

IN THE DISTRICT COURT IN AND FOR TULSA COUNTY
STATE OF OKLAHOMA

OKLAHOMA DEPARTMENT OF)
SECURITIES ex rel. Irving L. Faught,)
Administrator,)

Plaintiff,)

v.)

Case No. CJ-2001-00188-Bubenik

PARAKLETOS PROFESSIONAL)
SERVICES, L.L.C., an Oklahoma)
limited liability company; PARAKLETOS)
INVESTMENT CLUB; PARAKLETOS)
INVESTMENT CLUB II; CHARLES R.)
CHUNG, an individual; and)
J. ELAINE CHUNG, an individual,)

Defendants.)

**MOTION FOR (i) APPROVAL OF DETERMINATION OF CLAIMS FOR PURPOSES OF
DISTRIBUTIONS TO INVESTORS; (ii) AWARD OF
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT
OF EXPENSES INCURRED; AND (iii) DISCHARGE OF RECEIVER**

Neal Tomlins, Esq., the duly-appointed Receiver for Parakletos Investment Club and Parakletos Investment Club II (collectively, "Parakletos"), moves for the entry of an order that will conclude Receiver's duties in this case. The Receiver hereby seeks an order of the Court approving the Receiver's determination of claims of investors shown on Exhibit A attached hereto and approving pro rata distributions to such persons. Persons listed on Exhibit A are referred to hereafter as the "Investors." The Receiver also moves the Court for (i) the award to the Receiver of compensation for services rendered and reimbursement of expenses incurred by Receiver and counsel to the Receiver in this case, Tomlins & Goins, a Professional Corporation ("Counsel"), and (ii) an order discharging the Receiver from his duties herein. In support of this Motion, the Receiver presents to the Court the following:

Property Available for Distribution and Method of Distribution

1. This Court appointed the Receiver in this case on January 11, 2001. The appointment of the Receiver was effective on January 22, 2001. After his appointment, the Receiver obtained and reviewed certain books and records of Parakletos.

2. Upon appointment by the Court, the Receiver obtained Court approval and closed all securities positions of Parakletos, liquidating such positions to cash.

3. As of May 31, 2003, the Receiver is presently holding \$134,844.63 on behalf of Parakletos.

4. The Oklahoma Department of Securities ("ODS") is presently negotiating a Restitution Order with Defendants wherein a judgment will be entered against Mr. Charles R. Chung and Mrs. J. Elaine Chung. In the event the ODS is not successful in negotiating a Restitution Order that provides for Mr. and Mrs. Chung to make restitution for the benefit of the Investors, the ODS will ask the Court to enter a judgment against Mr. and Mrs. Chung.

5. Other than amounts paid pursuant to any Restitution Order entered by the District Court, Receiver is unaware of any other property that will be available for distribution to Investors.

6. The Receiver has spent a considerable amount of time reconciling various sources of information and determining the method for computing pro rata distributions to be made to persons who entrusted funds to Mr. and Mrs. Chung. After due consideration the Receiver has concluded that the best approach for determining distributions is to utilize the capital account balance for each Investor as reflected on the Year 2000 Form K-1 for Parakletos. The Receiver believes that the use of the K-1 capital account balances results in the fairest and most cost effective basis for determining distributions. The Form K-1 account balance for each Investor is shown on Exhibit A.

7. As noted on Exhibit A, the Receiver proposes that Mr. and Mrs. Chung, Parakletos Professional Services and Mr. Chung's parents, Ed and Jeannie Dabbert, not be included within the defined term "Investors" and that they receive no distributions from the Receiver.

8. The Receiver requests by this Motion that the Court approve Exhibit A as the definitive list of Investors for purposes of distribution. The amount shown on Exhibit A for each Investor will be used as the numerator in a calculation to determine the amount to be distributed to each Investor. Only those persons recognized on Exhibit A as "Investors" will receive a distribution from the Receiver. The Receiver estimates that if the Court approves this Motion each Investor will receive a distribution equal to 8% of the amount listed on Exhibit A for such Investor. This estimate is derived as follows:

Amount held by Receiver	\$134,844
Less: estimated fees and expenses of Receiver and Counsel	<u>(\$25,111)</u>
Total available for distribution	<u>\$109,733</u>
Total Allowed Claims of Investors	\$1,352,722

Attorneys Fees Incurred By The Receiver

9. On April 9, 2001, an Application for Employment of Attorneys for Receiver was filed with this Court requesting that Counsel be authorized for employment as the Receiver's counsel. This Court ordered such employment on May 9, 2001.

10. The Receiver moves the Court for the entry of an Order approving the fees and expenses incurred by the Receiver. This Motion includes services rendered and the expenses advanced by the Receiver and Counsel through May 31, 2003. This is the only request for an award of fees and costs that has been or will be submitted by the Receiver and Counsel in this

case. This request will be amended to include fees and expenses from and after June 1, 2003 to the date of the hearing of this Motion.

11. The Receiver and his Counsel will have available at the hearing on this Motion copies of all invoices from Counsel that provide detailed information regarding the services rendered and expenses incurred by Counsel and the Receiver.

12. During the period covered since the appointment of Receiver, the Receiver and Counsel expended 98.90 hours in rendering professional services. This Motion seeks compensation for the actual and necessary services rendered by Receiver and Counsel and is based upon the time, nature, extent and value of the services rendered. At the normal and customary rates currently being charged by Counsel, without making any increase for the difficulty or complexity of the matters and results achieved, the fees for said services totaled \$16,910.00. Receiver and Counsel estimate that an additional charge of \$2,000.00 may be incurred in concluding the receivership. Detailed time entries are set forth on invoices and will be available at the hearing on this Motion.

13. Receiver and Counsel incurred out-of-pocket expenses in the amount of \$6,201.02 including \$2,815.50 for Receiver's accountant, Koehler & Associates.

14. The rates charged by Receiver and Counsel in regard to the above-referenced matters for which compensation is sought in this Motion is set forth below:

ATTORNEYS

Neal Tomlins (NT)	\$195
Ronald E. Goins (REG)	\$195
Janna Nichols (JN) (Legal Assistant)	\$ 60

The fees incurred by the Receiver and Counsel were reasonable and necessary and were performed by persons with the necessary skills required to perform the services properly. The fees charged by the Receiver and Counsel are reasonable and customary. Receiver and Counsel

are performing services in this matter at a discounted rate that is less than the rate charged to other clients.

15. The fees sought by this Motion do not include any fees that the Receiver and Counsel determined should be written off.

Discharge of Receiver

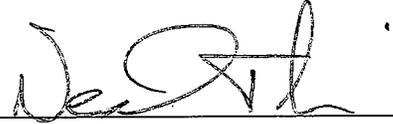
16. Upon the entry of an order approving (i) this Motion, (ii) the determination of claims of the Investors, (iii) the attorney fees and expenses incurred by the Receiver and his Counsel, (iv) payment of said fees and expenses, and (v) distributions to Investors, the Receiver requests that the Court enter an order discharging the Receiver from his duties herein and releasing the bond that was posted upon the appointment of the Receiver.

Conclusion

After notice and a hearing, the Receiver respectfully requests an Order from this Court (i) approving the determination of the Investors as set forth on Exhibit A; (ii) approving and allowing compensation for services rendered as set forth above in the amount of \$16,910.00 plus any fees incurred from and after June 1, 2003 estimated to be \$2,000.00; (iii) approving and allowing expenses incurred by the Receiver and Counsel in the amount of \$6,201.02 plus any expenses incurred from and after June 1, 2003; (iv) authorizing payment of compensation and reimbursement of expenses pursuant to this Motion, (v) authorizing distributions to Investors based on the information set forth on Exhibit A, (vi) discharging the Receiver from his duties herein and (vii) for such other and further relief as this Court deems proper.

DATED this 25th day of June, 2003.

Respectfully submitted,



Neal Tomlins, OBA No. 10499
Ronald E. Goins, OBA No. 3430
TOMLINS & GOINS
A Professional Corporation
Utica Plaza Building
2100 South Utica Avenue, Suite 300
Tulsa, Oklahoma 74114
(918) 747-6500

Receiver and Attorneys for Receiver

CERTIFICATE OF SERVICE

I hereby certify that on the 25th day of June, 2003 a true and correct copy of the above and foregoing was forwarded by U.S. Mail, with proper postage thereon fully prepaid, to the following:

Rebecca A. Cryer
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, OK 73102

Patrick Waddell
Sneed Lang
2 W. 2nd St., Suite 2300
Tulsa, OK 74103

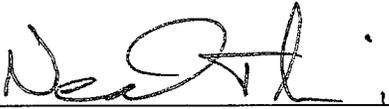


Neal Tomlins

VERIFICATION

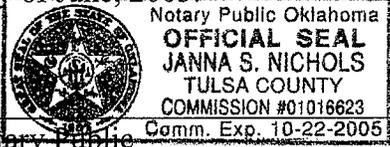
STATE OF OKLAHOMA)
)
COUNTY OF TULSA) ss.

Neal Tomlins, of lawful age and being first duly sworn upon oath, deposes and states that he is the duly-appointed Receiver for Parakletos Investment Club and Parakletos Investment Club II, that he has read the above and foregoing Motion and knows the contents thereof, and that the statements set forth therein are true and correct to the best of his knowledge, information and belief.



Neal Tomlins

Subscribed and sworn before me this 25th day of June, 2003



Notary Public