I herby certify that the annexed instrument is a true and correct copy of the original on file in my office.
ATTEST: VICTORIA C. MINOR
Clerk, U. S. District Court
Eastern District of California
By _____ Deputy Clerk
Dated 8/25/10

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

----oo0oo----

DAVID C. HOBSON and D.C. HOBSON, DDS, MS, a Professional Corporation,

Plaintiffs,

v.

ORTHODONTIC CENTERS OF AMERICA, INC. and ORTHODONTIC CENTERS OF CALIFORNIA, INC.,

Defendants.

NO. CIV. S-02-0886 WBS PAN

MEMORANDUM AND ORDER RE: STAY OF ENFORCEMENT OF JUDGMENT

----oo0oo----

Defendants Orthodontic Centers of America, Inc. and Orthodontic Centers of California, Inc. (collectively "OCA") have filed a motion to stay the enforcement of the court's judgment in this case pending appeal upon the posting of the requisite supersedeas bond.

"A party appealing a district court's entry of a money judgment is entitled to a stay of the money judgment as a matter of right if he posts a bond in accordance with [Federal Rule of Civil Procedure 62(d)]." United States v. Simmons, CV F 96-5948

EXHIBIT G

AWI DLB, 2002 U.S. Dist. LEXIS 11530 *3 (E.D. Cal. May 14, 2002)(citing Am. Mfrs. Mut. Ins. Co. v. Am. Broadcasting-Paramount Theatres, Inc., 87 S. Ct. 1 (1966)). However, a stay will not automatically be issued where the moving party has failed to post a bond. Id.(citing NLRB v. Westphal, 859 F.2d 818, 819 (9th Cir. 1988)).

Under certain conditions a district court can waive Rule 62(d)'s bond requirement. See Townsend v. Holman Consulting Corp., 881 F.2d 788, 796-97 (9th Cir. 1989) vacated on reh'g on other grounds, 929 F.2d 1358 (9th Cir. 1990)(en banc).[1] But where "a court chooses to depart from the usual requirement of a full security supersedeas bond to suspend the operation of an unconditional money judgment, it should place the burden on the moving party to objectively demonstrate the reasons for such a departure." Poplar Grove Planting & Ref. Co. v. Bache Halsey Stuart, Inc., 600 F.2d 1189, 1191 (5th Cir. 1979).

Because OCA is the moving party, it bears the burden of objectively demonstrating a reason to waive Rule 62(d)'s bond requirement. See id. OCA does not argue that the bond requirement need be waived. Instead, OCA states that it is prepared to submit the requisite supersedeas bond to the court.

---

[1] Grounds that could justify waiver of the bond requirement are: (1) the complexity of the collection process; (2) the amount of time required to obtain a judgment after it is affirmed on appeal; (3) the degree of confidence that the district court has in the availability of funds to pay the judgment; (4) whether the defendant's ability to pay the judgment is so plain that the cost of the bond would be a waste of money; and (5) whether the defendant is in such a precarious financial situation that the requirement to post a bond would place other creditors of the defendant in an insecure position. Dillon v. City of Chicago, 866 F.2d 902, 904-05 (7th Cir. 1988).

(See Defs.' Mot. For Stay of Order Re: Atty's Fees And Costs at 3). Therefore, the court will require OCA to post the bond.

Local Rule 65.1-151(d) states that the "supersedeas bond shall be 125 percent of the amount of the judgment unless the Court otherwise orders." This soft guideline reflects the fact that "[d]istrict courts have inherent discretionary authority in setting supersedeas bonds." Rachel v. Banana Republic, Inc., 831 F.2d 1503, 1505 n.1 (9th Cir. 1987).

The judgment awards OCA $218,734.00 in damages against Hobson. (See Amended Judgment of September 14, 2004). It also award Hobson $485,022.00 in attorney's fees against OCA. (See Memorandum and Order Re: Attorney's Fees and Costs of November 30, 2004). In assessing the appropriate amount of the supersedeas bond to stay the judgment, the court must first calculate the amount of the judgment. In making this calculation, OCA would have the court analyze the two awards as two separate judgments. However, the single judgment rule dictates that there can be but one judgment in an action. Bank of Am. Nat'l Trust & Sav. Assoc. V. Superior Court, 20 Cal. 2d 697 (1942). Both awards must therefore be treated as part of the one single judgment to be stayed pursuant to Rule 62(d). Offsetting OCA's award against Hobson's leaves Hobson with a net judgment for $216,288.00. A supersedeas bond in the amount of 125% of $216,288.00, or $270,360, will therefore be ordered.

The next question is whether the entire judgment or only that portion of the judgment which forms the basis of the appeal should be stayed pending appeal. Under Rule 62(d), upon posting of the bond, the appealing party is entitled to a stay of

the judgment. See Am. Mfrs. Mut. Ins. Co., supra, 87 S.Ct. at 3. Because there is only one judgment, and that includes the award to OCA as well as the award to Hobson, upon posting of the required bond, the entire judgment will be stayed.

IT IS THEREFORE ORDERED that OCA's motion to stay the enforcement of the judgment be, and the same hereby is, GRANTED on the condition that OCA post a supersedeas bond for $270,360. Upon posting of said bond the entire judgment is ordered STAYED pending appeal.

DATED: January 27, 2005

William B. Shubb

WILLIAM B. SHUBB
UNITED STATES DISTRICT JUDGE

MIME-Version:1.0
From:caed_cmecf_helpdesk@caed.uscourts.gov
To:caed_cmecf_nef@caed.uscourts.gov
Bcc:amber@mcllp.com,beth@mcllp.com,caed_cmecf_pan@caed.uscourts.gov,caed_cmecf_wbs@c
Message-Id:<37616@caed.uscourts.gov>
Subject:Activity in Case 2:02-cv-00886-WBS-PAN Hobson, et al v. Orthodontic Centers,

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U.S. District Court

Eastern District of California - Live System

Notice of Electronic Filing

The following transaction was received from Hoover, S entered on 1/27/2005 at 3:32 PM PST and filed on 1/27/2005

Case Name: Hobson, et al v. Orthodontic Centers, et al
Case Number: 2:02-cv-886
Filer:
WARNING: CASE CLOSED on 09/09/2004
Document Number: 321

Docket Text:
ORDER granting [312] Motion to Stay enforcement of judgment on the condition that OCA post a bond, signed by Judge William B. Shubb on 1/27/2005. (Hoover, S)

The following document(s) are associated with this transaction:

Document description: Main Document
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Electronic document Stamp:
[STAMP dcecfStamp_ID=1064943537 [Date=1/27/2005] [FileNumber=37614-0]

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637eeec38fec6b5095ea623f57c9d2182da6e5cab7b4427a8ecee64a4fe]]

2:02-cv-886 Notice will be electronically mailed to:

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Scott Clearman scott@mcllp.com, amber@mcllp.com,beth@mcllp.com

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Gibson E. Pratt
Orthodontic Centers of America Inc
3850 Causeway Boulevard
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Metairie, LA 70002

F - Hobson Pleadings

I herby certify that the annexed instrument is a true and correct copy of the original on file in my office.
ATTEST: VICTORIA C. MINOR
Clerk, U. S. District Court
Eastern District of California
By _____ Deputy Clerk
Dated 8/25/06

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

----oo0oo----

DAVID C. HOBSON and D.C. HOBSON, D.D.S., M.S., a Professional Corporation,

Plaintiffs,

v.

ORTHODONTIC CENTERS OF AMERICA, INC. and ORTHODONTIC CENTERS OF CALIFORNIA, INC.,

Defendants.

NO. CIV. S-02-0886 WBS PAN

ORDER RE: COSTS

----oo0oo----

On November 30, 2004, the court issued an order declaring David C. Hobson and D.C. Hobson, D.D.S., M.S., a Professional Corporation (collectively "Hobson") the prevailing party for purposes of costs recovery. Hobson has submitted an amended bill of costs totaling $96,727.79. Defendants object to: (1) costs for subpoenaing records from third-parties; (2) costs for the videotaping of depositions; (3) the costs for the subpoena and witness fee of Michael Ueltzen; (4) costs associated with photocopying exhibits related to experts' depositions; (5)

EXHIBIT 14

expert witness costs above those allowed by 28 U.S.C. §§ 1920 & 1821; (6) costs to prepare and present video deposition transcripts at trial; (7) costs for courier services; (8) costs associated with on-line research charges; (9) costs associated with the mediation before retired Judge Ramirez; and (10) travel costs for Hobson's attorneys.

Federal Rule of Civil Procedure 54(d)(1) and Local Rule 54-292(f) generally govern the taxation of costs to losing parties, subject to limits set under 28 U.S.C. § 1920. See 28 U.S.C. § 1920 (enumerating taxable costs); Fed. R. Civ. P. 54(d)(1) ("costs other than attorneys' fees shall be allowed as of course to the prevailing party unless the court otherwise directs . . . ."); L.R. 54-292(f). However, 28 U.S.C. § 1920 does not limit cost recovery where there is explicit contractual authorization to shift additional costs. Crawford Fitting, Co. v. J.T. Gibbons, Inc., 482 U.S. 437, 445 (1987). Instead, the prevailing party may recover whatever costs the contract authorizes him to recover. See TCBY Sys., Inc. v. RSP Co., Inc., 33 F.3d 925 (8th Cir. 1994)(remanded to district court to determine whether prevailing party's expert witness fees, travel costs and other similar expenses were "reasonable costs" that could be recovered independently of § 1920 in accordance with the language of the parties' franchise agreement).

Paragraph 8.10 of the parties' Business Services Agreement states

> If legal action is commenced by either party to enforce or defend its rights under this Agreement, the prevailing party in such action shall be entitled to recover its costs and reasonable attorney's fees in addition to any other relief granted.

(emphasis added). The paragraph expressly authorizes the prevailing party in any legal action between the parties to "recover its costs." The contractual language does not limit recoverable costs to those recoverable under 28 U.S.C. § 1920. Rather, the broad language must be interpreted to embrace any costs reasonably incurred in the legal action. See TCBY Sys., Inc., 33 F.3d at 931("reasonable costs" language in franchise agreement was sufficiently express to avoid § 1920's limitation). Therefore, Hobson may recover his reasonable costs above and beyond those authorized by 28 U.S.C. § 1920.

Most of defendants' objections go to whether Hobson's costs are recoverable under 28 U.S.C. § 1920. For reasons noted above, these objections fail. However, some of defendants' objections can be read to question the reasonableness of the costs incurred. To this extent, the court will address them individually.

First, defendants object to the taxation of costs Hobson incurred for videotaping depositions on the grounds that such costs are duplicative of those charged to procure stenographic transcripts. Circuit courts disagree about whether district courts may tax costs for both stenographic transcripts and videotape depositions under 28 U.S.C. § 1920. Compare Mota v. Univ. of Tex. Houston Health Sci. Ctr., 261 F.3d 512, 529 (5th Cir. 2001)(abuse of discretion to tax cost of videotape deposition) and Barber v. Ruth, 7 F.3d 636, 645 (7th Cir. 1993)(same) with Arcadian Fertilizer, L.P. v. MPW Indus. Serv., Inc., 249 F.3d 1293, 1297 n.5 (11th Cir. 2001)(videotaped depositions may be taxed). In light of these conflicting

interpretations of § 1920, the court does not find it unreasonable to allow such costs independently of the statute. Nor can the court say it was unreasonable to incur costs to prepare the video deposition transcripts for presentation in trial in the event the witnesses were unavailable to testify.

Defendants also object to the taxation of $48.63 in expenses for the subpoena and witness fee of Michael Ueltzen. Hobson's counsel incurred these costs in an effort to have Mr. Ueltzen testify regarding his inability to explain some of OCA's allocations of corporate office expenses. The allocation of such expenses was central to the case. The court eventually excluded Mr. Ueltzen's testimony from Hobson's case in chief. But these costs were incurred before the testimony was excluded. Therefore, the costs are not unreasonable.

Lastly, defendants object to taxing witness fees for Professor Robert Gartrell and Debbie Best because they did not testify at trial. However, Mr. Gartrell was to be a rebuttal witness to Mr. Ueltzen whom defendants elected not to call as a witness. Because Hobson could not have foreseen that OCA would not call Mr. Ueltzen, it was not unreasonable to retain Mr. Gartrell for his expertise.

Similarly, Ms. Best's services were retained before trial in order to evaluate the merits of one of Hobson's claims. After Ms. Best had produced an expert report and testified at her deposition, Hobson ultimately chose to forego that claim. The fact that Ms. Best's services led Hobson to focus on other stronger claims at trial does not make the retention of Ms. Best's services unreasonable. Hobson cannot be faulted for

taking expert opinion into account before making an argument at trial. Therefore, these expert witness fees are reasonable.[1]

After reviewing the bill, the court finds all other costs to be reasonable as well and allows:

Fees of the Clerk	$ 150.00
Fees for Service of Summons & Subpoena	$ 2,146.89
Court Reporter Fees	$16,409.57
Witness Fees	$ 97.26
Fees for exemplifications and copies	$ 1,949.48
Other costs	$75,974.59
TOTAL:	**$96,727.79**

IT IS SO ORDERED.

Dated: April 20, 2005

WILLIAM B. SHUBB
UNITED STATES DISTRICT JUDGE

[1] Defendants do not challenge the reasonableness of expert witness fees expended on Jeffery Rogers from Perry-Smith L.L.P. They only argue that they are not recoverable under 28 U.S.C. § 1920.

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From:caed_cmecf_helpdesk@caed.uscourts.gov
To:caed_cmecf_nef@caed.uscourts.gov
Bcc:amber@mcllp.com,beth@mcllp.com,caed_cmecf_pan@caed.uscourts.gov,caed_cmecf_wbs@c
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Case Name: Hobson, et al v. Orthodontic Centers, et al
Case Number: 2:02-cv-886
Filer:
WARNING: CASE CLOSED on 09/09/2004
Document Number: 330

Docket Text:
ORDER RE: COSTS signed by Judge William B. Shubb on 04/20/05. The Court allows Costs in the Amount of $96,727.79.(Mena-Sanchez, L)

The following document(s) are associated with this transaction:

Document description: Main Document
Original filename:n/a
Electronic document Stamp:
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Appeal Nos. 05-15105 and 05-15857

IN THE
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

David C. Hobson and D.C. Hobson, DDS, MS,
a Professional Corporation

Plaintiffs/Appellees

vs.

Orthodontic Centers of America, Inc. and
Orthodontic Centers of California, Inc.

Defendants/Appellants

Appeal from the United States District Court
for the Eastern District of California, Sacramento Division
Hon. William B. Shubb
Case No. CIV.S-02-0886 WBS PAN

OPENING BRIEF OF APPELLANTS

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Attorneys for *Appellants*
Orthodontic Centers of America, Inc. and
Orthodontic Centers of California, Inc.

EXHIBIT I

5. **Items 17D(10) and 17D(14):** Undated charges of $1,183.10 "for the deposition and transcript of Terri Zeringue" and $766.00 "for the videotaping of the deposition of Terri Zeringue."

6. **Items 17D(11), 17(D)(12) and 17D(15):** Undated charges of $1,209.76 "for the deposition and transcript of Anthony Joseph Paternostro, Volume I," $946.96 "for the depositions and transcript of Mike Cusimano and Anthony Paternostro, Volume II," and $1,316.00 "for the videotaping of the deposition of Tony Paternostro."

The District Court awarded all of these sums to Dr. Hobson.

V.
SUMMARY OF ARGUMENT

The District Court erred both in concluding that Dr. Hobson was the prevailing party in this litigation and in awarding Dr. Hobson all of his claimed costs. As to the prevailing party issue, the District Court first erroneously concluded that the matter was governed by California Civil Code section 1717, and then misapplied that statute in determining that Dr. Hobson was the prevailing party. In reaching its conclusion, the District Court gave short shrift to the contractual language providing for "prevailing party" fees and costs (found in

Paragraph 8.10 of the BSA), and improperly focused solely on the outcome of the parties' breach of contract claims. In this regard, the District Court neglected to take the entirety of the litigation and the parties' ultimate objectives into account. Moreover, even if the analysis was properly limited to contract-based claims, the District Court erred in deeming Dr. Hobson to be the prevailing party. The District Court also erred in removing the promissory notes from the jury's consideration following Dr. Hobson's admission of liability on said notes, and in not properly considering those notes in making its prevailing party determination.

With respect to the cost issue, the District Court erred in concluding that Paragraph 8.10 of the BSA broadened the scope of recoverable costs—including most notably expert witness fees—far beyond those identified in 28 U.S.C. § 1920. Absent explicit authorization, reimbursement of costs is limited to the amounts available under that section. Here, Paragraph 8.10 *cannot* be legitimately read to have explicitly expanded the scope of cost recovery, and instead only provides guidance regarding how the prevailing party determination is to be made. The District Court also erred in awarding Dr. Hobson duplicate sums for obtaining

stenographic *and* videotape deposition transcripts, and in awarding costs for subpoenaing of records.

VI.
STANDARD OF REVIEW

This appeal is governed by two standards of review.

A. *DE NOVO* STANDARD OF REVIEW

First, OCA contends that the District Court applied erroneous legal standards in reaching its "prevailing party" determination herein (specifically, OCA contends that the District Court erred in analyzing the prevailing party issue under the contract-based inquiry specified in Civil Code section 1717) and in evaluating the propriety of the costs claimed by Dr. Hobson (specifically, whether Section 8.10 of the BSA authorizes an award of costs over and above those set forth in 28 U.S.C. section 1920 and 1821). These issues are predominately legal matters and are thus reviewed *de novo*. Torres Lopez v. May, 111 F.3d 633, 638 (9th Cir. 1998); K.V. Mart Co. v. United Food & Comm'l Workers Int'l Union, Local 324, 173 F.3d 1221, 1223 (9th Cir. 1999). More specifically, *de novo* review is appropriate because these issues call for consideration of legal concepts and the exercise of judgment about legal principles. Tolbert v. Page, 182 F.3d 677, 681 (9th Cir. 1999); Ralls v. United States, 52 F.3d 223, 227 (9th Cir.

SUPERSEDEAS BOND

Bond No. **08398438**

IN THE United States District COURT OF Eastern District of California
COUNTY OF NA STATE OF NA

DAVID C. HOBSON and D. C. HOBSON, DDS, MS, a Professional Corporation,
Plaintiffs
v.
ORTHODONTIC CENTERS OF AMERICA, INC. and ORTHODONTIC CENTERS OF CALIFORNIA, INC.,
Defendants.

CASE NO. CIV. S-02-0886 WBS PAN

KNOW ALL MEN BY THESE PRESENTS, That we, Orthodontic Centers of America, Inc. as Principal, and Fidelity and Deposit Company of Maryland, a Maryland corporation, as Surety are held and firmly bound unto DAVID C. HOBSON and D. C. HOBSON, DDS, MS, a Professional Corporation in the amount of Three Hundred Thirty Two Thousand Eight Hundred Sixty and 00/100 ---------- Dollars ($ 332,860.00) for the payment of which, well and truly to be made, we bind ourselves, our successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the said Orthodontic Centers of America, Inc. has petitioned the U. S. Court of Appeals for the Ninth Circuit for an appeal to said court of an action previously decided in U. S. District Court, Eastern District of California court, wherein the said Orthodontic Centers of America, Inc. is Defendant, and being numbered CIV. S-02-0886 WBS PAN on the docket thereof;

NOW THEREFORE, the condition of this obligation is such that if the said Orthodontic Centers of America, Inc. shall pay all costs, disbursements and judgements incurred by reason of the said appeal proceeding, then this obligation shall be null and void and released, otherwise to remain in full force and effect, provided however, the maximum liability of the surety shall not exceed the penal sum of Three Hundred Thirty Two Thousand Eight Hundred Sixty and 00/100 ---------- Dollars ($ 332,860.00).

IN WITNESS WHEREOF, Orthodontic Centers of America, Inc., as Principal and Fidelity and Deposit Company of Maryland, as Surety, have hereunto set our hands this 7th day of February, 2005.

ATTEST/WITNESS

By: _____

Orthodontic Centers of America, Inc.

By: Gibson E. Pratt by T&R (Principal)
Gibson E. Pratt, Vice President

Fidelity and Deposit Company of Maryland

By: Virginia B. McManus
Virginia B. McManus, Attorney-in-Fact

I herby certify that the annexed instrument is a true and correct copy of the original on file in my office.
ATTEST: VICTORIA C. MINOR
Clerk, U. S. District Court
Eastern District of California
By _____ Deputy Clerk
Dated 8/25/2005

S-1965/GE 10/03

FRP

EXHIBIT J

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND
HOME OFFICE: 3910 KESWICK ROAD, BALTIMORE, MD 21211

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by PAUL C. ROGERS, Vice President, and T. E. SMITH, Assistant Secretary, in pursuance of authority granted by Article Vl, Section 2, of the By-Laws of said Company, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint **Gary D. EKLUND, Barbara S. MACARTHUR, Edward L. MITCHELL, Nancy NIX, Sandra S. CARTER, Judy Gay CERA, Judy S. FLEMING, Virginia B. MCMANUS, Barbara THOMPSON and Laurel D. HUSS, all of Atlanta, Georgia, EACH** its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: **any and all bonds and undertakings** and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of Gary D. EKLUND, Sandra J. MATHIS, Barbara S. MACARTHUR, Edward L. MITCHELL, Nancy NIX, Sandra S. CARTER, Judy Gay CERA, Judy S. FLEMING, and Barbara THOMPSON, dated March 8, 2000.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 24th day of July, A.D. 2002.

FOR YOUR PROTECTION
LOOK FOR THE SEAL

ATTEST:

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

By:

T. E. Smith *Assistant Secretary* *Paul C. Rogers* *Vice President*

State of Maryland }
County of Baltimore } ss:

On this 24th day of July, A.D. 2002, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came PAUL C. ROGERS, Vice President, and T. E. SMITH, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself deposeth and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

Carol J. Fader *Notary Public*
My Commission Expires: August 1, 2004

EXTRACT FROM BY-LAWS OF FIDELITY AND DEPOSIT COMPANY OF MARYLAND

"Article VI, Section 2. The Chairman of the Board, or the President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertaking, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgements, decrees, mortgages and instruments in the nature of mortgages,...and to affix the seal of the Company thereto."

CERTIFICATE

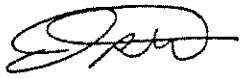
I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2, of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company,

this 7th day of February, 2005.



Assistant Secretary

SUPERSEDEAS BOND

Bond No. 08398438

IN THE United States District COURT OF Eastern District of California
COUNTY OF NA STATE OF NA

DAVID C. HOBSON and D. C. HOBSON, DDS, MS, a Professional Corporation,
Plaintiffs
v.
ORTHODONTIC CENTERS OF AMERICA, INC. and ORTHODONTIC CENTERS OF CALIFORNIA, INC.,
Defendants.

CASE NO. CIV. S-02-0886 WBS PAN

KNOW ALL MEN BY THESE PRESENTS, That we, Orthodontic Centers of America, Inc. as Principal, and Fidelity and Deposit Company of Maryland, a Maryland corporation, as Surety are held and firmly bound unto DAVID C. HOBSON and D. C. HOBSON, DDS, MS, a Professional Corporation in the amount of Three Hundred Thirty Two Thousand Eight Hundred Sixty and 00/100 ---------- Dollars ($ 332,860.00) for the payment of which, well and truly to be made, we bind ourselves, our successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the said Orthodontic Centers of America, Inc. has petitioned the U. S. Court of Appeals for the Ninth Circuit for an appeal to said court of an action previously decided in U. S. District Court, Eastern District of California court, wherein the said Orthodontic Centers of America, Inc. is Defendant, and being numbered CIV. S-02-0886 WBS PAN on the docket thereof;

NOW THEREFORE, the condition of this obligation is such that if the said Orthodontic Centers of America, Inc. shall pay all costs, disbursements and judgements incurred by reason of the said appeal proceeding, then this obligation shall be null and void and released, otherwise to remain in full force and effect, provided however, the maximum liability of the surety shall not exceed the penal sum of Three Hundred Thirty Two Thousand Eight Hundred Sixty and 00/100 ---------- Dollars ($ 332,860.00).

IN WITNESS WHEREOF, Orthodontic Centers of America, Inc. as Principal and Fidelity and Deposit Company of Maryland, as Surety, have hereunto set our hands this 7th day of February, 2005.

ATTEST/WITNESS

By: [signature]

Orthodontic Centers of America, Inc.

By: [signature] Principal
Gibson E. Pratt, Vice President

Fidelity and Deposit Company of Maryland

By: [signature]
Virginia B. McManus Attorney-In-Fact

S-1965/GE 10/03

FRP

EJ-001

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and address): TEL NO.:
[X] Recording requested by and return to:
Matthew C. Bradford (State Bar # 196798) (209) 954-9001
Law Offices of Marc B. Robinson FAX NO.: (209) 954-9091
3255 W. March Lane, Suite 230
Stockton, CA 95219
[X] ATTORNEY FOR [X] JUDGMENT CREDITOR [ ] ASSIGNEE OF RECORD

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
STREET ADDRESS: 501 "I" Street
MAILING ADDRESS: 501 "I" Street
CITY AND ZIP CODE: Sacramento 95814
BRANCH NAME:

FOR RECORDER'S USE ONLY

PLAINTIFF: DAVID C. HOBSON and D.C. HOBSON, DDS, MS, a Professional corporation

DEFENDANT: ORTHODONTIC CENTERS OF AMERICA, INC. and ORTHODONTIC CENTERS OF CALIFORNIA, INC.

ABSTRACT OF JUDGMENT [ ] Amended

CASE NUMBER:
CIV S-02-0886 WBS PAN

FOR COURT USE ONLY

1. The [X] judgment creditor [ ] assignee of record applies for an abstract of judgment and represents the following:
   a. Judgment debtor's
   Name and last known address
   Orthodontic Centers of America, Inc.
   3850 Causeway Boulevard, Suite 800
   Metairie, LA 70002
   b. Driver's license No. and state: N/A [ ] Unknown
   c. Social security No.: [ ] Unknown
   d. Summons or notice of entry of sister-state judgment was personally served or mailed to *(name and address)*:

   e. [ ] Original abstract recorded in this county:
      (1) Date:
      (2) Instrument No.:

   f. [X] Information on additional judgment debtors is shown on page two.

Date: January 6, 2005
Matthew C. Bradford
(TYPE OR PRINT NAME)

(SIGNATURE OF APPLICANT OR ATTORNEY)

2. a. [X] I certify that the following is a true and correct abstract of the judgment entered in this action.
   b. [ ] A certified copy of the judgment is attached.
3. Judgment creditor *(name and address)*:
   DAVID C. HOBSON, c/o Law Offices of Marc B. Robinson, 3255 W. March Lane, Suite 230, Stockton, CA 95219
4. Judgment debtor *(full name as it appears in judgment)*:
   Orthodontic Centers of America, Inc. & Orthodontic Centers of California, Inc.

[SEAL]

5. a. Judgment entered on *(date)*: 09/09/04
   b. Renewal entered on *(date)*: 09/14/04 & 11/30/04

This abstract issued on *(date)*:

6. Total amount of judgment as entered or last renewed: $266,288.00
7. [X] An [X] execution lien [ ] attachment lien is endorsed on the judgment as follows:
   a. Amount: $266,288.00
   b. In favor of *(name and address)*:
   DAVID C. HOBSON
   c/o Law Offices of Marc B. Robinson, 3255 W. March Lane, Suite 230
   Stockton, California 95219
8. A stay of enforcement has
   a. [X] not been ordered by the court.
   b. [ ] been ordered by the court effective until *(date)*:
9. [ ] This judgment is an installment judgment.

Clerk, by _____, Deputy

EXHIBIT K

PLAINTIFF: HOBSON, DAVID et al.	CASE NUMBER:
DEFENDANT: ORTHODONTIC CENTERS OF AMERICA, INC., et al.	CIV S-02-0886 WBS PAN

INFORMATION ON ADDITIONAL JUDGMENT DEBTORS

10. Name and last known address

Orthodontic Centers of California, Inc.
3850 Causeway Boulevard, Suite 800
Metairie, LA 70002

Driver's license No. & state: N/A ☐ Unknown
Social security No.: ☐ Unknown
Summons was personally served at or mailed to *(address)*:

11. Name and last known address

Driver's license No. & state: ☐ Unknown
Social security No.: ☐ Unknown
Summons was personally served at or mailed to *(address)*:

12. Name and last known address

Driver's license No. & state: ☐ Unknown
Social security No.: ☐ Unknown
Summons was personally served at or mailed to *(address)*:

13. Name and last known address

Driver's license No. & state: ☐ Unknown
Social security No.: ☐ Unknown
Summons was personally served at or mailed to *(address)*:

14. Name and last known address

Driver's license No. & state: ☐ Unknown
Social security No.: ☐ Unknown
Summons was personally served at or mailed to *(address)*:

15. Name and last known address

Driver's license No. & state: ☐ Unknown
Social security No.: ☐ Unknown
Summons was personally served at or mailed to *(address)*:

16. Name and last known address

Driver's license No. & state: ☐ Unknown
Social security No.: ☐ Unknown
Summons was personally served at or mailed to *(address)*:

17. Name and last known address

Driver's license No. & state: ☐ Unknown
Social security No.: ☐ Unknown
Summons was personally served at or mailed to *(address)*:

18. ☐ Continued on Attachment 18.

State of California

Secretary of State

I, ***Bruce McPherson*** , Secretary of State of the State of California, hereby certify:

That the attached transcript of 2 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

August 24, 2006

Secretary of State

FILE # 057012840603

Document Number: 9388560003

EXHIBIT L

[redacted]

NOTICE OF JUDGMENT LIEN

FOLLOW INSTRUCTIONS CAREFULLY (front and back of form)

05-7012840603

01/18/2005 17:00

FILED
CALIFORNIA
SECRETARY OF STATE
SOS

2290620002 UCC 1 FILING

A. NAME & PHONE OF FILER'S CONTACT (optional)
MATTHEW BRADFORD (209) 954-9001

B. SEND ACKNOWLEDGMENT TO: (NAME AND ADDRESS)

MATTHEW C. BRADFORD, ESQ.
LAW OFFICES OF MARC B. ROBINSON
3255 W. MARCH LANE, SUITE 230
STOCKTON, CA 95219

THIS SPACE FOR FILING OFFICE USE ONLY

1. JUDGMENT DEBTOR'S EXACT LEGAL NAME –Insert only one name, either 1a or 1b. Do not abbreviate or combine names.

1a. ORGANIZATION'S NAME
ORTHODONTIC CENTERS OF AMERICA, INC.

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3850 N. CAUSEWAY BLVD., SUITE 230	METAIRIE	LA	70002	USA

2. JUDGMENT CREDITOR'S NAME– Do not abbreviate or combine names.

2a. ORGANIZATION'S NAME

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE		SUFFIX
HOBSON	DAVID	C.		

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1002 W. ROBINHOOD	STOCKTON	CA	95207	USA

3. ALL PROPERTY SUBJECT TO ENFORCEMENT OF A MONEY JUDGMENT AGAINST THE JUDGMENT DEBTOR TO WHICH A JUDGMENT LIEN ON PERSONAL PROPERTY MAY ATTACH UNDER SECTION 697.530 OF THE CODE OF CIVIL PROCEDURE IS SUBJECT TO THIS JUDGMENT LIEN.

A. Title of court where judgment was entered: UNITED STATES DISTRICT COURT, EASTERN DISTRICT OF CALIFORNIA

B. Title of the action: HOBSON, et al. v. ORTHODONTIC CENTERS OF AMERICA, INC., et al.

C. Number of this action: CIV. S-02-0886 WBS PAN

D. Date judgment was entered: SEPTEMBER 9, 2004

E. Date of subsequent renewals of judgment (if any): SEPTEMBER 14, 2004; NOVEMBER 30, 2004

F. Amount required to satisfy judgment at date of this notice: $ 266,288.00

G. Date of this notice: JANUARY 11, 2005

4. I *declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct:*

~~LAW OFFICES OF MARC B. ROBINSON~~

SIGNATURE – SEE INSTRUCTION NO. 4

Dated: JANUARY 11, 2005
(If not indicated, use same as date in item 3G.)

LAW OFFICES OF MARC B. ROBINSON
FOR: David Hobson

FILING OFFICE COPY

NOTICE OF JUDGMENT LIEN (FORM JL1) (Rev. 6/01)
Approved by the Secretary of State

JUDGMENT LIEN ADDENDUM

FOLLOW INSTRUCTIONS CAREFULLY (FRONT AND BACK OF FORM)

5. NAME OF JUDGMENT DEBTOR: (NAME OF FIRST DEBTOR ON RELATED JUDGMENT LIEN)

5a. ORGANIZATION'S NAME			
ORTHODONTIC CENTERS OF AMERICA, INC.			
5b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

6. ADDITIONAL JUDGMENT DEBTOR – insert only one name (6a or 6b):

6a. ORGANIZATION'S NAME				
ORTHODONTIC CENTERS OF CALIFORNIA, INC.				
6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
6c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3850 N. CAUSEWAY BLVD.	METAIRIE	LA	70002	USA

7. ADDITIONAL JUDGMENT DEBTOR – insert only one name (7a or 7b):

7a. ORGANIZATION'S NAME				
7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2290620002

8. ADDITIONAL JUDGMENT DEBTOR – insert only one name (8a or 8b):

8a. ORGANIZATION'S NAME				
8b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
8c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

9. ADDITIONAL JUDGMENT CREDITOR – insert only one name (9a or 9b):

9a. ORGANIZATION'S NAME				
D.C. HOBSON, DDS, MS, a Professional corporation				
9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
9c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1002 W. Robinhood	Stockton	CA	95207	USA

10. ADDITIONAL JUDGMENT CREDITOR – insert only one name (10a or 10b):

10a. ORGANIZATION'S NAME				
10b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

State of California

Secretary of State

I, ***Bruce McPherson*** , Secretary of State of the State of California, hereby certify:

That the attached transcript of 2 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

August 24, 2006

Secretary of State

FILE # 057037102075

Document Number: 9388560003

EXHIBIT M

[redacted]

NOTICE OF JUDGMENT LIEN

FOLLOW INSTRUCTIONS CAREFULLY (front and back of form)

A. NAME & PHONE OF FILER'S CONTACT (optional)
Matthew Bradford (209) 954-9001

B. SEND ACKNOWLEDGMENT TO: (NAME AND ADDRESS)

Matthew Bradford, Esq.
LAW OFFICES OF MARC B. ROBINSON
3255 W. March Lane, Suite 230
Stockton, CA 95219

05-7037102075
08/05/2005 17:00

SOS **FILED**
CALIFORNIA
SECRETARY OF STATE

4641530002 UCC 1 FILING

THIS SPACE FOR FILING OFFICE USE ONLY

1. JUDGMENT DEBTOR'S EXACT LEGAL NAME –Insert only one name, either 1a or 1b. Do not abbreviate or combine names.

1a. ORGANIZATION'S NAME
Orthodontic Centers of America, Inc.

1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
1c. MAILING ADDRESS	**CITY**	**STATE**	**POSTAL CODE**	**COUNTRY**
3850 N. Causeway Blvd., Suite 230	Metairie	LA	70002	US

2. JUDGMENT CREDITOR'S NAME– Do not abbreviate or combine names.

2a . ORGANIZATION'S NAME

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE		SUFFIX
Hobson	David	C.		
2c.. MAILING ADDRESS	**CITY**	**STATE**	**POSTAL CODE**	**COUNTRY**
1002 W. Robinhood	Stockton	CA	95207	US

3. ALL PROPERTY SUBJECT TO ENFORCEMENT OF A MONEY JUDGMENT AGAINST THE JUDGMENT DEBTOR TO WHICH A JUDGMENT LIEN ON PERSONAL PROPERTY MAY ATTACH UNDER SECTION 697.530 OF THE CODE OF CIVIL PROCEDURE IS SUBJECT TO THIS JUDGMENT LIEN.

A. Title of court where judgment was entered: United States District Court, Eastern District of California

B. Title of the action: Hobson, et al. v. Orthodontic Centers of America, Inc., et al.

C. Number of this action: CIV. S-02-0886 WBS PAN

D. Date judgment was entered: September 9, 2004

E. Date of subsequent renewals of judgment (if any): 9/14/04; 11/30/04 (renewal with costs)

F. Amount required to satisfy judgment at date of this notice: $ 363,015.79

G. Date of this notice: January 11, 2005

4. *I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct:*

SIGNATURE (SEE INSTRUCTION NO. 4

Dated: 8/4/05
(If not indicated, use same as date in item 3G.)

FOR: David Hobson

FILING OFFICE COPY

NOTICE OF JUDGMENT LIEN (FORM JL1) (Rev. 6/01)
Approved by the Secretary of State

JUDGMENT LIEN ADDENDUM

FOLLOW INSTRUCTIONS CAREFULLY (FRONT AND BACK OF FORM)

4641530002

5. NAME OF JUDGMENT DEBTOR: (NAME OF FIRST DEBTOR ON RELATED JUDGMENT LIEN)

5a. ORGANIZATION'S NAME Orthodontic Centers of America, Inc.			
5b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

6. ADDITIONAL JUDGMENT DEBTOR – insert only one name (6a or 6b):

6a. ORGANIZATION'S NAME Orthodontic Centers of California, Inc.				
6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
6c. MAILING ADDRESS 3850 N. Causeway Blvd.	CITY Metairie	STATE LA	POSTAL CODE 70002	COUNTRY US

7. ADDITIONAL JUDGMENT DEBTOR – insert only one name (7a or 7b):

7a. ORGANIZATION'S NAME OCA, Inc.				
7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
7c. MAILING ADDRESS 3850 N. Causeway Blvd.	CITY Metairie	STATE LA	POSTAL CODE 70002	COUNTRY

8. ADDITIONAL JUDGMENT DEBTOR – insert only one name (8a or 8b):

8a. ORGANIZATION'S NAME				
8b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
8c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

9. ADDITIONAL JUDGMENT CREDITOR – insert only one name (9a or 9b):

9a. ORGANIZATION'S NAME D.C. Hobson, DDS, MS, a Professional corporation				
9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
9c. MAILING ADDRESS 1002 Robinhood	CITY Stockton	STATE CA	POSTAL CODE 95207	COUNTRY US

10. ADDITIONAL JUDGMENT CREDITOR – insert only one name (10a or 10b):

10a. ORGANIZATION'S NAME				
10b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

GIBSON E. PRATT (SBN 054353)
3850 N. Causeway Blvd.
Suite 800
Metairie, LA 70002
Telephone: (504) 834-4392
Facsimile: (504) 834-3663

WILKE, FLEURY, HOFFELT, GOULD & BIRNEY, LLP
THOMAS G. REDMON (SBN 047090)
DANIEL L. BAXTER (SBN 203862)
400 Capitol Mall, Twenty-Second Floor
Sacramento, CA 95814
Telephone: (916) 441-2430
Facsimile: (916) 442-6664

Attorneys for Plaintiff
ORTHODONTIC CENTERS OF CALIFORNIA, INC.

FILED
SUPERIOR COURT-STOCKTON
05 APR 11 AM 9:13
ROSA JUNQUEIRO, CLERK
BY _____ DEPUTY

#296.50
#20050411 2008

SUPERIOR COURT OF CALIFORNIA

COUNTY OF SAN JOAQUIN

ORTHODONTIC CENTERS OF CALIFORNIA, INC., Plaintiff, vs. DAVID C. HOBSON, D.D.S., M.S., and D.C. HOBSON, DDS, MS., a Professional Corporation, Defendants.	Case No. CV026192 **COMPLAINT FOR BREACH OF PROMISSORY NOTE, MONEY HAD AND RECEIVED, AND QUANTUM MERUIT** THE CASE HAS BEEN ASSIGNED TO JUDGE CARTER P HOLLY IN DEPARTMENT 42 FOR ALL PURPOSES INCLUDING TRIAL

Plaintiff ORTHODONTIC CENTERS OF CALIFORNIA, INC. ("Plaintiff") alleges as follows:

ALLEGATIONS COMMON TO ALL CAUSES OF ACTION

1. Plaintiff is a Delaware corporation that maintains its principal place of business in Metairie, Louisiana. OCA, INC. (formerly known as Orthodontic Centers of America, Inc.) ("OCA") is a Delaware corporation that maintains its principal place of business in Metairie, Louisiana. Plaintiff is a wholly-owned subsidiary of OCA, formed for the specific purpose of doing business in California, and authorized to do business in California.

///

THE ANNEXED INSTRUMENT IS A CORRECT COPY OF THE ORIGINAL ON FILE IN MY OFFICE.
CAUTION: SEAL MUST BE IN PURPLE.
ATTEST AUG 25 2006
ROSA JUNQUEIRO
Clerk of the Superior Court in and for the County of San Joaquin State of California
By _____ Deputy

EXHIBIT N

2. Defendant DAVID C. HOBSON, D.D.S., M.S., is an individual of the age of majority who, upon information and belief, is domiciled in the State of California, County of San Joaquin.

3. Defendant D. C. HOBSON, DDS, MS, a Professional Corporation, is a California professional corporation formed and owned by Defendant DAVID C. HOBSON, D.D.S., M.S. for the purpose of affiliating with Plaintiff and OCA (which affiliation took place in October of 2000), and maintaining its principal place of business in the State of California, County of San Joaquin.

4. Venue in this action is proper in the County of San Joaquin because the defendants reside in the County of San Joaquin, the contracts referenced below were to be performed in the County of San Joaquin, and the obligations (and breach thereof) described below arose in said County.

5. On or about October 16, 2000 and November 10, 2000, Plaintiff, OCA, and Defendants entered into a series of agreements, including three written promissory notes, as part of one consolidated transaction, whereby Defendants agreed to pay various sums to Plaintiff and OCA in exchange for the latters' assumption of debt on Defendants' behalves and provide orthodontic practice management services to Defendants. These promissory notes were executed by Defendants, for valuable consideration, in favor of Plaintiff and OCA, in the amount of $15,753.00, $5,000.00, and $50,444.30, respectively, with interest on the unpaid principal balances at the rate of 10.25 percent per annum (on the $15,753 and $5,000 notes) and 11 percent per annum (on the $50,444.30 note), respectively. Although the notes were executed as part of one consolidated transaction, they were structured for convenience with OCA as payee on one of three notes and Plaintiff as payee on the remaining two notes. Each of the three notes was payable in sixty (60) consecutive monthly installments commencing on November 1, 2000 (as to the $15,753 and $5,000 notes) and December 31, 2000 (as to the $50,444.30 note), respectively, and continuing monthly thereafter until principal and interest were paid in full. All sums payable under the promissory notes were to be made payable to Plaintiff or OCA. Each promissory note

provides that in the event of a default thereunder, the entire unpaid principal balance on the note, together with accrued interest, becomes immediately due and payable.

6. On April 6, 2005, OCA assigned to Plaintiff all rights, title, and interest that OCA had in the promissory notes.

I.

FIRST CAUSE OF ACTION

(Breach of Promissory Notes)

7. Plaintiff hereby realleges and reincorporates Paragraphs 1 through 6 of this Complaint as though fully set forth herein.

8. Plaintiff and OCA have performed all duties required under each of the promissory notes described in Paragraph 5, above.

9. Pursuant to the terms of the promissory notes, Defendants made various of the monthly payments called for thereunder, but discontinued making payments after the payments made in April, 2002.

10. In the course of proceedings in the case entitled Hobson, et al., v. Orthodontic Centers of America, Inc., et al (United District Court for the Eastern District of California, Case No. S-02-0886 WBS PAN), Plaintiff herein repeatedly made demand upon for Defendants for payment of the outstanding sums due on the promissory notes and, in open court, Defendants admitted that they were obligated to pay the remaining sums due on said notes.

11. Also, by letter dated August 17, 2004, Plaintiff provided further notice of Defendants' default on the promissory notes, and demanded full payment of the remaining outstanding sums.

12. Since the above-described demands for payment, Defendants have made no further payments of the sums due under the promissory notes.

///

///

///

///

WILKE, FLEURY, HOFFELT, GOULD & BIRNEY, LLP
ATTORNEYS AT LAW
SACRAMENTO

13. Defendants refused and continue to refuse to pay their remaining obligations under the promissory notes, and the following sums are currently due, owing and unpaid from Defendants to Plaintiff:

(a) On the $15,753 promissory note, the accelerated principal sum of $13,870.80 together with interest thereon at the rate of 10.25 percent per annum from April 1, 2002 to the date of judgment;

(b) On the $5,000 promissory note, the accelerated principal sum of $4,402.59 together with interest thereon at the rate of 10.25 percent per annum from April 1, 2002 to the date of judgment;

(c) On the $50,444.30 promissory note, the accelerated principal sum of $44,521.04 together with interest thereon at the rate of 11 percent per annum from April 1, 2002 to the date of judgment;

14. Each promissory note provides that attorneys' fees and costs are to be awarded to Plaintiff in connection with collection or enforcement of said note.

WHEREFORE, Plaintiff prays for judgment as hereinafter set forth.

II.

SECOND CAUSE OF ACTION

(Money Had And Received)

15. Plaintiff hereby realleges and reincorporates paragraphs 1 through 14 of this Complaint as though fully set forth herein.

16. Defendants are in possession of monetary sums for the use and benefit of Plaintiff which in equity and good conscience should be turned over to Plaintiff. In connection with the execution of the promissory notes referenced above, Plaintiff and OCA paid to Defendants the sum of $71,197.30. As a result of this payment, Defendants were conferred with a significant economic benefit by virtue of Plaintiff's conduct.

17. Defendants knowingly accepted the benefits conferred upon them by Plaintiff and OCA (to wit, the aforementioned monetary payments), and promised to pay Plaintiff and OCA

the reasonable value of the consideration provided by Plaintiff. However, Defendants have not fully paid Plaintiff or OCA the reasonable value for this consideration.

18. If one or more of the promissory notes referenced above is declared invalid for any reason, which invalidity is specifically denied by Plaintiff, Plaintiff is nevertheless entitled to full and fair compensation from Defendants for the unpaid value of the consideration provided to Defendants, in the amount of $62,794.43, plus available interest.

WHEREFORE, Plaintiff prays for judgment as hereinafter set forth.

III.

THIRD CAUSE OF ACTION

(Quantum Meruit)

19. Plaintiff hereby realleges and reincorporates Paragraphs 1 through 18 of this Complaint as though fully set forth herein.

20. As a result of the consideration provided to Defendants by Plaintiff and OCA (discussed in Paragraph 5, above), Defendants were conferred with a significant economic benefit in the form of monetary consideration paid by Plaintiff and OCA.

21. Defendants knowingly accepted the benefits conferred upon them by Plaintiff and OCA (to wit, the aforementioned monetary payments), and promised to pay Plaintiff and OCA the reasonable value of the consideration provided to Defendants. However, Defendants have not fully paid Plaintiff and OCA the reasonable value of this consideration.

22. If one or more of the promissory notes referenced above is declared invalid for any reason, which invalidity is specifically denied by Plaintiff, Plaintiff is nevertheless entitled to full and fair compensation from Defendants for the unpaid value of the consideration provided to Defendants in an amount according to proof at trial, but in excess of the minimum jurisdictional amount of this Court.

WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

On the First Cause of Action:

1. For the principal sum of $13,870.80, plus interest at the rate of 10.25 percent per annum from April 1, 2002 until the entry of judgment;

WILKE, FLEURY, HOFFELT, GOULD & BIRNEY, LLP
ATTORNEYS AT LAW
SACRAMENTO

2. For the principal sum of $4,402.59, plus interest at the rate of 10.25 percent per annum from April 1, 2002 until the entry of judgment;

3. For the principal sum of $44,521.04, plus interest at the rate of 11 percent per annum from April 1, 2002 until the entry of judgment;

4. For reasonable attorneys' fees incurred herein;

5. For costs and expenses of suit incurred herein; and

6. For such other and further relief as the Court may deem proper and just.

On the Second Cause of Action:

1. For compensatory damages in the amount of $62,794.43, plus available interest, or an amount according to proof at trial, but in any event in excess of the minimum jurisdictional amount of this Court;

2. For costs and expenses of suit incurred herein; and

3. For such other and further relief as the Court may deem proper and just.

On the Third Cause of Action:

1. For compensatory damages in an amount according to proof at trial, but in any event in excess of the minimum jurisdictional amount of this Court;

2. For costs and expenses of suit incurred herein; and

3. For such other and further relief as the Court may deem proper and just.

DATED: April 7, 2005

WILKE, FLEURY, HOFFELT, GOULD & BIRNEY, LLP

By: _____

DANIEL L. BAXTER
Attorneys for Plaintiff
ORTHODONTIC CENTERS OF CALIFORNIA, INC.

IMANAGE:147657.1

Matthew C. Bradford, Esq. – SBN 196798
LAW OFFICES OF MARC B. ROBINSON
3255 W. March Lane, Suite 230
Stockton, CA 95219
Phone/Fax: (209) 954-9001 / 9091

Attorneys for Defendants
DAVID C. HOBSON, D.D.S., M.S., and
D.C. HOBSON, DDS, MS, a Professional Corporation

05 MAY 17 PM 12:26
ROSA JUNQUEIRO, CLERK
Mary Frances Bilger DEPUTY
2005051711014
$586.40

SUPERIOR COURT OF CALIFORNIA,
COUNTY OF SAN JOAQUIN

-o0o-

ORTHODONTIC CENTERS OF CALIFORNIA, INC.,

Plaintiff,

-vs-

DAVID C. HOBSON, D.D.S., M.S., and D.C. HOBSON, DDS, MS, a Professional Corporation,

Defendants.

CASE NO. CV 026192

ANSWER TO COMPLAINT FOR BREACH OF PROMISSORY NOTE, MONEY HAD AND RECEIVED, AND QUANTUM MERUIT

Defendants, DAVID C. HOBSON, D.D.S., M.S., and D.C. HOBSON, DDS, MS, a Professional Corporation (collectively hereinafter "Hobson"), answer the Complaint as follows:

Pursuant to the provisions of Section 431.30 subparagraph (d) of the California Code of Civil Procedure, Hobson denies generally and specifically each, every, any, and all of the allegations contained in said Complaint, and specifically denies that he did or failed to do anything which in any way caused or contributed to the event, episode, accident, or damages, if any, of the plaintiff; Hobson denies that plaintiff is entitled to damages in any amount under any theory of liability as to Hobson.

THE ANNEXED INSTRUMENT IS A CORRECT COPY
OF THE ORIGINAL ON FILE IN MY OFFICE.
CAUTION: SEAL MUST BE IN PURPLE.
ATTEST AUG 25 2006
ROSA JUNQUEIRO Clerk of the Superior Court in and for the County of San Joaquin State of California
By _____ Deputy

/ / /

/ / /

EXHIBIT O

FIRST AFFIRMATIVE DEFENSE

Plaintiff's Complaint, and each cause of action alleged therein, fails to state a cause of action against Hobson.

SECOND AFFIRMATIVE DEFENSE

Plaintiff breached the "consolidated transaction" referred to in paragraph five of the Complaint and on that basis Plaintiff cannot be awarded breach of contract damages.

THIRD AFFIRMATIVE DEFENSE

The alleged damages of which plaintiff complains resulted from plaintiff's own conduct, or the conduct of persons whose negligence is imputed to plaintiff, or others unknown to Hobson and not from any act or omission on the part of Hobson.

FOURTH AFFIRMATIVE DEFENSE

Plaintiff voluntarily assumed the specific risk of any and all damages of which plaintiff complains resulting by reason of plaintiff's own actions or failure to act at the time and place referred to in the Complaint.

FIFTH AFFIRMATIVE DEFENSE

By reason of Hobson's victory against plaintiff and its parent corporation OCA, Inc. (formerly known as Orthodontic Centers of America, Inc.) in the matter of *David C. Hobson, et al, v. Orthodontic Centers of America, Inc., et al,* United States District Court for the Eastern District of California, Case No. CIV.S-02-886 WBS/PAN, on Hobson's breach of contract claim and plaintiff's and OCA's breach of contract claim arising out of the "consolidated transaction" referred to in paragraph five of the complaint, Hobson is the judgment creditor of plaintiff and OCA, Inc. in an amount far in excess of the amount of the promissory notes at issue in the present case. Although Hobson offered to credit plaintiff and OCA, Inc. for the remaining amount of the promissory notes with interest against the amounts that plaintiff and OCA, Inc. owe Hobson, plaintiff and OCA, Inc. have refused and have instead pursued this frivolous and abusive litigation which is wholly consistent with their prior conduct. On this basis, plaintiff should be denied all relief requested in the complaint, and/or in the alternative, plaintiff should not be awarded attorney's fees and/or interest.

SIXTH AFFIRMATIVE DEFENSE

Should plaintiff recover damages against Hobson, Hobson is entitled to have the amount abated, reduced, or eliminated to the extent plaintiff's conduct caused or contributed to its damages, if any, and to the extent that Plaintiff owes Hobson sums.

SEVENTH AFFIRMATIVE DEFENSE

Should plaintiff recover damages against Hobson, Hobson is entitled to have the amount abated, reduced, or eliminated to the extent plaintiff's alleged damages resulted from the negligence of any person, whether a party to this lawsuit or not.

EIGHTH AFFIRMATIVE DEFENSE

Plaintiff and others were negligent and careless in and about the matters referred to in the Complaint and that negligence and carelessness proximately caused and contributed to any damage or loss sustained by plaintiff herein. As a consequence, the liability of Hobson, if any, to plaintiff herein must be adjudicated, allocated and limited solely to the percentage of fault or responsibility, or the several liability, if any, attributable to Hobson.

NINTH AFFIRMATIVE DEFENSE

Hobson alleges that plaintiff's claims for attorney's fees are not properly recoverable under the theories proffered in the Complaint.

TENTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred by virtue of plaintiff's unclean hands with regard to the matters at issue.

ELEVENTH AFFIRMATIVE DEFENSE

The within action is barred by the applicable statute of limitations as set forth in Code of Civil Procedure Sections 337, 338, 339, 340, and 344.

TWELFTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred by operation of the doctrine of laches.

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THIRTEENTH AFFIRMATIVE DEFENSE

Plaintiff's rights and claims against Hobson, if any, are barred in whole or in part by the doctrines of waiver and/or estoppel.

FOURTEENTH AFFIRMATIVE DEFENSE

Hobson is informed and believes that by reason of plaintiff's actions with respect to the matters and things set forth in the Complaint, plaintiff knowingly and voluntarily waived any right to seek relief or claim damages against Hobson; said waiver operates as a bar to plaintiff's claims for relief herein.

FIFTEENTH AFFIRMATIVE DEFENSE

Plaintiff has not been damaged, nor will it be, in the amount alleged or in any amount or at all through the conduct of Hobson.

SIXTEENTH AFFIRMATIVE DEFENSE

Plaintiff failed to mitigate its damages in this matter and, accordingly, Hobson is entitled to a set-off for those damages which plaintiff failed to mitigate.

SEVENTEENTH AFFIRMATIVE DEFENSE

Prior to commencement of this action, Hobson duly performed, satisfied, and reasonably discharged all duties and obligations it may have owed to plaintiff arising out of any and all agreements, representations, or contracts made by or on behalf of Hobson, and the related claims are therefore barred by the provisions of California Civil Code Section 1473.

EIGHTEENTH AFFIRMATIVE DEFENSE

Hobson is informed and believes and thereon alleges that plaintiff, or its agents, failed to preserve evidence and by way of spoliation of evidence, plaintiff and its agents have prevented and/or precluded Hobson from properly investigating and preparing an adequate defense to the matters herein alleged, all to Hobson's irreparable damage, thereby and thereon providing a legal basis for relief, including, but not limited to, an order barring introduction of evidence concerning any alleged defect in the subject property which may have existed.

///

///

NINETEENTH AFFIRMATIVE DEFENSE

If it is determined that Hobson failed to perform one or more obligations under any contract or agreement, performance of each obligation as aforesaid was excused due to impossibility or impracticality.

WHEREFORE, defendants pray judgment as follows:

1. That plaintiff take nothing by the Complaint;
2. That Hobson be dismissed from the Complaint with prejudice;
3. For costs of suit herein incurred;
4. For attorneys' fees; and
5. For such other and further relief as the Court deems necessary and proper.

Dated: May 16, 2005

LAW OFFICES OF MARC B. ROBINSON

By: _____
Matthew C. Bradford
Attorneys for Defendants DAVID C. HOBSON, D.D.S., M.S., and D.C. HOBSON, DDS, MS, a Professional Corporation

PROOF OF SERVICE

Case Name : OCA v. David Hobson
Court/Case No. : CV 026192

I, the undersigned, certify and declare as follows: I am over the age of eighteen years and not a party to this action. My business address is 3255 W. March Lane, Suite 230, Stockton, California 95219, which is located in the county where the mailing and/or delivery below took place.

On 5-16-05, I served the following document(s):

ANSWER TO COMPLAINT FOR BREACH OF PROMISSORY NOTE, MONEY HAD AND RECEIVED, AND QUANTUM MERUIT

in said cause, by placing a true copy thereof, enclosed in a sealed envelope, addressed and served as follows:

	BY PERSONALLY DEPOSITING THE MAIL: On the date specified above, I deposited in the mail at the place specified above a copy of the document described above in a sealed envelope, with postage fully prepaid addressed to the individuals and/or to the offices of the addressee(s) below.
X	**BY BUSINESS PRACTICE TO ENTRUST DEPOSIT TO OTHERS:** I am readily familiar with the business practice at my place of business for collection and processing of correspondence for mailing with the United States Postal Service. Correspondence so collected and processed is deposited with the United States Postal Service that same day in the ordinary course of business. On the date specified below, at my place of business at Stockton, California, a copy of the document described above was placed for deposit in the United States Postal Service mailbox in a sealed envelope, with postage fully prepaid addressed to the individuals and/or to the offices of the addressee(s) below, and that envelope was placed for collection and mailing on that date following ordinary business practice.
	BY EXPRESS SERVICE CARRIER: On the date specified below, I deposited in a box or other facility regularly maintained by Federal Express, United Parcel Service or other express service carrier, or delivered to a courier or driver authorized by said express service carrier to receive documents, a copy of the document mentioned above, in an envelope designed by the said express service carrier, with delivery fees paid or provided for addressed to the individuals and/or to the offices of the addressee(s) below..
	BY PERSONAL SERVICE: On the date specified below, I caused such envelope to be delivered by hand, addressed to the individuals and/or to the offices of the addressee(s) below.
	BY FAX TRANSMISSION: On the date specified below, I transmitted from a facsimile transmission machine the documents described above addressed to the individuals and/or to the offices of the addressee(s) below. The above-described transmission was reported as complete without error by a transmission issued by the facsimile transmission machine upon which the said transmission was immediately following the transmission to the individuals and/or to the offices of the addressee(s) below.

Daniel Baxter
Wilke, Fleury, Hoffelt, Gould, Birney, LLP
400 Capitol Mall, 22nd Floor
Sacramento, CA 95814
Phone: (916) 441-2430
Fax: (916) 442-6664

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on 5-16-05 at Stockton, California.

Deanne Muster

FORM B10 (Official Form 10) (10/05)

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF LOUISIANA

PROOF OF CLAIM

Name of Debtor	Case Number
OCA, Inc., et al.	06-10179 B

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (The person or other entity to whom the debtor owes money or property):
David C. Hobson, DDS, and D.C. Hobson, DDS, M.S., a professional corp,

Name and address where notices should be sent:
c/o Jason E. Rios, Esq.
Downey Brand LLP
555 Capitol Mall, 10th Floor
Sacramento, CA 95814
Telephone number: (916) 444-1000

- [ ] Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
- [ ] Check box if you have never received any notices from the bankruptcy court in this case.
- [X] Check box if the address differs from the address on the envelope sent to you by the court.

THIS SPACE IS FOR COURT USE ONLY

Last four digits of account or other number by which creditor identifies debtor:
34257.00003

Check here if this claim [ ] replaces [ ] amends a previously filed claim, dated: _____

1. Basis for Claim
- [ ] Goods sold
- [ ] Services performed
- [ ] Money loaned
- [ ] Personal injury/wrongful death
- [ ] Taxes
- [X] Other See attached

- [ ] Retiree benefits as defined in 11 U.S.C. § 1114(a)
- [ ] Wages, salaries, and compensation (fill out below)

Last four digits of your SS #: _____
Unpaid compensation for services performed
from _____ (date) to _____ (date)

2. Date debt was incurred:

3. If court judgment, date obtained:
September 14,2004, November 30, 2004 and April 20, 2005.

4. Classification of claim. Check the appropriate box or boxes that best describe your claim and state the amount of the claim at the time case filed See reverse side for important explanations.

Unsecured Nonpriority Claim $ to be determined
- [ ] Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or if c) none or only part of your claim is entitled to priority.

Unsecured Priority Claim.
- [ ] Check this box if you have an unsecured claim, all or part of which is entitled to priority.

Amount entitled to priority $ _____
Specify the priority of the claim:
- [ ] Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B)
- [ ] Wages, salaries, or commissions (up to $10,000),* earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4).
- [ ] Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).

Secured Claim.
- [X] Check this box if your claim is secured by collateral (including a right of setoff).

Brief Description of Collateral:
- [X] Real Estate [ ] Motor Vehicle
- [X] Other See attached

Value of Collateral: $ See attached
Amount of arrearage and other charges at time case filed included in secured claim, if any: $ _____

- [ ] Up to $2,225* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7).
- [ ] Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
- [ ] Other - Specify applicable paragraph of 11 U.S.C. § 507(a) (_____).

Amounts are subject to adjustment on 4/1/07 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

5. Total Amount of Claim at Time Case Filed:

$ To be determined	415,470.34	_____	415,470.34
(unsecured)	(secured)	(priority)	(Total)

- [X] Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

6. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

7. Supporting Documents: *Attach copies of supporting documents,* such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

8. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim

THIS SPACE IS FOR COURT USE ONLY

C-169

Date May 16, 2006

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
Jason E. Rios, Attorney for Claimant

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

EXHIBIT P

B10

ATTACHMENT TO PROOF OF CLAIM FORM

Hobson, on the one hand, and OCA, Inc. formerly known as Orthodontic Centers of America, Inc. ("OCA") and Orthodontic Centers of California, Inc. ("OCC"), on the other hand, are parties to certain litigation currently pending on appeal in the Ninth Circuit Court of Appeals, Appellate Case Numbers 05-15105 and 05-15857 (the "Federal Action").

Hobson commenced the underlying complaint in the Federal Action against OCA and OCC in 2002 in the United States District Court for the Eastern District of California (the "District Court") seeking (1) declaratory relief, (2) breach of contract, (3) breach of fiduciary duty, (4) unfair business practices, and (5) money had and received. Hobson's claims related to a Business Services Agreement entered by Hobson with OCA and OCC dated October 17, 2000. OCA and OCC counterclaimed against Hobson to enforce the Business Services Agreement and certain other alleged obligations for rent and furniture expenses.

After a three week jury trial, the District Court entered a judgment awarding Hobson breach of contract damages in the amount of $82,594 and the right to purchase his furniture, fixtures and equipment from OCA and OCC for a price of $106,828. The District Court also awarded OCA and OCC restitution for the rent it paid on Hobson's behalf on Hobson's offices during the litigation. (See Amended Judgment of September 14, 2004 attached hereto as Exhibit A). The judgment also awarded Hobson his attorneys fees in the amount of $485,022.00. (See Memorandum and Order Re: Attorney's Fees and Costs of November 30, 2004 attached hereto as Exhibit B). The net judgment in favor of Hobson and against OCA and OCC was $266,288.00 after the court's offset in the Judgment. (See Memorandum and Order Re: Stay of Enforcement of Judgment attached hereto as Exhibit C). In addition, the District Court awarded Hobson $96,727.79 in costs against the OCA and OCC so that Hobson's total judgment against OCA and OCC is $363,015.79 plus interest, costs and attorney's fees have accrued and that continue to accrue. (See Order Re: Costs attached hereto as Exhibit D). As of the Petition Date, the Judgment with accrued interest totaled $374,470.34 and Hobson had accrued additional attorney's fees of approximately $41,000. Thus, the total amount due to Hobson as of the Petition Date was $415,470.34.

OCA and OCC appealed the award of attorneys fees and the award of costs in favor of Hobson and against the Debtors. This appeal is pending before the Ninth Circuit Court of Appeals, Appellate Case Numbers 05-15105 and 05-15857. OCA and OCC filed their opening brief and Hobson filed his respondent's brief prior to the Debtors' bankruptcy case.

Also prior to filing bankruptcy, a Supersedeas Bond was posted by Fidelity and Deposit Company of Maryland as Surety in the amount of $332,860 (the "Bond") in favor of Hobson to secure Hobson's ability to collect on his Judgment for attorneys' fees and costs (the "Monetary Award"). (See Supersedeas Bond No. 08398438 attached hereto as Exhibit E).

On January 6, 2005, Hobson filed an Abstract of Judgment against OCA and OCC in San Joaquin County, California. A copy of the Abstract of Judgment is attached hereto as Exhibit F.

On January 11, 2005, Hobson recorded a Notice of Judgment Lien with the California Secretary of State against OCA and OCC. A copy of the Notice of Judgment Lien is attached hereto as Exhibit G.

On August 5, 2005, Hobson recorded a Notice of Judgment Lien with the California Secretary of State against OCA, OCC and OCA, Inc. A copy of the Notice of Judgment Lien is attached hereto as Exhibit H.

On April 11, 2005, OCC filed a lawsuit against David C. Hobson, D.D.S., M.S., and D.C. Hobson, D.D.S., M.S., a professional corporation in the Superior Court for the County of San Joaquin, California, Case Number CV026192 (the "State Court Action"). OCC's complaint in the State Court Action (the "Complaint") alleges that Hobson executed three promissory notes payable to OCC. The Complaint alleges one note dated October 16, 2000, in the principal amount of $15,753 with 10.25% interest payable in 60 monthly payments of equal amount to OCC and Orthodontic Centers of America, Inc. ("OCA"). The Complaint alleges a second note dated October 16, 2000 in the principal amount of $5,000 with 10.25% interest payable in 60 monthly payments to OCC and OCA. The Complaint alleges a third note dated November 10, 2000 in the principal amount of $50,444.30 with 11% interest payable in 60 monthly payments of $1,096.78 to OCA. The Complaint further alleges that OCA assigned all of its interests in the three notes to OCC and that Hobson breached the promissory notes with a combined principal balance of $62,794.43 remaining due at the time of the breach. The Complaint asserts causes of action for breach of three promissory notes, quantum meruit and money had and received and seeks a judgment for the principal balance due under the promissory note, interest, attorneys' fees and costs.

Hobson filed an answer to the Complaint on May 17, 2005 which included the right of setoff as an affirmative defense.

As provided above, Hobson asserts a secured claim against Orthodontic Centers of California, Inc. and OCA, Inc., for at least $415,470.34, plus attorneys' fees and costs which continue to accrue. Hobson's claim is secured by the Supersedeas Bond, the Abstract of Judgment, and all real property attached by the Abstract, the judgment liens and all personal property attached by the judgment and the right of setoff.

FORM B10 (Official Form 10) (10/05)

UNITED STATES BANKRUPTCY COURT EASTERN DISTRICT OF LOUISIANA

PROOF OF CLAIM

Name of Debtor	Case Number
Orthodontic Centers of California, Inc.	06-10183

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (The person or other entity to whom the debtor owes money or property):
David C. Hobson, DDS and D.C. Hobson, DDS, MS, a professional corporation

Name and address where notices should be sent:
c/o Jason E. Rios, Esq.
Downey Brand LLP
555 Capitol Mall, 10th Floor
Sacramento, CA 95814
Telephone number: (916) 444-1000

- [ ] Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
- [ ] Check box if you have never received any notices from the bankruptcy court in this case.
- [X] Check box if the address differs from the address on the envelope sent to you by the court.

THIS SPACE IS FOR COURT USE ONLY

Last four digits of account or other number by which creditor identifies debtor:
34257.00003

Check here if this claim [ ] replaces [ ] amends a previously filed claim, dated: _____

1. Basis for Claim
- [ ] Goods sold
- [ ] Services performed
- [ ] Money loaned
- [ ] Personal injury/wrongful death
- [ ] Taxes
- [X] Other See attachment
- [ ] Retiree benefits as defined in 11 U.S.C. § 1114(a)
- [ ] Wages, salaries, and compensation (fill out below)

Last four digits of your SS #: _____
Unpaid compensation for services performed from _____ (date) to _____ (date)

2. Date debt was incurred:

3. If court judgment, date obtained:
September 14, 2004, November 30, 2004 and April 20, 2005

4. Classification of claim. Check the appropriate box or boxes that best describe your claim and state the amount of the claim at the time case filed. See reverse side for important explanations.

Unsecured Nonpriority Claim $ To be determined
- [ ] Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or if c) none or only part of your claim is entitled to priority.

Unsecured Priority Claim.
- [ ] Check this box if you have an unsecured claim, all or part of which is entitled to priority.

Amount entitled to priority $ _____
Specify the priority of the claim:
- [ ] Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B)
- [ ] Wages, salaries, or commissions (up to $10,000),* earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4).
- [ ] Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).

Secured Claim.
- [X] Check this box if your claim is secured by collateral (including a right of setoff).

Brief Description of Collateral:
- [X] Real Estate [ ] Motor Vehicle
- [X] Other See attachment

Value of Collateral: $ See attachment
Amount of arrearage and other charges at time case filed included in secured claim, if any: $ _____

- [ ] Up to $2,225* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7).
- [ ] Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
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Amounts are subject to adjustment on 4/1/07 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

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$ To be determined	415,470.34	_____	415,470.34
(unsecured)	(secured)	(priority)	(Total)

- [X] Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

6. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

7. Supporting Documents: *Attach copies of supporting documents,* such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

8. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim

THIS SPACE IS FOR COURT USE ONLY

C-3

Date May 16, 2006

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
Jason E. Rios, Attorney for Claimant

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

EXHIBIT Q

B10

ATTACHMENT TO PROOF OF CLAIM FORM

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OCA and OCC appealed the award of attorneys fees and the award of costs in favor of Hobson and against the Debtors. This appeal is pending before the Ninth Circuit Court of Appeals, Appellate Case Numbers 05-15105 and 05-15857. OCA and OCC filed their opening brief and Hobson filed his respondent's brief prior to the Debtors' bankruptcy case.

Also prior to filing bankruptcy, a Supersedeas Bond was posted by Fidelity and Deposit Company of Maryland as Surety in the amount of $332,860 (the "Bond") in favor of Hobson to secure Hobson's ability to collect on his Judgment for attorneys' fees and costs (the "Monetary Award"). (See Supersedeas Bond No. 08398438 attached hereto as Exhibit E).

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On January 11, 2005, Hobson recorded a Notice of Judgment Lien with the California Secretary of State against OCA and OCC. A copy of the Notice of Judgment Line is attached hereto as Exhibit G.

On August 5, 2005, Hobson recorded a Notice of Judgment Lien with the California Secretary of State against OCA, OCC and OCA, Inc. A copy of the Notice of Judgment Lien is attached hereto as Exhibit H.

On April 11, 2005, OCC filed a lawsuit against David C. Hobson, D.D.S., M.S., and D.C. Hobson, D.D.S., M.S., a professional corporation in the Superior Court for the County of San Joaquin, California, Case Number CV026192 (the "State Court Action"). OCC's complaint in the State Court Action (the "Complaint") alleges that Hobson executed three promissory notes payable to OCC. The Complaint alleges one note dated October 16, 2000, in the principal amount of $15,753 with 10.25% interest payable in 60 monthly payments of equal amount to OCC and Orthodontic Centers of America, Inc. ("OCA"). The Complaint alleges a second note dated October 16, 2000 in the principal amount of $5,000 with 10.25% interest payable in 60 monthly payments to OCC and OCA. The Complaint alleges a third note dated November 10, 2000 in the principal amount of $50,444.30 with 11% interest payable in 60 monthly payments of $1,096.78 to OCA. The Complaint further alleges that OCA assigned all of its interests in the three notes to OCC and that Hobson breached the promissory notes with a combined principal balance of $62,794.43 remaining due at the time of the breach. The Complaint asserts causes of action for breach of three promissory notes, quantum meruit and money had and received and seeks a judgment for the principal balance due under the promissory note, interest, attorneys' fees and costs.

Hobson filed an answer to the Complaint on May 17, 2005 which included the right of setoff as an affirmative defense.

As provided above, Hobson asserts a secured claim against Orthodontic Centers of California, Inc. and OCA, Inc., for at least $415,470.34, plus attorneys' fees and costs which continue to accrue. Hobson's claim is secured by the Supersedeas Bond, the Abstract of Judgment, and all real property attached by the Abstract, the judgment liens and all personal property attached by the judgment and the right of setoff.