

Hearing Date: March 15, 2001  
Time: 10:00 a.m.

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11  
:   
**CONTIFINANCIAL CORPORATION, et al.,** : Case No. 00 B 12184 (AJG)  
:   
Debtors. : (Jointly Administered)

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**APPLICATION FOR FINAL FEE ALLOWANCE OF COMPENSATION  
OF PITNEY, HARDIN, KIPP & SZUCH LLP FOR SERVICES RENDERED AS  
REGULATORY AND LITIGATION COUNSEL TO THE DEBTORS AND FOR  
REIMBURSEMENT OF EXPENSES AND DISBURSEMENTS**

TO: THE HONORABLE ARTHUR J. GONZALEZ  
UNITED STATES BANKRUPTCY JUDGE

Pitney, Hardin, Kipp & Szuch LLP (“Pitney Hardin” or the “Applicant”) hereby submits this application (the “Application”) for final fee allowance of compensation and reimbursement of expenses pursuant to sections 330 and 331 of the Bankruptcy Code, 11 U.S.C. §§ 101 *et. seq.* (the “Bankruptcy Code”) and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for services rendered during the period from September 1, 2000 through and including December 19, 2000 (the “Fee Period”) as regulatory and litigation counsel for ContiFinancial Corporation and ContiMortgage Corporation, and the other debtors herein (collectively, the “Debtors”) and in support of this Application, respectfully represents as follows:

## **I. INTRODUCTION**

1. On May 17, 2000, (the "Petition Date"), each of the Debtors filed petitions for relief under Chapter 11 of the Bankruptcy Code. Pursuant to Orders of the Court dated May 18, 2000 and August 15, 2000, the Debtors' Chapter 11 Cases were jointly administered for procedural purposes.

2. After the Petition Date, and in accordance with Sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors continued to operate their businesses and manage their properties as debtors-in-possession. No trustee or examiner has been appointed in these Chapter 11 cases, nor has any motion for a trustee or examiner been made. On May 24, 2000, the United States Trustee appointed the Official Creditors Committee (the "Committee") under Section 1102(a) of the Bankruptcy Code. On June 29, 2000, upon request of its members, the United States Trustee disbanded the Committee.

## **II. BACKGROUND**

3. On May 18, 2000, the Debtors filed a Motion seeking the retention of Pitney Hardin as regulatory and litigation counsel for the Debtors. On the same date, an Order was entered by the Court authorizing the Debtors' retention of Pitney Hardin on an interim basis until July 18, 2000. On July 18, 2000, the Court entered an Order authorizing the Debtors' retention of Pitney Hardin on a final basis. The Court's Order authorized Pitney Hardin to perform the following services:

- i) advise regarding licensing issues throughout the nation;
- ii) advise regarding class action and other suits brought by or against the Debtors throughout the nation; and
- iii) advise regarding regulatory matters throughout the nation.

4. Pursuant to Section II(B) of the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Under 11 U.S.C. § 330, made applicable to cases pending in the Southern District of New York by the Amended Guidelines for Fees and Disbursements for Professional in Southern District of New York Bankruptcy Cases (the “Guidelines”), Applicant is required to describe the status of the Debtors’ Chapter 11 cases. In accordance with that requirement, Applicant submits the following:

- **Plan and Disclosure Statement** – On September 12, 2000, the Debtors filed a Plan and Disclosure Statement. The Plan was confirmed on December 19, 2000.
- **Quarterly Reports and Payment of Fees** – The Debtor(s) have paid all quarterly fees to the United States Trustee as they have become due. Monthly reports have been filed for September, October and November, 2000.
- **Cash and Unpaid Administrative Expenses** - Applicant refers to the papers submitted by Dewey Ballantine and Togut, Segal and Segal, bankruptcy counsel for the Debtors.

5. On June 23, 2000, the Court entered an Order establishing procedures for monthly compensation and reimbursement of expenses of professionals (the “Procedures Order”). In accordance with the Procedures Order, professionals retained in these cases were directed to serve a monthly statement of fees and expenses upon counsel for the Debtors, counsel for the Committee, counsel for the United States Trustee and counsel to all post-petition lenders or agents. If no objections were filed to such statement, the Debtors were directed to pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified in each monthly statement.

6. In accordance with the Procedures Order, Pitney Hardin has filed monthly fee statements requesting payment of eighty percent of fees for services rendered and full reimbursement of expenses for each month in the Fee Period as follows:

<u>Month Ending</u>	<u>Fees Requested</u>	<u>Expenses Requested</u>
September 30, 2000	\$14,989.50	\$ 682.04
October 31, 2000	\$14,951.50	\$1,828.36
November 30, 2000	\$ 5,100.00	\$ 116.28

7. Pitney Hardin did not file a monthly fee statement for December. Pitney Hardin's December's monthly fee statement is subsumed in this Final Fee Application.

8. Applicant submits this Application seeking: (a) allowance of reasonable final compensation for the professional services rendered by the Pitney Hardin, as regulatory and litigation counsel to the Debtors, in these Chapter 11 cases during the Fee Period; and (b) reimbursement of actual and necessary expenses and out-of-pocket disbursements incurred in the rendition of required professional services on behalf of the Debtors during such period.

9. All of the professional services for which final compensation is sought were rendered solely on behalf of the Debtors in connection with these cases and not on behalf of any committee, creditor or other party.

10. Applicant has maintained detailed records of the time expended in rendering the professional services performed on behalf of the Debtors in these cases. Such time records were generated contemporaneously with the performance of the professional services described therein and in the ordinary course of the Applicant's practice. The individual time records were recorded by the attorney or legal assistant who rendered the particular services described. Annexed hereto as **Exhibit A** is a schedule which shows a summary of the hours worked, the hourly billing rates and the total charges of each professional and paraprofessional

performing services in this matter. Annexed hereto as **Exhibit B** is a copy of the actual time records maintained by Applicant for the Fee Period. The time records annexed as Exhibit B show a breakdown of the approximate hours spent and the approximate time billed on certain selected matters.

11. Applicant also maintains records of all necessary expenses and disbursements (collectively, the “Expenses”) incurred by Applicant in connection with the performance of its services. Attached hereto as **Exhibit C** is a schedule, prepared from documents maintained by Applicant’s billing department with respect to the Expenses, which schedule sets forth the amounts and types of Expenses incurred during the Fee Period. Attached hereto as **Exhibit D** is a complete breakdown of all the Expenses.

12. Bankruptcy Code section 330 authorizes bankruptcy courts to award professionals employed by the Debtors under Bankruptcy Code Section 327 “reasonable compensation” for actual and necessary services rendered to the Debtors by such professionals. Under Bankruptcy Code section 330, the reasonableness of the compensation sought by a professional is determined by consideration of the nature, extent and value of such services, taking into account, inter alia, the following: (a) the time spent on such services; (b) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the task; and (c) the cost of comparable services for non-bankruptcy cases.

13. Applicant respectfully submits that the professional services which it has rendered and the Expenses that it has incurred on behalf of the Debtors were necessary and have resulted in very substantial benefits to the Debtors. Set forth below is a summary of the services provided by the Applicant to the Debtors during the Fee Period. Based on an analysis of each of

the foregoing, Applicant respectfully submits that the compensation sought in this Application is reasonable.

### **III. SERVICES RENDERED**

14. During the Fee Period, Applicant rendered professional legal services to the Debtors in a variety of areas. In general, Applicant worked closely with the Debtors and advised and assisted the Debtors with respect to a number of matters and issues relating to the Debtors' cases, including, but not limited to:

- (a) assisting and advising Debtors regarding the effect of their bankruptcy filings on their licenses throughout the nation;
- (b) corresponding with licensing authorities regarding the effect of Debtors' bankruptcy filings on their licenses throughout the nation;
- (c) contacting local counsel and courts in suits where Debtors ContiMortgage, Crystal Mortgage and/or Resource One are named as defendants and advising of filing of bankruptcy and imposition of automatic stay as to Debtors – Bowen, Walltower, Chasten, Alexander, LaChance, etc.;
- (d) reviewing complaints filed against Debtors ContiMortgage, Crystal Mortgage and/or Resource One to advise whether claims are properly brought against Debtors or should be directed to new servicing company;
- (e) assisting and advising Debtor ContiMortgage regarding cases where ContiMortgage is the plaintiff or creditor – First Finance, Inc. collection matter, Bay Loan Brokers, First Guaranty Mortgage Corp., Public Mortgage Company, Residential Money Centers, Homestar Mortgage, Austin Funding, Investaid, First Home Mortgage, Parkway Mortgage, Transcontinental Title, American Mortgage and Investment, Great Northwest; and Liberty Lending;
- (f) assisting and advising Debtor ContiMortgage with respect to personal injury action brought against Fidelity Mortgage Decisions;
- (g) assisting and advising Debtor ContiMortgage with respect to action instituted by First Tennessee Bank;
- (h) preparation of monthly compensation reports;
- (i) preparation of interim fee application; and

- (j) responding to objections filed by Akin Gump to monthly fee statements and attempting to resolve same.

#### **IV. ALLOWANCE OF COMPENSATION**

15. As indicated above, Applicant hereby seeks final compensation for legal services rendered during the period from September 1, 2000 through December 19, 2000 and reimbursement of Expenses incurred during this same period. Applicant has rendered extensive and valuable professional legal services to the Debtors, which services have been demanding of time, effort and expertise. Applicant respectfully submits that the quality of services rendered, the results obtained and the nature of this case warrant the allowance of Applicant's request for compensation and reimbursement of Expenses.

16. During the Fee Period, Applicant devoted an aggregate of 184.7 hours to the performance of legal services as counsel to the Debtors, representing aggregate time charges of \$38,119.50.

17. Applicant also seeks approval for the reimbursement of actual and necessary expenses incurred during the Fee Period in the sum of \$2,662.33. Applicant submits that the amount of expenses and disbursements it incurred in connection with the effective and efficient performance of services was necessary and is entirely reasonable. Annexed hereto as **Exhibit E** are certifications by the Applicant required by the Guidelines.

**WHEREFORE**, Applicant respectfully requests the entry of an order: (a) allowing Applicant final compensation for legal services rendered during the Fee Period in the amount of \$38,119.50 and reimbursement for Applicant's actual and necessary expenses of \$2,662.33 during the same period in connection with such services; (b) authorizing and directing payment thereof; and (c) granting such other and further relief as may be just and proper.

**PITNEY, HARDIN, KIPP & SZUCH LLP**

By: \_\_\_\_\_/S/  
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Dated: Florham Park, New Jersey  
January 31, 2001