

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re)Chapter 11
)
INTEGRATED HEALTH SERVICES, INC., <i>et al.</i> ,)Case No. 00-389 (MFW)
)
Debtors.)Jointly Administered [Related Docket Nos. 10434, 10563]

**VERIFIED APPLICATION OF
CAPOZZI AND ASSOCIATES, P.C.,
FOR FINAL APPROVAL AND ALLOWANCE OF
COMPENSATION AND REIMBURSEMENT OF EXPENSES**

AND NOW COMES Capozzi and Associates, P.C. (“Applicant”), pursuant to Sections 330 and 331 of the Bankruptcy Code, 11 U.S.C. §§ 330-31, and Fed. R. Bankr. P. 2016, and the Amended Joint Plan dated March 13, 2003, as modified, approved and confirmed by Order dated May 12, 2003; and, requests the Court to enter an order for final allowance and approval of compensation to Applicant for professional services rendered and expenses incurred relating to its representation of Integrated Health Services, Inc. (“I.H.S.”), the above-captioned debtor, from February 2, 2000 through May 12, 2003, a period of 40 months (the “Compensation Period”), and permitting such compensation to be paid and expenses reimbursed, and in support thereof, Applicant avers as follows:

Background

1. On February 2, 2000 (the “Filing Date”), the Debtors filed a petition for relief under Chapter 11 of the Bankruptcy Code with the Clerk of this Court.

2. Since the Petition date, Debtors remain in possession and control of its assets and is operating its businesses as a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code, 11 U.S.C. §§ 1107-08.
3. On February 2, 2000, in accordance with the provisions of Section 327(a) of the Bankruptcy Code, 11 U.S.C. §327(a), Debtors filed an Application for Authorization to Employ professionals (all Law Firms) utilized in the ordinary course of business.
4. By Order of February 2, 2000, this Court granted Debtors' Application and also authorized Debtors to supplement the list of such Ordinary Course Professionals, which Professionals would thereafter be deemed approved by the Court within the purview of the February 2, 2000 Order without the necessity of a hearing so long as not objected to after notice effective as of the Filing Date.
5. On March 7, 2000, after receiving from Capozzi and Associates, P.C., the form of affidavit required by the February 2, 2000 Order, Debtors filed and gave, pursuant to the February 2, 2000 Order, Notice of Supplemental List of Ordinary Course Professionals, all of them Law Firms, including Capozzi and Associates, P.C., to which notice no objection was made.
6. The Order authorizing the Debtors to employ Applicant permits Applicant to be compensated for its services based on Applicant's billing rates in effect at the time a particular service is rendered and to be reimbursed for expenses incidental to the rendition of services, both subject to the approval of the Bankruptcy Court; and, in addition, permits Debtors to pay compensation and reimburse expenses to Applicant in the customary manner in the full amount

billed by each such professional upon receipt of reasonably detailed invoices up to \$25,000 per month per such professional without application to the Bankruptcy Court for approval.

7. After confirmation of the Amended Joint Plan, Applicant filed its First and Final Application for Compensation on October 17, 2003 (Docket No. 10434). Although there was no objection filed to that Application, the Court, after hearing representations that a later matter, at Docket No. 10453, was related to the Application, entered an Order granting approval on only an Interim basis: Order of November 24, 2003, Docket No. 10563.
8. The matter at Docket No. 10453 was withdrawn as settled on February 18, 2004, Docket No. 10716; and, therefore, there is no further matter related to final allowance and approval of Applicant's expenses pending before the Court, which final allowance and approval was not objected to when previously sought by Applicant.
9. Applicant has not been paid any sum or sums of money by the Debtors, or any other person, for services and expenses for which Applicant is requesting compensation in this Final Application (including payment on an Interim Basis as previously Ordered by the Court on November 24, 2003); and, none of the services or expenses included in this Application were included in any prior applications that were approved by the Court other than the original Application at Docket No. 10434 which the Court approved on an Interim Basis only by Order of November 24, 2003 (Docket No. 10563); however, all of these expenses were previously submitted by Applicant for payment by Debtors through the customary

manner payments process described above at ¶6, and have not been paid or rejected for payment by Debtors to date.

10. A description of the actual services rendered by Applicant to the Debtors during the Compensation Period, other than those that were paid by Debtors as customary manner payments, is reflected on the Billing Reports of Applicant previously submitted to the Court for review as attachments to the original Application at Docket No. 10434.
11. The Billing Reports provide a chronological description of services rendered and an enumeration of hours and rates for each individual who rendered the particular services described as well as the initials of the individual or the fixed rate agreed to by Debtors for the services involved.
12. The Billing Reports further reflect any expenses incurred, the amount of each expense, a description of the expenditure, and the date each expense was incurred for which reimbursement is requested.
13. The services rendered by Applicant in this matter have all been legal services, have been rendered for the Debtors, have been necessary to protect the interests of the Debtors, were resolved successfully on behalf of the Debtors, and have been necessary for the proper administration of the estate of the Debtors.
14. Applicant states that no agreements or understandings exist between it (or its attorneys, paralegals and staff) and any other person for the sharing of any compensation for which Applicant now seeks approval or for other services rendered in these proceedings other than existing agreements or understandings

relating to compensation sharing among the partners and associates of Applicant.

15. The total amount of compensation for services requested in this Application and which has been previously invoiced to Debtors, not rejected for payment by Debtors, and is still unpaid by Debtors, even on the Interim Basis previously Ordered on November 24, 2003, is \$31,926.23.
16. The total amount Applicant incurred for billable costs and expenses incidental to the performance of the services, as requested in the original Application, and which has still not been paid by Debtors, even on the Interim Basis previously Ordered on November 24, 2003, is \$254.71.
17. All fees and expenses have been billed according to Applicant's prevailing rates chargeable to other clients, consistent with its application for engagement and with subsequent requests for services by Debtors.

WHEREFORE, Applicant requests the Court to enter an Order providing for final allowance and approval of compensation for professional services and expenses relating to the representation of the Debtors from February 2, 2000 through May 12, 2003, and authorizing and directing the Debtors to make payment, in the amount of \$31,926.23 for professional legal services and \$254.71 as reimbursement for expenses incurred forthwith to Applicant.

Proposed forms of Notice and Order are attached hereto.

CAPOZZI AND ASSOCIATES, P.C.

By: //s// Louis J. Capozzi, Jr., Esquire
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DATED: March 12, 2004