

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

FILED
UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS

JAN 09 2004

KENNETH S. GARDNER, CLERK
TEAM - A

In re:)	Chapter 11
)	
Conseco, Inc., <u>et al.</u> ,)	Case No. 02 B 49672
)	
Debtors.)	Honorable Carol A. Doyle
)	

INITIAL REPORT OF FEE REVIEW COMMITTEE

The U.S. Trustee, Ira Bodenstein, by his attorney, M. Gretchen Silver, is filing this report on behalf of the Fee Review Committee, the members of which are Ira Bodenstein (U.S. Trustee), Anthony Schnelling (CFC Plan Administrator), Walter Morales (former member of Unsecured Creditors Committee), Eric Johnson (President of 40186 Advisors, a Conseco subsidiary), and Frank Poli (former member of the TOPrS Committee).

1. On September 17, 2003, the Debtor filed with the Court the Fee Review Committee Billing Guidelines. Final Fee Applications were due on October 9, 2003. Electronic versions were to be simultaneously submitted to the Office of the U.S. Trustee.
2. The instructions concerning the electronic submission of fee applications were not timely distributed to all applying professionals and electronic submissions were not completed by many professionals until mid-November. In addition, some firms had difficulty complying with

^{1/}The Debtors initially were the following entities: Conseco, Inc., CIHC, Incorporated, CTIHC, Inc., Partners Health Group, Inc., Conseco Finance Corp. and Conseco Finance Servicing Corp. The latter two Debtors are referred to as the CFC Debtors. On February 3, 2003 the following subsidiaries of the CFC Debtors filed cases in this Court: Conseco Finance Corp. - Alabama, Conseco Finance Credit Corp., Conseco Finance Consumer Discount Company, Conseco Finance Canada Holding Company, Conseco Finance Canada Company, Conseco Finance Loan Company, Rice Park Properties Corporation, Landmark Manufactured Housing, Inc., Conseco Finance Net Interest Margin Finance Corp. I, Conseco Finance Net Interest Margin Finance Corp. II, Green Tree Finance Corp. - Two, Green Tree Floorplan Funding Corp., Conseco Agency of Nevada, Inc., Conseco Agency of New York, Inc., Conseco Agency Inc., Conseco Agency of Alabama, Inc., Convergent Lending Services, LLC, Conseco Agency of Kentucky, Inc., and Crum-Reed General Agency, Inc. Pursuant to an order entered on February 3, 2003 all of the above cases are now jointly administered.

the formatting requirements for electronic submissions, which resulted in further delays.

3. The U.S. Trustee's Office received final fee applications from 22 professionals. The fees requested total approximately \$78,241,000 and the expenses requested to be reimbursed total approximately \$4,438,000.

4. The U.S. Trustee's Office has completed a numerical analysis of the electronically submitted final fee applications with respect to each of the Guidelines except the "Meet and Confer" guideline, the analysis of which requires reading each individual time entry of every professional. After it completes the Guideline analysis of a fee application, the U.S. Trustee's Office will prepare a separate report for each applicant identifying any requests that are not in compliance with the Guidelines and circulate that report to the Committee. The Committee will also review each application for overall reasonableness. After each application is fully reviewed, the applicant will be notified of the Committee's concerns, if any. The Committee plans to meet with the applicants separately to attempt to resolve any issues. Any unresolved issues will be promptly presented to the Court for resolution.

5. The Fee Review Committee has met telephonically several times to familiarize itself with the process of fee reviews, to discuss and establish a procedure for the Committee to follow, and to determine a practical approach to effectively and efficiently review each professional's final fee application.

6. In light of the delayed start of the review process, the intervening holidays and the sheer volume of required work, the Fee Review Committee has not completed its review of all of the final fee applications. The Committee anticipates that within four to six weeks a majority of the applications could be fully reviewed and a detailed report filed with the Court by February 27, 2004 that would set forth the Committee's position on the fully reviewed applications and

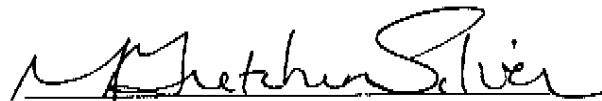
any consensual adjustments to them.

7. The requested time for further review is not unreasonable or prejudicial considering the 30 to 45 day delay in filing of electronic fee information, the amount of fees requested by the various professionals in this case, and in light of the fact that such professionals were previously paid 90 percent of the fees requested and 100 percent of requested expenses. A substantial amount of work has been done to date by the U.S. Trustee's Office and the Committee but in order to avoid piecemeal and incomplete negotiations with applicants, the Committee would prefer to complete its review on a particular application before it begins any necessary negotiations with applicant.

Respectfully submitted,

Ira Bodenstein
United States Trustee

Dated: January 09, 2004



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