

FILED/RECEIVED

Hearing Date: Negative Notice

Objection Deadline: 08/09/00 @ 4:00 p.m. 2000 JUL 20 P 12: 1

CLERK
U.S. BANKRUPTCY COURT
DISTRICT OF DELAWARE

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----x)	
In re:)	
)	Case No. 00-844 (PJW)
CELLNET DATA SYSTEMS, INC., <i>et al.</i> ,)	Jointly Administered
)	Chapter 11
Debtors .)	
-----x)	

NOTICE OF MONTHLY FEE APPLICATION

PLEASE TAKE NOTICE that on or about July 20, 2000, Crossroads Capital Partners, LLC, as financial advisors for the Official Committee of Unsecured Creditors of CellNet Data Systems, Inc., et al. (the "Committee") filed and served its interim fee application listed on Exhibit A attached hereto (the "Application").

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Application must be made in writing, filed with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, Wilmington, Delaware 19801, and be served upon the undersigned counsel for the Committee no later than August 9, 2000 at 4:00 p.m. Only those objections which are timely filed and served will be considered by the Court.

PLEASE TAKE FURTHER NOTICE that if further objections to the Application are timely filed and served in accordance with procedures described herein, the Court may enter an Order granting the relief requested without further notice or hearing. If an

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objection is properly filed and served and such objection is not otherwise resolved, the Court may determine that a hearing should be scheduled at the convenience of the Court.

Dated: July 20, 2000
New York, New York

PRYOR CASHMAN SHERMAN & FLYNN LLP

By: 

Richard G. Downing II, Esq.

410 Park Avenue, 11th FL
New York, New York 10022-4441
(212) 421-4100

-and-

CONNELLY BOVE LODGE & HUTZ LLP

Jeffrey C. Wisler, Esq.
1220 Market Street
Wilmington, Delaware 19801
(302) 658-9141

Attorneys for the Official Committee Of
Unsecured Creditors

EXHIBIT A

Interim Fee Application

Firm	Period	Fees	Expenses	Total
Crossroads Capital Partners, LLC	2/25/00-5/16/00	\$36,427.00	\$145.05	\$36,572.05

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X
In re:)
)
CELLNET DATA SYSTEMS, INC., *et al.*,) Case No. 00-844 (PJW)
) Jointly Administered
) Chapter 11
Debtors .)
-----X

FIRST INTERIM FEE APPLICATION OF CROSSROADS CAPITAL PARTNERS, LLC AS FINANCIAL ADVISORS FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES

Name of Applicant: Crossroads Capital Partners, LLC

Authorized to Provide Professional Services to: Official Committee of Unsecured Creditors

Date of Retention: February 25, 2000

Period for which compensation and reimbursement is sought: February 25, 2000 – May 16, 2000

Amount of Compensation sought as actual, reasonable and necessary: \$36,427.00

Amount of Expense Reimbursement sought as actual, reasonable and necessary: \$ 145.05

This is an: X interim ___ final application.

The total time expended for the preparation of this application is estimated to be approximately 8.0 hours and the corresponding compensation is estimated to be approximately \$3,200.00.

This is Crossroad Capital Partners, LLC's first interim application.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X		
In re:)	
)	Case No. 00-844 (JPW)
CELLNET DATA SYSTEMS, INC., <i>et al.</i> ,)	Jointly Administered
)	Chapter 11
DEBTORS)	
-----X		

FIRST INTERIM FEE APPLICATION OF CROSSROADS CAPITAL PARTNERS, LLC AS THE FINANCIAL ADVISOR TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES

Crossroads Capital Partners, LLC ("Crossroads"), duly retained financial advisor to the Official Committee of Unsecured Creditors appointed in the chapter 11 cases of CellNet Data Systems, Inc., hereby submits its First Interim Application for Allowance of Compensation and Reimbursement of Expenses for the Period from February 25, 2000 through May 16, 2000, (the "First Interim Fee Application Period"), pursuant to 11 U.S.C. §§ 330 and 331 and Bankruptcy Rule 2016(a), and the Court's Administrative Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the "Fee Order"). This First Interim Fee Application is submitted pursuant to the modifications of the Fee Order provided for in the terms of the sale of the Debtors' assets to Schlumberger Resource Management Services, Inc. ("Schlumberger"). In support of its First Interim Application, Crossroads respectfully shows the Court as follows:

FACTUAL BACKGROUND

1. Crossroads hereby submits its First Interim Fee Application for compensation in the amount of \$36,427.00 for services rendered on behalf of the Committee and reimbursement of expenses in the amount of \$145.05 for a total of \$36,572.05.

2. CellNet Data Systems, Inc. ("CellNet") and its affiliated debtors¹ (collectively, the "Debtors") filed their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on February 4, 2000. The Debtors design, manufacture and operate telemetry systems which are currently deployed primarily to collect energy consumption data from remote locations for utility companies in select regions of the United States.

3. On February 15, 2000, the Office of the United States Trustee held an organizational meeting and selected the members of the Official Committee of Unsecured Creditors (the "Committee"). The Committee members represent the holders of CellNet's 14% Senior Notes, due 2007, and holders of other general unsecured claims. At the organizational meeting, the Committee voted to retain Pryor Cashman Sherman & Flynn LLP ("Pryor Cashman") as its counsel in these cases.

¹ The affiliated debtors are: CellNet Funding L.L.C.; CellNet Data Retrofit Services, Inc.; CellNet Data Services, Inc.; CellNet Data Services (AZ), Inc.; CellNet Data Services (CA), Inc.; CellNet Data Services (IS), Inc.; CellNet Data Services (KC), Inc.; CellNet Data Services (ME), Inc.; CellNet Data Services (MSP), Inc.; CellNet Data Services (NH), Inc.; CellNet Data Services (PA), Inc.; CellNet Data Services (PA), Inc.; CellNet Data Services (SE), Inc.; CellNet Data Services (SF), Inc.; CellNet Data Services (SI), Inc.; CellNet Data Services (TX), Inc.; CN Holdings, Inc.; CN Holdings (TX), Inc.; CN WAN Corp.; CN Frequency (IS), Inc.; CN Frequency (KC), Inc.; CN Frequency (ME), Inc.; CN Frequency (MSP), Inc.; CN Frequency (NH), Inc.; CN Frequency (PA), Inc.; CN Frequency (SE), Inc.; CN Frequency (SF) Inc., CN Frequency (SF) Inc.; CN Frequency (SL) Inc.; and CN Partners (TX) L.P.

4. On February 25, 2000, the Committee voted to retain Crossroads as its financial advisor in these cases, and filed a retention application on March 15, 2000. On April 19, 2000, after a hearing on the retention application, the Court entered an order approving the Committee's retention of Crossroads, effective February 25, 2000. A copy of the Order is annexed hereto as Exhibit A.

5. At or prior to the filing of the petitions, the Debtors entered into an agreement in principle with Schlumberger Resource Management, Inc. ("Schlumberger") to sell within a very short time frame after the filings all of their assets for \$55 million in cash and assumption of secured, administrative, priority and select unsecured claims.

6. The Debtors operated primarily in the United States but they had begun to explore the application of its technology internationally. To that end, CellNet and certain of its affiliated Debtors and Bechtel Enterprises, Inc. and its affiliates (collectively "Bechtel") are parties to a Formation and Participation Agreement, dated January 1, 1997, and a Limited Liability Company agreement (the "LLC Agreement") dated the same date.

7. After the filing of the Debtors' petitions, Bechtel filed motions asserting that the Debtors' may not assume and assign either the Participation Agreement or the LLC Agreement and seeking release of technology pursuant to a license agreement.

8. Among other things, more fully described below, Crossroads was retained by the Committee to analyze the Schlumberger and Bechtel transactions, and to access and/or assist the Debtors and the Committee in pursuing alternatives.

THE FIRST APPLICATION

9. This is Crossroads first interim application and covers the period from February 25, 2000 through and including May 16, 2000 (the "First Application"). Crossroads has received no compensation nor expense reimbursement in these cases and has not been paid a retainer.

10. By this Application, Crossroads seeks compensation for services rendered and reimbursement of expenses incurred on behalf of the Committee in accordance with its standard rates for all clients.

11. During the First Application period, Crossroads has generally advised the Committee and its counsel on the financial ramifications of all facets of these bankruptcy cases. Its involvement has included but not been limited to the following: (a) completing the fundamental due diligence on the business and the assets of the Debtors to enable Crossroads to fulfill its obligations to Committee; (b) advising the Committee regarding the financial complexities of the Schlumberger sale transaction; (c) evaluating on behalf of the Committee the marketing efforts conducted by the Debtors and their agents for the business and assets of the Debtors to verify that the Schlumberger sale transaction represented the highest and best value for the estates; (d) advising the Committee and its counsel with respect to pending motions filed by Bechtel; (e) communicating with the Committee members and Committee counsel with respect to the area of Crossroads investigations and analyses; and (f) the performance of administrative matters relating to is activities on behalf of the Committee.

12. These services are more fully described below in narrative fashion and detailed in the time records attached hereto as Exhibit B.

a. Business Analysis

During the First Interim Application Period, Crossroads expended time to complete the analysis and due diligence necessary to develop the basic understanding of the Debtors' business to enable Crossroads to fulfill its obligations to the Creditors Committee. Crossroads' efforts included reviewing and analyzing financial statements and related documentation; meeting with the Debtors' financial advisor to gain the benefit of its knowledge of the Debtors and their business; reviewing and testing the Debtors' financial model in order to understand and validate the underlying assumptions; testing and validating the models reasonableness; reviewing contracts with major customers and suppliers; modeling the cash flows associated with the various contracts. In addition Crossroads reviewed the marketing efforts to develop competing interest in the Debtors or their assets as an alternative to the Schlumberger proposal and evaluated the feasibility of reorganizing the Debtors on a "stand alone" basis and confirmed that such an effort was not feasible.

The aggregate time spent by Crossroads in this category was 129.3 hours for total fees of \$28,635.00.

b. Case Administration

During this period Crossroads expended time in determining with the Committee and its Counsel the scope of the assignment, drafting and editing retention agreements and working with Pryor Cashman on the application for retention. Included in this category is 2.0 hours of internal meeting among Crossroads personnel for the assignment of tasks, review of task status and case management.

In total, Crossroads expended 9.2 hours in administering this case for total fees of \$2,408.00.

c. Claims Analysis, Administration, Distribution and Objections

During this First Interim Application Period, Crossroads expended time on determining and reviewing with management of the Debtors the likely extent of claims arising in conjunction with rejected contracts. Time was also expended discussing with Pryor Cashman professionals the approximate value to be realized from any recovery of the CellNet Funding Preferred Stock escrow.

In total Crossroads expended 4.8 hours on this matter for a total of \$1,860.00.

d. Adversary Proceedings

Crossroads reviewed the Bechtel Motions, reviewed the status of the Bechtel joint venture with the Debtors' financial advisor, and generally provided support to Pryor Cashman regarding the Committee's response to the Bechtel motions.

A total of 2.8 hours expended on this matter during this application period for \$1,120.00.

e. Plan and Disclosure Statement

Crossroads attended a meeting to discuss the economic basis of the Debtors' proposed plan of reorganization, meeting with representatives of the Debtor, its counsel and Pryor Cashman to discuss and resolve various issues.

The total time expended on this matter was 1.1 hours for total fees of \$440.00.

f. Asset Analysis and Recovery

Crossroads along with Committee counsel met with counsel for Wireless Equity to explore the viability of its efforts to finance a counter proposal to the Schlumberger offer. Crossroads also met with Wireless Equity's financial advisor regarding the same. It also reviewed various documents relating to efforts to raise capital or sell the business to parties other than Schlumberger.

During this application period Crossroads expended 4.4 hours on this matter for a total of \$1,364.00.

13. During the First Interim Application Period, Crossroads' professionals have devoted a total of 151.6 hours to the representation of the Committee in these cases. Attached as Exhibit C to the First Application is a summary chart reflecting the name, position, hourly billing rate, hours billed and related fees for each Crossroads' professional rendering services to the Committee during the Application Period.

14. Attached as Exhibit B hereto are Crossroads' time records which detail the services rendered to the Committee during the Application Period by project and include (a) the date of each service rendered; (b) the total time devoted by the person to the services on that date; (c) a detailed description of each service rendered; (d) the amount of time spent on the services, broken down in detail by the specific tasks performed and the time devoted to the tasks; and (e) the identity of the person who rendered this service. All services rendered by Crossroads' personnel on behalf of the Creditors Committee during the Application Period were performed in connection with Crossroads' role as financial advisor to the Committee in these chapter 11 cases.

15. Crossroads has staffed its group of advisors to the Committee in these cases throughout the First Application Period so as to provide the Committee with financial advice in the most economical manner possible.

16. Crossroads advisors are led by James D. Neidhart, a principal in Crossroads' Financial Advisory Practice group. Mr. Neidhart is a highly regarded restructuring professional with extensive experience in both bankruptcy reorganizations and out-of-court restructurings for both debtors and creditors. During Mr. Neidhart's twenty-seven year career in finance, over half of which has been devoted to workouts and investment recovery, he has developed industry expertise in the fields of healthcare, retailing, transportation, media, manufacturing, technologies, utilities, as well as consumer and industrial services.

17. Joining Mr. Neidhart are Steven M. Tiegel and Alai Qaisi. Mr. Tiegel is an integral member of Crossroads' Financial Advisory Practice group. Mr. Tiegel is experienced in coordinating asset valuations and financial model scenarios. Mr. Tiegel's industry experience includes computer hardware manufacturing and energy production and refining. Alai Qaisi has substantial financial analytical skills from her domestic and international experiences in credit analysis, commercial banking and fund accounting. Her varied industry experience includes consumer products and communications. The Crossroads advisors are supported by the research analyst Anand Sheth.

18. During the First Application Period, the vast majority of the time charges incurred during the Application Period have been for services rendered to the Committee by Mr. Neidhart and Ms. Qaisi.

19. Through this First Application, Crossroads also seeks reimbursement of various actual, necessary expenses incurred in connection with its advisory role to the Committee during the First Application Period. Certain of the expenses incurred during this First Application Period may not have been recorded and/or allocated to these cases in time to be included in this First Application. Crossroads reserves the right to submit such expenses in the next application period. In addition to the expense items for which Crossroads seeks reimbursement, the firm has also invariably incurred certain expenses for which it may not seek reimbursement, which expenses are borne by the firm.

20. A summary of all disbursements for which reimbursement is sought through this Application, divided by category, is attached hereto as Exhibit D. The expenses and disbursements for which Crossroads seeks reimbursement Crossroads' actual cost for each such charge, and Crossroads makes no profit on any of the items for which it seeks reimbursement in this First Application.

21. Crossroads' professionals bill travel expenses at the lowest possible rates, including discounted hotel rates. Crossroads also makes every effort keep to a minimum the use of overnight courier service whenever possible. However, the members of the Committee and the other professionals in the cases are widely dispersed and it is frequently impossible to communicate quickly with the members of the Committee or other professionals and to receive comments on documents other than by facsimile or overnight courier.

Satisfaction of Applicable Legal Standards

22. Pertinent part, Section 330 of the Bankruptcy Code provides that the Court may award to a professional person (including professionals retained by a committee):

(1) reasonable compensation for actual necessary services rendered by such...professional person...based on the time , the nature, the extent, and the value of such services, and the cost of comparable services other than in a case under this title...

11 U.S.C. § 330.

23. The Committee chose to retain Crossroads with full knowledge of the fact that the firm normally bills its clients, including bankruptcy clients, at its usual hourly rates. These rates are consistent with, or are lower than, the rates typically charged by other national financial advisors possessing expertise in evaluating distressed companies and maximizing their values. Given the complex financial transactions, unique intellectual property valuations and business reorganization issues presented by these cases, the Committee chose to retain a financial advisor with extensive experience in chapter 11 cases to assure the adequate representation of the interests of the unsecured creditors. Taking into account all of these circumstances, Crossroads submits that it is appropriate for the Court to approve payment of its fees at the firm's standard hourly rates. See, e.g., In re Jcfsaba, Inc., 172 B.R. 786, 798 (Bankr.E.D.Pa. 1994) (firm's normal hourly billing rates are afforded a presumption of reasonableness as long as they are charged in bankruptcy and non-bankruptcy matters alike).

24. Crossroads was mindful of the concerns raised by the Debtors' noteholders that (a) Crossroads efforts should not duplicate efforts of other financial advisors retained in the cases and (b) Crossroads efforts post sale should be limited.

25. In determining requests for compensation pursuant to Section 330 of the Bankruptcy Code, courts have focused on the lodestar analysis, evaluating the

reasonableness of such fees under the factors of Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974).

26. The twelve factors identified in Johnson affecting the awarding of fees are: the time and labor required; the novelty and difficulty of the questions presented; the skills requisite to performing the legal services properly; the preclusion of other employment due to the attorney's acceptance of the case; the customary fee charged by such financial advisors; whether that fee is fixed or contingent; time limitations imposed by the client or other circumstances; the amount involved and the results obtained; the experience, reputation and ability of the attorney; the "undesirability" of the case; the nature and length of the professional relationship with the client; and awards in similar cases (the "Application Factors"). Crossroads submits that the First Application satisfies the Application Factors and that award of the requested fees is therefore appropriate under applicable law.

27. The difficult issues presented during the period of the First Application, as well as the Debtors' complex corporate structure and the fast track that these cases are on, have required a significant level of skill on the part of Crossroads professionals charged with advising the Committee in these cases. Crossroads asserts that it has met that challenge due to its recognized expertise in the areas of corporate reorganization and business valuations. While Crossroads' advisory role to the Committee in these cases has not precluded the firm from accepting other engagements, the advisory role to the Committee, particularly at the inception of the cases, has required the significant attention of certain Crossroads' professionals, thus precluding their work on other matters. Crossroads respectfully submits that the overall fees sought herein are not unusual or

large, given the size of these cases and the time expended diligently advising the Committee. The fees sought herein are not inconsistent with fees Crossroads has been awarded in other cases and with fees charged by other financial advisors of comparable experience.


CONCLUSION

WHEREFORE, Crossroads requests that this Court enter an Order (a) awarding Crossroads \$36,427.00 as compensation for services rendered and \$145.05 in reimbursement for expenses incurred for the Committee during the First Application Period; for an aggregate of \$36,572.05, and (b) granting such other and further relief as the Court deems just and proper.

Dated: July 17, 2000
Newport Beach, California

Respectfully submitted,

CROSSROADS CAPITAL PARTNERS, LLP

By: 
James D. Neidhart
1600 Dove Street
Newport Beach, California 92660
(949) 261-1600

Financial Advisors to the Official Committee of
Unsecured Creditors