

GAZES & ASSOCIATES LLP
Attorneys for the Debtors
and Debtors in Possession
1675 Broadway
New York, New York 10019
(212) 765-9563
Ian J. Gazes (IG 7564)

Docket #: 1692

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----	X	
In re	:	
	:	Chapter 11 Case No.
BETHLEHEM STEEL CORPORATION., <i>et al.</i> ,	:	01-15288 (BRL) through
	:	01-15302, 01-15308
Debtors.	:	through 01-15315 (BRL)
	:	(Jointly Administered)
-----	X	

**FINAL APPLICATION OF GAZES AND ASSOCIATES LLP AS COUNSEL
TO THE DEBTORS FOR FINAL ALLOWANCE OF COMPENSATION
FOR LEGAL SERVICES RENDERED AND FOR REIMBURSEMENT OF EXPENSES**

TO: THE HONORABLE BURTON R. LIFLAND
UNITED STATES BANKRUPTCY JUDGE

Gazes & Associates LLP (the “Applicant” or the “Firm”), counsel to Bethlehem Steel Corporation and its debtor subsidiaries, as debtors and debtors in possession (“BSC” or the “Debtors”), respectfully represents as follows:

I. PRELIMINARY STATEMENT

1. This is Applicant’s final application (the “Application”) for an allowance of compensation and reimbursement of expenses in respect of services rendered as attorneys for the Debtors in this case. Applicant submits this Application pursuant to 11 U.S.C. §§ 328 and 330, as supplemented by Fed. R. Bankr. P. 2016, and Local Bankruptcy Rules 2016-1 and 2016-2.¹

¹ This Court has jurisdiction over this Application under 28 U.S.C. §§ 157(a), (b)(1), and 1334(b) and the standing referral Order of the United States District Court for the Southern District of New York, dated July 10, 1984 (Ward, Action C.J.). This is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (B), and (O). Venue of this case and this Application in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409(a).

2. This Application covers the period from September 8, 2003 through October 15, 2003 (hereinafter the “Compensation Period”). For the Compensation Period, Applicant seeks an allowance of compensation for legal fees in the total amount of \$64,205.25, and reimbursement of expenses in the total amount of \$9,771.39. To date, Applicant has received \$44,759.60 for legal fees and \$6,147.60 for expenses. Applicant’s fees and expenses are summarized as follows:

Interim request submitted pursuant to Procedures Order ²	Legal Fees	Expenses
9/8/2003 -- 10/10/2003	\$55,949.50	\$6,147.60
Awarded and paid to Applicant	80% -- \$44,759.60	\$6,147.60
Holdback	20% -- \$11,989.90	

Current request	Legal Fees	Expenses
10/10/2003 -- 10/15/2003	\$8,255.75	\$3,623.79

Total requested	\$64,205.25	\$9,771.39
Balance due	\$19,445.65	\$3,623.79

II. BACKGROUND OF THE CASE

3. On October 15, 2002, each of the Debtors commenced a case under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.

4. On April 23, 2003, the Court entered an order authorizing the Debtors to sell substantially all their assets to ISG Acquisition Inc., a subsidiary of International Steel Group Inc. The sale occurred on May 7, 2003.

5. On July 29, 2003, the Debtors filed the Debtors’ Plan of Liquidation Under Chapter 11 of the Bankruptcy Code (the “Plan”) and the related Disclosure Statement for the

² Pursuant to the Order Establishing Procedures for Interim Compensation and Reimbursement of Chapter 11 Professionals and Committee Members, entered on October 15, 2001, Applicant submitted a monthly statement for interim compensation to the Debtors on October 12, 2003 that requested legal fees in the sum of \$55,949.50 and expenses in the sum of \$6,147.60.

Plan (the “Disclosure Statement”). The Court approved the Disclosure Statement by order dated September 10, 2003.

6. On October 22, 2003, the Court entered an order confirming the Plan. BSC filed a Notice of Entry of Order confirming the Plan on October 31, 2003.

7. The Court entered an Order on October 27, 2003 approving Applicant’s retention as attorney for the Debtors to pursue preference actions. The Order authorized Applicant’s retention effective August 20, 2003. A copy of the Order authorizing Applicant’s retention is annexed hereto as Exhibit “A.” The Firm’s compensation agreement with the Debtors is that the Firm will be paid its hourly fees through October 15, 2003 and thereafter paid a contingency fee on recoveries for those actions commenced on behalf of the Debtors. This Application reflects all the hourly fees sought by Applicant plus expenses.

8. Applicant recently filed over 1500 complaints and mailed 1300 demand letters on behalf of the Debtors to avoid transfers pursuant to 11 U.S.C. § 547. Applicant has collected approximately \$35,000 to date in prosecution of these avoidance claims.

**III. COURT’S AUTHORITY TO GRANT COMPENSATION AND
APPLICANT’S ENTITLEMENT THERETO**

9. Under 11 U.S.C. § 330(a)(1), this Court is authorized to award:

(A) Reasonable compensation for actual, necessary services rendered by the ... professional person, or attorney, and by any paraprofessional person employed by any such person; and

(B) reimbursement for actual, necessary expenses.

11 U.S.C. § 330(a)(1).

10. In evaluating the amount of compensation to award to an applicant, courts consider, “the nature, the extent, and the value of such services, taking into account all relevant factors, including ---

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) 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; and
- (E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.”

11 U.S.C. § 330(a)(3)(A).

11. Courts have recognized that “the interests of effective bankruptcy administration require that professional fees be designed not only to discourage the incompetent, but also to encourage the competent . . . To achieve this end, compensation must be sufficient in amount to induce counsel to undertake the labors incident to an insolvency proceeding in reliance on the willingness of the court fairly to fix a proper fee.” *See In re Shades of Beauty, Inc.*, 56 B.R. 946, 952 (Bankr. E.D.N.Y. 1986).

12. Because of (a) the time and labor required of Applicant; (b) the skill required of Applicant to perform the services involved; (c) the firm’s customary fees for such work; (d) Applicant’s experience, reputation and ability; and (e) the results obtained, Applicant respectfully submits that the request for compensation and reimbursement of expenses made in this Application is reasonable and should be approved.

IV. BANKRUPTCY RULE 2016 CERTIFICATION

13. Pursuant to Fed. R. Bankr. P. 2016, Applicant states that: (a) all services for which compensation is sought herein were rendered to the Debtors' estate solely in connection with this Chapter 11 proceeding and not on behalf of any committee, individual creditor, or other persons; (b) heretofore, Applicant has received no payment or promise of payment for services rendered in this Chapter 11 case; and (c) no agreement or understanding exists between Applicant and any other person for the sharing of compensation.

V. OVERVIEW OF REQUESTED FEES AND EXPENSES

14. This Application summarizes the legal services rendered by Applicant on behalf of the Debtors. This Application is not intended to set forth each and every item of professional services to which Applicant seeks to be recompensed and Applicant reserves the right to supplement this Application. Applicant maintained contemporaneous records of the day-to-day services and the time expended for such services for which compensation is sought herein, which records are made in the ordinary course of Applicant's business and are annexed hereto as Exhibit "B." The time records are a detailed chronological listing of the services performed by Applicant, which reflects that Applicant expended an aggregate of 340.26 hours of legal time through submission of Applicant's interim fee statement and 53.07 hours of legal time in this case since the submission of Applicant's last interim fee statement.

15. Since the submission of the interim fee statement Ian J. Gazes expended 3.59 hours at an hourly rate of \$450.00. Applicant's associates billed as follows: Brian J. Hufnagel expended 5.07 hours at an hourly rate of \$250.00 and associate Matthew S. Mansfield expended 4.27 hours at an hourly rate of \$225.00. In addition, Applicant's law clerks and paraprofessionals billed an aggregate of 40.14 hours.

16. Applicant is seeking compensation in the sum of \$64,205.25 and reimbursement of expenses in the amount of \$9,771.39. Applicant has represented the Debtors in the most expeditious and economical manner possible. Tasks have been assigned so that the most familiar with a particular matter performs work on that matter, duplication of effort is avoided, and individuals with lower hourly rates are used when appropriate.

17. Applicant performed all professional services for which Applicant requests compensation. Applicant has not agreed to share with any other entity any compensation to be received by it in connection with this case.

18. Applicant's requested fees and expenses were incurred in the ordinary course of Applicant's business at Applicant's customary rates. Applicant has complied with the United States Trustee fee guidelines, and that compliance is reflected in the amounts sought in this Application.

19. As of the date of this Application, Applicant has not been paid the fees and expenses in this case.

VI. SUMMARY OF SERVICES RENDERED DURING THE COMPENSATION PERIOD

20. Applicant's time records annexed hereto as Exhibit "B" and made a part hereof by way of incorporation herein set forth the time spent, name of the attorney or paraprofessional rendering such services and the billing rate of each attorney or paraprofessional. Said time records describe in concise form the dates and description of the legal work performed as well as the nature of such legal work and the attendant time charges therefore.

21. This Application does not set forth in detail the description of all work performed. This Application is being submitted as summary of such work, the principal issues

presented and actions taken in connection therewith and respectfully refers the Court to the time records for a detailed accounting thereof.

22. Applicant's legal services principally concerned reviewing the Debtor's records, the preparation and filing of 1,500 complaints, the preparation and mailing of 1,300 demand letters.

VII. REQUEST FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES

39. Applicant has expended substantial time and effort in rendering the services described above. For each of the reasons set forth in this Application, Applicant respectfully submits that its request for compensation and reimbursement of expenses for these services is reasonable. Pursuant to 11 U.S.C. §§ 328 and 330, Applicant requests the award of fees and expenses for the final time during the Compensation Period in the amount of \$64,205.25 and \$9,771.39, respectively and payment of legal fees in the sum of \$19,445.65 and expenses in the sum of \$3,623.79.

WHEREFORE, it is respectfully requested that Gazes & Associates LLP be awarded final allowance of compensation for services rendered to the Debtors as set forth above, and for such other and different relief as this court may deem just and proper.

Dated: New York, New York
November 14, 2003

GAZES & ASSOCIATES LLP
Attorneys for the Debtors and Debtors in Possession

By: /s/ Ian J. Gazes
Ian J. Gazes (IJG-7564)
1675 Broadway, 26th Floor
New York, New York 10019
(212) 765-9000

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
In re :
 : Chapter 11 Case No.
BETHLEHEM STEEL CORPORATION., *et al.*, : 01-15288 (BRL) through
 : 01-15302, 01-15308
Debtors. : through 01-15315 (BRL)
 : (Jointly Administered)
----- X

CERTIFICATION RE: FEES AND DISBURSEMENTS FOR PROFESSIONALS

1. I, Ian J. Gazes (the "Applicant"), am the principal of the law firm known as Gazes & Associates LLP and I am the certifying professional with responsibility for compliance in this case with the fee guidelines established by this Court and that of the Office of the United States Trustee (the "Guidelines").

2. Pursuant to Fed. R. Bankr. P. 2016, Applicant states that: (a) all services for which compensation is sought herein were rendered to the Debtors solely in connection with this Chapter 11 proceeding and not on behalf of any committee, individual creditors, or other persons; (b) heretofore, Applicant has received no payment or promise of payment for services rendered in this Chapter 11 case; and (c) no agreement or understanding exists between Applicant and any other person for the sharing of compensation.

3. Pursuant to the Guidelines, Applicant certifies that: (a) I have read Applicant's application (the "Application") dated November 14, 2003 for a first and final allowance of compensation for services rendered and reimbursement of expenses; (b) to the best of my knowledge, information and belief formed after reasonable inquiry, the Application complies with the Guidelines; (c) to the best of my knowledge, information and belief formed after reasonable inquiry, the fees and disbursements sought in the Application fall within the Guidelines; and (d) except to the extent that fees and disbursement are prohibited by the Guidelines, the fees and

disbursements sought are billed at rates and in accordance with practice customarily employed by the Applicant and generally accepted by Applicant's clients.

4. Pursuant to the Guidelines, Applicant certifies that: (a) the Office of the United States Trustee was served with the Application within twenty (20) days of the scheduled hearing on the Application.

5. Pursuant to the Guidelines, Applicant certifies that: (a) Applicant does not make a profit in providing any reimbursable service to the Debtor; (b) in charging for a particular service, the Applicant has not included in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment of capital outlay; and (c) in seeking reimbursement for a service which the Applicant justifiably purchased or contracted for from a third party, the Applicant has requested reimbursement only for the amount billed to the Applicant by the third-party vendor and paid by the Applicant to such vendor.

Dated: New York, New York
November 14, 2003

/s/ Ian J. Gazes
Ian J. Gazes