

Form B203 - Disclosure of Compensation of Attorney for Debtor - (1/98)

1998 USBC, Central District of California

<b>UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA</b>	
In re  <b>Morgan Drexen, Inc.</b>   Debtor.	Case No.:   <div style="text-align: center;"><b>DISCLOSURE OF COMPENSATION OF ATTORNEY FOR DEBTOR</b></div>

1. Pursuant to 11 U.S.C. § 329(a) and Bankruptcy Rule 2016(b), I certify that I am the attorney for the above-named debtor(s) and that compensation paid to me within one year before the filing of the petition in bankruptcy, or agreed to be paid to me, for services rendered or to be rendered on behalf of the debtor(s) in contemplation of or in connection with the bankruptcy case is as follows:

For legal services, I have agreed to accept .....	\$ <u>15,000.00</u>
Prior to the filing of this statement I have received .....	\$ <u>0.00</u>
Balance Due .....	\$ <u>15,000.00</u>

2. \$ 335.00 of the filing fee has been paid.

3. The source of the compensation paid to me was:

Debtor      Other (specify): **Walter J. Ledda**

4. The source of compensation to be paid to me is:

Debtor      Other (specify): **Walter J. Ledda**

5.  I have not agreed to share the above-disclosed compensation with any other person unless they are members and associates of my law firm.

I have agreed to share the above-disclosed compensation with a person or persons who are not members or associates of my law firm. A copy of the agreement, together with a list of the names of the people sharing in the compensation is attached.

6. In return for the above-disclosed fee, I have agreed to render legal service for all aspects of the bankruptcy case, including:  
a. [Other provisions as needed]

7. By agreement with the debtor(s), the above-disclosed fee does not include the following services  
**Representation of Debtors in any Motion or Adversary Proceeding.**

**CERTIFICATION**

I certify that the foregoing is a complete statement of any agreement or arrangement for payment to me for representation of the debtor(s) in this bankruptcy proceeding.

April 30, 2015  
Date

/s/ Paul R. Shankman  
Paul R. Shankman  
Signature of Attorney  
HINDS & SHANKMAN, LLP  
Name of Law Firm  
21515 Hawthorne Boulevard  
Suite 1150  
Torrance, CA 90503  
(310) 316-0500 Fax: (310) 792-5977

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address  <b>Paul R. Shankman</b> <b>21515 Hawthorne Boulevard</b> <b>Suite 1150</b> <b>Torrance, CA 90503</b> <b>(310) 316-0500 Fax: (310) 792-5977</b>  jhinds@jhindslaw.com; pshankman@jhindslaw.com  Attorney for:	FOR COURT USE ONLY
<b>UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA</b>	
In re:  <b>Morgan Drexen, Inc.</b>         Debtor(s).	CASE NO:  CHAPTER: <b>7</b>  <div style="text-align: center;"> <b>DECLARATION RE: LIMITED SCOPE OF APPEARANCE PURSUANT TO LBR 2090-1</b> </div>  <div style="text-align: right;">                 [No Hearing Required]             </div>

TO THE COURT, THE DEBTOR, THE TRUSTEE (if any), AND THE UNITED STATES TRUSTEE:

1. I am the attorney for the Debtor in the above-captioned bankruptcy case.
2. On (specify date) April 24, 2015, I agreed with the Debtor that for a fee of \$ 15,000.00, I would provide the following services only:
  - a.  Prepare and file the Petition and Schedules
  - b.  Represent the Debtor at the 341(a) Meeting
  - c.  Represent the Debtor in any relief from stay motions
  - d.  Represent the Debtor in any proceeding involving an objection to Debtor's discharge pursuant to 11 U.S.C. § 727
  - e.  Represent the Debtor in any proceeding to determine whether a specific debt is nondischargeable under 11 U.S.C. § 523
  - f.  Other (specify):  
**All other proceedings in Chapter 7.**

3. I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct and that this declaration was executed on the following date at the city set forth in the upper left-hand corner of the prior page.

Date: April 30, 2015

HINDS & SHANKMAN, LLP  
Printed name of law firm

I HEREBY APPROVE THE ABOVE:

/s/ Walter J. Ledda  
Signature of Debtor

/s/ Paul R. Shankman  
Signature of attorney

Paul R. Shankman  
Printed name of attorney

From Article at GetOutOfDebt.org

**United States Bankruptcy Court  
Central District of California**

In re Morgan Drexen, Inc.

Debtor(s)

Case No. \_\_\_\_\_

Chapter 7

**BUSINESS INCOME AND EXPENSES-SEE ATTACHED BALANCE SHEET AND  
PROFIT AND LOSS STATEMENT FOR LAST TWELVE MONTHS**

FINANCIAL REVIEW OF THE DEBTOR'S BUSINESS (NOTE: ONLY INCLUDE information directly related to the business operation.)

**PART A - GROSS BUSINESS INCOME FOR PREVIOUS 12 MONTHS:**

1. Gross Income For 12 Months Prior to Filing: \$ 0.00

**PART B - ESTIMATED AVERAGE FUTURE GROSS MONTHLY INCOME:**

2. Gross Monthly Income \$ 0.00

**PART C - ESTIMATED FUTURE MONTHLY EXPENSES:**

3. Net Employee Payroll (Other Than Debtor) \$ 0.00

4. Payroll Taxes 0.00

5. Unemployment Taxes 0.00

6. Worker's Compensation 0.00

7. Other Taxes 0.00

8. Inventory Purchases (Including raw materials) 0.00

9. Purchase of Feed/Fertilizer/Seed/Spray 0.00

10. Rent (Other than debtor's principal residence) 0.00

11. Utilities 0.00

12. Office Expenses and Supplies 0.00

13. Repairs and Maintenance 0.00

14. Vehicle Expenses 0.00

15. Travel and Entertainment 0.00

16. Equipment Rental and Leases 0.00

17. Legal/Accounting/Other Professional Fees 0.00

18. Insurance 0.00

19. Employee Benefits (e.g., pension, medical, etc.) 0.00

20. Payments to Be Made Directly By Debtor to Secured Creditors For Pre-Petition Business Debts (Specify):

DESCRIPTION	TOTAL
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21. Other (Specify):

DESCRIPTION	TOTAL
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22. Total Monthly Expenses (Add items 3-21) \$ 0.00

**PART D - ESTIMATED AVERAGE NET MONTHLY INCOME:**

23. AVERAGE NET MONTHLY INCOME (Subtract item 22 from item 2) \$ 0.00

**Balance Sheet**

as of April 30, 2015

Balance  
 As of 4/30/2015

**ASSETS**

<i>Current Assets</i>	
<i>Checking / Savings</i>	
Operating Bank Accounts	3,021.77
Payroll Bank Accounts	9.16
Petty Cash	-
Restricted Cash	20,000.00
BOA Postage	-
Total Checking / Savings	<u>23,030.93</u>
<i>Accounts Receivable</i>	
Morgan Drexen A/R	604,308.58
Reserve for Cancellations	<u>(337,058.29)</u>
Total Accounts Receivable	267,250.29
<i>Other Current Assets</i>	
Employee Advances	23,255.09
Other Advances	-
Due from PR Tax	-
Prepaid / Deposit	98,343.09
Prepaid Advertising & Marketing	-
Prepaid Insurance	21,302.20
Due from Related Party	-
Security Dep - WCI Communic	-
Misc Advance	-
Total Other Current Assets	<u>142,900.38</u>
 Total Current Assets	 433,181.60
<i>Fixed Assets</i>	
Fixed Asset Net	<u>-</u>
Total Fixed Assets	-
<i>Long Term Assets</i>	
Note Receivable- MDRX Marketing	1,111,033.00
Note Receivable- MDRX Business	2,680,000.00
Note Receivable- Carthusian	<u>2,960,000.00</u>
Total Long Term Assets	6,751,033.00
<i>Other Assets</i>	
Security Deposit - TNCI	-
Security Dep - Irvine Company	<u>150,000.00</u>
Total Other Assets	150,000.00
 <b>TOTAL ASSETS</b>	 <b><u><u>7,334,214.60</u></u></b>

**LIABILITIES AND EQUITY**

<i>Liabilities</i>	
<i>Current Liabilities</i>	
<i>Accounts Payable</i>	
Accounts Payable	<u>1,925,325.41</u>
Total Accounts Payable	1,925,325.41
<i>Other Current Liabilities</i>	
Accrued Accounts Payable	-

Line of Credit USB	-
Line of Credit AR	-
Sales Tax Payable	-
Fidelity 401K	-
Accrued Marketing	-
Accrued Accounting Fees	-
Deferred Revenue Reserve	-
Accrued Rent	175,876.00
Prepaid Sublease	-
Accrued Payroll	963,483.40
Accrued Workers' Comp	-
Accrued Bonuses	-
Vacation Accrual	-
Accrued Insurance	-
Accrued Legal	133,928.76
Income Tax Reserve	96,774.19
Due to Related Party	-
Judgement WI DFI	6,469,431.93
Judgement State of WV	8,575,500.00
Rent Security Deposit	<u>37,351.00</u>
Total Other Current Liabilities	16,452,345.28
 <i>Long Term Liabilities</i>	
Lease Payable Mail	-
Note Payable	-
Deferred Income Taxes - Built In Gains	<u>471,695.00</u>
Total Long Term Liabilities	471,695.00
 TOTAL LIABILITIES	 18,849,365.69
 EQUITY	
Distribution to Shareholders	(21,133.00)
Common Stock	1,312,527.41
Retained Earnings	(5,350,776.38)
Net Income	<u>(7,455,769.12)</u>
TOTAL EQUITY	(11,515,151.09)
 <b>TOTAL LIABILITIES AND EQUITY</b>	 <b><u><u>7,334,214.60</u></u></b>

From Article at GetOutOfDebt.org

**MORGAN DREXEN, INC.**

**PROFIT & LOSS**

For the Twelve Months Ending April 30, 2015

(May 1, 2014 through April 30, 2015)

YTD

Ordinary Income/Expense  
Income

Support & Servicing Fees	8,922,319.87
Total Fees	<u>8,922,319.87</u>

Deferred Income	139,774.39
Total Deferred Revenue	<u>139,774.39</u>

<b>TOTAL INCOME</b>	<b><u>9,062,094.26</u></b>
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Reserve for Cancellations	11,315,832.34
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Expense

*Depreciation*

Depreciation Expense	69,201.49
<b>Total Depreciation</b>	<b><u>69,201.49</u></b>

0.76%

*Interest Expense*

Interest	625,711.52
Finance Charge	26,462.69
<b>Total Interest Expense</b>	<b><u>652,174.21</u></b>

7.20%

*Insurance*

Commercial Insurance	12,739.97
Directors & Officer	29,823.40
Medical	230,596.81
Liability Insurance	12,651.20
Professional Insurance	60,067.92
E & O Insurance	61,444.01
Work Comp	67,825.72
<b>Total Insurance</b>	<b><u>475,149.03</u></b>

5.24%

*Marketing*

Advertising	-
Marketing	16,965.68
Media Production	(7,639.15)
<b>Total Marketing</b>	<b><u>9,326.53</u></b>

0.10%

*Occupancy Expense*

Rent	789,306.91
Parking	26,091.00
<b>Total Occupancy Expense</b>	<b>815,397.91</b>
	9.00%

*Office Expenses*

Computer Equipment	3,530.62
Computer Software	10,830.82
Delivery & Overnight Mail	296,589.55
Equipment Rental	-
Leases	58,137.02
Credit Reports	102,470.80
Office Expense	4,545.19
Office Supplies	35,764.39
Postage	50,402.67
Telephone	136,289.63
<b>Total Office Expenses</b>	<b>698,560.69</b>
	7.71%

From Article at GetOutofDebt.org



*Other G&A Expenses*

AR Line Financing Costs	25,705.64
Automobile Expense	43,636.95
Bad Debt/Uncollectable	10,531.67
Bank Service Charges	457,045.69
Call Center Expense	104,480.67
Contract Services	750,784.70
Dues and Subscriptions	8,248.77
Employee Functions	20,127.02
Employee Recruiting Costs	10,782.61
Employee Training	-
401K Company	9,937.22
Garnishment	-
Gift and Incentive	200.00
Legal Settlements	24,800.00
Licenses and Permits	396.00
Meals and Entertainment	3,590.34
Miscellaneous	(33,169.47)
Outside Services	1,060,651.48
Printing and Reproduction	49,747.78
Repairs & Maintenance	13,641.13
Sponsoring & Donation	400.00
Travel	17,932.04
<b>Total Other G&amp;A Expenses</b>	<b>2,579,470.24</b>
	28.46%

*Payroll Taxes*

ER FUI	8,162.83
ER Taxes FICA	271,177.75
Taxes ER ETT	-
Taxes ER Medicare	81,282.59
Taxes ER SUI	15,673.64
<b>Total Payroll Taxes</b>	<b>376,296.81</b>
	4.15%

*Payroll Wages*

Bonus	70,006.27
Commissions	1,668,594.23
Holiday	33,836.48
Overtime Wages	128,209.57
Regular Wages	4,319,280.55
Vacation	65,971.00
<b>Total Payroll Wages</b>	<b>6,285,898.10</b>
	69.36%

*Professional Fees*

Accounting	19,800.26
Legal Fees	784,274.17
Professional Development	(500.00)
<b>Total Professional Fees</b>	<b>803,574.43</b>
	8.87%

<i>Utilities</i>	
Gas and Electric	-
<b>Total Utilities</b>	<b>-</b>

<b>TOTAL EXPENSE</b>	<b>24,080,881.78</b>
	265.73%

<b>NET INCOME from Operations</b>	<b>(15,018,787.52)</b>
	-165.73%

Interest Income	(121,399.98)
Rent Income	(46,643.51)
Gain on the Sale of Lines	(6,854,846.27)
Settlements & Judgements	14,718,581.93
Other Reserve	-

<b>NET INCOME after Other Expense</b>	<b>(22,714,479.69)</b>
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Taxes	9,349.46
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<b>NET INCOME After Taxes</b>	<b>(22,723,829.15)</b>
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<b>EBITDA</b>	<b>(21,993,103.99)</b>
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From Annual Report at GetOutDebt.org