. 19-cv-05957**

**Hon. John Z. Lee**

**Magistrate Judge Susan E. Cox**

**RECEIVER'S MOTION FOR  
COURT APPROVAL OF THE RATES TO  
BE CHARGED BY RECEIVER'S ACCOUNTANT**

N. Neville Reid, not individually, but solely as the court-appointed receiver (the “Receiver”) for the Estate of Defendant Northridge Holdings, Ltd. and its related entities and affiliates as more particularly set forth in the Receivership Order (as defined herein) (collectively, the “Receivership Defendants”), and pursuant to the powers vested in him by the *Order Appointing Receiver* entered by the Court on September 12, 2019 [Dkt. No. 22] (the “Receivership Order”), intends to retain Kutchins, Robbins & Diamond Ltd. (“KRD”) to perform accounting, tax and related services (including preparing and filing tax returns) regarding the assets of the Receivership Defendants (as set forth more particularly in the Receivership Order, the “Receivership Assets”, and such estate, the “Receivership Estate”, and such administration, the “Receivership”). The Receiver hereby respectfully moves the Court for an order approving the rates to be charged by KRD. In support of his Motion, the Receiver states as follows:

### **AUTHORITY**

1. Pursuant to the Securities Act of 1933 and the Securities Exchange Act of 1934, the Securities and Exchange Commission (the “SEC”) sought and obtained the appointment of a Receiver. Under the Receivership Order, the Receiver has authority in equity, as well as under 28 U.S.C. §§ 754, 959, and 1692, and Fed. R. Civ. P. 66, and was given broad powers to investigate and safeguard the assets of the Receivership Defendants. Among other powers, the Receiver is authorized to engage and employ accountants. *Receivership Order*, ¶¶ 8K, 50. Although the Receivership Order likely authorizes the Receiver to retain KRD without further order of the Court, the Receiver seeks such approval out of abundance of caution and in the interest of full disclosure to the Court and interested parties.

2. The Receiver has determined that there is in fact a need to retain an accountant to perform accounting, tax, and related services (including preparing and filing tax returns), as more particularly set forth herein, regarding the assets of the Receivership Defendants.

3. The firm of KRD has agreed to act on behalf of the Receiver and the Receivership.

4. Neither the firm of KRD nor any of its partners or principals hold or represent an interest materially adverse to the interests of the Receivership.

### **THE ENGAGEMENT**

5. KRD is an accounting and business advisory services firm with offices in Chicago and Schaumburg, Illinois – providing a full range of business services, including audit, reviews and compilations; accounting and software consulting; and tax and business valuation services. KRD principals and professionals have substantial accounting and tax experience. Ms. Lois West (“Ms. West”) – the KRD partner in charge of the proposed

engagement – has years of experience providing accounting services to distressed entities in bankruptcy and insolvency, including receiverships. More specifically, she has concentrated her practice in bankruptcy and insolvency for over 25 years and has substantial experience regarding tax preparation matters involving corporate and partnership entities and individual persons. Generally, Ms. West has more than 30 years of experience in public accounting, including five (5) years of prior experience with an international firm.

6. The scope of KRD's proposed engagement includes providing general accounting and related tax services on behalf of the Receivership Defendants (in accordance with applicable law). Such services include performing accounting, financial or income tax-related services upon the Receiver's request, including (but not limited to) the following:

- Assisting the Receiver regarding any accounting obligations of the Receivership Defendants in respect of ongoing (a) operations of the Receivership Defendants' business and (b) management of property of the Receivership Estate;
- Preparing and filing state/ federal tax returns;
- Preparing and filing any other tax returns or documents as may be required by governmental units or applicable law;
- Assisting and representing the Receiver in connection with any audits or related investigations or examinations in respect of the Receivership Defendants conducted by the Internal Revenue Service or other governmental units;
- Reviewing the Receivership Defendants' previously-filed tax returns; and
- Advising the Receiver with respect to tax refunds and applying for tax refunds, as appropriate.

7. KRD's proposed rates for Ms. West and those staff members, accountants,

managers and partners that assist Ms. West regarding this engagement are as follows. Ms. West's current hourly rate is \$275.<sup>1</sup> The hourly rates of KRD professionals who may assist Ms. West with the foregoing tasks are each \$365. A list of KRD's hourly rates for such professionals is attached hereto as **Exhibit A** and incorporated herein by reference.

8. KRD will seek full reimbursement of any in-house, out-of-pocket expenses and any out-of-pocket expenses that KRD incurs from outside vendors, if applicable. KRD has agreed to use its best efforts to employ cost-effective outside vendors or services providers.

9. KRD will allocate the services comprising this engagement to the lowest billable rate commensurate with the nature of the project.

10. Further, the Receiver and KRD will use reasonable efforts to prevent any duplication between the scope of services proposed to be provided by KRD (on the one hand) and other professionals retained in connection with the Receivership (on the other hand).

11. The Receiver believes that KRD's proposed hourly rates are fair, reasonable, appropriate and in the best interest of the efficient and economical administration of the Receivership and the Receivership Estate.

12. The Receiver understands KRD will seek compensation for its services as "Retained Personnel" subject to and in accordance with the Receivership Order. The Receiver requests that KRD be authorized, but not directed, to apply for fees on the same time schedule as the Receiver.

**NO OBJECTION BY THE SEC**

13. Counsel for the SEC has indicated that the SEC does not object to the relief requested herein.

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<sup>1</sup> The hourly rate for Ms. West in connection with this matter is discounted at least approximately 20% of her standard hourly rate. Further, Ms. West will endeavor to provide most of the services that fall under the scope of KRD's proposed engagement as set forth herein.

WHEREFORE, the Receiver respectfully requests that the Court (a) grant this Motion and enter the *Order Approving the Rates to be Charged by Receiver's Accountant* (a proposed form of which is attached hereto as **Exhibit B**) and (b) grant all other or further relief that is just and proper.

Dated: October 30, 2019

N. Neville Reid, Receiver

By: /s/ Suj M. Pandya

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**EXHIBIT A**

**KRD Rate Schedule**

<b>Professional</b>	<b>Role</b>	<b>Rate</b>
Lois West	Partner in charge of the engagement	\$275/ hr.
Barbara Glusak	Tax Direction professional	\$365/ hr.
Leonard Popowcer	Tax Partner	\$365/ hr.

**EXHIBIT B**

[Proposed Order]

(see attached)

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

<b>UNITED STATES SECURITIES AND EXCHANGE COMMISSION,</b>	)	
	)	
	)	<b>Civil Action No. 19-cv-05957</b>
	)	
<b>Plaintiff,</b>	)	
<b>v.</b>	)	<b>Hon. John Z. Lee</b>
	)	
<b>NORTHRIDGE HOLDINGS, LTD., ET AL.,</b>	)	
	)	<b>Magistrate Judge Susan E. Cox</b>
<b>Defendants.</b>	)	
	)	

**ORDER APPROVING THE RATES  
TO BE CHARGED BY RECEIVER’S ACCOUNTANT**

N. Neville Reid, as the receiver (“Receiver”) for the Estate of Defendant Northridge Holdings, Ltd. and its related entities and affiliates as set forth more particularly in the Receivership Order, having filed a *Motion for Court Approval of the Rates to be Charged by Receiver’s Accountant*, and the Court, having conducted a hearing on the Motion and for good cause shown, IT IS HEREBY ORDERED THAT:

The Receiver’s Motion is granted. The Court approves the rates to be charged by Receiver’s accountant – Kutchins, Robbins & Diamond Ltd.

Kutchins, Robbins & Diamond Ltd. shall seek compensation for its services as a “Retained Professional,” subject to and in accordance with the *Order Appointing Receiver* [Dkt. No. 22] (the “Receivership Order”) entered by the Court on September 12, 2019. KRD is authorized, but not directed, to submit fee applications on the same time schedule as that provided for the Receiver under the Receivership Order.

[signature page follows]



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**Hon. John Z. Lee**  
**UNITED STATES DISTRICT JUDGE**

Entered: