

**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 Plante & Moran, PLLC (“PM”) to perform accounting, tax and related services regarding the assets of the Receivership Defendants (as more particularly set forth 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 PM. 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 may authorize the Receiver to retain PM 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. Previous to this Motion, the Receiver sought approval of the retention and rates of AlixPartners, LLP (“Alix”) as forensic accountant and Kutchins, Robbins & Diamond Ltd. (“KRD”) as tax accountant. *See* Dkt. Nos. 58, 67. As set forth in the Alix motion, Alix does not offer tax services. Accordingly, the Receiver seeks to engage PM to perform complimentary forensic services to Alix. With respect to KRD, that firm is being retained to assist with an IRS audit and the actual tax filings for the Receivership Defendants. The Receiver will take all reasonable efforts to ensure that Alix, KRD and PM do not duplicate efforts.

3. The Receiver has determined that there is in fact a need to retain an accountant to perform tax services that are related to the forensic accounting services being performed by Alix – as more particularly set forth herein – regarding the Receivership Assets. The firm of PM has agreed to act on behalf of the Receiver and the Receivership.

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

THE ENGAGEMENT

5. PM is an accounting and business advisory services firm with Illinois offices in Chicago and Schaumburg – providing a full range of business services, including audit, reviews and compilations; accounting and software consulting; and tax and business valuation services. PM principals and professionals have substantial accounting and tax experience. Craig Maksymiak (“Mr. Maksymiak”) – the PM partner in charge of the proposed engagement – has years of experience providing forensic tax accounting services to distressed entities, including receiverships. More specifically, he has concentrated his practice in partnership taxation and real estate taxation which is relevant here.

6. The scope of PM’s proposed engagement includes providing forensic tax 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:

- Review and analysis of prior tax returns filed by the Receivership Defendants to opine on: (a) whether or not any amendments to such returns are required; and (b) whether or not any of the Receivership Defendants are entitled to any unclaimed tax refund(s);
- Providing advice related to minimizing tax burden of the Receivership including, but not limited, to advice related to the sale of the Receivership Defendants’ real estate assets;
- Providing advice related to Section 468B of the Internal Revenue Code and related treasury regulations so that the Receiver can maintain for the Receivership Estate status as a “Settlement Fund” as required under the

Receivership Order; and

- Other related services as requested by the Receiver.

7. PM's proposed rates for PM's team of accountants, managers and partners that PM anticipates will perform work on this engagement are attached hereto as Exhibit A and incorporated herein by reference. The proposed rates represent a discount of in excess of 20% from PM's standard rates.

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

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

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

11. The Receiver believes that PM'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 PM will seek compensation for its services as "Retained Personnel" subject to and in accordance with the Receivership Order and pursuant to the *Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission* promulgated by the SEC. The Receiver requests that PM be allowed 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.

WHEREFORE, the Receiver respectfully requests that the Court (a) grant the Motion and enter the *Order Approving the Rates to be Charged by PM* (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: November 20, 2019

N. Neville Reid, Receiver

By: /s/ Suj M. Pandya

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EXHIBIT A

PM Rate Schedule

Professional	Role	Hourly Rate
Craig Maksymiak	Primary Matter Responsibility	\$450
Tim Weed	Secondary Matter Responsibility	\$400
Sean Fleming	Secondary Matter Responsibility	\$ 200
Colleague Partner		\$450
Partner		\$400
Senior Manager		\$350
Manager		\$200
Consultant		\$100

EXHIBIT B

[Proposed Order]

(see attached)

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION,)	
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)	Civil Action No. 19-cv-05957
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Plaintiff,)	
v.)	Hon. John Z. Lee
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NORTHRIDGE HOLDINGS, LTD., ET AL.,)	
)	Magistrate Judge Susan E. Cox
Defendants.)	
)	

**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* (the “Motion”), 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 – Plante & Moran, PLCC.

Plante & Moran, PLCC 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. Plante & Moran, PLCC 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]

Hon. John Z. Lee
UNITED STATES DISTRICT JUDGE

Entered: