

Date	Atty		Hours
04/28/03	JAS	Work on memorandum to court perfection issues (6.5). Interoffice conference with T. Valiulis regarding same (.5). Research issues regarding perfection (.5).	7.50
04/28/03	EDS	Work on equitable subordination section of position statement	2.80
04/28/03	HMS	Continue to review facts and law and draft excerpts for position paper	4.70
04/28/03	HMS	Revise cover sheet for document review	0.80
04/28/03	REF	Emails from/to paralegal re: document review cover sheet/finalize list of agreements involved in case for same (.8); Telephone call from/to Cerberus attorney re: response to subpoena (.5); Conference with and emails to/from Ed Shaprio re: same (.6). Continued drafting section of trial brief on sale v. loan (5.2); Telephone call from attorney for CFN/Fortress re: subpoena (.2).	7.30
04/28/03	MXO	Research re: fraudulent transfer and fraudulent conveyance and draft section for trial brief.	2.30
04/28/03	CRO	Printing summation database (370 pages).	0.30
04/28/03	CRO	Revising coversheet for review of Lehman documents.	0.50
04/28/03	CRO	Briefly reviewing pleadings binder for the purpose of locating subpoenas recently sent and revising pleading binder to attach riders to subpoenas.	0.20
04/29/03	ACV	Review and analyze information from Huron re fees charged in comparable transactions (.5); work on brief (3.5); review and analyze disclosure statement, discuss with ED SHAPIRO, and give comments to Greenberg (1.0); review and analyze legal research re UCC perfection and avoidance under bankruptcy laws (1.0); work on document production (.5)	6.50
04/29/03	HJB	Review brief re introduction and perfection issue. Telephone call with Tony Valiulis re strategy.	1.50
04/29/03	HJB	Review response to document request.	1.00
04/29/03	JAS	Work on research of issues regarding perfection (4.). Telephone conference with Valiulis regarding brief (.5).	4.50
04/29/03	EDS	Several conferences with R. Feldstein and T. Valiulis regarding objections by Flowers, Cerberus, and Fortress to responding to subpoenas and handling of same	0.80
04/29/03	EDS	Work on equitable subordination section of position statement (1.8);Conference with T. Valiulis regarding Whole Loan Issue and A. Arnett information (.50);Review disclosure statement relating to waiver of claims and conference with T. Valiulis and N. Peterman regarding same (.70)	3.00
04/29/03	HMS	Continue to review facts and law and draft excerpts for position paper	5.80

Date	Atty		Hours
04/29/03	REF	Office conference with Tony Valiulis re: Master Repurchase provisions relating to sale vs. loan issue (.3); Office conferences with Ed Shapiro re: response by attorney for Cerberus re: subpoena (.5); Telephone calls to/from and emails to/from Mike Chernis re: same/agreement to extend time for 1 week and estimation hearing deadline (1.0); Telephone calls to/from attorney for CFN/Fortress (Buddy Menton/Joanna Leibman) (.9) and office conferences with Tony Valiulis re: same (.3); Review of email from Alan Arnett re: typical % of forbearance fees (.2); Continued drafting of section of trial brief on sale vs. loan section (3.1).	6.30
04/29/03	LBI	Conference with Tony Valiulis re Section 544. Telephone call with Bill Hackney re Section 544. Review Section 544 of Bankruptcy Code. Draft insert on preferential transfers.	1.30
04/29/03	MXO	Research and draft fraudulent transfer section of trial brief.	6.90
04/29/03	KAJ	Research and memos re: requirements under 11 USC 544(a)(1), 547(b) and (e)(2), and 548(a)(1)(B) for Lisa Ben-Isvy.	3.90
04/30/03	ACV	Work on brief, including review of facts and law	3.00
04/30/03	HJB	Review brief re perfection issues, loan issues. Review e-mails from Huron re fact questions, insolvency, etc.	2.00
04/30/03	JAS	Work on insert to brief regarding perfection and seller issues. (3.5) Review cases regarding same. (.4). Meeting with Feldstein regarding seller issues (1.).	4.90
04/30/03	EDS	Review and revise overall draft position statement, including specific work on equitable subordination (4.2); Receive and review letter from A. Wald (Lehman attorney) regarding initial response to discovery requests (.50); Various conferences with J. Sarasin, R. Feldstein, M. Oliver regarding their respective sections of position statement (.50)	5.20
04/30/03	HMS	Continue to review facts and law and draft excerpts for position paper	6.50
04/30/03	REF	Telephone call from Joanna Leibman re: CFC/Fortress' response to subpoena (.4); Letter from Michael Chernis (Cerberus) re: subpoena response (.2); Office conference with Ed Shapiro re: same and subpoena responses (.3); Review of draft position paper introduction (.5); Review of comments by Tony Valiulis to section of brief on sale v. loan and revised per same/added section on right to sell collateral (4.8) and office conferences with Ed Shapiro re: same/putting statement together (.3); Review of letter from Lehman re: response to document request (.2); Review of/edit draft section of position statement re: fraudulent transfers and conference with Megan Oliver re: same (.6);	7.30
04/30/03	MXO	Research re: fraudulent transfers.	0.30
04/30/03	MXO	Research and prepare fraudulent conveyance section of trial brief.	10.90
04/30/03	CRO	Reviewing various e-mail correspondence regarding drafts of position brief.	0.50
04/30/03	CRO	Updating pleading binder for main file.	0.50

Date	Atty		Hours
04/30/03	KAJ	Pulled law review article on intercorporate guarantees and the law of fraudulent conveyances written by Robert Rosenberg for Ed Shapiro.	0.10

**Total Hours** 766.20

**Professional Services** \$ 254,645.00

**Timekeeper Summary:**

Timekeeper	Hours		Rate
Anthony C Vallulis	85.50	at \$	450.00
Harvey J Barnett	70.80	at \$	450.00
Christopher J. Stuart	89.80	at \$	375.00
Joanne A. Sarasin	70.10	at \$	325.00
John H. Ward	2.90	at \$	395.00
Edward D. Shapiro	84.30	at \$	375.00
Hillard M. Sterling	138.40	at \$	325.00
Rachel E. Feldstein	70.50	at \$	290.00
Lisa H Ben-Isvy	13.60	at \$	320.00
Megan C. Oliver	51.50	at \$	195.00
Sara Rodriguez	0.80	at \$	150.00
Carmen R Ortiz	48.90	at \$	150.00
Kendalle A Jacobson	39.10	at \$	200.00
<b>Total Hours</b>	<u>766.20</u>		

**Disbursements**

<b>Date</b>	<b>Description</b>		<b>Total</b>
04/30/03	Cab Fare	\$	5.00
04/30/03	Certified Copies		74.00
04/30/03	CMS Delivery		128.25
04/30/03	Court Reporter		264.00
04/30/03	FedEx		252.28
04/30/03	Filing Fees		150.00
04/30/03	LD Telephone		25.28
04/30/03	Miscellaneous (Electronic Legal Research)		16,208.06
04/30/03	Photocopying		2,302.00
04/30/03	Travel		52.00
	<b>Disbursements</b>	<b>\$</b>	<b>19,460.87</b>

**Invoice Summary**

Professional Services	\$	254,645.00
Disbursements	\$	<u>19,460.87</u>
<b>Net Amount Due on Current Invoice</b>	<b>\$</b>	<b>274,105.87</b>

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

RECEIVED  
UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS

JUN 25 2003

In re:

Conseco, Inc., et al.,<sup>1</sup>

Debtors.

Chapter 11

Case No. 02B49672

Jointly Administered

Honorable Carol A. Doyle

KENNETH S. GARDNER, CLERK  
PUBLIC SERVICE COUNTER

**SECOND MONTHLY APPLICATION OF MUCH SHELIST, P.C. FOR  
ALLOWANCE OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES**

Much Shelist Freed Denenberg Ament & Rubenstein, P.C. ("Applicant"), as counsel to the Official Committee of Unsecured Creditors of CFC and CFSC ("the CFC Committee"), presents its second monthly application (the "Second Application") pursuant to sections 330 and 331 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and the Court's Amended Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members, entered on January 2, 2003 (the "Administrative Order"). By this Second Application, Applicant seeks a monthly interim allowance of \$133,895.25 (representing 90% of the actual fees incurred in the amount of \$148,772.50) as compensation and \$14,445.12 for reimbursement of 100% of the actual and necessary expenses incurred for a total of \$148,340.37. The Second Application covers the time period beginning May 1, 2003 and ending May 31, 2003 (the "Interim Period"). In support of the Second Application, Applicant respectfully states as follows:

<sup>1</sup> The above-captioned Debtors are the following entities: (i) Conseco, Inc., CIHC, Incorporated, CTIHC, Inc., and Partners Health Group, Inc. (collectively, the "Parent Company Debtors"); (ii) Conseco Finance Corp. ("CFC") and Conseco Finance Servicing Corp. ("CFSC"); and (iii) Conseco Finance Corp. - Alabama, Conseco Finance Credit Corp., Conseco Finance Credit 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 Financial Corp. - Two, Conseco Agency of Nevada, Inc., Conseco Agency of New York, Inc., Green Tree Floorplan Funding Corp., Conseco Agency, Inc., Conseco Agency of Alabama, Inc., Conseco Agency of Kentucky, Inc., and Crum-Reed General Agency, Inc. (the "CFC Subsidiary Debtors" and collectively with CFC and CFSC, the "CFC Debtors").

## JURISDICTION AND VENUE

1. This Court has jurisdiction over this application pursuant to 28 U.S.C. §§ 157 and 1334 (b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409(a).

2. This action is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B), (C), (F), (H), (K) and (O).

3. Pursuant to Rules 3007 and 7001 (1), (2) and (9) of the Bankruptcy Rules, this proceeding is governed by the Rules set forth in Part VII of the Bankruptcy Rules.

## BACKGROUND

4. On December 17, 2002 (the "**Petition Date**"), the Parent Company Debtors, CFC, and CFSC each filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. On February 3, 2003, the CFC Subsidiary Debtors also filed voluntary Chapter 11 petitions. The Parent Company Debtors and CFC Debtors continue to operate their businesses as debtors in possession pursuant to §1107 and §1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Chapter 11 cases.

5. On January 3, 2003, the United States Trustee for the Northern District of Illinois, Eastern Division, pursuant to §1102 of the Bankruptcy Code, duly appointed the CFC Committee to represent the interests of all unsecured creditors in the CFC Debtors' Chapter 11 cases.

6. On April 14, 2003, an order was entered authorizing the retention and employment of Applicant as special conflicts counsel to pursue all claims against certain Lehman entities on behalf of the CFC Committee, effective as of April 17, 2003. A copy of the order is attached as Exhibit A.

7. On April 16, 2003, Applicant filed a complaint for declaratory relief to substantively consolidate certain estates, to avoid and recover preferential and fraudulent transfers, to avoid and recover unperfected security interests, to equitably subordinate certain claims, and for objection to claims (the "Adversary Complaint") against Lehman Brothers, Inc., Lehman Commercial Paper, Inc. and Lehman ALI, Inc. (the "Lehman Defendants") and Green Tree Finance Corp.-Five, Green Tree Residual Finance Corp. I (the "Green Tree Defendants"). The Adversary Complaint seeks to equitably subordinate between \$21 million and \$700 million of Lehman's purported secured debt. Several of the other claims seek to avoid \$410 million of Lehman secured debt on various fraudulent conveyance and preference grounds. Still other claims seek declaratory relief refuting the nature of the transactions at issue.

**RELIEF REQUESTED**

8. This is Applicant's second monthly interim application. The chairman of the CFC Committee, Walter Morales, has reviewed and authorized the filing of this Second Application.

9. As further detailed in the invoice attached hereto as Exhibit B, Applicant requests compensation for the professionals and paraprofessionals who have provided services to the CFC Committee in connection with the Adversary Proceeding during the Interim Period. A summary of the professionals who have provided services during the Interim Period is summarized as follows:

<b><u>ATTORNEY</u></b>	<b><u>HOURS</u></b>	<b><u>RATE</u></b>	<b><u>AMOUNT</u></b>
Harvey J. Barnett	33.00	\$450.00	\$14,850.00
Anthony Valiulis	77.30	\$450.00	\$34,785.00
John Ward	.40	\$395.00	\$128.00
Christopher Stuart	9.10	\$375.00	\$3,412.50
Edward Shapiro	75.30	\$375.00	\$28,237.50
Hillard Sterling	36.70	\$325.00	\$11,927.50
Joanne Sarasin	11.40	\$325.00	\$3,705.00
Lisa Ben-Isvy	18.40	\$320.00	\$5,888.00

maintaining pleadings, correspondence, agreements and other documents relating to the Chapter 11 Case and the Adversary Proceeding.

12. Applicant expended 9.9 hours with a value of \$1,628.50 in this category during the Interim Period.

**B. Investigation**

13. During the Interim Period, Applicant continued to investigate the facts and reviewed and analyzed the pleadings and issues related to the Chapter 11 Case and the Adversary Proceeding filed by the CFC Committee.

14. In addition, Applicant coordinated and participated in conferences with counsel to the Debtors, committee members, consultants and other parties in interest regarding the general status of the case and legal strategy.

15. Applicant also participated in regular office conferences with its team members to discuss the status of discovery efforts, review of documents, staffing issues and formulating legal strategy.

16. Applicant expended 27.60 hours with a value of \$9,470.00 in this category during the Interim Period.

**C. Research and Legal Analysis**

17. During the Interim Period, the Applicant performed various legal research in connection with the position statement requested by the Court and the Motion to Dismiss filed by the Lehman Defendants.

18. Applicant also participated in regular office conferences with its team members to discuss various legal issues and formulate legal strategies.



19. Applicant expended 89.00 hours with a value of \$29,242.00 in this category during the Interim Period.

**D. Drafting and Related Work**

20. Applicant expended 108.60 hours with a value of \$39,324.50 drafting, analyzing and filing the position statement requested by the Court during the Interim Period.

21. Applicant expended 63.80 hours with a value of \$20,363.00 drafting its response to the Lehman Defendants' Motion to Dismiss and work on the April 2003 Fee Application filed on May 27, 2003.

22. The total fees for this category are \$59,687.50 and the total hours are 172.40.

**E. Discovery**

23. Applicant prepared and issued a subpoena for documents to Cerberus Capital Management, L.P. Applicant also negotiated various discovery objections made by parties that Applicant previously subpoenaed. Applicant also prepared and served notices of depositions on key fact witnesses in the Adversary Proceeding.

24. During the Interim Period, Applicant continued to review and analyze the documents produced by the Lehman Defendants and certain subpoenaed parties, pursuant to discovery requests.

25. Due to the complex nature of nature of the Chapter 11 Cases, Applicant has utilized the services of paralegals to maintain and organize the voluminous documents which have been generated.

26. As part of the discovery process, Applicant reviewed prior pleadings, prior document requests, previously produced documents and memoranda.

Rachel Feldstein	84.30	\$290.00	\$24,447.00
Kendall Jacobson	16.60	\$200.00	\$3,320.00
Megan Oliver	28.60	\$195.00	\$5,577.00
	<hr/>		
	391.10		\$ 136,277.50
SUBTOTAL:			
<b><u>PARALEGALS</u></b>	<b><u>HOURS</u></b>	<b><u>RATE</u></b>	<b><u>AMOUNT</u></b>
Carmen Ortiz	57.40	\$150.00	\$8,610.00
Sara Rodriguez	25.90	\$150.00	\$3,885.00
	<hr/>		
	83.30		\$12,495.00
SUBTOTAL:			
<b>TOTAL:</b>	<b>474.40</b>		<b>\$148,772.50</b>

10. The services performed by Applicant during the Interim Period have been categorized into project summaries which are described below. Each project summary refers to Exhibit B, which is attached to the Second Application and incorporated herein by reference. Exhibit B includes detailed time entries showing the services provided in the category, the attorney providing the service, the date the service was provided, the time incurred and the value of such time.

#### **SUMMARY OF SERVICES RENDERED**

##### **A. General Case Administration**

11. During the Interim Period, Applicant rendered various general legal services to the CFC Committee. These services are grouped in this category because they are not readily susceptible to being placed in any of the more specific categories established in the Second Application. Some of the services detailed in Exhibit B and summarized below involve minimal amounts of time and did not warrant the creation of a separate category. The general administrative services in this category include, but are not limited to obtaining, organizing and

27. Applicant also participated in regular office conferences with its team members to discuss the status of its discovery efforts, and formulating going-forward discovery strategy.

28. Applicant expended 165.40 hours with a value of \$44,401.50 in this category during the Interim Period.

**F. Court Hearings**

29. During the Interim Period, Applicant prepared for and attended two hearings before the Court relating to the Adversary Complaint and the Chapter 11 Cases.

30. Applicant expended 10.10 hours with a value of \$4,343.00 in this category during the Interim Period.

**EXPENSES**

31. During the Interim Period, Applicant expended the sum of \$14,445.12 for reasonable and necessary out-of-pocket expenses incurred in connection with its representation of the CFC Committee. The expenses incurred by Applicant during the Interim Period as summarized as follows:

EXPENSE	AMOUNT
Court Reporter (transcripts)	\$161.00
Federal Express Charges	\$14.71
Information and Research for May	\$5,836.87
Local Travel	\$30.50
Photocopying Charges	\$1,850.70
Outside Photocopying Expenses	\$6,250.95
Secretarial Overtime	\$273.94
Telephone Expenses	\$26.45
TOTAL:	\$14,445.12

32. In accordance with the Administrative Order and this Court's Standing Order Number 10, Applicant represents the following with regard to its charges for actual and necessary costs and expenses during the Interim Period:

(a) copy charges are \$.10 per page, which charge is reasonable, represents the cost of copy material, acquisition, maintenance, storage and operation of copy machines, together with a margin for recovery of cost expenditures.

(b) Incoming facsimiles are not billed.

(c) Outgoing facsimiles are not billed. However, the telephone connection charges for each facsimile are billed.

(d) Applicant has charged for local travel which includes cab fares and parking fees for attorneys, paralegals and staff.

#### SUMMARY

33. During the Interim Period, Applicant expended a total of 474.40 hours rendering professional services to the CFC Committee. Based upon the total number of hours spent in connection with Applicant's representation of the CFC Committee, the gross amount of fees incurred during the Interim Period is \$148,772.50. Applicant requests approval and payment of the professional fees incurred during the Interim Period in the amount of \$133,895.25, representing 90% of the actual fees incurred.

34. As counsel to the CFC Committee, Applicant incurred a total of \$14,445.12 in out-of-pocket expenses during the Interim Period. Applicant requests approval and payment of 100% of the actual and necessary expenses incurred during the Interim Period.

35. Applicant has diligently represented the CFC Committee in the Chapter 11 Cases. Based upon the circumstances, the fair value of the professional services rendered by Applicant to the CFC Committee, the skill required, the nature of services rendered and the results obtained, the fees charged by Applicant for its services in these cases are reasonable.

36. All services for which Applicant requests compensation were performed for and on behalf of the CFC Committee, and not on behalf of any other entity.

37. No agreement or understanding exists between Applicant and any other person for sharing compensation which has been or will be received, except such sharing as is customary and generally accepted among lawyers within a law firm.

38. No agreement or understanding, express or implied, has been or will be entered into for the purpose of fixing the fees or other compensation to be paid to any other attorney for any party in interest, to any other party in interest, or to any person for services rendered in connection with the Chapter 11 Cases.

**WHEREFORE**, Harvey J. Barnett, Anthony C. Valiulis, Edward D. Shapiro and the law firm of Much Shelist Freed Denenberg Ament & Rubenstein, P.C. respectfully request that it be allowed reimbursement for its fees and expenses incurred during the Interim Period, described as follows:

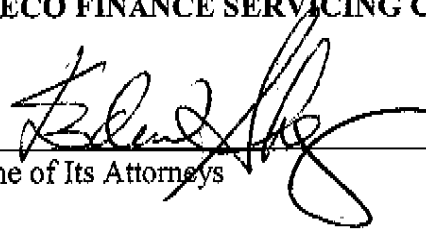
- (i) interim compensation for services rendered as counsel to the CFC Committee in the amount of \$133,895.25 (representing 90% of the actual fees incurred during the Interim Period in the amount of \$148,772.50);
- (ii) interim allowance for reimbursement of expenses incurred on behalf of the CFC Committee in the amount of \$14,445.12 (representing 100% of the out-of-pocket expenses incurred during the Interim Period); and
- (iii) granting such other and further relief deemed appropriate under the circumstances.

Dated: June 25, 2003

**THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS OF CONSECO FINANCE CORP. AND  
CONSECO FINANCE SERVICING CORP.**

By \_\_\_\_\_

One of Its Attorneys



Harvey J. Barnett  
Anthony C. Valiulis  
Edward D. Shapiro  
MUCH SHELIST FREED DENENBERG  
AMENT & RUBENSTEIN, PC  
191 North Wacker Drive, Suite 1800  
Chicago, Illinois 60606-1615  
Telephone: (312) 521-2000  
Facsimile: (312) 521-2100

**Counsel to the Official Committee of  
Unsecured Creditors of the CFC Debtors**

FOB APR 14 2003

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

In re:	)	Chapter 11
	)	
	)	Case No. 02-49672
	)	(Jointly Administered)
Conseco, Inc, et al. <sup>1</sup>	)	The Honorable Carol A. Doyle
	)	
Debtors.	)	Docket under 02 B 49672

**ORDER AUTHORIZING RETENTION AND EMPLOYMENT OF HARVEY J. BARNETT, ANTHONY VALUILIS AND MUCH SHELIST FREED DENENBERG AMENT & RUBENSTEIN, P.C. AS CONFLICTS COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF THE CFC DEBTORS EFFECTIVE AS OF APRIL 7, 2003**

Upon the emergency application (the "Application") of the Official Committee of Unsecured Creditors (the "CFC Committee") of the CFC Debtors for entry of an Order (A) authorizing the retention and employment of Harvey J. Barnett, Anthony Valuilis and Much Shelist Freed Denenberg Ament & Rubenstein, P.C. ("Much Shelist") as conflicts counsel effective as of April 7, 2003; and (B) approving the hourly and contingent fee arrangement (the "Application"); and upon the Valuilis Affidavit<sup>2</sup>; and it appearing that the Court has jurisdiction over the Application pursuant to 28 U.S.C. § 157(b)(2)(A) and (O); and it appearing that Much Shelist does not hold or represent any interest materially adverse to the CFC Debtors, any creditors of the CFC Debtors, the United States Trustee for the Northern District of Illinois or any person employed in the United States Trustee's office, or any other party-in-interest with respect to the matters upon which said firm is to be engaged; and it appearing that Much Shelist

<sup>1</sup> The Debtors are the following entities: (i) Conseco, Inc., CIIHC, Incorporated, CTIHC, Inc., Partners Health Group, Inc. (the "Holding Company Debtors"), (ii) Conseco Finance Corp. and Conseco Finance Servicing Corp. (the "CFC Debtors"), and (iii) Conseco Finance Corp. - Alabama, Conseco Finance Credit Corp., Conseco Finance Credit 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 Financial Corp. - Two, Conseco Agency of Nevada, Inc., Conseco Agency of New York, Inc., Green Tree Floorplan Funding Corp., Conseco Agency, Inc., Conseco Agency of Alabama, Inc., Conseco Agency of Kentucky, Inc., and Crum-Reed General Agency, Inc. (the "CFC Subsidiary Debtors" and, collectively with the Holding Company Debtors and the CFC Debtors, the "Debtors").

<sup>2</sup> Capitalized terms used herein but not defined herein shall have the meanings given them in the Supplement.

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is a "disinterested person" as described by section 327(a) of the Bankruptcy Code; and it appearing that due and adequate notice of the Application has been given; and it appearing that no other or further notice need be given; and this Court having determined that granting the relief requested in the Application is in the best interest of the CFC Committee and the CFC Debtors' estates; and after due deliberation and sufficient cause appearing therefore:

IT IS HEREBY ORDERED THAT:

1. The Application is granted.
2. Pursuant to section 327(a) of the Bankruptcy Code, Bankruptcy Rules 2014(a) and 2016, the Debtors are hereby authorized to employ Much Shelist as its conflicts counsel to perform the services set forth in the Application as of April 7, 2003.
3. Much Shelist shall be compensated in accordance with the procedures set forth in Application and consistent with sections 327, 330 and 331 of the Bankruptcy Code and such Bankruptcy Rules as may then be applicable, from time to time, and such procedures as may be fixed by order of this Court.
4. Furthermore, subject to <sup>the terms and conditions of a</sup> further order of this Court, Much Shelist shall be paid fifteen percent (15%) of the gross recovery, if any, whether by settlement, judgment, or otherwise, attributable to the Claims without further application to this Court.
5. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: April 14, 2003

  
HONORABLE CAROL A. DOYLE  
UNITED STATES BANKRUPTCY JUDGE



**M U C H S H E L I S T**

191 N. Wacker Drive, Suite 1800, Chicago, IL 60606  
Telephone 312-521-2000 FEIN 36-2757501

Invoice No. 211152  
Invoice Date 6/1/03

Client/Matter No. 0002728.0001  
HJB 0338



Conseco Creditors Committee  
c/o Walter A. Morales  
247 Florida Street  
Baton Rouge, LA 70821

Re: 03 - Lehman Brothers

**Professional Services Rendered Through May 31, 2003**

Professional Services	\$ 148,772.50
Disbursements	<u>\$ 14,445.12</u>
Current Invoice	\$ 163,217.62
Prior Balance Due	<u>\$ 25,491.50</u>
Total Balance Due Upon Receipt	\$ 188,709.12

**REMITTANCE**

**Invoice Is Payable Upon Receipt**

**Please Return This Copy With Your Payment**

# M U C H S H E L I S T

191 N. Wacker Drive, Suite 1800, Chicago, IL 60606  
Telephone 312-521-2000 FEIN 36-2757501

Invoice No. 211152  
Invoice Date 6/1/03

Client/Matter No. 0002728.0001  
HJB 0338

Conseco Creditors Committee  
c/o Walter A. Morales  
247 Florida Street  
Baton Rouge, LA 70821

Re: 03 - Lehman Brothers

## Professional Services Rendered Through May 31, 2003

Date	Atty		Hours
05/01/03	HJB	Review draft of estimation brief.	3.00
05/01/03	HJB	Review discovery issues and correspondence from Rosenberg	1.00
05/01/03	EDS	Review and revise various sections of position statement (5.0); Various conferences with M. Oliver, R. Feldstein, and H. Barnett regarding same (.50)	5.50
05/01/03	HMS	Research and examine case law and draft excerpts for position paper concerning substantive consolidation, designation of the Lehman Defendants as initial transferees, and piercing the corporate veils of the Green Tree entities	12.40
05/01/03	REF	Reviewed draft by Megan Oliver/ revised and edited same (section on fraudulent transfers) (5.4); Telephone call from Harvey Barnett re: comments to section of brief on sale v. loan and revise per same (.8).	6.20
05/01/03	LBI	Revise insert on preferential transfers.	2.50
05/01/03	MXO	Research and revise fraudulent transfer section of trial brief (4.1); conferences with Rachel Feldstein re: same (.40).	4.50
05/02/03	HJB	Conference with Ed Shapiro. Review drafts of estimation brief and revise same.	4.00
05/02/03	EDS	Finalize equitable subordination section of brief (1.2) Meet with H. Barnett and review and revise draft of entire brief (2.8); Revisions to Brief (2.0)	6.00
05/02/03	REF	Continued revision of/edited section of brief on fraudulent conveyance (under Section 548 and state law)/office conferences with Megan Oliver re: same (2.3); Review of letter from counsel for Flowers, Fortress, and CFN re: proposed agreement as to subpoena response (.2).	2.50
05/02/03	MXO	Revise fraudulent transfer section of trial brief and conference with Rachel Feldstein re: same.	1.50

Date	Atty		Hours
05/03/03	EDS	Review and revise draft position statement per meeting with H. Barnett	3.50
05/04/03	ACV	Review and revise brief	4.50
05/04/03	HJB	Review draft of estimation brief.	2.00
05/05/03	ACV	Review and revise brief	5.00
05/05/03	HJB	Review brief. Conference with Tony Valiulis re brief and strategy.	1.50
05/05/03	CJS	Review and revise draft position brief for filing with bankruptcy court. Analyze proposed amended counts.	3.60
05/05/03	JAS	Review brief (1.5). Review research regarding nunc pro tunc (.4). Conference with Valiulis regarding issues on nun pro tunc and perfection (.5).	2.40
05/05/03	EDS	Telephone call from A. Arnett regarding position statement and review of same	0.20
05/05/03	EDS	Review and revise position statement	2.80
05/05/03	EDS	Review and revise fee petition, conferences with T. Valiulis and C. Ortiz regarding same	1.20
05/05/03	HMS	Examine and revise draft position paper	3.80
05/05/03	HMS	Research case law regarding nunc pro tunc effect of substantive consolidation, and begin drafting excerpt for position paper seeking nunc pro tunc relief	1.30
05/05/03	REF	Office conference with Ed Shapiro re: letter from CFN/Fortress/Flowers and re: document review/production (.3); Review/edit final draft of CFC's committee position statement (2.2) and conference with Tony Vallulis re: same (.8).	3.10
05/05/03	MXO	Conference with Hillard Sterling re: substantive consolidation (.20); research re: choice of law (.50); research re: substantive consolidation (.80).	1.50
05/05/03	KAJ	Keycited and quote checked the position paper. Added choice-of-law case re: piercing the corporate veil for Ed Shapiro.	5.20
05/06/03	ACV	Work on brief; review and analyze research and claims; discuss brief with Ed and Harvey	5.00
05/06/03	HJB	Review draft of brief and made changes in same.	1.00
05/06/03	CJS	Review and revise draft position brief for filing with bankruptcy court. Analyze proposed amended counts.	1.70
05/06/03	EDS	Revise position statement (3.8); Various discussions with T. Valiulis regarding same (.80); Receive and review draft protective order from Lehman attorneys (1.5)	6.10
05/06/03	HMS	Complete examination of case law and draft of excerpt of position paper seeking nunc pro tunc relief for substantive consolidation	4.30

Date	Atty		Hours
05/06/03	REF	Review of section of position statement re: nunc pro tunc substantive consolidation (.2); Office conference with Ed Shapiro re: revision to position statement (.4); Telephone call from/to Alexandra Wald (Latham & Watkins) re: privilege log/supplemental document production and review of Wald's April 30 (.6);	1.20
05/06/03	MXO	Conference with Hillard Sterling re: substantive consolidation case law.	0.20
05/06/03	MXO	Read case law re: substantive consolidation.	1.00
05/06/03	CRO	Calculating hours worked by each attorney and number of hours worked for each category.	4.00
05/06/03	KAJ	Keycited and quote checked the position paper. Added choice-of-law case re: piercing the corporate veil for Ed Shapiro.	0.70
05/07/03	ACV	Work on brief (4.0); review facts and law (2.0); work on protective order (.5)	6.50
05/07/03	CJS	Final revise, analysis and edit of position brief for submission to court.	0.70
05/07/03	JAS	Review new modified brief especially regarding nunc pro tunc issues.	1.10
05/07/03	EDS	Work on final revisions to position statement, including several meetings with T. Vallulis regarding same	4.50
05/07/03	EDS	Review draft protective order prepared by Lehman and conference with T. Vallulis regarding same	0.80
05/07/03	HMS	Examine and revise latest draft of position paper	3.00
05/07/03	REF	Review of emails from Alexandra Wald re: protective order/Lehman's document production and review of draft protective order (.8); Office conferences with Ed Shapiro re: same (.7); Telephone call to Alexandra Wald re: changes to draft protective order/email to Alexandra Wald with proposed language for same (.7); Review of final draft of position paper and conference with Tony Vallulis/Ed Shapiro re: edits to same (.8);	3.00
05/07/03	CRO	Preparing and calculating hour spent on various categories of Fee Petition.	5.00
05/07/03	CRO	Various telephone calls to Kerry Carlson regarding service procedures for position brief; Preparing material for service of petition brief; Briefly reviewing brief for grammatical and structural errors before filing; Preparing court copies of position brief for filing.	3.00
05/07/03	KAJ	Reviewing and editing Position Paper for Ed Shapiro.	2.20
05/08/03	ACV	Start review of Latham document production (3.0); work on fee petition (.5)	3.50
05/08/03	HJB	Review fee petition and final brief.	2.00
05/08/03	JHW	Review Committee filing regarding Lehman claim value.	0.40
05/08/03	EDS	Receive, review, and analyze Lehman responses to Committee's first request for production of documents	1.50

Date	Atty	Hours
05/08/03	EDS	1.00
	Review and revise First Monthly Application for Interim Compensation and Reimbursement of Expenses	
05/08/03	EDS	3.00
	Begin review of documents produced by Lehman including discussions with T. Valiulis regarding same	
05/08/03	REF	2.00
	Emails from/to Alexandra Wald re: agreement on the protective order (.3) Review of responses to document requests and revised protective order (.8); Office conference with Ed Shapiro re: same/document review for Lehman documents (.5); Office conference with Tony Valiulis re: document setting forth Lehman's fee out of CFN deal (.4).	
05/08/03	CRO	3.50
	Preparing and calculating hour spent on various categories of Fee Petition.	
05/09/03	ACV	4.00
	Continue to review and analyze documents (3.0); revise fee petition (.5); draft response to K&E's request for compensation estimation (.5)	
05/09/03	HJB	1.00
	Review documents from Lehman produced in discovery. Conference with Tony Valiulis and Ed Shapiro re strategy issues.	
05/09/03	EDS	1.00
	Review and revise draft First Application for Interim Payment of fees and expenses including conference with C. Ortiz regarding same	
05/09/03	EDS	0.60
	Conference with H. Barnett and A. Vallulis regarding response to estimation of attorneys' fees letter (.30); Review document relating to partnership between Lehman and Fortress, and discussion with A. Vallulis regarding same (.30)	
05/09/03	REF	1.00
	Review of Lehman documents and office conference with Tony Valiulis and Ed Shapiro re: partnership agreement (1.0).	
05/09/03	CRO	0.40
	General administrative task - Updating adversary pleading binder.	
05/12/03	ACV	2.00
	Review and analyze documents (2.0)	
05/12/03	HJB	2.00
	Review Lehman documents from discovery. Review fee petition. Conference with Tony Valiulis re strategy and document production.	
05/12/03	CJS	0.80
	Analysis of Lehman document production re: potential securities claims.	
05/12/03	EDS	2.00
	Continue review of documents produced by Lehman Brothers	
05/12/03	REF	3.40
	Review of Lehman documents/prepared index for same (3.4).	
05/13/03	ACV	1.50
	Work on fee petition (.5); review and analyze documents (1.0)	
05/13/03	HJB	0.50
	Review e-mails from Peterman re strategy and memos re document production.	
05/13/03	CJS	0.70
	Analysis of Lehman document production re: potential securities claims.	
05/13/03	EDS	0.30
	Revise letter to A. Wald regarding discovery followup	
05/13/03	EDS	0.80
	Review N. Peterman revisions to First Fee Application; Revise same	
05/13/03	EDS	1.00
	Revise index of Lehman documents (.60); Further review of Lehman documents	

Date	Atty		Hours
05/13/03	REF	Continued review of Lehman documents and prepared index of same (4.8).	4.90
05/14/03	ACV	Document review (1.0); work on fee petition (.5); work on discovery (.5); analyze hot documents (.5)	2.50
05/14/03	JAS	Review brief filed by Lehman.	1.20
05/14/03	EDS	Work on preparation of deposition notices to Lehman and CFC	0.40
05/14/03	EDS	Meeting with H. Sterling regarding go forward approach on discovery, document databases, and staffing and strategy issues regarding same (.70); Followup with A. Valiulis and H. Sterling regarding same (.30)	1.00
05/14/03	EDS	Telephone call from J. Brandt and P. Laughlin regarding use of expert witnesses at estimation hearing (.30); E-mail H. Barnett and T. Valiulis regarding same (.10); Conference with A. Valiulis regarding same (.20); Telephone call with J. Brandt regarding same (.20)	0.80
05/14/03	EDS	Meeting with A. Arnett regarding review of Lehman documents produced	0.50
05/14/03	HMS	Develop and discuss approaches and strategies for document review and analysis	2.30
05/14/03	REF	Review of comments by and office conference with Tony Valiulis on Lehman document re: fee on CFN deal (.4); Email from and office conference with Ed Shapiro re: preparing 2004 deposition notices and due date on subpoenas from Fortress entities (.4); Telephone call from/to Joanna Leibman (attorney for Fortress/CFN/Flowers), re: documents produced attorneys' eyes only subject to protective order (.3); Review of correspondence and objection by Cerberus to 2004 subpoena of documents/email to Conseco team re: response to same (.5).	1.60
05/14/03	MXO	Conference with Tony Valiulis and Ed Shapiro re: research on creditor and buyer relationship.	0.20
05/15/03	ACV	Review and analyze hot documents (2.0); review and analyze Lehman's response re estimation proceeding and discuss with team (2.0); review and analyze facts and claims (1.0)	5.00
05/15/03	HJB	Review Lehman response and Sterling memo re consolidation issue.	3.00
05/15/03	CJS	Review and analysis of Lehman Brothers response to plaintiff case statement.	1.60
05/15/03	EDS	Conferences with R. Feldstein regarding deposition notices (.40); Review and analyze Lehman's Position Paper (2.8); Conference with A. Valiulis regarding same (.50)	3.70
05/15/03	EDS	Review and analyze Objections of Non-Party Cerberus Capital Management L.P. to Subpoena for Rule 2004 Examination and conference with A. Valiulis regarding same	1.00
05/15/03	EDS	Receive and review letter from A. Wald regarding Lehman production of documents; Draft response letter to A. Wald regarding same	0.50

Date	Atty		Hours
05/15/03	HMS	Examine Lehman reply brief, examine arguments regarding opposition to Counts II through IV, develop responsive arguments, and draft memorandum discussing Lehman's arguments and our responses	4.80
05/15/03	REF	Telephone call from and office conference with Ed Shapiro re: notice of depositions for Lehman and CFC people (.4); Drafted notice of depositions and prepared to be filed (.8); Email to Nancy Peterman and Nancy Mitchell re: same (.1); Review of letter from Joanna Leibman re: document production (.3); Telephone call from Alexandra Wald re: filing signed protective order with the court (.2); Telephone call/office conference with Ed Shapiro re: same (.2); Review of Lehman's response to Unsecured Creditors Committee position paper (1.5); Office conference with Tony Valiulis and Ed Shapiro re: Lehman's response brief, Cerberus' response to subpoena, and CFN's document production (1.0); Review of documents produced by CFN/Fortress/Flowers.	5.50
05/15/03	MXO	Research re: relationship between creditor and buyer of debtor's assets.	0.50
05/15/03	MXO	Review Lehman's response to position statement (1.00); conference with Tony Valiulis and Ed Shapiro re: same (.40).	1.40
05/15/03	CRO	Research regarding service procedures for fee application; Retrieving court order from pacer network; Conference with Denise Braun regarding service procedure for Fee Application; Revising Fee Application.	2.00
05/16/03	ACV	Review and analyze claims and facts, strengths and weaknesses (1.5); review and analyze Lehman's position statement and our rebuttal (1.0); internal meeting re document review (.5); prepare for hearing (2.0)	5.00
05/16/03	EDS	Review Much Shelist bill and final revisions to First Application for fees	1.00
05/16/03	EDS	Telephone call with A. Arnett regarding alleged "new" money given by Lehman to CFC	0.50
05/16/03	EDS	Conference with A. Valiulis regarding Lehman position statement and key documents received from Lehman production, and review of same	1.00
05/16/03	EDS	Meeting with coding team to discuss project review of Lehman documents, and discussion with A. Valiulis regarding same	1.00
05/16/03	REF	Telephone call and email from/to Nancy Peterman re: notice of depositions (.2); Drafted/revised letter to Joanna Leibman re: CFN/Fortress/Flowers production and office conference with Tony Valiulis re: same (1.6).	1.80
05/16/03	MXO	Conference with team re: document review.	0.80
05/16/03	MXO	Enter case information on Casemap database.	0.70
05/16/03	MXO	Research re: creditor and buyer relationship.	1.00
05/16/03	S-R	Conference with Ed Shapiro, Tony Valiulis, Hillard Sterling, Carmen Ortiz and Megan Oliver	0.90

Date	Atty		Hours
05/16/03	CRO	Revising Fee Petition; Verifying information and calculations on fee petition; Reviewing court order regarding fee petition.	2.50
05/16/03	CRO	Revising coding sheet for document review.	1.00
05/16/03	CRO	Photocopying documents requested by Huron.	1.00
05/18/03	MXO	Research re: creditor and buyer relationship.	1.30
05/19/03	ACV	Telephone conference with ED SHAPIRO and Nancy Peterman re hearing and discuss status with ED SHAPIRO (.3); prepare for hearing (.5); consider and plan discovery strategy (.5); meeting with team (1.5); work with Rachel re Cerberus discovery (.5); review UCC provisions and draft comments re perfections issues and send to Nancy Mitchell, with other points (1.5)	4.80
05/19/03	HJB	Review Lehman position paper. Conference with Tony Valiulis re strategy. Review comments on Lehman position paper. Telephone call with Nancy Peterman re strategy and court hearing. Conference with Conseco team re hearing.	3.00
05/19/03	EDS	Telephone call with A. Valiulis and N. Peterman regarding go forward strategy for estimation hearing	0.30
05/19/03	EDS	Review and analyze cases cited by Lehman in equitable subordination portion of position statement and response to Lehman arguments	1.00
05/19/03	EDS	Review Lehman documents produced to Greenburg Traurig	1.00
05/19/03	EDS	Attend Conseco Litigation Team meeting regarding status of discovery and going forward strategy	1.00
05/19/03	HMS	Prepare for and participate in team meeting to develop approaches to document review	1.40
05/19/03	REF	Review of motion by Lehman for leave to file brief in excess of page limit and conference with Tony Vallulis re: appearing at hearing on same (.7); Conference with Ed Shapiro and Tony Vallulis re: CFC's position statement due today (.2); Review of sale v. loan section of Lehman's response (.4); Prepared/revised memo re: reaction to Lehman's response on sale v. loan section of position statement (1.6); Conseco team meeting to discuss discovery issues and status of same/motion to dismiss/estimation hearing (1.6); Telephone calls to Michael Chernis (attorney for Cerberus) re: his objections to Committee's subpoena/possible resolution of same (1.3); Office conferences with Tony Valiulis re: same (.3); Revised subpoena to Cerberus and prepared same for service/obtained local counsel for same (.7)	6.80
05/19/03	LBI	Meeting with litigation team re Lehman's response to CFC's position paper and status. Review Lehman's response brief.	1.80
05/19/03	MXO	Research re: creditor and buyer relationship.	0.80
05/19/03	MXO	Conference with team re: strategy and discovery.	1.00
05/19/03	MXO	Conference with Sara Rodriguez re: document coding (.20); attention to document coding (.10).	0.30



Date	Atty		Hours
05/19/03	S-R	Code Lehman documents for summation	6.00
05/19/03	KAJ	Discussion of Lehman's response to position paper; update on status.	1.00
05/19/03	KAJ	Pulled Uniform Commercial Code sections 9-503(revised), 9-313(revised), and 8-301(revised) for Tony Vallulis.	0.20
05/20/03	ACV	Review and analyze document production (.50; analyze claims (.5)	1.00
05/20/03	EDS	Review and revise first application for fees and conference with C. Ortiz regarding same	1.00
05/20/03	EDS	Receive and analyze message from A. Amett regarding Lehman's contention that it advanced new cash to Lehman during the forbearance period;E-mail to Conseco team regarding same	0.50
05/20/03	REF	Office conference with Ed Shapiro re: amended notice of Lehman motion to exceed pages for motion to dismiss (.4); Review of emails from Nancy Peterman/Nancy Mitchell re: same/estimation hearing (.4); Review of transcript from February 21, 2003 hearing before Judge Doyle re: CFN's objection to producing valuation documents (.8); Revised Subpoena to Cerberus and letter to Michael Chemis re: same (.8); Telephone call from Michael Chemis re: same (1.1); Email to Tony Vallulis setting out the issues relating to Cerberus' objections and consistency with CFN/Flowers/Fortress (.5).	4.00
05/20/03	LBI	Review and analyze Lehman's response, documents and research.	2.00
05/20/03	MXO	Attention to document review and coding.	2.30
05/20/03	S-R	Code Lehman documents for summation	6.50
05/20/03	CRO	Coding Lehman documents.	5.00
05/21/03	ACV	Work on discovery, including Cerberus production (.5); prepare for estimation hearing and analyze strength of claims (1.5); travel to and from court and attend estimation hearing (2.5); debrief team members re results of hearing (.3); analyze documents (.5); review and revise draft order (.2)	5.50
05/21/03	HJB	Hearing re estimation proceeding and Lehman motion to dismiss. Conference with Nancy Peterman and Nancy Mitchell re strategy.	3.00
05/21/03	JAS	Conference with Vallulis regarding issues for motion to dismiss response (.9). Review responses to position statement (1.3); research issues regarding motion to dismiss (2.4).	3.60
05/21/03	EDS	Continue review of Lehman documents	2.00
05/21/03	EDS	Meeting with A. Vallulis regarding estimation/status hearing, briefing schedule on Lehman's motion to dismiss, and issues regarding same	0.40

Date	Atty		Hours
05/21/03	REF	Office conference with Tony Valiulis, Ed Shapiro and Joanne Sarasin re: estimation hearing/hearing on position statements (.6); Office conference with Ed Shapiro re: preparing order on the hearing (.4) and drafted and revised same and email to Lehman re: same (1.0); Review of comments by Tony Valiulis re: subpoena issues (Cerberus) and further handling of same (.2); Telephone call to/from Nancy Peterman re: same/Greenberg NY being listed on subpoena (.4) and revised subpoena re: same (.3).	2.90
05/21/03	MXO	Attention to document review and coding.	2.50
05/21/03	S-R	Code Lehman documents for summation	2.00
05/21/03	CRO	Coding Lehman documents	6.00
05/22/03	ACV	Work on response to motion to dismiss and meeting with team re response (3.0); review and revise draft order and discuss with REF (.3)	3.30
05/22/03	HJB	Conference with Conseco litigation team. Review motions to dismiss.	3.00
05/22/03	EDS	Receive, review, and analyze Lehman's Motion to Dismiss and meeting with Conseco team regarding approach	1.70
05/22/03	EDS	Work on response to Lehman motion to dismiss	3.80
05/22/03	HMS	Prepare for and participate in meeting discussing arguments in response to Lehman's motion to dismiss	2.00
05/22/03	REF	Office conference with Tony Valiulis re: valuations issue with CFN/Fortress/Flowers (.4); Prepared for Conseco team meeting to discuss response to motion to dismiss filed by Lehman (.5); Conseco team meeting to discuss response to Lehman's motion to dismiss (1.5); Telephone call from/to Nancy Peterman re: Greenberg paralegal to handle Cerberus document production and telephone call to paralegal re: same (.6); Drafted letter to Joanna Leibman (CFN/Fortress/Flowers) re: valuation issue (.5); Email from/to Lehman attorney re: comments to proposed draft order on 5/21 hearing and revised per same (.7); Review/analyze Lehman's motion to dismiss brief (.6);	4.80
05/22/03	LBI	Meeting with litigation team re motion to dismiss and status of events. Review and analyze motion to dismiss. Draft response to motion to dismiss re preferences.	4.00
05/22/03	MXO	Conference with team re: response to motion to dismiss.	0.40
05/22/03	MXO	Attention to document review and coding.	3.00
05/22/03	S-R	Code documents for summation	1.50
05/22/03	CRO	Editing final invoice to be sent to Walter Morales for final approval and authorization of payment.	1.50
05/22/03	KAJ	Meeting discussing Response to Motion to Dismiss.	1.40
05/22/03	KAJ	Research regarding cases under FRCP 8 (notice pleading) for Ed Shapiro.	0.30

Date	Atty		Hours
05/23/03	ACV	Work on response to motion to dismiss (3.0); emails and telephone calls with counsel (.5)	3.50
05/23/03	EDS	Work on response to motion to dismiss	2.00
05/23/03	REF	Telephone calls from/to Nancy Peterman re: amending subpoena to Cerberus (.5); Letter to Judge Doyle re: proposed draft order (.4); Email to Conseco team re: briefing schedule on Lehman's motion to dismiss (.3); Telephone call to/from Carmen Ortiz (paralegal) re: obtaining transcript from 5/21 hearing (.2); Email to/from Joanna Leibman (attorney for CFN/Fortress/Flowers) re: response to May 16th letter/privilege log (.4); Revised letter to Joanna Leibman re: valuation issue and office conference with Tony Valiulis re: same (.9); Continued review/analysis of brief in support of Lehman's motion to dismiss (1.5); Telephone call from Michael Chernis re: Cerberus' response to subpoena and office conference with Tony Valiulis re: same (.9); Review of letter from Michael Chernis setting forth proposal for subpoena response and email to Tony Valiulis/Ed Shapiro re: same (.5); Research on cases cited by Lehman in motion to dismiss for sale v. loan section (.4);	6.00
05/23/03	MXO	Conference with Carmen Ortiz and Sara Rodriguez re: document coding (.10); conference with Ed Shapiro re: same (.10).	0.20
05/23/03	S-R	Code Lehman documents for summation	2.50
05/23/03	KAJ	Research regarding cases under FRCP 8 (notice pleading) for Ed Shapiro.	1.20
05/24/03	ACV	Work on discovery from CFN (.5); work on response to motion to dismiss, including review of Rule 12(b) case law (1.5)	2.00
05/24/03	REF	Review of comments by Tony Valiulis on letter to Joanna Leibman re: valuation documents and revised per same (.4); Continued review of Lehman documents and index of same (1.8).	2.20
05/26/03	GRO	Updating file index and segregating general file information and material.	1.00
05/27/03	ACV	Work on response to motion to dismiss (2.5); review research re necessary party and summary judgment (.5); work on various discovery issues (.5)	3.50
05/27/03	EDS	Continue review of Lehman documents	2.00
05/27/03	EDS	Work on response to Lehman motion to dismiss	2.00
05/27/03	REF	Prepared amended subpoena to Cerberus (.3); Drafted/revised Letter to Michael Chernis (attorney for Cerberus) responding to May 23rd letter (.8); Emails from/to and telephone call from Michael Chernis re: same (.7); Review of privilege log for CFN/Flowers/Fortress documents and emails to Ed Shapiro/Tony Valiulis re: same (.4); Email from Nancy Mitchell re: notice of depositions (.2); Prepared same (.5); Review of transcript from May 21st hearing (1.1).	4.00
05/27/03	LBI	Review and analyze motion to dismiss. Review documents re the same. Draft a section of response to motion to dismiss.	4.50

Date	Atty		Hours
05/27/03	MXO	Review Lehman's motion to dismiss.	0.20
05/27/03	MXO	Attention to document coding and review.	1.60
05/27/03	S-R	Code Lehman documents for summation database	2.00
05/27/03	CRO	Coding Lehman documents.	4.00
05/27/03	CRO	Updating pleading index; Updating correspondence file; Updating general file index	0.50
05/27/03	CRO	Brief telephone call with court reporter to obtain proceeding transcript; Distributing copies of transcript to litigation team	0.30
05/27/03	KAJ	Research regarding when failure to join necessary party results in dismissal under the FRCP for Tony Valiulis.	1.60
05/28/03	ACV	Work on reply and review and analyze research (1.); review and analyze documents (.5)	1.50
05/28/03	HJB	Conference with Tony Valiulis, et al. re strategy and brief.	1.00
05/28/03	JAS	Interoffice conference with Vallulis regarding motion to dismiss (.3). Review motion to dismiss (.9). Review public policy issues brief (.5). Research regarding motion to dismiss (1.4).	3.10
05/28/03	EDS	Receive and review May 21, 2003 transcript of court proceedings	0.70
05/28/03	EDS	Continue review of Lehman documents	1.00
05/28/03	REF	Telephone call from Buddy Menton (attorney for Fortress/CFN/Flowers) re: depositions of Wed Eden and Bill Doniger (.4); Office conference with Tony Valiulis re: same (.3); Telephone call to/from Nancy Peterman re: same (.4); Continued review of transcript from May 21st hearing (.5); Telephone calls from/to Carmen Ortiz (paralegal) and Carrie Carlson (paralegal) re: obtaining names for new notice of deposition (.7); Continued review of Lehman documents and index of same (2.7);	5.00
05/28/03	CRO	Coding Lehman documents.	7.00
05/28/03	CRO	Updating correspondence file and pleading index.	0.20
05/29/03	ACV	Review status (.3); work on response (2.0); review and analyze hot documents (1.0)	3.30
05/29/03	REF	Review of letter from Cerberus attorney re: position as to producing valuation and CFN "sensitive" documents (.4); Emails and office conference with Tony Valiulis and Ed Shapiro re: same and further handling (.5); Email to/from attorney for Fortress/Flowers/CFN re: response to my letters (.3); Continued review of Lehman documents and index/notes re: same (3.6); Office conference with Tony Valiulis re: certain Lehman "hot documents" and estimation tomorrow (.4).	5.20
05/29/03	LBI	Draft a section of response to motion to dismiss. Review documents.	3.60
05/29/03	MXO	Attention to document review and coding.	0.50
05/29/03	S-R	Code Lehman documents for summation	4.50

Date	Atty		Hours
05/29/03	CRO	Coding Lehman documents.	5.00
05/29/03	KAJ	Checked cites and added support for Introduction to Response to Lehman's Motion to Dismiss for Tony Valiulis.	2.30
05/30/03	ACV	Work on response (1.0); meeting with team to consider and plan litigation strategy (.5); court appearance re estimation hearing (1.2); work on CFN production issues (.5); telephone conference with Harvey and telephone conference with Nancy Mitchell re results of hearing (.4)	3.60
05/30/03	HJB	Conference with Tony Valiulis, et al. re strategy and brief; and telephone call with Tony Valiulis re Judge's ruling and discovery issues.	2.00
05/30/03	EDS	Attend court on estimation of claims ruling with A. Vallulis (1.2)	1.20
05/30/03	EDS	Meeting with Conseco Team regarding status of discovery	0.50
05/30/03	HMS	Meet with team regarding discovery and document review issues and strategies, and develop document review plan	1.40
05/30/03	REF	Telephone call from Nancy Peterman re: depositions of Eden and Doniger (.3); Telephone call to Buddy Menton re: same (.4); Conference with Tony Valiulis re: same (.2); Review of public policy section of response to motion to dismiss (.2); Telephone calls to paralegal re: preparing deposition subpoena for Fortress people (Doniger/Eden) and review of same (.4); Conseco Team meeting re: status of discovery and further handling (.7); Continued review/index of Lehman documents (1.5); Review of letter from Buddy Menton re: CFN/Fortress/Flowers position as to valuation and "sensitive" documents (.3); Office conference with Tony Valiulis re: same and estimation hearing (.5); Telephone call to Carmen Ortiz re: obtaining copy of court orders (.2).	4.70
05/30/03	MXO	Review order approving sale to CFN.	0.20
05/30/03	MXO	Research re: res judicata effect of sale order.	0.40
05/30/03	MXO	Conference with team re: document review and motion to dismiss.	0.60
05/30/03	CRO	Meeting with litigation team regarding status on open matters.	1.00
05/30/03	CRO	Coding Lehman documents.	3.50
05/30/03	KAJ	Status meeting; discussion of where we are with the documents, depositions, etc.	0.50
05/31/03	ACV	Emails and follow-up re Green Tree answers and court's orders (.3); work on response (.5)	0.80
05/31/03	REF	Continued review and index of Lehman documents (2.5).	2.50

**Total Hours** 474.40

**Professional Services** \$ 148,772.50

**Timekeeper Summary:**

<b>Timekeeper</b>	<b>Hours</b>	<b>Rate</b>
Anthony C. Valiulis	77.30 at \$	450.00
Harvey J. Barnett	33.00 at \$	450.00
Christopher J. Stuart	9.10 at \$	375.00
Joanne A. Sarasin	11.40 at \$	325.00
John H. Ward	0.40 at \$	320.00
Edward D. Shapiro	75.30 at \$	375.00
Hillard M. Sterling	36.70 at \$	325.00
Rachel E. Feldstein	84.30 at \$	290.00
Lisa H Ben-Isvy	18.40 at \$	320.00
Megan C. Oliver	28.60 at \$	195.00
Sara Rodriguez	25.90 at \$	150.00
Carmen R Ortiz	57.40 at \$	150.00
Kendalle A Jacobson	16.60 at \$	200.00
<b>Total Hours</b>	<b>474.40</b>	

**Disbursements**

<b>Date</b>	<b>Description</b>	<b>Total</b>
05/31/03	Cab Fare	\$ 30.50
05/31/03	Certified Copies	161.00
05/31/03	FedEx	14.71
05/31/03	LD Telephone	26.45
05/31/03	Outside Photocopying	6,250.95
05/31/03	Photocopying	1,850.70
05/31/03	Secretarial Overtime	273.94
05/31/03	Westlaw Legal Research	5,836.87
	<b>Disbursements</b>	<b>\$ 14,445.12</b>

03 - Lehman Brothers  
Client Matter: 0002728.0001  
Invoice Date 6/1/03

Invoice No. 211152

Page 14

### Invoice Summary

Professional Services	\$ 148,772.50
Disbursements	<u>\$ 14,445.12</u>
<b>Current Invoice</b>	<b>\$ 163,217.62</b>
Prior Balance Due	<u>\$ 25,491.50</u>
<b>Net Amount Due on Current Invoice</b>	<b>\$ 188,709.12</b>

**Accounts Receivable Summary**

<b>Date</b>	<b>Invoice No.</b>	<b>Amount</b>	<b>Credits</b>	<b>Balance Due</b>
05/01/03	210760	274,105.87	-248,614.37	25,491.50
		<u>\$ 274,105.87</u>	<u>-248,614.37</u>	<u>25,491.50</u>

**Total Balance Due:**

Current Invoice	\$ 163,217.62
Prior Balance	\$ 25,491.50
<b>Total Balance Due Upon Receipt</b>	<b>\$ 188,709.12</b>



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

REC'D U.S.B.C. DROP BOX  
03/09/2003 4:17 PM

In re:

Conseco, Inc., et al.,<sup>1</sup>

Debtors.

Chapter 11

Case No. 02B49672

Jointly Administered

Honorable Carol A. Doyle

**THIRD MONTHLY APPLICATION OF MUCH SHELIST, P.C. FOR  
ALLOWANCE OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES**

Much Shelist Freed Denenberg Ament & Rubenstein, P.C. ("Applicant"), as counsel to the Official Committee of Unsecured Creditors of CFC and CFSC ("the CFC Committee"), presents its third monthly application (the "Third Application") pursuant to sections 330 and 331 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and the Court's Amended Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members, entered on January 2, 2003 (the "Administrative Order"). By this Third Application, Applicant seeks a monthly interim allowance of \$77,606.55 (representing 90% of the actual fees incurred in the amount of \$86,229.50) as compensation and \$8,665.55 for reimbursement of 100% of the actual and necessary expenses incurred for a total of \$86,272.10. The Third Application covers the time period beginning June 1, 2003 and ending June 30, 2003 (the "Interim Period"). In support of the Third Application, Applicant respectfully states as follows:

<sup>1</sup> The above-captioned Debtors are the following entities: (i) Conseco, Inc., CIHC, Incorporated, CTIHC, Inc., and Partners Health Group, Inc. (collectively, the "Parent Company Debtors"); (ii) Conseco Finance Corp. ("CFC") and Conseco Finance Servicing Corp. ("CFSC"); and (iii) Conseco Finance Corp. - Alabama, Conseco Finance Credit Corp., Conseco Finance Credit 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 Financial Corp. - Two, Conseco Agency of Nevada, Inc., Conseco Agency of New York, Inc., Green Tree Floorplan Funding Corp., Conseco Agency, Inc., Conseco Agency of Alabama, Inc., Conseco Agency of Kentucky, Inc., and Crum-Reed General Agency, Inc. (the "CFC Subsidiary Debtors" and collectively with CFC and CFSC, the "CFC Debtors").

## JURISDICTION AND VENUE

1. This Court has jurisdiction over this application pursuant to 28 U.S.C. §§ 157 and 1334 (b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409(a).

2. This action is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B), (C), (F), (H), (K) and (O).

3. Pursuant to Rules 3007 and 7001 (1), (2) and (9) of the Bankruptcy Rules, this proceeding is governed by the Rules set forth in Part VII of the Bankruptcy Rules.

## BACKGROUND

4. On December 17, 2002 (the "**Petition Date**"), the Parent Company Debtors, CFC, and CFSC each filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. On February 3, 2003, the CFC Subsidiary Debtors also filed voluntary Chapter 11 petitions. The Parent Company Debtors and CFC Debtors continue to operate their businesses as debtors in possession pursuant to §1107 and §1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Chapter 11 cases.

5. On January 3, 2003, the United States Trustee for the Northern District of Illinois, Eastern Division, pursuant to §1102 of the Bankruptcy Code, duly appointed the CFC Committee to represent the interests of all unsecured creditors in the CFC Debtors' Chapter 11 cases.

6. On April 14, 2003, an order was entered authorizing the retention and employment of Applicant as special conflicts counsel to pursue all claims against certain Lehman entities on behalf of the CFC Committee, effective as of April 17, 2003. A copy of the order is attached as Exhibit A.

7. On April 16, 2003, Applicant filed a complaint for declaratory relief to substantively consolidate certain estates, to avoid and recover preferential and fraudulent transfers, to avoid and recover unperfected security interests, to equitably subordinate certain claims, and for objection to claims (the "Adversary Complaint") against Lehman Brothers, Inc., Lehman Commercial Paper, Inc. and Lehman ALI, Inc. (the "Lehman Defendants") and Green Tree Finance Corp.-Five, Green Tree Residual Finance Corp. I (the "Green Tree Defendants"). The Adversary Complaint seeks to equitably subordinate between \$21 million and \$700 million of Lehman's purported secured debt. Several of the other claims seek to avoid \$410 million of Lehman secured debt on various fraudulent conveyance and preference grounds. Still other claims seek declaratory relief refuting the nature of the transactions at issue.

**RELIEF REQUESTED**

8. This is Applicant's third monthly interim application. The chairman of the CFC Committee, Walter Morales, has reviewed and authorized the filing of this Third Application.

9. As further detailed in the invoice attached hereto as Exhibit B, Applicant requests compensation for the professionals and paraprofessionals who have provided services to the CFC Committee in connection with the Adversary Proceeding during the Interim Period. A summary of the professionals who have provided services during the Interim Period is summarized as follows:

<b><u>ATTORNEY</u></b>	<b><u>HOURS</u></b>	<b><u>RATE</u></b>	<b><u>AMOUNT</u></b>
Harvey J. Barnett	13.50	\$450.00	\$6,075.00
Anthony Valiulis	27.10	\$450.00	\$12,195.00
Edward Shapiro	35.20	\$375.00	\$13,200.00
Hillard Sterling	67.10	\$325.00	\$21,807.50
Joanne Sarasin	16.90	\$325.00	\$5,492.50
Lisa Ben-Isvy	7.20	\$320.00	\$2,304.00
Rachel Feldstein	42.10	\$290.00	\$12,209.00
Kendall Jacobson	6.90	\$200.00	\$1,380.00
Megan Oliver	25.70	\$195.00	\$5,011.50

SUBTOTAL:	241.70		\$ 79,674.50
<b><u>PARALEGALS</u></b>	<b><u>HOURS</u></b>	<b><u>RATE</u></b>	<b><u>AMOUNT</u></b>
Carmen Ortiz	41.20	\$150.00	\$6,180.00
Sara Rodriguez	2.50	\$150.00	\$375.00
<hr/> SUBTOTAL:	<hr/> 43.70		<hr/> \$6,555.00
<b>TOTAL:</b>	<b>285.40</b>		<b>\$86,229.50</b>

10. The services performed by Applicant during the Interim Period have been categorized into project summaries which are described below. Each project summary refers to Exhibit B, which is attached to the Second Application and incorporated herein by reference. Exhibit B includes detailed time entries showing the services provided in the category, the attorney providing the service, the date the service was provided, the time incurred and the value of such time.

#### **SUMMARY OF SERVICES RENDERED**

##### **A. General Case Administration**

11. During the Interim Period, Applicant rendered various general legal services to the CFC Committee. These services are grouped in this category because they are not readily susceptible to being placed in any of the more specific categories established in the Third Application. Some of the services detailed in Exhibit B and summarized below involve minimal amounts of time and did not warrant the creation of a separate category. The general administrative services in this category include, but are not limited to obtaining, organizing and maintaining pleadings, correspondence, agreements and other documents relating to the Chapter 11 Case and the Adversary Proceeding.

12. Applicant expended 23.3 hours with a value of \$3,980.00 in this category during the Interim Period.

**B. Investigation**

13. During the Interim Period, Applicant continued to investigate the facts and reviewed and analyzed the pleadings and issues related to the Chapter 11 Case and the Adversary Proceeding filed by the CFC Committee.

14. In addition, Applicant coordinated and participated in conferences with counsel to the Debtors, committee members, consultants and other parties in interest regarding the general status of the case and legal strategy.

15. Applicant also participated in regular office conferences with its team members to discuss the status of discovery efforts, review of documents, staffing issues and formulating legal strategy.

16. Applicant expended 6.9 hours with a value of \$2,634.50 in this category during the Interim Period.

**C. Research and Legal Analysis**

17. During the Interim Period, the Applicant performed various legal research in connection with the many legal issues involved in this case, including those involved in its response to the Motion to Dismiss filed by the Lehman Defendants.

18. Applicant also participated in regular office conferences with its team members to discuss various legal issues and formulate legal strategies in connection with its response to Defendants' Motion to Dismiss.

19. Applicant expended 44.60 hours with a value of \$15,200.00 in this category during the Interim Period.

**D. Drafting and Related Work**

20. Applicant expended 113.40 hours with a value of \$37,046.50 drafting, analyzing and revising its response to the Lehman Defendants' Motion to Dismiss.

21. Applicant expended 19.20 hours with a value of \$3,862.50 drafting and work on the May 2003 Fee Application filed on June 25, 2003.

22. The total fees for this category are \$40,909.00 and the total hours are 132.60.

**E. Discovery**

23. Applicant prepared and served notices of depositions on key fact witnesses in the Adversary Proceeding. Applicant also negotiated various discovery objections made by parties that Applicant previously subpoenaed.

24. During the Interim Period, Applicant continued to review and analyze the documents produced by the Lehman Defendants and certain subpoenaed parties, pursuant to discovery requests.

25. Due to the complex nature of nature of the Chapter 11 Cases, Applicant has utilized the services of paralegals to maintain and organize the voluminous documents which have been generated.

26. Applicant also participated in regular office conferences with its team members to discuss the status of its discovery efforts, and formulating going-forward discovery strategy.

27. Applicant expended 71.00 hours with a value of \$20,581.00 in this category during the Interim Period.

**F. Court Hearings**

28. During the Interim Period, Applicant prepared for and attended one hearing before the Court relating to the Adversary Complaint and the Chapter 11 Cases.

29. Applicant expended 7.00 hours with a value of \$2,925.00 in this category during the Interim Period.

**EXPENSES**

30. During the Interim Period, Applicant expended the sum of \$8,665.55 for reasonable and necessary out-of-pocket expenses incurred in connection with its representation of the CFC Committee. The expenses incurred by Applicant during the Interim Period as summarized as follows:

EXPENSE	AMOUNT
Information and Research for June	\$4,409.57
Local Travel	\$11.00
Photocopying Charges	\$1,322.30
Outside Photocopying Expenses	\$2,837.78
Secretarial Overtime	\$81.16
Telephone Expenses	\$3.74
TOTAL:	\$8,665.55

31. In accordance with the Administrative Order and this Court's Standing Order Number 10, Applicant represents the following with regard to its charges for actual and necessary costs and expenses during the Interim Period:

- (a) copy charges are \$.10 per page, which charge is reasonable, represents the cost of copy material, acquisition, maintenance, storage and operation of copy machines, together with a margin for recovery of cost expenditures.
- (b) Incoming facsimiles are not billed.
- (c) Outgoing facsimiles are not billed. However, the telephone connection charges for each facsimile are billed.
- (d) Applicant has charged for local travel which includes cab fares and parking fees for attorneys, paralegals and staff.

## SUMMARY

32. During the Interim Period, Applicant expended a total of 285.40 hours rendering professional services to the CFC Committee. Based upon the total number of hours spent in connection with Applicant's representation of the CFC Committee, the gross amount of fees incurred during the Interim Period is \$86,229.50. Applicant requests approval and payment of the professional fees incurred during the Interim Period in the amount of \$77,606.55, representing 90% of the actual fees incurred.

33. As counsel to the CFC Committee, Applicant incurred a total of \$8,665.55 in out-of-pocket expenses during the Interim Period. Applicant requests approval and payment of 100% of the actual and necessary expenses incurred during the Interim Period.

34. Applicant has diligently represented the CFC Committee in the Chapter 11 Cases. Based upon the circumstances, the fair value of the professional services rendered by Applicant to the CFC Committee, the skill required, the nature of services rendered and the results obtained, the fees charged by Applicant for its services in these cases are reasonable.

35. All services for which Applicant requests compensation were performed for and on behalf of the CFC Committee, and not on behalf of any other entity.

36. No agreement or understanding exists between Applicant and any other person for sharing compensation which has been or will be received, except such sharing as is customary and generally accepted among lawyers within a law firm.

37. No agreement or understanding, express or implied, has been or will be entered into for the purpose of fixing the fees or other compensation to be paid to any other attorney for any party in interest, to any other party in interest, or to any person for services rendered in connection with the Chapter 11 Cases.

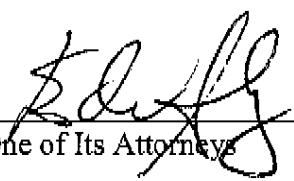


**WHEREFORE**, Harvey J. Barnett, Anthony C. Valiulis, Edward D. Shapiro and the law firm of Much Shelist Freed Denenberg Ament & Rubenstein, P.C. respectfully request that it be allowed reimbursement for its fees and expenses incurred during the Interim Period, described as follows:

- (i) interim compensation for services rendered as counsel to the CFC Committee in the amount of \$77,606.55 (representing 90% of the actual fees incurred during the Interim Period in the amount of \$86,229.50);
- (ii) interim allowance for reimbursement of expenses incurred on behalf of the CFC Committee in the amount of \$8,665.55 (representing 100% of the out-of-pocket expenses incurred during the Interim Period); and
- (iii) granting such other and further relief deemed appropriate under the circumstances.

Dated: July 25, 2003

**THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF CONSECO FINANCE CORP. AND CONSECO FINANCE SERVICING CORP.**

By  \_\_\_\_\_  
One of Its Attorneys

Harvey J. Barnett  
Anthony C. Valiulis  
Edward D. Shapiro  
MUCH SHELIST FREED DENENBERG  
AMENT & RUBENSTEIN, PC  
191 North Wacker Drive, Suite 1800  
Chicago, Illinois 60606-1615  
Telephone: (312) 521-2000  
Facsimile: (312) 521-2100

**Counsel to the Official Committee of Unsecured Creditors of the CFC Debtors**

EOB APR 14 2003

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

In re: ) Chapter 11  
)  
) Case No. 02-49672  
) (Jointly Administered)  
Conseco, Inc. et al.<sup>1</sup> ) The Honorable Carol A. Doyle  
)  
) Docket under 02 B 49672  
Debtors. )

**ORDER AUTHORIZING RETENTION AND EMPLOYMENT OF  
HARVEY J. BARNETT, ANTHONY VALUILIS AND MUCH SHELIST  
FREED DENENBERG AMENT & RUBENSTEIN, P.C. AS CONFLICTS  
COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS OF THE CFC DEBTORS EFFECTIVE AS OF APRIL 7, 2003**

Upon the emergency application (the "Application") of the Official Committee of Unsecured Creditors (the "CFC Committee") of the CFC Debtors for entry of an Order (A) authorizing the retention and employment of Harvey J. Barnett, Anthony Valuilis and Much Shelist Freed Denenberg Ament & Rubenstein, P.C. ("Much Shelist") as conflicts counsel effective as of April 7, 2003; and (B) approving the hourly and contingent fee arrangement (the "Application"); and upon the Valuilis Affidavit<sup>2</sup>; and it appearing that the Court has jurisdiction over the Application pursuant to 28 U.S.C. § 157(b)(2)(A) and (O); and it appearing that Much Shelist does not hold or represent any interest materially adverse to the CFC Debtors, any creditors of the CFC Debtors, the United States Trustee for the Northern District of Illinois or any person employed in the United States Trustee's office, or any other party-in-interest with respect to the matters upon which said firm is to be engaged; and it appearing that Much Shelist

<sup>1</sup> The Debtors are the following entities: (i) Conseco, Inc., CIIHC, Incorporated, CTIHC, Inc., Partners Health Group, Inc. (the "Holding Company Debtors"), (ii) Conseco Finance Corp. and Conseco Finance Servicing Corp. (the "CFC Debtors"), and (iii) Conseco Finance Corp. - Alabama, Conseco Finance Credit Corp., Conseco Finance Credit 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 Financial Corp. - Two, Conseco Agency of Nevada, Inc., Conseco Agency of New York, Inc., Green Tree Floorplan Funding Corp., Conseco Agency, Inc., Conseco Agency of Alabama, Inc., Conseco Agency of Kentucky, Inc., and Crum-Reed General Agency, Inc. (the "CFC Subsidiary Debtors" and collectively with the Holding Company Debtors and the CFC Debtors, the "Debtors").

<sup>2</sup> Capitalized terms used herein but not defined herein shall have the meanings given them in the Supplement.

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is a "disinterested person" as described by section 327(a) of the Bankruptcy Code; and it appearing that due and adequate notice of the Application has been given; and it appearing that no other or further notice need be given; and this Court having determined that granting the relief requested in the Application is in the best interest of the CFC Committee and the CFC Debtors' estates; and after due deliberation and sufficient cause appearing therefore:

IT IS HEREBY ORDERED THAT:

1. The Application is granted.
2. Pursuant to section 327(a) of the Bankruptcy Code, Bankruptcy Rules 2014(a) and 2016, the Debtors are hereby authorized to employ Much Shelist as its conflicts counsel to perform the services set forth in the Application as of April 7, 2003.
3. Much Shelist shall be compensated in accordance with the procedures set forth in Application and consistent with sections 327, 330 and 331 of the Bankruptcy Code and such Bankruptcy Rules as may then be applicable, from time to time, and such procedures as may be fixed by order of this Court.
4. Furthermore, subject to <sup>the terms and conditions of a</sup> further order of this Court, Much Shelist shall be paid fifteen percent (15%) of the gross recovery, if any, whether by settlement, judgment, or otherwise, attributable to the Claims without further application to this Court.
5. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: April 14, 2003

  
HONORABLE CAROL A. DOYLE  
UNITED STATES BANKRUPTCY JUDGE

# M U C H S H E E T I S T

191 N. Wacker Drive, Suite 1800, Chicago, IL 60606  
Telephone 312-521-2000 FEIN 36-2757501

Invoice No. 212656  
Invoice Date 7/1/03

Client/Matter No. 0002728.0001  
HJB 0338

Conseco Creditors Committee  
c/o Walter A. Morales  
247 Florida Street  
Baton Rouge, LA 70821

Re: 03 - Lehman Brothers

## Professional Services Rendered Through June 30, 2003

Professional Services	\$ 86,229.50
Disbursements	<u>\$ 8,665.55</u>
Current Invoice	\$ 94,895.05
Prior Balance Due	<u>\$ 188,709.12</u>
Total Balance Due Upon Receipt	\$ 283,604.17

# REMITTANCE

Invoice Is Payable Upon Receipt


Please Return This Copy With Your Payment

# M U C H S H E I S T

191 N. Wacker Drive, Suite 1800, Chicago, IL 60606  
Telephone 312-521-2000 FEIN 36-2757501

Invoice No. 212656  
Invoice Date 7/1/03

Client/Matter No. 0002728.0001  
HJB 0338

 Conseco Creditors Committee  
c/o Walter A. Morales  
247 Florida Street  
Baton Rouge, LA 70821

Re: 03 - Lehman Brothers

## Professional Services Rendered Through June 30, 2003

Date	Atty		Hours
06/01/03	MXO	Read cases re: res judicata effect of sale order.	0.50
06/02/03	ACV	Work on brief responding to motion to dismiss (4.0); take part by phone in strategy meeting with team members re discovery plan (.5)	4.50
06/02/03	HJB	Conference with Tony Valiulis, Hillard Sterling and Ed Shapiro re strategy and document discovery. Telephone call with Nancy Peterman. Review transcripts.	2.00
06/02/03	JAS	Meeting with Hillard and Rachel to discuss strategy and planning for the document production (1.0). Research issues regarding perfection and signing requirement and interplay thereof in response to motion to dismiss (2.5).	3.50
06/02/03	EDS	Discovery and strategy meeting with H. Barnett, T. Valiulis, and H. Sterling	0.50
06/02/03	EDS	Telephone call with A. Arnett at Huron regarding discovery issues	0.30
06/02/03	EDS	Work on issue outline	1.50
06/02/03	HMS	Prepare for and participate in team meeting to discuss strategies and next steps	1.20
06/02/03	HMS	Prepare for and participate in meeting with document review team	1.00
06/02/03	HMS	Draft excerpts for opposition against Lehman's motion to dismiss, and engage in research to support opposition	3.20

Date	Atty		Hours
06/02/03	REF	Continued review/indexing of Lehman documents (1.2); Review of emails from Tony Valiullis re: obtaining court orders and telephone calls from/to Carmen Ortiz re: same (1.2); Office conference with Ed Shapiro re: status of discovery (document review and depositions) and further handling (.6); Review of answer filed by Green Tree Defendants (.5); Prepare for Conseco team meeting re: document review and meeting re: same (1.6); Quick review of documents produced by CFN for financial records for Huron (.5); Telephone call to consultant re: data entry individuals for document review (.2); Review of transcript from 5/30/03 court hearing on estimation (.4);	6.20
06/02/03	MXO	Conference with team re: document review procedures.	1.00
06/02/03	S-R	Code Lehman documents for summation	2.50
06/02/03	CRO	Telephone calls to Judge Doyle's courtroom deputy and secretary regarding order on discovery cut off.	0.20
06/02/03	CRO	Internet research on Pacer network for the purpose of retrieving Conseco docket; Reviewing docket for the purpose of verifying all orders have been received and are contained in office pleading binder.	1.00
06/02/03	CRO	Meeting with Rachel Feldstein, Hillard Sterling, Joanne Sarasin and Megan Oliver regarding document review process; Telephone call and meeting with copy service representative regarding duplication of documents; Labeling boxes with respect to Lehman's 1st production and 2nd production.	2.00
06/02/03	CRO	Updating pleading binders; Updating correspondence file.	0.80
06/03/03	HJB	Review motions by Lehman and telephone call with Nancy Peterman re strategy.	1.00
06/03/03	EDS	Receive and review Notice of Appeal on Estimation Ruling; Motion for Expedited Appeal; Statement of Issues on Appeal; Conference with Harvey Barnett regarding same, and various e-mails with N. Peterman regarding same	1.00
06/03/03	EDS	Conference call with N. Peterman, H. Barnett, and H. Sterling regarding motion to expedite appeal and implications of same	0.30
06/03/03	EDS	Receive, review, and analyze motion for expedited discovery	0.50
06/03/03	EDS	Work on deposition issue outline	1.50
06/03/03	HMS	Continue to draft excerpts for opposition against Lehman's motion to dismiss, and to engage in research to support opposition	5.50
06/03/03	REF	Emails and telephone calls from/to Carmen Ortiz re: court order re: discovery cut-off and document indexes (.5); Email from Ed Shapiro re: Lehman's appeal of Court's estimation decision and review of motion/affidavit of Brendan Beasley re: same (.7); Telephone call to Harvey Barnett re: valuation issue with CFN (.2).	1.40
06/03/03	LBI	Review Green Tree's answer and emergency motion for expedited trial.	0.70
06/03/03	CRO	Updating summation database with CFN documents from box 57.	1.00

Date	Atty		Hours
06/04/03	HJB	Court appearance re Lehman discovery and appeal motions; conference with Nancy Peterman re strategy; conference with Hillard Sterling and Ed Shapiro re strategy; and telephone call with Higgins.	4.00
06/04/03	JAS	Review boxes of documents (2.5); Report on general findings to Hillard and Rachel (.2); Research issues regarding signing and perfection (.7).	3.40
06/04/03	EDS	Attend court on motion for expedited appeal and motion for expedited discovery	3.00
06/04/03	EDS	Conference with R. Feldstein regarding continuance of Lehman depositions (.20);E-mail to Conseco counsel regarding interviews of Conseco senior management, N. Peterman regarding same (.30)	0.50
06/04/03	HMS	Continue to draft excerpts for opposition against Lehman's motion to dismiss, and to engage in research to support opposition	4.30
06/04/03	REF	Email from Carmen Ortiz re: sending briefing schedule order to counsel of record/letter to all counsel re: same (.4); Review of sale v. loan section of motion to dismiss by Lehman and Committee's section in position statement re: same (1.0); Review of cases cited by Lehman in sale v. loan section of motion to dismiss and research for sale v. loan section of response to motion to dismiss (2.5); Began section of response brief on sale v. loan section (.7); Office conference with Ed Shapiro re: hearings this morning before Judge Doyle and Judge Norgle on Lehman's motions to expedite discovery, appeal estimation decision and continuing Lehman depositions (.5); Letter to Lehman's counsel re: same (.4); Office conference with Joanne Sarasin re: estimation hearing and response to Lehman's motion to dismiss (.4); Telephone call to Buddy Menton re: deposition dates for Fortress people (.2); Telephone call to temporary help service re: data entry people for document review and telephone calls to/from Hillard Sterling re: same (.5); Telephone call from Harvey Barnett re: valuation issue (.3);	6.90
06/04/03	CRO	Updating summation database with CFN documents from boxes 57 and 58.	5.00
06/04/03	KAJ	Reviewed complaint count by count against requirements of FRCP 9(b) to see which counts were required to comply for Tony Valiulis	1.80
06/05/03	HJB	E-mails with Nancy Peterman re strategy; conference with Ed Shapiro re depositions; and review memos re consolidation issue.	2.00
06/05/03	EDS	Participate in followup status on motion for expedited discovery (.20);Telephone call with J. Brandt regarding deposition scheduling (.20);Update H. Barnett regarding same (.20)	0.60
06/05/03	EDS	Receive, review, and analyze Lehman's Memorandum of Law in Support of Appeal from J. Doyle's Estimation Order	1.00
06/05/03	HMS	Continue to engage in research and examine case law to support opposition against Lehman's motion to dismiss	5.20

Date	Atty		Hours
06/05/03	REF	Telephone call from Buddy Menton (Fortress attorney) re: depositions of Eden and Doniger (.3); Telephone calls from Strategic Legal Resources re: temp people for data entry (.4) and telephone call to Hillard Sterling re: same and document review (.3); Office conferences with Ed Shapiro re: depositions and letter to Fortress/Flowers/CFN re: sensitive and valuations documents (1.0); Drafted/revised letter to Buddy Menton re: response to his May 30th letter re: sensitive and valuations documents (.9); Email to Ed Shapiro setting forth status of the deposition scheduling (.2); Review/finalize index for box 20 of 22 for Lehman 2nd production of documents (.3); Prepared notice of deposition for Lehman people (Prezioso and Goldfarb) (.4).	3.80
06/05/03	LBI	Meeting with Hillard Sterling. Review documents.	1.20
06/05/03	MXO	Research and prepare memo re: finality of bankruptcy court order approving sale.	1.60
06/05/03	MXO	Attention to document review.	1.00
06/06/03	HJB	Conference call with Committee, and review documents re same.	1.00
06/06/03	EDS	Conference with H. Barnett and H. Sterling regarding substantive consolidation issues (.30); Participate in conference call with creditor's committee and others regarding status of adversary proceeding (.50)	0.80
06/06/03	EDS	Work on discovery matters	1.50
06/06/03	EDS	Work on deposition issue outline	1.50
06/06/03	EDS	Work on response to motion to dismiss	1.00
06/06/03	HMS	Continue to engage in research and examine case law to support opposition against Lehman's motion to dismiss	6.70
06/06/03	REF	Emails from/to Conseco team re: qualified persons under protective order to review Lehman documents (.3); Review of protective order re: same (.4); Drafted letter to Alan Arnett re: same (.4); Telephone calls and emails from/to Alan Arnett re: same/undertaking (.5); Review of letter from CFN/Fortress/Flowers re: documents produced that are "no longer sensitive" (.2); Continued drafting/revised section of response to Lehman Motion to Dismiss (3.5).	5.30
06/06/03	MXO	Attention to document review.	0.90
06/06/03	CRO	Preparing documents from Lehman first production to copied for Huron; Reviewing documents produced by CFN for financial documents for Huron	1.50
06/06/03	CRO	Reviewing recent e-mail correspondence regarding review of documents produced by Lehman; Reviewing and verifying index created by REF of Lehman documents.	1.00
06/06/03	CRO	Updating pleading binder; Verifying court docket to ascertain completeness of pleading binder; Assisting REF in retrieving pleading; Updating file index; Updating correspondence and e-mail folders.	2.00



Date	Atty		Hours
06/06/03	KAJ	Reviewed complaint count by count against requirements of FRCP 9(b) to see which counts were required to comply; researched law review articles regarding substantive consolidation and SPEs for Tony Valiulis	4.60
06/07/03	EDS	Continue drafting and revising issue outline for discovery purposes (2.5); Review Lehman brief in support of motion for expedited discovery (.80)	3.30
06/08/03	MXO	Attention to document review.	3.60
06/08/03	MXO	Review Lehman's motion to dismiss and motion for expedited discovery.	1.00
06/08/03	MXO	Prepare fraudulent conveyance section of response to motion to dismiss.	1.40
06/09/03	EDS	Followup with R. Higgins and A. Sathy regarding pre-confirmation hearing depositions; Conference with H. Sterling regarding same	0.40
06/09/03	EDS	Work on response to motion to dismiss	3.50
06/09/03	REF	Emails from/to Hillard Sterling and Carmen Ortiz re: retaining service for data entry people and logistics of same (1.0); Emails and telephone calls to IT department re: logistics/setting up summation (.3); Email to/telephone call from Greenberg Traurig paralegal re: same (.3); Emails and telephone call to/from Marelle at Strategic Legal re: same (.4); Email from/to Alan Arnett re: undertaking and Huron's review of financial documents (.2) and review of same (.2); Continued review of Lehman documents and office conference with Hillard Sterling re: same (2.4).	4.80
06/09/03	LBI	Review documents. Prepare index. Revise insert on preferences.	3.50
06/09/03	MXO	Read caselaw re: fraudulent conveyance section for response to motion to dismiss.	0.40
06/09/03	MXO	Conference with Ed Shapiro re: response to motion to dismiss.	0.20
06/09/03	CRO	Updating pleading binder; Pacer research for the purpose of verifying completeness of pleading binder; Updating general file index; Updating correspondence and e-mail folders.	1.00
06/09/03	CRO	Refiling financial documents pulled from Lehman production; Creating summation database for coding of Lehman documents to be done by temps; Telephone calls to/from Rachel Feldstein and Jim Nixon regarding procedure for temporary staff to code Lehman documents.	3.20
06/10/03	HJB	E-mails and telephone calls with Ed Shapiro re briefs and strategy.	0.50
06/10/03	EDS	Telephone call from Arik Price (Official Committee of Unsecured Debtors of the Holding Company) regarding depositions	0.20
06/10/03	EDS	Meeting with R. Feldstein regarding discovery	0.50
06/10/03	HMS	Research and examine case law and secondary authorities supporting opposition to motion to dismiss Counts II through IV, and draft excerpts for opposition brief	7.40

Date	Atty		Hours
06/10/03	REF	Document review of Lehman documents and coordination of same for coding (4.9); Office conferences with Ed Shapiro and Carmen Ortiz re: same (.5); Email from attorney for Cerberus re: document production/email to/from Ed Shapiro re: response to same (.5)	5.90
06/10/03	LBI	Prepare index of documents. Revise insert on preferences.	1.00
06/10/03	MXO	Attention to document review.	2.40
06/10/03	CRO	Assisting in training temp regarding summation database created for the purpose of coding Lehman documents; Organizing Lehman documents in order to expedite coding process.	4.00
06/10/03	CRO	Telephone call to accounting department regarding billing for May 1-31 for the purpose of preparing fee application to be submitted to the court; Begin work on May Fee Application.	1.10
06/10/03	CRO	Updating pleadings index.	0.30
06/11/03	JAS	Research issues regarding application of new law (1.8). Research issues in connection with Section 9-313 of the Commercial Code (1.0). WWork on and finalize motion to dismiss response regarding perfection of Security interest (1.).	4.60
06/11/03	EDS	Revise response to motion to dismiss	0.50
06/11/03	HMS	Continue to research and examine case law and secondary authorities supporting opposition to motion to dismiss Counts II through IV, and continue to draft excerpts for opposition brief	8.20
06/11/03	REF	Office conferences with and emails to/from Ed Shapiro re: document review issues for Lehman documents (.6); Emails to Conseso team re: same (.4); Document review re: Lehman documents and coordination of same (2.0);	3.00
06/11/03	MXO	Attention to document review.	1.00
06/11/03	MXO	Draft fraudulent conveyance section of response to motion to dismiss.	1.90
06/11/03	MXO	Research re: fraudulent conveyance pleading requirements.	1.20
06/11/03	MXO	Read case law re: fraudulent conveyance section of response to motion to dismiss.	0.40
06/11/03	CRO	Setting up temp with computer in training room for the purpose of coding documents; Verifying that database will be available for document coding on June 12; Reviewing e-mail to/from Litigation team and IT regarding schedule for use of training room for document coding.	1.00
06/11/03	CRO	Reviewing and separating all time entered for May 1-31 for the purpose of preparing Second Monthly Fee Application; Brief e-mail to/from EDS regarding questions on segregating time entries.	3.50
06/12/03	HJB	Telephone call with Peterman and Mitchell re settlement agreements and issues.	1.00
06/12/03	EDS	Review settlement agreement and conferences with H. Barnett regarding same	1.00