

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

In re)	Chapter 11
)	
INTEGRATED HEALTH SERVICES, INC., <u>et al.</u> ,)	Case No. 00-389 (MFW)
)	
Debtors.)	Jointly Administered

**FINAL APPLICATION OF HARRIS BEACH LLP, AS SPECIAL COUNSEL
TO THE DEBTORS AND DEBTORS-IN-POSSESSION, FOR FINAL ALLOWANCE
OF COMPENSATION AND REIMBURSEMENT OF DISBURSEMENTS FOR
THE PERIOD OCTOBER 30, 2000, THROUGH OCTOBER 23, 2003**

SUMMARY SHEET – PART 1

Name of Applicant:	HARRIS BEACH LLP
Authorized to Provide Professional Services to:	Debtors
Date of Retention:	November 21, 2000 (<u>nunc pro tunc</u> to October 30, 2000)
Period For Which Final Approval Of Allowed And Paid Interim Legal Fees And Reimbursement Of Disbursements Is Sought:	October 30, 2000, through August 13, 2002
Period For Which Approval Of Final Legal Fees In Connection With The Preparation Of the Final Fee Application Is Sought	September 22, 2003, through October 23, 2003
This is an ____ interim	<u> x </u> final application

Harris Beach LLP (“HB”) has filed twenty-two (22) prior interim fee applications as set forth below; the first nine (9) of such applications were submitted by the law firm of Blass & Driggs (“B&D”) which merged into Harris Beach LLP on October 30, 2000:

APPL. NO.	DATE FILED	PERIOD COVERED	REQUESTED FEES	APPROVED AND PAID FEES	REQUESTED EXPENSES	APPROVED AND PAID EXPENSES
B&D 1	03/30/00	02/02/00-02/29/00	\$74,059.50	\$74,059.50	\$16,254.02	\$16,254.02
B&D 2	05/02/00	03/01/00-03/31/00	\$100,242.70	\$100,242.70	\$3,194.22	\$3,194.22
B&D 3	06/08/00	04/01/00-04/30/00	\$110,594.00	\$110,594.00	\$2,430.71	\$2,430.71
B&D 4	06/08/00	05/01/00-05/31/00	\$115,037.50	\$115,037.50	\$3,873.06	\$3,873.06
B&D 5	07/13/00	06/01/00-06/30/00	\$122,743.00	\$122,743.00	\$2,620.01	\$2,620.01
B&D 6	08/16/00	07/01/00-07/31/00	\$112,332.00	\$112,332.00	\$3,489.54	\$3,489.54
B&D 7	09/11/00	08/01/00-08/30/00	\$101,208.00	\$101,208.00	\$5,577.40	\$5,577.40
B&D 8	10/11/00	09/01/00-09/30/00	\$106,877.50	\$106,877.50	\$4,811.92	\$4,811.92
B&D 9	11/01/00	10/01/00-10/27/00	\$72,172.00	\$72,172.00	\$4,018.70	\$4,018.70
HB 1	12/22/00	10/30/00-11/30/00	\$148,250.00	\$148,250.00	\$869.93	\$869.93
HB 2	01/30/01	12/01/00-12/31/00	\$119,141.25	\$119,141.25	\$2,447.22	\$2,447.22
HB 3	03/12/01	01/01/01-01/31/01	\$147,288.25	\$147,288.25	\$3,421.58	\$3,421.58
HB 4	03/22/01	02/01/01-02/28/01	\$131,150.50	\$131,150.50	\$2,318.08	\$2,318.08
HB 5	04/25/01	03/01/01-03/31/01	\$173,943.50	\$173,943.50	\$2,318.08	\$2,318.08
HB 6	05/24/01	04/01/01-04/30/01	\$134,842.75	\$134,842.75	\$4,541.26	\$4,541.26
HB 7	06/28/01	05/01/01-05/31/01	\$139,724.80	\$139,724.80	\$5,171.34	\$5,171.34
HB 8	07/25/01	06/01/01-06/30/01	\$124,500.00	\$124,500.00	\$6,105.18	\$6,105.18
HB 9	08/27/01	07/01/01-7/31/01	\$184,498.00	\$184,498.00	\$4,090.65	\$4,090.65
HB 10	10/25/01	08/01/01-08/31/01	\$228,308.00	\$228,308.00	\$4,486.69	\$4,486.69
HB 11	11/01/01	09/01/01-09/30/01	\$63,616.00	\$63,616.00	\$1,422.26	\$1,422.26
HB 12	12/05/01	10/01/01-10/31/01	\$126,772.00	\$126,772.00	\$2,445.64	\$2,445.64
HB 13	12/19/01	11/01/01-11/30/01	\$97,518.50	\$97,518.50	\$1,629.09	\$1,629.09
HB 14	1/25/02	12/01/01-12/31/01	\$99,339.00	\$99,339.00	\$6,004.74	\$6,004.74
HB 15	2/18/02	01/01/02-01/31/02	\$125,070.50	\$125,070.50	\$684.46	\$684.46
HB 16	3/12/02	02/01/02-02/28/02	\$100,291.00	\$100,291.00	\$1,724.50	\$1,724.50
HB 17	4/17/02	03/01/02-03/31/02	\$129,010.50	\$129,010.50	\$5,552.86	\$5,552.86
HB 18	5/15/02	04/01/02-04/30/02	\$109,151.00	\$109,151.00	\$6,052.26	\$6,052.26
HB 19	6/12/02	05/01/02-05/31/02	\$144,676.50	\$144,676.50	\$1,897.40	\$1,897.40
HB 20	7/02	06/01/02-06/30/02	\$129,365.00	\$129,365.00	\$3,556.14	\$3,556.14
HB 21	8/02	07/01/02-07/31/02	\$116,562.00	\$116,562.00	\$3,775.57	\$3,775.57
HB 22	9/02	08/01/02-08/13/02	\$28,889.50	\$28,889.50	\$5,317.31	\$5,317.31
TOTAL			\$3,717,174.75	\$3,717,174.75	\$122,101.82	\$122,101.82

As set forth in greater detail herein, the time expended in connection with the preparation of this final application for the period September 22, 2003, through October 23, 2003, is 12 hours, for which compensation is requested; the total legal fees incurred in connection with the preparation of the final fee application is \$3,420.00. Copies of the legal billing entries in connection with the preparation of this final fee application are annexed hereto as Exhibit "A." Additionally, disbursements in the amount of \$37.87 were incurred; a breakdown of such expenditures is annexed as part of Exhibit "A."

SUMMARY SHEET - PART II
In re Integrated Health Services, Inc., et al.

Summary of Time Recorded In Connection With The Rendition Of Services
To The Debtors For The Period September 22, 2003, Through October 23, 2003,
In Connection With The Preparation And Filing Of The Final Fee Application

<u>OF COUNSEL</u>	<u>YEAR OF</u> <u>ADMISSION</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>
Eric H. Lindenman	1990	12.00	\$285.00	\$3,420.00
TOTAL				\$3,420.00

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re) Chapter 11
)
INTEGRATED HEALTH SERVICES, INC., et al.,) Case No. 00 - 389 (MFW)
)
Debtors.) Jointly Administered

**FINAL FEE APPLICATION OF HARRIS BEACH LLP AS SPECIAL
COUNSEL TO THE DEBTORS AND DEBTORS IN POSSESSION FOR
INTERIM ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF
EXPENSES FOR THE PERIOD OCTOBER 30, 2000, THROUGH OCTOBER 23, 2003**

Harris Beach LLP (“Harris Beach”), as and for its Application (the “Application”) for (i) a final allowance of the interim legal fees and reimbursement of disbursements previously paid to Harris Beach pursuant to its prior twenty-two (22) interim fee applications (the “Interim Applications”) for legal fees and reimbursement of disbursements; and (ii) a final allowance of legal fees incurred in connection with the preparation of the Application, respectfully sets forth as follows:

INTRODUCTION

1. Harris Beach is special corporate and regulatory counsel for Integrated Health Services, Inc., and certain of its direct and indirect subsidiaries, as debtors and debtors in possession herein (collectively, the “Debtors”) in these chapter 11 cases.

2. On February 2, 2000 (the “Filing Date”), each of the Debtors filed a voluntary petition for reorganization under chapter 11 of title 11 the United States Bankruptcy Code (the “Code”).

3. By Order dated November 1, 2000 (the “Harris Beach Retention Order”), the Court authorized the retention and employment of Harris Beach as special corporate and

regulatory counsel to the Debtors, pursuant to Section 327 of the Code. Said Order authorized the retention of Harris Beach *nunc pro tunc* to October 30, 2000.

4. By Administrative Order dated February 2, 2000, the Court established certain procedures for application and payment of interim compensation and reimbursement of disbursements of professionals. Said Administrative Order was amended by Order dated February 22, 2001 (the "Interim Compensation Order"). In particular, the Court authorized the submission on notice of monthly interim fee applications by professionals employed under Sections 327, 328(a) or 1103 of the Code (which includes professionals employed by the Debtors) and a procedure by which, in the absence of any objection to the interim fee application, the Debtors could pay eighty percent (80%) of the fees requested and one hundred percent (100%) of the disbursements requested. The Court further provided for the filing by such professionals of quarterly fee requests for interim Court approval and allowance of the fees and reimbursement of expenses sought in the monthly interim fee applications filed during the applicable quarterly period.

5. As special corporate and regulatory counsel to the Debtors, Harris Beach represented the Debtors in numerous transactions relating to the Debtor's ownership and/or operation of nursing and other health care-related facilities. In certain situations, Harris Beach negotiated the transfer, sale, or other divestiture of said facilities to third parties. In addition to negotiating the business component of such transfer, Harris Beach was often required to negotiate directly with landlords as part of consummating such transactions. In circumstances wherein the Debtors sought to retain and continue to operate a facility, Harris Beach negotiated with landlords in order to obtain concessions and/or a restructuring of the leasehold in order to

permit the Debtors to operate more efficiently and to facilitate the Debtors' reorganization efforts.

6. Additionally, Harris Beach acted as the Debtors' advisor with respect to various state and federal health care regulatory schemes and compliance thereof; it was necessary that the Debtors employ a strategy to comply with these strict regulations as they sought to divest and otherwise alter the operations of its far-flung health care facilities.

7. The value of the legal services rendered by Harris Beach is evident in the fact that the Debtors were ultimately able to reorganize their financial and operational footing, confirm a plan of reorganization and "go effective" last month, and be poised to emerge from bankruptcy protection. It is respectfully submitted that, absent the legal services rendered by Harris Beach during the pendency of the Debtors' bankruptcy proceedings, the Debtors' would not have been in a position to propose, confirm, and implement a plan of reorganization.

PRIOR INTERIM APPLICATIONS

8. Pursuant to the Interim Compensation Order, Harris Beach and its predecessor firm, Blass & Driggs, previously submitted twenty-two (22) monthly interim fee applications (heretofore defined as the Interim Applications). The Interim Applications were all submitted pursuant to the provisions of Sections 327, 330 and 330 of the Code, Rule 2016 of the Federal Rules of Bankruptcy Procedure, the Harris Beach Retention Order, and the Interim Compensation Order. These Interim Applications covered a span of eighteen (18) months and sought \$3,717,174.75 in fees and \$122,101.82 in reimbursement of disbursements. All of the fees and disbursements sought in the Interim Applications were allowed and awarded in full and Harris Beach was paid one hundred percent (100%) of said fees and disbursements.

9. Professional services and disbursements for which compensation and reimbursement were sought pursuant to the Interim Applications were rendered and expended on

behalf of the Debtors pursuant to Chapter 11 of the Code. Harris Beach believes that it appropriately sought compensation for the time spent rendering legal services to the Debtors, as well as for reimbursement for the disbursements actually incurred in connection with the matters upon which it rendered legal services.

10. With respect to the Interim Applications, Harris Beach maintained contemporaneous records of the time spent in the rendering of professional services during the periods covered by each Interim Application. Given that Harris Beach previously submitted such time records and provided a narrative of such services as part of each Interim Application, and that Harris Beach was awarded such requested fees and disbursements in full, Harris Beach will not burden the Court and interested parties by resubmitting the time records or by providing a recapitulation of the services rendered. The full scope of and breadth of all of Harris Beach's legal services were reflected in the detailed time records attached to each Interim Application.

11. Throughout the course of its representation of the Debtors, Harris Beach endeavored to represent the Debtors in the most expeditious and economical manner possible. Tasks were assigned to Harris Beach attorneys and paralegals so that work has been performed by those most familiar with the particular matter or task and by the lowest hourly rate professional appropriate for a particular matter. Moreover, Harris Beach sought to coordinate with other professionals retained in these cases so as to minimize any duplication of effort and to minimize attorneys' fees and expenses to the Debtors. We believe we have been successful in this regard. Evidence thereof may be taken by the fact that all of the Interim Fee Applications were awarded and paid in full.

**FINAL REQUEST FOR FEES AND ALLOWANCE OF
INTERIM FEES AND REIMBURSEMENT OF DISBURSEMENTS**

12. Pursuant to this final request for fees and reimbursement of disbursements, Harris Beach requests that the Court finally allow the fees paid and reimbursement of disbursements pursuant to the Interim Applications. Additionally, Harris Beach requests an award of fees in connection with the preparation of this final fee application. As set forth in the time records annexed hereto as Exhibit "A," Harris Beach has expended 12.00 hours of time for a value of \$3,420.00. Additionally, as set forth in the schedule of disbursements annexed hereto as Exhibit "B," Harris Beach has incurred \$37.87 in actual out-of-pocket expenses, to wit: photocopying in the amount of \$16.00, postage in the amount of \$1.52, and overnight courier in the amount of \$6.92.

13. If all of the fees requested by Harris Beach pursuant to the Interim Applications and the within application are granted, Harris Beach will have been awarded a total of \$3,720,594.75 in fees and \$122,139.69 in reimbursement of disbursements.

14. As stated in the accompanying Affidavit of Steven J. Rice, no agreement or understanding exists between Harris Beach and any other person for the sharing of compensation received or to be received for services rendered in or in connection with these cases.

15. The undersigned has reviewed the requirements for the submission of fee applications and certifies to the best of his information, knowledge and belief that this application complies with such requirements.

WHEREFORE, Harris Beach respectfully requests that this Court award and allow Harris Beach (i) as final compensation, the sum of \$3,717,174.75 in fees previously allowed, awarded, and paid pursuant to the Interim Applications, together with \$122,101.82 in

reimbursement of disbursements allowed, awarded, and paid pursuant to the Interim Applications, (ii) a final award in the amount of \$3,420.00 for the period September 22, 2003, through October 23, 2003, as and for the legal fees incurred in preparing the within final fee application and \$37.87 for reimbursement of disbursements, and (iii) for a full and final award of \$3,720,594.75 in legal fees and \$122,139.69 in reimbursement of disbursements, together with granting Harris Beach such other, further, and different relief as the Court deems just, proper, and equitable under the circumstances.

Dated: New York, New York
October 23, 2003

HARRIS BEACH LLP
Special Corporate and Healthcare Counsel
for Debtors and Debtors-in-Possession

By: s/ Eric H. Lindenman
Eric H. Lindenman
805 Third Avenue
New York, New York 10022
(212) 687-0100

EXHIBIT “A”

HARRIS BEACH 

ATTORNEYS AT LAW

INTEGRATED HEALTH SERVICES
as Debtor and Debtor-in-Possession

File # 0420010 167231
Inv # 1456722
Atty EH LINDENMAN

OCTOBER 23, 2003

Matter Name REORGANIZATION
(IHS-Corp-Other)

CURRENT TOTAL DUE

\$3,457.87

PLEASE SEND REMITTANCE TO:
*Remember to include your file and invoice
number on all remittances.*

HARRIS BEACH LLP
805 Third Avenue
New York, New York 10022
(212) 687-0100

TAX ID #: 16-0763708

INTEGRATED HEALTH SERVICES

File # 0420010 167231

Invoice # 1456722

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FOR PROFESSIONAL SERVICES RENDERED AND COSTS INCURRED AS FOLLOWS:**Matter Name: REORGANIZATION
(IHS-Corp-Other)**

<u>Date</u>	<u>Int</u>	<u>Description</u>	<u>Hours</u>	<u>Value</u>
09/22/03	EHL	Review e-mail received from M. Blass re: deadline to file final fee application for legal services provided by Harris Beach to debtor; review prior applications and review bankruptcy court docket for related information regarding interim and final fee applications	1.00	285.00
09/25/03	EHL	Initial draft and edit of final fee application; review prior interim fee applications previously submitted	1.80	513.00
10/01/03	EHL	Review of prior interim fee application, confirmation of payment in full of prior allowed interim fees; review of Del. Bankr. Requirements for submission of final fee application; review "Notice of Effective Date" re: submission of final fee application; conf. W/ K. Swetland re: whether any legal fee invoices remain outstanding.	1.20	342.00
10/07/03	EHL	Draft, revise and edit final fee application to include recitation and schedule of previously requested and awarded fees and expenses; review new billing records; tel. Call to M. Blass (former partner-in-charge of matter) re: format of prior applications and particulars of legal services performed.	1.70	484.50
10/17/03	EHL	Revise and edit final fee application to review summary of services, procedural history, and basis for final award of fees.	1.40	399.00

INTEGRATED HEALTH SERVICES

File # 0420010 167231

Invoice # 1456722

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OCTOBER 23, 2003

<u>Date</u>	<u>Int</u>	<u>Description</u>	<u>Hours</u>	<u>Value</u>
10/20/03	EHL	Meeting w/K. Swetland to review previous fee application, confirm that payment in full was received, that there are no other outstanding fees due from prior interim fees application, and to discuss timeline for submission of final fee application to court for entry.	.30	85.50
10/23/03	EHL	Revise, edit and finalize fee application; review legal fee invoice for fees incurred in preparation of final fee application; draft transmittal letter to Clerk of Court re: submission of final fee application and basis upon which we request that the Clerk electronically docket the final fee application.	4.60	1311.00

SERVICES RENDERED

\$3,420.00

COSTS	Federal Express Charges	6.92
	Postage	1.52
	Photocopies.	16.00
	Federal Express Charges	13.43

37.87

CURRENT INVOICE TOTAL

\$3,457.87

INTEGRATED HEALTH SERVICES

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OCTOBER 23, 2003

SERVICE AND COST SUMMARY

<u>Professional</u>	<u>Rate</u>	<u>Hours</u>	<u>Value</u>
LINDENMAN, EH	285.00	12.00	\$3,420.00
SERVICES		12.00	\$3,420.00
COSTS			\$37.87
CURRENT INVOICE TOTAL			<u>\$3,457.87</u>

