

1 DAVID L. OSIAS (BAR NO. 91287)  
JEFFREY R. PATTERSON (BAR NO. 126148)  
2 ALLEN MATKINS LECK GAMBLE & MALLORY LLP  
501 West Broadway, Ninth Floor  
3 San Diego, California 92101-3577  
Phone: (619) 233-1155  
4 Fax: (619) 233-1158

5 Attorneys for Receiver  
Thomas F. Lennon

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8 UNITED STATES DISTRICT COURT  
9 SOUTHERN DISTRICT OF CALIFORNIA

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11 SECURITIES AND EXCHANGE  
COMMISSION,

12 Plaintiffs,

13 vs.

14 PRESTO TELECOMMUNICATIONS, INC.;  
15 ALFRED LOUIS VASSALLO, JR. aka  
BOBBY VASSALLO,

16 Defendants.  
17

Case No. 04cv00163 IEG (WMC)

NOTICE OF HEARING ON FIRST INTERIM  
APPLICATIONS OF RECEIVER AND HIS  
PROFESSIONALS FOR APPROVAL AND  
PAYMENT OF FEES AND COSTS

Date: May 2, 2005

Time: 10:30 a.m.

Ctrm: 13

Judge: Hon. Irma E. Gonzalez

18 PLEASE TAKE NOTICE that on May 2, 2005, at 10:30 a.m. in Courtroom 13, 5<sup>th</sup> Floor of  
19 the United States District Court, 880 Front Street, San Diego, California, hearing will take place  
20 on the first interim applications of Thomas F. Lennon (the "Receiver"), the Court-appointed  
21 permanent receiver for Presto Telecommunications, Inc. ("Presto") and his professionals for  
22 interim approval and payment of fees and costs. Pursuant to Local District Court Rule 66.1(f), the  
23 Receiver is to give all interested parties at least 10 days' notice of the time and place for this  
24 hearing.

25 The table below summarizes the pending applications and amounts requested to be  
26 approved:  
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<b>Applicant</b>	<b>Period</b>	<b>Fees</b>	<b>Costs</b>
Thomas F. Lennon, Receiver	1/23/04 – 12/31/04	\$223,435.00	\$4,314.81
Allen Matkins Leck Gamble & Mallory LLP, Attorneys for Receiver	1/25/04-12/31/04	\$446,065.50	\$36,289.70
Gutierrez & Diaz, Mexican attorneys for Receiver	1/29/04-8/31/04	\$39,489.76	\$4,420.45 <sup>1</sup>
Steve Konecny, forensic computer expert	1/15/04-3/31/04	\$8,150.00	\$0.00
Alex Dresser/Media Partners, business consultant <sup>2,3</sup>	2/04 – 5/04	\$18,250.00	\$3,101.00
<b>TOTALS</b>		<b>\$735,390.26</b>	<b>\$48,125.96</b>

Currently, there are insufficient funds in the receivership estate to pay the fees and costs requested. However, the Court has previously ordered that defendant Vassallo is obligated to pay the expenses of the receivership. Accordingly, the Receiver and his professionals seek approval of their fees and costs, with the understanding that at this time payment will depend and occur, in part at least, from the liquidation of certain of Vassallo's assets as authorized by the Court. Moreover, because of the interim nature of the applications, the Receiver, Allen Matkins and Gutierrez & Diaz are requesting payment at this time of only 80% of incurred fees and 100% of incurred costs. Therefore, after credit for certain retainers paid, the Vassallo sanctions previously received, and certain professionals having previously been paid in full with Court authorization, payment is now requested only in the following amounts :

<sup>1</sup> Included in this sum is the 10% Value Added Tax added to all goods and services sold or rendered in Mexico, including professional services of any kind.

<sup>2</sup> Dresser and Konecny have completed their services to the Receiver; thus their applications are for final approval.

<sup>3</sup> Dresser has been paid in full.

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<b>Applicant</b>	<b>80% Payment of Allowed Fees</b>	<b>100% of Allowed Costs</b>
Thomas F. Lennon, Receiver	\$178,748.00	\$4,314.81
Allen Matkins Leck Gamble & Mallory LLP, Attorneys for Receiver	\$346,270.00	\$36,289.70
Gutierrez & Diaz, Mexican attorneys for Receiver	\$23,591.81	\$4,420.45
Steve Konecny, forensic computer expert	\$8,150.00 <sup>4</sup>	\$0.00
Alex Dresser/Media Partners, business consultant	\$0.00	\$0.00
<b>TOTALS</b>	<b>\$556,759.81</b>	<b>\$45,024.96</b>

Because of the extensive list of interested parties and claimants in this case—over 500 proofs of claim having been filed--the Receiver is serving the notice of hearing and complete applications only on Vassallo, the SEC, and certain creditors who have requested special notice. This notice is being served on the approximately 60 largest trade and investor creditors who have filed proofs of claim in excess of \$100,000. The applications and supporting memorandum of points and authorities are on file with the United States District Court and may be reviewed at the Clerk's Office during normal business hours at 880 Front Street, San Diego, California 92101, or by accessing the Pacer website at <http://pacer.psc.uscourts.gov> (Pacer registration required). The notice and applications (without exhibits) will also be posted on the Receiver's website at [www.tflinc.com](http://www.tflinc.com).

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<sup>4</sup> 100% payment is sought for Konecny since his services are concluded.

1           Objections, if any, to the applications shall be filed and served in accordance with local  
2 rules of the United States District Court of Southern California.

3 Dated: March \_\_, 2005

ALLEN MATKINS LECK GAMBLE &  
MALLORY LLP

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5 By: \_\_\_\_\_  
6 JEFFREY R. PATTERSON  
7 Attorneys for Thomas F. Lennon, Receiver  
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