

FILED
JAMES J. WALDRON

NOV 13 2000

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

In re: Chapter 11
GREATE BAY HOTEL AND CASINO, INC., : Case No. 98-10001 (JW) ct. seq. BY _____, DEPUTY
et al., :
Debtors. : Jointly Administered

U.S. BANKRUPTCY COURT
CAMDEN, NJ

**FINAL APPLICATION FOR COMPENSATION
AND FOR REIMBURSEMENT OF EXPENSES**

Name of Applicant: Chanin and Company LLC

Authorized to Provide Professional Services to: GREATE BAY HOTEL AND CASINO, INC., et al.

Date of Retention: March 27, 1998 (nunc pro tunc)

Period for which compensation and reimbursement are sought: March 27, 1998 through June 30, 2000.

Amount of Compensation sought as actual, reasonable, and necessary: \$2,377,500.00 (including Restructuring Fee in the amount of \$350,000.00)

Amount of Expense Reimbursement sought as actual, reasonable, and necessary: \$52,330.33

This is an: interim final application

The total time expended for the preparation of this application is approximately N/A hours. **

If this is not the first application filed, disclose the following for each prior application:

<u>Date Filed</u>	<u>Period Covered</u>	<u>Requested Fees, Expenses</u>	<u>Approved Fees, Expenses</u>
N/A	N/A	N/A	N/A

** This application was prepared by Chanin and Company LLC. The expended time on this application is not included in this fee application.

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY**

In re:	:	Chapter 11
	:	
GREATE BAY HOTEL AND CASINO, INC.,	:	Case No. 98-10001 (JW) et. seq.
<u>et al.</u> ,	:	
	:	
Debtors.	:	Jointly Administered

**FINAL APPLICATION OF CHANIN AND COMPANY LLC
FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES
FOR MARCH 27, 1998 THROUGH JUNE 30, 2000.**

Chanin and Company LLC ("Chanin" or the "Applicant"), financial advisor to the above-captioned Debtors (the "Debtors", the "Company" or "GBHC"), hereby submits its final fee application for compensation and reimbursement of actual and necessary expenses from the estate of the Debtors for professional services rendered, in the total amount of \$2,429,830.33 (including a Restructuring Fee, as defined, in the amount of \$350,000.00) together with actual and necessary expenses in the amount of \$52,330.33 for the period commencing March 27, 1998 (the "Engagement Date") through June 30, 2000. In further support of the fee application, Chanin states as follows:

A. Introduction

1. On May 1, 1998, the United States District Court for the District of New Jersey ("Court") granted the order (the "Order", attached hereto as Exhibit A) pursuant to Sections 328 (a) and 1103 of the United States Bankruptcy Code and the United States Bankruptcy Rule 2014 (a) authorizing the retention of Chanin as the exclusive Financial Advisor to the Debtors, nunc pro tunc to March 27, 1998, the Engagement Date. The Order authorized the retention of Chanin pursuant to an engagement agreement ("Engagement Letter") between Chanin and the Debtors dated March 20, 1998 (attached hereto as Exhibit B). The Engagement Letter provided, among other things, that Chanin be compensated with a

3. Pursuant to the Order and Engagement Letter, Chanin was to be paid a Monthly Advisory Fee of \$75,000.00 during the Debtor's Chapter 11,¹ plus reasonable Expenses, plus a Restructuring Fee upon the effective date of a Plan of Reorganization. For the period of March 27, 1998 to June 30, 2000, the Monthly Advisory Fees total \$2,027,500.00, expenses total \$52,330.33, and the Restructuring Fee payable pursuant to the Engagement Letter is \$350,000.00. To date, Chanin has received \$2,027,500.00 toward the accrued Monthly Advisory Fees for services rendered and \$46,750.32 toward expenses. There remains an outstanding balance of unpaid expenses of \$5,580.01, and a Restructuring Fee payable of \$350,000.00.

4. The services for which compensation is being sought by Chanin were rendered for and on behalf of the Debtors and not on behalf of the Creditors, or any other interested party in these bankruptcy proceedings. Chanin respectfully submits that the services it rendered to the Debtors were necessary and in the best interest of the Debtors and contributed towards the successful reorganization of GBHC. Applicant has received no other payments or promises of payment from any other source for services rendered in any capacity whatsoever in this case. There is no outstanding agreement or understanding between Chanin and any other person, other than principals of Chanin, for the sharing of compensation.

B. Time Records

1. The six (6) professionals of Chanin who have primarily rendered professional services on behalf of the Debtors include Steven R. Strom, Russell A. Belinsky, Skip Victor, Doug Martin, Heather L. Barlow and Christopher Abad.

¹ (note that Chanin agreed with the debtors to end the monthly retainer at the end of the confirmation hearing).

and meal expenses, parking and transportation expenses, photocopying and telecopier expenses, research expenses, subscriptions, and long distance telephone charges. Applicant charges \$.25 per page for photocopying. Applicant charges for out-going facsimiles at a rate of \$.50 per page. Applicant does not charge for incoming facsimiles. The total expense for which approval for reimbursement is sought in this fee application is \$52,330.33.

C. Case Overview

1. The Debtor's Chapter 11 case was highly complex. The Debtor's Chapter 11 case was filed in January 1998. The case was assigned to Judge Judith H. Wizmur. GBHC, and GB Holdings, Inc. ("Holdings") and GB Property Funding Corp. ("Funding") continued to operate their businesses and manage their properties pursuant to sections 1107(a) and 1108 of the Bankruptcy Code as debtors-in-possession.
2. GBHC and Funding are wholly owned subsidiaries of Holdings, a Delaware Corporation. GBNC, a New Jersey corporation, is the owner of the real and personal property located at Indiana Avenue and Brighton Park, Atlantic City, New Jersey, which constitutes the Sands Hotel & Casino (the "Sands"). GBHC is licensed by all applicable regulatory agencies of the State of New Jersey to conduct the gaming business of Sands.
3. At the outset of the Chapter 11 cases, the Debtors sought Court approval to retain Ladenburg, Thalmann & Company, Inc. ("Ladenburg") as its financial advisors, and to that end, the Order Authorizing Employment and Retention of Ladenburg Thalmann & Company, Inc, as Debtors' Financial Advisors Pursuant to 11 U.S.C. §327(a) was filed on February 2, 1998. Subsequently, the Debtors determined to terminate the services of Ladenburg and retain Chanin as their financial advisor. Chanin agreed to assume the same engagement terms as Ladenburg.

addition, Chanin fielded multiple reverse inquiries ² from third parties expressing an interest in pursuing a transaction with the Debtors.

F. Negotiation and evaluation of plan proposals

1. During Chanin's period of engagement, the Debtors received at least eight (8) plan proposals, all of which were evaluated by Chanin from a financial perspective. Chanin's analysis of the plan proposals typically included the valuation attributed to the estate and concomitant creditor recoveries as well as an analysis of subjective components of the plan proposals such as validity of projections, likelihood of obtaining financing and other conditions. Chanin also communicated with several of the large noteholders in the case regarding the status of the plans and considered input from the creditors in developing plan proposals with the Debtors.

G. Assistance in preparation and revision of business plans

1. Chanin assisted the Debtors in preparing or revising their business plan a number of times during the chapter 11 cases. Changes in the business plan reflected a number of conditions, including actual performance of the property, changes in the Atlantic City marketplace, changes in senior management during the chapter 11 case, changes in the tax basis of the property's assets and opportunities related to the Bala expansion and other capital projects. These projections were used as a basis in determining appropriate restructuring avenues, to evaluate new project opportunities, provided to third party sponsors and were used by Chanin to value recoveries available under different restructuring scenarios.

² Unsolicited inquiries from parties expressing an interest in pursuing a transaction but not originally identified or approached by Chanin, Counsel or the Debtors.

J. Allowance of Compensation

1. The professional services rendered by Chanin required a high degree of professional competence and expertise so that the numerous issues requiring evaluation and determination by the Debtors could be addressed with skill and dispatch and have, therefore, required the expenditure of substantial time and effort. It is respectfully submitted that the services rendered to the Debtors were performed efficiently, effectively and economically, and the results obtained to date have benefited the Debtors. The allowance of interim compensation for services rendered and reimbursement of expenses in bankruptcy cases is expressly provided for in section 331 of the Bankruptcy Code:

Any professional person ... may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered ... as is provided under section 330 of this title.

11 U.S.C. § 331. Moreover, this Court has authorized the filing of this Application in the Administrative Fee Order.

2. With respect to the level of compensation, section 330(a)(1) of the Bankruptcy Code provides, in pertinent part, that the Court may award to a professional person:

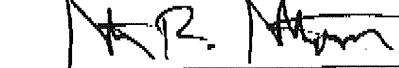
reasonable compensation for actual, necessary services rendered ...

Section 330(a)(3)(A), in turn, provides that

In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –
(A) the time spent on such services;
(B) the rates charged for such services;
(C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;

3. WHEREFORE, Chanin prays for the entry of an Order approving compensation to be paid by the Debtors to Chanin in the amount of \$2,377,500.00 (including a \$350,000.00 Restructuring Fee) as compensation for professional services rendered from March 27, 1998 through June 30, 2000 (\$2,027,500.00 has been received and will be applied to any award of compensation by this Court) and for an allowance of \$52,330.33 in reimbursement for the actual and necessary expenses incurred (\$46,750.32 has been received and will be applied to any award of compensation by this Court) by Chanin on behalf of the Debtors, and for such other and further relief as is just.

CHANIN AND COMPANY LLC



By:
Steven R. Strom, Managing Director
12 East 49th Street, 14th Floor
New York, New York 10017

of 11 U.S.C. § 101(14) of the Bankruptcy Code, as modified by 11 U.S.C. § 1107(b) of the Bankruptcy Code, and that the employment of Chanin is necessary and would be in the best interests of the Debtors, their estates and their creditors; and it appearing that the Debtors have given notice to the Office of the United States Trustee and that such notice is sufficient; and after due deliberation and sufficient cause appearing therefor,

IT IS, on this 1 day of ^{May} ~~March~~, 1998, *and prior to 3/27/98*

ORDERED that:

1. The Debtors' employment and retention of Chanin as their financial advisor is hereby approved, upon the terms and subject to the conditions set forth in that certain Letter Agreement dated March 20, 1998, between the Debtor and Chanin (the "Letter Agreement"), attached as Exhibit A to the Application, which is also hereby approved.
2. Chanin shall be compensated in accordance with the terms of the Letter Agreement, subject to further order of the Court, in accordance with 11 U.S.C. §328(a) and §331
3. The Debtors are hereby authorized to take such actions and execute such documents as are necessary and appropriate to carry out the relief granted under this Order.


HONORABLE JUDITH H. WIZMUR
UNITED STATES BANKRUPTCY JUDGE

Mar-23-98 01:58pm From:GIBBONS DEL DEO DOLAN GRIFFINGER VECCHIO

SENT BY: Xerox Telecopier, 7020 ; 3-23-98 ; 11:02AM ;
RCV BY: Xerox Telecopier 7020 ; 3-23-98 ; 11:02AM ;

LEGAL DEPT-
212 758 8280

GIBBONS, Del Deo: 4
LEGAL DEPT: 4

CHANIN

Los Angeles - New York

Mr. Frederick H. Kross

March 20, 1998

Page 2

2. The advisory services and compensation arrangements set forth herein do not encompass other investment banking services such as the issuance of "fairness opinions", the collective sale or disposition of assets, raising additional capital or any other specific transaction not set forth in Section 1 which might be undertaken by Chanin if requested by the Company. Chanin will perform such services on customary terms pursuant to a separate letter agreement executed by the Company and Chanin and approved by the Bankruptcy Court.

3. In the performance of the services set forth herein, Chanin will conduct such financial review of the business and operation of the Company as it deems appropriate. Chanin will not independently verify the accuracy and completeness of any information supplied by the Company and its agents, but will rely on the accuracy and completeness of information supplied by the Company or its agents in all material respects. The Company agrees that it will provide Chanin with such information as Chanin may reasonably request and that all such information shall be accurate and complete in all material respect to the knowledge of the Company.

4. The advisory engagement hereunder shall commence effective as of March 20, 1998, and shall continue thereafter on a month-to-month basis pursuant to the terms hereof, subject to the provisions of Sections 5 through 9 of this letter, which shall survive any termination of the Agreement. Either the Company or the Advisor may terminate the Advisor's engagement hereunder at any time after June 20, 1998 by giving the other party ~~thirty (30)~~ *30* days prior written notice. If the Company terminates such engagement the Advisor (subject to bankruptcy court approval) shall be entitled to i) full compensation and reimbursement of expenses pursuant to Section 5 below for the month in which such termination occurs (subject to a minimum retention period of three months), and: ii) full compensation pursuant to Section 5(b) for confirmation of a Plan of Reorganization which is completed in substantially similar form to work conducted by Chanin to or on behalf of the Company and completed within twelve months of termination.

5. As compensation for the services rendered by the Advisor, the Advisor shall receive the following (subject to bankruptcy court approval):

- a) A financial advisory fee ("Advisory Fee") of \$75,000 per month. The Advisory Fee is due and payable on the 10th day of each month. The first monthly Advisory Fee is payable upon entry of the order approving this agreement;
- b) A restructuring fee ("Restructuring Fee") of \$350,000. The Restructuring Fee shall be payable upon the effective date of a Plan of Reorganization by the Company;

The Company shall reimburse Chanin for all reasonable out-of-pocket expenses incurred concerning this engagement. Such expense shall include, without limitation, coach or business class travel, lodging expenses, data processing, reproduction, communication charges, courier services and counsel fees which may be incurred in connection with Chanin's retention or in connection with payment of Chanin's fees and expenses (subject to bankruptcy court approval).

Exhibit C
Greate Bay Hotel & Casino, Inc.
Activity Summary for Jeffrey Chanin and Company LLC

1998

March/April

- Interview with Greate Bay Hotel & Casino, Inc. ("GBHC" or the "Debtors") regarding Chanin's qualifications and willingness to assume terms of Ladenberg Thalman retention.
- Market intelligence regarding ownership and trading levels of bonds issued by the Debtors and affiliates, including PRT Funding.
- Draft engagement letter and retention documents; complete internal review.
- Review public information on the Debtors and become familiar with their corporate structure.
- Review and discuss with Gibbons Del Deo ("Counsel") previous motions regarding cash collateral use and capital spending program.
- Initial due diligence visit to property.
- Arrange introductory meetings between Debtors and major bondholders, including Merrill Lynch Asset Management ("MLAM") and High River.
- With Counsel, develop summary and analysis of the Debtors' contract with New Jersey Management Inc. ("NJMI"), assess economic impact of NJMI contract rejection by Debtors and discuss related issues with major creditors.
- With Debtors and Counsel, conduct preliminary discussions with a potential plan sponsor, DLJ Merchant Banking, ("DLJ").

May/ June/ July

- Continue due diligence, including review of interim financial performance.
- Prepare and present to Debtors materials entitled "Restructuring Alternatives".
- Analysis of DLJ Plan proposal and related due diligence.
- Meetings and teleconferences with the Debtors, Counsel, and creditors including MLAM, High River, Trust Company of the West ("TCW"), John Hancock, Northeast Advisors, and others, regarding status of case, NJMI settlement issues, CEO search and issues related to relationship with Debtors' prior parent companies.
- Assist Debtors with issues concerning new CEO.
- Assist Debtors in revising financial projections.
- Identify and contact over 10 potential DIP lending sources for Bala expansion opportunity.
- Assist Counsel in establishing a data room.

August /September

- Assist Debtors with financial and economic impact of de-consolidation from parent company.
- Review of DIP financing proposals for Bala expansion opportunity.
- With Debtors and Counsel, assist in structuring Bala Option and tax net operating loss provisions of settlement with Debtors' prior parent companies.
- Review interim performance of Debtors and other Atlantic City casinos.
- Provide Debtors with current assessment of financial markets and advise on likelihood of DLJ Plan conditions being met.
- Screen and qualify plan sponsor candidates and advise Debtors on methods of approach.
- Initiate discussions with over 25 plan sponsor candidates.

May/June

- Attend meeting with Heico and MLAM regarding Heico plan proposal.
- Advise Debtors regarding valuation and debt capacity issues of Heico plan.
- Advise Debtors regarding valuation and debt capacity of Stand-alone Plan and Heico Plans.

July/August

- Attend meetings with MLAM regarding a plan including Contingent Interest Notes ("CIN").
- Analyze financial, ownership, economic and tax aspects of a plan including CINs and consult with Debtors, Counsel and tax advisors regarding various technical issues.
- Review drafts of Stand-alone plan documents and advise on relevant issues.
- Develop preliminary analysis of recovery on account of secured lenders deficiency claims.
- Present to Debtors findings and issues relating to updated Report on Enterprise Value.
- With Debtors and Counsel, meet with Creditors Committee to negotiate recoveries under Stand-alone plan.

September/October

- With Counsel, advise Debtors on objections to Stand-alone plan and disclosure statement.
- Attend disclosure statement hearings.
- Provide general update to New Generation Research, a bondholder.
- Update and edit Report on Enterprise Value and present findings to Debtors.
- Review and analyze proposed indentures and provide comments to counsel and Debtors.
- Update Debtors regarding trading activity in their first mortgage bonds and potential impact on restructuring process.

November/December

- Review and analyze plan proposal from Park Place Entertainment ("PPE").
- Review asset appraisal reports.
- Conduct limited due diligence with PPE management regarding their plan proposal and projections.
- With Counsel, attend GBHC Board meeting and present analysis regarding PPE plan proposal.
- Attend numerous teleconferences regarding status of plan process.
- Analysis of actual versus forecast performance and detailed follow-up with Debtors.
- Attend teleconference with tax advisors regarding structure of various plan proposals and resulting impact on cash flows.
- With Debtors and Counsel, participate in discussions with High River regarding plan sponsorship issues.
- Field inquiries from several bondholders regarding status of case.
- Advise Debtors on merger and acquisition ("M&A") issues and competing plan process.

Prepared 11/8/00

Jeffrey Chanin Company LLC

Expense Detail

Jeffrey Chanin & Company LLC
 Detail of Expenses Incurred on behalf of Great Bay
 March 1998 through June 2000

Category	1998	1999	2000	Total
Airfare	2,907.75		60.00	\$ 2,967.75
Copy & Fax	182.38	28.62		\$ 191.00
Dues & Membership	2,000.00			\$ 2,000.00
Hotel	782.61	10.55	3,707.45	\$ 4,500.61
meals	1,301.08	842.40	741.94	\$ 2,885.42
Messenger & Delivery	749.05	882.95	455.05	\$ 2,087.05
Miscellaneous	289.09			\$ 269.09
Office Supplies				\$ -
Parking/Transportation	4,425.53	5,105.59	2,231.99	\$ 11,763.11
Photocopy/Faxes(Eq)	2,515.50	2,399.00	1,110.50	\$ 6,025.00
Postage				\$ -
Professional Services				\$ -
Research	3,434.59	3,979.65	260.00	\$ 7,674.24
Subscriptions & Library	1,061.35		100.00	\$ 1,161.35
Telephone	3,699.53	5,309.32	1,108.57	\$ 10,117.42
Totals	\$ 23,308.46	\$ 16,558.08	\$ 9,775.50	\$ 51,642.04

Jeffrey Chastain & Company LLC
 Detail of Expenses Incurred on behalf of Great Bay for the period of January 1, 1999 through December 31, 1999

Category	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	Totals
Airfare													\$ -
Copy & Fax						28.62							\$ 28.62
Dues & Membership													\$ -
Hotel					10.55								\$ 10.55
Meals	10.33				155.59	40.57	24.68	88.19	235.60	37.37		250.07	\$ 842.40
Messenger & Delivery		84.00	13.80	145.30	72.40	146.95	52.85	124.00	124.45	107.95		14.45	\$ 882.95
Miscellaneous													\$ -
Office Supplies													\$ -
Parking/Transportation	255.00	242.00	463.20	60.00	638.34	504.57	982.98	705.83	206.00	824.35	68.29	165.13	\$ 5,105.59
Photocopy/Faxes(Etc)	273.50	11.50	69.50	287.00	183.25	172.75	427.25	133.50	570.00	186.00	57.00	87.75	\$ 2,399.00
Postage													\$ -
Professional Services													\$ -
Research		706.78	657.10		1,441.38					328.00		846.39	\$ 3,979.65
Subscriptions & Library													\$ -
Telephone	740.03	152.05	456.38	416.65	534.89	143.06	521.85	147.20	212.89	823.17	185.30	1,275.85	\$ 5,309.32
Totals	1,288.86	1,196.33	1,579.98	832.75	3,037.40	1,036.62	1,989.41	1,195.72	1,348.94	2,306.84	308.59	2,436.64	\$ 18,558.09