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6 Co-Counsel to the Official Committee
of Creditors Holding Unsecured Claims
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8 UNITED STATES BANKRUPTCY COURT
9 SOUTHERN DISTRICT OF CALIFORNIA

10 In re

11 LEAP WIRELESS INTERNATIONAL, INC.,
12 and CRICKET COMMUNICATIONS, INC., et
al.

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14 Debtors.
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Case No. 03-03470- All
through
Case No. 03-03535-All
(Jointly Administered)

Chapter 11 Case

**FIRST INTERIM APPLICATION OF
IRELL & MANELLA LLP, CO-
COUNSEL TO THE OFFICIAL
COMMITTEE OF CREDITORS
HOLDING UNSECURED CLAIMS,
FOR COMPENSATION AND
REIMBURSEMENT OF COSTS;
MEMORANDUM OF POINTS AND
AUTHORITIES; AND DECLARATION
OF JEFFREY M. REISNER IN
SUPPORT THEREOF**

Hearing Date and Time:

DATE: December 11, 2003

TIME: 10:30 a.m.

PLACE: Department 2

JUDGE: Hon. Louise DeCarl Adler

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SUMMARY OF FEES AND COSTS REQUESTED BY APPLICANT¹

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Application Period	April 13, 2003- September 30, 2003
Total Hours Billed	259
Total Fees Requested	\$92,858.00
Total Costs Requested	\$4,238.56
Total Request	\$97,096.56
Blended Hourly Rate	\$374.89

¹Attached hereto as Exhibit "2" is a summary of the total fees and costs incurred by the Applicant during the Application Period.

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**TO THE HONORABLE LOUISE DECARL ADLER, UNITED STATES BANKRUPTCY
JUDGE:**

Pursuant to the provisions of 11 U.S.C. §§ 328 and 1103, Irell & Manella LLP ("Applicant"), hereby respectfully applies to this Court for its first interim award of fees for professional services rendered to, and reimbursement of expenses incurred in its representation of, the Official Committee of Creditors Holding Unsecured Claims (the "Committee"), duly-appointed in the chapter 11 case of Leap Wireless International, Inc. (the "Debtor").

On June 19, 2003, this Court entered its Order authorizing Applicant's employment as co-counsel to the Committee, effective as of April 13, 2003 (the "Employment Order"). Pursuant to the Employment Order, Applicant worked alongside Committee co-counsel Kramer Levin Naftalis & Frankel LP ("Kramer") in an effort to maximize recovery to the Committee in the most efficient manner possible. In this regard, Kramer coordinated the activities of the respective firms, only asking Applicant to handle a task when Kramer believed it was most efficient to do so. Using this process, allocation of responsibility was clear and duplication avoided.

Pursuant to this allocation mechanism, Applicant finally reviewed, processed and filed all pleadings prepared on behalf of the Committee, while Kramer took a primary role in negotiations and preparation of substantive pleadings. Applicant also played an important role by assisting in negotiations and drafting pleadings, by preparing employment and fee related pleadings on behalf of the Committee's financial advisors, and by covering depositions taken in connection with confirmation of the Plan when requested to do so by Kramer.

Applicant also appeared in Court on behalf of the Committee several times. Applicant made a conscious effort to avoid duplication of effort with Kramer and did not appear at hearings attended by Kramer attorneys unless deemed absolutely necessary under the

1 circumstances.² In effect, Applicant functioned like a local branch office of Kramer. In so
2 doing, Applicant helped to save the estate a significant amount of money. Notably, Applicant
3 did not appear before the Court in connection with approval of the disclosure statement or
4 confirmation of the plan of reorganization.

5 Since the Petition Date, Applicant has performed those legal services necessary to
6 represent the Committee in the Debtor's chapter 11 case, in accordance with the terms of the
7 Employment Order. Applicant has not filed any previous applications for fees and/or costs in
8 connection with its representation of the Committee in these cases and has not received any
9 postpetition payments in connection with its representation of the Committee from any source.

10 By this Application, Applicant seeks an order of this Court approving compensation and
11 reimbursement of expenses for the period from April 13, 2003 through September 30, 2003 (the
12 "Application Period"), in the amount of \$92,858.00 in fees and \$4,238.56 in expenses, for a total
13 of \$97,096.56. Applicant further requests that this Court authorize and direct the Debtor to pay
14 to Applicant all outstanding sums awarded by the Court pursuant to this Application.

15 Applicant incorporates herein by reference the representations contained in the attached
16 Declaration of Jeffrey M. Reisner (the "Reisner Declaration"). This Application is made and
17 based upon the attached Memorandum of Points and Authorities, the Reisner Declaration, all
18 pleadings on file in these cases, and all evidence, both oral and written, that may be submitted
19 prior to or at the time of the hearing on this Application.

20 By virtue of the rapid pace of the Debtor's chapter 11 case, as well as the complexity of
21 the Debtor's case and those of its affiliates and the contentious nature of certain of the
22 proceedings in the case, Applicant has been required to incur professional fees and costs on the
23 Committee's behalf. However, as detailed herein, Applicant's diligent and successful efforts in
24 the representation of the Committee significantly benefited unsecured creditors of the Debtor's
25 estate. Moreover, the work performed by Applicant did not duplicate work performed by
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27 ² It was only necessary for Applicant to appear in Court along with Kramer attorneys for hearings at which the parties
28 anticipated that one of the partners of Kramer might testify. Applicant believes that on only two occasions were
attorneys from Applicant and Kramer both in attendance.

1 Kramer, and Applicant's location and familiarity with local practice in the Southern District of
2 California allowed Applicant to provide the Committee with the most efficient representation
3 possible.

4 **WHEREFORE**, Applicant requests that this Court enter an order as follows:

5 1. Awarding to Applicant compensation for the Application Period, pursuant to
6 sections 328 and 1103 of the Bankruptcy Code, in the amount of \$97,096.56, which consists of
7 compensation for professional services rendered to the Committee in the amount of \$92,858.00,
8 and reimbursement for expenses incurred on behalf of the Committee in the amount of \$4,238.56;

9 2. Authorizing and requiring the Debtor to pay to Applicant all sums awarded by the
10 Court pursuant to this Application; and

11 3. Granting to Applicant such other and further relief as the Court may deem just
12 and proper under the circumstances of this case.

13 DATED: November 10, 2003

IRELL & MANELLA LLP

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15 By: 

Jeffrey M. Reisner

Mike D. Neue

L. Kalli Smith

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17 Co-Counsel to the Official Committee
18 of Creditors Holding Unsecured Claims
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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I.**

3 **FACTUAL BACKGROUND**

4 **A. Procedural Background**

5 On April 13, 2003 (the "Petition Date") the Debtor and certain affiliates each filed a
6 voluntary petition for relief under chapter 11 of the Bankruptcy Code. By order dated April 14,
7 2003, the Court consolidated the debtors' cases for joint administration.

8 This Court has jurisdiction over this Application under 28 U.S.C. §§ 157 and 1334. This
9 matter is a core proceeding within the meaning of 28 U.S.C. § 1408 and 1409. The statutory bases
10 for the relief requested herein are sections 328 and 1103 of the Bankruptcy Code.

11 **B. Background of the Debtor and the Appointment of the Committee**

12 Prior to the commencement of the Debtor's bankruptcy case, several of the Debtor's largest
13 holders of unsecured bonds formed the Unofficial Noteholders' Committee to work with the Debtor
14 and its affiliates regarding a consensual reorganization of their financial and operational affairs.
15 Immediately prior to the Petition Date, the Unofficial Noteholders' Committee consisted of
16 Goldman, Sachs & Co., Aspen Advisors, LLC, Qualcom, Inc., Aquitania Partners LP, and Royal
17 Bank of Canada, all of whom now serve on the Committee.

18 The Unofficial Noteholders' Committee retained Applicant and Kramer to act as its counsel.
19 In connection with its representation of the Unofficial Noteholders' Committee, Applicant received
20 a \$25,000.00 prepetition retainer (the "Retainer"). As of the Petition Date, \$16,316.80 of the
21 Retainer remained in Applicant's client trust account.

22 On April 25, 2003, the Committee was appointed to represent the interests of unsecured
23 creditors in the Debtor's case.³ The Committee then retained Applicant and Kramer as its counsel.
24 By an Order entered on June 19, 2003 (the "Employment Order"), the court approved Applicant's
25 employment, effective as of April 13, 2003.

26 _____
27 ³ The primary representative of the creditors of the Debtor's subsidiaries is the Unofficial Vendor Debt Committee.
28 The Unofficial Vendor Debt Committee employed both local counsel and lead counsel from New York, as was the case
with the Committee, and its professionals are compensated by the estates. The Unofficial Vendor Debt Committee is
represented by Andrews & Kurth and Pyle, Sims, et al.

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C. Background of Applicant

Applicant is a limited liability partnership with offices in Century City and Newport Beach, California. Applicant comprises attorneys duly licensed to practice law before the courts of the State of California and numerous United States District Courts, including the United States District Court for the Southern District of California. Applicant specializes in the fields of bankruptcy, corporate reorganization and insolvency law, among others.

Pursuant to Rule 2016 of the Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rule 2016-2, the Reisner Declaration sets forth information regarding Applicant and the professionals employed by Applicant who billed time to the Debtor's chapter 11 case. The Reisner Declaration further sets forth the status of the case, including a narrative summary of the services performed by Applicant on behalf of the Committee and the resulting benefits to the Committee and its constituency.

Prior to the hearing on this Application, Applicant will submit a declaration from the Committee's chairperson, Neil Subin, indicating the Committee's support for this Application.

II.

**APPLICANT HAS COMPLIED WITH THE REQUIREMENTS OF RULE 2016 OF THE
FEDERAL RULES OF BANKRUPTCY PROCEDURE, LOCAL
BANKRUPTCY RULE 2016-2 AND THE UNITED STATES TRUSTEE GUIDES**

Rule 2016 of the Federal Rules of Bankruptcy Procedure states, in pertinent part, as follows:

- (a) *Application for Compensation or Reimbursement.* An entity seeking interim or final compensation for services, or reimbursement of necessary expenses, from the estate shall file an application setting forth a detailed statement of (1) the services rendered, time expended and expenses incurred, and (2) the amounts requested. An application for compensation shall include a statement as to what payments have theretofore been made or promised to the applicant

1 for services rendered or to be rendered in any capacity whatsoever in
2 connection with the case, the source of the compensation so paid or
3 promised, whether any compensation previously received has been
4 shared and whether an agreement or understanding exists between the
5 applicant and any other entity for the sharing of compensation
6 received or to be received for services rendered in or in connection
7 with the case

8 Fed. R. Bankr. P. 2016(a). Local Bankruptcy Rule 2016-2 and the "Guide to Applications for
9 Professional Compensation" (the "Fee Guide") published by the United States Trustee for the
10 Southern District of California provide detailed descriptions of the types of information required to
11 be presented in fee applications.

12 The Reisner Declaration sets forth all information required by Rule 2016 of the Federal
13 Rules of Bankruptcy Procedure and Local Bankruptcy Rule 2016-2, including a narrative
14 summarizing the services performed by Applicant on behalf of the Committee. The Reisner
15 Declaration also addresses Applicant's compliance with the Fee Guide, and provides information in
16 conformance with the substantive requirements of the Fee Guide.

17 **III.**

18 **THE BANKRUPTCY CODE PROVIDES FOR THE ALLOWANCE**
19 **OF COMPENSATION AND FOR REIMBURSEMENT FOR EXPENSES**

20 Section 328 of the Bankruptcy Code authorizes the Court to award counsel for a chapter 11
21 creditors' committee reasonable compensation for services rendered. That section provides, in
22 pertinent part:

23 (a) The trustee, or a committee appointed under section 1102 of this title,
24 with the court's approval, may employ or authorize the employment of a
25 professional person under section 327 or 1103 of this title, as the case may be, on
26 any reasonable terms and conditions of employment, including on a retainer, on an
27 hourly basis, or on a contingent fee basis. Notwithstanding such terms and
28 conditions, the court may allow compensation different from the compensation

1 provided under such terms and conditions after the conclusion of such employment,
2 if such terms and conditions prove to have been improvident in light of
3 developments not capable of being anticipated at the time of the fixing of such terms
4 and conditions.

5 11 U.S.C. § 328(a).

6 The Employment Order establishes that Applicant was employed pursuant to sections 328,
7 330, and 1103 of the Bankruptcy Code. Moreover, as set forth in detail in the attached Reisner
8 Declaration, Applicant has established that the requested fees are reasonable and were necessary
9 given the circumstances of the Debtor's case and the role of the Committee in connection
10 therewith. Applicant's request for compensation for services rendered to, and reimbursement of
11 expenses incurred on behalf of, the Committee during the Application Period, satisfies the
12 requirements of sections 328 and 1103 of the Bankruptcy Code.

13 **IV.**

14 **CONCLUSION**

15 Based on the time spent on this matter, the complexity of the issues involved, the results
16 achieved, the experience of counsel, and the fact that Applicant's hourly rates and charges are
17 comparable to those charged by similar law firms, Applicant requests that the Court approve this
18 Application for payment of fees and reimbursement of costs as prayed.

19 DATED: November 10, 2003

IRELL & MANELLA LLP

20
21 By: 

Jeffrey M. Reisner

Mike D. Neue

L. Kalli Smith

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23 Co-Counsel to the Official Committee
of Creditors Holding Unsecured Claims
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DECLARATION OF JEFFREY M. REISNER

I, Jeffrey M. Reisner, hereby declare and state as follows:

1. I am a partner of the law firm of Irell & Manella LLP ("Applicant"), counsel to the Official Committee of Creditors Holding Unsecured Claims (the "Committee"), duly-appointed in the chapter 11 case of Leap Wireless International, Inc. (the "Debtor").⁴ Unless otherwise indicated, the matters stated herein are within my own personal knowledge and, if called as a witness, I could and would competently testify thereto.

2. I am the attorney with Applicant who has been primarily responsible for overseeing Applicant's representation of the Committee.

3. I am licensed to practice in all of the courts of the State of California, as well as admitted to practice before the United States District Court, Southern District of California. I am authorized to and make this declaration on behalf of Applicant.

THE APPOINTMENT OF THE COMMITTEE IN THE DEBTOR'S CASE AND THE STATUS OF THE DEBTOR'S CASE

4. The Debtor and its affiliates commenced their chapter 11 cases by filing voluntary petitions for relief on April 13, 2003 (the "Petition Date").

5. Prior to the Petition Date, several of the Debtor's largest holders of unsecured bonds formed the unofficial noteholders' committee (the "Unofficial Noteholders' Committee") and retained Applicant and Kramer Levin Naftalis & Frankel LP ("Kramer") as their counsel. On April 25, 2003, the Committee was appointed to represent the interests of unsecured creditors in the Debtor's cases. The members of the Unofficial Noteholders' Committee became members of the Committee upon its appointment. On June 19, 2003, this Court entered its Order authorizing Applicant's employment as co-counsel to the Committee, effective as of the Petition Date (the "Employment Order").⁵ Since that time, Applicant has performed those legal services necessary to

⁴ As the Court is aware, various subsidiaries and other affiliated entities of Leap Wireless International, Inc., including Cricket Communications, Inc., also commenced bankruptcy cases, which are jointly administered with the Debtor's bankruptcy case.

⁵ Attached hereto as Exhibit "1" is a true and correct copy of the Order Employing Irell & Manella LLP as Counsel to the Official Committee of Unsecured Creditors.

1 represent the Committee in the Debtor's chapter 11 case, in accordance with the terms of the
2 Employment Order.

3 6. Although Applicant still holds in its client trust account \$16,316.80 of a \$25,000.00
4 prepetition retainer, Applicant has not filed any previous applications for fees and/or costs in
5 connection with the Debtor's bankruptcy case and has not received any postpetition payments to
6 compensate it for services rendered to the Committee.

7 7. Pursuant to the Employment Order, Applicant worked alongside Committee co-
8 counsel Kramer Levin Naftalis & Frankel LP ("Kramer") in an effort to maximize recovery to the
9 Committee in the most efficient manner possible. In this regard, Kramer coordinated the activities
10 of the respective firms, only asking Applicant to handle a task when Kramer believed it was most
11 efficient to do so. Using this process, allocation of responsibility was clear and duplication
12 avoided.

13 8. Pursuant to this allocation mechanism, Applicant finally reviewed, processed and
14 filed all pleadings prepared on behalf of the Committee, while Kramer took a primary role in
15 negotiations and preparation of substantive pleadings. Applicant also played an important role by
16 assisting in negotiations and drafting pleadings, by preparing employment and fee related pleadings
17 on behalf of the Committee's financial advisors, and by covering depositions taken in connection
18 with confirmation of the Plan when requested to do so by Kramer.

19 9. Applicant also appeared in Court on behalf of the Committee several times.
20 Applicant made a conscious effort to avoid duplication of effort with Kramer and did not appear at
21 hearings attended by Kramer attorneys unless deemed absolutely necessary under the
22 circumstances.⁶ In effect, Applicant functioned like a local branch office of Kramer. In so doing,
23 Applicant helped to save the estate a significant amount of money. Notably, Applicant did not
24 appear before the Court in connection with approval of the disclosure statement or confirmation of
25 the plan of reorganization.

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28 ⁶ It was only necessary for Applicant to appear in Court along with Kramer attorneys for hearings at which the parties anticipated that one of the partners of Kramer might testify. Applicant believes that on only two occasions were attorneys from Applicant and Kramer both in attendance.

1 10. By virtue of the rapid pace of the Debtor's chapter 11 case, as well as the complexity
2 of the case and the contentious nature of certain of the proceedings in the case, Applicant has been
3 required to incur professional fees and costs on the Committee's behalf. However, as detailed
4 herein, Applicant's diligent and successful efforts in the representation of the Committee have been
5 of significant benefit to unsecured creditors of the Debtor's estate. Moreover, the work performed
6 by Applicant did not duplicate work performed by Kramer, and Applicant's location and familiarity
7 with local practice in the Southern District of California allowed Applicant to represent the
8 Committee in the most efficient manner.

9 11. I believe that prior to the hearing on this Application, Applicant will submit a
10 declaration from the Committee's chairperson, Neil Subin, indicating the Committee's support for
11 this Application.

12 **BACKGROUND OF APPLICANT AND STATUS OF THE CASE**

13 12. Applicant is a limited liability partnership, which has offices in Century City and
14 Newport Beach, California. Applicant's practice focuses on, among other areas of law, the fields
15 of bankruptcy, corporate reorganization, and insolvency law, as well as tax, corporate, securities,
16 real estate, and litigation matters. An important part of Applicant's chapter 11 practice is the
17 representation of creditors' committees. Currently, I represent seven creditors' committees or their
18 successors in chapter 11 cases throughout California.

19 13. All attorneys employed by Applicant who appeared in these cases are duly licensed
20 to practice in the courts of the State of California and various United States District Courts,
21 including the Southern District of California. A copy of Applicant's resume addressing the
22 information required by Rule 2016 of the Federal Rules of Bankruptcy Procedure and Local
23 Bankruptcy Rule 2016-2, including the education, qualifications, and experience of the members of
24 Applicant's firm who rendered services to the Committee during the Application Period, is attached
25 hereto as Exhibit "6."

26 14. A summary of fees for services performed and expenses incurred by Applicant in
27 this case is attached hereto at Exhibit "2." This summary also includes the name of the legal
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1 assistant who worked on this case. A statement of compensation rates charged by each of
2 Applicant's professionals involved in this case is attached hereto as Exhibit "7."

3 **COMPENSATION REQUESTED BY APPLICANT**

4 15. Applicant received a \$25,000.00 prepetition retainer (the "Retainer") in connection
5 with its prepetition representation of the Unofficial Noteholders' Committee. Since the Petition
6 Date, Applicant has not drawn down on the Retainer. The sum of \$16,316.80 remains in
7 Applicant's client trust account. Applicant has not received any other compensation in connection
8 with the services rendered to the Committee since the Petition Date.

9 16. This is Applicant's first interim application for professional fees and costs. By this
10 Application, Applicant is requesting that the Court approve the sum of \$92,858.00 in fees and
11 \$4,238.56 in costs, for a total of \$97,096.56. Applicant incurred these fees and costs on behalf of
12 the Committee during the period beginning April 13, 2003 and ending September 30, 2003 (the
13 "Application Period").

14
15 **SERVICES PERFORMED BY APPLICANT**

16 17. In compliance with the requirements of the Fee Guide, Applicant has created
17 separate categories for the types of services rendered to the Committee. An analysis of professional
18 and paraprofessional time spent in each category of services is attached hereto as Exhibit "3." A
19 summary of the categories of services utilized by Applicant in the Debtor's case is as follows:

- 20 200 Asset Disposition
21 300 Business Operations
22 400 Case Administration
23 500 Claims Administration and Objections
24 700 Fee/Employment Application
25 800 Fee/Employment Objections
26 900 Financing
27 1000 Litigation
28 1100 Meetings of Creditors

- 1 1200 Plan and Disclosure Statement
- 2 1900 Valuation
- 3 2100 Services For Other Professionals

4 18. Attached hereto as Exhibit "4" is a monthly breakdown of the time spent and the
5 fees incurred in connection with each category of service to which professional time was billed
6 during the Application Period. The following is an overview of time spent and fees incurred in
7 each category:

8 **(200) Asset Disposition.** Applicant spent a total of 1.80 hours and incurred a total of
9 \$900.00 in professional fees in connection with this category of services.

10 Services performed by Applicant in this category included the following:

11 (1) Applicant monitored the status of various asset disposition issues and communicated
12 with the Committee regarding the status of asset sales.

13 **(300) Business Operations.** Applicant spent a total of 1.1 hours and incurred a total of
14 \$550.00 in professional fees in connection with this category of services.

15 Applicant's services in this category included the following:

16 (1) Applicant reviewed and analyzed SEC reporting issues and reviewed and analyzed
17 issues relating to the Debtor's board of directors.

18 **(400) Case Administration.** Applicant spent a total of 76.0 hours and incurred a total of
19 \$23,286.00 in professional fees in this category of services.

20 Applicant's services in this category included the following:

21 (1) Applicant prepared for and attended the Debtor's 341(a) meeting of creditors and
22 reported to the Committee regarding the same.

23 (2) Applicant coordinated appearances at hearings with co-counsel, Kramer. In this
24 regard Kramer and Applicant created a strategy to efficiently handle case administration issues
25 without duplicating effort.

26 (3) Applicant filed all documents and pleadings that were filed on behalf of the
27 Committee and ensured compliance with the requirements of the Local Rules.

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1 (4) Applicant prepared for and attended various hearings, including hearings regarding
2 executive compensation, retention of noticing agent, authorization for payment of utilities, and
3 procedures for interim professional compensation. Also, Applicant regularly monitored the docket
4 in the Debtor's cases and reviewed various pleadings.

5 (5) Applicant provided information to representatives of the Committee relative to
6 developments and upcoming matters and hearings in the Debtor's chapter 11 case and conferred
7 with such representatives regarding its position on various matters.

8 (6) Applicant regularly maintained an updated creditor matrix and conferred with
9 Debtor's counsel on a regular basis regarding service issues to ensure that appropriate notice was
10 given in the Debtor's case.

11 **(500) Claims Administration and Objections.** Applicant spent a total of 4.1 hours and
12 incurred a total of \$2,050.00 in professional fees in connection with this category of services.

13 Applicant's services in this category included the following:

14 (1) Applicant reviewed and analyzed several objections filed in connection with the
15 Debtor's motion to use cash collateral and the Debtor's motions to reject executory contracts and
16 leases and shared its analysis with Kramer to develop a strategy relative to same.

17 (2) Applicant reviewed various claims against the estates and corresponded with
18 representatives of the Committee regarding their validity and valuation.

19 **(700) Fee/Employment Applications.** Applicant spent a total of 54.9 hours and incurred a
20 total of \$18,135.00 in professional fees in connection with this category of services.

21 Applicant's services in this category included the following:

22 (1) Applicant negotiated with the Committee and conferred with counsel for the Debtor
23 relative to the terms of Applicant's employment and compensation in the Debtor's chapter 11 case,
24 and Applicant prepared and filed an application to be employed as counsel to the Committee,
25 including the supporting declarations, disclosures, notice, and order thereon. Applicant also
26 communicated with various parties requesting copies of Applicant's employment application.

27 (2) Applicant also prepared and filed an employment application on behalf of the
28 Committee's financial advisors, Chanin Capital Partners ("Chanin"). In order to do this, Applicant

1 gathered information from and conferred with Chanin regarding the terms of its employment.
2 Applicant then drafted and filed the application, supporting declarations, notice, and order thereon.

3 (3) Applicant also prepared, served, and filed Chanin's monthly fee statements in
4 compliance with the United States Trustee Guidelines, and assisted with the preparation and filing
5 of Kramer's employment application.

6 (4) Applicant reviewed several employment applications filed by the Debtor to employ
7 professionals in the Debtor's chapter 11 case, including, among others, Debtor's general counsel,
8 Latham & Watkins LLP, and the Debtor's financial advisors.

9 **(800) Fee/Employment Objections.** Applicant spent a total of 1.5 hours and incurred a
10 total of \$648.00 in professional fees in connection with this category of services.

11 Applicant's services in this category included the following:

12 (1) Applicant reviewed and analyzed documents relating to the Debtor's retention of a
13 valuation expert.

14 **(900) Financing.** Applicant spent a total of 1.1 hours and incurred a total of \$550.00 in
15 professional fees in connection with this category of services.

16 Applicant's services in this category included the following:

17 (1) Applicant reviewed and analyzed the Debtor's cash collateral order and
18 communicated and advised the Committee with regard to its content and significance.

19 **(1000) Litigation.** Applicant spent a total of 43.6 hours and incurred a total of \$19,754.00
20 in professional fees in connection with this category of services.

21 Applicant's services in this category included the following:

22 (1) Applicant prepared for and attended a hearing on the Debtor's motions to pay utility
23 providers, critical vendors, and prepetition withholding taxes.

24 (2) Applicant assisted Kramer in preparing an opposition to the motion to appoint an
25 equity holders' committee in the Debtor's case. Defending against the equity holders' committee
26 motion involved drafting and filing an objection and analysis and preparation related to various
27 discovery requests, including depositions and a motion for an examination under Rule 2004 of the
28 Federal Rules of Bankruptcy Procedure.

1 (3) Applicant also assisted with the preparation of a response to the motion to continue
2 the hearing on the Committee-supported disclosure statement, and to an opposition to the
3 disclosure statement itself. Accordingly, Applicant's work in this area contributed to the
4 Committee's success in confirming the negotiated reorganization plan in the Debtor's case.

5 (4) Applicant also aided in negotiating a stipulation regarding the prosecution of
6 avoidance actions.

7 **(1100) Meetings of Creditors.** Applicant spent a total of 2.1 hours and incurred a total of
8 \$1,050.00 in professional fees in connection with this category of services.

9 Applicant's services in this category included the following:

10 (1) Applicant facilitated effective and timely communication with the Committee
11 through its representatives and kept the Committee updated on the events and progress of the
12 Debtor's cases without the necessity of participation in the many long meetings required in a
13 bankruptcy case of this complexity. Communications with representatives of the Committee
14 included, among others, conferences relating to the Debtor's 341(a) hearing, conferences regarding
15 the motion to appoint an equity holders' committee, and substantial electronic correspondence
16 reporting the results of the hearings on the Debtor's motions to pay critical vendors, utilities, and
17 withholding taxes, and providing advice relative to many strategic matters.

18 **(1200) Plan and Disclosure Statement.** Applicant spent a total of 66.5 hours and incurred
19 a total of \$23,601.00 in professional fees in connection with this category of services.

20 Applicant's services in this category included the following:

21 (1) Applicant reviewed and analyzed various issues arising from the plan confirmation
22 process, including review and analysis of the plan and revised plan, plan notice, plan term sheet,
23 correspondence with the U.S. Trustee regarding vote solicitation, the objections to the Committee's
24 disclosure statement and plan, and orders of the court pertaining to the valuation and confirmation
25 hearing and voting procedures.

26 (2) Applicant also prepared the Committee for the valuation and plan confirmation
27 hearings by attending the depositions of various expert witnesses that had been designated by the
28 proponents of a competing plan of reorganization.

1 **(1900) Valuation.** Applicant spent a total of 0.2 hours and incurred a total of \$100.00 in
2 professional fees in connection with this category of services.

3 Applicant's services in this category included the following:

4 (1) Review and analysis of correspondence regarding the valuation proceedings.

5 **(2100) Services for Other Professionals.** Applicant spent a total of 6.1 hours and incurred
6 a total of \$2,234.00 in professional fees in connection with this category of services.

7 Applicant's services in this category included the following:

8 (1) Applicant facilitated the filing of Kramer's pro hac vice applications. In so doing,
9 Applicant reviewed Kramer's motion to appear pro hac vice, monitored the status of the
10 applications, and corresponded with Kramer regarding issues relevant to appearances by its
11 attorneys in the Southern District of California.

12 (2) This category also includes time billed reviewing and analyzing the interim and
13 monthly fee applications of Chanin, and work performed by Applicant to facilitate discovery efforts
14 on behalf of Kramer.

15 16. Attached hereto and incorporated by this reference as Exhibit "5," are the detailed
16 time records of Applicant concerning its representation of the Committee in the Debtor's case.
17 These records consist of computer printouts in the form of billing statements prepared and
18 forwarded to the Committee in the ordinary course of practice by Applicant. Time records are
19 prepared on a daily basis by the attorneys and legal assistants of Applicant. Time is measured on a
20 "tenths of an hour basis." The billing statements contain a chronological summary of the time
21 spent and services rendered to the Committee by Applicant in this case. The billing statements in
22 this case are set forth under Applicant's File No. 158262 and include services rendered during the
23 Application Period, as well as the expenses incurred on behalf of the Committee during the
24 Application Period.

25 **REIMBURSEMENT OF EXPENSES REQUESTED BY APPLICANT**

26 17. As set forth in the Application, Applicant is requesting reimbursement of expenses
27 incurred during the Application Period in the amount of \$4,238.56. Applicant has prepared a
28 breakdown of the expenses incurred, on a month-by-month basis, in connection with its

1 representation of the Committee in these chapter 11 cases, which is attached hereto as Exhibit "8."⁷
2 Almost all of the following expense categories reflect substantial savings to the estates by virtue of
3 Applicant's negotiated discounts with outside vendors and utilization of Applicant's extensive
4 investment in computer and document scanning technologies (for which no reimbursement is
5 sought) in favor of more expensive traditional copying, fax, overnight delivery and messenger
6 charges.

7 18. The following is a brief cost summary as to the different types of expenses for which
8 Applicant is seeking reimbursement:

9 A. Document Reproduction: Applicant incurred the total sum of \$1,754.25 in
10 document reproduction expenses. Applicant's photocopy equipment will operate only
11 when a specific client number is entered into the equipment. In addition, the coding system
12 permits the entry of a code number for the type of photocopying to be done. All of
13 Applicant's clients, whether debtor, creditor or committee, are charged \$.15 per page, as set
14 forth in Applicant's retainer agreements with its clients. Wherever possible, Applicant
15 utilized its scanning and e-mail technology to distribute, at no cost, documents to the
16 Committee and other parties in the cases.

17 B. Facsimile Charges: Applicant incurred the sum of \$1,066.00 in facsimile
18 charges. All of Applicant's clients, whether debtor, creditor or committee, are charged
19 \$1.65 per page, as set forth in Applicant's retainer agreements with its clients. Applicant
20 does not charge for the telephone call as a separate telephone call charge, nor does
21 Applicant charge for documents faxed from Applicant's desktops (e.g., through Rightfax
22 technology) or for incoming faxes.

23 C. Federal Express/Overnight Delivery & Messenger Services: Applicant incurred
24 the sum of \$190.28, in federal express/overnight delivery and messenger service charges
25 during the Application Period.

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28 ⁷For an individual, itemized cost summary, please refer to Exhibit "9," which are Applicant's invoices that were recorded on a monthly basis.

1 D. Postage: A cost recovery system in Applicant's mail room records the client for
2 whom postage charges are incurred and the amount to be charged. These charges are then
3 recorded on the client's account. Applicant incurred the sum of \$461.56 in postage charges
4 for mailing of various documents in connection with its representation of the Committee in
5 these chapter 11 cases.

6 E. Long Distance: Applicant incurred the sum of \$82.61 in long distance telephone
7 charges in these cases. Records of long-distance telephone calls are created and maintained
8 by a computerized system used by Applicant which includes the date of the call, the
9 telephone number reached, the client to be charged for the call and the attorney or legal
10 assistant making the call.

11 F. Westlaw and Pacer Research. A total of \$139.02 was incurred for online
12 research in this case. Charges for online research are made at the time the services are
13 utilized and are recorded by the client to be charged for the online service, the attorney or
14 paralegal performing the online research, and the time spent therefor. The charges are
15 calculated by the provider of the services and are based on the time actually spent
16 connected to the data base.

17 G. Travel: Parking charges, train, and/or airline fares, taxi, hotel and the like are
18 passed directly to the client at Applicant's cost. In this case, Applicant incurred travel
19 charges of \$25.20 on behalf of the Committee. Applicant also incurred \$83.55 in costs
20 incurred for parking and mileage.

21 H. Filing Fees: Applicant filed several pleadings with the Court in connection with
22 its representation of the Committee in the Debtor's case. As a result, Applicant incurred
23 filing fees of \$400.00.

24 H. Miscellaneous Costs: Applicant incurred miscellaneous charges of \$36.09 on
25 behalf of the Committee. Miscellaneous costs include working meals, secretarial overtime,
26 and other miscellaneous charges that necessarily arise in the course of representation.

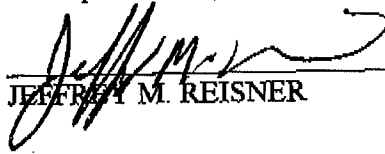
27 19. Other than as between the members of Applicant, no agreement or
28 understanding of any kind exists between Applicant and any other person for the sharing of

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compensation received or to be received by Applicant for services rendered to the
Committee, in connection with these chapter 11 cases.

I declare under penalty of perjury under the laws of the United States of America that the
foregoing is true and correct.

Executed this 10th day of November, 2003, at Newport Beach, California.


JEFFREY M. REISNER