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SR
MARK E. FERRARIO, Bar No. 1625
KARA B. HENDRICKS, Bar No. 7743
GREENBERG TRAUIG, LLP
10845 Griffith Peak Drive, Suite 600
Las Vegas, NV 89135
Telephone: (702) 792-3773
Facsimile: (702) 792-9002
Email: ferrariom@gtlaw.com
hendricksk@gtlaw.com

Attorneys for the Plaintiff

**IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
CLARK COUNTY, NEVADA**

STATE OF NEVADA, EX REL. COMMISSIONER
OF INSURANCE, IN HER OFFICIAL CAPACITY
AS STATUTORY RECEIVER FOR DELINQUENT
DOMESTIC INSURER,

Plaintiff,

vs.

SPIRIT COMMERCIAL AUTO RISK RETENTION
GROUP, INC., a Nevada Domiciled Association
Captive Insurance Company,

Defendant.

Case No. A-19-787325-B
Dept. No. 27

TWENTY-FIRST STATUS REPORT

COMES NOW, the Commissioner of Insurance¹, and CANTILO & BENNETT, L.L.P., Special
Deputy Receiver (“SDR”), and files this Twenty-First Status Report in the above-captioned receivership.
In accordance with the orders of this Court and the Nevada Revised Statutes (“NRS”) Chapter 696B, the
Receiver makes this “true report[s] in summary form of the insurer’s affairs under the receivership and
of progress being made in accomplishing the objectives of the receivership.” NRS 696B.290(7).

¹ Barbara D. Richardson resigned from her position as Commissioner of Insurance effective December 30,
2022. Scott Kipper was named as the new Insurance Commissioner. Pursuant to NRCP 25(d), when a public
officer stops holding office while an action is pending, “[t]he officer’s successor is automatically substituted as a
party.”

Greenberg Traurig, LLP
10845 Griffith Peak Drive, Suite 600
Las Vegas, Nevada 89135

I.

INTRODUCTION

Spirit Commercial Auto Risk Retention Group, Inc. (“Spirit” or the “Company”) is an association captive insurance company organized under the insurance laws of Nevada and the Liability Risk Retention Act of 1986. Spirit received its Certificate of Authority on February 24, 2012, and operates under the authority of NRS Chapter 694C. Spirit transacted commercial auto liability insurance business. Within that line, Spirit specialized in serving commercial truck owners.

Pursuant to NRS 679A.160, Spirit is subject to Nevada laws in Chapters 694C and 695E that pertain to captive insurers (as “captive insurer” is defined in NRS 694C.060) and risk retention groups (as “risk retention group” is defined in NRS 695E.110) that have a Certificate of Authority from the Division. Spirit is considered an association captive insurer (as “association captive insurer” is defined in NRS 694C.050). As a risk retention group (“RRG”), Spirit is subject to the Federal Liability Risk Retention Act of 1986. RRGs domiciled in Nevada do not participate in the Nevada Guaranty Association. Pursuant to NRS 695E.140(1)(a), Spirit is also subject to all laws that pertain to traditional liability insurers (with exceptions given in Bulletin 14-008).

As discussed in the Receiver’s First Status Report, Spirit is part of an Insurance Holding Company System and in large part it only did business with other members of that system. CTC Transportation Insurance Services of Missouri, LLC (“CTC”), with offices in Missouri, New Jersey, and California, served as the program administrator and managing general agent for Spirit. Criterion Claims Solutions of Omaha, Inc. (“Criterion”) was the third-party claims administrator for Spirit. Lexicon Insurance Management LLC was the captive manager for the company (after Risk Services initially served in that role through circa July 2018). Chelsea Financial Group, Inc. provided premium financing services for the majority of Spirit’s policies. The company 10-4 Risk Management provided risk management and loss run services. The owner or ultimate controlling person for each of these entities is or was Thomas Mulligan.² All of these companies were taking a portion of the premium dollars from Spirit-issued policies.

² See Schedule Y: Part 1A, to the Company’s 2018 Annual Statement, the “Detail of Insurance Holding Company System” (the Receiver’s First Status Report, Ex. B).

1 The Commissioner initially filed a petition to put the Company into receivership on January 11,
2 2019, and efforts to protect the policyholders and other creditors of the estate were contested vigorously
3 by the Company. On February 27, 2019, this Court entered its Permanent Receivership Order. Barbara
4 D. Richardson, Commissioner of Insurance, in her capacity as Receiver for Spirit appointed the firm of
5 CANTILO & BENNETT, L.L.P. as the Special Deputy Receiver of the Companies. The “Receiver” and
6 “Special Deputy Receiver” are referred to collectively herein as the “Receiver.”

7 In brief, the Permanent Receivership Order established the following key points for the Spirit
8 receivership:

- 9 1) that the Company’s in-force insurance policies are to be canceled effective on the earlier
10 of April 15, 2019, or the date when the insured ceased making premium payments to
11 Spirit;
- 12 2) that the Receiver may impose a full suspension on all disbursements owed by Spirit,
13 including insurance policy disbursements, and costs related to the defense or adjudication
14 of insurance policy claims;
- 15 3) that the receivership court has exclusive jurisdiction over all matters pertaining to Spirit
16 and all persons are enjoined from commencing, bringing, maintaining, or further
17 prosecuting any action at law, suit in equity, arbitration, or special or other proceeding
18 against the Company, Receiver, or Special Deputy Receiver;
- 19 4) that the Receiver is vested with exclusive title both legal and equitable to all of Spirit’s
20 property wherever located, to administer under the general supervisions of the Court;
- 21 5) that the Receiver may change to her own name, the name of any of Spirit’s accounts,
22 funds, or other property or assets, held with any bank, savings and loan association, other
23 financial institution, or any other person, wherever located, and may withdraw such
24 funds, accounts and other assets from such institutions or take any lesser action necessary
25 for the proper conduct of the receivership; and
- 26 6) that the Receiver is authorized to establish a receivership claims and appeal procedure,
27 for all receivership claims. The receivership claims and appeals procedures shall be used
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1 to facilitate the orderly disposition or resolution of claims or controversies involving the
2 receivership or the receivership estate.

3 On September 16, 2019, the Receiver filed a consolidated motion for a Final Order Placing Spirit
4 Commercial Auto Risk Retention Group into Liquidation, and for an Order Setting a Claims Filing
5 Deadline, and Granting Related Relief (the “Consolidated Motion”). The Consolidated Motion was
6 heard and granted on October 24, 2019. On November 6, 2019, the Court entered its Final Order Placing
7 Spirit into Liquidation (the “Liquidation Order”) and its Final Order Setting Claims Filing Deadline for
8 Spirit and Related Relief (the “Claims Order”). The Claims Order established a Claims Filing Deadline,
9 and procedures for filing claims against Spirit. The Liquidation Order also granted the Receiver’s
10 request to formally place Spirit into liquidation effective on November 6, 2019. On September 30, 2020,
11 the Court entered an *Order Extending the Claims Filing Deadline for Spirit Commercial Auto Risk*
12 *Retention Group, Inc.* The Claims Filing Deadline was extended to May 31, 2021, and has now expired.

13 II.

14 RECEIVERSHIP ADMINISTRATION

15 A. Notice of Developments in Receivership

16 On August 19, 2019, the Court entered its Order Regarding Motion for Instructions Including
17 Notice Requirements (the “Notice Order”). Future notices about Spirit’s receivership will be provided
18 to interested parties in accordance with the Court’s Notice Order. Interested parties may also monitor
19 the Spirit receivership web site (www.spiritinsure.com) to keep up to date about developments in the
20 receivership.

21 B. Claims Administration and Third-Party Support Services

22 TRISTAR Risk Management (“TRISTAR”) is assisting the Receiver in evaluating the Proofs of
23 Claim (“POCs”) that have been received. TRISTAR’s initial work for the estate included an evaluation
24 of the outstanding policy claims liabilities of the estate. TRISTAR’s work in this regard is detailed in
25 the Sixth Status Report and exhibits thereto. TRISTAR has since assisted the Receiver in evaluating and
26 determining the POCs filed in the Spirit estate. Through the appeals phase of the claims process for the
27 estate (*i.e.*, as claimants submit appeals of the Receiver’s claim determinations), TRISTAR will evaluate
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1 the appeal submissions from claimants and make recommendations to the Receiver regarding proposed
2 resolutions of such appeals. The Receiver anticipates that it will continue to utilize TRISTAR's
3 assistance for claims matters, until all claims and appeals of the estate are resolved. The Receiver will
4 continue to evaluate the need for TRISTAR's assistance and will continue to report TRISTAR's ongoing
5 work for the estate.

6 The Claims Filing Deadline expired on May 31, 2021. There were one thousand four hundred
7 five (1,405) timely POC submissions received.

8 The Receiver is evaluating the claims against the estate and has begun mailing written Notices
9 of Claim Determination to claimants — and these notices advise claimants of whether their claims are
10 approved (in full or in part) or denied. Approximately one thousand two hundred sixteen (1,216) Notices
11 of Claim Determination have been completed and mailed to the claimants to date. The Receiver has
12 posted a status update (*i.e.*, advising that POCs are in the process of being evaluated) to the home page
13 of the Spirit receivership web site. Approximately seventy-nine (79) objections/appeals to the Receiver's
14 claim determinations have been received to date. We are enclosing a report on the determination of the
15 Receiver on each claim approved in whole or in part through February 29, 2024, as well as a report of
16 each claim determination to which an objection has been filed³ pursuant to NRS 696B.330(6-8). A copy
17 of the claims report, without the names of the claimants, is being submitted as **Exhibit 1** to this report.⁴

18 The Order Granting Motion to Establish Claims Appeal Process and Procedure and for the
19 Appointment of a Special Master to Assist with the Same was entered on March 3, 2023. The Order
20 appoints two Special Masters to preside over appeal hearings, and sets out the procedures for such
21 appeals, as well as the procedure for certain other appeals which are to be reviewed by the receivership
22 court. Counsel for the Receiver is working with the Special Masters to schedule appeal hearings and
23 briefing schedules. As claims are scheduled for hearing, counsel for the Receiver is notifying claimants
24 of the time and place for the hearing of their objections, as well as the briefing schedule. Approximately
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26 ³ The report on these objections will be updated to reflect the Court's determination of each objection once hearings
have been held, pursuant to NRS 696B.330, and final orders are entered by the Court thereon.

27 ⁴ Individual claimant names have been removed from the public document out of concern for privacy. Exhibit 1
28 submitted to the Court for in camera review includes claimants' names.

1 thirty (30) of the claim objections/appeals have not yet been heard or resolved. Additional hearings will
2 be scheduled in April and May of 2024, and on a rolling basis thereafter as needed. As appeals are
3 resolved through the hearing process, the Receiver will update the claim and appeal report exhibits to
4 the status report to reflect the appeal resolution and the final determination of the claims. The Court’s
5 final orders concerning the claim objections are final orders appealable to the Nevada Supreme Court.
6 To date, there are two such appeals pending before the Nevada Supreme Court. The above-referenced
7 motions and orders have been posted to the receivership web site, www.spiritinsure.com (“Receivership
8 Documents” tab).

9 The United States has filed a POC in the receivership, asserting the priority of its claims—if any
10 (they are unknown at this time according to the POC)—over and above any other claims against the
11 estate pursuant to 31 U.S. Code § 3713, also known as the government “superpriority” statute. The
12 Receiver sent letters to the United States to provide a reminder that its claim must be complete, non-
13 contingent, and liquidated in amount on or before the May 31, 2021, deadline. No amendment or
14 supplement from the United States has been received as of the date of this report. The Receiver has also
15 written to the Centers for Medicare and Medicaid Services (“CMS”), seeking policy guidance regarding
16 the applicability of certain claim reporting requirements for the Spirit receivership. CMS has yet to
17 respond, but the Receiver will continue to seek direct input from the agency to clarify the regulatory
18 requirements for the Spirit estate.

19 The policy data of Spirit is held in the Aspire Information System (“Aspire”), which was created
20 by Maple Technologies. The Receiver believes that this system is still of value to the receivership,
21 particularly during the pendency of the POC process and certain litigation matters. At the outset of the
22 receivership, the Receiver worked with Maple Technologies to continue Spirit’s pre-receivership
23 arrangement. The Receiver has re-negotiated a lower monthly cost to maintain the Receiver’s access to
24 the Aspire system in receivership. The Receiver will regularly review the need for this system.

25 Actuarial firm Oliver Wyman Actuarial Consulting, Inc. (“Oliver Wyman”) has been engaged to
26 prepare actuarial estimates for Spirit’s claims and future losses and continues as a consultant.
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1 Calhoun, Thompson & Matza, L.L.P. is a CPA firm that has been hired by the Receiver to prepare
2 Spirit’s federal and state tax returns.

3 PALOMAR FINANCIAL, LC (“Palomar”) is an affiliated company of the Special Deputy Receiver
4 and performs financial and technical administrative support services for Spirit in receivership—and
5 those services are now being performed by Palomar. Palomar is being used to facilitate the
6 receivership’s administration of financial matters. The Receiver, with assistance from Palomar, has
7 finalized all outstanding premium tax matters for the Company, including tax matters that remained
8 outstanding and overdue by former Spirit leadership at the outset of the receivership, and routine
9 reporting continues as required for certain state jurisdictions.

10 As the Court is aware, the Receiver has engaged the law firm of Greenberg Traurig LLP
11 (“Greenberg Traurig”) as counsel in this receivership matter. Additionally, as reported in the previous
12 status reports, the Receiver has engaged the services of Lewis Roca to handle certain limited matters and
13 to act as outside conflicts counsel to address other matters that may arise in which Greenberg Traurig is
14 not representing the receivership estate.

15 The Receiver has received notice from time to time of lawsuits filed against Spirit in violation of
16 the Court’s Permanent Receivership Order. The Receiver will continue its established procedure of
17 writing to the parties involved to inform them of the injunctions of the Permanent Receivership Order
18 and request a voluntary dismissal of Spirit from the matter. Thus far, the majority of counsel have been
19 amenable to such requests. In limited cases and only when absolutely necessary, the Receiver will
20 engage outside counsel to address ongoing or repeated violations of this Court’s orders.

21 **C. Records**

22 The Receiver has made efforts to secure Spirit’s electronic records from third parties. The
23 Receiver will continue with the evaluation of the Company and will continue gathering the Company’s
24 records and data. This process will remain ongoing.

25 **D. Asset Recovery Litigation and Arbitration**

26 On February 6, 2020, the Receiver filed an asset recovery lawsuit against a number of parties,
27 including Thomas Mulligan, CTC, Criterion, Spirit’s former directors and officers, various other former
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1 vendors of Spirit, and various other related persons and entities (“Asset Recovery Lawsuit”).⁵ The Asset
2 Recovery Lawsuit was filed in the Eighth Judicial District Court of Clark County, Nevada, and assigned
3 Case No. A-20-809963-B. Although the majority of Defendants filed answers to the Asset Recovery
4 Lawsuit, CTC⁶ and Criterion Claim Solutions of Omaha, Inc. each filed Motions to Compel Arbitration
5 of the claims asserted by the Receiver in her asset recovery lawsuit. The Motions to Compel Arbitration
6 were granted by Judge Denton⁷ and thereafter nine of the defendants⁷ filed a Motion to Stay Pending
7 Arbitration, and joinders were filed by nineteen additional defendants. The Court granted the Motion to
8 Stay Pending Arbitration and the Joinders thereto and the formal Notice of Entry of Order was entered
9 on November 17, 2020.

10 On April 1, 2021, the Receiver filed a Petition for Writ of Mandamus in the Nevada Supreme
11 Court regarding, *inter alia* (1) the Court’s July 17, 2020, Order Granting CTC Defendants’ Motion to
12 Compel Arbitration; (2) the Court’s July 22, 2020, Order Granting Criterion Claim Solution’s Motion to
13 Compel Arbitration; and (3) the Court’s November 17, 2020, Order Granting the Motion to Stay Pending
14 Arbitration and all Joinders Thereto. On February 18, 2022, the Nevada Supreme Court denied the

15 ⁵ The Defendants in the Asset Recovery Lawsuit are: Thomas Mulligan, an Individual; CTC Transportation
16 Insurance Services of Missouri, LLC, a Missouri Limited Liability Company; CTC Transportation Insurance Services LLC,
17 a California Limited Liability Company; CTC Transportation Insurance Services of Hawaii LLC, a Hawaii Limited Liability
18 Company; Criterion Claims Solutions of Omaha, Inc., a Nebraska Corporation; Pavel Kapelnikov, an Individual; Chelsea
19 Financial Group, Inc., a California Corporation; Chelsea Financial Group, Inc., a Missouri Corporation; Chelsea Financial
20 Group, Inc., a New Jersey Corporation D/B/A Chelsea Premium Finance Corporation; Chelsea Financial Group, Inc., a
21 Delaware Corporation; Chelsea Holding Company, LLC, a Nevada Limited Liability Company; Chelsea Holdings, LLC, a
22 Nevada Limited Liability Company; Fourgorean Capital, LLC, a New Jersey Limited Liability Company; Kapa Management
23 Consulting, Inc., a New Jersey Corporation; Kapa Ventures, Inc., a New Jersey Corporation; Global Forwarding Enterprises
24 Limited Liability Company, a New Jersey Limited Liability Company; Global Capital Group, LLC, a New Jersey Limited
25 Liability Company; Global Consulting; New Tech Capital, LLC, a Delaware Limited Liability Company; Lexicon Insurance
26 Management LLC, a North Carolina Limited Liability Company; Icap Management Solutions, LLC, a Vermont Limited
27 Liability Company; Six Eleven LLC, a Missouri Limited Liability Company; 10-4 Preferred Risk Managers Inc., a Missouri
28 Corporation; Ironjab LLC, a New Jersey Limited Liability Company; Yanina G. Kapelnikov, an Individual; Igor Kapelnikov,
an Individual; Quote My Rig LLC, a New Jersey Limited Liability Company; Matthew Simon, an Individual; Daniel George,
an Individual; John Maloney, an Individual; James Marx, an Individual; Carlos Torres, an Individual; Virginia Torres, an
Individual; Scott McCrae, an Individual; Brenda Guffey, an Individual; 195 Gluten Free LLC, a New Jersey Limited Liability
Company, Doe Individuals I-X; and Roe Corporate Entities I-X. The Receiver’s previous Twelfth Status Report provides
the dates that answers to the suit were filed by the defendants.

⁶ Here, “CTC” refers to Defendants CTC Transportation Insurance Services of Missouri LLC; CTC Transportation
Insurance Services, LLC; and CTC Transportation Insurance Services of Hawaii LLC.

⁷ Six Eleven LLC, Quote My Rig, LLC, New Tech Capital, LLC, 195 Gluten Free LLC, 10-4 Preferred Risk
Managers, Inc., Ironjab LLC, Fourgorean Capital LLC, Chelsea Holdings Company, LLC (“Chelsea Holdings”), and Chelsea
Financial Group, Inc. (MO) (“Chelsea Financial MO”) (collectively, “Six Eleven Defendants”).

1 Receiver’s petition for writ of mandamus — thereby requiring the Receiver to pursue two separate
2 arbitration proceedings to recover Spirit’s assets (*i.e.*, while litigation against the remaining defendants
3 is stayed pending the outcome of the separate arbitration proceedings). The status of the arbitration
4 proceedings is detailed below.

5 On July 18, 2023, the Receiver filed a Motion to Lift Stay in the Asset Recovery Lawsuit based
6 on concerns regarding ongoing prejudice to the claimants of Spirit. The Motion to Lift Stay was opposed
7 by the defendants named in that matter and on September 14, 2023, the Order was entered denying the
8 Receiver’s request. Based on Judge Denton’s order, the Asset Recovery Lawsuit will, for now, remain
9 stayed as to the other defendants while the Receiver attempts to resolve the remaining arbitration
10 proceeding against CTC as expeditiously as possible.

11 The Receiver initiated arbitration against CTC on August 2, 2022 (“CTC Arbitration”). Pursuant
12 to the terms of the Program Administrator Agreement (“PSA”), the arbitration is proceeding with a
13 three-person arbitration panel.⁸ Discovery is underway in the CTC Arbitration; however, issues have
14 arisen in the case relating to the delayed, incomplete, and noncompliant production of documents by
15 CTC. Notably, CTC by and through Thomas Mulligan, who is one of only two remaining employees,
16 has failed to meaningfully participate in discovery to date.⁹ Despite the arbitration starting on August 2,
17 2022, CTC failed to produce any electronic stored information (“ESI”) until late September 2023 when
18 they proceeded to rollout what can only be described as a document dump of over 1.5 million pages of
19 documents. However, the document dump which was repeatedly described by CTC’s counsel as the
20 “universe of documents,” did not contain requested e-mails including e-mails from key executives and
21 decision makers at CTC. Miraculously, after the filing of a motion to compel production of documents
22 and request for sanctions, CTC located approximately 1.1 million e-mails. After additional delays, it is
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26 ⁸ The arbitrators for this matter are Robert Hall, Ret. Judge Elizabeth Gonzalez, and Susan Clafin will serve as the
27 umpire. The Receiver is responsible to pay Mr. Hall’s fees and half of Ms. Clafin’s fees associated with the arbitration.
28 CTC will pay Judge Gonzalez’s fees and half the fees of Ms. Clafin.

⁹ Mr. Mulligan also objected to a subpoena that was served on him individually.

1 believed all the emails have now been produced. In total, CTC has now produced 2,571,811 documents
2 with a page count over 10 million.

3 The Receiver’s Motion to Compel Production of Documents and Request for Sanctions came
4 before the arbitration panel for oral argument on January 4, 2024. On January 17, 2024, the arbitration
5 panel issued its Findings of Fact, Conclusions of Law, and Order Granting in Part Claimant’s Motion to
6 Compel Production of Documents and Request for Sanctions (the “Sanctions Order”). The Sanctions
7 Order reflects the severity of CTC’s conduct and strikes CTC’s affirmative defenses, and orders that at
8 the hearing CTC shall be precluded from presenting an affirmative case on the merits. Instead, CTC
9 may only cross-examine witnesses proffered by the Receiver. The Sanctions Order also granted the
10 Receiver’s request for attorney fees, consultant and/or expert expenses, and costs incurred in connection
11 with the Motion.¹⁰ The Sanctions Order re-set the arbitration hearing for September 23-27, 2024, and by
12 stipulation of the parties discovery is now slated to close on July 23, 2024.

13 The Receiver submitted an arbitration demand/complaint on Criterion on August 19, 2022
14 (“Criterion Arbitration”), and Criterion filed a response on September 19, 2022. Thereafter, the parties
15 agreed to a mediation which was held on May 18, 2023. Through the mediation process, the Receiver
16 learned that Criterion has no source of income, no material assets, no clients or customers, no revenue,
17 is insolvent, has no employees (aside from Thomas Mulligan), has no applicable insurance coverage that
18 will cover the claims raised in the arbitration proceeding, and has plans to resolve. As a result of the
19 same, the Receiver determined it was not beneficial to continue to pursue claims against Criterion and
20 thus the parties agreed to a Stipulated Dismissal, a copy of which was included as an Exhibit to the
21 previous Eighteenth Status Report.

22 **E. Receivership Assets and Liabilities**

23 The Receiver has been gathering information and evaluating the assets and liabilities of Spirit.
24 The Receiver’s liability analysis will continue to evolve as the claims of the estate are determined, asset
25 recoveries are made, and actuary estimates of Spirit’s liabilities are updated. Below is an overview of
26 some key assets and liability matters thus far identified by the Receiver.

27 _____
28 ¹⁰ On January 30, 2024, the Receiver submitted its Memorandum of Fees and Costs Pursuant to Arbitration Panel’s
January 17, 2024, Order, and the arbitration panel awarded a total of \$73,620.59.

- 1 1. CTC owes a large balance to Spirit that is at least more than \$40 million and may
2 be much greater after further discovery. The Receiver filed the Asset Recovery
3 Lawsuit seeking the return of this money *inter alia* as detailed above, and is also
4 pursuing claims in arbitration as also detailed above.
- 5 2. The cash and invested assets of the Company were approximately \$32,930,581 as
6 of January 31, 2024.
- 7 3. Other Assets: There is no known tangible personal property or real property
8 owned by the Company.

9 We are enclosing the consultants and SDR bills paid or approved for payment since the last status
10 report filed with the Court, and the detailed billings are submitted *in-camera*, with summaries of such
11 bills being submitted as **Exhibit 2** to this report.¹¹ The Receiver is including, as **Exhibit 3** attached
12 hereto, a cash flow report for January 31, 2024, reflecting recoveries, disbursements, and cash flow since
13 the receivership began.

17 ¹¹ The *in-camera* materials are being submitted in a separate envelope that reflect paid invoices. Certain billings
18 submitted to the Court are appropriate for *in-camera* review (as opposed to being made part of a public filing). More
19 particularly, and as discussed in further detail below, certain consultants in this matter will provide expert witness related
20 services. As such, the billing entries relating thereto should be considered confidential and/or otherwise not subject to
21 discovery.

22 In this regard, courts have held that the bills of legal counsel and experts may be withheld from legal discovery and
23 are not subject to legal disclosure, as this information may provide indications or context concerning potential litigation
24 strategy and the nature of the expert services being provided. See, e.g., Avnet, Inc. v. Avana Technologies Inc., No. 2:13-
25 cv-00929- GMN-PAL, 2014 WL 6882345, at *1 (D. Nev. Dec. 4, 2014) (finding that billing entries were privileged because
26 they reveal a party’s strategy and the nature of services provided); Fed. Sav. & Loan Ins. Corp. v. Ferm, 909 F.2d 372, 374-
27 75 (9th Cir. 1990) (considering whether or not fee information revealed counsel’s mental impressions concerning litigation
28 strategy). Other courts that have addressed this issue have recognized that the “attorney-client privilege embraces attorney
29 time, records and statements to the extent that they reveal litigation strategy and the nature of the services provided.” Real
30 v. Cont’l Grp., Inc., 116 F.R.D. 211, 213 (N.D. Cal. 1986).

31 The *in-camera* review should apply not only to documentation concerning attorney fees, but it also extends to
32 “details of work revealed in [an] expert’s work description [which] would relate to tasks for which she [or he] was
33 compensated[.]” a situation which is “analogous to protecting attorney-client privileged information contained in counsel’s
34 bills describing work performed.” See DaVita Healthcare Partners, Inc. v. United States, 128 Fed. Cl. 584, 592-93 (2016);
35 see also Chaudhry v. Gallerizzo, 174 F.3d 394, 402 (4th Cir. 1999) (recognizing that “correspondence, bills, ledgers,
36 statements, and time records which also reveal the motive of the client in seeking representation, litigation strategy, or the
37 specific nature of the services provided, such as researching particular areas of law,” are protected from disclosure) (quoting
38 Clarke v. Am. Commerce Nat’l Bank, 974 F.2d 127, 129 (9th Cir. 1992)).

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III.

CONCLUSION

In compliance with this Court’s instructions for a status report regarding the affairs of the Company, the Receiver has submitted the aforementioned status report and requests that the Court approve this Twenty-First Status Report and the actions taken by the Receiver.

DATED this 8th day of March 2024.

Respectfully submitted:

By: /s/ CANTILO & BENNETT, L.L.P.
Special Deputy Receiver
By Its Authorized Representative
Mark F. Bennett

MARK E. FERRARIO, ESQ. (SB# 1625)
KARA HENDRICKS, ESQ. (SB# 7743)
GREENBERG TRAUIG, LLP
10845 Griffith Peak Drive, Suite 600
Las Vegas, Nevada 89135

Counsel for Plaintiff

Exhibits are available by contacting the Special Deputy Receiver at 512-478-6000.