

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
POLAROID CORPORATION, <i>et al.</i> ,	Case No. 01-10864 (PJW)
Debtors.	Jointly Administered

**APPLICATION FOR ORDER AUTHORIZING;  
COMPENSATION AND REIMBURSEMENT OF EXPENSES  
TO STEPHEN J. MORGAN AND ASSOCIATED UNDER SECTION 503 (B) 3 & 4  
AND WAIVER OF CERTAIN REQUIREMENT OF LOCAL RULE 2016-2**

**BY STEPHEN J. MORGAN**

Stephen J. Morgan ("Morgan"), a shareholder of the Polaroid Corporation, provides this motion for APPLICATION FOR ORDER AUTHORIZING; COMPENSATION AND REIMBURSEMENT OF EXPENSES TO STEPHEN J. MORGAN AND ASSOCIATED UNDER SECTION 503 (B) 3 & 4 AND WAIVER OF CERTAIN REQUIREMENT OF LOCAL RULE 2016-2.

**MORGAN'S ROLE**

1. As the court knows I spent considerable time and effort working to maximize the value of Polaroid's estate going back to the origination of this bankruptcy and prior. These efforts demonstrated far exceed my personal self interest including that of my wholly owned corporation Tatnuck Systems, Inc.. At my his expense I organized an ad hoc group of equity holders which numbered over 885 stock positions and 38% of the company's stockholders. This including the company's largest non insider shareholder The Openhiemer Funds.

2. The role I took on was unique, indispensable, and provides substantial value and benefit to the Debtors estates well in excess of the cost of such expenses. It can be argued that my efforts were not to date fully successful but I believe it is clear that a substantial effort and contribution was made in this case.

#### **Summary of Beneficial Actions**

3. Organization and communication with shareholders of Polaroid to provide for an equity committee to represent shareholders so that we might have a voice in the process. Also included focal point for bondholders, and retirees seeking information about the case.

4. The value of creditor's recovery has gone from .03 to close to .20. The vigorous opposition which the creditors committee opposed resulted in full accounting and improved recovery for the creditors. Had I not kept pressure on the process for disclosure the previous data might have stood.

5. See Gossels narrative in Exhibit A for statements regarding benefits to the case including the discovery of withheld assets from the US Trustee. Include parcels of land valued in excess of this request.

6. Objected to payment of 1.1-million in retiree committee fees that would otherwise be paid. Resulted in the lawyers getting only \$330K, Over \$350K was saved by the estate and another \$420K was saved for a retiree trust it was intended for.

7. Lead efforts that succeeded in the appointment of an independent examiner who found some of the serious wrong doing we believed present. This Lead to lawsuits against KPMG and other company managers. The estate will benefit by success in the lawsuit via various stock holdings despite there choice not to prosecute the action against there own mangers and partners

8. Appeals of the sale and confirmation order to the district court in efforts for the estate to get fair payment for the assets. This matter is pending.

9. Met with and provide information from independent investigation to the US Trustee, SEC, US Attorney, FBI and other government groups. They do not report status but it seems clear that these meetings resulted in these organizations to take another look and perhaps get involved in the case.

10. Examiner concluded in his table 10 that about \$391-million of assets in non-debtor companies were not reported and concealed from the court. Further \$180-million of Polaroid Corporation assets not reported on the statements and schedules and concealed from the court. This I believe was of great benefit to the estate and resulted in part in the improved recovery for creditors.

11. Our meetings with the US Trustee, SEC, and others clearly seem to have created benefit to the estate and I note the SEC just a few weeks ago requested documents from the examiner that may lead to criminal prosecution.

12. Our discovery and that of the examiner lead to pressure to disclose assets values. From plan rev 1 to the final creditors recovery went from .03 to .18 per \$.

13. I plan to make additional oral presentation if needed.

#### Equal Treatment

14. The other parties have made repeated statements that I have been responsible for increasing the cost of the case. I have not run a calculation but it seems clear that the debtor, the committee, and the US Trustee cost the estate many times the amount requested by blocking disclosure and taking positions that were latter shown to be incorrect or at least incompletely disclosed. That all of these parties spent now over \$37-million of the estates resources and the shareholders were able to make substantial disclosure and progress leading to lawsuits is very substantial. I have only asked that I be compensated as is allowed by section 503 for a small fraction of what others have spent. I would say wasted.

**Summary of Compensation and Expenses Requested**

14. The following is a summary of expenses Requested:

	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
<u>C. Peter R. Gossels.</u> <u>Esq.</u>	\$73,205	5,092	\$78,297
<u>Lowenstein Sandler PC</u>	\$89,379	\$3,216	\$92,595
<u>Rosenthal, Monhait,</u> <u>Gross &amp; Goddess, P.A.</u>	\$4,643	\$613	\$5,256
<u>McCarter &amp; English,</u> <u>LLP</u>	\$22,361 est.	\$432 est.	\$22,793 <sup>1</sup>
<u>Tatnuck Systems, Inc./</u> <u>Morgan</u>	\$100,000	\$14,039	\$114,039
<b>Total:</b>	\$289,588	\$23,392	<b>\$312,980</b>

**Compensation & Expenses of C. Peter R. Gossels. Esq.**

15. See Exhibit A for a narrative of activity, list of compensation & Expenses, and qualifications of Mr. Gossels.

**Compensation & Expenses of Lowenstein Sandler PC**

16. See Exhibit B for a list of compensation & Expenses by Lowenstein Sandler PC.

**Compensation & Expenses of Rosenthal, Monhait, Gross & Goddess, P.A.**

17. See Exhibit C for a list of compensation & Expenses by Rosenthal, Monhait, Gross & Goddess, P.A.

**Compensation & Expenses of McCarter & English, LLP**

<sup>1</sup> Total includes missing invoices not in the exhibit and is derived from final invoice amount of \$18,855.3 plus the amount of the first invoice \$3,937.5

18. See Exhibit D for a list of compensation & Expenses by McCarter & English, LLP.

**Compensation & Expenses of Tatnuck Systems, Inc. / Morgan**

19. See Exhibit E for a list of compensation & Expenses by Tatnuck Systems, Inc.<sup>2</sup>

20. Additional request for estimated \$500 for copies for all pleadings filed

21. Additional request for estimated \$1,300 for phone charges for 800 number for shareholder communications 26 months at \$50 / month.

22. Morgan estimates about 2100 hours were spent on this effort over the past 26 months including numerous lost time hours from my business and personal compensation. A diary and computer logs were keep but I have not reprocessed them into a presentable format. Had these hours been expended in the business they cost would typically be \$200 per hour or \$420,000.<sup>3</sup> I am not seeking the full cost of these hours for Tatnuck Systems, Inc. but ask only compensation of \$100,000 which is estimated to cover my direct lost time in obtaining the substantial contribution to the case to this point.

**Request that payments be made to Morgan for distribution**

23. I have not detailed the payment status of all items and ask that payment be made to me directly so that I might pay the outstanding balances and distribute the reimbursement as need to the appropriate parties in this single application.

**Waiver of Rule 2016-2 Requirements**

24. In review of the requirements of rule 2016-2 it would appear that my records as submitted fall short in some details. I have prepared and present the materials as best I can in the timeframe and ask that the application be accepted as filed. Certainly if there are questions or

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<sup>2</sup> Tatnuck Systems, Inc. is a corporation wholly owned by me. As is a matter of deposition record the company is also a stockholder in Polaroid. This is made clear in many areas of the invoices and record Tatnuck Systems, Inc. provided for the expenses paid for the substantial contribution made to the case including retention of lawyers. In addition to owner I am also employee of that corporation. This continued even after the lawyers left the case and I was *pro se*. I have learned since the beginning of the case that I am not allowed to represent a corporation even one wholly owned. In this limited circumstance I ask the court accept the application as filed and allow me to settle the expenses as they were incurred.

<sup>3</sup> This rate is similar to what Polaroid paid for my professional time in 1999.

need for further details I would like the opportunity to supplement my filing. I note that other compensation arrangements in the case by those who are very familiar with the rules also have waived similar requirements previously.

**Future Supplement**

25. I continue to incur expenses to regarding appeals in the District Court and request the opportunity to file such additional expenses once known. Further to supplement this application should additional information be required or additional expenses be documented as I go through my records.

**Timing and Manner of This Motion**

26. I have serviced this motion those indicated in the application and have made efforts to comply with rules. I am a "pro se" party and ask the court find the manner and format of the objection is correct even if some minor issues I do not understand remain. <sup>4</sup>

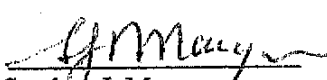
**Conclusion**

WHEREFORE: I pray the following relief.

27. The administrative expenses be approved and paid as requested.

Dated: January 2, 2004

respectfully submitted,

By:  1/2/04  
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<sup>4</sup> This application is to be filed electronically by Rick Cross and Associates. I was planning to retain this firm to represent Tainuck Systems, Inc. and they determined not to take the assignment and return my retainer. Given the short notice and the clerk's office being closed they agreed to file the application but are not acting as my attorney.