

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE:)	Chapter 11
)	
AMERICAN TISSUE, INC., <u>et al.</u> ¹)	Case No. 01-10370 (RB)
)	(Jointly Administered)
Debtors.)	
)	

Objection Deadline: May 29, 2003 at 4:00 p.m.
Hearing Date: June 6, 2003 at 9:30 a.m.

**FIRST AND FINAL APPLICATION OF BAKER & MCKENZIE
FOR COMPENSATION AND REIMBURSEMENT OF EXPENSES AS SPECIAL
COUNSEL TO MARKWOOD LLC FOR THE
THE PERIOD FROM SEPTEMBER 18, 2002 THROUGH DECEMBER 31, 2002**

Pursuant to Sections 330 of Title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), Baker & McKenzie ("Baker") hereby files *its First and Final Application for Allowance of Compensation and Reimbursement of Expenses for September 18, 2002 through December 31, 2002* (the "Application"). By the Application, Baker seeks an allowance of compensation in the amount of \$60,479.00 and reimbursement of actual and necessary expenses in the amount of \$2,993.27 for a total of \$63,472.27 for the period September 18, 2002 through December 31, 2002 (the "Period"). In support of this Application, Baker respectfully represents as follows:

¹ The following entities are Debtors: American Tissue, Inc., 100 Realty Management LLC, American Cellulose Mill Corp., American Tissue Corporation, American Tissue Mills of Greenwich LLC, American Tissue Mills of Neenah, LLC, American Tissue Mills of New Hampshire, Inc., American Tissue Mills of New York, Inc., American Tissue Mills of Oregon, Inc., American Tissue Mills of Tennessee LLC, American Tissue Mills of Wisconsin, Inc., American Tissue – New Hampshire Electric, Inc., Berlin Mills Railway, Inc., Calexico Tissue Company LLC, Coram Realty LLC, Engineers Road, LLC, Gilpin Realty Corp., Grand LLC, Hydro of America LLC, Landfill of America LLC, Markwood LLC, Paper of America LLC, Pulp of America LLC, Pulp & Paper of America LLC, Railway of America LLC, Saratoga Realty LLC, Tagsons Papers, Inc., Unique Financing LLC.

Background

1. On September 10, 2001 (the "Petition Date"), the Debtors (as defined in footnote 1) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code with this Court. The Debtors have been operating their businesses and managing their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

2. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

3. On November 12, 2002, the Debtors filed an *Application for Approval to Employ Baker & McKenzie as Special Counsel to Represent Markwood, LLC with Respect to Corporate Matters Involving Fabricaciones Metalicas Mexicanas, S.A.* Pursuant to 11 U.S.C. Sections 327(e), 328 and 330 (Court Paper # 1916) (the "Retention Application"). The Retention Application sought to employ Baker for the purpose of advising Markwood LLC ("Markwood") with respect to taking control of Fabricaciones Metalicas Mexicanas, S.A. ("FMM"), a Mexican corporation of which Markwood owns a majority interest, for the purpose of ensuring proper distributions and liquidation. On or about December 11, 2002, the Court entered an *Order Approving Debtor's Employment of Baker & McKenzie as Special Counsel to Markwood, LLC with Respect to Corporate Matters Involving Fabricaciones Metalicas Mexicanas, S.A.* Pursuant to 11 U.S.C. Sections 327(e), 328 and 330 (Court Paper # 2038) (the "Retention Order"). The Retention Order authorized Baker to be compensated on an hourly basis and to be reimbursed for actual and necessary out-of-pocket expenses.

Compensation Paid and Its Source

4. All services for which Baker requests compensation were performed for or on behalf of Markwood.

5. Baker has received no payment and no promises for payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Application. There is no agreement or understanding between Baker and any other person other than the partners of Baker for the sharing of compensation to be received for services rendered in these cases. Baker has not received a pre-petition retainer from Markwood.

Fee Statements

6. The fee statements for the Period is attached hereto as Exhibit "A." This statement contains daily time logs describing the time spent by each attorney and paraprofessional during the Period. To the best of Baker's knowledge, this Application complies with sections 330 of the Bankruptcy Code, the Bankruptcy Rules, and the local rules of this Court. Baker's time reports are initially handwritten or typed by the attorney or paralegal performing the described services. The time reports are organized on a daily basis. Baker is particularly sensitive to issues of "lumping," and unless time was spent in one time frame on a variety of different matters for a particular client, separate time entries are set forth in the time reports. Baker's charges for its professional services are based upon the time, nature, extent and value of such services and the cost of comparable services other than in a case under the Bankruptcy Code.

Actual and Necessary Expenses

7. A summary of actual and necessary expenses incurred by Baker for the Period is attached hereto as part of Exhibit "A." Baker customarily charges \$.20 per page for

photocopying expenses related to cases such as this one. Baker's photocopying machines automatically record the number of copies made when the person that is doing the copying enters the client's account number into a device attached to the photocopy machine. Baker summarizes each client's photocopying charges on a daily basis.

8. Baker charges \$1.00 per page for out-going facsimile transmissions. There is no additional charge for long distance telephone calls on faxes. The charge for outgoing facsimile reflects Baker's calculation of the actual costs incurred by Baker for the machines, supplies and extra labor expenses associated with sending telecopies, and is reasonable in relation to the amount charged by outside vendors who provide similar services. Baker does not charge fax receipts to Markwood in these cases.

9. Regarding providers of on-line legal research (e.g., LEXIS and WESTLAW), Baker charges the standard usage rates these providers charge for computerized legal research. Baker bills its clients the actual cash charged by such services, with no premium. Any volume discount received by Baker is passed on to the client.

10. Baker believes the foregoing rates are the market rates that the majority of law firms charge clients for such services. In addition, Baker believes that such charges are in accordance with the American Bar Association's ("ABA") guidelines, as set forth in the ABA's Statement of Principles, dated May 12, 1995, regarding billing for disbursements and other charges.

Summary of Services Rendered

11. Baker has advised Markwood with respect to taking control of FMM. Markwood is the majority shareholder of FMM. For such purposes, we advised Markwood with respect to

the Mexican corporate actions that were required to be taken in order for Markwood to take control of FMM's administration and to revoke all prior appointments of officers and legal representatives of FMM. As a result of actions taken by Markwood, it now controls the administration of the FMM and Mr. Larry Ford has been appointed as sole administrator of FMM.

12. FMM owns real estate consisting of several industrial buildings located in the Mexicali, Mexico. Some of the buildings are leased to tenants and we advised Markwood with respect to notifying the change of administration and coordinating actions to have those tenants to report to the new administration. We also assisted Markwood in negotiating and coordinating with a property management company for the maintenance of the buildings and fulfilling of all the legal obligations with regard to real estate taxes, utilities and other issues required for the correct maintenance of the properties.

13. We also assisted Markwood in obtaining files of FMM from the prior accountants, as well as to any documentation available on FMM's matters. Baker is currently analyzing potential claims that FMM can initiate with the Mexican Courts in order to hold the previous members of FMM's administration responsible.

14. Baker has also assisted Markwood in the defense of FMM's interests in a lawsuit filed by American Tissue de Mexico, S.A de C.V for the payment of \$6,000,000. To date we have filed diverse recourses (including the "amparo" proceeding afforded by the Mexican laws), and are appealing a revision recourse. The case is being reviewed by the Courts in Mexicali.

15. The services performed are generally described above, with a more detailed identification of the actual services provided, as set forth on the attached Exhibit "A." Exhibit "A" identifies the attorney and paraprofessional who rendered services relating to each category,

along with the number of hours for each individual and the total compensation sought for each category.

Fees: \$60,479.00

Total Hours: 395.5

WHEREFORE, Baker respectfully requests that the Court enter an Order providing an allowance be made to Baker in the sum of \$60,479.00 as compensation for necessary professional services rendered, and the sum of \$2,993.27 for expenses incurred, for a total of \$63,472.27, that such sums be authorized for payment, and for such other and further relief as this Court may deem just and proper.

Dated this 7 day of May, 2003.

BAKER & McKENZIE
Special Counsel to Markwood LLC
101 W. Broadway, Twelfth Floor
San Diego, CA 92101
Telephone: (619) 236-1441
Facsimile: (619) 236-0429

By: 

Ali M.M. Mojdehi

VERIFICATION

STATE OF CALIFORNIA

COUNTY OF SAN DIEGO

Ali M.M. Mojdehi, after being duly sworn according to law, deposes and says:

a) I am a partner with the applicant law firm of Baker & McKenzie ("Baker").

b) I am familiar with the work performed on behalf of Markwood by the lawyers and paraprofessionals of Baker.

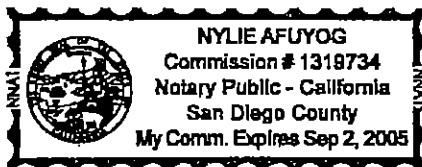
c) I have reviewed the foregoing Application and the facts set forth therein are true and correct to the best of my knowledge, information and belief. Moreover, I have reviewed the requirements of the local rules of this Court, and I believe that the Application is in compliance therewith.


Ali M.M. Mojdehi

STATE OF CALIFORNIA

COUNTY OF SAN DIEGO

The foregoing instrument was acknowledged on the 7th day of May, 2003, by Ali M. M. Mojdehi, who is personally known to me and who ~~did~~ did not take an oath.




Notary Public, State of California

Prior Applications Filed

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

Name of Professional Individual	Position, year assumed, prior relevant experience, year of obtaining relevant license to practice, area of expertise	Hourly Billing Rate (Including Changes)	Total Hours Billed	Total Compensation
Ali M.M. Mojdehi	Partner 1991; Joined Firm 1988; Member of OK Bar since 1982; Member of CA Bar since 1986; Restructuring and Creditors Rights	\$425.00	7.6	\$3,230.00
Deyanira Flores-Rodriguez	Associate; Joined Firm 1996; graduate 1992; Litigation practice in Mexico.	\$ 150.00	.3	\$45.00
Gabriela Garcia-Zamarron	Contender to Associate; Joined Firm 1998; graduate 2000; Labor and Immigration practice in Mexico.	\$ 80.00	16.5	\$1,320.00
Maria O. Guajardo	Local Partner; Joined Firm 1989; graduate 1988; Corporate practice in Mexico.	\$ 180.00	1.9	\$342.00
Jose M. Larroque	International Partner; Joined Firm 1986; graduate 1983; Real Estate practice in Mexico.	\$ 240.00	10.4	\$2,496.00
Alexandra Nunez-Monsivais	Law clerk; Joined Firm 2002; Foreign Trade and Commerce practice in Mexico.	\$ 50.00	4.5	\$225.00
Gabriel Perez-Lomeli-Joseph	Associate; Joined Firm 2001; graduate 2001; Corporate practice in Mexico.	\$ 120.00	146	\$17,520.00
Hector Torres-Lopez	Associate; Joined Firm 2002; graduate 1996; Corporate.	\$ 170.00	182.7	\$31,059
Juan Ygnacio Reyes Retana Villalobos	Associate; Joined Firm 1999; graduate 1996; Litigation practice in Mexico.	\$ 170.00	24.6	\$4,182.00
Tijuana Notary	Flat fee for Ratification of public Instrument 11,481 volume 171, granted by this Notary	\$60.00	1	\$60.00
Grand Total:			395.5	\$60,479.00
Blended Rate:		\$176.11		

EXPENSE SUMMARY

Expense Category	Service Provider (If Applicable)	Total Expenses
Telephone		\$261.80
Photocopies		\$102.88
Transportation – Local		\$418.80
Courier/Messenger Service		\$77.09
Business Meals		\$36.01
Travel – Out-of-Town		\$73.94
Court Fees		\$286.45
Publications		\$365.71
Books & Publications		\$3.55
Filing & Registration Fees		\$627.94
Notary Fees		\$739.10
Total Expenses:		\$2,993.27