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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

Case No.: 04-60573-CIV-MORENO

IN RE:

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

MUTUAL BENEFITS CORP.,
JOEL STEINGER a/k/a JOEL
STEINER, LESLIE STEINGER
a/k/a LESLIE STEINER and
PETER LOMBARDI,

Defendants,

and

VIATICAL BENEFACTORS, LLC,
VIATICAL SERVICES, INC.,
KENSINGTON MANAGEMENT, INC.
RAINY CONSULTING CORP.,
TWIN GROVES INVESTMENTS, INC.,
P.J.L. CONSULTING, INC.,
SKS CONSULTING, INC., and
CAMDEN CONSULTING, INC.

Relief Defendants.

**FIRST INTERIM APPLICATION FOR COMPENSATION OF FEES
AND COSTS OF ACCOUNTANTS FOR RECEIVER**

**Pursuant to Court Order, any objections to this Application
must be filed on or before ten days from the date of service
indicated on the Certificate of Service attached hereto.**

Berkowitz Dick Pollack & Brant, Certified Public Accountants and Consultants,
LLP ("BDPB"), accountant to Roberto Martínez, court-appointed receiver (the
"Receiver") of Mutual Benefits Corp. ("MBC"), Viatical Benefactors, LLC ("VBLLC") and

Viatical Services, Inc. ("VSI"), (collectively the "Receivership Entities"), hereby requests the Court to enter an order authorizing the Receiver to pay the reasonable accountant's fees and costs incurred by BDPB between May 4, 2004 and June 18, 2004 inclusive from the receivership estate, and in support thereof states the following.

By this Application, BDPB requests compensation for services rendered May 4, 2004 through June 18, 2004 (the "Application Period") in the amount of \$228,589.43 for fees to be paid by the Receivership Entities.

DESCRIPTION OF SERVICES

During the Application Period, BDPB has rendered extensive and necessary services for and on behalf of the receivership estate, as set forth below.

The following summarizes the services rendered by BDPB during the Application Period:

- Assistance with identification of bank accounts and search for evidence of additional bank accounts pertaining to defendant entities, relief defendants, other potential related party accounts that may have received fund from defendants' accounts; assistance with communications with banks to obtain account information including balances.
- Summarization of pre-Receivership accounting information for defendant and relief defendant entities.
- Preliminary and initial analysis of pre-Receivership transactions, including payments to relief defendants, potential related parties and certain others.
- Preliminary and initial analysis of Viatical investor / insured accounting, flow of funds through various bank accounts.

- Preliminary and initial analysis of available Viatical transaction data re policies, life expectancies, mortalities, stratification of policies by type (i.e., AIDS and Life Settlement policies).
- Assistance with Receivership administration, including developing an operating budget, evaluation of operating expenses, evaluation of premium payments and other areas.
- Assist Receiver in the preparation of reports filed with the Court and preparation of various Motions filed with the Court.

COMPENSATION:

The determination of fees to be awarded is largely within the discretion of the trial court. *Monaghan v. Hill*, 140 F.2d 31 (9th Cir. 1944). This discretion is, however, predicated on the assumption that careful consideration is given to all evidence of the value of the accountants' services in the light of the factors relevant to a determination. These factors are set forth in *In re Gypsum Cases*, 386 F.Supp. 959 (N.D. Cal. 1974) and *In re Norman v. Housing Authority of City of Montgomery*, 836 F.2d 1292 (11th Cir. 1988), as follows: (1) the time and labor properly employed in the servicing of the case; (2) the quality of services rendered; (3) the scope of the activity and conspiracy under attack; (4) the financial risk involved; (5) the magnitude, complexity and novelty of the issues involved; (6) the beneficial results obtained; and (6) the degree to which, if any, efforts were supported by prior governmental action. BDPB requests the Court to consider these factors in determining reasonable compensation for the services rendered to date by BDPB, as summarized below:

a. Time and Labor Required - The exhibits attached to this application include the Summary of First Interim Application for Compensation of Fees and Costs of Accountants for the Receiver, Exhibit 1-A Summary of Professional and Paraprofessional Time, Exhibit 1-B Summary of Professional and Paraprofessional Time by Activity Code Category and Exhibit 2 Summary of Requested Reimbursement of Expenses.¹

b. Novelty and Difficulty of Services and Skills Requisite to the Accounting.

The issues presented in this case are novel given the size of the Receivership entities, the difficulty of dealing with the records and the unique nature of the Receivership Entities' businesses. Additionally, Raquel Kohler, the Chief Financial Officer of MBC, and certain key accounting staff left the employ of the MBC prior to or in connection with the appointment of the Receiver, and have been unavailable to assist the Receiver. BDPB performed extensive professional services during the time period covered by this fee application.

The extensive experience and capabilities of the professionals involved with this case possess the accounting, financial analysis, tax and consultation skills required for the successful completion of the objectives of the Receiver.

c. The Skill Requisite to Perform the Services Properly. BDPB has staffed the engagement with personnel experienced in accounting, auditing, financial analysis, reporting and disclosure, tax compliance and information technology.

¹ BDPB maintains detailed time records that are kept contemporaneously with the services performed. Receiver's counsel will, within 10 days, seek to file these detailed records under seal to the Court for review *in camera*.

d. The Preclusion of Other Employment by the Professional Due to Acceptance of this Case. BDPB has not been precluded from any other employment due to the acceptance of this case.

e. The Customary Fee. The customary fee for services of the type rendered herein, BDPB charges commercial clients on one or more of the following criteria: reasonable fee for services rendered, hourly charges, or fixed fee. To the extent hourly charges are relevant, BDPB commands from commercial clients hourly rates ranging from \$95 an hour to \$315 per hour depending on the level of professional skill required. BDPB has discounted its fees for the services provided to the Receiver.

f. Whether the Fee is Fixed or Contingent. The fee is contingent inasmuch as the Receiver relies upon a Court Order approving the fee. BDPB has not entered into any agreement to fix a fee.

g. Time Limitations Imposed by the Client or Other Circumstances. BDPB was directed to commence work by the Receiver on May 4, 2003 to assist the Receiver as forensic accountants with respect to any and all litigation consulting services, investigatory accounting services, forecasts, advise on the accounting aspects of litigation matters, tax considerations, valuations and other services as required. In addition to BDPB's assistance in accounting for the operations of the Receivership entities, the Receiver had requested significant assistance from BDPB in connection with the preparation of the First Report of Receiver, filed on May 17, 2004, Declaration of Receiver, filed on June 8, 2004 and Second Report of Receiver, filed on June 29, 2004.

h. The Amount Involved and the Results Obtained - The above summary, together with exhibits, details the time, nature and extent of the professional services rendered by BDPB for the benefit of the investors and creditors.

i. The Experience, Reputation, and Ability of the Professional. BDPB is an established accounting firm comprised of thirteen directors and over 100 personnel. Its professionals and staff working on this case are experienced in matters of this kind. Richard A. Pollack has testified as an expert witness in similar matters where accounting fees were awarded on the same basis as those sought in this application.

j. Undesirability of Case. This case is not undesirable. BDPB is privileged to have the opportunity to serve the Receiver and appear before the Court in this proceeding.

k. Nature and Length of Professional Relationship With Client. BDPB's relationship with the Receiver began on May 4, 2004.

l. Awards in Similar Cases. The amount requested by BDPB is reasonable in terms of awards in cases of similar magnitude and complexity. The compensation which BDPB requests comports with the mandate of the Bankruptcy Code, which directs that services be evaluated in light of comparable services performed in non-bankruptcy cases in the community. Considering the results obtained thus far, this fee request is appropriate. Likewise, as with all major accounting firms, BDPB's overhead expenses are substantial. Much of the fee, which the Court awards BDPB, will merely defray such significant overhead expenses already incurred and paid during the pendency of this case.

k. Government Support - Although the SEC investigated and filed the initial pleadings in this case, BDPB has assisted the Receiver to secure and protect the assets of the Receivership Entities and investigate the operations of the Receivership Entities through investigation and analysis.

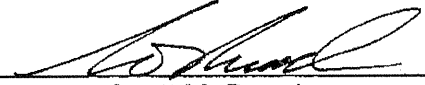
CONCLUSION

The Applicant respectfully requests that this Court authorize the Receiver to compensate BDPB for their accountants' fees for reasonable and necessary services rendered during the Application Period in the amount of \$228,589.43 to be paid by the estate of the Receivership Entities.

Respectfully submitted,

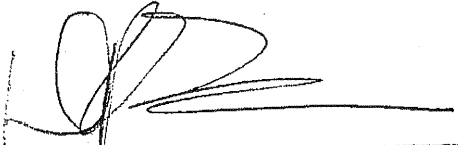
Berkowitz Dick Pollack & Brant
Certified Public Accountants and Consultants, LLP
Accountants for the Receiver
200 South Biscayne Boulevard, Sixth Floor
Miami, FL 33131
Tel: (305) 379-7000 Fax: (305) 379-8200

By: _____


Scott M. Bouchner

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of this Application, with all exhibits, was forwarded by undersigned counsel for the Receiver, via facsimile and U.S. Mail to all parties on the attached Service List this 2nd day of July, 2004.

By: 
Detra Shaw-Wilder

SERVICE LIST

SEC v. Mutual Benefits Corp. et al.
Case No. 04-60573-CIV-MORENO/Garber

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UNITED STATES DISTRICT COURT
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Relief Defendants.

SUMMARY OF FIRST INTERIM APPLICATION FOR COMPENSATION OF FEES
AND COSTS OF ACCOUNTANTS FOR RECEIVER

-
- | | |
|--|--|
| 1. Name of applicant: | Berkowitz Dick Pollack & Brant Certified Public Accountants & Consultants, LLP |
| 2. Role of applicant: | Accountants for Receiver |
| 3. Name of certifying professional: | Scott Bouchner |
| 4. Date receiver appointed: | May 4, 2004 |
| 5. Date of application for employment: | May 26, 2004 |
| 6. Date of order approving employment: | June 3, 2004 |
| 7. If receiver's counsel, date of Disclosure of Compensation form: | N/A |
| 8. Date of this application: | July 2, 2004 |
| 9. Dates of services covered: | May 4, 2004 through June 18, 2004 |
-

Fees...

10. Total fee requested for this period (from Exhibit 1)	\$ 228,589.43
11. Balance remaining in fee retainer account, not yet awarded	\$ -
12. Fees paid or advanced for this period, by other sources	<u>\$ -</u>
13. Net amount of fee requested for this period	\$ 228,589.43

Expenses...

14. Total expense reimbursement requested for this period	\$ -
15. Balance remaining in expense retainer account, not yet received	\$ -
16. Expenses paid or advanced for this period, by other sources	<u>\$ -</u>
17. Net amount of expense reimbursements requested for this period	\$ -
18. Gross award requested for this period (#10 + #14)	\$ 228,589.43
19. Net award requested for this period (#13 + #17)	\$ 228,589.43
20. If <u>Final Fee Application</u> , amounts of net awards requested in interim applications <u>but not previously awarded</u> (total from History of Fees and Expenses, following pages):	
21. Total fee and expense award requested (#19 + #20):	<u><u>\$ 228,589.43</u></u>

History of Fees and Expenses

1. Dates, sources, and amounts of retainers received:	\$ -				
<table border="0"> <tr> <td style="border-bottom: 1px solid black;">Dates</td> <td style="border-bottom: 1px solid black;">Sources</td> <td style="border-bottom: 1px solid black;">Amounts</td> <td style="border-bottom: 1px solid black;">For Fees or costs?</td> </tr> </table>	Dates	Sources	Amounts	For Fees or costs?	
Dates	Sources	Amounts	For Fees or costs?		
2. Dates, sources, and amounts of third party payments received:	\$ -				
<table border="0"> <tr> <td style="border-bottom: 1px solid black;">Dates</td> <td style="border-bottom: 1px solid black;">Sources</td> <td style="border-bottom: 1px solid black;">Amounts</td> <td style="border-bottom: 1px solid black;">For Fees or costs?</td> </tr> </table>	Dates	Sources	Amounts	For Fees or costs?	
Dates	Sources	Amounts	For Fees or costs?		

Summary of Professional and Paraprofessional Time
Total per Individual for these Period Only
Exhibit 1-A

Name	Director, Associates or Paraprofessional	Total Hours	Agreed Upon Hourly Rate	Fee
Richard A. Pollack	Director	31.05	\$ 283.50	\$ 8,802.68
Scott M. Bouchner	Director	207.55	256.50	53,236.58
Andrew C. Bernstein	Director	167.75	256.50	43,027.88
Joseph Schirra	Associate	261.00	238.50	62,248.50
Douglas Campbell	Associate	11.00	238.50	2,623.50
Sandra Perez	Associate	5.00	238.50	1,192.50
Rochelle Matza	Associate	3.00	238.50	715.50
Richard S. Fechter	Associate	215.75	166.50	35,922.38
Joel Glick	Associate	0.70	166.50	116.55
Martin Prinsloo	Associate	8.00	166.50	1,332.00
Rick Bazzani	Associate	5.75	166.50	957.38
Lee Ann Scarpeci	Associate	59.50	112.50	6,693.75
Adam Lang	Associate	22.25	112.50	2,503.13
Shea Smith	Associate	7.75	112.50	871.88
Megan Diaz	Associate	71.75	112.50	8,071.88
Gregory Lacina	Associate	2.50	103.50	258.75
Ramona Moya	Paraprofessional	0.25	58.50	14.63
		<u>1080.55</u>		
Total				<u>\$ 228,589.43</u>

**Summary of Professional and Paraprofessional Time by Activity Code Category
for these Time Period Only
Exhibit 1-B**

Name	Director, Associate or Paraprofessional	Agreed Upon Rate	Hours	Fee
Activity Code Category: Case Administration				
Richard A. Pollack	Director	283.50	10.70	3,033.45
Scott M. Bouchner	Director	256.50	17.45	4,475.93
Andrew C. Bernstein	Director	256.50	25.75	6,604.88
Activity Code Subtotal:			53.90	\$ 14,114.25
Activity Code Category: Accounting / Auditing				
Scott M. Bouchner	Director	256.50	76.25	19,558.13
Andrew C. Bernstein	Director	256.50	116.75	29,946.38
Joseph Schirra	Associate	238.50	259.00	61,771.50
Richard S. Fechter	Associate	166.50	193.75	32,259.38
Lee Ann Scarpaci	Associate	112.50	59.50	6,693.75
Megan Diaz	Associate	112.50	71.75	8,071.88
Activity Code Subtotal:			777.00	\$ 158,301.00
Activity Code Category: Tax Issues				
Richard A. Pollack	Director	283.50	4.85	1,374.98
Douglas Campbell	Associate	238.50	11.00	2,623.50
Gregory Lacina	Associate	103.50	2.50	258.75
Ramona Moya	Associate	58.50	0.25	14.63
Activity Code Subtotal:			18.60	\$ 4,271.85
Activity Code Category: Asset Analysis & Recovery				
Richard A. Pollack	Director	283.50	2.00	567.00
Andrew C. Bernstein	Director	256.50	3.00	769.50
Sandra Perez	Associate	238.50	5.00	1,192.50
Richard S. Fechter	Associate	166.50	9.00	1,498.50
Activity Code Subtotal:			19.00	\$ 4,027.50
Activity Code Category: Witness Interviews				
Scott M. Bouchner	Director	256.50	7.00	1,795.50
Richard S. Fechter	Associate	166.50	3.00	499.50
Activity Code Subtotal:			10.00	\$ 2,295.00
Activity Code Category: Data Analysis				
Scott M. Bouchner	Director	256.50	105.35	27,022.28
Joseph Schirra	Associate	238.50	2.00	477.00
Richard S. Fechter	Associate	166.50	2.00	333.00
Joel Glick	Associate	166.50	0.70	116.55
Shea Smith	Associate	112.50	7.75	871.88
Activity Code Subtotal:			117.80	\$ 28,820.70

**Summary of Professional and Paraprofessional Time by Activity Code Category
for these Time Period Only
Exhibit 1-B**

Name	Director, Associate or Paraprofessional	Agreed Upon Rate	Hours	Fee
Activity Code Category: Preparation and Review of Reports				
Richard A. Pollack	Director	283.50	6.00	1,701.00
Scott M. Bouchner	Director	256.50	1.50	384.75
Andrew C. Bernstein	Director	256.50	10.75	2,757.38
Richard S. Fechter	Associate	166.50	8.00	1,332.00
Activity Code Subtotal:			<u>26.25</u>	<u>\$ 6,175.13</u>
Activity Code Category: Document Review				
Richard A. Pollack	Director	283.50	7.50	2,126.25
Rochelle Matza	Associate	238.50	3.00	715.50
Martin Prinsloo	Associate	166.50	8.00	1,332.00
Rick Bazzani	Associate	166.50	5.75	957.38
Adam Lang	Associate	112.50	22.25	2,503.13
Activity Code Subtotal:			<u>46.50</u>	<u>\$ 7,634.25</u>
Activity Code Category: Depositions / Hearings				
Andrew C. Bernstein	Director	256.50	11.50	2,949.75
Activity Code Subtotal:			<u>11.50</u>	<u>\$ 2,949.75</u>
			<u>1,080.55</u>	<u>\$ 228,589.43</u>

**Summary of Requested Reimbursement of Expenses
for these Time Period Only
Exhibit 2**

1. Filing Fees	\$	-
2. Process Service Fees	\$	-
3. Witness Fees	\$	-
4. Court Reporter Fees and Transcripts	\$	-
5. Lien and Title Searches	\$	-
6. Photocopies		
(a) In-house copies	\$	-
(b) Outside copies - Legal Impressions	\$	-
7. Postage	\$	-
8. Overnight Delivery Charges	\$	-
9. Outside Courier/Messenger Services	\$	-
10. Long Distance Telephone Charges	\$	-
11. Long Distance Fax Transmissions	\$	-
12. Computerized Research	\$	-
13. Out-of-Southern-District-of-Florida Travel	\$	-
14. Other Permissible Expenses	\$	-
		<hr/>
Total Expense Reimbursement Requested	\$	<hr/> <hr/>