

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
_____	)	

**TENTH AND FINAL APPLICATION OF LECG, LLC,  
FOR ALLOWANCE OF COMPENSATION FOR SERVICES  
RENDERED AND REIMBURSEMENT OF EXPENSES**

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

LECG, LLC (“LECG”), in support of its Tenth and Final application (the “Tenth and Final Application”) for allowance of compensation for professional services rendered and reimbursement of expenses incurred from August 1, 2003 through February 13, 2007 (“LECG’s Tenth and Final Application Period”), respectfully represents:

**PRELIMINARY STATEMENT**

1. This is LECG's tenth application for compensation, and it is also a request for final allowance for all fees and expenses charged to the Debtors. It covers fees and expenses incurred from August 1, 2003 through February 13, 2007. Through this application, LECG seeks final approval and allowance of \$21,794,604.55 in fees and \$784,341.56 in expenses incurred during the course of Debtor's bankruptcy proceeding. The services and expenses incurred for all time periods are described below and detailed in exhibits attached to LECG’s previously filed interim fee applications. LECG’s employment was approved on October 24, 2003, effective *nunc pro tunc* to August 1, 2003. A copy of the order (the “Order”) approving LECG’s

employment is attached as Exhibit 1 hereto. All of LECG's fees have been computed at or below LECG's normal hourly rates charged to non-bankruptcy clients. Information regarding LECG's normal hourly rates was included in LECG's affidavit in support of its Application for Order Authorizing Retention of LECG.

2. This Court has jurisdiction over this Tenth and Final Application pursuant to 28 U.S.C. §§ 157 and 1334 and the "Standing Order of Referral of Cases to Bankruptcy Judges", dated July 10, 1984, of District Court Judge Robert T. Ward. Venue of these cases and this Tenth and Final Application is proper in this district pursuant to 28 U.S.C. §§1408 and 1409. The statutory predicates for the relief sought herein are sections 330 and 331 of Chapter 11 of the Bankruptcy Code and Rule 2016 of the Bankruptcy Rules.

### **GENERAL BACKGROUND**

3. For the general history and present status of this case, LECG refers the Court to, and incorporates relevant portions of, the final application being filed by Debtors' counsel Dechert LLP ("Dechert").

### **LECG'S FEES AND EXPENSES**

4. LECG's First Amended First Interim Application for Compensation and Reimbursement of fees in the amount of \$75,371.50 and expenses of \$3,627.56 related to work performed for Debtor for the period August 1, 2003 through October 31, 2003.

5. LECG's Second Interim Application for Compensation and Reimbursement of fees in the amount of \$1,459,184.40 and expenses of \$37,941.37 related to work performed for the Debtor for the period November 1, 2003 through February 29, 2004.

6. LECG's Third Interim Application for Compensation and Reimbursement of fees in the amount of \$1,097,949.15 and expenses of \$71,200.47 related to work performed for the period March 1, 2004 through June 30, 2004.

7. LECG's Fourth Interim Application for Compensation and Reimbursement of fees in the amount of \$1,446,980.00 and expenses of \$70,969.11 related to work performed for the period July 1, 2004 through October 31, 2004.

8. LECG's Fifth Interim Application for Compensation and Reimbursement of fees in the amount of \$2,616,919.75 and expenses of \$57,710.12 related to work performed for the period November 1, 2004 through February 28, 2005.

9. LECG's Sixth Interim Application for Compensation and Reimbursement of fees in the amount of \$4,733,560.25 and expenses of \$256,920.96 related to work performed for the period March 1, 2005 through August 31, 2005.

10. LECG's Seventh Interim Application for Compensation and Reimbursement of fees in the amount of \$4,505,318.75 and expenses of \$130,153.07 related to work performed for the period September 1, 2005 through February 28, 2006.

11. LECG's Eighth Interim Application for Compensation and Reimbursement of fees in the amount of \$2,667,308.75 and expenses of \$108,597.32 related to work performed during the period of March 1, 2006 through August 31, 2006.

12. LECG's Ninth Interim Application for Compensation and Reimbursement of fees in the amount of \$3,192,012.00 and expenses of \$47,221.58 related to work performed during the period of September 1, 2006 through February 13, 2007. The fees and expenses

related to each of LECG's interim fee applications are also included in the chart attached hereto as Exhibit 2.

13. In the aggregate, LECG has determined, in the exercise of its billing judgment, to write off approximately \$480,405.20 in fees and \$39,451.89 in expenses, representing the total of the voluntary concessions made in connection with the aforementioned interim applications, before consideration of any additional concessions which may have been negotiated as a result of discussions with the Fee Committee and/or its authorized representatives. The aggregate concessions are presented in this, LECG's Tenth and Final Application.

14. LECG voluntarily agreed to further reduce its fees and expenses by \$290,688.84 at the recommendation of the Fee Committee (by and through discussions with Legal Cost Control) with respect to its First through Sixth Interim Fee Applications. Negotiations or discussions with regard to LECG's Seventh through Ninth Interim Fee Applications have not yet taken place.

15. A chart detailing the fee and expense reductions associated with each interim application is attached to this Tenth and Final Application as Exhibit 3.<sup>1</sup>

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<sup>1</sup> These amounts can also be found segregated by their relevant interim application in Exhibit 2 attached hereto.

## INFORMATION SPECIFICALLY REQUESTED BY THE FEE COMMITTEE<sup>2</sup>

### Item 1: The Final Applicant's Role, Objectives, and Accomplishments in the Adelpia Case

#### *Background and Overview of Services<sup>3</sup>*

16. LECG was initially engaged to render professional consulting services to Debtors' counsel with respect to certain aspects of its investigation of potential claims asserted by and against the Debtors, including (but not limited to) the evaluation of liability and economic harm or damages, if any, arising from claims related to the Debtors' alleged non-compliance with regulatory and accounting standards. As previously mentioned, LECG's employment was approved on October 24, 2003, effective *nunc pro tunc* to August 1, 2003.<sup>4</sup> Ultimately, LECG's work focused primarily on providing consulting services related to the assessment of certain Debtor claims brought against the accounting firm of Deloitte & Touche LLP ("Deloitte" or "D&T").<sup>5</sup>

17. On November 6, 2002, the Debtors filed a suit in the Court of Common Pleas for Philadelphia County against Deloitte. The Complaint alleges causes of action for professional negligence, breach of contract, fraud, and other wrongful conduct arising out of Deloitte's alleged complicity in the wrongdoing by the Rigases. In this action, the Debtors are

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<sup>2</sup> As described on pages 5 and 6 of the memorandum entitled "Final Compensation Procedures of the Fee Committee of Adelpia Communications Corporation, *et al.*"

<sup>3</sup> Daily time records available as exhibits to LECG's previously filed interim applications include narrative descriptions related to the work described herein.

<sup>4</sup> As previously indicated, a copy of the Order approving LECG's employment is attached hereto as Exhibit 1.

<sup>5</sup> Other work performed is described later herein.

seeking recovery of damages suffered as a result of Deloitte's alleged wrongful conduct. Dechert is lead trial counsel to the Debtors in this action,<sup>6</sup> and LECG has been retained pursuant to the Order Authorizing Retention of LECG, LLC as Economic Consultants for the Debtors and Debtors in Possession to provide litigation support services to Dechert with respect to this proceeding and other related proceedings.

18. With regard to the Deloitte case, work by LECG has, over the course of its involvement, included the provision of consulting and/or expert analytical services to the Debtors based upon an evaluation of considerations bearing on liability with respect to, and damages (economic harm) resulting from, Deloitte's alleged non-compliance with applicable Generally Accepted Accounting Principles ("GAAP") and Generally Accepted Auditing Standards ("GAAS"). More specifically (and as described in greater detail below), LECG has provided services related to specific issue-by-issue analysis of Deloitte's responsibilities under GAAP and GAAS. Such issues relate to the Debtors' accounting for and disclosure of certain transactions arising from Debtor's co-borrowing facilities, the Rigas Family's related party transactions, as well as other analyses described in detail herein.<sup>7</sup> LECG's services have also

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<sup>6</sup> Note that there might appear herein references to Boies, Schiller & Flexner, LLP ("Boies"), who preceded Dechert as trial counsel in the Deloitte litigation and with whom and by whose direction LECG's activities were, during certain periods, performed.

<sup>7</sup> As first discussed in LECG's Eighth Application for Interim Allowance of Compensation for Services Rendered and Reimbursement of Expenses Incurred from March 1, 2006 through August 31, 2006 ("LECG's Eighth Application"), on July 21, 2006, Mr. Gene Deetz, and certain other employees of LECG, left the employ of LECG to join Chicago Partners LLC. These former LECG employees were involved in accounting investigations and related analysis with respect to Debtors' claims against Deloitte. Mr. Deetz continued in his capacity as an expert on accounting related considerations in connection with the case against Deloitte subsequent to his departure from LECG. The time entries and billing information contained in this Tenth and Final Application do not reflect billings for such individuals subsequent to their departure. However, while Mr. Deetz was no longer an employee of LECG, certain current LECG employees nonetheless continued to provide support services in connection with Mr. Deetz's work. The time and expenses associated with such support services continued to be billed by LECG and are reflected in the fees and expenses requested herein. For purposes of this application, discussion of work performed in

included analysis related to the quantification of damages occasioned by the Rigas Family's alleged wrongful use of the Debtors' cash and credit, and the costs of financial distress and out-of-pocket expenses borne by the Debtor as a result of Deloitte's alleged negligence. In addition to the evaluation of considerations bearing on liability and damages in this matter, LECG has also assisted counsel with various aspects of discovery, as described in detail below.

19. LECG's work resulted in the ultimate preparation and issuance of the report of Mr. Craig T. Elson, submitted on October 31, 2006, opining on damages and economic harm experienced by Adelphia as a result of Deloitte's alleged improper conduct. Work by certain LECG employees also supported the preparation of the expert report of Mr. Gene Deetz of Chicago Partners,<sup>8</sup> which was dated October 30, 2006 and related generally to certain accounting and auditing investigations.

20. Subsequent to October 31, 2006, LECG has continued to provide assistance in connection with the Deloitte case, including preparing materials supporting the reports of Mr. Elson (and assisting with compiling those related to the report of Mr. Deetz), reviewing and analyzing the reports submitted by Deloitte's experts, and assisting with the preparation of potential rebuttal considerations related to Deloitte's experts' reports,<sup>9</sup> among

(..continued)

connection with the assessment of liability in the case against Deloitte refers to both periods during and after which Mr. Deetz was employed by LECG. Fees and expenses incurred in connection with liability related investigations subsequent to Mr. Deetz's departure from LECG, therefore, reflect the considerable ongoing support efforts performed by LECG personnel undertaken, in significant part, at Mr. Deetz's direction.

<sup>8</sup> As discussed previously herein, Mr. Deetz was formerly employed by LECG.

<sup>9</sup> For example, Dr. Mukesh Bajaj, another LECG expert, submitted a report on March 22, 2007 rebutting certain of Deloitte's experts with regard to damages issues, subsequent to the Effective Date of the Debtors Plan of Reorganization, or February 13, 2007. Dr. Bajaj is scheduled to be deposed in the near future.

other tasks. In addition, LECG provided (and continues to provide) assistance to counsel with regard to preparing for depositions of certain plaintiff and defendant experts, including the depositions of Messrs. Elson and Deetz. Mr. Deetz was deposed with regard to his reports during LECG's Ninth Application Period, while Mr. Elson's deposition occurred subsequent to the period, on March 5 and 6, 2007.

21. Finally, at various points during its engagement by the Debtors, LECG has also assisted counsel to the Debtors in certain other capacities, including, for example, preliminary analysis related to consulting with regard to particular accounting issues and assistance to Covington & Burling with regard to preliminary assessment of Adelphia's investment in the Rigas cable entities and the nature of funds flows between Adelphia and the Rigas cable entities.<sup>10</sup> LECG also participated in two meetings with the Securities and Exchange Commission ("SEC") at the request of Boies to review preliminary liability, causation and damages-related information related to the Deloitte case in order to provide the SEC with a status of then-current findings and other relevant information.<sup>11</sup> Finally, certain LECG employees assisted Debtors' counsel with regard to 10-A investigations performed in connection with certain Adelphia employees.

### *Summary of Services*

22. In preparing the opinions set forth in the expert damages report of Mr. Elson, providing assistance with the preparation of Mr. Deetz's report, and functioning in an

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<sup>10</sup> This latter work was performed during LECG's 4<sup>th</sup> Interim Application Period and was based primarily on work performed by Mr. Robert DiBella ("DiBella"), a consultant to Adelphia, in connection with the Rigas criminal trial and certain Adelphia financial statement restatement issues.

<sup>11</sup> These meetings occurred in March and April 2004, respectively.



ongoing capacity, LECG has engaged in a wide range of activities, since the inception of its involvement in August 2003. As the case evolved and time passed, LECG's specific role also expanded. LECG engaged primarily in activities focused on the analysis and investigation of considerations bearing on liability, causation and damages. In this capacity, LECG, for example, performed a detailed review of case filings, documents<sup>12</sup> and testimonies produced in this and related matters,<sup>13</sup> reviewed historical financial statements of Adelphia and its competitors, ascertained and investigated Rigas ownership of Adelphia stock, researched the cable industry, analyzed financial activities of Adelphia and Rigas entities, reviewed transactions and available support<sup>14</sup> involving co-borrowing debt and/or direct placements of Adelphia securities to Rigas-controlled entities, provided assistance to other consultants, analyzed accounting and auditing standards and related guidance, investigated certain issues in order to respond to specific requests from counsel, and analysis of other issues and information relevant to the assessment of liability and damages.

23. LECG also performed significant work with regard to understanding and documenting certain transactions and case considerations from both a liability and damages perspective. Such transactions included, for example, the co-borrowing agreements and related transactions, direct placements of Adelphia securities to Rigas entities, related party receivables,

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<sup>12</sup> Including, for example, D&T work papers, desk files, manuals and AS/2 system, documents produced by the Debtors in connection with the restatement of their financial statements, documents produced by PricewaterhouseCoopers ("PwC") in connection with their re-audit of certain (and audit of certain other) Adelphia financial statements, the "Summary of Investigation" prepared by Covington & Burling, among a multitude of others produced in the case and/or otherwise available for review and analysis.

<sup>13</sup> Including information and deposition and other testimony arising from Adelphia's bankruptcy, the criminal trial of certain members of the Rigas family, and certain SEC investigations and claims, among others.

<sup>14</sup> Including, for example, a copy of Adelphia's general ledger and related support, as well as cash records produced in discovery.

and certain acquisitions, among others. This analysis involved a detailed understanding of Adelphia's accounting system and cost centers, its cash management systems, and the analysis of Adelphia's general ledger and related support. In this context, LECG engaged in a significant undertaking to create a consolidated general ledger upon which this detailed analytical work could be performed.

24. The analysis of liability related considerations involved the detailed review and analysis of Deloitte annual audit workpapers related to Adelphia for both transaction-specific review, and to assess Deloitte's overall audit approach. For instance, LECG performed a detailed investigation of accounting for and auditing of funds borrowed by Adelphia and Rigas entities under the co-borrowing agreements. The co-borrowing investigation included in-depth review of activity (including draws, pay downs, and transfers of debt) related to the four co-borrowing groups for the period from 1996 through 2001. Additional liability considerations included detailed review and analysis of intercompany transactions and stock purchase transactions between Adelphia and Rigas entities, netting of intercompany receivables and payables, and the appropriateness of Adelphia's cash management system, among others.

25. LECG team members assisted Mr. Deetz and his staff with the preparation of certain portions of Mr. Deetz's October 30, 2006 expert report. Related activities included identification and analysis of relevant report issues, participation in report preparation, analysis of supporting documents and testimony, and preparation of transactional and general ledger related analyses and corresponding report exhibits. These efforts also included the coordination of activities with counsel and other experts.

26. During its engagement on the case, LECG's damages team undertook to gain an understanding of Deloitte's improper conduct as memorialized in the record and in the reports of Messrs. Mark I. Murovitz and Gene L. Deetz, and analyzed the causation and damages implications resulting therefrom. Key considerations analyzed in the context of this investigation (as well as the liability analysis) included the following:

- (a) Co-borrowing credit facilities;
- (b) Related party transactions and netting;
- (c) Rigas Family Entity stock purchases;
- (d) Rigas family self-dealing and the Cash Management System;
- (e) Financial statement misstatements; and
- (f) Costs of financial distress and bankruptcy.

27. In connection with its efforts to prepare a report on damages, LECG engaged in various types of research related to damages theory, methodology and causation over the period in connection with establishing parameters for analyzing the appropriateness and quantitative implications of certain preliminarily-identified categories of damage, including dissipation of Adelphia assets, costs of financial distress, consequential damages, settlement-related damages, and others, broadly speaking.<sup>15</sup>

28. In addition to the review of damage theory considerations generally, the work of LECG's damages team specifically included the assessment of the nature and economic content of the intercompany flows between Adelphia and the Rigas Family Entities (both managed and non-managed entities and family members), particularly those populating

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<sup>15</sup> This list is not meant to represent an exhaustive list of potential damages.

Adelphia's affiliate receivables accounts, in order to develop evidence and analyses supporting damages determinations. This detailed analysis involved the review and investigation of Adelphia general ledger information related to affiliate receivables accounts (constituting tens of thousands of general ledger line items) and related transactions and general ledger entries to understand and/or confirm the form and structure of identified transactions, the flow of funds related to and entities involved in those transactions, as well as the nature of the transactions (for categorization and damages assessment purposes, e.g., Rigas family open market securities purchases). Such analysis is memorialized in what is referred to as journal entry transaction analyses, or "JETAs." These analyses summarize results of the investigation into journal entries and transactions in connection with assessing the damages implications of the same. This process further involved the identification, review, and compilation of related case documentation, including wire transfer documents, and other contemporaneous Adelphia business records, to assist in developing damages conclusions with regard to particular transactions.

29. In connection with the determination of damages with regard to any particular transaction, LECG undertook an independent review and analysis of the related general ledger entries (between Adelphia and the Rigases), assessed other supporting documentation, and reconciled results with information contained in the analyses performed by and/or contained in various sources of information, including DiBella's analysis, Covington & Burling's report (based, at least in part, on information prepared by PwC Forensic), and certain information related to the restatement of Adelphia's financial statements. The results of this analysis were considered in the context of damage theory considerations and determinations with regard to damages quantifications.

30. Specific categories of transactions analyzed as potential damages included, for example, purchases of Adelphia securities by the Rigas Family Entities, the Rigases' use of Adelphia funds to repay Rigas margin loans and other Rigas Family obligations, and the Rigases' use of Adelphia funds to make certain cable acquisitions, among other categories. In addition, LECG's damages team undertook the identification, investigation and resolution of certain other potential damages elements, including the economic implications of the settlement of potential and pending claims by the SEC, and the United States Attorney's Office for the Southern District of New York ("USAO"), against Adelphia, as well as the settlement between Adelphia and certain Rigas family members of all pending and potential litigation between those parties. Other specific areas of research and investigation included the costs of Adelphia's financial distress and bankruptcy, among others.

31. In connection with the aforementioned analyses, LECG team members (both liability and damages related) reviewed and assessed Adelphia's restatement working papers (as well as related analysis and e-mails), Deloitte's work papers, desk files, manuals and AS/2 system, PwC audit working papers, Adelphia's general ledger (pre-restatement) and related journal entries, journal entry support, financial statements and supporting documentation, DiBella's Declaration and exhibits, deposition and trial testimony and exhibits, Wells Submissions, GAAP and GAAS, as well as other information publicly available or produced in this case and/or related cases.

32. LECG reviewed and analyzed documents produced by Adelphia employees and consultants responsible for the restatement of Adelphia's financial statements. LECG reviewed these documents to better understand the accounting issues involved in the

restatement, and to assess potential relevance to issues surrounding damages assessment and quantification.

33. To further assist with the above analyses, LECG continued to maintain the aforementioned consolidated general ledger database consisting of 50 million journal entries from 1992 to 2002 and nearly 2,000 cost centers in a manner providing the case team with efficient and reliable access to the relevant information. Work was also performed to create and maintain the database of approximately 250,000 images of Adelphia journal entry support for analytical purposes. Finally, LECG updated and maintained databases for D&T, PwC, and Adelphia documents and relevant testimonies and exhibits received.

34. The work activities described above were undertaken in furtherance of LECG's assessment and analysis of liability and economic damages experienced by Adelphia as a result of the alleged improper behavior of Deloitte. Certain of these efforts resulted in the submission of the aforementioned report of Mr. Craig T. Elson opining on causation and damages in the case against Deloitte. Other portions of work performed by the LECG team contributed to the preparation of the report of Mr. Gene L. Deetz, dated October 30, 2006.

35. In addition, in order to coordinate activities between the liability and damages teams, the teams coordinated planning efforts to ensure consistency of each team's work activities and to maximize efficiency with which work activities were undertaken. LECG also participated in various calls and discussions with counsel to ensure progress on work activities and to keep counsel informed as to status and direction.

36. In addition to efforts specifically designed to advance the development of expert reports, LECG was requested to and did provide significant assistance to counsel with

regard to certain aspects of discovery, most particularly the depositions of Deloitte personnel. Work involved the identification of potential relevant deponents, the preparation of deposition materials by major relevant issue (i.e., securities issuances, cash management system, co-borrowing, etc.), and attendance at depositions. In providing this assistance, LECG created a process involving our in-house electronic repository of Deloitte work papers (about 200,000 pages) and desk files (about 900,000 pages) allowing for the efficient identification and analysis of documents spanning more than twenty Adelphia related entities for information potentially relevant for examination. This detailed process also involved the creation of a customized form-based interface for the deposition team to allow them to a) identify and tag documents specific to Deloitte personnel; b) categorize and index documents according to priority; and c) create binders and reports for counsel's review. LECG also provided assistance with the preparation for depositions of other individuals, such as certain PwC and Adelphia personnel, and performed significant document identification, review and analysis in connection with such efforts.

37. Subsequent to the submission of the reports mentioned above, LECG undertook to compile and prepare information supporting the expert report of Mr. Elson (and, to some degree, that of Mr. Deetz as well) to assist with preparing the experts for deposition. As previously mentioned, Mr. Deetz was deposed during LECG's Ninth Application Period, and Mr. Elson was deposed shortly thereafter.

38. During the Ninth Application Period, LECG was also requested to review the reports submitted by Deloitte's experts on December 22, 2006, and to assist with identifying

and preparing potential rebuttal related thereto. LECG has been requested to assist counsel in preparing for the depositions of those experts as well.<sup>16</sup>

39. Finally, LECG has devoted time to administrative matters, primarily in connection with the preparation of LECG's monthly fee statements and interim fee applications provided to the Debtor's estate.

**Item 2: The Time Billed for the Services and the Billing Rates.**

40. LECG maintains written records of the time expended by its experts and professional staff in rendering professional services to the Debtors. Such time records are made contemporaneously with the rendition of services by each person performing such services. The services and costs incurred for all time periods are detailed in LECG's nine previously filed interim fee applications mentioned previously herein. The total hours, the applicable hourly rates, and the corresponding fees requested for each person who provided services is attached hereto as Exhibit 4.<sup>17</sup>

**Item 3: Steps Taken by the Final Applicant to Provide Services Solely within Their Scope of Employment, as Prescribed by Their Respective Retention Orders.**

41. The Order authorizes employment of LECG as "litigation consultants" to the Debtor, in which capacity LECG has performed over the tenure of its engagement. As

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<sup>16</sup> These analyses are ongoing. Dr. Mukesh Bajaj, another LECG expert, has specifically been engaged to prepare a report responding to the reports of certain of Deloitte's experts, including Mr. Daniel Fischel and Dr. William Beaver. These efforts commenced at the end of the LECG's Ninth Application Period and are also ongoing. A small portion of the fees and expenses reflected in the attached exhibits relate to this work.

<sup>17</sup> LECG's total fees per fee application are presented in Exhibit 2.



litigation consultants to the Debtors, LECG has provided a broad array of services as requested by either the Debtors or through their counsel, Dechert (or, previously, Boies), particularly in connection with the case against Deloitte. Such services have generally included, as discussed in greater detail previously, quantification of damages, assistance with the assessment of liability, discovery and deposition preparation assistance, and detailed review and analysis of accounting and general ledger information. This work culminated in the issuance of a report on damages in the case against Deloitte by Mr. Craig T. Elson on October 31, 2006. Work by former and current employees of LECG also contributed to the preparation of the report of Mr. Gene L. Deetz, which was dated October 30, 2006, as bearing on certain accounting and auditing investigations relevant to the Debtors' claims against Deloitte.

42. Any and all other work performed by LECG which was not specifically related to the Deloitte case was performed at the request of Debtors' counsel, including either Dechert or Boies. Related activities included participation in meetings with the SEC, assistance in the 10-A investigations of certain Adelphia employees, consulting with regard to certain accounting issues and coordination with Covington & Burling (facilitated primarily through Boies) regarding a preliminary assessment of Adelphia's investment in the Rigas cable entities. This work is detailed in LECG's contemporaneous time records filed with its interim fee applications. This work represents a small portion of LECG's aggregate fees and expenses.

**Item 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.**

43. LECG coordinated with counsel, including both Dechert and Boies (at relevant periods of time), as well as other experts, including Mr. Gene Deetz of Chicago

Partners, LLC,<sup>18</sup> and Mr. Mark Murovitz of Tauber & Balser, P.C. in connection with its work on the Deloitte case. LECG has held discussions (facilitated by Dechert) with certain Adelphia employees to directly obtain and understand certain relevant information.

44. LECG has also endeavored to ensure that case background and knowledge possessed by certain individuals on the case team was cross-utilized, when appropriate, and available to the broader case team. For instance, individuals within LECG that may have been focusing time on one particular portion of the case (e.g., damages considerations) have also assisted other experts working on different aspects of the case (e.g., liability considerations) to ensure efficiency and that the broadest perspective on relevant issues was obtained. In doing so, LECG believes that it has successfully contributed certain economies of scale to the estate.

**Item 5: Whether the Services Were Necessary to the Administration of, or Beneficial at the Time at Which the Services Were Rendered.**

45. By and through its retention, LECG was requested to perform multiple tasks, including providing assistance with regard to analyzing factors relevant to an evaluation of Deloitte's alleged liability, preparing for depositions of witnesses in the case, assessing the corresponding harm experienced by Adelphia as a result of Deloitte's alleged improper conduct, and providing other assistance as requested by counsel and described more fully above. Ultimately, Mr. Craig Elson submitted an expert report opining on damages, and certain employees of LECG have assisted in the preparation of the report of Mr. Gene Deetz related to certain auditing and accounting considerations.

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<sup>18</sup> As previously discussed, Mr. Deetz was formerly an employee of LECG.

46. Furthermore, LECG's involvement in the Deloitte litigation is ongoing, and LECG personnel continue to provide assistance to counsel. As previously indicated, Mr. Deetz was deposed during the period covered by this Final Application, and Mr. Elson was deposed shortly after. LECG has continued providing assistance in preparing for depositions of both plaintiff and defendants experts. In addition, Dr. Mukesh Bajaj, another LECG expert, recently submitted a rebuttal report to certain of Deloitte's experts, and is anticipated to be deposed in the near future.<sup>19</sup> LECG believes that, through its prior work and in its ongoing capacity, it has served and continues to serve a critical role in the multi-billion dollar Deloitte litigation.

**Item 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.**

47. Many of the analyses undertaken by LECG in connection with the Deloitte case were highly complex components of this significant litigation. As such, LECG has expended a considerable amount of time ensuring that its ultimate analyses were thoroughly researched and reasonable. To the extent that LECG determined the amount of time spent on a particular task to be excessive, voluntary concessions have been granted, and subsequent concessions, in many instances, have been negotiated and agreed to with Legal Cost Control on behalf of the Fee Committee, as discussed in greater detail below.

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<sup>19</sup> The report of Dr. Mukesh Bajaj was submitted on March 22, 2007, subsequent to the Effective Date of the Debtors Plan of Reorganization, or February 13, 2007.

48. While LECG has utilized a number of individuals in completing its work, LECG undertook significant effort to coordinate the work and activities of those individuals over the long tenure of its work in this matter. By coordinating and consolidating work on a relatively small number of professionals where possible, LECG has been able to obtain economies for the estate, and has ensured that persons assigned to tasks possessed requisite expertise and had a base of working knowledge concerning Adelpia, the relevant issues, and the tasks that were already underway. Because of the large number of matters and issues facing the estate for which LECG has performed services, there are a significant number of separate timekeepers that necessarily performed work on Adelpia's behalf. LECG has taken significant steps to coordinate the efforts of those different timekeepers through the company's internal structure including the oversight of staff work by more senior professionals familiar with, and working on, the various matters. Given the number of capacities in which LECG assisted (and continues to assist) the Debtors, including functioning as the damages expert in the case against Deloitte, supporting other experts in the case, and providing discovery assistance, LECG believes the number of individuals utilized is reasonable. In addition, as discussed above, to the extent that LECG has determined particular fees or expenses to be excessive, LECG has voluntarily conceded such amounts, and has also cooperatively negotiated for additional fee reductions pursuant to discussions with Legal Cost Control on behalf of the Fee Committee.

**Item 7: The Opposition Encountered and the Problems that Arose.**

49. LECG has consistently and efficiently analyzed a vast volume of case documents that were continually produced throughout LECG's extensive involvement in Deloitte case. For instance, LECG's involvement in the Deloitte case predated PwC's completion of the

audit of Adelphia's 2001 and 2002 financials (among others). However, LECG was able to continuously process this information and identify relevant materials from those populations. LECG has also efficiently adapted to various structural and other changes related to the Deloitte case.

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

50. LECG has made best efforts to comply with the guidelines set forth in the Fee Committee memorandum dated May 16, 2003, the second memorandum dated July 29, 2003 and the third memorandum dated March 9, 2004. LECG believes that it has adhered to the guidance and procedures provided in the memorandums throughout the engagement with little exception.

51. In addition, as previously mentioned, LECG voluntarily determined to reduce its fees by \$480,405.20 and its expenses by \$39,451.89 in the exercise of its billing judgment and in compliance with the Fee Committee Memorandums during the course of this engagement. The reductions for billing judgment purposes are generally for "transitory" timekeepers and/or administrative time and expenses in excess of the allowed amounts. In addition, LECG has conceded certain other amounts as it deemed appropriate. These amounts are identified and detailed in the daily time and expense records filed with LECG's previous interim applications.

**Item 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.**

52. As indicated previously, LECG has determined, in the exercise of its billing judgment, to voluntarily concede approximately \$480,405.20 in fees over the course of its work for the Debtors. This amount represents the total of the voluntary fee concession made in connection with the aforementioned interim applications, before consideration of any additional concessions which may have been negotiated as a result of discussions with the Fee Committee and/or its authorized representatives. These amounts were detailed in exhibits to LECG's previously filed interim fee applications by activity. In addition, the voluntary concession associated with each interim application can be found on Exhibits 2 and 3.

**Item 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.**

53. As indicated above, LECG voluntarily agreed to further reduce its fees and expenses by \$290,688.84 at the recommendation of the Fee Committee (by and through discussions with Legal Cost Control) with respect to its First through Sixth Interim Fee Applications.<sup>20</sup> These incremental concessions were typically not segregated into a portion related to fees versus a portion related to expenses; therefore, the aggregate amount has been

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<sup>20</sup> Negotiations or discussions with regard to LECG's Seventh through Ninth Interim Applications have not yet taken place.

presented here.<sup>21</sup> The portion of this concession relevant to each interim application is also summarized on Exhibits 2 and 3.

**Item 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.**

54. LECG has also determined, in the exercise of its billing judgment, to voluntarily concede approximately \$39,451.89 in expenses over the course of its work for the Debtors. This amount represents the total of the voluntary expense concession made in connection with the aforementioned interim applications, before consideration of any additional concessions which may have been negotiated as a result of discussions with the Fee Committee and/or its authorized representatives. These amounts were detailed by category in exhibits to LECG's previously filed interim fee applications, and the portion of this concession relevant to each interim application is also summarized on Exhibits 2 and 3.

**Item 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.**

55. As indicated in paragraph 53 above, LECG voluntarily agreed to further reduce its fees and expenses by \$290,688.84 at the recommendation of the Fee Committee (by and through discussions with Legal Cost Control) with respect to its First through Sixth Interim

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<sup>21</sup> The one exception was the incremental concession related to LECG's Fourth Interim Fee Application. For this application, the aggregate incremental concession of \$61,706.76 was comprised of \$60,336.77 in fees and \$1,369.99 in expenses.

Fee Applications; however, this amount was typically not detailed as expense versus fees and is therefore presented in the aggregate.<sup>22</sup>

**Item 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.**

56. LECG believes that the information provided above imparts a sufficient explanation of activities performed by LECG throughout its retention by the Debtors. However, should additional information be required, LECG will use its best efforts to comply with any and all such requests.

**LECG'S REQUEST FOR COMPENSATION**

57. LECG requests approval of its Tenth and Final Application, including all previously invoiced amounts (less concessions), and payment of the outstanding balance of \$2,617,862.50.<sup>23</sup> LECG has billed a total of \$22,578,946.11 consisting of \$21,794,604.55 in hourly fees and \$784,341.56 in expense reimbursement. Of this sum, as of the date of this application, LECG has received \$19,670,394.77 compensation for fees and expenses and holdbacks for the period of August 1, 2003 through November 30, 2007. Payment of LECG's December 2006, January 2007 and February 2007 monthly fee statements is pending. LECG has reduced its fees and expenses in the amount of \$290,688.84 at the recommendation of the Fee Committee. A copy of this application is being submitted to Debtor more than 20 days before

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<sup>22</sup> See also footnote 21.

<sup>23</sup> Representing LECG's total billed fees and expenses less payments received and less additional agreed upon concessions.



the date for which a hearing is to be scheduled on the application. There is no agreement or understanding of any kind or nature existing between LECG and any other person or entity for the sharing, division or payment of any portion of the compensation awarded to LECG for services rendered or expenses incurred by LECG, except as among the partners and associates, consultants and employees of LECG.

**PROCEDURE**

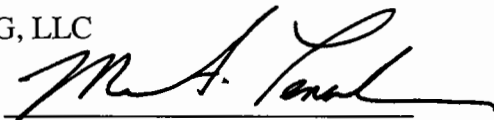
58. LECG has provided notice of this Tenth and Final Application to: (i) the Office of the United States Trustee; (ii) counsel to the agents for the Debtors' pre-petition and post-petition bank lenders; (iii) counsel to the Committees; (iv) the Debtors; (v) the Fee Committee; and (vi) all other parties that have filed a notice of appearance in these cases prior to the date hereof.

59. No previous application for the relief sought herein (other than the interim applications previously described) has been made to this or any other court.

March 27, 2007

LECG, LLC

By:



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