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APR 06 1999

KEVIN L. O'BRIEN
UNITED STATES
BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

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Co-Counsel for Examiner

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

in re
UNISON HEALTH CARE CORPORATION,
and related proceedings,
Federal I.D. No. 86-0684011,

In Proceedings Under
Chapter 11

NO. 98-06583-PHX-GBN

**EXAMINER'S APPLICATION FOR
COMPENSATION**

<u>APPLICABLE DEBTOR(S)</u>	<u>Debtors. (CHECK)</u>
UNISON HEALTHCARE CORPORATION (Case No. 98-06583-PHX-RGM)	<input checked="" type="checkbox"/>
SUNQUEST SPC, INC. (Case No. 98-06584-PHX-SSC)	<input checked="" type="checkbox"/>
BRITWILL HEALTHCARE COMPANY (Case No. 98-06585-PHX-SSC)	<input checked="" type="checkbox"/>
BRITWILL FUNDING CORPORATION (Case No. 98-06602-PHX-CGC)	<input checked="" type="checkbox"/>
MEMPHIS CLINICAL LABORATORY, INC. (Case No. 98-06588-PHX-CGC)	<input checked="" type="checkbox"/>
AMERICAN PROFESSIONAL HOLDINGS, INC. (Case No. 98-06587-PHX-GBN)	<input checked="" type="checkbox"/>
AMPRO MEDICAL SERVICES, INC. (Case No. 98-06609-PHX-GBN)	<input checked="" type="checkbox"/>

KEITH SHAPIRO
of
HOLLEB & COFF

[Handwritten signature]

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|----|---|-------------------------------------|
| 1 | GAMMA LABORATORIES, INC.
(Case No. 98-06611-PHX-SSC) | <input checked="" type="checkbox"/> |
| 2 | SIGNATURE HEALTH CARE
CORPORATION | <input checked="" type="checkbox"/> |
| 3 | (Case No. 98-06591-PHX-SSC) | |
| 4 | BROOKSHIRE HOUSE, INC.
(Case No. 98-06608-PHX-RGM) | <input checked="" type="checkbox"/> |
| 5 | CHRISTOPHER NURSING CENTER,
INC. | <input checked="" type="checkbox"/> |
| 6 | (Case No. 98-06596-PHX-JMM) | |
| 7 | AMBERWOOD COURT, INC.
(Case No. 98-06597-PHX-RGM) | <input checked="" type="checkbox"/> |
| 8 | THE ARBORS HEALTH CARE
CORPORATION | <input checked="" type="checkbox"/> |
| 9 | (Case No. 98-06598-PHX-CGC) | |
| 10 | LOS ARCOS, INC.
(Case No. 98-06603-PHX-RGM) | <input checked="" type="checkbox"/> |
| 11 | PUEBLO NORTE, INC.
(Case No. 98-06604-PHX-RTB) | <input checked="" type="checkbox"/> |
| 12 | RIO VERDE NURSING CENTER,
INC. | <input checked="" type="checkbox"/> |
| 13 | (Case No. 98-06606-PHX-CGC) | |
| 14 | SIGNATURE MANAGEMENT
GROUP, INC. | <input checked="" type="checkbox"/> |
| 15 | (Case No. 98-06605-PHX-GBN) | |
| 16 | CORNERSTONE CARE CENTER,
INC. | <input checked="" type="checkbox"/> |
| 17 | (Case No. 98-06595-PHX-RTB) | |
| 18 | ARKANSAS, INC.
(Case No. 98-06590-PHX-GBN) | <input checked="" type="checkbox"/> |
| 19 | DOUGLAS MANOR, INC.
(Case No. 98-06589-PHX-CGC) | <input checked="" type="checkbox"/> |
| 20 | SAFFORD CARE, INC.
(Case No. 98-06593-PHX-RTB) | <input checked="" type="checkbox"/> |
| 21 | REHAB WEST, INC.
(Case NO. 98-06594-PHX-CGC) | <input checked="" type="checkbox"/> |
| 22 | QUEST PHARMACIES, INC.
(Case No. 98-06586-PHX-RGM) | <input checked="" type="checkbox"/> |
| 23 | SUNBELT THERAPY MANAGEMENT
SERVICES, INC. (ALABAMA) | <input checked="" type="checkbox"/> |
| 24 | (Case No. 98-06607-PHX-RTB) | |
| 25 | DECATUR SPORTS FIT &
WELLNESS CENTER, INC. | <input checked="" type="checkbox"/> |
| 26 | (Case No. 98-06601-PHX-SSC) | |
| | THERAPY HEALTH SYSTEMS,
INC. | <input checked="" type="checkbox"/> |
| | (Case No. 98-06600-PHX-GBN) | |
| | HENDERSON & ASSOCIATES
REHABILITATION, INC. | <input checked="" type="checkbox"/> |
| | (Case No. 98-06599-PHX-SSC) | |

1	SUNBELT THERAPY MANAGEMENT SERVICES, INC.	<input checked="" type="checkbox"/>
2	(Case No. 98-06592-PHX-RGM)	
	CEDAR CARE, INC.	<input checked="" type="checkbox"/>
3	(Case No. 98-06612-PHX-GBN)	
	SHERWOOD HEALTHCARE CORP.	<input checked="" type="checkbox"/>
4	(Case No. 98-06610-PHX-SSC)	
	BRITWILL INVESTMENTS-I, INC.	<input checked="" type="checkbox"/>
5	(Case No. 98-0173-PHX-GBN)	
	BRITWILL INVESTMENTS-II, INC.	<input checked="" type="checkbox"/>
6	(Case No. 98-0174-PHX-GBN)	
	BRITWILL INDIANA PARTNERSHIP	<input checked="" type="checkbox"/>
7	(Case No. 98-0175-PHX-GBN)	

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9 Keith J. Shapiro and Holleb & Coff (the "Examiner"), by and through undersigned
10 counsel, present this Examiner's Application for Compensation (the "Application"). This
11 Application is accompanied by a proposed order granting the Examiner's compensation. In
12 support of this Application, the Examiner respectfully states as follows:

13 **I. BACKGROUND**

14 1. On May 28, 1998 (the "Petition Date"), Unison Healthcare Corporation and
15 related parties (the "Debtors") filed voluntary petitions for reorganization relief under Chapter 11
16 of the Bankruptcy Code.

17 2. The Debtors operated their business and managed their financial affairs as
18 debtors-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code from the Petition
19 Date until January 29, 1999, when the court entered an order confirming the Debtors' First
20 Amended Joint Plan dated October 15, 1998, as modified.

21 3. On September 11, 1998, the court entered an order appointing an examiner
22 to examine claims of related party creditors in these cases. A copy of the order appointing the
23 examiner is attached as Exhibit A.

24 4. On September 16, 1998, Keith J. Shapiro of Holleb & Coff was notified of
25 his appointment as examiner in these cases. On October 8, 1998, Mr. Shapiro filed with the court

26 ...

1 his acceptance as Examiner and on October 9, 1998, the court entered an order approving the
2 appointment of Mr. Shapiro as Examiner.

3 5. The Examiner has not received a retainer in connection with these Chapter
4 11 cases.

5 6. As further detailed in the billing memoranda attached hereto as Exhibits B
6 and C, the Examiner requests allowance of those fees incurred by himself and attorneys and legal
7 assistants of Holleb & Coff who have provided services for the Examiner in these cases. The
8 time incurred by each attorney and legal assistant, their respective hourly rates and the value of
9 the services provided is described in Exhibit D. These rates are generally consistent with the rates
10 customarily charged in non-bankruptcy matters of similar complexity and nature and generally
11 are adjusted on a yearly basis.

12 7. The Examiner is seeking allowance of fees in the amount of \$25,669.50
13 and reimbursement of expenses in the amount of \$3,064.71.

14 8. The services performed by the Examiner have been categorized into project
15 summaries which are described below. Each project summary directly corresponds to an exhibit
16 attached to the Application. The corresponding exhibit includes detailed time entries showing the
17 services provided in the category, the attorney providing the service, the date the service was
18 provided, the time incurred and the value of such time.

19 **II. SERVICES PROVIDED**

20 9. At the time of his appointment, these cases were at a critical juncture. The
21 Debtors had proposed a plan of reorganization which was opposed by several parties in interest,
22 including the parties whose claims the Examiner was charged with investigating. The targets of
23 the investigation were not pleased by the Examiner's appointment and they raised a number of
24 issues privately and publicly (by motion) with the Debtors and the court concerning the scope of
25 the investigation to be conducted by the Examiner. These efforts were intended to chill the
26 Examiner's investigation.

1 10. Notwithstanding the efforts of several parties whose dealings were the
2 subject of the Examiner's review, the cases were on a fast track to confirmation. The Examiner,
3 therefore, could not afford to delay the investigation until his role in the case was clarified.
4 Therefore, the Examiner, in accordance with his duties, immediately commenced his examination
5 in order to be in a position to issue a report by November, 1998.

6 **A. Document Review and Analysis**

7 11. Upon his appointment, the Examiner took steps to obtain critical
8 information from the public record concerning the Debtors, their prospects, the transactions
9 which they had engaged in, as well as the lawsuits which had been pending both prior to and
10 subsequent to the filing of the Chapter 11 proceedings. Simultaneously, the Examiner prepared
11 and sent a letter to the constituents in these cases, requesting information and attempting to start a
12 dialogue among the parties aimed at enhancing the possibility of a global settlement.

13 12. In response to the Examiner's requests, some of the parties provided the
14 Examiner with voluminous documents for review. Those materials became available to the
15 Examiner in the latter half of September, 1998, and the Examiner immediately began to review
16 and catalogue the information.

17 13. In addition, the Examiner prepared formal discovery to be served on the
18 appropriate parties. The Examiner's review and analysis of information continued through mid-
19 November, 1998, when the Examiner was advised by the Debtors that an agreement had been
20 reached with all of the major constituencies in these cases. As a result of that agreement, the
21 Examiner curtailed further activities in order to see if the Debtors' plan would be confirmed.
22 Ultimately, the plan was confirmed and it became unnecessary for the Examiner to complete his
23 engagement.

24 The Examiner expended 39.70 hours, with a time value of \$11,632.50, in this
25 category. A detailed description of these services rendered is attached hereto as Exhibit B.
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B. Miscellaneous Services

14. The Examiner rendered various general miscellaneous services in this case. The miscellaneous services are grouped in this category because they are not readily susceptible to being categorized elsewhere in this Application. Some involved minimal amounts of time and did not warrant the creation of a separate category. These services included:

- (a) Reviewing appointment and scope of Examiner's duties and complying with all requirements;
- (b) Conducting discussions with various third parties regarding issues relevant to the Examiner's duties;
- (c) Traveling to Phoenix on October 1, 1998, in order to meet with representatives of the Debtors and other parties in interest. While in Phoenix, the Examiner attended a hearing and was formally introduced to the court; and
- (d) Preparation of Examiner's fee application.

15. The Examiner expended 46.60 hours, with a time value of \$14,037.00, in this category. A detailed description of these services rendered is attached hereto as Exhibit C.

III. EXPENSES

16. The Examiner expended the sum of \$3,064.71 for reasonable and necessary expenses incurred in these cases. The expenses incurred included: (i) courier services; (ii) photocopy charges (\$.20 per page); (iii) facsimile charges (\$1.00 per page for all outgoing facsimiles plus phone charge; no charge for incoming facsimiles); (iv) computerized legal research; and (v) travel fees. Such expenses are described, in detail, on Exhibit E attached hereto.

IV. SUMMARY

17. The Examiner expended a total of 86.30 hours rendering professional services in these cases.

...

1 18. The fair value of the professional services rendered by the Examiner, based
2 upon the skill required, nature of services rendered, results obtained and the usual and customary
3 fees charged by the Examiner for services of this type is no less than \$25,669.50.

4 19. All services for which the Examiner requests compensation were
5 performed for and on behalf of the Debtors' estates, and not on behalf of any other entity.

6 20. No agreement or understanding exists between the Examiner and any other
7 person for sharing compensation which has been or will be received, except such sharing as is
8 customary and generally accepted among the lawyers within a law firm.

9 21. No agreement or understanding express or implied has been or will be
10 entered into for the purpose of fixing the fees or other compensation to be paid to any other
11 attorney for any party in interest, to any other party in interest, or to any person for services
12 rendered in connection with this case.

13 WHEREFORE, Keith J. Shapiro and the law firm of Holleb & Coff respectfully request that the
14 court enter the proposed order:

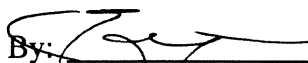
15 A. Granting the Examiner a final allowance of compensation for services
16 provided in the amount of \$25,669.50;

17 B. Granting the Examiner final allowance for reimbursement of expenses in
18 the amount of \$3,064.71; and

19 C. Granting such other and further relief deemed appropriate under the
20 circumstances.

21 DATED this 6th day of April, 1999.

22 O'CONNOR, CAVANAGH, ANDERSON,
23 KILLINGSWORTH & BESHEARS, P.A.

24 By: 

25 Richard M. Lorenzen
26 Co-Counsel for Examiner

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