UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	:	Chapter 11
HAYES LEMMERZ INTERNATIONAL, INC., *et al.*,	:	
Debtors.	:	Case Number 01-11490 (MFW)
	:	Jointly Administered

Hearing Date: September 15, 2003 @ 9:30 A.M.

OBJECTION OF THE ACTING UNITED STATES TRUSTEE TO THE MOTION OF APOLLO MANAGEMENT V, L.P. FOR ALLOWANCE AND PAYMENT OF AN ADMINISTRATIVE EXPENSE CLAIM UNDER SECTION 503(b)(3)(D) AND 503(b)(4) OF THE BANKRUPTCY CODE FOR COSTS AND EXPENSES IN MAKING A SUBSTANTIAL CONTRIBUTION IN THESE CHAPTER 11 CASES (DOCKET ENTRY # 2500)

In support of her objection to the motion of Apollo Management V, L.P. ("Apollo") for allowance and payment of an administrative expense claim under section 503(b)(3)(D) and 503(b)(4) of the Bankruptcy Code for costs and expenses in making a substantial contribution in these chapter 11 cases, Roberta A. DeAngelis, Acting United States Trustee for Region 3 ("UST"), by and through her counsel, avers:

INTRODUCTION

1. Under 28 U.S.C. § 157(b)(2)(A), this Court has jurisdiction to hear and determine this objection.

2. The UST reviews requests for allowance of administrative expenses under 11 U.S.C. § 503(b) as part of the UST"s overarching responsibility to enforce the laws as written by Congress and interpreted by the courts. *See United States Trustee v. Columbia Gas Sys., Inc. (In re Columbia Gas Sys., Inc.),* 33 F.3d 294, 295-96 (3d Cir. 1994) (noting that UST has "public interest standing"

under 11 U.S.C. § 307 which goes beyond mere pecuniary interest); *Morgenstern v. Revco D.S., Inc. (In re Revco D.S., Inc.)*, 898 F.2d 498, 500 (6th Cir. 1990) (describing the UST as a "watchdog").

3. Under 11 U.S.C. § 307, the UST has standing to prosecute this objection.

GROUNDS/BASIS FOR RELIEF

4. Initially, Apollo's efforts to negotiate a consensual chapter 11 plan do not constitute a "substantial contribution" under 11 U.S.C. § 503(b). *See In re Granite Partners, L.P.*, 213 B.R. 440, 449 (Bankr. S.D.N.Y. 1997) ("Mere participation in the negotiation, drafting, and confirmation of the plan is not sufficient" to establish a "substantial contribution"); *see also In re American Preferred Prescription, Inc.*, 194 B.R. 721, 727 (Bankr. E.D.N.Y. 1996) (fact that plan ultimately incorporated sections that were drafted by creditors' counsel did not mean that creditor had made a "substantial contribution").

5. Second, it is difficult to divorce Apollo's self-interest from its participation in plan negotiations under the *Lebron* case. Prior to the Effective Date of the Plan, funds managed by Apollo held more than 40% of the Senior Notes ($300 million principal amount). As a substantial unsecured creditor, Apollo had a lot to lose on its investment if these cases devolved into acrimonious litigation and the Debtors' businesses suffered. Given that this Court must presume that Apollo was acting in its own self-interest, the UST submits that Apollo has a difficult case to make before this Court: that Apollo could have stood on the "sidelines" of the plan negotiations while its investment lost value.

6. Third, there are two reasonableness issues with respect to the fees and expenses sought. The estates should not be saddled with the obligation to pay the fees and expenses of three law firms, two of which billed more than $200,000 for their services. In addition, many of the

services which Apollo is seeking to be paid for were rendered prior to Apollo's intervention in the plan negotiations. Under 11 U.S.C. § 503(b)(4), Apollo is not entitled to get all of its fees paid.

CONCLUSION

WHEREFORE the UST requests that this Court issue an order denying the motion.

Respectfully submitted,

ROBERTA A. DeANGELIS
ACTING UNITED STATES TRUSTEE

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