

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re	)	Chapter 11 Cases
	)	
Adelphia Communications Corp., <u>et al.</u> ,	)	Case No. 02-41729 (REG)
	)	
Debtors.	)	Jointly Administered
_____	)	

**FINAL APPLICATION OF CHICAGO PARTNERS, LLC,  
FOR COMPENSATION FOR SERVICES RENDERED AND  
REIMBURSEMENT OF EXPENSES INCURRED FROM  
JULY 24, 2006 THROUGH FEBRUARY 13, 2007**

TO THE HONORABLE ROBERT E. GERBER,  
UNITED STATES BANKRUPTCY JUDGE:

CHICAGO PARTNERS, LLC ("CP"), in support of its final application for allowance of compensation for professional services rendered and reimbursement of expenses incurred from July 24, 2006 through February 13, 2007, respectfully represents:

**INTRODUCTORY STATEMENT**

1. By this application for final compensation filed by Chicago Partners, LLC, CP requests that this Court authorize: (a) compensation for professional services rendered in the amount of \$2,361,154.00 and (b) the reimbursement of expenses CP incurred in connection with the rendering of such professional services in the amount of \$144,257.84 for the period of July 24, 2006 through February 13, 2007, pursuant to sections 330, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of Bankruptcy Code, or as otherwise provided in the Plan, in connection with the Adelphia Case, other than Settlement Party Fee Claims (as defined in the Plan).

**FEE COMMITTEE FACTORS FOR DETERMINING WHETHER FEES AND REIMBURSEMENT OF EXPENSES SOUGHT IN FINAL APPLICATIONS ARE REASONABLE**

2. As required by the Fee Committee of Adelpia Communications Corporation, et al, below is a discussion of the thirteen “reasonableness factors” outlined in the Fee Committee’s Final Compensation Procedures.

**Factor 1. The Final Applicant’s role, objectives, and accomplishments in the Adelpia Case:**

3. CP’s primary role in the Adelpia Case was to provide expert and consulting services to the Debtor regarding the claim that its auditor, Deloitte and Touche, LLP (“Deloitte”), failed to audit Adelpia’s financial statements in accordance with Generally Accepted Auditing Standards (“GAAS”). CP’s primary objective in the Adelpia Case was to prepare an expert report in support of the Deetz opinions with respect to the aforementioned claim.

4. CP’s primary accomplishments include the issuance of a liability expert report by Gene L. Deetz on October 30, 2006, (“Deetz Expert Report”), preparation for and expert deposition testimony by Mr. Deetz on January 22 and 23, 2007, and work on an expert rebuttal report on Deloitte’s alleged claim of audit interference by Mr. Deetz, which was completed on March 22, 2007.

5. In addition CP provided consulting services to assist Dechert, LLP (“Dechert”) with preparation for the deposition of Thomas Garrett, the lead partner responsible for PriceWaterhouseCoopers’ audit of Adelpia’s restated financial statements; the preparation of interrogatories in this matter; and damages consulting and support relating to a rebuttal damages report issued on March 22, 2007 by Dr. Mukesh

Bajaj, which included the review and analysis of Adelphia (Craig T. Elson) and Deloitte (Daniel R. Fischel and William H. Beaver) expert reports on damages as a result of Deloitte's audits. See the First (and, to date, only) Interim Application of Chicago Partners, LLC for a more detailed explanation of services provided.

**Factor 2. The time billed for the services and the billing rates:**

6. For the period July 24, 2006 through February 13, 2007, CP billed 7,482.8 hours and \$2,361,154.00 in hourly fees, as well as \$144,257.84 in expenses. (CP wrote off \$11,731.50 for transitory timekeepers, \$237.50 for administrative time, and \$10,085.06 in expenses.) See schedules 2 through 4, which accompany CP's First Interim Application, for a more detailed explanation of fees and expenses.

7. The billing rates in this matter for the period July 24, 2006 through February 13, 2007 were as follows:

- Executive Consultant \$500
- Principal \$450 to \$460<sup>1</sup>
- Vice President \$425
- Director \$350 to \$400
- Senior Consultant \$275 to \$350
- Consultant \$250 to \$300
- Associate \$185 to \$250
- Research Analyst \$115 to \$230

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<sup>1</sup> These rates, for example, are less than CP's standard rates. Testimonial Expert Deetz's regular rate is \$550 per hour.

- Executive Assistant           \$95
- Paraprofessional               \$95

**Factor 3. Steps taken by the Final Applicant to provide services solely within their scope of employment, as prescribed by their respective retention orders:**

8. CP's major projects consisted of the preparation of expert reports and deposition testimony. This work is squarely within the scope of our retention. Additionally, CP held frequent discussions with Dechert to review the work, the status of our projects and any unusual issues that we encountered. We also prepared budgets and submitted them to counsel for review. Budgets were revised as needed to reflect changes in the scope of our work.

**Factor 4. Coordination of the Final Applicant's services with those of other professionals in the Adelphia Case to limit or prevent duplication of work being done:**

9. CP's services were coordinated with the services of other professionals in the Adelphia Case to limit or prevent duplication of work being done. The key service providers (Gene Deetz and Peter Logrieco), joined CP in late July 2006 from LECG, LLC ("LECG"). These individuals were directly involved in supervising and coordinating the liability analyses prepared by LECG in this matter, and determined, because it was most cost efficient, that CP would build upon the work performed by LECG to finalize the analyses of co-borrowing activity, the direct placements of Adelphia securities to the Rigases, the identification of material related party transactions, the netting of affiliate receivables and payables, and earnings manipulations.

10. In addition, many of the analyses presented in the Deetz Expert Report were relied on by other Adelpia experts in this matter. Mark I. Murovitz, for example, relied on CP analyses in his expert liability report and Craig T. Elson relied on CP analyses in his expert damages report.

**Factor 5. Whether the services were necessary to the administration of, or beneficial at the time at which the services were rendered:**

11. CP believes that all of its services from July 24, 2006 to February 13, 2007 were necessary and beneficial to the Adelpia Case at the time these services were rendered. Deetz and CP's expert services relating to the preparation of the Deetz Expert Report, related deposition testimony and Deetz Rebuttal Reports were necessary in order for Adelpia to proceed with the litigation against Deloitte. CP's expertise in accounting and auditing was requested by Adelpia's counsel to assist them in deposing witnesses about the relevant accounting and auditing issues in this case. Finally, CP's knowledge of the facts of this case was a significant aid to Dr. Mukesh Bajaj (rebuttal damages expert) who was working under a tight report deadline.

**Factor 6. Whether the services were performed within a reasonable amount of time commensurate with the complexity, importance and nature of the problem, issue or task addressed:**

12. CP believes that its services were performed within a reasonable amount of time commensurate with the complexity, importance, nature of the problem, and issue or task addressed.

13. The Deetz liability opinions were developed and defended in a very complex environment. Their development required analysis of years of Deloitte's working papers and desk files, research on dozens of significant accounting guidance,

analysis of one of the largest restatements ever prepared, review and analysis of tens of thousands of pages of testimony and summarization of all Deetz opinions in or by necessity in a one hundred and sixty-seven page report.

14. The importance of CP's work, the Deetz Expert Report, the Deetz deposition testimony, Deetz Expert Rebuttal Report are critical to the liability and damages case against Deloitte.

15. The Deetz Expert report is the foundation of the liability case and was also relied upon by Mark I. Murowitz in his expert liability report. Further the Deetz Expert Report was also relied upon by Craig T. Elson, Adelphia's damages expert.

16. The nature of the problems and issues at hand stem in part from old Adelphia's management conduct and Deloitte's assertions that Deloitte had not violated GAAP and GAAS.

17. The Deetz analysis required significant detailed granular analysis and research to properly develop and support his opinions.

18. Deetz and CP accomplishments in this matter are demonstrated by the Deetz Expert Report, opinions and deposition testimony defending those opinions indicating several major areas of audit failure by Deloitte.

19. This work and the Deetz opinions are the foundation of the liability case and were relied upon in the other Adelphia experts reports by Mark I. Murowitz and Craig T. Elson.

20. Additionally, a significant effort was required to analyze Adelphia, Deloitte and PriceWaterhouseCoopers data and information prior to the issuance of expert and rebuttal reports. In the preparation of the Deetz Expert Report, CP was required to analyze Adelphia's 1996 to 2001 general ledgers, check registers, and other supporting documentation, which together consisted of several million pages of data. Specifically, CP analyzed four co-borrowing facilities from 1996 to 2001 involving approximately 148 transactions. CP also analyzed direct placements of Adelphia securities to the Rigases from 1997 to 2001. Analysis of the direct placements involved a detailed review of entries in Adelphia's general ledger, cash receipts and disbursement records, as well as supporting documentation, such as wire transfer schedules, bank statements and other documents. The preparation of the expert and rebuttal reports involved the review of Deloitte's audit working papers, desk files, manuals and other related documents.

21. Also, the expert report preparation involved the analysis of testimony from several proceedings, including Adelphia v. Deloitte, SEC v. Dearlove, U.S. v. Rigas et al, and certain bankruptcy litigation. The testimony in the above matters, as well as Wells notices and submissions involved more than 140 deponents, many of which were given over multiple days.

22. Finally, a significant effort was necessary to review Deloitte's and Adelphia's liability reports and perform additional analyses to prepare for Mr. Deetz's deposition.

**Factor 7. The opposition encountered and the problems that arose:**

23. The issues in this matter are numerous, highly contested and cover several years. Every issue analysis had to be conducted with the utmost care and detail in perspective. The record in the case is enormous and requires constant evaluation of issues to do the best job possible to be comprehensive in analysis and work.

**Factor 8. Compliance with Fee Committee Memorandum:**

24. We have reviewed the Fee Committee Memorandum and believe we are in compliance.

**Factor 9. Any amounts by which the fees of the Final Applicant have been reduced voluntarily, with respect to an Interim Application or otherwise, prior to their submission to or review by the Fee Committee identified by work code or, if none, by description:**

25. CP voluntarily reduced its fees with respect to the First Interim Application by \$237.50 for work relating to engagement administration (work code C4) prior to or review by the Fee Committee. CP also wrote off \$11,731.50 for “transitory” timekeepers.

**Factor 10. Any amounts by which the fees of the Final Applicant have been reduced at the recommendation of the Fee Committee, with respect to an Interim Application or otherwise, identified by work code or, if none, by description:**

26. As discussed above CP has filed its First Interim Fee Application concurrent with this Final Application. Therefore, none of CP’s fees have been reduced at the recommendation of the Fee Committee, with respect to an Interim Application or otherwise.

**Factor 11. Any amounts by which the expenses of the Final Applicant have been reduced voluntarily, with respect to an Interim Application or**



**otherwise, prior to their submission to or review by the Fee Committee identified by expense category:**

27. In its First Interim Fee Application, CP voluntarily reduced its expenses by a total of \$10,085.06 prior to their submission to or review by the Fee Committee. These reductions are for out of town lodging and meal expenses. These voluntary reductions mostly relate to lodging and meal expenses for two staff members from our Chicago office that worked on this assignment in the New York office. The voluntary reduction for hotels was taken as a result of the high cost of hotels in New York City, particularly in the fourth quarter of 2006. The more senior Chicago staff person was selected for this assignment as a result of previous experience in matters involving auditor liability.

**Factor 12. Any amounts by which the expenses of the Final Applicant have been reduced at the recommendation of the Fee Committee, with respect to an Interim Application or otherwise, identified by expense category:**

28. As previously discussed CP filed its First Interim Fee Application concurrent with this Final Application. Therefore expenses have not been reduced at the recommendation of the Fee Committee, with respect to an Interim Application or otherwise.

**Factor 13. Any other matters that the Fee Committee believes should be considered by the Bankruptcy Court in its final determination of compensation and expense reimbursement for the Final Applicant:**

29. As previously discussed CP filed its First Interim Fee Application concurrent with this Final Application. Therefore the Fee Committee has not communicated any additional matters that should be considered by the Bankruptcy Court in its final determination of compensation and expense reimbursement.

**Detail of Fee and Expense Reductions identified above for consideration and verification by the Fee Committee:**

30. The fee reductions identified in the chart below for administrative work (category C4) were reduced voluntarily, with respect to an Interim Application or otherwise, prior to their submission to or review by the Fee Committee identified by work code.

<u>Date</u>	<u>Employee</u>	<u>Hrs.</u>	<u>Rate</u>	<u>Fee</u>	<u>Description</u>	<u>Code</u>
8/10/06	Betty Bjorkman	1.0	\$95	\$95.00	Preparation of overnight packages to attorney.	C4
8/22/06	Betty Bjorkman	1.0	\$95	\$95.00	Philadelphia trip arrangements for G. Deetz, P. Logrieco and R. Wilson.	C4
8/24/06	Betty Bjorkman	0.5	\$95	\$47.50	Additional travel arrangements for G. Deetz.	C4
Totals		2.5		237.50		

31. The expense reductions of \$10,085.06 identified in the chart below were reduced voluntarily with respect to an Interim Application or otherwise, prior to their submission to or review by the Fee Committee identified by expense category.

<u>Expense</u>	<u>Description</u>	<u>Amount</u>
Travel-Lodging	New York Hotels	\$8,842.26
Meals	Out of town and late work	\$1,242.80
<b>Total</b>		<b>\$10,085.06</b>

32. CP billed a total of \$98,185.30 for lodging between July 24, 2006 and February 13, 2007. This amount does not include the voluntary write off of \$8,842.26 noted above. CP billed a total of \$13,577.44 for out of town and late work meals. This amount does not include the voluntary reduction of \$1,242.80 noted above.

March <sup>29</sup>\_\_, 2007

CHICAGO PARTNERS, LLO

By: \_\_\_\_\_

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