

Hearing Date: May 2, 2001 at 2:30 p.m.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re : Chapter 11
MEDICAL RESOURCES, INC., et aL, : Case No. 00-11446 (PCB)
Debtors. : (Jointly Administered)

**NOTICE OF HEARING TO CONSIDER
INITIAL AND FINAL APPLICATION OF
MONTGOMERY, McCracken, WALKER & RHOADS, LLP
AS SPECIAL PENNSYLVANIA LITIGATION COUNSEL TO
THE DEBTORS, FOR ALLOWANCE OF COMPENSATION
FOR SERVICES RENDERED AND REIMBURSEMENT
OF EXPENSES INCURRED FROM
NOVEMBER 17, 2000 THROUGH FEBRUARY 26, 2001**

PLEASE TAKE NOTICE that The Initial and Final Application of Montgomery, McCracken, Walker & Rhoads, LLP, ("MMWR"), Special Pennsylvania Litigation Counsel to the Debtors, for Allowance of Compensation for Services rendered and Reimbursement of Expenses Incurred from November 17, 2000 through February 26, 2001, will be presented to the Honorable Prudence Carter Beatty, United States Bankruptcy Judge (the "Bankruptcy Judge"), at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton United States Custom House, Sixth Floor, One Bowling Green, New York, NY 10004 at a hearing scheduled before the Court on May 2, 2001 at 2:30 p.m., at which time the undersigned will apply for an order awarding the compensation, reimbursement and other relief sought in such application. The hearing may be adjourned from time to time in Court.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the proposed Order must be made in writing, state with particularity the grounds for such objections, and be filed with the Bankruptcy Court with a courtesy copy to the Bankruptcy Judge's chambers and be served upon the undersigned so as to be received at least three (3) business days prior to the May 2, 2001 hearing date. If you did not receive a copy of the application and wish to receive one, please contact Patricia Lorenz at Montgomery, McCracken, Walker & Rhoads, LLP, 123 South Broad Street, Philadelphia, PA 19019, telephone (215) 772-7559.

Respectfully submitted,

**MONTGOMERY, McCRACKEN,
WALKER & RHOADS, LLP**

Date:

By: _____

Richard G. Placey
123 S. Broad Street, 24th Floor
Philadelphia, PA 19109
Telephone: (215) 772-7424
Telecopy: (215) 772-7620

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re : Chapter 11
MEDICAL RESOURCES, INC., etal, : Case No. 00-11446 (PCB)
Debtors. : (Jointly Administered)

**INITIAL AND FINAL APPLICATION OF
MONTGOMERY, McCRACKEN, WALKER & RHOADS, LLP
AS SPECIAL PENNSYLVANIA LITIGATION COUNSEL TO
THE DEBTORS, FOR ALLOWANCE OF COMPENSATION
FOR SERVICES RENDERED AND REIMBURSEMENT
OF EXPENSES INCURRED FROM
NOVEMBER 17, 2000 THROUGH FEBRUARY 26, 2001**

TO THE HONORABLE PRUDENCE C. BEATTY,
UNITED STATES BANKRUPTCY JUDGE:

Montgomery, McCracken, Walker & Rhoads, LLP, ("MMWR"), special Pennsylvania Litigation counsel for the above-captioned debtors and debtors in possession (the "Debtors"), hereby applies for allowance of compensation for professional services rendered and reimbursement of expenses incurred from November 17, 2000 through February 26, 2001, inclusive (the "Application Period"), and respectfully represents.

BACKGROUND

1. Pursuant to sections 330 and 331 of the Bankruptcy Code, and Rule 2016 of the Federal Rules of Bankruptcy Procedure MMWR requests that this Court authorize: (a) initial and final allowance of compensation for professional services MMWR rendered to the

Debtors during the Second Application Period in the amount of \$17,139.50; and (b) the reimbursement of actual and necessary expenses incurred in connection with the rendition of such professional services in the amount of \$582.82.

2. MMWR's requested allowance of compensation for services rendered and reimbursement for expenses incurred reflects the requisite time and effort expended in (a) investigating a potential suit against the Debtors' former employee Bruce Miller for unfair competition, (b) instituting and litigating that suit (thus far) through the preliminary injunction hearing. See Medical Resources Inc. et al v. Bruce Miller, No. 1100-2242 (C.P. Phila. Co. Pa.) (the "Pennsylvania Litigation").

3. Applicant is advised that on April 7, 2000 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), and that these chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to an order of this Court.

4. Applicant's further advised no creditors' committee has yet been appointed by the United States Trustee.

5. MMWR's engagement as special counsel for the Pennsylvania Litigation was approved by the Court effective November 17, 2000. A copy of the Order is attached as Exhibit A.

6. This Court has jurisdiction over this initial and final Application pursuant to 28 U.S.C. §§ 157 and 1334, and authority to make the award sought herein under 11 U.S.C. §§330 and 331 *and* F.R. Bankr. P. 2016.

7. MMWR has not previously applied for compensation in this case and has not previously been awarded compensation in this case.

8. The services and expenses for which MMWR requests allowance of compensation and reimbursement of expenses were rendered and incurred in connection with the prosecution of the Pennsylvania litigation and this Application. MMWR's services have been substantial, necessary, and beneficial to the Debtors.

9. Except for the retainer authorized by the November 30, 2000 order, which is in an escrow account, MMWR has received no payment or promise of payment for the services rendered in this case. No agreement or understanding exists between MMWR and any other entity for the sharing of compensation to be received for services rendered in or in connection with this case. See Affidavit of Richard G. Placey, annexed hereto as Exhibit B.

SERVICES RENDERED

The Pennsylvania Litigation

10. Attached hereto as Exhibit C is a schedule of legal services rendered by MMWR during the period covered by this Application, which sets forth a description of the services rendered, the name of the attorney rendering the services, the date on which the services were rendered, and the amount of time spent in rendering the services. This Application does not seek allowance for the 2.8 hours of services rendered before the retention order became effective on November 17, 2000, although that time is reflected on Exhibit C, resulting in an \$826 reduction in the fees sought (from \$15,930 to \$15,104). All of these fees relate to the Pennsylvania Litigation.

11. For the convenience of the Court and parties-in-interest, the attorney who worked on the Pennsylvania Litigation during the Application Period, the aggregate time expended by that attorney during the Application Period, his hourly billing rate during the

Application Period, and the amount of fees in the Pennsylvania Litigation attributable to that attorney is:

Richard G. Placey (Admitted in 1982, Pa.)	
Total time spent:	51.2 hours
Hourly rate:	\$295.00
Total fees:	\$15,104

12. A schedule setting forth the categories of expenses and amounts for which reimbursement is requested, totaling \$582.82, is annexed hereto as Exhibit D.

13. For the convenience of the Court and parties, the services rendered by MMWR in the Pennsylvania Litigation, are briefly summarized below. The full breadth of such services are reflected in the time records (Exhibit C).

a. MMWR (in conjunction with counsel for co-plaintiff ATI Resources, Inc. ["ATI"]) initiated unfair competition litigation seeking a preliminary and permanent injunction against a former employee of the Debtor (Bruce Miller).

b. MMWR (in conjunction with counsel for ATI) took the necessary discovery to prepare for and present the case for a preliminary injunction to the Philadelphia Court of Common Pleas. This discovery included the dispositions of three individuals (Mr. Miller, Mr. Delozier, Ms. Slusser), and an examination of the documents and computer information relevant to the Debtor's claim that Mr. Miller had competed unfairly by, inter alia, misappropriating trade secrets and using a name confusingly similar to the Debtor's common law trademark.

c. MMWR (in conjunction with counsel for ATI) participated in the preliminary injunction hearing before the Hon. Albert W. Sheppard, Jr. of the Philadelphia County Court of Common Pleas.

14. Although the Court of Common Pleas ultimately denied the requested preliminary injunction, the Debtor has indicated that pursuit of the Pennsylvania Litigation is necessary to vindicate its rights and protect itself from present and future injury to its business and revenues from unfair competition. A copy of the trial court's opinion, which is on appeal, is attached as Exhibit E.

15. MMWR submits that its request for allowance of compensation in the Pennsylvania Litigation is reasonable. The services rendered, as highlighted above, required significant time and effort under the pressure created by the expedite nature of preliminary injunction proceedings.

Preparation of Application

16. Under appropriate circumstances, the time spent preparing the fee application is compensable time.

17. Although such services were all rendered post-petition, in view of their relationship to the bankruptcy case, MMWR includes the time spent preparing the fee application herein.

18. The schedule of services relating to preparation of this application is as follows:

Date	Timekeeper	Description	Hours
4/5/01	R.G. Placey	Calls to Debtor's counsel (0.2); prepare application per order (1.5); follow-up re rules and electronic filing issue (1.2)	2.9
4/6/01	R.G. Placey	Preparing application and exhibits (1.2); review Court's procedures and call clerk re e-filing rule (0.8); call Debtor's counsel re service list issues (0.2)	2.2
4/9/01	R.G. Placey	Revising, finalizing and	1.7

		arranging for filing/service of Application	
--	--	--	--

19. For the convenience of the Court and parties-in-in, his hourly billing rate, and the total amount of fees is:

Richard G. Placey (Admitted in 1982, Pa.)
 Total time spent: 6.9 hours
 Hourly rate: \$ 295.00
 Total fees: \$2,035.50

Fee Summary

20. Accordingly, MMWR requests an allowance of \$ 17,139.50 in fees, representing \$15,104 for the Pennsylvania Litigation and \$2,035.50 for the Application.

SUMMARY OF DISBURSEMENTS

21. MMWR incurred actual and necessary out-of-pocket expenses in connection with the Pennsylvania Litigation during the Application Period as in Exhibit D. By this Second Application, MMWR respectfully requests allowance of such reimbursement in full.

22. The disbursements for which MMWR seeks reimbursement include the following:

- a. Duplicating - Charged at \$0.15 per page.
- b. Fax Transmissions - None incurred.
- c. Transcripts - Charged at actual cost paid to the court reporter.

23. MMWR is advised that there is no creditors committee. As set forth in the Certificate of Service is providing notice of this Application to the United States Trustee for the Southern District of New York, to the Debtor and to certain parties in interest.

WHEREFORE, MMWR respectfully requests that this Court award:

a. Compensation from the Debtors for services rendered from November 17, 2000 through February 26, 2001, inclusive, in the amount of \$17,139.50; and

b. Reimbursement of actual, necessary expenses incurred in connection with the rendition of such services, in the amount of \$582.82

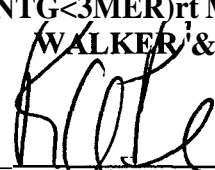
Respectfully submitted,

**MONTGOMERY McCracken,
WALKER & RHOADS, LLP**

Date:

11
WQ>

By



Richard G. Placet
123 S. Broad Street, 24th Floor
Philadelphia, PA (19109)
Telephone: (215)772-7424
Telecopy: (215)772-7620

**CERTIFICATION PURSUANT TO AMENDED
GUIDELINES AND CERTIFICATION OF SERVICE**

I, Richard G. Placey, hereby certify that:

1. (a) I have read this application; (b) to the best of knowledge, information and belief, formed after reasonable inquiry, the fees and disbursements fall within the April 19, 1995 Amended Guidelines and the United States Trustee Guidelines; (c) the fees and disbursements sought billed at rates and in accordance with practices customarily employed by MMWR and generally accepted by MMWR's clients and; (d) in providing a reimbursable service (for which reimbursement of expenses is sought) MMWR does not make a profit on that service whether such service is performed in-house or by a third party.

2. Although, due to lack of awareness of the requirement, copies of this application or the statements attached as Exhibits C and D were not previously served upon the debtor or the trustee (the Debtor was sent Exhibit C on April 4), copies of this application are being served on this date upon:

Matthew Alien Feldman
Willkie Fan- & Gallagher
787 Seventh Avenue
New York, NY 10019-6099

Attorney for Debtor

Medical Resources, Inc.
1335844552
125 State Street
Hackensack, NJ 07601

John Mirabella
Duffy & Keenan
The Curtis Center
Suite 1150
Independence Square West
Philadelphia, PA 19106

Attorney for Creditors
Francis and Iva Agent

Robert C. Finkel
Wolf Popper LLP
845 Third Avenue
New York, NY 10022

Attorney for Creditors
David L. Condra
David Curry
John Dolcemaschio
David Koran
John Smart
Donald Whiteside

Jeffrey N. Rich
Kirkpatrick & Lockhart, LLP
1251 Avenue of the Americas
45th Floor
New York, NY 10020

Attorney for Creditors
Donald Benjamin
Sirrom Investments, Inc.

Mark Thomas Power
Hahn & Hessen, LLP
350 5th Avenue
New York, NY 10118-0075

Attorney for Creditors
Stephen M. Davis
Werbel & Camelutti, PC k/n/a Heller
Ehnnan White & McAuliffe, PC

Marilyn Venterina
Sciretta & Veneterina, LLP
77 Tompkins Circle
Staten Island, NY 10301

Attorney for Creditor
Intercounty Resources, Inc.

Stephen Gordon
Dechert, Price & Rhoads
30 Rockefeller Plaza
New York, NY 10112
(Pro se)

Andrew Howard Sherman
Sills Cummis Radin Tischman Epstein & Gross
712 5th Avenue
20th Floor
New York, NY 10019

Attorney for Creditor
Joseph Payne

Jeffrey W. Levitan
Proskauer Rose LLP
1585 Broadway
New York, NY 10036

Attorney for Creditor
Gary Siegler

Joseph H. Reinhardt
Hendel, Collins & Newton, P.C.
101 State Street
Springfield, MA 01103

Attorney for Creditor
The MacCabe Group

Gayle Ehrlich
Sullivan & Worcester LLP
One Post Office Square
Boston, MA 02109

Attorney for Creditor
The Senior Noteholders

Ira S. Clair
Clair & Gjertsen
720 White Plains Road
Scarsdale, NY 10583

Attorney for Creditor
Kathleen Waryga

Alan J. Brody
Willentz, Goldman & Spitzer
90 Woodbridge Center Drive
Suite 900, Box 10
Woodbridge, NJ 07095

Attorney for Creditor
Wilentz, Goldman & Spitzer, P.C.

Date:

4/9/01



Richard G. Placey