

David R. Zaro*
dzaro@allenmatkins.com
Yale K. Kim*
ykim@allenmatkins.com
*Pro Hac Vice Applications Pending
Allen Matkins Leck Gamble
Mallory & Natsis LLP
515 South Figueroa Street, Ninth Floor
Los Angeles, California 90071-3309
Phone: (213) 622-5555
Fax: (213) 620-8816
Email: dzaro@allenmatkins.com
ykim@allenmatkins.com

Tara J. Schleicher, OSB #95402
TSchleicher@fwwlaw.com
Kathryn P. Salyer, OSB #88301
ksalyer@fwwlaw.com
Farleigh Wada Witt
121 SW Morrison Street, Suite 600
Portland, Oregon 97204-3136
Telephone: (503) 228-6044
Facsimile: (503) 228-1741

Attorneys for Michael A. Grassmueck, Receiver

UNITED STATES DISTRICT COURT
DISTRICT OF OREGON

FEDERAL TRADE COMMISSION,

Case No. CV07-0533-BR

Plaintiff,

MOTION FOR ORDER TO APPROVE
CLAIMS PROCEDURES AND FOR ORDER
ESTABLISHING CLAIMS BAR DATE

v.

MERCHANT PROCESSING, INC.;
VEQUITY FINANCIAL GROUP, INC.;
DIRECT MERCHANT PROCESSING,
INC.; PPI SERVICES, INC.; AARON LEE
RIAN; KARLEY MCCARTHY, AKA
KARLY SPEELMAN,

Defendants.

I.

CERTIFICATION

Counsel for Michael A. Grassmueck, as receiver (the "Receiver") with regard to Merchant Processing, Inc. ("MPI"), Vequity Financial Group, Inc. Direct Merchant Processing, Inc., their respective affiliates and subsidiaries under the control of any of them, including, but not limited to, Bad Boy Enterprises, Inc., dba Atlantic Hound, Bad Boy Racing, LLC, Bad Boy Investments, LLC, Rian Racing, Inc., and PPI Services, Inc. (collectively, the "Receivership Defendants"), hereby certifies that she has conferred via conference with counsel for the Federal Trade Commission, which has no objection to this Motion. The Receiver has given notice of this motion to the persons entitled thereto.

II.

MOTION

In connection with his duties as receiver, and based on the timing of this case and the existence of funds available for distribution to merchants and creditors, the Receiver has determined that it is appropriate to commence the claims review and analysis process. The first step in the process is to obtain Court approval of the following: (i) the procedure to be used by the Receiver for the solicitation, review and allowance of claims, (ii) a date certain (the "Bar Date") by which the Receiver must receive proofs of claim of any type against any of the Receivership Defendants, and (iii) the form and manner of notice of the Bar Date to be sent to merchants and creditors (collectively, the "Claims Procedures"). By the Motion, the Receiver seeks approval of the Claims Procedures.

As set forth more fully in the Memorandum in Support of Receiver's Motion, the Receiver proposes that once the Court has approved the form and content of the Notice of Bar Date For Submitting Any and All Claims (the "Notice of Bar Date"), the Receiver shall mail the Notice of Bar Date along with an approved proof of claim form to all known and potentially interested parties, and will publish notice in a newspaper or other publication, as determined

appropriate by the Receiver, and on the Receiver's website. The Receiver believes that these efforts will ensure the broadest possible notice to potential claimants.

The establishment of a claims Bar Date is necessary in order to provide certainty and finality to the claims process and to allow for the timely wind-down of the corporate receivership. The Receiver proposes that the Bar Date be set sixty-five (65) days from the date of mailing of the Notice of Bar Date, thereby providing sufficient notice to all claimants to file their claims.

As claims are received, the Receiver will review claims to determine their validity and seek to verify the claims against the available records and the information supplied by each claimant. As noted in the form of notice, each claimant is to provide cancelled checks, wire transfer confirmations or similar evidence of their investment.

Once the Bar Date has passed and the Receiver has reviewed the claims, the Receiver will bring an omnibus motion to address anticipated objections to all claims (e.g., claimants commonly seek interest, lost opportunity costs, unsubstantiated amounts and fees). As part of this omnibus motion, the Receiver will seek the allowance or rejection of claims. All claimants will receive notice of the omnibus motion or motions with information about how the Receiver proposes his or her claim be treated, so that a claimant whose claim is disallowed can file an opposition to the motion if the claimant wishes to be heard.

It is the Receiver's intent to provide claimants sixty (60) days to file a proof of claim from the date of receipt of the Notice of Bar Date. The Receiver believes that setting the Bar Date sixty-five (65) days from the date of mailing (i.e., 60 days plus 5 days for mailing) will ensure that investors and creditors will have sufficient notice within which to file their claims.

The Receiver will mail the Notices and Proof of Claim form to all known and potential claimants. The Receiver has worked diligently to develop the broadest possible list of claimants using the Receivership Defendants' records as well as information the FTC developed in this case. Of course, all of the forms will be available on the Receiver's website.

WHEREFORE, the Receiver seeks authorization and an order approving the Motion for Order to Approve the Claims Procedures and for such other relief as the Court deems just and necessary.

Dated: February __, 2010

ALLEN MATKINS LECK GAMBLE MALLORY &
NATSIS LLP

By: /s/ David R. Zaro

David R. Zaro, *Pro Hac Vice Application Pending*
Yale K. Kim, *Pro Hac Vice Application Pending*
dzaro@allenmatkins.com
ykim@allenmatkins.com
Phone: (213) 622-5555

- and -

Dated: February __, 2010

FARLEIGH WADA WITT

By: /s/ Tara J. Schleicher

Tara J. Schleicher, OSB #954021
Kathryn P. Salyer, OSB #883017
tschleicher@fwwlaw.com
ksalyer@fwwlaw.com
Phone: (503) 228-6044

Attorneys for Michael A. Grassmueck, Receiver

CERTIFICATE OF SERVICE

I hereby certify that on February 18, 2010, I electronically filed the foregoing **MOTION FOR ORDER TO APPROVE CLAIMS PROCEDURES AND FOR ORDER ESTABLISHING CLAIMS BAR DATE; MEMORANDUM IN SUPPORT OF MOTION FOR ORDER TO APPROVE CLAIMS PROCEDURES AND FOR ORDER ESTABLISHING CLAIMS BAR DATE; DECLARATION OF MICHAEL A. GRASSMUECK; and proposed ORDER APPROVING CLAIMS PROCEDURE** with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

Mary T. Benfield
David Horn
Federal Trade Commission
2896 Federal Building
915 Second Ave.
Seattle, WA 98174
mbenfield@ftc.gov
dhorn@ftc.gov

Attorneys for Plaintiff Federal Trade Commission

Stephen Feldman
Stephanie Hines
Perkins Coie LLP
1120 NW Couch, 10th Flr
Portland OR 97209
sfeldman@perkinscoie.com
shines@perkinscoie.com

Of Attorneys for Defendant Aaron Rian

Andrew Lauersdorf
Bullivant Houser Bailey
888 SW Fifth Ave., Suite 300
Portland, OR 97204
andrew.lauersdorf@bullivant.com

Of Attorneys for Karly McCarthy

Neil Evans
US Attorney's Office
1000 SW 3rd Ave Ste 600
Portland OR 97204
neil.evans@usdoj.gov

Craig Russillo
Schwabe Williamson & Wyatt
1211 SW Fifth Avenue, Suite 1900
Portland, OR 97204
crussillo@schwabe.com
Attorneys for Global Payments Direct, Inc.

I further certify that on February 18, 2010, I served the **MOTION FOR ORDER TO APPROVE CLAIMS PROCEDURES AND FOR ORDER ESTABLISHING CLAIMS BAR DATE; MEMORANDUM IN SUPPORT OF MOTION FOR ORDER TO APPROVE CLAIMS PROCEDURES AND FOR ORDER ESTABLISHING CLAIMS BAR DATE; DECLARATION OF MICHAEL A. GRASSMUECK; and proposed ORDER APPROVING CLAIMS PROCEDURE** on the following individuals by mailing a true copy thereof to the individuals at the addresses listed below by first class mail, deposited with the U.S. Post Office, Portland, Oregon:

Char Pagar
Manatt Phelps & Phillips
11355 W. Olympic Blvd.
Los Angeles, CA 90064

Barrie VanBrackle
Manatt Phelps & Phillips
One Metro Center
700 12th Street, NW, Suite 1100
Washington, DC 20005
Attorneys for Defendants

///

///

///

///

///

///

///

Michael A. Grassmueck, Receiver
PO Box 3649
Portland, OR 97208

Dated: February 18, 2010.

FARLEIGH WADA WITT

By: /s/ Tara J. Schleicher
Tara J. Schleicher, OSB #954021
TSchleicher@fwwlaw.com
Phone: (503) 228-6044
Attorneys for Michael A. Grassmueck,
Receiver