THE RECEIVERSHIP GRAVY TRAIN: How Co-Counsel Is Draining Millions Under the Guise of "Expenses"

By The Freedom Fighters

When a federal equity receiver is appointed, the mission is supposed to be clear: marshal assets, protect the estate, and maximize recovery for the victims and creditors.
Instead, this receivership has morphed into a feeding frenzy for its court-appointed professionals.

To date, the law firm serving as co-counsel to the receiver—Pietragallo Gordon Alfano Bosick & Raspanti, LLP (led by Gaetan J. Alfano)—has billed tens of millions of dollars in legal fees. But the hourly fees are only half the story. On top of those staggering legal fees, the firm's expenses alone have crossed well over $1,000,000.

To understand the sheer magnitude of this depletion, look at the reimbursement of expense submissions that were all amazingly approved by the court.

EXHIBIT: ITEMIZATION OF EXPENSES APPROVED AND REIMBURSED BY THE COURT:

Receiver's Applications for Reimbursement of Expenses			
Administration	**Date**	**Total**	**Filing**
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	July 27, 2020-September 2020	$ 36,644.84	DE-438
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	October 1, 2020-December 31, 2020	$ 84,171.81	DE-491
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	January 1, 2021-March 31, 2021	$ 48,476.31	DE-589
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	April 1, 2021-July 31, 2021	$ 69,080.75	DE-699
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	July 1, 2021-September 30, 2021	$ 97,891.50	DE-948
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	October 1, 2021-December 31, 2021	$ 58,296.57	DE-1153
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	January 1, 2022-March 31, 2022	$ 61,742.00	DE-1246
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	April 1, 2022-June 30, 2022	$ 40,982.77	DE-1358
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	July 1, 2022-September 30, 2022	$ 64,325.54	DE-1440
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	October 1, 2022-December 31, 2022	$ 150,208.56	DE-1509
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	January 1, 2023-March 31, 2023	$ 142,261.94	DE-1567
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	April 1, 2023-June 30, 2023	$ 59,384.12	DE-1663
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	July 2023-September 30, 203	$ 25,582.98	DE-1751
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	October 1, 2023-December 31 2023	$ 15,326.91	DE-1809
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	January 1, 2024-March 31, 2024	$ 11,200.42	DE-1959
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	April 1, 2024-June 30, 2024	$ 21,716.70	DE-2038
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	July 1, 2024-September 30, 2024	$ 19,298.18	DE-2068
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	October 1, 2024-December 31, 2024	$ 5,583.71	DE-2113
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	January 1, 2025-March 31, 2025	$ 18,552.27	DE-2148
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	**MISSING THE 20TH APP FOR FEES**		
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	July 1, 2025-September 30, 2025	$ 14,859.87	DE-2188
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	October 1, 2025-December 31, 2025	$ 4,923.25	DE-2199
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	January 1, 2026-March 31, 2026	$ 5,802.95	DE-2231
Pietragallo Gordon Alfano Bosick & Raspanti, LLP	**MISSING THE 24TH APP FOR FEES**		
		$ 1,056,313.95	

****Keep this in mind: this is only the expense portion for ONE FIRM out of twenty-four separate expense submissions -not including the $30 plus million in fees to the Receiver and his professionals, the $8.4 million for Business Asset Expenses, $5 million in Real Estate Liquidation Expenses, $2.7 million in Property Expenses, and $7 million in Third Party Litigation Expenses.**

When you dig into the actual itemized lines, what you find is not unavoidable administrative cost—it is a textbook case of systemic billing abuse, blatant overhead passing, and the circumvention of federal court oversight.

The Rule Violations & The Evidence

Every attorney and receiver operating in federal court is bound by strict ethical canons, the Federal Rules of Civil Procedure, and established Supreme Court fee jurisprudence. Here is how those rules are being shattered:

1. The "Ghost Counsel" Loophole: Hiding Outside Firm Fees Inside "Disbursements"
The Governing Rule: FRCP Rule 66 & Local Receivership Appointment Orders. A receiver and their counsel cannot hire third-party professionals or outside law firms without prior notice, application, and formal approval by the Court. (The Freedom Fighters were unable to ascertain any court approval) Furthermore, under standard U.S. Trustee Guidelines and federal billing standards, legal fees must include itemized contemporaneous time records detailing the attorney, hourly rate, exact tasks, and time spent.

The Violation: Rather than filing for court approval or having appointed counsel handle out-of-state matters via standard pro hac vice admission, co-counsel is quietly paying outside law firms and burying their fees as flat line-item "disbursements."

The Evidence from the Bill:
-10/12/2022: Wick Phillips Gould & Martin (Dallas, TX) – Invoice #164384: $19,087.70 (Description: "Professional Services Rendered as of 9/30/22")
-11/07/2022: Wick Phillips Gould & Martin – Invoice #165868: $27,307.67 (Description: "Professional Services Rendered as of 10/31/22")
-12/05/2022: Wick Phillips Gould & Martin – Invoice #167417: $45,882.65 (Description: "Professional Services Rendered as of 11/30/22")
Total for this single Texas firm in one billing cycle alone: $92,278.02

Additional outside firms billed with zero task transparency: Farnan ($765.00), Hutchens Law Firm ($640.00), and Hurst Burnett ($711.00).

2. Dumping Law Firm Overhead Directly onto the Estate
The Governing Rule: ABA Model Rule 1.5 (Unreasonable Fees) & ABA Formal Ethics Opinion 93-379. A law firm's hourly billing rates already account for its standard overhead—office equipment, utilities, telecommunications, and internal administrative work. Attorneys are strictly prohibited from turning routine in-house operational expenses into profit centers or passing them off to the client/estate.

The Violation: The billing report is clogged with hundreds of micro-charges for basic office tasks, internal copying machines, routine teleconference lines, and local transport.

The Evidence from the Bill:
-**Marked-up In-House Copying:** Constant charges of $0.50 per page for color prints and $0.20 per page for standard copies, running up hundreds of dollars in internal printing fees

in single-day batches.
-Routine Telecom Fees: Nickel-and-diming the estate with endless conference calling line fees: $1.05, $2.64, $5.05, $3.08, $6.33, $0.82.
-Local Travel: Passing through personal rideshare fares—e.g., $10.96, and $10.93 Uber trips.

3. Stale Billing and Lack of Contemporaneous Accounting
The Governing Rule: Equitable Fiduciary Principles & Receivership Standing Orders. Fee and expense applications must be submitted contemporaneously so the court and interested parties can assess their immediate necessity. Holding unapproved invoices for years prejudices the estate.

The Violation: Slipping in third-party legal invoices that sat dormant for over two years.
The Evidence from the Bill:
-8/31/2020 Invoice #386588 (Prenovost, Normandin, Dawe & Rocha): Billed in late 2022.
-9/30/2020 & 10/31/2020 Invoices (#388548, #390623, #390624, #390625): Totaling thousands of dollars from fall 2020, dumped into a 2022 expense application without explanation.

4. Vague "Block Billing" and Failure to Justify Estate Benefit
The Governing Rule: Hensley v. Eckerhart, 461 U.S. 424 (1983). The Supreme Court has made it clear: the fee applicant bears the burden of establishing entitlement to an award through documented, detailed records. Lump-sum descriptions like "services rendered" provide zero basis to determine whether the work was necessary, reasonable, or entirely duplicative.

The Violation: Outside law firms and process servers are billed with vague, generic labels, making independent auditing impossible.

The Consequences That Must Follow
A court-appointed receiver and co-counsel are fiduciaries of the court, not unchecked beneficiaries of an open checkbook. When an estate is depleted in this manner, the court has clear legal authority and moral obligation to enforce the following remedies:

Immediate Disallowance of Outside Legal Expenses: Every dollar billed for third-party legal fees (including the $92,000+ to the Texas firm) that bypassed formal retention orders and failed to submit itemized timesheets must be disallowed completely.

Mandatory Disgorgement: Any interim funds previously distributed from the estate to pay for unauthorized expenses across all 24 billing reports must be clawed back and returned to the receivership bank accounts immediately.

Substantial Across-the-Board Fee "Haircuts": The court should impose an immediate, significant percentage reduction (30% to 50%) across all past and future fee petitions for co-counsel due to widespread billing deficiencies and failure of oversight.

Fiduciary Surcharge: The receiver should be surcharged personally (and against their receiver's bond) for all estate waste, unauthorized administrative expenses, and non-beneficial payouts.

Disqualification and Removal for Cause: Under Rule 66, the court should vacate the retention of co-counsel and remove the receiver for breach of fiduciary duty and failure to protect the corpus of the estate.

State Bar Disciplinary Referrals: Formal ethical complaints should be lodged with the disciplinary board under Rule 1.5 (excessive fees) and Rule 8.4 (conduct prejudicial to the administration of justice) to hold the attorneys accountable for their billing practices.

The Freedom Fighters will continue to expose every line item, every invoice, and every report until full transparency and accountability are restored.