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

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In re :
SUNBEAM CORPORATION, : **Chapter 11 Cases No.**
Debtor. : **01-40291 (AJG)**
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**SECOND APPLICATION OF JENNER & BLOCK, LLC, ATTORNEYS EMPLOYED BY
DEBTOR IN THE ORDINARY COURSE OF BUSINESS, FOR ALLOWANCE OF
INTERIM COMPENSATION FOR SERVICES RENDERED AND EXPENSES
ADVANCED FROM MAY 1, 2001 THROUGH SEPTEMBER 30, 2001**

TO THE HONORABLE ARTHUR J. GONZALEZ,
UNITED STATES BANKRUPTCY JUDGE:

Jenner & Block, LLC (“Jenner & Block”), attorneys employed by debtors in the ordinary course of business, submits for its formal application (“the Application”), pursuant to sections 330(a) and 331 of title 11 of the United States Code (the “Bankruptcy Code”), for the allowance of interim compensation for professional services rendered and reimbursement of expenses advanced, and, in support thereof, respectfully states:

Jurisdiction and Venue

1. This Court has jurisdiction to consider the Application pursuant to 28 U.S.C. §§ 157 and 1334, and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the

District Court for the Southern District of New York, dated July 10, 1984 (Ward, Acting C.J.).

Consideration of the Application is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Summary of Application

2. On February 6, 2001, Sunbeam Corporation filed a petition for chapter 11 bankruptcy. The Court also entered an order on February 6, 2001, pursuant to sections 327 and 328 of the Bankruptcy Code, authorizing the Debtors to employ professionals, including Jenner & Block, to perform necessary and appropriate work in the ordinary course of the Debtors' businesses. This is Jenner & Block's second application for allowance of interim compensation for services rendered and for reimbursement of expenses.

3. Between May 1, 2001 and September 30, 2001 (the "Compensation Period"), Jenner & Block expended time and advanced expenses for Sunbeam Corporation.

4. Jenner & Block expended time and advanced expenses for the following three matters during the Compensation Period: (1) *Sunbeam v. AIU Ins. Co.* and (2) *Sunbeam v. National Union Fire Ins. Co.*

5. Jenner & Block is seeking total fees of \$12,328.00 and reimbursement of total disbursements of \$586.88 during the Compensation Period. Jenner & Block's fees are itemized by timekeeper in Exhibit A. Jenner & Block's disbursements are itemized in Exhibit B. Jenner & Block's total fees and expenses are itemized by month and by matter in Exhibit C.

Fees

6. Jenner & Block does not wish to burden this Court with an overly detailed or lengthy recitation of each and every matter with respect to which it has rendered services to Sunbeam Corporation. Further, some of the services performed involved confidential matters not of public record. Accordingly, the following is intended to serve only as a summary description of the primary services rendered by Jenner & Block during the Compensation Period.

7. Copies of Jenner & Block's invoices for the services and disbursements discussed in this Application are attached as Exhibits D1-D2. Pursuant to paragraph C of the Administrative Order relating to the Amended Guidelines for Fees and Disbursements in the Southern District of New York Bankruptcy Court, Jenner & Block states that there is a need to omit the redacted information from this Application because it is protected by the attorney-client privilege. Jenner & Block requests that the Court accept redacted versions of the attached invoices in lieu of unredacted versions.

Sunbeam Corp. v. AIU Ins. Co. ("Anderson v. Sunbeam")

8. At the time this bankruptcy commenced, Jenner & Block was representing Sunbeam against AIU Insurance Co. ("AIU") in the United States District Court for the District of Montana, Great Falls Division, Case No. CV-99-089-GF. The litigation concerned (1) Sunbeam's claim that AIU violated Montana's Unfair Trade Practices Act and (2) Sunbeam's demand for insurance coverage for Sunbeam's liabilities for damages arising out of personal injury claims resulting from a March 26, 1996 house fire at the home of Milton and Iva Anderson. During the Compensation Period, Jenner & Block continued working on and finalized the settlement of this matter and implemented the settlement.

Sunbeam Corporation v. National Union Fire Ins. Co., et. al

9. Sunbeam originally brought this action on April 15, 1999 against its primary D&O and corporate liability insurer, National Union Fire Insurance Co. of Pittsburgh, PA (“National Union”), and two of its excess D&O and corporate liability insurance carriers, Gulf Insurance Co. (“Gulf”) and St. Paul Mercury Insurance Co. (“St. Paul”), in the United States District Court for the Southern District of Florida seeking declaratory relief and damages against National Union and declaratory relief against Gulf and St. Paul. Sunbeam sought to obtain coverage under D&O and corporate liability insurance policies sold by National Union, Gulf and St. Paul to Sunbeam for a series of securities claims brought against Sunbeam, as well as various of its current and former directors and officers, in state and federal courts, and an investigation by the Securities and Exchange Commission.

10. Prior to the commencement of this bankruptcy, Sunbeam entered into separate settlement agreements with National Union, Gulf and St. Paul. An Order of Dismissal was entered in the action on February 2, 2001. On February 6, 2001, the date this bankruptcy was commenced, the parties, pursuant to their settlements, filed a Joint Motion to Appoint Trustee of Irrevocable D&O Claims Trust (the “Trust”). The Trust was established by St. Paul with settlement proceeds to reimburse former and current directors and officers of Sunbeam for reasonable defense costs incurred in connection with the securities and debenture actions currently pending. All funds were held in escrow pending the appointment of a trustee. On February 13, 2001, counsel for Sunbeam received notice of the filing of a Motion to Intervene and a Motion to Reconsider and Vacate Order of Dismissal by two of Sunbeam’s former officers. On February 15, 2001, counsel for Sunbeam received a Motion for Preliminary Injunction and an Amended Motion to Reconsider and Vacate the Order of

Dismissal by the same two former officers of Sunbeam. Three other former officers subsequently filed Motions to Intervene. Sunbeam took the position that the motions were untimely and filed in violation of the automatic stay issued in this bankruptcy. Jenner & Block was forced to vigorously litigate these issues on behalf of Sunbeam. The Court denied all purported interveners' motions on March 29, 2001.

11. On April 2, 2001, the Court appointed State Circuit Court Judge Herbert Stettin as Trustee of the Irrevocable D&O Claims Trust. Sunbeam submitted a claim to the Trust for reimbursement of defense costs. This action was challenged by certain other potential beneficiaries. Jenner & Block, on behalf of Sunbeam, worked to submit the appropriate documentation supporting Sunbeam's claim and also vigorously argued for the preservation of certain Trust funds and Sunbeam's right to Trust proceeds.

12. During the Compensation Period, Sunbeam's work included preparing numerous letters to current and former directors and officers concerning the settlements and Trust, attending to issues concerning the administration of the Trust, and finalizing the resolution of the matter.

Disbursements

13. As set forth in Exhibit B, Jenner & Block has disbursed \$586.88 for expenses incurred in providing professional services during the Compensation Period. These expenses were necessary and appropriate to conduct discovery and meet court imposed deadlines in that case. Jenner & Block did not make a profit on these expenses.

14. With respect to photocopying expenses, Jenner & Block charges its clients \$.08 per page. With respect to facsimile expenses, Jenner & Block does not charge for facsimile

transmissions, other than the cost of long distance facsimiles at applicable toll charge rates. Each of these categories of expenses does not exceed the maximum rate set by applicable guidelines. These charges are intended to cover Jenner & Block's direct operating costs, which are not incorporated into Jenner & Block's hourly billing rates. Only clients who actually use services of the types set forth in Exhibit B are separately charged for such service. The effect of including such expenses as part of the hourly billing rates would impose the cost upon clients who do not require extensive photocopying and other facilities and services. The amount of the standard photocopying charge is intended to allow Jenner & Block to cover the related expenses of its photocopying service. A determination of the actual expense per page for photocopying, however, is dependent on both the volume of copies and the total expenses attributable to photocopying on an annual basis.

15. Due to the nature of Sunbeam Corporation's business, the location of its management, and the national nature of Jenner & Block's representation, long distance telephone calls have been required. On occasion, overnight delivery of documents and other materials was required to meet deadlines and address urgent circumstances. These disbursements are not included in Jenner & Block's overhead for the purpose of setting billing rates and Jenner & Block does not profit from these expenses.

16. Jenner & Block has made every effort to minimize its disbursements in this case. The actual expenses incurred in providing professional services were reasonable, necessary and justifiable under the circumstances to serve the needs of Sunbeam Corporation.

The Requested Compensation Should Be Allowed

17. Section 331 of the Bankruptcy Code provides for interim compensation of professionals and incorporates the substantive requirements of section 330 to govern the Court's award of such compensation. 11 U.S.C. § 331. Section 330 provides that a court may award a professional with "reasonable compensation for actual services rendered . . . and reimbursement for actual, necessary expenses." 11 U.S.C. § 330(a)(1). Section 330 further provides:

In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including--

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and
- (E) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

Id.

18. In the instant case, Jenner & Block respectfully submits that the services for which it seeks compensation were necessary and appropriate and consistently performed in a timely manner commensurate with the complexity, importance, and nature of the issues involved, and approval of the compensation sought herein is warranted.

Statements of Jenner & Block

19. As set forth in the certification of Daniel Lynch, attached as Exhibit E, the compensation requested by Jenner & Block is based on the customary compensation charged by comparably skilled practitioners in cases other than cases under the Bankruptcy Code.

20. No agreement or understanding exists between Jenner & Block and any other person for a sharing of compensation received or to be received for services rendered by Jenner & Block. Jenner & Block shall not share or agree to share with any other person the compensation paid or allowed from Sunbeam's estate. The foregoing constitutes the statements of Jenner & Block pursuant to section 504 of the Bankruptcy Code and Bankruptcy Rule 2016(a).

21. No agreement or understanding prohibited by 18 U.S.C. § 155 has been or will be made by Jenner & Block.

22. A copy of this Application has previously been provided to Steven R. Isko, Sunbeam Corporation, 2381 Executive Center Drive, Boca Raton, Florida 33431, authorized representative of the Debtor. He has reviewed this Application and approved it.

Waiver of Memorandum of Law

23. Pursuant to Local Bankruptcy Rule for the Southern District of New York 9013-1(b), because there are no novel issues of law presented by this Application, Jenner & Block respectfully requests that the Court waive the requirement that Jenner & Block file a memorandum of law to support this Application.

Notice

24. Copies of this Application have been given to the Debtors, the United States Trustee, counsel for the Debtors, and counsel for the chair of each official creditor committee.

EXHIBIT A

Fees

May 1, 2001 through September 30, 2001

<u>Names of Professionals/Paraprofessionals</u>	<u>Year Admitted To Practice</u>	<u>Hourly Rate</u>	<u>Hours Billed</u>	<u>Total For Application</u>
Partners				
Partners Billing Less than 10 Hours		\$365.00- \$625.00	10.20	\$4,301.75
Partner Totals			10.20	\$4,301.75
Associates				
Moran, Molly	1998	\$205.00	18.95	\$3,884.75
Associates Billing Less than 10 Hours		\$145.00- \$205.00	8.30	\$1,631.50
Associate Totals			27.25	\$5,516.25
Paraprofessionals And Others				
Hipwell, Deirdre P.		\$75.00	30.00	\$2,250.00
Paraprofessionals Billing Less than 10 Hours		\$75.00- \$145.00	3.00	\$260.00
Paraprofessional Totals			33.00	\$2,510.00

TOTAL HOURS:

70.45

TOTAL FEES DUE:

\$12,328.00

EXHIBIT B

Disbursements

May 1, 2001 through September 30, 2001

<u>Disbursements</u>	<u>Amounts</u>
Special Messenger Services	\$100.69
Photocopy Expense	\$330.11
Telephone	\$4.00
Postage	\$2.80
Long Distance	\$24.28
Outside Professional Services	\$115.00
In-City Transportation	\$10.00
TOTAL DISBURSEMENTS:	\$586.88

EXHIBIT C**Monthly Breakdown of Fees & Disbursements By Matter**

	Sunbeam v. AIU Ins. Co.	Sunbeam v. National Union Fire Ins. Co.	TOTAL ALL CASES
<u>MAY, 2001 FEES & EXPENSES:</u>			
May Fees	\$452.50	\$3,812.50	\$4,265.00
May Expenses	\$9.71	\$136.96	\$146.67
May Total Fees & Expenses	\$462.21	\$3,949.46	\$4,411.67
<u>JUNE, 2001 FEES & EXPENSES:</u>			
June Fees	\$939.00	\$5,014.00	\$5,953.00
June Expenses	\$2.46	\$380.86	\$383.32
June Total Fees & Expenses	\$941.46	\$5,394.86	\$6,336.32
<u>JULY, 2001 FEES & EXPENSES:</u>			
July Fees		\$505.50	\$505.50
July Expenses		\$24.58	\$24.58
July Total Fees & Expenses		\$530.08	\$530.08
<u>AUGUST, 2001 FEES & EXPENSES:</u>			
August Fees		\$512.50	\$512.50
August Expenses		\$14.09	\$14.09
August Total Fees & Expenses		\$526.59	\$526.59

SEPTEMBER, 2001 FEES & EXPENSES:			
September Fees		\$1,092.00	\$1,092.00
September Expenses		\$18.22	\$18.22
September Total Fees & Expenses		\$1,110.22	\$1,110.22
MAY 1 - SEP 30, 2001 TOTAL FEES & EXPENSES:			
Total Fees	\$1,391.50	\$10,936.50	\$12,328.00
Total Expenses	\$12.17	\$574.71	\$586.88
Total Fees & Expenses	\$1,403.67	\$11,511.21	\$12,914.88