

CAUSE NO. D-1-GV-10-000454

STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
	§	
Plaintiff,	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
RETIREMENT VALUE, LLC, et al,	§	
	§	
Defendants.	§	126 th JUDICIAL DISTRICT

RECEIVER'S MOTION TO RETAIN COLLECTION AGENCY

Eduardo S. Espinosa, court-appointed receiver for Retirement Value, LLC, moves the Court for authority to retain the Law Offices of John Henry PC and its affiliated collection agency, Quarternight Financial Services, LLC (collectively, Quarternight), to collect the remaining judgments owed to the estate.

To date, the Receiver has collected in excess of \$10.3 million as a result of his litigation against the principals and licensees of Retirement Value. He still holds uncollected judgments with a face value of \$4.2 million¹ against various licensees. The judgment debtors have generally refused to pay or to respond to post-judgment discovery. Work will be needed to enforce and collect these judgments.

To perform this work, the Receiver proposes to retain Quarternight to collect on the outstanding judgments held by the estate. Quarternight specializes in the collection of debt and judgments. It has created a comprehensive system to efficiently and effectively process past-due receivables in a timely manner.

¹ This number does not include judgments which are the subject of settlement agreements. It also does not include post-judgment interest.

The Receiver will pay Quarternight a contingency fee of 30% of any amounts that it collects on the judgments. Quarternight will also advance any costs or expenses incurred in its collection efforts. The contingency fee will be paid on the net amount recovered after repayment of expenses.

The fee charged by Quarternight is favorable. To begin with the expenses are deducted from the total recovery instead of the client's share unlike standard contingency fee contracts. In addition, Quarternight agreed to reduce its fee from its standard fee of 35% to 30% – a savings of 14%.

In recognition that Quarternight will be taking over the collection activities on the outstanding judgments, the Receiver's contingency fee counsel, George Brothers Kinkaid & Horton, has agreed to reduce its fee on those judgments to 20%. This means that the estate will be paying a total fee of 50% of any moneys collected from these judgments.

While expensive, the Receiver believes that the combined contingency fee is fair. GBKH is entitled to be paid for the work that it performed in obtaining the judgments. Quarternight, in turn, is entitled to be paid for the work that it will perform. While GBKH was vastly qualified to obtain the judgments in these highly contested cases and did an excellent job, Quarternight is better qualified both in terms of its experience and its organization to collect these outstanding judgments which remain uncollected despite GBKH's efforts over the past few years.

ACCORDINGLY, the Receiver respectfully requests that the Court authorize him to retain Quarternight on the terms set forth in this motion.

Respectfully submitted,

By: /s/ Michael D. Napoli

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been forwarded to all counsel of record listed below, through the electronic filing manager if that counsel's e-mail address is on file or via e-mail, if not, on this 16th day of September, 2016.

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